

# MEMORANDUM

## INVITATION TO SUBSCRIPTION OF SHARES

**RIGHTS ISSUE IN MEDICAL PROGNOSIS INSTITUTE A/S**  
CVR: 28 10 63 51 | [www.medical-prognosis.com](http://www.medical-prognosis.com)



## ABOUT THE MEMORANDUM

### Definitions

In this document, the following definitions shall apply unless otherwise specified: "The Company" or "MPI" refers to Medical Prognosis Institute A/S, CVR number 28106351.

"First North" refers to Nasdaq Stockholm First North.

### Financial Advisor

Sedermere Fondkommission is a secondary name doing business as name for ATS Finans AB. In connection with the rights issue described in this Memorandum, Sedermere Fondkommission is acting as financial advisor to MPI. Sedermere Fondkommission has assisted MPI in the preparation of this Memorandum. The Supervisory Board of MPI is responsible for the contents, whereupon Sedermere Fondkommission and ATS Finans AB disclaims all liability in relation to the shareholders of MPI and in respect of other direct or indirect consequences resulting from investment decisions or other decisions completely or partially based on the information in the Memorandum.

### Issuing House

Sedermere Fondkommission acts as the issuing institution regarding the rights issue.

Phone: +46 615 14 10

Website: [www.sedermere.se](http://www.sedermere.se)

Email: [info@sedermere.se](mailto:info@sedermere.se)

### Exemption from the requirement to prepare a prospectus

This Memorandum has not been reviewed nor approved by the Swedish Financial Supervisory Authority, and is exempt from the prospectus requirement pursuant to Chapter 2, § 4 of the Swedish Financial Instruments Trading Act (1991:980) regarding trading with financial instruments, considering that the total amount that is paid over a 12-month period corresponds to a maximum of EUR 2.5 million.

### The Memorandum's distribution area

The shares are not the subject of trade or an application thereof in any country other than Sweden. The invitation per this Memorandum is not addressed to persons whose participation would require a further prospectus, registration measures, or additional measures other than those required by Swedish law. The Memorandum may not be distributed in the USA, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore or other countries where the distribution or this invitation requires further measures under the preceding sentence or is in contravention of the rules in such country. The Memorandum is governed by Swedish law. Any disputes that may arise relating to the contents or related legal matters are to be settled exclusively by Swedish courts.

### Certified Adviser

Sedermere Fondkommission is the Certified Adviser for MPI. A Certified Adviser audits companies whose securities are

admitted to trading on First North. Nasdaq approves the application for admission to such trading. Nasdaq Stockholm AB's surveillance function is responsible for verifying that both company and Certified Adviser comply with First North's regulations.

The Surveillance also supervises the trading on First North. In its role as market maker for MPI, Sedermere Fondkommission holds a limited amount of stock shares in MPI.

### Statements with Regards to Environment and Future

Statements with regards to environment and future conditions in this document reflect the current views of the board regarding future conditions and financial development.

Future-oriented statements express only those assessments and assumptions made by the board at the time of this document being written. These statements are well considered, but the reader shall be notified that just as any future predictions, they are related to uncertainties.

### Auditor's Review

Besides what is stated in the financial statements and reports incorporated by reference, no information in the memorandum has been audited or reviewed by The Company's auditor.

### References and Source References

The board certifies that information from references and source references has been correctly reported, and that - as far as is known and can be assured by comparison with other information made public by an interested party - no information has been held back in a way that could make the reported information incorrect or misleading.

### Responsibility

The board of MPI is responsible for the content of this memorandum. The persons listed below hereby together as a company board certify that they have taken all reasonable care to ensure that, as far as they know, the information in the memorandum is in accordance with factual circumstances, and that nothing has been left out that could affect its interpretation.

Hoersholm, June 12, 2017

*The board of Medical Prognosis Institute A/S*

Frank Knudsen – Chairman of the board

Magnus Persson – board member

Peter Buhl – board member

Steen Knudsen – board member

Niels Johansen – board member

Jørgen Bardenfleth – board member

## TABLE OF CONTENT

RISK FACTORS .....	4
CEO PETER BUHL JENSEN'S STATEMENT .....	8
INVITATION TO SUBSCRIPTION OF SHARES .....	9
SUMMARY OF THE RIGHTS ISSUE .....	10
TERMS AND CONDITIONS FOR THE RIGHTS ISSUE.....	11
SUBSCRIPTION COMMITMENTS .....	17
CURRENT STATUS AND THE ROAD AHEAD FOR MPI .....	18
MOTIVE FOR THE RIGHTS ISSUE .....	20
MEDICAL PROGNOSIS INSTITUTE A/S .....	21
BOARD OF DIRECTORS AND CEO .....	31
OTHER KEY PERSONS .....	39
SHARE CAPITAL AND OWNERSHIP .....	40
ADDITIONAL INFORMATION .....	42
FINANCIAL OVERVIEW .....	47
COMMENTS TO THE FINANCIAL OVERVIEW .....	53
ARTICLES OF ASSOCIATION.....	56
ADDRESSES .....	94

**Stock share information for MPI:** short name: MPI, ISIN code: DK0060732477

**Calendar – scheduled times:**

- Publication of The Interim Report for H1 2017: Augusti 31<sup>st</sup>, 2017

**ICB classification:** 4500, sector: healthcare, subsector: diagnostics & research.

**Available annual reports:**

- Annual Report, 2014
- Annual Report, 2015
- Annual Report, 2016

## RISK FACTORS

*Some risk factors may negatively affect MPI's business. Besides The Company's expansion possibilities, it is therefore of great importance to consider the relevant risks. Other risks are connected to the stock shares of The Company.*

*In no order and without claims of providing a complete list, risk factors are described below. For obvious reasons, the risk factors cannot be assessed without a comprehensive review of other information in the memorandum, together with an overall evaluation of external factors.*

### Company-related risks

#### **Limited Historical Income**

Since the Company was first founded, MPI has been engaged in product development. MPI has launched the screening tool DRP™. Charging per patient screening is part of MPI's business model. The income from screening activities has been relatively small, hence the company income has been limited historically. MPI's business model also includes license incomes and royalties from product sales, or out-licensing of drugs or drug candidates sold by developing parts. Cases where drug candidates under development are not out-licensed or do not reach final authority approval, pose a risk of great loss of income for The Company. Considering the above, it may be difficult to evaluate sales potential, and there is a risk that future incomes will be fully or partly lost.

#### **Monetary Deficit since Company Formation**

MPI was founded in 2004. During a great deal of the time since the founding, the business has focused on product development. Regarding DRP™, the board's opinion is that from the development where two or more of The Company's DRPs have led to better treatments and more efficient clinical studies, a significant value increase will follow. There is a risk that performed DRPs will not lead to better treatments and more efficient clinical studies, something that could have a major negative impact on MPI's business.

#### **Increasing Costs**

A great deal of The Company's expenses refers to fixed overhead costs such as patent costs, company facilities, equipment, and personnel expenses. The board's assessment is that substantial amounts will also be needed to finance future sales activities. Hence, The Company's costs are expected to increase over time. To ensure a profitable business, revenue needs to increase over time. There is a risk that the incomes of The Company will not exceed its costs. If so, The Company will need to raise more capital. If more capital cannot be raised, there is a risk of either activities slowing down, or The Company entering bankruptcy.

#### **Individually Tailored Treatment – Personalized Medicine**

Through the access to DRP™, The Company plans to further direct its activities toward individually tailored treatment, so called Personalized Medicine. With a simplified explanation, Personalized Medicine means each patient being treated with the specific drug/s he or she is likely to respond to. Using DRP™ in Personalized Medicine, among other things requires proven benefits from the method, and authority approval. There is a risk that no authority approval can be obtained, and/or that studies show DRP™ not to be trustworthy as a tool for Personalized Medicine. This might affect the results and potential earnings of The Company in a negative way.

#### **Data Base**

MPI intends to create a database containing information on all patients screened by using DRP™. At the present time, three data bases has been created. Through the creation of such databases, large amounts of material will be made accessible for further research within the field, not just by the Company but also by external parties. While there is no technical difficulties in creating data bases, there is a risk that the collection of data is difficult which can have a negative effect on projects and thus also the Company

#### **Newly Established Contacts**

The Company's contacts with customers as well as suppliers are relatively newly established. Because of this, the relations can be more difficult to evaluate, affecting the prospects of The Company. A risk is present that stable, long-term customer and supplier relations cannot be established, which could affect The Company negatively.

### **Customers**

So far, MPI's operating revenue has been generated by a limited number of customers. During certain periods, a very large part of The Company's total income may come from specific customers. Losing a major customer would mean a risk of short-term negative effect on The Company's result.

### **Development of Product Portfolio**

Developing an extensive product portfolio of co-operative DRP-projects to demonstrate the ability of the DRP™ tool, is of great importance in The Company's strategy. MPI intends to complement its current research programs through internally developed projects, via co-operating with for example academic institutions and universities in acquiring rights and product candidates from third parties. There are no guarantees for new products or rights to be acquired. Hence, there is a risk that The Company's product portfolio will not develop further.

### **Clinical Studies**

Before a drug can be launched on the market, safety and effect in the treatment of human beings must be ensured. This is done through clinical studies. There is a risk that results from planned studies are not satisfactory, and there is a risk that drug candidates are not judged as safe and/or effective enough to be approved for launch. It is notable that results from pre-clinical studies do not always correlate with the results from clinical studies performed on humans. Neither do results from minor clinical studies always match the results from larger studies, whereby there are several risks present along the way to product launch. Unless the drug candidate is shown to be safe and effective enough, authority approval will not be obtained. There is a risk that the above parameters can negatively affect the revenue and results of The Company.

### **Suppliers/Producers**

MPI co-operates with suppliers and producers. There is a risk that one or more of these would chose to end their co-operation with The Company, which could have a negative effect on the business. There is also a risk that The Company's suppliers and producers do not fully meet quality requirements specified by The Company. Also, establishing co-operations with new suppliers or producers may become costlier and/or take more time than amounted for by The Company.

### **Key Persons and Employees**

The key persons and employees of MPI possess great amounts of competence and experience within The Company's business field. Losing one or more of these key persons might have negative consequences for the Company's results.

### **Unauthorized Dissemination of Information**

It is not possible to fully protect oneself against unauthorized dissemination of information. This implies a risk that competitors may access and in a harmful way utilize know-how developed within The Company.

### **Competitors**

Some of The Company's competitors are multinational companies with vast economical resources. Considerable efforts and product development by a competitor might cause risks in the form of lower sales. Furthermore, global companies currently working within nearby fields may decide to establish within the business field of The Company. For MPI, increased competition could lead to negative effects on future sales and results.

### **Economic Development**

External factors such as demand, economic depression or upswing, inflation and interest level changes affect for example operating costs and sales prices. These factors could have negative effects on MPI's future costs and income.

### **Currency Risks**

Part of MPI's sales income and costs come in international currencies. Exchange rates can undergo major changes, which might affect future costs and incomes negatively.

### **Political Risks**

MPI operates in and through several countries. Through changes of laws, tax rules, customs duties and other conditions, risks may arise for foreign companies. The Company is also affected by political and economic uncertainty factors in these countries, and could be negatively affected by their domestic decisions. The above could lead to negative consequences for The Company's business and result.

### **Market Growth**

In the coming few years MPI plans to expand, for example by expanded sales efforts. Expansion could cause problems and risks that are hard to anticipate. Furthermore, establishments may be delayed, causing loss of income. Rapid

growth could also include acquisitions of other companies. Lack of synergies, and unsuccessful integration processes could affect The Company's business as well as its result in negative ways. Rapid growth could cause organizational issues. It may be difficult to recruit the right personnel, and problems could arise when it comes to successfully integrating new staff in the organization.

#### **Patent Applications**

The patent policy of MPI includes constantly evaluating whether new inventions should be patented or not. Since 2005, The Company has submitted more than 20 patent applications. There is a risk that patent applications are not approved, and there is a risk that approved patents might not provide sufficient protection in the future, which could lead to negative consequences for The Company's business and result.

#### **Patents and Other Intellectual Property Rights**

There is a risk that the current and/or future product portfolio and other intellectual property rights held by the Company will fail to provide sufficient commercial protection. Protecting patent rights against intruding competitors could lead to significant costs, which could negatively affect The Company's business, result and financial position. Patents have limited validity. The Company may intrude or be accused of having made intrusions in patents held by a third party. The patents of other actors could also limit the possibilities for one or several of The Company's future co-operating partners to freely use a certain product or process. The uncertainties of patent protection make the outcomes of such potential disputes hard to predict.

A negative outcome from a dispute on intellectual rights may lead to loss of commercial protection, prohibition to use the disputed rights, or obligation to pay compensation. Costs for a dispute could be significant even in case the result is favourable to MPI. This could affect the result and the financial position of The Company negatively. The equivalent also goes for other intellectual rights, for example brands. Beyond this, there is also a risk that competing products will obtain effects equal to the Company's alternative. Increased competition could potentially create tougher market conditions for The Company.

#### **Development Costs**

MPI will continuously develop new products, and further develop existing products within the field. Time and cost aspects for product development can be difficult to accurately allocate beforehand. Among other things, this creates a risk of scheduled product development becoming costlier than planned.

## **The Stock Shares**

#### **Potential Future Dilution**

The Company may need to raise more capital through further rights issues. In case of new rights issues, there is a risk of existing shareholders experiencing dilution in relation to their held share of voting shares and capital in The Company. On top of what is previously mentioned, there is a total of 3 689 040 warrants issued to board members and key persons of MPI. If the subscription rights of these warrants are exercised, this will imply dilution for current shareholders in relation to their present voting rights and share of capital in The Company.

#### **Share Price Fluctuations**

Medical Prognosis Institute A/S is listed on Nasdaq Stockholm First North. There is a risk that the share price undergoes extreme volatility. Exchange rate fluctuations may negatively affect the Company's share price. In the event of the share price would no longer exceed the subscription price in this offer, there is a risk that the subscription rate both, with and without the support of preferential rights, may be adversely affected. There is thus a risk that the Company will not be provided with the capital that is required in order to move the Company forward, in accordance with the Company's planned commitments.

#### **Psychological Factors**

The securities markets may be affected by psychological factors. The Company's securities could be affected, just as any securities traded in different listings can. Psychological factors and their effects on share prices are quite unpredictable, and could potentially have negative effects on The Company's share price.

#### **Dividends**

So far, MPI has not paid any dividends. The Company has generated income, but finds itself in a phase of development and early sales, whereby any financial surplus is first and foremost planned to be invested in the development of MPI.

There is a risk that the future cash flow will not exceed the capital needs of The Company, or that the general meeting does not decide to pay future dividends.

**Sale of Shares by Major Share Holders, Board and Executives**

Certain Board members and executives holds shares in The Company. There is no present commitment regarding lock-up. Hence, there is a risk of these shareholders selling some or all their shares in The Company. This could negatively affect the share price of The Company.

**Marketplace**

The Company's stocks are listed on Nasdaq Stockholm First North ("First North"). First North is an alternative market place, run by the different stock exchanges who are part of Nasdaq.

It does not have the same legal status as a regulated market. Companies on First North are regulated by First North's rules, and not by the legal requirements applicable for trading on a regulated market. An investment in a company traded on First North is riskier than an investment in a company traded on a regulated market.



## CEO PETER BUHL JENSEN'S STATEMENT

Not all cancer patients currently benefit from treatment with anti-cancer drugs, but almost every treated patient suffer negative side effects from treatment. It is very difficult to predict for which indication a certain drug candidate will be effective, and who will benefit from treatment. There is a general acceptance for this in the market, and there are examples of very expensive anti-cancer drugs being efficacious in only a fraction of the treated patients. The development of anti-cancer drugs and treatments is rapidly changing, from having been population-based to offering more exact individually tailored treatment, so called Personalized Medicine. MPI's patented DRP™ method makes it possible to identify which patients will respond to a specific treatment. Hereby, the situation can be improved for all concerned: patients, oncologists and drug developers. Instead of treating all patients suffering from a certain type of cancer, patients are first screened, and only those likely to respond to the drug candidate will be treated. With a more well-defined patient population the likelihood of a successful treatment will increase and risks and costs can be decreased, and drug development be made more efficient.



Late 2016 MPI and Oncology Venture, a spinout biotech company from MPI focusing on anti-cancer drug development, entered several agreements that can have significant implications. It was agreed that OV should have a three-year exclusivity to utilize MPI's DRP™ technology for anti-cancer drug development. The exclusivity enables OV to increase the number of potential drug candidates to be developed together with MPI's DRP™ technology. This will increase the likelihood for success for the technology. As consideration for the full exclusivity MPI was granted warrants in OV equalling approximately 3% of the share capital in OV. It was also agreed that OV can out license drug development to spinouts. This means that OV can form companies who can specialize for instance in women's cancer like 2X Oncology Inc. and thereby attract capital from new sources. In such cases, instead of a 10% on OV earnings MPI receives a 10% ownership in the spinout.

For every drug a specific DRP biomarker is developed. The specific DRP™ is for selecting the cancer patients with the highest likelihood to have benefit from the treatment with the specific drug. The technology makes it possible to develop new personalized treatments faster and at lower cost the benefit of the cancer patients. Today OV is developing three drugs in 8 phase 2 studies whereof four with the drug LiPlaCis is being prepared together with Cadila Pharmaceuticals. In 2X Oncology, a Boston based spinout from OV it is planned to develop three drug in 4 phase 2 studies. OV-SPV2 has been formed. The first phase is to develop the specific DRP™ and if successful two randomized phase three studies are planned. These initiatives have brought the DRP-technology far in drug development and we can hardly wait to see the results from the clinical trials which can provide proof-of-concept of the DRP-technology and add significant value to MPI as MPI is a co-owner in OV and have a 10% ownership in the spinouts.

Through MPI's efforts creating biomarkers for anti-cancer drugs we realized that the same data made it possible to develop a product to predict which anti-cancer drugs with high likelihood will benefit the individual patient – a Patient response Predictor, PRP™. The development of the PRP™ have accelerated after the company together with oncologists specialized in breast cancer got permission to investigate around 800 patients with metastatic breast cancer and analyse the patients biopsies and compare the result with the patients clinical response data. The preliminary data have been published and we have shown that we with statistical significance can predict the individual patients result of the treatment regarding four important drugs for treating breast cancer: epirubicin, fulvestrant, anastazole and exemestan what we expect to have significant importance.

The development of PRP™ will make it possible to make a report enabling the patient and the oncologist to identify the best treatment for the individual patient.

A strong business model forms the base by utilizing that our PRP™-technology will drive development towards Personalized Medicine. We believe that Personalized Medicine will bring a shift in paradigm in the treatment of cancer patients and our judgement is that MPI with the PRP™ is in the forefront.

The funds from this rights issue will mainly finance MPI's dedicated and ambitious development of the PRP™ platform which constitutes a key element in our efforts to develop personalized medicine.

*Peter Buhl Jensen*  
 CEO, Medical Prognosis Institute A/S



## INVITATION TO SUBSCRIPTION OF SHARES

### **Issuance decision, issuance volume and issuance costs**

The board of directors is until September 2<sup>nd</sup> 2019 authorized at one or more times to increase the Company's share capital with up to nominal DKK 200 000. The share capital increase shall be carried out by way of cash contribution, with pre-emptive subscription rights for the Company's existing shareholders.

With support from the above mentioned authorization given to the Board of Directors on an extraordinary general meeting on September 2<sup>nd</sup> 2014, The Board has on June 1<sup>st</sup> 2017 decided to exercise that authorization and through a rights issue of shares increase the share capital with maximum nominal amount of 40 711,75 DKK, corresponding to 814 235 shares of nominally DKK 0.05 by cash contribution of SEK 14,80 per nominal DKK 0.05 share or DKK 11,29 per share. If the capital increase is fully subscribed the share capital will be increased by nominally DKK 40 711,75 from nominally DKK 1 180 642 to nominally DKK 1 221 353,75. Provided that the capital increase is fully subscribed, the Company will receive gross proceeds of SEK 12 050 678,00 before issue costs that are expected to be approximately SEK 1,5 million. The capital increase is executed with subscription rights for existing shareholders. One pre-emptive rights for every 1 existing share of DKK 0.05 is issued. 29 pre-emption rights entitle the shareholder to subscribe for 1 new share.

### **The Invitation**

You are hereby invited, in accordance with the terms of this Memorandum, to subscribe for shares of Medical Prognosis Institute A/S, at a price of SEK 14,80 or DKK 11,29 per share.

### **Responsibility**

The Supervisory Board of Medical Prognosis Institute A/S is responsible for this Memorandum. The individuals listed below hereby jointly declare, as the Supervisory Board, that they have taken all reasonable precautions to ensure that the information contained in the Memorandum is, to the best of their knowledge, in accordance with the facts and actual circumstances, and that there are no omissions that would likely be able to affect its contents or the assessment of the Company.

Hørsholm, Denmark, June 12, 2017

The Supervisory Board of Medical Prognosis Institute A/S

*Frank Knudsen, Chairman of the Board*

*Magnus Persson, Member of the Board*

*Peter Buhl Jensen, Member of the Board*

*Steen Knudsen, Member of the Board*

*Niels Johansen, Member of the Board*

*Jørgen Bardenfleth, Member of the Board*

## SUMMARY OF THE RIGHTS ISSUE

Subscription period:	14 – 29 June 2017
Subscription price/Issue price:	SEK 14,80 per share or DKK 11,29 per share.
The scope of the Offer:	814 235 new shares, corresponding to 12 050 678,00 SEK.
Number of shares before the new share issue:	23 612 840 shares.
Valuation (pre-money):	Approximately 349,5 million SEK.
Record date and preferential rights:	The rights issue is conducted with preferential right for existing shareholders in MPI. Record date for receiving subscription rights is the 9 <sup>th</sup> of June 2017. Last trading day in the MPI share with preferential right to participate in the rights issue is the 7 <sup>th</sup> of June 2017. First trading day in the MPI share without preferential right to participate in the rights issue is the 8 <sup>th</sup> of June 2017. For every existing share in MPI on the record date, one (1) subscription right will be received. 29 such subscription rights entitles to subscription of one (1) new share in MPI.
ISIN code:	DK0060732477
Subscription commitments:	MPI has received subscription commitments totaling approximately 6,9 million SEK, about 57,7 % of the total issuance volume. Of the approximately 6,9 million SEK in total subscription commitments, Buhl Krone Holding ApS (co-owned by CEO Peter Buhl Jensen and COO Ulla Hald Buhl) has committed to approximately 1,5 million SEK. Furthermore, Sass & Larsen ApS, a major shareholder in MPI, has committed to approximately 1,3 million SEK.
Trading in the MPI share:	The share in MPI is listed on Nasdaq Stockholm First North. Only shares registered in the Euroclear system is subject to trade on Nasdaq Stockholm First North.
Trading in subscription rights BTA's :	Only subscription rights issued through the Euroclear system will be subject to trading on Nasdaq Stockholm First North during the subscription period. Trading with subscription rights will be conducted through Nasdaq Stockholm First North during the period from the 9 <sup>th</sup> of June 2017 until 27 <sup>th</sup> of June 2017. Only BTA's (paid subscribed for shares) issued through the Euroclear system will be subject to trading on Nasdaq Stockholm First North. Trading with BTA's will be conducted on Nasdaq Stockholm First North from the 14 <sup>th</sup> of June 2017 until the rights issue is registered at Erhvervsstyrelsen.

## TERMS AND CONDITIONS FOR THE RIGHTS ISSUE

### The offered rights issue

The Board of Directors in Medical Prognosis Institute A/S ("MPI") has on the 1<sup>st</sup> of June 2017 decided, with authority from the extraordinary general meeting on the 2<sup>nd</sup> of September 2014, to increase the share capital to a maximum of DKK 40 711.7500. The increase of share capital is carried out by issuance of a maximum of 814,235 new shares with a nominal quota value of DKK 0.0500 each with a subscription price of SEK 14.80 or DKK 11.29 per share. The rights issue is conducted with preferential subscription right for existing shareholders. The general public is offered the possibility to subscribe for shares in the rights issue. Based on the subscription price in SEK the total issue proceeds will add up to a maximum of SEK 12,050,678.00.

### Preferential right and subscription rights

Persons and legal entities who were shareholders in MPI on the record date the 9<sup>th</sup> of June 2017 have preferential right to subscribe for shares in the rights issue in the ratio 29:1, meaning that 29 existing shares gives the right to subscribe for 1 new share.

Existing shareholders preferential right is exercised through subscription rights in which 1 old share entitles to 1 subscription right. 29 such subscription rights entitles to subscription of 1 new share.

Shareholders whose shares were registered in Euroclear Sweden AB ("Euroclear") on the record date receives subscription rights through the Euroclear-system.

Shareholders whose shares were not registered in Euroclear on the record date, receives subscription rights through the VP Securities A/S ("VP-Securities") system.

### Subscription price

The subscription price determined by the Board of Directors is SEK 14.80 and the subscription price in DKK is 11.29. The subscription price in DKK is based on the official exchange rate between SEK/DKK at the time of the resolution by the Board of Directors on the 1<sup>st</sup> of June 2017.

Subscription by payment in DKK is only possible for shareholders whose shares were not registered in the Euroclear-system on the record date and for this reason subscribes by exercising subscription rights issued in the VP-Securities'-system.

### Record date

Record date at Euroclear and VP-Securities for participation with preferential rights were the 9<sup>th</sup> of June 2017. As Nasdaq Stockholm First North is a "T+2 market", the last trading day of shares in MPI including preferential rights were the 7<sup>th</sup> of June 2017. The first day of trading with shares without preferential rights were the 8<sup>th</sup> of June 2017.

### Subscription period

The subscription period is between the 14<sup>th</sup> of June 2017 and 29<sup>th</sup> of June 2017 at 3 pm. After the subscription period, subscription rights not exercised will become invalid and lose their value. Subscription rights not exercised are removed from the shareholders' respective book-entry account in VP-Securities and Euroclear without further notice.

### Cross-border transfer of shares in MPI

A cross-border transfer is not possible between the 5<sup>th</sup> of June 2017 until the 9<sup>th</sup> of June 2017, both days included, meaning that transfer of shares from VP-Securities to Euroclear or from Euroclear to VP-securities is not possible between the aforementioned period. Subscription rights and subscribed and paid for shares ("BTA") in MPI will not be transferable between VP-Securities and Euroclear or from Euroclear to VP-Securities.

### Trading with subscription rights

Only subscription rights issued through the Euroclear-system will be tradeable on Nasdaq Stockholm First North during the subscription period. Trading with subscription rights takes place from the 14<sup>th</sup> of June 2017 until 27<sup>th</sup> of June 2017 (both days included) on Nasdaq Stockholm First North. Shareholders must contact their bank or broker with the required authority to conduct trading of subscription rights.

Subscription rights acquired during the aforementioned trading period provides, during the subscription period, the same preferential right to subscribe for new shares, as allotted subscription rights based on the individual shareholder's shareholding in MPI as per the record date. Subscription rights must be exercised no later than the 29<sup>th</sup> of June 2017 or sold no later than the 27<sup>th</sup> of June 2017, in order to not become of no value.

#### **Preprinted paying slips and subscription forms**

##### ***Shareholders with preferential rights***

Shareholders or representatives of shareholders, who on the record date, the 9<sup>th</sup> of June 2017, were registered in the Euroclear-system, receives a preprinted paying slip (account statement), the subscription form "Subscription with subscription rights", the subscription form "Subscription without subscription rights" and a folder containing the terms and conditions for the rights issue with referral to the investment memorandum. The information can be downloaded at Sedermera Fondkommissions' web page ([www.sedermera.se](http://www.sedermera.se)), or at the web page of MPI ([www.medical-prognosis.com](http://www.medical-prognosis.com)). Shareholders who are included in the separate list of pledgees and others in relation to the Euroclear-system, do not receive information and will be notified separately. An account notice, which declares the delivery of subscription rights on the shareholders' book-entry account, are not distributed.

Shareholders or representatives of shareholders, who on the record date, the 9<sup>th</sup> of June 2017, were only registered in VP-Securities-system will not receive any printed information. Information and investment memorandum will be available on Sedermera Fondkommissions' web page ([www.sedermera.se](http://www.sedermera.se)) and the web page of MPI ([www.medical-prognosis.com](http://www.medical-prognosis.com)) for download. Shareholders who are included in the separate list of pledgees and others in relation to VP-Securities-system do not receive information and will be notified separately. An account notice, which declares the delivery of subscription rights on the shareholders' book-entry account, are not distributed.

##### **Subscription of shares with preferential right through Euroclear**

Subscription of shares with preferential rights for those shareholders who on the record date were registered in the Euroclear-system shall be carried out by simultaneous payment in SEK no later than the 29<sup>th</sup> of June 2017 at 3 pm. Subscription of shares by payment of the subscription amount must be carried out either by the use of the preprinted paying slip, or by the payment instructions on the subscription form "Subscription with subscription rights" in accordance with the following:

##### **1) Preprinted paying slip (account statement).**

If all subscription rights allotted on the record date are exercised, only the preprinted paying slip shall be used as documentation for subscription by way of cash payment. The subscription form "Subscription with subscription rights" shall not be used in this case.

##### **2) Subscription form – "Subscription with subscription rights"**

In the event that another amount of subscription rights, than what is stated on the preprinted paying slip, is exercised for subscription (e.g. due to subscription rights being acquired or sold) the subscription form "Subscription with subscription rights" shall be used as basis for subscription by way of cash payment. The shareholder must specify on the subscription form the amount of subscription rights being exercised, number of shares subscribed for and the amount in SEK to be paid. If payment is made any other way than by the payment instructions on the subscription form, the VP-account (an owner-registered account in Euroclear) must be indicated as payment reference. An incomplete or faulty subscription form may not be taken into consideration. The subscription form "Subscription with subscription rights" can be obtained by calling Sedermera Fondkommission on the phone number stated below. A completed subscription form must, in connection with cash payment, be sent or faxed to, and received by, Sedermera Fondkommission no later than the 29<sup>th</sup> of June 2017 at 3 pm on the contact details stated below. The subscription is binding.

Sedermera Fondkommission  
Subject: MPI  
Norra Vallgatan 64  
211 22 Malmö, Sweden

Fax: +46 (0) 40-615 14 11

Phone: +46 (0) 40-615 14 10

E-mail: nyemission@sedermera.se (scanned subscription form)

### **Subscription of shares with preferential right through VP-Securities**

Subscription and payment of shares with preferential rights for shareholders who, on the record date, were only registered in VP-Securities, and thus not registered in Euroclear, shall be carried out according to instructions from each account-holding bank or broker registered in VP-Securities no later than the 29<sup>th</sup> of June 2017 at 3 pm. Payment shall be made in DKK.

### **Nominee-registered shareholders**

Shareholders whose shares in MPI were nominee-registered through a bank or broker will not receive preprinted paying slips or subscription forms. However, shareholders who, on the record date, were nominee-registered in the Euroclear-system, receive a folder containing the terms and conditions for the rights issue with referral to the investment memorandum. Subscription and payment shall be carried out according to instructions from each account-holding bank or broker.

### **Subscription without preferential right**

It is only possible to apply for subscription of shares without preferential right in SEK. Request for subscription shall be made on the subscription form "Subscription without subscription rights" which can be downloaded from Sedermera Fondkommissions' web page ([www.sedermera.se](http://www.sedermera.se)) and the web page of MPI ([www.medical-prognosis.com](http://www.medical-prognosis.com)).

Nominee-registered shareholders, requesting subscription of shares without preferential right, must coordinate such a subscription with the account-holding bank or broker in accordance with instructions from the respective account-holding bank or broker, or if shares are registered at several different nominee-registered accounts, from each of these account-holding banks or brokers. Note that shareholders or other investors who have an account with specific rules for securities transactions, such as an investment savings account (Swedish: Investeringssparkonto) or endowment account (Swedish: Kapitalförsäkring), must check with the account-holding bank or broker, whether, and if so, how the subscription of shares in the rights issue is possible. The subscription shall, in that case be made in accordance with instructions received from the account-holding bank or broker.

An incomplete or faulty subscription form "Subscription without subscription rights" may not be taken into consideration. It is only allowed to submit one (1) subscription form "Subscription without subscription rights". If more than one subscription form is sent, only the last subscription form received will be considered as valid. The subscription form must be Sedermera Fondkommission at hand no later than the 29<sup>th</sup> of June 2017 at 3 pm. The subscription is binding.

### **Allocation of shares subscribed for without preferential right**

In the event that not all shares in the rights issue are subscribed for with preferential right, the Board of Directors shall decide on allocation of shares within the limits of the maximum amount of the rights issue to shareholders or other investors that have subscribed for shares without preferential right.

Primarily; allocation of shares which are subscribed for without preferential right shall be done to shareholders or other investors who have also subscribed for new shares by exercising subscription rights, regardless if the subscriber was a registered shareholder on the record date or not. In case that allocation of shares cannot fully be provided in accordance to subscriptions without subscription rights, allocation shall be made in relation (pro rata) to the quantity of subscription rights exercised for subscription of new shares in the rights issue, and to the extent this is not possible, by drawing of lots.

Subsequently; allocation of shares which are subscribed for without preferential right shall be done to other investors than the above mentioned, who have subscribed for shares without subscription rights. In case that allocation of shares cannot fully be provided in accordance to subscriptions without subscription rights, allocation shall be made in relation (pro rata) to the amount of subscribed for shares without subscription rights in the rights issue, and to the extent this is not possible, by drawing of lots.

Notification of allotment of shares without preferential rights will be made via a contract note containing payment instructions for allotted shares. Contract notes are expected to be sent out as soon as possible after the subscription period, and payment must be made in SEK in accordance with the payment instructions on the contract note. Payment is due within four Swedish business days from the date the contract note was distributed. Note that payment for any allotted shares will not be drawn from the specified book-entry account. If payment is not received in due time, the subscribed for shares may be assigned to another party. Should the price by such an assignment be lower than the subscription price of the rights issue, the subscriber who initially was allocated these shares may vouch for all or a part of the difference. Shareholders or other investors that are not allotted any shares will not receive any notification.

#### **Shareholders residing outside of Denmark and Sweden**

Shareholders who reside outside of Denmark and Sweden (with the exception of shareholders residing in USA, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore and other countries in which participation in the rights issue requires supplementary prospectus, further registration or other measurements than those which are required by Danish and Swedish legislation) who have preferential right in the rights issue can contact Sedermera Fondkommission for further information about subscription and payment. Due to restrictions in the legislation regarding securities in USA, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore and other countries in which participation requires supplementary prospectus, further registration or other measurements than those which are required by Danish and Swedish legislation, subscription rights through Euroclear will not be issued to shareholders with registered addresses in any of these countries. Accordingly, no offer is made to subscribe for shares in MPI to shareholders residing in these countries.

#### **Shareholders and investors residing in Denmark or other countries outside of Sweden**

Shareholders and other investors residing in Denmark or other countries outside of Sweden who can subscribe for shares in the rights issue are notified that subscription and payment of shares through a non-Swedish bank or broker might be associated with additional costs or fees which will be charged the shareholder or investor by the specific bank or broker. Furthermore, delivery and account-holding of shares via a non-Swedish bank or broker may be associated with additional costs or fees, which will be charged the shareholder or investor by the specific bank or broker.

#### **BTA's - Paid and subscribed for shares**

Subscription through payment is registered in Euroclear and VP Securities as soon as possible after payment, normally a couple of business days after payment has been made. Subscribers who have subscribed and paid in the Euroclear-system will subsequently receive an account notice from Euroclear which confirms the delivery of BTA's to the subscribers book-entry account. Subscribed and paid for shares are registered as BTA's in book-entry accounts in Euroclear and VP-Securities until the rights issue has been registered at the Danish Business Authority. In case that a partial registration of the rights issue is conducted, several series of BTA's will be issued in the Euroclear-system, where the first series of BTA's will be labeled "BTA 1". The series of BTA 1 will, together with BTA's subscribed for with preferential right within the VP-Securities-system, be converted into shares as soon as a partial registration by the Danish Business Authority has taken place. A subsequent series of BTA, labeled "BTA 2", will be issued in the Euroclear-system for subscriptions which due to time-related matters could not be registered together with the series of BTA 1, and the series of BTA 2 will be converted to shares as soon as possible upon final registration of the rights issue with the Danish Business Authority. BTA's are registered on book-entry accounts in Euroclear and VP-Securities until the rights issue is registered by the Danish Business Authority, which is expected to take place at the end of July 2017. Shareholders or other investors, whose shares are nominee-registered through a bank or broker, will obtain information from each such bank or broker.

#### **Trading in BTA's**

Only BTA's issued through the Euroclear-system will be tradeable on Nasdaq Stockholm First North. Trading in BTA's will take place on Nasdaq Stockholm First North from the 14<sup>th</sup> of June 2017 until the rights issue is registered at the Danish Business Authority. In case that a partial registration of the rights issue is conducted, and several series of BTA's are issued in the Euroclear-system, the different series of BTA's may be traded simultaneously on Nasdaq Stockholm First North. However, BTA 2 may not be listed for trading on Nasdaq Stockholm First North.

#### **Information regarding delivery and registration of shares**

Since MPI is a Danish public limited liability company, all of the company's shares are issued through, and hence registered in, the VP-Securities system. In order to trade the shares on Nasdaq Stockholm First North, clearing need to occur within the Euroclear-system which means that the shares must be registered in Euroclear. All shares registered in Sweden are mirrored in the Euroclear-system from VP-Securities. This means that Euroclear is registered as owner of the shares on behalf of underlying shareholders, in the shareholder register kept by VP-Securities.

Shares which are subscribed for on basis of preferential right, by exercising subscription rights issued in the VP-Securities-system, and which are paid for in DKK, will not be registered in Euroclear and will hence not be tradeable on Nasdaq Stockholm First North. In order for such shares to be tradeable on Nasdaq Stockholm First North, the shareholder must first administrate a cross-border transfer of shares to Euroclear. Such a cross-border transfer of shares may be subject to additional costs or fees, which will be charged the shareholder or investor by the specific account holding bank or broker.

Shares which are subscribed for without preferential rights and paid for in SEK, will be delivered to investors through the Euroclear-system and will hence be tradeable on Nasdaq Stockholm First North.

As soon as the rights issue has been registered at the Danish Business Authority, as expected in week 29 2017, BTA's are converted into shares without further notice from Euroclear and VP-Securities. Partial registration of shares in the rights issue may occur at the Danish Business Authority.

#### **Publication of the result of the rights issue**

As soon as possible after the subscription period, MPI will publish the result of the rights issue through a press release.

#### **Applicable legislation**

The shares are issued pursuant to the Danish Companies Act and are governed by Danish legislation. MPI is governed by Swedish legislation in certain aspects.

#### **Right to dividend**

The new shares entail the right to any dividend for the first time on the first record date of dividend which occurs after the new shares are registered at the Danish Business Authority. The new shares carry the same right to dividend as existing shares. Payment of any dividend for shares registered in the Euroclear-system is managed by Euroclear, or for nominee-registered shares, in accordance with the respective account-holding bank or brokers' routines. Payment of any dividend for shares only registered in the VP-Securities-system is managed by VP-Securities. Payment of any dividend will be made in DKK. Payment of any dividend for shares registered in the Euroclear-system will be made in SEK after exchange by either MPI or Euroclear. See section "*Dividend and voting rights etc.*".

#### **Register of shareholders**

MPI's shareholder register is handled and administrated partly by VP-Securities and partly by Euroclear.

#### **Shareholder rights**

The shareholders' right to dividend, voting right, preferential right of shares is governed by both MPI's articles of association (available via the web page of MPI and in the investment memorandum), as well as the Danish Companies Act. The Swedish Companies Act applies in relevant aspects, e.g. as regards to the rules on certain related transactions. See section "*Transactions with Related Parties*".

#### **Shareholder obligation to report shareholdings**

All shareholders in MPI has an obligation to comply with the rules of reporting to the Public Register of Shareholders. Report of shareholdings shall be made to MPI (nla@medical-prognosis.com) within 14 days after the obligation to report has been triggered. Obligation to report is triggered when shareholdings in MPI crosses the thresholds of 5, 10, 15, 20, 25, 50, 90, 100 %, 1/3 or 2/3.

See [https://erhvervsstyrelsen.dk/sites/default/files/vejledning\\_det\\_offentlige\\_ejerregister.pdf](https://erhvervsstyrelsen.dk/sites/default/files/vejledning_det_offentlige_ejerregister.pdf) for more information regarding reporting obligations to the Public Register of Shareholders.

#### **Trading in the MPI share**



The shares of MPI are listed on Nasdaq Stockholm First North. The shares are traded under the symbol “MPI” and have the ISIN-code DK0060732477. Only shares that are affiliated to Euroclear are, and will be, tradeable on Nasdaq Stockholm First North. New issued shares which are delivered through the Euroclear-system are tradeable in conjunction with the conversion of BTA’s to shares in the Euroclear's system.

**Issuing agents in the rights issue**

Sedermerna Fondkommission is the issuing agent of MPI in Sweden. Danske Bank A/S is the issuing agent of MPI in Denmark.

**Other**

The Board of Directors in MPI reserves the right to extend the subscription period and the payment deadline in the rights issue. The subscription of new shares with or without preferential right are binding.

In the case an excess amount has been paid by a subscriber for the new shares, the excess amount will be repaid to the subscriber. Excess amounts less than 100 SEK or 100 DKK will not be refunded.

**Questions regarding the rights issue may be directed to:**

Medical Prognosis Institute A/S

Phone: +45 40 14 50 59

E-mail: [nla@medical-prognosis.com](mailto:nla@medical-prognosis.com)

Sedermerna Fondkommission

Phone: +46 (0)40-615 14 10

E-mail: [nyemission@sedermerna.se](mailto:nyemission@sedermerna.se)

## SUBSCRIPTION COMMITMENTS

MPI is hereby conducting a rights issue, in which the general public is also given the possibility to subscribe for shares. Fully subscribed rights issue will provide the Company with 12 010 576.40 SEK before issuance costs, which is expected to amount to approximately 1.5 million SEK. The Company has received subscription commitments amounting to approximately 6,9 million SEK, corresponding to about 57.7 percent of the rights issue.

In the table below, all subscription commitments are presented. All agreements regarding subscription commitments are written. The subscription commitments are not guaranteed beforehand through transactions, bank guarantees or similar. Some parties in the table below, are parts of MPI's Board of Directors or management. These parties have entered subscription commitment agreements on the same terms as all other parties.

Parties making subscription commitments	Subscription commitment (SEK)
Viggo Harboe 2006 Holding ApS	641 091,60
Kenneth Thuesen	128 212,40
GN Invest Cph IVS	256 439,60
Magnus Ditlevsen	256 439,60
Peter Hornbæk	64 098,80
John Bork	96 155,60
Steen Kristensen	64 098,80
TEBP ApS	319 990,80
Sass & Larsen ApS	1 282 198,00
Sune Hansen	128 212,40
I.B-L Holding Aps	641 091,60
Saul Holding ApS	96 155,60
T.B-L Holding ApS	64 098,80
Dan Holst	128 212,40
Myggenæs Holding ApS	64 098,80
Kian Graae Nielsen	128 212,40
Buhl Krone Holding ApS	1 530 497,60
Claus Frisenberg	294 904,80
Landsholdet Holding ApS	512 879,20
Jack Bagger	64 098,80
Allan Winther Nielsen	192 326,00
<b>Collected amount of subscription commitments</b>	<b>6 953 513,60 SEK</b>

## CURRENT STATUS AND THE ROAD AHEAD FOR MPI

MPI is currently in an important stage of company development. On June 27<sup>th</sup> 2016 the Company listed at Nasdaq Stockholm First North after previously having been listed at Nasdaq Copenhagen First North. The motive for this change of listing was primarily that the Danish stock market is not, according to the Board's assessment, as mature regarding interest from shareholders and capitalisation of smaller public companies as the Swedish market. After the move to Stockholm, the Company has delivered a continuous news flow to the market which is summarized below:

- On the 24<sup>th</sup> of January 2017, MPI announced that the Drug Response Predictor – DRP™ – had been tested as a Personalized Medicine tool (Patient Response Predictor – PRP™) and showed that it could, with statistical significance, predict whether a given cancer patient would benefit from treatment with the drugs epirubicin, fulvestrant, anastrozole and exemestan.
- On January 9<sup>th</sup> 2017 MPI announced that the Drug Response Predictor – DRP™ – is registered with CE marking, meaning that the technology is technically validated and registered for use together with Oncology Venture's lead product LiPlaCis®, making it possible to market the product in the European Union.
- On December 30<sup>th</sup> 2016, MPI announced a deal with Oncology Venture of three years' full exclusivity for Oncology Venture for the use of the DRP™ technology in developing cancer drugs, against warrants for MPI corresponding to 3 % of Oncology Venture's share capital. The parties also agreed about 10 % ownership for MPI in future spin-outs from Oncology Venture established for the development of cancer drugs.
- On October 8<sup>th</sup> 2016, MPI announced a poster presentation at the European Society of Medicinal Oncology (ESMO) concerning a successful DRP prediction of effective treatment with cisplatin and vinorelbine in lung cancer.
- On September 27<sup>th</sup> 2016, MPI announced that the Chinese Patent Office has notified MPI that it has granted a patent on MPI's Drug Response Predictor - DRP™ - technology covering 8 relevant anti-cancer drugs including cisplatin. The patent has previously been granted in USA and Japan.
- On September 14<sup>th</sup> 2016, MPI announced that its Personalized Response Predictor PRP is to be studied in collaboration with Breast Cancer Experts at Danish oncology departments. The collaboration will last until further notice. The database for hosting the data on approximately 800 metastatic breast cancer patients has obtained approval from the Datatilsynet (Data Protection Agency) as well as from the Ethics Committee. The patients' tumours to be investigated are selected from a data set of > 1100 Danish Breast Cancer patients.
- On August 23<sup>rd</sup> 2016 MPI announced that the first patient with metastatic Breast Cancer included in the extension - proof of concept part of the LiPlaCis trial by Oncology Venture, had obtained a confirmed Partial Remission (i.e. >30% reduction of her tumour). LiPlaCis is the lead drug of Oncology Venture, the spin out of MPI that uses the Drug Response Predictor in clinical trials.
- On August 8<sup>th</sup> 2016, MPI announced that 2 abstracts had been selected by the Scientific Committee for Poster Presentations at the Annual Congress of European Society of Medical Oncology - ESMO - held on October 7 - 11 2016 in Copenhagen, Denmark.
- On July 5<sup>th</sup> 2016, MPI announced that the Company has sold a DRP to its spin out-company Oncology Venture for a selected compound for anti-cancer treatment. By adding to Oncology Ventures portfolio of DRP's supporting their novel way of developing cancer treatment, MPI is increasing the likelihood of achieving proof of concept of the DRP technology.

MPI's current main focus is the continued development of the company towards Personalized Medicine. An important part of this focus is the study which the company announced on September 14<sup>th</sup>, in which patient data from over 800 patients with metastatic breast cancer will be studied by MPI in collaboration with breast cancer experts at Danish oncology departments. The aim of the study is to investigate the PRPs ability to predict whether a patient would respond or not to anticancer treatments given during their disease. This will be investigated by using the PRP tool to analyse the patients' tumours genetic profile in the biopsy taken at the time of the diagnosis - and the clinical response results documented in hospital charts. A statistical analysis plan has been prepared ahead to demonstrate the expected strength of the Personalized Response Predictors ability to predict individual patients' treatment outcome. The primary endpoint is time to progression (TTP) and secondary endpoints are overall survival (OS) and response. The road ahead for MPI during 2017 will be collaboration with oncologists to further develop the PRP™-tool for specific anti-cancer

drugs based on material from 800 patients and the general development of the company in Personalized Medicine. In addition, MPI has a significant cooperation with OV, a spin-out from MPI to develop cancer drugs with MPI's DRP™ technology.

## MOTIVE FOR THE RIGHTS ISSUE

### **Rights issue and capital need**

MPI is currently conducting a rights issue of about 12 MSEK before rights issue costs, comprising about 1.5 MSEK, in which the general public is also given a possibility to subscribe for shares. The Board of MPI assesses that the current capital need in MPI is about 12 MSEK, corresponding to the size of the current rights issue. The funds from the rights issue is primarily intended to finance MPI's further development of the PRP™ platform which comprises the main element in MPI's focus towards Personalized Medicine. This includes, among other things, financing the study which the Company announced on September 14<sup>th</sup> 2016, in which patient data from over 800 patients with metastatic breast cancer will be studied by MPI in collaboration with breast cancer experts at Danish oncology departments. The objective of this study is to show that the PRP™ can predict treatment outcome in cancer patients with statistical significance which would greatly strengthen the clinical relevance of the PRP™ and correspond to major benefits for both cancer patients and treating physicians. The preliminary data have been published and MPI have shown that the Company with statistical significance can predict the individual cancer patient's result of the treatment with epirubicin, fulvestrant, anastrozole and exemestane what we expect to have major importance.

The other main motive for the rights issue is to finance the day-to-day operations of the Company. MPI is a company in development phase and currently has a burn rate of about DKK 0.7 - 1 million per month. Since the Company, like most development companies in the Life Science sector, only has limited revenues, the Company is reliant upon risk capital. Part of the funds from the current rights issue will subsequently be used to fund day-to-day operations of the Company.

A more detailed description of what the funds from the rights issue are intended to finance is specified in the bullet list below:

- Financing day-to-day operations of MPI.
- Securing and analysis of response data together with cancer experts and Danish oncology departments.

In case the rights issue is not fully subscribed and the Company does not receive the full amount of capital, the Company will investigate alternative financing options such as further capitalization rounds, grants or financing in cooperation with one or more collaboration partners. Alternatively, the Company will have to run its operations at a lower pace than initially expected, until such time further capital can be raised.

### **Future capital need**

According to the assessment by the Board of directors, full subscription of the current rights issue will fund the Company for at least 18 months from the time of the capitalization. MPI's future capital need is, among other things, dependant on which strategic decisions the Company makes regarding its focus on Personalized Medicine and the development of the PRP™ platform. There is always an uncertainty regarding assessments on future capital need. MPI's future capital need can be affected by for instance regulatory requirements, the turnout of the studies regarding the PRP™, and if/when further revenues can be generated. This can lead to both an increase of reduction of further capital need.

### **Pricing of the share in the rights issue**

The price of the share in MPI's current rights issue is based on The Board of Director's valuation of the company.

## MEDICAL PROGNOSIS INSTITUTE A/S

### Personalized Medicine – Cancer Is Individual

Many anti-cancer drugs are only beneficial to a small group of patients. Cancer patients is treated according to guide lines defined by experience gathered about which treatment is most effective and there is currently no way of identifying which patient will respond to a certain treatment. This forces oncologists to treat many patients blindly, and if the number of patients responding to a drug is too low, that drug candidate will most likely not be used, even if it may in fact be well suited for certain patients. The same problem arises in clinical studies of drug candidates. Insufficient efficacy has become the most common reason for clinical failures within drug development. A great part of these failures cannot be attributed to the drug as such, but are instead the consequences of difficulties in accurately performing clinical studies, using a patient group that is well-defined enough.

### MPI's Vision

- Help cancer patients get the right care from the start
- Create a global company built on the unique access to clinical information available in Denmark and Sweden, and using this material for the purpose of setting up data bases
- Make DRP™ reports globally accessible
- Drug development via the spin-out company Oncology Venture

### Company History

MPI was founded in 2004 by Professor Emeritus Steen Knudsen, who has a background within the mathematics of bioinformatics. Steen Knudsen is educated at DTU, Denmark's Technical University, as Master of Science in Engineering, specialized in Bio Technology. Furthermore, Knudsen holds a PhD in Microbiology from University of Copenhagen, and a position as Post Doctor in Computing Research Resources within Molecular Biology at Harvard Medical School. Since 1996, Knudsen has been part of building the Center for Biological Sequence Analysis at DTU, Denmark's Technical University. Based on bioinformatics, his research clarified the potential of using genetic chips in fighting cancer. In 2002, Steen was appointed professor for his research within this field.

To make the software technology (the mathematical algorithm) which is applied to the data from the gene chip beneficial for cancer patients, authority approval and marketing approval was needed. For this purpose, Knudsen founded MPI in 2004, as a spin out from DTU and with DTU Innovation A/S as the primary investor.

The software technology based on data from the gene chips offered possibilities within many different fields. Therefore, the first focus of MPI was to identify which specific clinical use of the software most mature to be commercialised. Supported by surveys among oncological experts, on the need for a sufficient number of patients, Steen Knudsen chose in 2005 to focus on prognostics for Lung Cancer. During the following years, MPI focused on raising capital for developing The Company, establishing co-operations with authorities (including the FDA), hospitals in Denmark, and on building the MPI laboratory in the USA.

In the further development of the software, Steen Knudsen made an important discovery. By comparing data from *National Cancer Institute*, USA, MPI could predict which patients would get a positive effect from chemotherapy. In 2006 MPI submitted a patent application. The application was submitted shortly before an American university submitted a similar application, which was rejected and in 2009 the patent was issued to MPI. The method was later refined and in 2011 MPI applied for a patent regarding gene signatures to predict sensitivity to 60 anti-cancer drugs covering 80% of the marketed anti-cancer drugs. The patent was approved by the American patent authorities in 2013.

The board of MPI has continuously developed in line with the needs of The Company. At first, Steen Knudsen was The Company's CEO. In 2006, Jesper Drejet was appointed CEO in order to strengthen the commercialisation, which freed Steen Knudsen's to focus on the technological development in the role of Chief Scientific Officer, CSO. Jon Askaa took over as CEO during 2010, to strengthen development within Companion Diagnostics. In 2012, Peter Buhl Jensen became the CEO to enhance the oncological width and further prepare the organisation for international commercialisation, whilst Steen Knudsen continued focusing on the technological development as The Company's CSO.

The initial strategy was to sell DRP™ to pharma/biotech to be used for drug development.

During the past years, MPI has been busy with drug development, including strategy and business model for establishing co-operation agreements with drug development and biotech companies regarding research,

development and commercialisation of drug candidates. To prove and establish the technology and to gain as much as possible from the value increase, the choice in 2015 was to form Oncology Venture, aiming to develop drug candidates by using the DRP™ technology. OV utilizes MPI's technology to give input to select the indication where the drug DRP™-technology have the potential to increase likelihood of success, shorten time to market, lower development costs and extending the drug's time on market under the protection of a patent. Today, Oncology Venture is The Company's most important partner, and the co-operation contributes with substantial income during the drug development process, and potentially even bigger income when the DRP™-technology in prospective trials have shown its ability to successful development of anti-cancer drugs.

The collaboration agreement between MPI and OV has recently been changed so OV now have the full exclusivity to the DRP™-technology for the development of anti-cancer drugs. MPI have the right to a 10% royalty of OV's revenue from drugs developed by OV using the DRP™-technology e.g. up-front payments, milestone payments and royalty. When searching for products to develop OV realized there were more products than anticipated. As a consequence OV have adapted its strategy and have now established Special Purpose Vehicles (SPV's) to where the DRP™ technology is outlicensed. Thereby it will be possible, without stressing OV's finances to attract new capital to more development projects. Recently, OV have established 2X Oncology Inc., a US Women's Cancer company. The current plan in this company is to develop three drugs in 4 indications. Yet another company OV-SPV2 have been established and if successful using the DRP™-technology to identify the patients benefitting from the drug in question at least two clinical trials will be initiated. OV have secured capital for these companies. According to the collaboration agreement MPI receives a 10% ownership share of each company secured until a specifically defined inflection point.

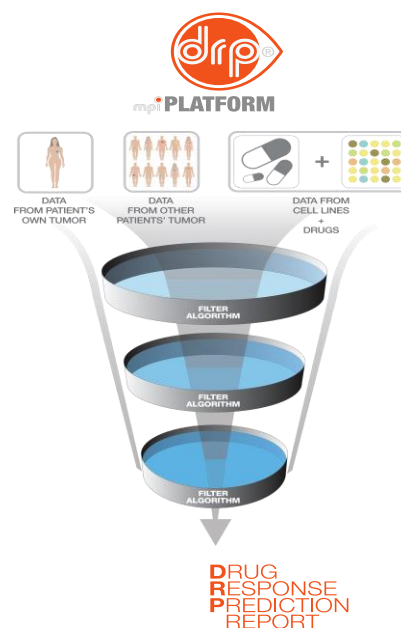
### The Science behind the DRP Platform

Until recently, classification of cancer and the treatment of the disease has been based solely on population-based observations, but due to large individual variations old methods have been unspecific and offered low precision. The development of anti-cancer drugs and cancer treatment is now rapidly changing, from being population-based to becoming more precise and individually adapted (Personalized Medicine).

The MPI approach includes The Company's method for analysing the genomic fingerprint in each individual tumour. The fingerprint is determined based on sensitivity data from cancer cell lines. Data is "filtered" using data from cancer patient's biopsies to reduce the background noise from the cell lines removing clinical irrelevant signals. The fingerprint makes it possible to foresee whether a patient is likely to benefit from treatment with a certain drug. Per the board's evaluation, MPI's product is a landmark that can be used for increasing the possibilities of identifying both patients with the best chances of responding to treatment, and patients with low likelihood to respond to a certain drug.

MPI's Drug Response Predictor can improve the doctors' ability to make precise decisions concerning which treatment is most suitable for their patients. The technology has a broad field of use, and MPI holds patents for over 80 anti-cancer drugs. After sequencing of the genetic code, quantitative methods have made considerable progress and our understanding of complex biological signals has improved significantly. This science has enabled research on new and more precise genetic biomarkers, reflecting specific biological or pathogenic processes in cancer cells. The Company expects its approach, where the methods can bring more knowledge on the complexity of molecular mechanisms leading to cancer, to allow MPI to identify which patients will or will not respond to a specific cancer treatment.

As opposed to other companies working with biomarkers mainly at DNA-level, MPI is working with a so called multiple biomarker based on messengerRNA from cell lines and from patient tissue, in which for example up to 200 genes can form a mathematical model/algorithm that clarifies how the cancer of the individual patient works – i.e. which genes are up-regulated and which ones are down-regulated (gene signature or gene pattern). Thereby, a pattern is created. The pattern can be differentiated from other gene patterns generated with the help of data from cancer cells grown in laboratory environment, and data from the tumour tissue of cancer patients in clinical studies. The above has been tested in 37 clinical studies, showing an approximate success rate of 80 %. The technology is highly validated, and has been tested blindly in numerous cancer indications.





The next development step is using the DRP™ method in a prospective environment in clinical studies. The above will be started through Oncology Venture's clinical study of LiPlaCis, where over 1.000 patients with metastatic Breast Cancer are being screened to increase the likeliness of treatment response. Only the patients expected to respond will be included in the study. This is the highest level of validation, and as far as known to the board it is the only technology



CANCER TYPE	PATIENTS	DRUGS	PATIENTS	PATIENTS (SEC) ENDPOINT	P VALUE
Breast	268	tamoxifen	Issued	RFS	0.03*
Breast	136	tamoxifen	Issued	DMFS	0.03*
Breast	102	16 combinations	Issued	DMFS	0.006*
DLBCL	166	CHOP	Issued	CR (OS)	0.007*
DLBCL	414	(R)-CHOP	Issued	OS	1e-15*
Breast	244	11 combinations	Issued	pCR	8e-12*
Breast	125	TET/FEC	Issued	pCR	0.007*
Breast	24	docetaxel	Issued	pCR	0.02*
DLBCL (miRNA)	116	R-CHOP/CHOEP	Issued	CR	0.03*
Hodgkin	130	ABVD	Issued	CR	0.003*
AML	13	Belinostat+idarub.	Issued	ORR	0.02*
AML	88	7 combinations	Issued	CR	0.02*
Breast	44	Fulvestrant	Pending	CR	0.01*
NSCLC	21	Tarceva (erlotinib)	Pending	PFS	0.02*
NSCLC	50	cisplatin	Issued	OS	0.03*
Breast	24	cisplatin	Issued	Miller-Payne	0.02*
Ovarian	63	cisplatin	Issued	OS	0.047*
Breast	114	epirubicin	Pending	pCR (DMFS)	<b>0.9 (0.03)</b>
AML	53	decitabine	Issued	ORR	0.01*
Breast	19	Anastrozole	Pending	ORR	<b>0.9</b>
AML	79	HAM	Issued	CR	<b>0.45</b>
Myeloma	84	VAD	Issued	CR	0.004*
ALL	161	Methotrexate	Issued	WBC count	0.008*
Myeloma	169	bortezomib	Issued	ORR	0.008*
Breast	61	Xeloda + docetaxel	Issued	pCR	<b>0.14</b>
Colon, stage III adj	307	5-FU	Issued	RFS (OS)	8e-06*
Colon, stage I-IV	232	5-FU	Issued	RFS (OS)	0.0005*
Colon, metastatic	20	FOLFIRI	Issued	ORR	<b>0.15</b>
Colon	40	FOLFIRI	Issued	ORR	0.04*
Colon, metastatic	80	cetuximab	Issued	OS	<b>0.24</b>
Colon	17	FOLFOX	Issued	ORR	0.015*
Colon, unresectable	83	FOLFOX	Issued	ORR	<b>0.18</b>
Esophagus (miR)	305	chemoradio	pending	OS	<b>0.3</b>
Esophagus (miR)	59	Cis-Epi-Cap	pending	OS	0.039*
NSCLC (mRNA)	95	Cis-Vino	issued	OS	0.007*
Myeloma	67	Melphalan	issued	PFS 2 years	0.008*
Pediatric ALL	235	Vcr-Dox-Pre	issued	MRD 15	0.002*

within the field reaching this validation level. MPI is constantly building evidence for the DRP™ technology to match the right patients with the right anti-cancer drugs.

### Patient Response Prediction (PRP™)

MPI's DRP™ technology is the base of the development of Patient Response Prediction (PRP™).

Over 1.000 patients suffering from metastatic Breast Cancer have been screened for likeliness to respond to treatment with the drug LiPlaCis™. MPI has applied and received permission from the authorities to analyse 800 patients' tumour tissue for examining the effects of the drugs they were treated with during their illness. The analysis has provided a large data set as patients in average have received five different treatments. The analysis has been performed as a blinded study with a prior determined statistical analysis plan to determine whether DRP™ can predict the efficacy of the drugs that were distributed to the patients. From a study in Lung Cancer patients, The Company has seen how MPI could predict the efficacy of cisplatin in individual patients.

The board of MPI considers the data to be mature for further development as a tool to the oncologist and patient to support treatment decisions. The Company is already utilising individual genetic profiles from patient tumours derived using the DRP™ technology to develop the technology to be able to predict the treatments most beneficial for the individual patient.

### Business Areas

#### The DRP™ Platform

MPI was founded to improve the efficacy of anti-cancer drugs with its multi biomarker technology, DRP™.

The DRP™ platform is being developed in two directions. For drug development in OV where patients are screened using the DRP™ for sensitivity to the drug under development with the aim to develop efficient cancer treatments. And as a tool to support the oncologist and patient deciding on the most efficient treatment.

In collaboration with hospitals and oncologists and with consent from patients and authorisation from authorities' large amounts of information is collected. The Board estimates the method to be in the forefront of the technological

development and MPI intends to engage in collaborations with hospitals in Denmark and potentially Sweden and Norway to screen patients with the systems biology tool. The board believes the Nordic countries to be the right place to develop individual treatments because of the high quality and infrastructure making access to clinical information and biopsies easy.

#### PRP™ Patient Response Prediction

PRP™ can make a powerful tool for the large group of cancer patients where there today are no known biomarkers. PRP™ is a business area for innovations within Personalized Medicine, focusing on future development of consumer products and services to inform, to gather and to formulate personal treatments. The PRP™ test is judged by the board to be valuable within the big group of cancer patients where other biomarkers are currently unavailable. PRP™ makes it possible to assist patients and doctors by helping to determine which treatment is most suitable in each specific case. This will be of great value for patients as well as for the party bearing the treatment costs. MPI has established many co-operations with Danish academies and hospitals to evaluate PRP™ in practise.

#### **Market**

##### The Market for PRP™ - Individually Adapted Treatment (Personalized Medicine)

The demand for MPI's DRP™ and LPC is based on the need for individually adapted treatment, which is today an established concept within oncology. Based on analyses of future market trends, the research institute Liftstream has indicated the importance of tailored treatment within the anti-cancer drug market to increase<sup>1</sup>.

Lately several new anti-cancer treatments have been launched together with Companion Diagnostics to identify which patients will have positive effect of the treatment. Patients with no benefit of the treatment will then not receive the treatment and will not be exposed to the side effects and valuable time will not be spend on ineffective treatments.

The expectations of Liftstream is that particularly screening via biomarkers (which is the case with DRP™) will play an increasingly important role in the clinical development of anti-cancer drugs. Biomarkers make it possible to exclude test persons who will not respond to the drug in the clinical phase. Thereby, efficiency can be increased, costs minimised and likeliness for authority approval heightened.

##### Competitors of PRP™

Treatment of Breast Cancer comprises a row of choices depending on the specific type of cancer one is suffering from and which stage the disease has reached. When the first treatment is completed (medical and surgical), decision on regarding adjuvant treatment is made. In February 2016, *The American Society of Clinical Oncology* (ASCO) issued its recommendations to use biomarker tests for Breast Cancer. ASCO recommends three tests, OncotypeDx from Genomic Health (USA), EndoPredict from Sividon Diagnostics (Germany), and PAM50 from Nanostring Technologies (USA). The most widely used one among the above is OncotypeDx, which is the only test approved by English *National Institute for Health and Care Excellence* (NICE). All three tests are used for deciding whether further chemotherapy is advantageous or not, i.e. they are tests to acquire a yes or a no on whether to use chemotherapy as adjuvant treatment for preventing future recurrence of the disease.

MPI's biomarker test, OncoChoiceDx, is meant to go one step further by recommending which specific treatment is most likely to work - or not. Hence, The Company's test is not a direct competitor of the tests mentioned above, just as those tests are not direct competitors of MPI's test. Per the board's judgement, there is hereby currently no direct competitor of MPI. However, there are several companies and research groups working on biomarker tests which may become future competitors.

##### DRP™

By using DRP™, it is possible to define a genetic fingerprint distinguishing the different cancer forms sensitive to treatment from those that are resistant to treatment. Patients who - based on the genetic fingerprint or "RNA expression" of their cancer - can be expected to respond to treatment, are selected. This considerably increases the likeliness for successful results in new clinical studies. DRP™ has shown the ability to give a statistically proven efficacy prediction for treatment of cancer patients in 29 out of 37 evaluated clinical studies. Statisticians at MD Anderson Cancer Center in Texas have blindly validated DRP™ in three different studies (Journal of National Cancer Institute, Wang et al. September 2013), and MPI has validated DRP™ through blinded analyses in 37 clinical studies.

---

<sup>1</sup> [www.liftstream.com/blog/5-trends-in-oncology-drug-development-for-2012-and-beyond/#.Ui-CKuDU9Yc](http://www.liftstream.com/blog/5-trends-in-oncology-drug-development-for-2012-and-beyond/#.Ui-CKuDU9Yc)

The board of MPI estimates The Company to have the best validated model in the market. Latest the method have been validated in clinical prospective-retrospective trials in 5FU and cisplatin. Prospective-retrospective studies is scientifically highly ranked and are studies where data from clinical studies are available together with biopsies and a statistical analysis plan is available before the DRP™ analysis is made blinded. It is the board's opinion that DRP™ has the potential to contribute to clinical studies resulting in approved drug candidates. Utilizing the DRP™ method can through more focused clinical trials contribute to lower development cost and shorten development time to authority approval. The DRP™ tool can be used from the earliest phase in the development of a drug candidate, and all the way to the selection of patients to be treated.

In 2015, MPI established Oncology Venture Sweden AB ("Oncology Venture") as a spin-out company to develop anti-cancer drugs. The business model is to in-license anti-cancer drugs under development which have not been able to reach a sufficient response rate and then with the help of the DRP™ go through new clinical trials. The indication is being selected using the DRP™ and the patients selected to enter the trial will be the ones being most likely to respond to the treatment. The new customized collaboration agreement reflects that OV have identified several potential drug candidates that together with the DRP™ with a high likelihood will be able to bring to the patients benefit and to the market. Today OV have in-licensed the drug candidates LiPlaCis™, APO010 and Irofulven and it is planned to conduct five focused phase II-trials with the MPI DRP™ technology within the next two years and expect two out-licenses.

The new collaboration agreement has given OV the full exclusivity to use the MPI DRP™ technology for three years. The exclusivity will make it possible for OV through spin outs to increase the number of potential anti-cancer drugs developed together with the DRP™ to increase the likelihood for a breakthrough for the technology. As consideration for the full exclusivity MPI received warrants corresponding to 3% of OV's share capital. It was also agreed to let OV outlicense into spinouts. Then OV can establish companies specializing in for instance women's cancer, such as 2X Oncology, and thereby attract capital from other sources. MPI receives a 10% ownership in such companies. When the companies at a later stage need to raise more capital it is possible that the MPI ownership share will be diluted but the agreement makes it possible for MPI to capitalize the project at an earlier stage than before. Today two term sheets are signed regarding promising products and one is under negotiation leaving OV with a pipeline of 7 products.

The board sees this approach as a fast route to proof-of-concept for the DRP™.

#### *Product Approval, External Validation and Recognition of DRP™*

No market approval is required for selling DRP™ as a tool for developing new drugs. However, market approval is a requirement if DRP™ is being used as companion diagnostics for selecting the patients that will benefit from a specific drug. If DRP™ will be used as companion diagnostics, MPI will apply for marketing approval when relevant.

#### Business Strategy Regarding DRP™

The strategy includes developing with the starting point of a tool for providing second opinions for adjuvant treatment of Breast Cancer with a certain drug. Hereafter, the intention is to broaden the tool for other drugs, focusing on for example Multiple Myeloma and Prostate Cancer. Meanwhile, further income is expected to come from the progress made by Oncology Venture on using DRP™ for drug development.

#### The Market for DRP™

Anti-cancer drug development is one of the biggest focus areas within the pharmaceutical industry. There are currently over 200 different types of cancer, altogether causing more deaths than any other category of disease, besides cardiovascular diseases. The global anti-cancer drug market value is expected to exceed 81 billion USD during 2016. The oncology market is often seen as the most diversified market, with a large number of indications, and the American interest organisation PhRMA has previously estimated that 1000 anti-cancer drugs are under development in clinical programs.

#### Competitor Products of DRP™, and Technologies within the Area for Companion Diagnostics

Development of so called companion diagnostics or theranostics is the focus for a large group of drug developers, developing their products based on an understanding of the disease mechanisms and the main target that needs to be attacked to ensure efficacy. The approach is particularly used by Big Pharma, with some degree of technical success. The strength of MPI is, according to the board, that the DRP™ technology can help many of drug candidates that have undergone clinical testing thanks to promising efficacy, but then failed to reach sufficient efficacy levels.

During 2013, MPI received patent approval in the US for genetic profiles within both mRNA and microRNA. The genetic profiles can predict likelihood for sensitivity in over 60 different anti-cancer drugs, which covers about 80 % of all FDA approved anti-cancer drugs. A patent application (not yet approved) has been made for Europe and many other

countries. Due to the above, potential competitors are forced to utilise other methods than MPI's patented DRP™ solution. Based on the large number of genes and proteins in the human cells, the board believes other measures will be made available for predicting sensitivity.

The board sees the broad applicability and the speed in establishing new predictive profiles as the main strengths of MPI. The only directly competing DRP method with a similar platform known to the board is being used by the drug company Novartis, who are using a cell line panel of 700 cell lines. The board judges this method to be weaker than MPI's present DRP™, while Novartis' product being of competitive importance to themselves is not likely to be made available to other drug companies on the market. This generally applies to the bio informatics and biomarker groups within Big Pharma. This puts the DRP solution of MPI in a favourable position, since the board does not believe small and medium drug companies have access to the technology.

#### **Essential Agreements – Co-operation Agreements Regarding DRP™**

**Co-operation agreement with Oncology Venture ApS:** The board of MPI expects Oncology Venture ApS to increase its number of prospective studies, who can confirm the strength of the DRP™ method. The above will result in a significant increase of MPI's value. MPI also gets a great part of the growth in value created by the DRP™ technology. It is the board's expectation that using the DRP™ technology, Oncology Venture ApS can identify drug candidates which have shown efficacy in studies but were not strong enough for authority approval, and increase the number of patients experiencing positive effects from the drug candidates.

In December 2016 MPI and OV entered a new collaboration agreement. After this, OV have full exclusivity to the DRP™-method for a three year period to develop anti-cancer drugs. When OV obtains license to a specific drug, it belongs to OV even if the license agreement is not renewed after expiry. This means that drug development and clinical trials can be initiated after expiry of the license agreement and the rights to the products together with the DRP™ continues to belong to OV.

The exclusive license to each drug is contingent on OV's investments in the drug. If no investment is made in the drug within the timeframe or no agreement is entered with a third party regarding investment in the drug the exclusive license will cease to exist and the right to develop the product goes to MPI.

OV holds the global rights for the drug candidates APO010, Irofulven and LiPlaCis™. Oncology Venture ApS has the right to use the DRP™ technology in developing anti-cancer drugs. As consideration for the three-year exclusivity MPI was granted 302,243 warrants in OV. Each warrant gives the right to subscribe for 1 share in OV at an exercise price of SEK 10.00 until December 31<sup>st</sup> 2019.

OV can choose to develop anti-cancer drugs by itself together with the DRP™-technology. When doing so OV will pay royalties to MPI equivalent of 10 % of the turnover generated from the projects. This includes advance, milestone and royalty payments to Oncology Venture ApS from a third party. The payment of 10 % is calculated from specific out-licensed project incomes, and does not include capital invested in Oncology Venture ApS or the projects of Oncology Venture ApS. Payment is not made until Oncology Venture ApS out-licenses to a buyer a drug candidate after successful clinical trial. Normally, out-licensing in such a case like this would comprise:

- Up-front payment
- Milestone payments
- Royalty payment

OV can also choose to establish a spinout and sub-license drugs to the spinout. As consideration MPI will receive a 10% ownership share which is non-dilutive until a well-defined inflection point where new investments will come into the company for instance at an IPO. This gives MPI the choice to capitalize or to continue ownership.

#### **Business Strategy Regarding DRP™ – Goals to Achieve Validation**

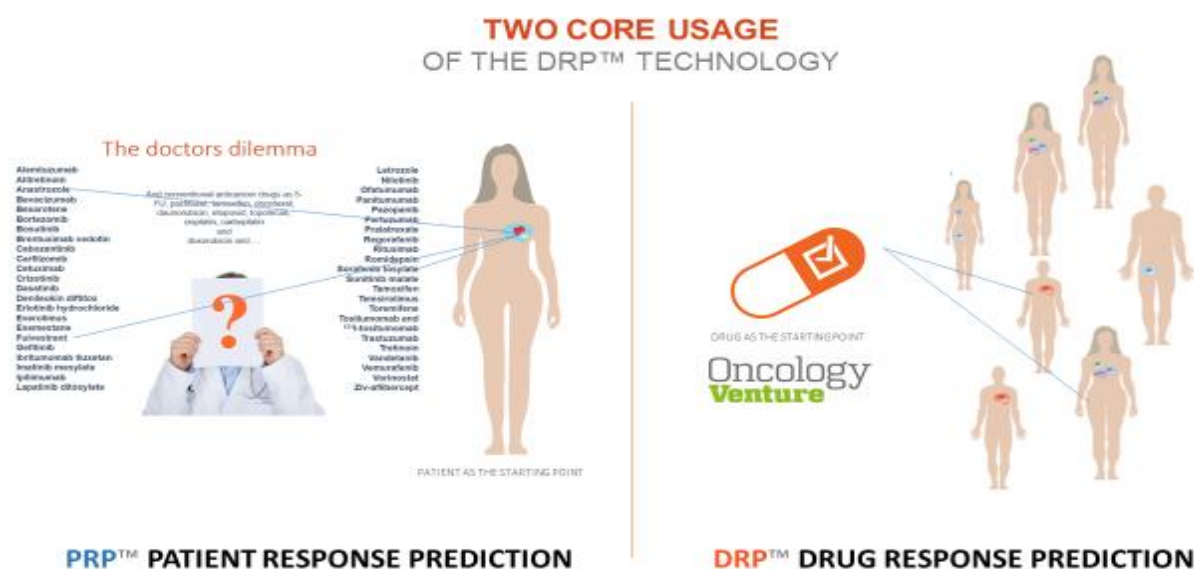
MPI have outlicensed the DRP™ to OV. The goal is to prove that the DRP™ can be used for developing anti-cancer treatments with response rates the authorities will approve. OV and MPI have identified more than the five drugs it initially was planned to develop – this is why spinouts (Special Purpose Vehicles) from OV have been established. 2X Oncology Inc. focusing on women's cancer with three products in the pipeline and OV-SPV2 with one product in pipeline has so far been established. LiPlaCis have recently registered a CE-labelling for LiPlaCis with its special DRP™. This allows marketing of the product in EU.

## X Labs

**X Labs** is a branch to explore, create prototypes and confirm new technologies and business models. Developed concepts are being refined with the intention of strengthening the core businesses of MPI. The Company works with new methods to facilitate the use of all types of biopsies while at the same time securing a correct prediction.

## Business Model and Strategy

The Company's business model and strategy has two sides, PRP™ and DRP™. The PRP™ focuses on the patients' perspective and choice of treatment, while the DRP™ side focuses on drug development. Both products are derived from the DRP™ platform. The goal of the strategy is rapidly achieving prospective confirmations regarding the strengths of the DRP™ method. The DRP-strategy is followed through MPI's spinout OV with seven products already in the pipeline ready to show how MPI's DRP™ technology can facilitate for success: LiPlaCis™ for Breast Cancer, Irofulven for Prostate Cancer and Ovarian Cancer and APO010 for Multiple Myeloma and Breast Cancer. Both strategies are being realised through agreements with external drug developers and their drug candidates and a TOP2 inhibitor for metastatic breast cancer and Glioblastoma (an aggressive cancer beginning within the brain), a PARP-inhibitor both drugs under development and drugs already on the market. In parallel with the above, the MPI technology is being utilised by Oncology Venture for developing drug candidates which in studies have shown some, but ins for metastatic breast cancer, a TOP1-inhibitor for Ovarian Cancer and a tyrosine kinase inhibitor, - in all 7 products. The other strategy is to develop PRP™.



## Securement of Rights

At present, Oncology Venture ApS has secured DRP™ rights for up to ten drug candidates.

The rights are secured as follows:

- Thereafter, Oncology Venture ApS has two years to secure the DRP™ of the specific drug candidate at a set fee of 120 TDKK.
- The DRP rights for a drug candidate can be prolonged with another 2+2 years. If during this time Oncology Venture ApS secures an investment in the drug candidate of minimum 1 MDKK, the rights are passed to Oncology Venture ApS. The investment can be secured either by Oncology Venture ApS themselves financing the drug development, or by having a third party finance it, with the aim of Oncology Venture ApS continuing the development of the specific drug candidate.

For each specific drug candidate, Oncology Venture ApS thereby has up to five and a half years to secure the DRP™ rights, and to directly or through a third party invest minimum 1 MDKK for securing the rights to the drug candidate.

## Previously Signed Co-operation Agreements



As reported during the past few years, and in line with the previous strategy, several co-operation agreements have been signed with biotech and pharma companies on using DRP™ for their drug candidates. According to the board, the above does not lead to any significant financial effects, but will in cases of favourable outcome further validate the DRP™ platform.

### Patent Strategy and Status

The MPIs patent policy includes handing in all new innovations and subsequently evaluate the commercial potential. Should the cost be motivated, worldwide patent will be applied for. Besides patents, The Company holds extensive knowledge within the field which will not be sought patent for, since the information would then become publicly known.

Since 2005, The Company has applied for over 20 patents, and chosen to move on with several national applications for important markets in the US, Europe and Asia. MPI now has been granted 9 patents in the US, Europe, Australia, Japan and China. This growing portfolio of patents protects MPIs core business and prevents other parties from copying our technology. This becomes increasingly important as we are nearing marketing of DRPs for companion diagnostics and personalized medicine. The American patent on DRP™ is broad, and encompasses gene signatures for predicting sensitivity to over 60 anti-cancer drug candidates, thereby including approximately 80 % of all marketed anti-cancer drugs. The patent in Australia is similar. On September 27<sup>th</sup> 2016, MPI announced that the Chinese Patent Office had notified MPI that it has granted a patent on MPIs Drug Response Predictor - DRP™ - technology covering 8 relevant anti-cancer drugs including cisplatin.

The Company's patent regarding Exercise Guidance is developed in co-operation with researchers in Sweden, Great Britain and USA. MPI intends to apply for marketing approval for LPC in the US as well as in Europe. Clark & Elbing LLP in Boston, USA, is MPI's primary patent office.

### Tendencies

As far as known to the board, there are no tendencies, uncertainties, potential claims or other demands, commitments or events expected to have any essential impact on The Company's prospects, at least not during the current financial year. The Company expects a result for 2017 in the same range as the result for 2016 and that the positive development in the Company continues.

### Company history in short

<b>Mar-17</b>		MPI's spin-out Oncology Venture in-licenses 2BBB's lead phase II product "2B3-101" to 2X Oncology's pipeline.
<b>Jan-17</b>		DRP™ can, with statistical significance, predict effect in four different drugs for treatment of breast cancer.
<b>Jan-17</b>		MPI announced that the Drug Response Predictor – DRP™ – is registered with CE marking, meaning that the technology is technically validated and registered for use together with Oncology Venture's lead product LiPlaCis®, making it possible to market the product in the European Union.
<b>Dec-16</b>		MPI and OV enters agreement on full exclusivity.
<b>Dec-16</b>		MPI and OV enter agreement on 10% ownership share of SPV's.
<b>Oct-16</b>		Scientific Publication Best Practice describes APO010 and the specific DRP™.
<b>Oct-16</b>		Poster on Immuno Oncology APO010 sensitivity in Multiple Myeloma presented at ESMO.
<b>Oct-16</b>		Poster on successful prediction of cisplatin and vinorelbine in lung cancer presented at ESMO.
<b>Sept-16</b>		MPI receives patent approval in China for its DRP technology.
<b>Sept-16</b>		MPI's PRP for Personalized Medicine is to be studied together with Danish breast cancer experts as part of the MPI's focus toward patients.
<b>Aug-16</b>		A patient with breast cancer, selected with DRP, shows a reduction of her tumour.
<b>July-16</b>		MPI and Oncology Venture expands their cooperation via the entry into of an additional agreement concerning DRP.

<b>June-16</b>		The Company's shares are listed on Nasdaq Stockholm First North.
<b>May-16</b>		MPI's DRP is used for the first time in a prospective study.
<b>May-16</b>		Positive data are published in the scientific journal PLOS ONE concerning the Drug Response Predictor (DRP™) technology. Data from a prospective, randomized clinical trial was examined using the DRP™ tool. DRP™ for 5-FU (Fluorouracil) could identify which patients are benefiting from treatment with 5-FU. The overall survival among the patients who showed a maximum potential to respond to treatment was twice as high compared with the overall survival of the patients showed a low response potential.
<b>Apr-16</b>		MPI announces that the company sold three DRPs to Oncology Venture in respect of three new selected drug candidates with MPI's DRP™ for cancer treatment.
<b>Mar-16</b>		The company announces that data from MPI's spin-out Oncology Ventures' phase 1 dose-escalation study with LiPlaCis is presented at the American Association for Cancer Research (AACR). The results indicate that the technology behind LiPlaCis works - something for which further documentation is to be sought including for a larger number of patients.
<b>Mar-16</b>		MPI announces that the Company's Oncology Venture spin-out includes the first patient in APO010's screening protocols for multiple myeloma. A total to 150 patients are screened.
<b>Feb-16</b>		MPI implements a private placement, which result in an injection of capital to the Company in the approx. amount of DKK 8.7.
<b>Feb-16</b>		MPI publishes positive data with DRP™ concerning gastroesophageal cancer.
<b>Jan-16</b>		A MPI obtains a patent granted in Australia.
<b>Dec-15</b>		MPI and Mundipharma EDO GmbH enter into an agreement concerning DRP™ regarding Edo-S101 in clinical trials.
<b>Nov-15</b>		MPI unblinds a prospective study of LungChip prognosticator in early lung cancer.
<b>Nov-15</b>		DRP™ makes clinical trials of Irofulven in prostate cancer patients possible.
<b>Nov-15</b>		Presentation concerning the use of DRP™ in Top1 at the American Association for Cancer Research Annual Meeting in Boston, USA.
<b>Sep-15</b>		MPI participates in three abstract at the <i>AACR/NCI/EORTC International Conference on Molecular Targets and Cancer Therapeutics</i> in Boston, USA.
<b>Jun-15</b>		MPI and Nemucore Medical Innovations, Inc. announce a Strategic Partnership.
<b>May-15</b>		MPI's drug development arm Oncology Venture and Lantern Pharma LLC announce partnership for the development of Irofulven for the treatment of metastatic prostate cancer.
<b>Feb-15</b>		MPI's DRP technology predicts which lymphoma patients (DLBCL) will respond to standard treatment (R-CHO(E)P) in a blind set-up.
<b>Nov-14</b>		MPI and Alion Pharmaceuticals, Inc. establish a partnership in order to further develop DRP™ concerning ion channel blockers within oncology.
<b>Sep-14</b>		The MPI abstract published on ESMO's website shows that MPI's genetic response profile can predict the effectiveness of adjuvant 5-FU with colon cancer.
<b>May-14</b>		MPI and LiPlasome Pharma ApS presents the Phase 1 Study with LiPlaCis™ at the ASCO Annual Meeting.
<b>Apr-14</b>		MPI enters into a strategic cooperation with TD2.
<b>Feb-14</b>		MPI presents data concerning that DRP optimizes the success factor with the use of fulvestrant.
<b>Nov-13</b>		MPI establishes a sales organization in the United States for the U.S. market.
<b>Nov-13</b>		MPI presents data with the benefits of DRP in connection with the FDA's approval.
<b>Nov-13</b>		MPI enters in to a strategic collaboration with Professor DM Nils Brünner.
<b>Oct-13</b>		MPI shares begin trading on Nasdaq First North Copenhagen.
<b>Jun-13</b>		A predictive biomarker patent is granted in England (exercise patent).
<b>May-13</b>		A DRP agreement is entered into with Esanex, Inc.



<b>May-13</b>		A Drug Response Prediction patent is granted in the United States.
<b>Apr-13</b>		A DRP agreement is entered into with Mundipharma EDO GmbH.
<b>Dec-12</b>		A Research & Development and Cooperation Agreement is entered into with LiPlasome Pharma ApS.
<b>Nov-12</b>		A License agreement is entered into between Topo Target A/S and Oncology Venture.
<b>Nov-12</b>		A cooperation agreement is entered into with Dr. Dan Von Hoff.
<b>Sep-12</b>		XRGenomics Ltd. enters into its first customer agreement.
<b>Sep-12</b>		A DRP agreement is entered into with a new customer.
<b>Aug-12</b>		An <i>Intellectual license</i> agreement was entered into with XRGenomics Ltd.
<b>Mar-12</b>		Peter Buhl Jensen becomes CEO, with a focus on international commercialization.
<b>Dec-05</b>		MPI submits a patent application relating to the DRP technology.
<b>Dec-05</b>		MPI focuses on product development and validation of DRP.
<b>Sep-04</b>		MPI is established as an independent company.

## BOARD OF DIRECTORS AND CEO

### Frank Knudsen – Chairman of the Board

Frank Knudsen, born in 1958, has since April 2015 been Chairman of the Board in Medical Prognosis Institute A/S. Mr. Knudsen has a.o. been responsible for investments in SEED Capital Denmark A/S and he has also been responsible for the administration and completion of the government's finance system for patenting and licensing of research from the universities in Denmark.

#### Holding in MPI:

- Owns no shares in MPI.
- Holds 100 000 warrants.



#### Company commitments the last five years

Company	Position	Period
Medical Prognosis Institute A/S	Chairman of the Board	Ongoing
Acesion Pharma ApS	Board member	The period has ended
Adject ApS	Board member	The period has ended
Adject A/S	Chairman of the Board	The period has ended
Besst-Test ApS	Chairman of the Board	The period has ended
Biotech AF 14. Maj 2014 ApS	Board member	The period has ended
BKG-Pharma ApS	Board member	The period has ended
Carnad A/S	Board member	The period has ended
Conrig Pharma ApS	Board member	The period has ended
Contera Pharma ApS	Board member	The period has ended
Curasight ApS	Board member	The period has ended
Diet4Life ApS	Board member	The period has ended
Glycom A/S	Board member	The period has ended
Mycoteq A/S	Board member	The period has ended
Onconox ApS	Board member	The period has ended
Valderm ApS	Board member	The period has ended
Victorius Medical Systems ApS	Board member	The period has ended

#### Partnership of more than 5 % during the past five years

No Partnerships of more than 5 %.

#### Compulsory liquidation and bankruptcy

During the past five years Mr. Frank Knudsen has not been involved in any bankruptcy or compulsory liquidation.

## Peter Buhl Jensen – CEO and member of the Board

Peter Buhl Jensen, born in 1955, has been the CEO of Medical Prognosis Institute A/S since March 2012 and Member of the Board since June 2012. Buhl Jensen has a strong combination of commercial experience and expertise within oncology. Buhl Jensen was the founder and former CEO of TopoTarget A/S. Buhl Jensen was behind the IPO of TopoTarget in 2005 and ensured the EMA- and FDA approval of the company's first product, Savene®/Totect®. Buhl Jensen also developed the drug candidate Belinostat, which was approved by the FDA during the summer 2014. Buhl Jensen has management experience from TopoTarget, where he was the manager of approx. 140 employees and from Ålborg Hospital where he was the Senior Consultant of the institute of oncology and the manager of 280 employees. Furthermore, Buhl Jensen has been the Chief Physician and manager of LEMO (Laboratory of Experimental Medical Oncology) at "Rigshospitalet", The University Hospital in Copenhagen.



### Holding in MPI:

- Owns 2 360 580 shares via Buhl Krone Holding ApS\*.
- Holds 615 500 warrants.

\* 80 % is owned by Buhl Jensen. The rest is owned by close partner Ulla Hald Buhl.

### Company commitments the last five years

Company	Position	Period
2x Oncology	Board Member	Ongoing
4 Best Invest ApS	Board Member	Ongoing
Accelerace Management A/S	Board Member	Ongoing
Buhl Krone Holding ApS	Owner	Ongoing
Medical Prognosis Institute A/S	Board Member and CEO	Ongoing
Medical Prognosis Institute Inc.	Chairman of the Board	Ongoing
Mirr Therapeutics A/S	Chairman of the Board	Ongoing
Oncology Venture ApS	CEO	Ongoing
Oncology Venture Sweden AB	CEO	Ongoing
Symbion A/S	Board Member	Ongoing
Symbion Fonden	Board Member	Ongoing
Vecata Invest A/S	Board Member	Ongoing
WntResearch AB	Board Member	The period has ended
Antianthra ApS	CEO	The period has ended
Apra AB	Board Member	The period has ended
Axelar AB	Board Member	The period has ended
Dandrit Biotech A/S	Board Member	The period has ended
IT-Væksthus A/S	Board Member	The period has ended
LiPlasome Pharma ApS	Board Member	The period has ended
PledPharma AB	Board Member	The period has ended
Symbion Management A/S	Board Member	The period has ended
Vecata Ejendomme A/S	Board Member	The period has ended
WntResearch	Chairman of the Board	The period has ended

#### Joint ownership above 5 % the last five years

Company	Capital (%)	Votes (%)	Period
AntiAnthra ApS	80	80	Ongoing
Buhl Krone Holding ApS	80*	80*	Ongoing
Medical Prognosis Institute A/S**	10.05	10.05	Ongoing
Oncology Venture Sweden AB**	12.18	12.18	Ongoing

\* 80 % is owned by Peter Buhl Jensen. Remaining 20 % is owned by Ulla Hald Buhl. Peter Buhl Jensen and Ulla Hald Buhl are married.

\*\* Owned via Buhl Krone Holding ApS.

#### Compulsory liquidation and bankruptcy

During the past five years Peter Buhl Jensen has not been involved in any bankruptcy or compulsory liquidation.

### Niels Johansen – Board Member

Niels Johansen, born in 1960, has been a Board Member in Medical Prognosis Institute A/S since March 2005. Johansen assists with 30 years of international experience from management within IVD, drug innovation and development, pharmaceutical research and clinical development of drugs and medical equipment from different management positions within the pharmaceutical industry.



Holding in MPI:

- Owns 2 320 shares.
- Holds 564 100 warrants.

### Company commitments the last five years

Company	Position	Period
Medical Prognosis Institute A/S	Board Member	Ongoing

### Partnership of more than 5 % during the past five years

No Partnerships of more than 5 %.

### Compulsory liquidation and bankruptcy

During the past five years Niels Johansen has not been involved in any bankruptcy or compulsory liquidation.

## Magnus Persson – Board Member

Magnus Persson, born in 1960, has been a Board Member in Medical Prognosis Institute A/S since April 2014. Persson has more than 20 years of international experience from leading positions within the Life Science industry. He has also been a partner in two Life Science Venture Capital companies, one situated in Sweden with worldwide network, the other one situated in California, USA. Magnus Persson has been Chairman of the Board, Board Member and CEO in private as well as public biotech companies and companies dealing with medical equipment in Scandinavia, Europe and USA.



### Holding in MPI:

- Owns no shares in MPI.
- Holds 135 360 warrants.

### Company commitments the last five years

Company	Position	Period
Galecto Biotech AB	Chairman of the Board	Ongoing
Gyros AB	Board Member	Ongoing
Immunicum Aktiebolag	Board Member	Ongoing
Karolinska Institutet Holding AB	CEO	Ongoing
Karolinska Institutet Housing AB	Board Member	Ongoing
Karolinska Institutet Information AB	Board Member	Ongoing
Karolinska Institutet Innovations AB	Chairman of the Board	Ongoing
Karolinska Institutet Science Park AB	Board Member	Ongoing
Karolinska Institutet Support AB	Board Member	Ongoing
Karolinska Institutet University Press AB	Chairman of the Board	Ongoing
KCIF Fund Management AB	Board Member	Ongoing
Medical Prognosis Institute A/S	Board Member	Ongoing
Själbbådan AB	Board Member	Ongoing
SLS Invest AB	Chairman of the Board	Ongoing
Bio-Works Technologies AB	Chairman of the Board	The period has ended
HealthCap III Sidefund GP AB	Board Member	The period has ended

### Partnership of more than 5 % during the past five years

Company	Capital (%)	Votes (%)	Period
Själbbådan	100	100	Ongoing

### Compulsory liquidation and bankruptcy

During the past five years Magnus Persson has not been involved in any bankruptcy or compulsory liquidation.

### Steen Knudsen – Board Member

Knudsen, born in 1960, is the co-founder of Medical Prognosis Institute A/S. Mr. Knudsen is also one of the founders of Oncology Venture ApS and a Board Member of the Swedish parent company Oncology Venture Sweden AB, which has been listed on AktieTorget since 2015. Mr. Knudsen is a professor in systems biology with a comprehensive competence within math, bioinformatics, biotechnology and systems biology. Furthermore Mr. Knudsen is the inventor of MPI's DRP™.



#### Holding in MPI:

- Owns 6 168 680 shares via MPI Holding ApS\*.
- Holds no warrants.

\* Owned 100 % by Steen Knudsen.

#### Company commitments the last five years

Company	Position	Period
Medical Prognosis Institute A/S	Board Member	Ongoing
Medical Prognosis Institute Inc.	Board Member	Ongoing
MPI Holding ApS	Owner	Ongoing
Oncology Venture Sweden AB	Board Member	Ongoing

#### Partnership of more than 5 % during the past five years

Company	Capital (%)	Votes (%)	Period
Medical Prognosis Institute A/S	26.4	26.4	Ongoing
MPI Holding ApS	100	100	Ongoing

#### Compulsory liquidation and bankruptcy

During the past five years Mr. Steen Knudsen has not been involved in any bankruptcy or compulsory liquidation.



### Jørgen Bardenflath – Board Member

Jørgen Bardenflath (born in 1955) has worked within IT, technology and consulting for over 30 years, for example at american companies such as Hewlett-Packard, Intel and Microsoft. Today, Jørgen works as a board professional and is a board member in a number of IT and consultancy firms. As a new board member in MPI, Jørgen will contribute with competence within IT, technology and partnerships.

#### Holding in MPI:

- Holds 23 596 shares in MPI.
- Holds no warrants.

#### Company commitments the last five years

Company	Position	Period
Medical Prognosis Institute A/S	Board Member	Ongoing
Arkitema Architects	Chairman	Ongoing
Lyngsoe Systems	Chairman	Ongoing
Acceleracefonden	Vice chairman	Ongoing
Accelerace Management A/S	Chairman	Ongoing
CataCap	Operating Partner	Ongoing
EG A/S	Board member	Ongoing
Symbionfonden	Vice chairman	Ongoing
Symbion A/S	Chairman	Ongoing
ProData Consult	Board member	Ongoing
Dubex A/S	Chairman	Ongoing
BLOXHUB	Vice chairman	Ongoing
Vallø Stift	Board member	Ongoing
Copenhagen Healthtech Cluster	Steering Committee Chairman	Ongoing
The Danish Government Council for IT Projects (Statens IT Projekt Råd)	Council member	Ongoing
BØRNEfonden	Vice chairman	Ongoing
Minerva	Board member	Ongoing
Adactit	Board member	Ongoing
Adactit Aps	Chairman	The period has ended
Athena IT-Group A/S	Board member	The period has ended
TheEyeTribe	Board member	The period has ended
DHI Group	Chairman	The period has ended
COWI	Board member	The period has ended
IT-Branchen	Chairman	The period has ended
DK Government ICT Growth Committee	Chairman	The period has ended
Microsoft	Strategy Director	The period has ended
GN Store Nord	Board member	The period has ended
Microsoft	Country Manager	The period has ended
Combilent	Chairman	The period has ended

IPtronics A/S	Chairman	The period has ended
Copenhagen Business School	MBA Ambassador	The period has ended
AmCham Denmark	Board member	The period has ended
Intel	General Manager	The period has ended
Hewlett-Packard	Country General Manager	The period has ended

**Partnership of more than 5 % during the past five years**

<b>Company</b>	<b>Capital (%)</b>	<b>Votes (%)</b>	<b>Period</b>
Swipx ApS	10 %	10 %	Ongoing

**Compulsory liquidation and bankruptcy**

During the past five years Jørgen Bardenflath has not been involved in any bankruptcy or compulsory liquidation.

## OTHER KEY PERSONS

### **Steen Knudsen – Chief Science Officer / Founder**

For more information please see the section of Steen Knudsen, "Management and CEO".

### **Thomas Jensen – Chief Technology Officer / Investor Relations**

Thomas Jensen has participated in the operations of MPI since the company was founded. Mr. Thomas Jensen has a detailed knowledge of the company and the shareholders. Mr. Thomas Jensen is responsible for MPI's laboratory, which he has established himself. Mr. Thomas Jensen has also been responsible for establishing the laboratories in the American part of the company. Since MPI started trading on Nasdaq First North Copenhagen, Mr. Jensen has assisted Ulla Hald Buhl regarding investor relations. Thomas Jensen is in the board of 2X Oncology.

### **Ulla Hald Buhl – Chief Investor Relations / Communications Officer**

Ulla Hald Buhl has a broad background within clinical trials, organization and communication. Mrs. Hald Buhl was responsible for investor relations in TopoTarget A/S and in the Swedish WntResearch AB (listed on AktieTorget). Mrs. Hald Buhl is also Board Member in Oncology Venture Sweden AB (listed on AktieTorget). Furthermore Mrs. Hald Buhl is Board Member and COO in the Danish subsidiary Oncology Venture ApS. During 1999-2001 Mrs. Hald Buhl was the team leader within oncology in AstraZeneca A/S and during 2001-2005 Mrs. Hald Buhl was head of the regulatory dept. of TopoTarget A/S. Mrs. Ulla Hald Buhl is married to CEO and Board Member Peter Buhl Jensen.

### **Niels Laursen – Chief Financial Officer**

Mr. Niels Laursen has profound experience within public Danish and International Biotechnology, which has given him a very good knowledge within financial issues. Furthermore Mr. Niels Laursen is experienced in Management, Strategy Development, Implementation and Change of Management.

## SHARE CAPITAL AND OWNERSHIP

- Registered share capital is 1,180,642 DKK.
- Denomination is 0.05 DKK.
- The number of shares in MPI is 23,612,840.
- The shares are issued under the Danish Companies Law and denominated in DKK.
- There is one class. All shares carry equal rights to the Company's assets and earnings, and entitles the holder to one vote at the General Meeting. One Share equals one vote.
- The Company's share register is maintained by VP SECURITIES A/S, Weidekampsgade 14, DK-2300 Copenhagen S. Shareholders will not receive any physical share certificate. All transactions with the company's shares are done electronically through authorized banks and investment managers. Newly issued shares will be registered in person in electronic format.
- The issuing house institution in charge of the account is Sedermera Fondkommission, who's postal address is Norra Vallgatan 64, 211 22, Sweden.
- The ISIN-code of the share is DK0060732477.
- MPI's share is traded in SEK.

### Share Capital Development

Year	Event	Denomination	Increase in number of shares	Increase in share capital	Total number of shares	Total share capital (DKK)
2004	Establishing company	1,00	125 000	125 000	125 000	125 000
2004	Capital increase	1,00	18 126	18 126	143 126	143 126
2005	Capital increase	1,00	23 541	23 541	166 667	166 667
2006	Capital increase	1,00	86 629	86 629	253 296	253 296
2006	Capital increase	1,00	39 233	39 233	292 529	292 529
2007	Capital increase	1,00	32 520	23 520	325 049	325 049
2007	Capital increase	1,00	38 767	38 767	363 816	363 816
2008	Capital increase	1,00	30 769	30 769	394 585	394 585
2008	Private limited company to limited company	1,00	394 585	394 585	789 170	789 170
2009	Capital increase	1,00	14 576	14 576	803 746	803 746
2011	Capital increase	1,00	9 645	9 645	813 391	813 391
2011	Capital increase	1,00	12 324	12 324	825 715	825 715
2012	Capital increase	1,00	12 324	12 324	838 039	838 039
2012	Capital increase	1,00	12 324	12 324	850 363	850 363
2013	Capital increase	1,00	101 009	101 009	951 372	951 372
2014	Warrant exercise	1,00	21 500	21 500	972 872	972 872
2014	Capital increase	1,00	67 774	67 774	1 040 646	1 040 646
2014	Capital increase	1,00	57 124	57 124	1 097 770	1 097 770
2015	Warrant exercise	1,00	2 000	2 000	1 099 770	1 099 770
2016	Capital increase	1,00	64 345	64 345	1 164 115	1 164 115
2016	Warrant exercise	1,00	2 000	2 000	1 166 115	1 166 115
2016	Share split (1:20)	0,05	22 156 185	-	23 322 300	1 166 115
2016	Warrant exercise	0,05	40 000	2 000	23 362 000	1 168 115
2017	Warrant exercise	0,05	126 740	6 337	23 489 040	1 174 452
2017	Warrant exercise	0,05	123 800	6 190	23 612 840	1 180 642
2017*	Rights issue	0,05	814 235	40 711,75	24 427 075	1 221 353,75

\*In case of fully subscribed rights issue

## Regulations

The Company complies with all laws, regulations and recommendations that apply to companies listed on First North. In addition to First North's listing agreement the following regulations, among others, are included in the relevant parts:

- The Companies Act (Selskabsloven)
- The Securities Trading Act (Loven om værdipapirsloven)
- The Companies Act (Aktiebolagslagen)

## Authorization

The Board of Directors is, until April 1<sup>st</sup> 2022, authorized to, at one or more times, to increase the share capital by means of rights issues up to a nominal amount of 200 000 DKK. The share capital increase shall be paid in cash, be executed with pre-emptive rights for existing shareholders and shall be done at market share price or at a share price determined by the Board of Directors. Furthermore, the Board of Directors is, until September 20<sup>th</sup> 2021, authorized to, at one or more times, to increase the share capital by means of rights issues up to a nominal amount of 100 000 DKK. The rights issues are executed without pre-emptive rights for existing share holders shall be done at market share price. The Board can decide that the increase shall be done by payment in cash, via issue in kind or via conversion of debt.

## Ownership of the owners of more than 5 % as per 5<sup>th</sup> of May 2017

Name	Percentage of voting rights and capital
MPI Holding ApS*	26,26 %
Sass & Larsen ApS	19,78 %
Buhl Krone Holding ApS**	10,05 %
BNYMSANV RE JYSKE Bank OWN Holdings ApS***	5,45 %
Others (Approx. 500 st.)	38,46 %
<b>Total</b>	<b>100,00 %</b>

\* MPI Holding ApS is owned 100 % by Steen Knudsen (Board Member in MPI).

\*\* Buhl Krone Holding ApS is owned 20 % by Ulla Hald Buhl (CCO & Communications Officer) and 80 % by Peter Buhl Jensen (CEO).

The main owners MPI Holding ApS, Sass & Larsen ApS and Buhl Krone Holding ApS own together approx. 56 % of the percentage of voting rights and capital in MPI. There are no agreements or other agreements governing that shareholders cannot join together and collectively influence the decisions of the Company. Thus, there is no assurance that any such resulting control cannot be misused.

## Outstanding Warrants

As an incentive for the Board Members, employees and key persons MPI has implemented a total of five Warrant programs (adopted as of 3 July 2012, December 18, 2013, December 17, 2014, February 18, 2016 and February 24, 2017) a total of 4,489,800 warrants. Each assigned warrant gives the beneficiary the right to subscribe for one new share in the Company against payment of 0.52 DKK. A prerequisite for the use of warrants is that the holder of the warrant has not ended his/her relationship with the Company. In the event, that the Company has terminated the relationship, without this being the option holder's negligence, the holder of the warrants remains entitled to use their warrants. As of now 800 540 warrants have been exercised for subscription of new shares in the Company leaving 3,689,040 outstanding. Outstanding warrants can be exercised until July 2021. Full terms and conditions for the warrants of series 1 to 5 are available on the MPI website ([www.medical-prognosis.com](http://www.medical-prognosis.com)). The goal of the incentive program is to provide participants with an incentive to continue to see the MPI as an attractive employer by the opportunity to create value through the advancement of business. The reason that there are several incentive programs is that new people over time has got involved in the business.

## ADDITIONAL INFORMATION

### Corporate Relationship and Shareholdings

Medical Prognosis Institute A/S is the parent company of a group which also includes the wholly owned US subsidiary, Medical Prognosis Institute Inc. The company was formed as part of MPI's strategic focus on creating increased sales in the US market. MPI owns beyond the above 10.60 % of the votes and capital in Oncology Venture Sweden AB, which has been listed on AktieTorget since 2015. MPI also holds 202 243 warrants in Oncology Venture. These warrants can be exercised until 31 December 2019 to a price of 10,00 SEK per share. MPI also has an agreement with Oncology Venture regarding ownership in the established spinouts from Oncology Venture - 10 % in 2X Oncology, Inc. and 10 % in OV-SPV2 ApS.

### Medical Prognosis Institute A/S

Company name	Medical Prognosis Institute A/S
Trade name	MPI
Address	Venlighedsvej 1, 2970 Hørsholm
LEI number	213800FKAPK1MPJ18Q79
CVR-number	2810 6351
Date when the company was formed	2004-09-09
Date when the company started its operations	2004-09-09
Country of incorporation	Denmark
Legal form	Public limited company
Legislation	Danish Companies Act and Swedish Aktiebolagslagen.
Address	Venlighedsvej 1, 2970 Hørsholm, Denmark
Website	www.medical-prognosis.com

### Medical Prognosis Institute, Inc.

Country of incorporation	USA
Country from where subsidiary operates	USA
Corporate identity/CVR-number	DK 28106351
Ownership	100 %

### Accountant

PricewaterhouseCoopers, Chartered Accountants

Strandvejen 44

2900 Hellerup, Denmark

Primarily responsible accountants: Torben Jensen och Thomas Lauritsen

The annual accounts through 2012 were audited by Torben Jensen, Chartered Accountant. From fiscal year 2013, the company's annual accounts were audited by Torben Jensen, together with the authorized public accountant Thomas Lauritsen. The background that the audit has been done by two public accountants is that MPI at this point was traded on Nasdaq First North Copenhagen in Denmark.

### The average number of employees in MPI

	2016	2015	2014
Women	2	2	1
Men	3	3	4
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>

In addition to employees, MPI works with a network of consultants.

#### Remuneration of the Board and CEO in 2016

(DKK)	Fee	Basic Salary	Pension	Other replacement	Soc. avg.	Total
Frank Knudsen	100 000	-	-	-	-	100 000
Magnus Persson	50 000	-	-	-	-	50 000
Peter Buhl Jensen	-	1 056 000	-	-	-	1 056 000
Steen Knudsen	-	840 000	-	-	-	840 000
Niels Johansen	50 000	-	-	-	-	-
<b>Total</b>	<b>200 000</b>	<b>1 896 000</b>	-	-	-	<b>2 096 000</b>

The Board and senior executives includes market compensation. There are no bonus or comparable remuneration linked to the company's employees. There are no conditional or deferred compensation or benefits in kind to report and no set aside or accrued for pensions or similar benefits after the cession of service. The agreement with CEO Peter Buhl Jensen can be terminated with a notice period of 12 months from the MPI side and with 3 months from Peter Buhl Jensen.

#### Board Procedures

- All members are elected until the next annual general meeting.
- The Board follows the board's rules of procedure. The CEO's work is regulated through instructions for the CEO. Both the rules of procedure and instructions are set annually by the Company's Board.
- Issues related to audit and compensation issues are decided directly by the Company's Board.
- The Company, as a Danish company listed on First North which is a multilateral trading facility, is not obliged to follow the Swedish Code of Corporate Governance and has not voluntarily pledged to follow this.

#### Available Documents

The company holds the following documents available in period of validity:

- Memorandum
- Articles of Association
- Historical financial information
- Annual reports (2014, 2015 and 2016), which by reference are incorporated into the memorandum.
- Small prospectus for the Danish stock market in the current rights issue.

The documents are available in the Company's headquarters at the following address: Venlighedsvej 1, 2970 Hørsholm, Denmark.

#### Transactions with Related Parties

Below are the related party transactions carried out during 2014, 2015 and 2016. All transactions are on market terms.

- Transactions with related parties in 2016 regarding Investor Relations and PR with Buhl Krone Holding ApS (formerly Buhl Oncology ApS) amounts to 360 KDKK. In March 2016, one of Peter Buhl Jensens daughters were hired as an "ErhvevsPhD" and is paid 30 KDKK (including pension) a month.
- Transactions with related parties in 2015 regarding Investor Relations and PR with Buhl Krone Holding ApS (formerly Buhl Oncology ApS) amounts to 462 KDKK. Buhl Krone Holding ApS is 100 % owned by CEO Peter Buhl Jensen, together with related Ulla Hald Buhl. Furthermore Peter Buhl Jensen's two daughters were

engaged as consultants by a fee based on market terms to the respective party of about 40 TDKK and 24 TDKK.

- Transactions with related parties in 2014 consisted of investor relations and PR services with Buhl Krone Holding ApS (formerly Buhl Oncology ApS) amounting to 246 KDKK.

### **Financial advisors**

Sedermara Fondkommission is a secondary name to ATS Finans AB. In connection with MPI's current rights issue, Sedermara Fondkommission is the financial advisor to the company. Sedermara Fondkommission has assisted in preparing this memorandum. The Board of MPI is responsible for the content, whereupon Sedermara Fondkommission and ATS Finans AB disclaims all liability in relation to the shareholders of the Company and in relation to other direct or indirect consequences of investment decisions or other decisions completely or partially based on the information in this document.

### **Dividend and voting rights etc.**

All the company's shares give entitlement to dividend. The dividend is not of cumulative nature. Right to dividend accrues to investors who are registered as shareholders in the company on the recorded date for the dividend. There are no restrictions on dividends or special procedures for shareholders residing outside Sweden and payment of any dividend is intended to be made via Euroclear Sweden AB in the same manner as for shareholders residing in Sweden. Receivables from dividends are barred after ten years. Dividends accrue to the company after limitation. The shareholders' rights can only be changed in accordance with the procedures set out in the Companies Act (2005:551).

All shares carry equal rights to dividends and any surplus on settlement by liquidation or bankruptcy. At the Annual General Meeting, each share of the Company entitles to one vote and each person registered to vote may vote for the full number of shares, without limitation. All shares give shareholders the same preferential rights in the issue of warrants and convertible bonds in relation to the number of shares owned.

Payment of dividends will be made in Danish kroner. Please note that payment of dividend of shares registered in the Euroclear system will be made in Swedish kroner after currency exchange made by either MPI or Euroclear.

Under the Companies Act, a shareholder who directly or indirectly holds more than 90 % of the share capital of a company has the right to redeem the remaining shares from other shareholders of the Company. Similarly, a shareholder whose shares are subject to redemption has the right to redemption by the majority shareholder.

The company is covered by the Swedish Corporate Governance Board Rules ("Rules regarding public offers for shares in Swedish limited liability company whose shares are traded on other trading platforms"). Under these rules, a shareholder is obliged to publicly offer to acquire the remaining shares in a company if the shareholder's holding of shares with voting rights reaches 30 %.

The company may implement a cash issue with or without preferential rights for existing shareholders. If the Company decides to make a cash issue with preferential rights for existing shareholders, issue new shares, the holders of shares shall have preferential rights to subscribe for new shares in proportion to the number of shares already held.

There are no rights, except the right to dividends, to take part of the company's profits. The Company has not yet paid any dividends. There is also no guarantee that, for a given year it will be proposed or decided on no dividend in the Company. The company does not plan to pay any dividends in the near future. Suggestions for possible future dividends will be determined by the Board of MPI and then submitted for adoption at the Annual General Meeting. The company has no policy of dividend.

### **The interest in MPI**

CEO and Board Member Peter Buhl Jensen and MPI's Chief Investor Relations/Communications Officer Ulla Hald Buhl are married. In addition, there are no family ties between directors, Executives or key employees of the Company. In addition Peter Buhl Jensen owns 10.05 % of the votes and capital in MPI via Buhl Krone Holding ApS. Buhl Krone Holding ApS is owned together with Ulla Hald Buhl. Steen Knudsen is an inventor of the DRP™ and Board Member and



CSO in MPI. In addition, Steen Knudsen owns through its wholly owned company MPI Holding ApS 26.26 % of the votes and capital in MPI.

Oncology Venture Sweden AB is a company spun out of MPI to, through its wholly owned Danish subsidiary Oncology Venture ApS, to use the DRP™-technology as a guide for screening of drug candidates and develop new cancer drugs. MPI owns 10.61 % of the votes and capital in Oncology Venture Sweden AB. The companies are run separately and not at the expense of each other, which is secured in the contracts between the companies.

The companies have many common interests, by MPI's DRP™-technology that is used as a tool to develop Oncology Venture Sweden AB's drug candidates. Decisions regarding questions concerning the above should be taken in accordance with the so-called "arm's length principle" and in accordance with the ordinary disqualification principles too. This means that significant decisions regarding the MPI ownership of Oncology Venture Sweden AB or the MPI license agreement with respect to Oncology Venture Sweden AB is handled by the Board of MPI. Decisions regarding Oncology Venture Sweden AB in the daily operation of the MPI, which are estimated by CEO, Peter Buhl Jensen is expected to constitute a conflict of interest, should be made by the Chairman, Frank Knudsen. Peter Buhl Jensen is involved in the daily operation of both the two above-mentioned companies. The Board believes that any future external financing in Oncology Venture Sweden AB will come from the new owners, which in this case will dilute the original shareholders' votes and capital further.

In February 2016 the drug candidate LiPlaCis™ was in-licensed by Oncology Venture Sweden AB. The companies are run separately and a decision shall be taken in accordance with the ordinary disqualification principles. This means that the Board resolves significant issues concerning the license agreement with MPI and LiPlasome Pharma ApS, without the influence of the CEO and Board Member, Peter Buhl Jensen.

Steen Knudsen owns through MPI Holding ApS 8.97% of the votes and capital in XRGenomics Ltd. The companies are run separately and a decision is taken in accordance with the ordinary disqualification principles. This means that Steen Knudsen does not participate in decisions regarding MPI license agreement with XRGenomics Ltd., which is of such importance that the matter must be handled by the Board.

MPI has also entered into a cooperation agreement with Professor Nils Brünner, who indirectly owns 3.47 % of the votes and capital in Oncology Venture Sweden AB. The agreement refers to Professor Nils Brünner's general advice to MPI.

Apart from this, there is no conflict of interest in administrative, management and supervisory bodies or other persons in senior positions in MPI.

### **Liquidity**

The Company has appointed Sedermera Fondkommission as liquidity provider (market maker) for the company's share.

### **Others**

- Except as described under the heading "Remuneration of the Board and CEO in 2016" there are no agreements between the Company or its subsidiaries and any Board Members or any senior executives who give him the rights to any benefit after completion of the assignment.
- None of the directors or senior officers have been convicted in fraud-related cases during the past five years and has not had prohibition on commercial activities during the last five years. There are no allegations and/or sanctions by the authorized authorities (including recognized professional associations) to members of the Board or the Company's senior executives. Members of the Board or the Company's senior management have not been banned by a court from acting as a member of the administration, management or supervisory body or from acting in the management or overall functions during the last five years.

- There are no special agreements with major shareholders, customers, suppliers, administrative, management and supervisory body or other parties in which Board Members or Senior Executives are included.
- The Company has not been involved in any legal or arbitration proceedings (including proceedings which are pending or which the Board of the Company is aware may arise) over the last twelve months, or which recently had or could have significant effects on the Company or the Group's financial position or profitability.
- There are no special systems for personnel for the acquisition of shares or similar.
- Persons in administration, management and supervisory body or Board Members and Senior Executive of shareholdings have not decided to limit their opportunities to sell shares, waive the right to vote or otherwise restrict the ability to freely dispose of own shares.
- The Board believes that the Company's and its subsidiaries' current insurance coverage is adequate, given the nature of the activities and scope.
- Please note that transactions in the Company's securities may result in tax consequences for the shareholders. Shareholders are advised to consult a tax advisor regarding the tax consequences that may arise in each case.
- In addition to the warrants described under the heading "Outstanding warrants" there are no outstanding option programs in the preparation of this document. As far as the Board is aware, there is not any shareholder agreements between the company's owners.
- During the last and current fiscal year, there has been no official takeover bid submitted by any third party.
- No extraordinary remuneration will be paid to members of the Board of Directors or other persons in managerial positions related to this rights issue.

## FINANCIAL OVERVIEW

Full historical financial information is incorporated by reference herein. Included in the financial statements that are incorporated by reference herein (see below), includes an auditor's report for the financial information that is being incorporated by reference and the accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act and have been audited by the Company's auditor. In accordance with the Danish Financial Statements Act's § 110, Medical Prognosis Institute A/S has not prepared consolidated financial statements. For this reason, all financial statements in this document encompass only the parent company, Medical Prognosis Institute A/S. All amounts in the financial statements are presented in Danish kroner (DKK).

The documents Incorporated herein should be read as part of this Memorandum. Documents that are incorporated via reference herein are available at the Company's offices (Venlighedsvej 1, 2970 Hørsholm) and on its website ([www.medical-prognosis.com](http://www.medical-prognosis.com)).

### Incorporated by reference

Annual Report Medical Prognosis Institute A/S 01/01/2016 – 12/31/2016

Annual Report Medical Prognosis Institute A/S 01/01/2015 – 12/31/2015

Annual Report Medical Prognosis Institute A/S 01/01/2014 – 12/31/2014

### **Working capital**

MPI is currently conducting a rights issue of about 12 MSEK before rights issue costs, comprising about 1,5 MSEK, in which the public is also given a possibility to subscribe for shares. The Board of MPI assesses that the current capital need in MPI is about 12 MSEK, corresponding to the size of the current rights issue. The funds from the rights issue is primarily intended to finance MPI's further development of the PRP™ platform which comprises the main element in MPI's focus towards Personalized Medicine. The other main motive for the rights issue is to finance the day-to-day operations of the Company. MPI is a company in development phase and currently has a burn rate of about DKK 0.7 – 1 million per month. Since the Company, like most development companies in the Life Science sector, only has limited revenues, the Company is reliant upon risk capital.

## Income Statement

(DKK)	2016-01-01 2016-12-31 12 months	2015-01-01 2015-12-31 12 months	2014-01-01 2014-12-31 12 months
Revenue	4.990.407	5 837 783	4 315 459
Other external expenses	-13.443.223	-14 054 668	-8 720 469
<b>Gross profit/loss</b>	<b>-8.452.816</b>	<b>-8 216 885</b>	<b>-4 405 010</b>
Staff expenses	-2.575.203	-2 501 562	-2 597 908
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	-494.545	-317 755	-71 824
<b>Profit/loss before other expenses</b>	<b>-11.522.564</b>	<b>-11 036 202</b>	<b>-7 074 742</b>
Other expenses	-	-	-
<b>Profit/loss before financial income and expenses</b>	<b>-11.522.564</b>	<b>-11 036 202</b>	<b>-7 074 742</b>
Financial income	386.424	20 467	32 115
Financial expenses	-337.052	-133 741	-6 428
<b>Profit/loss before tax</b>	<b>-11.473.192</b>	<b>-11 149 476</b>	<b>-7 049 055</b>
Tax on profit/loss for the period	2.743.808	2 783 774	1 701 981
<b>Net profit/loss for period</b>	<b>-8.729.384</b>	<b>-8 365 702</b>	<b>-5 347 074</b>
<b>Profit distribution</b>			
<b>Suggestion for profit distribution</b>			
Suggested distribution for the period	-	-	-
To be balanced in new balance sheet	-8.729.384	-8 365 702	-5 347 074
	<b>-8.729.384</b>	<b>-8 365 702</b>	<b>-5 347 074</b>

Table 1.

## Balance Sheet

(DKK)	2016-12-31	2015-12-31	2014-12-31
<b>ASSETS</b>			
Balanced expenses for development projects	1.854.666	940 394	-
Patents	1.555.614	1 437 369	662 000
Development projects in progress	0	1 044 822	2 089 764
<b>Intangible assets</b>	<b>3.410.280</b>	<b>3 422 645</b>	<b>2 751 764</b>
Plant and machinery	189.259	165 926	192 420
<b>Property, plant and equipment</b>	<b>189.259</b>	<b>165 926</b>	<b>192 420</b>
Investments in subsidiaries	5.512	5 512	5 512
Ownership in Oncology Venture	37.184.000	12.280.312	500 000
<b>Fixed asset investments</b>	<b>37.189.512</b>	<b>12.285.824</b>	<b>505 512</b>
<b>Fixed assets</b>	<b>40.789.051</b>	<b>15.874.395</b>	<b>3 449 696</b>
<b>Inventories</b>	<b>663 421</b>	<b>1 464 582</b>	
Receivables from subsidiaries	142 220	-	-
Trade receivables	3 938 354	2 350 330	646 825
Other receivables	1.089.883	1.657.786	2 593 179
Corporation tax	2.527.013	2.558.225	1 701 981
<b>Receivables</b>	<b>7.697.470</b>	<b>6.566.341</b>	<b>4 941 985</b>
<b>Cash at bank and in hand</b>	<b>4 472 016</b>	<b>5 278 013</b>	<b>16 020 922</b>
<b>Currents assets</b>	<b>12 832 907</b>	<b>13 308 936</b>	<b>20 962 907</b>
<b>Assets</b>	<b>53.621.958</b>	<b>29.183.331</b>	<b>24 412 603</b>

Table 2.

## Balance Sheet (continued)

(DKK)	2016-12-31	2015-12-31	2014-12-31
<b>LIABILITIES AND EQUITY</b>			
Share capital	1 168 115	1 099 770	1 097 770
Share premium account	38 091 343	29 711 458	29 442 380
Reserve for fair value adjustment	36 391 000	11.487.312	-
Retained earnings	-25 416 028	-16 686 644	-8 320 942
<b>Equity</b>	<b>50 234 430</b>	<b>25 611 896</b>	<b>22 219 208</b>
Payables from subsidiaries	0	495 670	217 721
Trade payables	2 912 405	1 366 661	1 239 812
Payables to owners and Management	-	495 670	-
Other payables	171 288	1 168 691	422 202
Deferred income	303 835	540 413	313 660
<b>Short-term debt</b>	<b>3 387 528</b>	<b>3 571 435</b>	<b>2 193 395</b>
<b>Debt</b>	<b>3 387 528</b>	<b>3 571 435</b>	<b>2 193 395</b>
<b>Liabilities and equity</b>	<b>53 621 958</b>	<b>29 183 331</b>	<b>24 412 603</b>

Table 3.

## Cash Flow Statement

(DKK)	2016-01-01 2016-12-31 12 months.	2015-01-01 2015-12-31 12 months.	2014-01-01 2014-12-31 12 months.
<b>Net profit/loss for the period</b>	<b>-8.729.384</b>	<b>-8 365 702</b>	<b>-5 347 074</b>
Adjustments	-2.298.620	-2 346 161	-1 655 844
Adjustments of items with no cash flow effect	-381 776	-	-
Income tax received	-	-	-
Changes in working capital	-545.087	-854 655	781 942
<b>Cash flow from operating activities before financial items</b>	<b>-11.573.091</b>	<b>-11 566 518</b>	<b>-6 220 976</b>
Financial income	386.424	20 467	32 115
Financial expenses	-337.053	-133 741	-6 428
<b>Cash flow from the ordinary activities</b>	<b>-11.523.720</b>	<b>-11 679 792</b>	<b>-6 195 289</b>
Company tax received	2.775.006	1 927 530	839 717
<b>Cash flow from operating activities</b>	<b>-8.748.714</b>	<b>-9 752 262</b>	<b>-5 355 572</b>
Investments in intangible assets	-437.396	-929 115	-673 221
Procurement of fixed assets	-68.117	-39 610	-223 138
Investments in fixed assets	0	-293 000	-
Investments in financial assets	-	-	-
<b>Cash flow from investing activities</b>	<b>-505.513</b>	<b>-1 261 725</b>	<b>-896 359</b>
Capital increase, share capital and Share premium account	8.448.230	271 078	17 148 771
<b>Cash flow from financing activities</b>	<b>8.448.230</b>	<b>271 078</b>	<b>17 148 771</b>
<b>Changes in cash and cash equivalents</b>	<b>-805.997</b>	<b>-10 742 909</b>	<b>10 896 840</b>
Cash and cash equivalents, beginning of year	5.278.013	16 020 922	5 124 082
<b>Cash and cash equivalents at period-end</b>	<b>4.472.016</b>	<b>5 278 013</b>	<b>16 020 922</b>
<b>Specification of cash:</b>			
Cash at bank and in hand	4.472.016	5 278 013	16 020 922
<b>Cash at period end</b>	<b>4.472.016</b>	<b>5 278 013</b>	<b>16 020 922</b>

Table 4.

## Statement of Changes in Equity

2016-01-01 – 2016-12-31

(DKK)	Share capital	Share premium account	Reserve for fair value adjustment	Retained earnings	Total
Equity at January 1 <sup>st</sup>	1.099.770	29.711.458	11.487.312	-16.686.644	25.611.896
Cash capital increase	68.345	8.379.885	0	0	8.448.230
Fair value adjustment for the period	0	0	24.903.688	0	24.903.688
Net profit/loss for the period	0	0	0	-8.729.384	-8.729.384
<b>Equity at 2016-12-31</b>	<b>1.168.115</b>	<b>38.091.343</b>	<b>36.391.000</b>	<b>-25.416.028</b>	<b>50.234.430</b>

2015-01-01 – 2015-12-31

(DKK)	Share capital	Share premium account	Retained earnings	Total
Equity at January 1 <sup>st</sup>	1 097 770	29 442 380	-8 320 942	22 219 208
Cash capital increase	2 000	269 078	0	271 078
Net profit/loss for the period	0	0	-8 365 702	-8 365 702
<b>Equity at 2015-12-31</b>	<b>1 099 770</b>	<b>29 711 458</b>	<b>-16 686 644</b>	<b>14 124 584</b>

2014-01-01 – 2014-12-31

(DKK)	Share capital	Share premium account	Retained earnings	Total
Equity at January 1 <sup>st</sup>	951 372	12 440 007	-2 973 868	10 417 511
Cash capital increase	146 398	17 002 373	-	17 148 771
Net profit/loss for the period	-	-	-5 347 074	-5 347 074
<b>Equity at 2014-12-31</b>	<b>1 097 770</b>	<b>29 442 380</b>	<b>-8 320 942</b>	<b>22 219 208</b>



## COMMENTS TO THE FINANCIAL OVERVIEW

*The financial statements have been prepared in accordance with the Danish Financial Statements Act and have been audited by the Company's auditor. In accordance with the Danish Financial Statements Act's § 110, Medical Prognosis Institute A/S has not prepared consolidated financial statements. For this reason, all financial statements in this document encompass only the parent company, Medical Prognosis Institute A/S.*

### **Net sales, earnings for the year, liabilities and equity ratio (Table 1)**

In recent years, MPI has been working with the development of pharmaceuticals, which involved a strategy and business model that meant entering into partnership agreements with pharmaceutical and biotechnology companies for research, development and commercialization of drug candidates. MPI has developed from being a service business, and in order to obtain as much of the value growth as possible, in 2015 it elected to establish Oncology Venture for the purpose of developing drug candidates "itself," with the use of the DRP™ technology. MPI technology can provide valuable information about which drug candidate has the best chance to obtain marketing approval and in which indication it is to be tested. Subsequently, MPI's technology can be used to select the patients with the greatest likelihood to benefit from treatment.

During the fiscal year 2014, net sales amounted to approximately DKK 4.3 million, which was primarily attributable to revenue through partnerships with pharma and research companies. Other external expenses amounted to approximately DKK -8.7 million, which was primarily attributable to research & development expenses and costs relating to marketing efforts and sales activities for starting up our business operations in the United States. The financial results for the year show an approximate loss of DKK -5.3 million. As a result of the issuance of new shares, cash and bank balances increased in comparison with the previous year to approximately DKK 16 million. The equity ratio was approximately 91%. The Company's assets increased slightly compared to the previous year and amounted to approximately DKK 3.4 million, primarily due to the intangible assets in the amount of approximately DKK 2.8 million. The intangible assets consisted primarily of ongoing research & development activities in the amount of approximately DKK 2.1 million, and patents in the amount of approximately DKK 0.7 million. The Company's assets amounted to approximately DKK 4.9 million, which was primarily attributable to other receivables in the amount of approximately DKK 2.6 million. Other receivables consisted primarily of loans to MPI, Inc. The Company's shareholder equity increased compared with the previous fiscal year and amounted to approximately DKK 22.2 million. Shareholders' equity was mainly affected positively due to that the share premium reserve increased to approximately DKK 29.4 million. During the period, there were no long-term liabilities. Current liabilities increased to approximately DKK 2.2 million as a result of debts to group companies in the amount of approximately DKK 0.2 million. In 2014, MPI conducted two capitalizations which in total brought more than DKK 18 million into the Company. The capitalizations have resulted in that cash and bank balances plus current assets were significantly higher in fiscal year 2014 than in fiscal year 2015.

During the fiscal year 2015, net revenues increased and amounted to approximately DKK 5.9 million, which was primarily attributable to revenue gained via the collaborations with pharmaceutical companies. Other external expenses increased compared to the previous fiscal year and amounted to approximately DKK -14.1 million, which was primarily attributable to research & development costs. As a result of the above, the net earnings for the year amounted to approximately DKK -8.4 million. Cash and bank balances declined compared to the previous fiscal year, to approximately million DKK 5.3 million. The equity ratio amounted to approximately 79.8%. The Company's assets increased to approximately DKK 4.4 million, which was primarily a result of higher intangible fixed assets, which amounted to approximately DKK 3.4 million. The intangible fixed assets consisted primarily of patents, in the amount of approximately DKK 1.4 million and ongoing research & development activities, in the amount of approximately DKK 1.0 million. The Company's receivables increased in comparison with the previous year and amounted to approximately DKK 6.6 million. The increase in receivables was mainly a result of that the accounts receivables increased to approximately million DKK 2.4 million, while current tax receivables amounted to approximately million DKK 2.6 million. The Company's shareholder equity decreased in comparison with the previous year and amounted to approximately million DKK 14.1 million. Shareholders' equity was primarily affected by that retained earnings decreased to approximately DKK -16.7 million. During the period, there were no long-term liabilities. Current liabilities increased to approximately DKK 3.6 million, which was primarily attributable to other liabilities which amounted to approximately million DKK 1.2 million. The Other liabilities consisted primarily of costs for research & development.

Revenue for 2016 amounted to 4.990.407 DKK (last year 5.837.783 DKK). Gross profit amounted to -8.452.816 DKK (-8.216.885 DKK last year). The increase in gross profit is due to increased sales of DRP licenses and analyses and the fact that the major part of the direct costs are related to revenue generating activities. Staff costs amounted to 2.575.203 DKK (2.501.562 DKK last year). The result before other expenses amounted to -11.522.564 DKK (compared to -11.036.202 DKK last year). Other expenses amounted to 0 DKK (0 DKK i fjor). Result before tax amounted to -11.473.192 DKK (compared to -11.149.476 DKK i fjor). The company showed a net loss of -8.729.384 DKK (compared to -8.365.702 DKK last year).

### Balance Sheet

Total assets by 2016-12-31 amounted to DKK 53 621 958 (2015-12-31 DKK 29 183 331) and consists primarily of ownership in Oncology Venture, receivables and cash at bank and in hand. Total liabilities on 2016-12-31 amounted to DKK 53.621.958 DKK (29.183.331 DKK at the end of 2015) and primarily consist of the Company's equity, DKK 50.234.430 DKK (25.611.896 DKK at the end of 2015).

### Cash flow

The cash flow from operating activities for 2014 amounted to approximately DKK -5.4 million, which was primarily a result of that net earnings for the year amounted to approximately DKK -5.3 million. Cash flow from investing activities decreased slightly compared to the previous year and amounted to approximately DKK -0.9 million, which was primarily the result of investments in intangible assets in the amount of approximately DKK 0.7 million. Cash flow from financing activities increased to approximately DKK 17.1 million, due to changes in capital contributions, share capital and the share premium reserve. The Company's cash and cash equivalents at year end amounted to approximately DKK 16.0 million.

Cash flow from operating activities in 2015 amounted to approximately DKK -9.8 million, which was primarily a result of that net earnings for the year amounted to approximately DKK -8.4 million. Cash flow from investing activities decreased slightly compared to the previous year and amounted to approximately DKK -1.3 million, which was primarily the result of investments in intangible assets in the amount of approximately DKK 0.9 million. Cash flow from financing activities decreased to approximately DKK 0.3 million due to changes in capital contributions, share capital and share premium reserve. The Company's cash and cash equivalents at year end amounted to approximately DKK 5.3 million.

The Company's cash flows from operating activities during 2016 were negative approximately DKK 8,7 million. The Company's cash flows from financing activities amounted to DKK 8 488 230 (DKK 271 078 in 2015).

### Financial resources and financial structure

As per 12/31/2015, the equity ratio amounted to approximately 79.8%. Current liabilities amounted to approximately DKK 3.6 million, which was primarily attributable to other liabilities in the amount of approximately million DKK 1.2 million. The Other liabilities consisted primarily of costs for research & development. The Company had no long-term liabilities. In the opinion of the Supervisory Board, MPI's short-term (<12 months) capacity to pay is good. The Company may however require additional capital to be injected, so that the capacity to pay will be regarded as good over the longer term (>12 months).

### Investments

The table below lists the book values of MPI's fixed assets. The Company's tangible fixed assets consist in their entirety of machinery and other technical plant. The Company's financial fixed assets consist primarily of financial holdings of shares in associated companies. The intangible fixed asset consist primarily of ongoing development work and patents. Historically, investments have been financed primarily through issuance of new shares and the receipt of grants, along with revenue received via licensing of DRP™. MPI is a biotech and IT company specializing in Precision Medicine via the creation of biomarkers and diagnostic tools in the field of the prevention, diagnosis and treatment of cancer. MPI has developed and owns the tool "Drug Response Prediction" (DRP™), which enables the possibility to identify early in the research and development work which patients will respond to a drug candidate. Via its access to DRP™, the Company has, in the opinion of the Supervisory Board, an exceptionally good tool for aligning the Company further towards "Personalized Medicine." Simply stated, "Personalized Medicine," or individualized treatment, involves that each patient should receive the specific drugs that the patient responds to. A further step in the development of MPI is to create a database containing information on all patients who are screened using DRP™. Via the formation of such a database, large amounts of material can then be made available to conduct further research in the field of oncology.

Other than as those stated herein, there are no significant pending or future investments that the Supervisory Board has already made firm commitments.

(DKK)	31/12 2016	31/12/2015	31/12/2014
Intangible fixed assets	3,410,280	3,422,645	2,751,764
Tangible fixed assets	189,259	165,926	192,420
Financial assets	37,189,512	12,285,824	505,512
Deferred taxes	-	-	-
<b>Total Fixed Assets</b>	<b>40,789,051</b>	<b>15,874,395</b>	<b>3,449,696</b>

#### **Tangible fixed assets**

Neither MPI nor its subsidiaries hold any existing tangible fixed assets or leased assets of substantial importance, nor does do they plan to do so. The Company has no mortgages or encumbrances on the group's assets.

#### **Significant financial changes**

No significant changes with respect to the Company's financial position or its position in the market have occurred seen since 12/31/2016.

#### **Auditor's reports and comments**

There are no qualifications in the annual reports for the fiscal years 2014, 2015 or 2016.

#### **The limitation of the use of capital**

There are no restrictions on the use of capital.

# ARTICLES OF ASSOCIATION

MEDICAL PROGNOSIS INSTITUTE A/S

BUSINESS REG. NO. 28 10 63 51

## **Name and purpose**

### Article 1

1.1. The name of the Company is Medical Prognosis Institute A/S

### Article 2

2.1 The purpose of the Company is to develop new diagnostic equipment

## **The share capital of the Company**

### Article 3

3.1. The share capital of the Company is DKK 1,180,642 divided into shares of DKK 0.05 or multiples hereof. The share capital is fully paid up.

### Article 4

4.1 The Company's shares shall be issued in the name of the holder, and shall be registered in the Company's register of shareholders. The board of directors may appoint a third party to keep and maintain the Company's register of shareholders, and the board of directors can make the necessary amendments in the Articles of Association. For the time being, VP Securities A/S, Business reg. no. 21599336 keeps the Company's register of shareholders.

4.2 The shares of the Company is registered with VP Securities A/S, Business registration no. 21 59 93 36. Rights related to the shares of the Company shall be notified to VP Securities A/S.

4.3 The shares of the Company are negotiable instruments.

4.4 No shares have special rights and no shareholders are obligated to have their shares redeemed in whole or in part by the Company.

4.5 The shares of the Company are freely negotiable.

### Article 5

5.1. Aktier, som ikke er registreret i VP Securities A/S, og som er bortkommet, skal kunne mortificeres uden dom efter de til enhver tid gældende regler.

5.1 Shares which have not been registered with VP Securities A/S and which have been lost can be cancelled out of the court in conformity with the applicable legislation in force at any time.

### Article 6

6.1. 24 April 2014, the general meeting resolved to authorize the board of directors to issue warrants at one or more occasions with subscription rights of up to DKK 95,000 shares and to increase the share capital with a corresponding amount. Warrants can be issued to the Company's key employees, board members and other key persons without preemptive subscription rights for the existing shareholders. Warrants can be

issued with an exercise price determined by the board of directors. Shares issued based on exercise of warrants shall have the same rights as the existing shares of the Company, cf. the relevant provisions of the Articles of Association in force at any time. The new shares issued based on exercise of warrants shall be negotiable instruments issued in the name of the holder. Further terms and conditions of the warrants will be determined by the board of directors in connection with the exercise of the authorization. The authorization is valid for five years and expires on 24 April 2019. As per 18 February 2016, this authorization is reduced to 34.811.

On 17 December 2014 the Board of Directors resolved to issue 28.500 warrants and to adopt the corresponding increase(s) of the share capital. The terms and conditions of the warrants are attached as Appendix 3. Appendix 3 constitutes an integrated part of these articles of association.

On 18 February 2016 the board of directors resolved to issue 31,689 warrants and to adopt the corresponding increase(s) of the share capital. The terms and conditions of the warrants are attached as Appendix 4. Appendix 4 constitutes an integrated part of these articles of association.

6.2. The board of directors has on the 3<sup>rd</sup> July 2012 exercised the authorization of 3<sup>rd</sup> July 2012, which was fully exercised as per 18 December 2013, to issue warrants to subscribe of up to nominal DKK 114,278 to the Company's board of directors, employees and key persons without preemptive subscription rights for the existing shareholders on the following terms and conditions:

- 1 The maximum capital increase to be made in connection with exercise of warrants is nominal DKK 114,278.
- 2 The warrants shall be exercised at the latest by 17 July 2012 by signing the subscription list.
- 3 The new shares issued based on exercise of warrants shall have the same rights as the existing shares of the Company.
- 4 The deadline for subscription of shares is two weeks from the time of the board of directors' notice of the capital increase following exercise of warrants.
- 5 The rights of the shares enters into force at time of subscription.
- 6 The exercise price of the warrants shall be paid to the company 1 week after subscription at the latest, and
- 7 Each Warrant granted gives the recipient Recipient a right, but not an obligation to sub-scribe for 1 share of nominal DKK 0.05 (the denomination used to be DKK 1, but this was changed to DKK 0.05 upon a share split adopted on the 20th of April 2016) in the Company for DKK 0.52 (the subscription price used to be DKK 10.62, but upon a rights issue adopted on the 12th of September 2014 this was adjusted to DKK 10.41 and upon a share split adopted on the 20th of April 2016 it was adjusted to DKK 0.52), cf. clause 9 in this appendix 1).

The legal position of the warrant holder in connection with share capital increases, share capital decreases, issuance of new warrants, issuance of convertible bonds, dissolution, merger or or de-merger prior the exercise of granted warrants, is regulated in Appendix 1 the Articles of Association.

The authorization of the Board of Directors of 3 July 2012 was accordingly reduced to nominal 15.201.

6.3 The Board of Directors has on the 18 December 2012 exercised the authorization of 3 July 2012, to issue warrants to subscribe of up to nominal DKK 15,201 to members of the Company's board of directors, employees and key persons without preemptive subscription rights for the existing shareholders on the following terms and conditions:

- 1 The maximum capital increase to be made in connection with exercise of warrants is nominal DKK 15,201.
- 2 The warrants shall be subscribed two weeks after the grant of the warrants at the latest by signing the warrant agreement.
- 3 The new shares issued based on exercise of warrants shall have the same rights as the existing

- shares of the Company.
- 4 The rights to the shares enter into force at time of subscription.
- 5 The exercise price of the warrants shall be paid to the Company 1 week after subscription at the latest, and
- 7 Each Warrant granted gives the recipient Recipient a right, but not an obligation to sub-scribe for 1 share of nominal DKK 0.05 (the denomination used to be DKK 1, but this was changed to DKK 0.05 upon a share split adopted on the 20th of April 2016) in the Company for DKK 0.52 (the subscription price used to be DKK 10.62, but upon pre-emptive issue adopted on the 12th of September 2014 this was adjusted to DKK 10.41 and upon a share split adopted on the 20th of April 2016 it was adjusted to DKK 0.52), cf. clause 9 in this appendix 1).

The legal position of the warrant holder in connection with share capital increases, share capital decreases, issuance of new warrants, issuance of convertible bonds, dissolution, merger or demerger prior to the exercise of granted warrants is regulated in Appendix 2 the Articles of Association.

This authorization of 3 July 2012 is fully exercised.

#### Article 7

7.1 The board of directors is until 1 April 2022 authorized at one or more times to increase the Company's share capital with up to nominal DKK 200,000. The share capital increase shall be carried out by way of cash contribution, with pre-emptive subscription rights for the Company's existing shareholders and shall be carried out at market price or at a discount price, as determined by the Board of Directors.

7.2 The board of directors is until 20 April 2021 authorized at one or more times to increase the Company's share capital with up to nominal DKK 100,000. The capital increase shall be carried out without pre-emptive subscription rights for the Company's shareholders and shall be carried out at market price. The Board of Directors can resolve that the capital increase can be carried out by way of cash contribution, contribution in kind or by way of conversion of debt.

7.3 The new shares issued in accordance with 7.1 and 7.2 shall have the same rights as the existing share capital. The new shares issued based on exercise of warrants shall be negotiable instruments issued in the name of the holder and shall be registered in the shareholders' register of the Company. No shareholders are obligated to have their shares redeemed in whole or in part by the Company, and the new shares shall be freely negotiable. The new shares confer right to dividend and other rights from the time determined by the board of directors in connection with the resolution to adopt the capital increase.

7.4 The board of directors is authorized to determine further terms and conditions for capital increases in accordance with the authorization above. The board of directors is authorized to implement amendments in the articles of association which are necessary as a consequence of the board of directors' exercise of the authorization above. If new shares are issued at a discount price cf. section 7.1, the board of directors is authorized to adjust issued warrants in accordance with Appendices 1 and 2 of the Articles of Association.

#### Article 8

8.1 The shareholders' right to carry out resolutions in the Company is exercised at the general meeting.

8.2 General meetings shall be convened with a notice of a minimum 2 weeks and a maximum of 4 weeks by e-mail to each shareholder to the e-mail address registered in the shareholders' register. Convening of general meetings shall be forwarded via mail or fax if a shareholder so requests. The convening notice shall contain the agenda for the general meeting. If the agenda contains proposals for amendments of the Articles of Association, the convening notice shall contain a specification of such proposals and their material contents.

8.3 The ordinary general meeting shall be convened in time so that the audited and approved annual report and accounts can be submitted to the Danish Business Authority before the expiration of the deadline set out in the Financial Statements Act. Extraordinary general meetings shall be convened when the board of directors or an auditor elected by the general meeting, or a shareholder(s) representing at least 5 % of the voting rights in the Company require it in writing. Extraordinary general meetings regarding a specified matter shall be called for within two weeks after request hereof.

8.4 The general meetings of the Company are conducted at the registered office of the Company or in the greater Copenhagen area. English language is applied at the general meetings in the Company in connection with convening notices.

8.5 Two weeks prior to the general meeting at the latest, the agenda and proposals for the general meeting, and for ordinary general meetings also the annual report and audit report, shall be available for the shareholders' review at the offices of the Company and shall be forwarded to any registered shareholder who has requested this.

8.6. The Companies Act section 84, subsection 1-3 regarding the registration date and subsection 4 regarding notice of participation at general meeting applies to the shares of the Company.

A shareholder's right to attend general meetings and to vote at general meetings is determined on the basis of the shares that the shareholder owns on the registration date. The registration date shall be one week before the general meeting is held. The shares which the individual shareholder owns are calculated on the registration date on the basis of the registration of ownership in the Register of Owners as well as notifications concerning ownership which the company has received with a view to update the ownership in the Register of Owners.

In addition, any shareholder who is entitled to attend a general meeting and who wishes to attend must have requested an admission card from the Company no later than 3 days in advance of the General Meeting.

## Article 9

9.1. The agenda of the ordinary general meeting shall include:

- 1) Election of chairman of the meeting
- 2) The board of directors' report on the company's activities during the past year
- 3) Presentation of annual report with auditor's report for adoption
- 4) Resolution on application of profits or covering of losses as per the adopted annual report
- 5) Election of board members
- 6) Election of auditor
- 7) Any other business

## Article 10

10.1 Each share of DKK 0.05 confers the right to one vote.

10.2 Each shareholder has the right to participate in the general meeting and to speak during the meeting. Each shareholder can exercise voting rights via power-of-attorney to another person, who does not need to be shareholder in the Company. The power-of attorney shall be in writing and shall be dated. The power-of-attorney can be given for more than one year.

## Article 11

11.1 All resolutions on the general meeting can be resolved by simple majority, unless the Companies Act

prescribes specific rules regarding representation or majority.

11.2 The general meeting is managed by a chairman of the general meeting appointed by the board of directors. If the board of directors has not elected a chairman of the meeting, the general meeting elects a chairman of the general meeting. The chairman determines all procedures regarding the handling of matters and voting at the general meeting, if and to the extent that the chairman does not deem it appropriate to leave the matter to the decision of the general meeting.

11.3 Anyone having the right to vote can demand a written voting procedure.

## **Board of Directors and Management**

### **Article 12**

12.1 The Company shall be governed by a board of directors elected by the general meeting, consisting of no less than 3 and no more than 6 board members. The board of directors is elected for one year at a time. Re-election is possible. The board of directors shall elect their chairman. In case of tied vote in the board of directors, the chairman's vote is decisive. The board of directors has the responsibility of the overall management of the Company and is responsible to the general meeting. The board of directors keeps protocol of the negotiation on the boards meeting to be signed by the board members.

12.2 The board of directors employs one or more executive managers to manage the daily business and determine the terms and conditions of their employment.

12.3 Board Meetings are held in English. The board of directors can resolve to apply Danish language in connection with each board meeting.

## **Electronical Communication**

### **Article 13**

13.1. The Company can use electronic exchange of documents and electronic mail between the Company and the shareholders instead of paper based documents, including by e-mail. The Company can at any time communicate with the shareholders by ordinary mail as a supplement or an alternative to electronic documentation.

13.2 Article 13.1 includes all notices to the shareholders in accordance with the Companies Act or these articles, including convening of the general meeting to the shareholders, proposals of amendments of the articles, forwarding of agenda, information regarding accounts, annual reports or other financial reports, minutes of general meetings, prospectuses and other general or individual information or notices from the Company. The information and documentation mentioned above is presented or forwarded per e-mail.

13.3 All shareholders shall provide an e-mail address to the Company or the administrator of the shareholders' register. It is the responsibility of each shareholder to secure that the Company has the right e-mail address.

13.4. Information regarding requirements to systems applied or other technical requirements and the procedure in connection with publication of notices to the shareholders and electronic communication can be obtained by contacting the board of directors of the management of the Company.

## **Rule of authority to sign**



#### Article 14

14.1 An executive manager together with the chairman of the board of directors, or an executive manager together with to members of the board of directors, or the board of directors collectively can with binding effect sign on behalf of the Company.

14.2 The board of directors can issue powers of attorney or procuration, individually or collectively.

#### **Audit**

#### Article 15

15.1 One state-authorized public or registered accountant, elected by the general meeting for one year at a time, shall audit the Company's annual reports.

15.2 The Company's annual report shall be presented in English language only.

#### Article 16

16.1 The financial year of the Company is the calendar year.

#### Article 17

17.1. One state-authorized public or registered accountant, elected by the general meeting for one year at a time, shall audit the company's annual reports. The company's annual report shall present a true and fair view of the company's assets and liabilities, its financial position and results.

- 0 -

Adopted at the annual general meeting held on 25 April 2017.

## **Appendix 1 to the Articles of Association of Medical Prognosis Institute A/S, CVR-number 28 10 63 51 (Warrants)**

This appendix 1 contains the terms that apply to warrants ("Warrants"), which are granted under clause 6.2 in the Articles of Association of Medical Prognosis Institute A/S ("the Company") and the corresponding increase of the share capital.

Warrants are issued for the benefit of the board of directors, employees and key persons ("Recipient") in the Company.

### **1. Subscription of and payment for Warrants**

1.1 The Recipient can subscribe offered Warrants by signing the subscription list issued by the board in the period between 3<sup>rd</sup> July 2012 – 17<sup>th</sup> July 2012. The number of granted Warrants further appears from the individual Warrant Agreement between the Company and the individual Recipient.

1.2 No fee is paid for the granted Warrants.

1.3 The Company keeps a record of granted Warrants.

### **2. Subscription Price**

2.1 Each granted Warrant gives the Recipient a right, but not an obligation to subscribe for 1 share of nominal DKK 0.05 (the denomination used to be DKK 1, but this was changed to DKK 0.05 upon a share split adopted on the 20<sup>th</sup> of April 2016) in the Company for DKK 0.52 (the subscription price used to be DKK 10.62, but upon in connection with a rights issue adopted on the 12<sup>th</sup> of September 2014 this was adjusted to DKK 10.41 and upon a share split adopted on the 20<sup>th</sup> of April 2016 it was adjusted to DKK 0.52), cf. clause 9 in this appendix 1).

### **3. Granting of and vesting of Warrants**

3.1 Warrants are granted to Recipients on the 3<sup>rd</sup> July 2012 ("Granting Date") by board resolution pursuant to the authorisation in the Articles of Association clause 6.1, cf. clause 6.2.

3.2. The granted Warrants vest as specified in clause 3.3 to 3.5

3.3. Board Members

3.3.1. Each board members earns 328,740 (originally 16,437, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016) Warrants on Granting Date, cf. Clause 3.1

3.3.2. Each board member earns 140,000 warrants (originally 7,000, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016), linearly over a period of 4 years, starting at Granting Date and until the 3<sup>rd</sup> May 2016 ("Vesting period") with 1/48<sup>th</sup> of the granted warrants per month. Granting takes place on the last day of each month in the Vesting period ("Time of Vesting"). If the amount of Warrants granted is not divisible by 48, the amount of Warrants per month shall be rounded up to the nearest whole number and the amount of Warrants that will be granted during the last month of the Vesting period shall be regulated down so that the total amount of Warrants correspond to the amount of Warrants granted.

- 3.4. Chief executive officer (CEO)
  - 3.4.1. The CEO earns 360,000 Warrants (originally 18,000, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016), linearly over a period of 2 years from the 1<sup>st</sup> March 2012 to the 1<sup>st</sup> March 2014 ("Vesting period") by 1/24<sup>th</sup> of the granted Warrants per month. Granting takes place on the last day of the month in the Vesting period ("Time of Vesting"). If the granted Warrants are not divisible by 24, the amount of Warrants per month shall be rounded up to the nearest whole number and the amount of Warrants that will be granted during the last month of the Vesting period shall be regulated down so that the total amount of Warrants correspond to the amount of Warrants granted.
- 3.5 Other employees
  - 1.1.1. Laboratory manager, Thomas Jensen, earns 400,480 Warrants (originally 20,024, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016) on Granting Date, cf. clause 3.1., and the rest of the Warrants, 140,000, (originally 7,000, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016) will be earned prospectively as specified in clause 3.5.3. Head of Bioinformatics, Wiktor Mazin, earns 107,600 Warrants (originally 5,380, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016), and the rest of the Warrants, 100,000 (originally 5,000, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016) will be earned going forward as specified in clause 3.5.3
  - 3.5.3. Senior Scientist, Anker Hansen, earns 100,000 Warrants (originally 5,000, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016) prospectively as specified in clause 3.5.3, and medical director, Jon Askaa, earns 140,000 Warrants (originally 7,000, but this was changed upon share split adopted on the 20<sup>th</sup> April 2016) going forward as specified in clause 3.5.3.
  - 3.5.4 Warrants vest linearly over a period of 4 years, running from Granting Date to the 3<sup>rd</sup> July 2016 ("Vesting period") with 1/48<sup>th</sup> of the Warrants granted per month. Granting takes place on the last day of each month in the Vesting period ("Time of Vesting"). If the amount of Warrants granted is not divisible by 48, the amount of Warrants per month shall be rounded up to the nearest whole number and the amount of Warrants that will be granted during the last month of the Vesting period shall be regulated down so that the total amount of Warrants correspond to the amount of Warrants granted.
- 3.6 Vesting of Warrants as specified in clause 3.3, 3.4, and 3.5 is conditional upon the Recipient's engagement, cf. clause 3.7, with the Company is not terminated at Time of Vesting. For board members this counts regardless of who gives notice of termination of engagement with the Company. For employees the provisions of clause 3.7.3 and 3.7.4 shall apply.
- 3.7 "Engagement with the Company" shall mean
  - 3.7.1. Membership of the board of the Company, or
  - 3.7.2 Ongoing employment in the Company

### 3.7.3 Termination of employment (CEO)

- a) In the event that the CEO terminates the employment through resignation, and the termination is not a result of breach of the employment terms by the Company and in the event that the employment is terminated by the Company, and the CEO has given the Company valid reason to do so, the CEO can only exercise the Warrants vested at the time of the termination of the employment. All Warrants, which have not been vested at the time of the termination of the employment, shall become null and void without further notice or compensation.
- b) In the event that the CEO terminates the employment because of the Company's breach of the employment terms, or if the Company terminates the employment without valid reasons to do so, the CEO can exercise all Warrants granted, regardless of whether they have been vested.
- c) Exercise of Warrants under clause a-b shall be made in accordance with the conditions for exercise set out herein.
- d) If the CEO is dismissed due to material breach of the employment terms, all non-exercised Warrants shall become null and void (regardless of whether these have been earned) without notice and without compensation at the time, when the CEO is rightfully dismissed because of material breach. If the material breach is committed prior to the dismissal, the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach.

### 3.7.4. Termination of employment (other employees)

- a) If the employment is terminated due to resignation from the employee, and the resignation is not due to a material breach of the employment terms by the Company, or if the Company terminates the employment due to a breach by the employee, all unexercised granted Warrants shall become null and void (regardless of whether they have been vested).
- b) If the Company terminates the employment, and this is not due to a breach of the employment terms by the employee, or if the employee terminates the employment due to a material breach by the Company, the employee is entitled to exercise all Warrants granted as if the employee was still employed.
- c) Exercise of Warrants under clause b) shall be made in accordance with conditions for exercise set out herein.
- d) If an employee is dismissed due to a material breach of the employment terms, all unexercised Warrants shall become null and void (regardless of whether they have been vested) without warning and without compensation at the time when the employee is dismissed with valid reason due to the material breach. If the material breach is committed prior to the dismissal, the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach.

3.8 If the engagement with the Company is terminated due to the death of the Warrantholder, the Warrantholder's estate can exercise all Warrants vested provided that all Warrants are exercised within 12 months from the time of death.

3.9 For board members all subscribed Warrants, which are granted to the Recipient, but not vested at the time of termination, shall automatically become null and void without warning and without compensation at the time of the termination.

3.10 In the event of termination of membership from the board, the time of termination is the earliest of the following:

The date of the board member's notice of his/her withdrawal from the board or the date of the registration of the board member's withdrawal from the board with Danish Business Authority.

3.11 In the event of termination of employment, "the Time of termination" is when the employee ceases to carry out work for the Company, regardless of whether the Employee has received salary after this time.

#### **4. Ordinary exercise of Warrants**

4.1 Unless Warrants have been exercised or lapsed according to clause 5 (Exit), clause 6 (Winding-up) or clause 8.4 (Merger) has happened, the vested Warrants can be exercised in whole or in part in the period from the 1<sup>st</sup> July 2012 – 1<sup>st</sup> July 2021 (both days included) ("Exercise Period")

4.2 Exercise of vested Warrants shall be made in accordance with the procedure set out in clause 7.

4.3 Warrants that have not been exercised before the end of the last day of the Exercise Period at 4.00 pm in accordance with the exercise procedure set out in clause 7 shall automatically become null and void without compensation.

#### **5. Extraordinary exercise of Warrant at Exit**

5.1 If a decision regarding an Exit as defined in clause 5.2 is made during the Exercise Period the Recipient is entitled to exercise all Warrants, granted to the Recipient according to clause 3.1, to subscribe for shares in the Company during an extraordinary exercise period immediately before an Exit is carried out. The right to exercise shall apply regardless of the vesting terms in clause 3 and the exercise terms in clause 4, but shall be contingent on the Recipient's sale of the issued shares on the same terms as the other shareholders (in case of sale).

5.2 An Exit means:

a) a listing of the Company's shares at acclaimed recognized stock exchange or other regulated markets.

b) a sale of all or more than 50 % of the Company's nominal capital

c) a sale of all or a substantial part of the Company's assets or all or the substantial part of the Company's intellectual property rights, followed by a distribution of the proceeds from the sale to the shareholders of the Company.

5.3. If a final decision regarding an Exit is made, the Company shall without undue delay submit a written notification to the Recipient containing information about the right to exercise Warrants in connection with the relevant Exit.

1.2. If the Recipient wishes to exercise Warrants in whole or in part in connection with an Exit, the Recipient shall give notification and pay the Subscription Price as described in clause 7, which shall be received by the Company within 21 days of the Recipients receipt of the notification from the Company as specified in clause 5.3

- 5.6. In the event of a listing of the Company's shares on a recognized stock exchange or other regulated markets the Recipient is obligated to accept such changes in the Warrant terms that are necessary in order for the Company, the shareholders and the Recipient to comply with the legislation, including changes in the exercise terms and such lock-up periods regarding sale of shares which will be recommended to the Company by the investment banks.
- 5.7. If the Company has not received the Recipient's notification of exercise and subscription price by the end of the deadline as stated in clause 5.4, all unexercised Warrants will automatically become null and void without warning and without compensation at the time of the implementation of the Exit.

## **6. Exercise at Winding-up**

- 6.1. If a decision regarding winding-up of the Company is made, the Recipient can – irrespective of the Vesting conditions under clause 3 and the time of exercise under clause 4 – exercise all granted Warrants to subscribe shares in the Company.
- 6.2. If a decision regarding winding-up of the Company is made, the Company shall immediately after making the decision submit a written notification about this to the Recipient containing information on the right to exercise Warrant.
- 6.3. If the Recipient wishes to exercise Warrants in whole or in part in connection with a winding-up, the Recipient shall submit notification and pay the Subscription Price as stated in clause 7, which the Company shall receive within 21 calendar days after the Recipient's receipt of the notification from the Company as stated in clause 6.2.
- 6.4. If the Company has not received the Recipient's notification of exercise and Subscription Price by the end of the deadline as stated in clause 6.3, the unexercised Warrants shall automatically become null and void without warning and without compensation at the time of the final winding-up of the Company.

## **7. Procedure for exercise of Warrants**

- 7.1. If the Recipient wishes to exercise his/her Warrants in whole or in part the Recipient shall submit written notification about this to the Company. The notification shall contain information about the number of Warrants that are exercised. The Recipient shall as a minimum exercise 10,000 Warrants (originally 500, but this was changed upon a share split adopted on the 20<sup>th</sup> April 2016).
- 7.2. At the latest simultaneous with the submission of the notification as stated in clause 7.1 the Recipient shall pay a cash amount to the Company ("Subscription amount") corresponding to the subscription price as stated in clause 2 (if applicable regulated accordingly to clause 9) multiplied by the amount of Warrants exercised.
- 7.3. If the Recipient exercises Warrants, the corresponding shares shall be issued by the Company at a time determined by the Company, however, no later than 90 calendar days after the receipt by the Company of the notification from the Recipient as stated in clause 7.1. The Company, however, shall never be obligated to deliver shares before these have been registered with the Danish Business Authority.

## **8. Merger, split or exchange of shares**

- 8.1. If a final decision is made to
  - a) merge the Company, whereby the Company is terminated

- b) de-merge the Company,
- c) carry out an exchange of shares which includes all shares in the Company

all Warrants will automatically be converted into Warrants (New Warrants), which will carry the right to subscribe for shares in the continuing company (when merging), or the company which after an exchange of shares owns all the shares in the Company. In respect of a de-merger, it will be decided in the de-merger plan which of the companies subscription of shares can be made, moreover how the Recipient's Warrants in other ways will be dealt with. The New Warrants shall have a value corresponding to the value of the converted Warrants, and shall, moreover, be on terms that generally correspond to the terms in this appendix.

- 8.2. If one of the matters set out in clause 8.1 a)-c) exists the Company shall request for the Company's auditor to calculate the number of New Warrants, including estimate, and – if necessary – adapt the terms of the New Warrants, so that the value of the New Warrants corresponds to the value of the converted Warrants. The auditor's result shall be forwarded to the Recipient and the Company no later than at the same time as the notification as stated in clause 8.5.
- 8.3 The auditor's calculation and/or adaption shall be made in accordance with the generally acknowledged principles for this.
- 8.4. If a decision according to clause 8.1 a) – c) has been made, the board of the Company can regardless of clause 8.1 and 8.2 extraordinarily decide that the Recipient can exercise Warrant to subscribe for shares in the Company. In this case the Recipient can forward notification regarding exercise and subscription price according to clause 7 no later than 30 calendar days after the receipt of notification according to clause 8.5. Otherwise the Recipient's right to exercise Warrants will automatically become null and void without further notice at the end for the above-mention deadline.
- 8.5 No later than 30 calendar days after a decision according to clause 8.1 a) – c) has been made, the Company shall forward written notification to the Recipient about this. The notification shall contain further information about the deadline to exercise Warrants, cf. clause 8.4, and information about whether the relevant Warrants will be converted to New Warrants, as well as other relevant information, if exercise is not chosen.

## **9. Adjustment of Subscription price or number of Warrants at changes of capital**

- 9.1. If changes to the Company's capital, which entails a decrease or increase in the value of Warrants are carried out, an adjustment of the Subscription Price and/or the number of Warrants shall under certain circumstances be made, so that Warrants to the widest extent possible remain unaffected by the changes.
- 9.2. The following changes in the Company's capital justify such adjustment.
  - a) Decision regarding issuance of bonus shares
  - b) Decision regarding increase or decrease of the Company's capital to a price lower than the market price of the Company's shares (in relation to capital decreases also to a price above the market price)
  - c) Decision to change the nominal value of the shares

The shares' market price is defined by the price per share to which a capital increase in the Company can be made to according to the Danish Companies Act.

9.3. The situations as mentioned in clause 9.2, which justify an adjustment of the Subscription Price or the number of Warrants is exhaustive.

9.4. Irrespective of clause 9.2. the following changes of The Company's capital will not justify on adjustment of the Subscription Price or the number of Warrants:

a) Decision about the Company's issuance of shares, share options, warrants, convertible bonds or similar in relation to previous or future formation of incentive programmes for employees, board members, consultants, advisors or other key persons, and later utilisation of such shares, share options, warrants etc.

b) The capital increase carried out following the Recipients exercise of Warrants.

c) Decision that the Company is part of a merger, in which the Company is the continuing company, unless an increase of capital to a price lower than the market price (discount price) is carried out in relation to the merger.

d) Decision regarding the Company's issuance of convertible funds.

e) Decision regarding winding-up, dissolution or merger where the Company subsequently no longer will exist, and demerge.

9.5. If the adjustments according to this clause 9 imply that the Subscription Price becomes lower than par value, Warrants can only be exercised at par value.  
To compensate for this, the Company shall – if and to the extent permissible under applicable law - issue bonus shares to the Recipients at the time of the exercise of Warrants, as if the Subscription Price was adjusted to less than par value. If the Company cannot issue bonus shares in accordance with the applicable legislation the Recipient's right to compensation shall become null and void.

9.6. If one of the matters set out in clause 9.1 apply, the Company shall request its auditor to estimate, if an adjustment of the Subscription Price and/or the number of Warrants shall be made, and if so, calculate the adjustment, which shall be made. The Company shall cause the audit's result to be submitted to the Recipient no later than 30 calendar days after completion.

The auditor's calculation shall be made in accordance with the generally acknowledged principles. To the extent the calculation requires a determination of the market price of the Company's shares such determination shall be made in accordance with the generally acknowledged principles for this. The cost of the audit shall be defrayed by the Company.

## **10. Any other business**

10.1. The contents of this appendix 1, including the terms for exercise of Warrants, can be amended and/or adjusted by the board of the Company as long as such amendments/adjustments when taking all matters into account do not reduce the value of Warrants for the Recipient.

10.2. The Recipient's notification to the Company regarding all matters in relation to this appendix 1, including notification of exercise of Warrants shall be delivered in written form to the Company with attention to the chairmann of the board of directors.



- 10.3. Warrants shall not be subject to distress orders, transfers whether by way of ownership assignment or as security, without preceding written consent from the board. Warrants may, however, be transferred to the Recipient's spouse/cohabitant and/or issue in the event of the Owner's death or be part of an undivided estate, on the assumption that the receiver simultaneously agree to any agreement regarding Warrants and/or the subjacent shares which the Recipient has made. The board of the Company can on a case by case basis allow the Recipient to transfer the Warrants to a company owned 100 % by the Recipient.
- 10.4. This appendix 1, including subscription, granting and exercise of Warrants is regulated by Danish law.
- 10.5. Any disputes between the Recipient and the Company which relates to this appendix 1, including granting or exercise of Warrants shall be sought to be settled amicably.
- 10.6. If the parties fail to reach consensus, every dispute shall be settle by the Court of Copenhagen in the first instance and by the Eastern High Court as the second instance.
- 10.7. The parties are obligated to keep all information regarding any disputes secret, including the existence of a trial, its object and the ruling.

## **11. Tax implications**

- 11.1. The tax implications connected to the Recipient's subscription, granting and exercise etc. of Warrants shall be of no concern for the Company. The Company will not be liable in relation to any procedures and implications connected to the Recipient's tax consequences.

## **12. Other terms**

- 12.1. The board has decided that the following terms shall be applicable in relation to issuance of Warrants and future subscription of new shares by exercise of Warrants:
  - 12.1.1. The minimum increase of capital which can be made on the basis of all Warrants is nominal DKK 0.05, and the maximum capital increase is nominal DKK 114,278.
  - 12.1.2. Warrants shall be subscribed by signing the subscription list.
  - 12.1.3. The new shares, which can be subscribed by exercise of Warrants, shall have the same rights as the existing shares in the Company.
  - 12.1.4. The subscription deadline for new shares is 2 weeks from the board's notification regarding the increase of capital as a consequence of the exercise of Warrants.
  - 12.1.5. The rights to the new shares commence upon subscription.
  - 12.1.6. The subscription price for the new shares by exercise of Warrants shall be paid simultaneously with the subscription, and
  - 12.1.7. Each Warrant shall carry the right to subscribe 1 share of nominal DKK 0.05 (the denomination used to be DKK 1, but this was changed to DKK 0.05 upon share split adopted on the 20<sup>th</sup> April 2016) at a subscription price of DKK 0.52 per share (the subscription price used to be DKK 10.62, but this was changed to DKK 10,41 upon a rights issue adopted on the 12<sup>th</sup> September 2014 and changed to DKK 0.52 upon share split adopted on the 20<sup>th</sup> April 2016, cf. clause 9 in this appendix 1).
  - 12.1.8. New shares issued on the basis of Warrants shall be issued in the name of the holder and shall be

registered in the name of the holder in the Company's register of owners.

- 12.1.9. (Nullified on the Company's general assembly on the 26th September 2013)
- 12.1.10. The Company defrays expenses relating to issuance of Warrants and the following exercise hereof.
- 12.1.11. If Warrants have not been exercised at the latest on the 1<sup>st</sup> July 2021, Warrants shall become null and void without further notice or compensation

- 0 -

## **APPENDIX 2 TO THE ARTICLES OF ASSOCIATION OF MEDICAL PROGNOSIS INSTITUTE A/S, CVR number 28 10 63 51 (WARRANTS)**

This appendix 2 contains the terms that apply to warrants ("Warrants") which have been issued according to clause 6.3 in the Articles of Association of Medical Prognosis Institute A/S ("the Company") and the corresponding increase of capital.

Warrants are issued for the benefit of board members, employees and key persons ("Recipients") in the Company.

### **1. Subscription to and payment for Warrants**

- 1.1. The Recipient can subscribe to granted Warrants by signing the warrant agreement in the period between 18<sup>th</sup> December 2013 and 1<sup>st</sup> January 2013. The number of granted Warrants further appear from the individual Warrant agreement between the Company and each Recipient.
- 1.2. No fee is paid for granted Warrants
- 1.3. The Company keeps record of granted Warrants.

### **2. Subscription price**

- 2.1. Each granted Warrant gives the Recipient a right, but not an obligation to subscribe for 1 share of nominal DKK 0.05 in the Company for DKK 0.52 (the subscription price used to be DKK 10.62, but this was adjusted to DKK 10.41 in connection with a rights issue adopted on 12<sup>th</sup> April 2014 and adjusted to DKK 0.52 upon a share split adopted on 20<sup>th</sup> april 2016, cf. clause 9 in this appendix 2)

### **3. Grant of warrants**

- 3.1. Warrants are granted to the Recipients on 18th December 2013 ("Granting Date") by board resolution pursuant to the authorisation in the Articles of Association clause 6.1, cf. clause 6.3.
- 3.2. The granted Warrants vest on Time of Granting.
- 3.3. "Engagement with the Company" shall mean
  - 3.3.1. Membership of the board, or
  - 3.3.2. On going employment in the Company
  - 3.3.3. Termination of employment (CEO)

a) In the event that the CEO terminates the employment through resignation, and the termination is not a result of breach of the employment terms by the Company and in the event that the employment is terminated by the Company, and the CEO has given the Company valid reason to do so, the CEO can only exercise the Warrants vested at the time of the termination of the

employment. All Warrants, which have not been vested at the time of the termination of the employment, shall become null and void without further notice or compensation.

b) In the event that the CEO terminates the employment because of the Company's breach of the employment terms, or if the Company terminates the employment without valid reasons to do so, the CEO can exercise all granted Warrants, regardless of whether they have been vested.

c) Exercise of Warrants in referring to clause a-b shall be made in accordance with the terms of exercise set out herein.

d) If the CEO is dismissed due to material breach of the employment terms, all non-exercised Warrants shall become null and void (regardless of whether these have been vested) without notice and without compensation at the time, when the CEO is rightfully dismissed because of material breach. If the material breach is committed prior to the dismissal, the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach

#### 3.3.4. Termination of employment (other employees)

a) If employment is terminated due to resignation from the employee, and the resignation is not due to material breach of the employment terms by the Company, or if the Company terminates the employment due to breach by the employee, all unexercised Warrants shall become null and void (regardless of whether they have been vested).

b) If the Company terminates the employment, and this is not due to breach of the employment terms by the employee, or if the employee terminates the employment due to material breach by the Company, the employee is entitled to exercise all granted Warrants as if the employee was still employed.

c) Exercise of Warrants according to clause b) shall be made in accordance with the conditions for exercise set out herein.

d) If an employee is dismissed due to material breach of the employment terms, all unexercised Warrants shall become null and void (regardless of whether they have been vested) without warning and without compensation at the time when the employee is dismissed with valid reason due to the material breach. If the material breach is committed prior to the dismissal, the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach

3.4. If the engagement with the Company is terminated due to the death of the Warrantholder, the estate left by the Warrantholder can exercise all Warrants vested on the condition that exercise happen within 12 months from the death.

3.5. For board members all the subscribed Warrants, which are granted to the Recipient, but not vested at the time of termination, shall automatically become null and void without warning and without compensation at the time of the termination.

3.6. In the event of termination of membership from the board, the time of termination is the earliest of the following:  
 1 The date of the board member's notice of its withdrawal from the board  
 2 The date of the registration of the board member's withdrawal from the Board at the Danish Business Authority.

3.7 In the event of termination of employment, "the time of termination" is when the employee ceases to receive salary.

#### **4. Ordinary exercise of Warrants**

- 4.1. Unless exercise or termination according clause 5 (Exit), clause 6 (Winding-up) or clause 8.4 (Merger) has happened, the vested Warrants can be exercised wholly or partially in the period from the 1<sup>st</sup> of July 2012 – 1<sup>st</sup> of July 2021 (both days included) “(Exercise period)”
- 4.2. Exercise of vested Warrants shall take place according to the procedure in clause
- 4.3. Warrants that have not been exercised before the end of the last day of the Exercise period at 4.00 pm in accordance with the exercise procedure in clause 7 shall automatically become null and void without compensation.

#### **5. Extraordinary exercise of Warrant in case of an Exit**

- 5.1. If a decision of Exit is made during the Exercise period as defined in clause 5.2, the Recipient is entitled to exercise all Warrants, granted to the Recipient according to clause 3.1, to subscribe for shares in the Company during an extraordinary exercise period immediately before Exit is carried out. The right to exercise shall apply regardless of the vesting terms in clause 3 and the exercise terms in clause 4, but shall be conditional upon the Recipient’s sale of the issued shares on the same terms as the other shareholders (in case of sale)
- 5.2. Exit shall mean
  - a) a) an entry of the Company’s shares at a recognised stock exchange or other regulated market.
  - b) sale of all or more than 50 % of the Company’s nominal capital
  - c) a sale of all or the substantial part of the Company’s assets or all or a substantial part of the Company’s intellectual property rights, followed by a distribution of the proceeds from the sale to the shareholders of the Company.
- 5.3. If a final decision of Exit is made, the Company shall without undue delay forward a written notification to the Recipient containing information about the right to exercise Warrants connected to the relevant Exit.
- 5.4. If the Recipient wishes to exercise Warrants wholly or partially in connection with an Exit the Recipient shall give notification and forward subscription price as described in clause 7, which shall come the Company to hand within 21 days of the Recipients receipt of the notification from the Company as specified in clause 5.3
- 5.5. In the event of listing of the Company’s shares on a recognised stock exchange or other regulated market the Recipient is obligated to accept such changes in the Warrant terms that are necessary in order for the Company, the shareholders and the Recipient to comply with the legislation, including changes in the exercise terms and such lock-up periods regarding sale of shares which will be recommended to the Company by the investment banks.
- 5.6. If the Company has not received the Recipient’s notification of exercise and subscription price by the end of the deadline as stated in clause 5.4, all unexercised Warrants will automatically become null and void without warning and without compensation at the time of the implementation of the Exit
6. **Exercise at Winding-up**
- 6.1. If a decision of winding-up the Company is made, the Recipient can – notwithstanding of the

Vesting terms under clause 3 and the exercise terms under clause 4 – exercise all granted Warrants to subscribe to shares in the Company.

- 6.2. If a decision of winding-up the Company is made, the Company shall immediately after making the decision forward in writing a notification about this containing information on the right to exercise Warrant to the Recipient.
- 6.3. If the Recipient requests to exercise Warrants wholly or partially in connection to a wind-up, the Recipient shall forward notification and subscription price as stated in clause 7, which the Company shall receive within 21 calendar days after the Recipients receipt of the notification from the Company as stated in clause 6.2.
- 6.4. If the Company has not received the Recipient's notification of exercise and subscription price by the end of the deadline as stated in clause 6.3, the unexercised Warrant will automatically become null and void without further notice and without compensation at the time of the final wind-up of the Company.

## **7. Procedure for exercise of Warrants**

- 7.1. If the Recipient requests to exercise its Warrants wholly or partially the Recipient shall forward written notification about this to the Company. The notification shall contain information about how many Warrants that are requested to be exercised. The Recipient shall as a minimum exercise 10,000 Warrants (originally 500, but this was changed upon a share split adopted on 20<sup>th</sup> April 2016).
- 7.2. No later than at the same time as the forwarding of the notification as stated in clause 7.1 the Recipient shall pay in cash to the Company ("Subscription amount") corresponding to the subscription price as stated in clause 2 (if applicable regulated accordingly to clause 9) multiplied by the number of Warrants exercised
- 7.3. If the Recipient exercises Warrants the Company is obliged to deliver the corresponding shares at a time set by the Company, however, no later than 90 calendar days after the notification from the Recipient is received by the Company as stated in clause 7.1. The Company, however, can never be obligated to deliver shares before these have been registered with the Danish Business Authority.

## **8. Merger, split or exchange of shares**

- 8.1. If a final decision is passed to:
  - a) merge the Company, whereby the Company is terminated
  - b) de-merge the Company,
  - c) carry out an exchange of shares which includes all shares in The Company

all Warrants will automatically be converted to Warrants (New Warrants), which will carry the right to subscribe to shares in the continuing company (when merging), or the Company which after an exchange of shares owns all the shares in the Company. In case of a de-merger, it will be decided in the split plan which of the companies subscription to shares can be made, moreover how the Recipient's Warrants in other ways will be dealt with. The New Warrants shall have a value corresponding to the value of the converted Warrants, and shall, moreover, be included by terms that generally correspond to the terms in this appendix.

- 8.2. If one of the conditions under clause 8.1 a)-c) exists the Company shall request for the Company's auditor to calculate the number of New Warrants, including estimate, and – if necessary – adapt the terms of the New Warrants, so that the value of the New Warrants corresponds to the value of the converted Warrants. The auditor's result shall be forwarded to the Recipient and the Company no later than at the same time as the notification as stated in clause 8.5.

- 8.3. The auditor's calculation and/or adaption shall happen accordingly to the generally acknowledged principles for this.
- 8.5. If a decision according to clause 8.1 a) – c) has been made, the board of the Company can regardless of clause 8.1 and 8.2 extraordinarily decide that the Recipient can exercise Warrant and subscribe shares in the Company. In this case The Recipient can forward notification on exercise and subscription price according to clause 7 no later than 30 calendar days after the receipt of notification according to clause 8.5. Otherwise the Warrantholder's right to exercise Warrants will automatically become null and void without further notice at the end for the above-mention deadline.
- 8.5. No later than 30 calendar days after a decision according to clause 8.1 a) – c) has been made, the Company shall forward in writing notification to the Recipient about this. The notification shall contain further information about the deadline to exercise Warrants, cf. clause 8.4, and information about whether the relevant Warrants will be converted to New Warrants, as well as other relevant information, if exercise is not chosen.
- 9. Adjustment of Subscription price or number of Warrants at changes of capital**
- 9.1. If changes in the Company's capital are made, which entails a decrease or increase of the value of Warrants are made, an adjustment of the Subscription price and/or the number of Warrants shall under certain circumstances be made, so that Warrants to the extent possible stay unaffected by the changes.
- 9.2. The following changes in the Company's capital justify such adjustment.
- a) Decision of issue of bonus shares
  - b) Decision of increase or decrease of the Company's capital at a price lower than the market price of the Company's shares (in relation to capital decreases also to a price above the market price)
  - c) Decision of changing the nominal value of the shares
- The shares' market price is defined by the price per share that a capital increase in the Company can be made to according to the Danish Companies Act.
- 9.3. The situations mentioned in clause 9.2, which justify an adjustment of the Subscription price or the number of Warrants is exhaustive
- 9.4. Regardless of clause 9.2. the following changes of the Company's capital will not justify the Recipient's adjustment of Subscription price or the number of Warrants:
- a) Decision about the Company's issuance of shares, share options, warrants, convertible bonds or similar in relation to previous or future formation of incentive programmes for employees, board members, consultants, advisors or other key persons, and later utilisation of such shares, share options, warrants etc.
  - b) The increase of capital, which is completed by the Recipients exercise of Warrants.
  - c) Decision that the Company is part of a merger, in which the Company is the continuing company, unless an increase of capital to a price lower than the market price (discount price) is completed in relation to the merger.
  - d) Decision of the Company's issuance of convertible bonds.
  - e) Decision on wind-up or merger after which the Company will no longer exist, and split

9.5. Regardless of whether adjustments according to clause 9 imply that the Subscription price will become lower than par value Warrants can only be exercised at par value.  
To compensate for this the Company shall issue bonus shares to the Recipients at the time of the exercise of Warrants, and according to the law in force at the time, in a way that ensures that the Recipient will be have the rights as if the Subscription price was adjusted to less than par value. If the Company cannot issue bonus shares according to applicable legislation the Recipient's right to compensation shall become null and void.

9.6. If one of the conditions as stated in clause 9.1 applies, the Company shall request its audit to estimate if an adjustment of the Subscription price and/or the number of Warrants should be made, and if so, calculate the adjustment, which should be made. The Company shall cause that the auditor's result is forwarded to the Recipient no later than 30 calendar days after completion.

The auditor's calculation shall be made in accordance with the acknowledged principles. To the extent the calculation requires a determination of the market price of the Company's shares such determination shall be made in accordance with the acknowledged principles. The cost of the auditor shall be defrayed by the Company.

## **10. Miscellaneous**

10.1. The content of this appendix 2, including the terms for exercise of Warrants, can be amended and/or adjusted by the board of the Company as long as such amendments/adjustments overall do not reduce the value of Warrants for the Recipient.

10.2. The Recipient's notification to the Company regarding all matters related to this appendix 2, including notification of exercise of Warrants shall, be delivered in written form to the Company with attention to the chairman of the board.

10.3. Warrants shall not be subject to charging orders, transfers of any kind for ownership or as security without prior written consent from the board. Warrants may, however, be transferred to the Recipient's spouse/cohabitant and/or issue in the event of the Recipient's death or be part of an undivided estate, on the assumption that the receiver simultaneously agree to any agreement regarding Warrants and/or the underlying shares which the Recipient has made. The board of the Company can on a case by case basis allow the Recipient to transfer the Warrants to a company owned 100 % by the Recipient.

10.4. This appendix 2, including subscription at granting and exercise of Warrants is regulated by Danish law.

10.5. Any disputes between the Recipient and the Company which relates to this appendix 1, including granting or exercise of Warrants shall be settled amicably.

10.6. If the parties fail to reach consensus, every dispute shall be settle by the Court of Copenhagen in the first instance and by the Eastern High Court as the second instance.

10.7. The parties are obligated to keep all information regarding any disputes secret, including the existence of a trial, its object and the ruling.

## **11. Tax implications**

11.1. The tax implications connected to the Recipient's subscription, granting and exercise etc. of Warrants shall be of no concern for the Company. The Company will not be liable in relation to any procedures and implications connected to the Recipient's tax consequences.

## **12. Other terms**

- 12.1. The board has decided that the following terms shall be applicable in relation to issuance of Warrants and future subscription of new shares by exercise of Warrants:
  - 1.1.1. The minimum price of the increase of capital which can be subscribed on the basis of Warrants is nominal DKK 0.05, and the maximum price is nominal DKK 15.201.
  - 12.1.3. Warrants shall be subscribed by signing the subscription list.
  - 12.1.4. The new shares, which can be subscribed by exercise of Warrants, shall have the same rights as the existing shares in the Company.
  - 12.1.5. The rights to the new shares are conferred upon subscription.
  - 12.1.6. The subscription price for the new shares by exercise of Warrants shall be paid simultaneously with the subscription, and
  - 12.1.7. Each Warrant shall carry right to subscribe 1 share of nominal DKK 0.05 at a subscription price of DKK 0.52 per share (the subscription price used to be DKK 10.62, but upon a rights issue adopted on 12<sup>th</sup> September 2014 this was adjusted to DKK 10.41 and upon a share split adopted on 20<sup>th</sup> April 2016 it was adjusted to DKK 0.52, cf. clause 9 in this appendix 2), unless adjustments according to these articles of association have been adopted.
  - 12.1.8. New shares issued on the basis of Warrants shall be issued in the name of the holder and shall be registered in the name of the holder in the Company's shareholders' register.
  - 12.1.9. The Company defrays expenses relating to issuance of Warrants and the following exercise hereof.
  - 12.1.10. If Warrants have not been exercised at the latest by the 1<sup>st</sup> of July 2021, Warrants shall become null and void without further notice or compensation.

- 0 -



## **APPENDIX 3 TO THE ARTICLES OF ASSOCIATION OF MEDICAL PROGNOSIS INSTITUTE A/S, CVR number 28 10 63 51 (WARRANTS)**

This appendix 3 contain the terms that apply to warrants ("Warrants") which have been issued according to clause 6.1 in the articles of association of Medical Prognosis Institute A/S ("The Company") and the corresponding increase of capital.

Warrants are issued for the benefit of board members, members of the management and employees and in the Company.

1.1 Granting of Warrants according to the Agreement shall be conditional upon the Recipient being permanently employed in the Company as either an employee or a consultant on the day of the Agreement.

1.2 The Warrant holder automatically agree to changes in the Company's articles of association to the extent that the terms for such changes are met.

### **2 Granting of Warrants**

2.1 The Warrant holder has been granted Warrants in the Company ("Warrants"). Each Warrant carries the right for the Warrant holder to subscribe to one share of nominal DKK 0.05 (this used to be 1 share of nominal DKK 1.00, but this was adjusted upon a share split adopted on 20<sup>th</sup> april 2016) according to the terms in the Agreement and the Company's articles of association.

2.2 Granted Warrants shall be free of charge

2.3 Each Warrant carries the right for the Warrant holder to subscribe one share of nominal 0.05 (this used to be 1 share of nominal DKK 1.00, but this was adjusted upon a share split adopted on 20<sup>th</sup> april 2016) in the Company according to the relevant clauses stated in clause 3 – 6 at the subscription price determined in clause 7.

2.5 A complete record of the issued Warrants shall be kept in the Company's register of shareholders

### **3 Vesting**

3.1 Warrants vest as follow:  
 - Fifty percent (50 %) of the Warrant vest on 17<sup>th</sup> December 2014  
 - Twenty five percent (25 %) of the Warrant vest on 17<sup>th</sup> December 2015  
 - Twenty five percent (25 %) of the Warrant vest on 3<sup>rd</sup> July 2016

3.2 If the percentage as stated in clause 3.1 does not correspond to a whole Warrant, the number shall be rounded down to the nearest whole number.

### **4 Ordinary exercise of Warrants**

4.1 Vested Warrants can be exercised in the period from granting up to and including 1<sup>st</sup> July 2021 (Exercise period) according to the exercise-windows as mentioned in clause 4.2. Warrants, which have not been exercised within the last day of the Exercise period (1<sup>st</sup> July 2021) shall automatically become null and void without further warning and/or without compensation to the Warrant holder.

4.2 Within the Exercise period Warrants can be exercised twice a year in a 4 week exercise-window, which opens on the time of publication of either the Company's annual accounts or interim accounts.

- 4.3 The Warrant holder is entitled to exercise all or some of its Warrants. The Warrant holder, however, cannot exercise less than 25 percent of the total number of Warrants granted to the Warrant holder according to the Agreement at a time

## **5 Extraordinary exercise of Warrants**

- 5.1 In addition to the ordinary exercise of Warrants according to clause 4 the board of the Company can, at its discretion, decide that an extraordinary exercise of Warrants can happen, including in accordance with – but not limited to – the terms in clause 5.1.1 – 5.1.6:
- 5.1.1 If the Company's general meeting decide to wind-up the Company and the board (at its discretion) decides that Warrants as a result of this can be exercised, the Company shall notify the Warrant holder in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. If the Warrant holder does not request to exercise Warrant these shall automatically become null and void from the expiring of the deadline without compensation, as long as the Company is winded-up indefinitely as a result of the decision. The exercise of Warrants shall happen in accordance with clause 6 and 7.
- 5.1.2 If the Company's general meeting decide to merge the Company and the merger to causes the termination of the Company, and the board (at its discretion) decide that Warrants as a result of this can be exercised, the Company shall notify the Warrant holders in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. The Company shall handle the Warrant holder's notification so that the shares are registered in the Warrant holders stock no later than five days of trading prior to the last day of trading of the Company's shares. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation after expiring of the deadline, as long as the the Company is winded-up indefinitely as a result of the decision. Exercise of Warrants shall happen in accordance with clause 6 and 7.
- 5.1.3 If more than 50 % of the Company's total share capital is transferred to third party in good faith, and the board (at its discretion) decide that Warrants, as a result of this, can be exercised the Company shall notify the Warrant holder in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation after expiring of the deadline. Exercise of Warrants shall happen in accordance with clause 6 and 7.
- 5.1.4 If forced cashing of the Company's shares is launched according to the Danish Company Law, and the board (at its discretion) decide that Warrants as a result of this , can be exercised the Company shall notify the Warrant holder in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation after completing the forced cashing of the Company's shares in accordance with the Danish Company Law. Exercise of Warrants shall happen in accordance with clause 6 and 7.
- 5.1.5 If the Company's general meeting decides to delist the Company from Nasdaq omx First North Denmark, and the board (at its discretion) decide that Warrants as a result of this can be exercised, the Company shall notify the Warrant holders in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. The Company shall

handle the Warrant holder's notification so that the shares are registered in the Warrant holders stock no later than five days of trading prior to the last day of trading of the Company's shares. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation after the Company has been delisted. Exercise of Warrants shall happen in accordance with clause 6 and 7.

- 5.1.6 If the Company decides to sell the most profitable and essential of The Company's assets and the board (at its discretion) decide that Warrants as a result of this , can be exercised The Company shall notify the Warrant holder in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation. Exercise of Warrants shall happen in accordance with clause 6 and 7.

## **6 Practical exercise of Warrants**

- 6.1 If the Recipient requests to exercise Warrants, the Recipient shall notify the Company electronically about this by sending an e-mail to the Head of Board. The Company is entitled to change the practical conditions regard exercise of Warrants, and the Warrant holder will be informed in writing, if the Company decides to do so.
- 6.2 At the same time as notifying about the exercise of Warrants, the Warrant holder shall pay in cash to the Company an amount corresponding to the subscription price as determined in clause 7.

## **7 Subscription price of shares at exercise of Warrants**

- 7.1 Each Warrant carries the right to subscribe one share of nominal DKK 0.05 (this used to be 1 share of nominal DKK 1.00, but this was adjusted in connection with a share split adopted on 20<sup>th</sup> april 2016) in the Company to a subscription price of DKK 0.52 (this used to be DKK 10.62, but it was adjusted in connection with a share split adopted on 20<sup>th</sup> april 2016, cf. clause 8 in this appendix 3) ("the Subscription price")
- 7.2 The Subscription price can be adjusted as specified in the Agreement.

## **8 Adjustment of terms and conditions for Warrants in connection with certain defined changes is the capital structure of the Company**

- 8.1 Changes in the Company's capital structure causing a reduction or and increase of the value of granted Warrants shall require an adjustment of the subscription price or/and the number of shares to be subscribed in connection with exercise of Warrants, so that the value of the Warrants remains unchanged, subject to the exemptions in accordance with the Agreement. However, the subscription price per share cannot be lower than the nominal value of the share. Additionally, the adjustment of the number of shares to be subscribed is conditionally upon the Board of Directors having obtained the necessary authorization from the general meeting to issue such further shares in the Company.
- 8.2 If the Company's competent authorities decides to issue bonus shares in the Company before the Warrantholder has exercised its Warrants, the Subscription price shall be multiplied by the following factor:

$$\alpha = \frac{A}{(A + B)}$$

A: is the nominal share capital before the issuance of bonus shares

B: is the nominal value of the bonus shares issued.

- 8.3 If the Company's competent authorities decides to increase the share capital of the Company by way of issuance of new shares at a subscription price per share lower than the market price per share before the Warrantholder has exercised its Warrants, the Subscription price shall be multiplied by the following factor:

$$\alpha = \frac{(A \times k) + (B \times t)}{(A + B) \times k}$$

and the number of shares by the following factor:

$$\frac{1}{\alpha}$$

Where

A = nominal share capital before the change in capital

B = nominal change in the share capital

K = market price prior to the announcement of the change in the share capital, and

T = subscription price/reduction price in relation to the change in the share capital

- 8.4 If the Company's competent authorities decides to change the nominal value of each share in connection with a resolution regarding a capital decrease by way of a charge to a specific reserve and/or to cover a loss before the Warrantholder has exercised the Warrants, there shall be no adjustments in the subscription price per share. The Warrantholder thus maintain the right to subscribe the same amount of shares at the Subscription price. However, for each Warrant, the Warrantholder shall be entitled to subscribe 1 share with the new nominal value resolved by the competent authorities.
- 8.5 If the Company's competent authorities decides to change the nominal value of the shares (without simultaneous changes to the share capital of the Company), by way of example in situations which are not covered by section 8.4, and before the Warrantholder has exercised the Warrants, the Subscription price shall be multiplied by the following factor:

$$\alpha = \frac{A}{B}$$

And the number of shares by

$$\frac{1}{\alpha}$$

Where:

A = nominal value of each share after the change, and

B = nominal value of each share before the change

- 8.6 If it is decided to pay dividends in any given year, the amount shall be considered as pay out to the shareholders which will include an adjustment of the Subscription price as follows:

$$TK1 = TK - \frac{u - (D \times 1)}{D}$$

Where:

TK: the original exercise price

U: dividends paid out  
D: total number of shares in the Company

- 8.7 If it is decided to reduce the share capital in the Company by way of pay out to the shareholders at a price higher than the market price, the Subscription price shall be adjusted as follows:

$$TK1 = TK - \frac{B \times (t - k)}{A}$$

Where:

TK: the original exercise price  
A: total number of shares in prior to the capital reduction  
B: is the nominal reduction of the share capital  
k: the original exercise price  
t: the price per share in the capital reduction.

- 8.8 If it is decided to reduce the share capital in the Company by way of pay out to the shareholders at a price lower than the market price, the Subscription price shall be adjusted as follows:

$$TK1 = TK + \frac{B \times (k - t)}{A}$$

Where

TK: the original exercise price prior to capital reduction  
A: total number of shares in prior to the capital reduction  
B: is the nominal reduction of the share capital  
k: the original exercise price  
t: the price per share in the capital reduction.

- 8.9 If the Company merges as the continuing company, the Subscription price shall not be adjusted and the number of shares to be subscribed shall remain unaffected.
- 8.10 If the general meeting resolves to split the Company, the Warrantholder shall have a number of Warrants conferring the right to subscribe shares in the continuing company in which the Warrantholder is or would have been employed, or, if the Warrantholder is not employed and has not been employed in the Company, in the company to which the Warrantholder has the closest relation. The number of Warrants shall give the Warrantholder the same potential ownership as an exercise of all Warrants prior to the split would have given, adjusted in proportion to the value of each continuing company. The term on conditions of the continuing Warrants shall be the same as in this Agreement.
- 8.11 In the event of other changes in Company's capital position causing changes to the financial value of the Warrants, the Exercise Price shall be adjusted to the extent possible in order to ensure that the changes do not influence the financial value of the warrants, cf. however, section 8.13.
- 8.12 The subscription price cannot be reduced to a lower value than the nominal value of the shares (par value). If an adjustment of Warrants, which shall secure the value of these, result in a reduction of the price to less than par value, the Warrant shall become null and void, unless the Warrant holder accepts that Subscription price raise to par value with no compensation.

- 8.13 If the share capital is reduced to cover deficit, the number of shares, which the Warrant holder can subscribe by exercise of Warrants, shall be reduced (rounded down) to a ratio corresponding to the ratio between the nominal capital reduction and the Company's total nominal share capital before the reduction.
- 8.14 The following changes in the Company's capital situation does not require an adjustment of the subscription price or the number of shares, which the Warrant holder can subscribe:
- (i) Increase or decrease of the Company's share capital to the market price, including issuance of shares according to clause 7.1-2 in the Company's articles of association.
  - (ii) Issuance of shares, options, warrants or similar to employees of the Company or employees of a consolidated company and/or of companies own totally by them to one or more employees, possibly at discount price.
  - (iii) Issuance of warrants, convertible funds or similar to third parties on normal market terms as a part of mezzanine funding or similar funding.
- 8.15 If the number of new shares, which can be subscribed by exercise of Warrants increase according to this clause 8, the Company's highest share capital shall increase correspondingly.

## **9 Negotiability**

- 9.1 The individual Warrants are non-negotiable instruments. Any kind of transfer, mortgaging or other handover of Warrants can only happen by written pre-consent from the Company's board, and can be approved, rejected or made conditional accordingly to the exclusive discretion of the board (with the exception of transfer in case of the Warrant holders death, in which case the board shall approve the transfer to the Warrant holders nearest relatives).
- 9.2 Warrants cannot be subject to enforcement of any kind and shall not be used as collateral in relation to third party.

## **10 Terms for new shares issued by exercise of Warrants**

- 10.1 As long as the board of the Company has made a decision on issuance of Warrants, including the hereby connected increase of capital, according to the authorization as stated in clause 6.1 in the Company's articles of association, the following conditions shall apply for new shares subscribed by exercise of Warrants according to this Agreement.
- (i) No pre-emptive subscription right shall apply for the new shares for the existing share holders
  - (ii) the new shares issued on the basis of exercised Warrants shall be paid in cash simultaneously with the notification of exercise of Warrants
  - (iii) the new shares shall be issued by name and shall be registered in the Warrant holder's name in the Company's register of shareholders
  - (iv) the new shares shall be negotiable papers

- (v) the new shares shall be freely negotiable
- (vi) no limitations in the pre-emptive subscription right shall apply at future increase of capital
- (vii) the new shares shall carry the right to dividend and other rights in the Company from the time of register of the relevant increase of capital with the Danish Business Authority
- (viii) in case of general changes to the shares' rights the new shares shall carry the same rights as the Company's other shares at the exercise time, and
- (ix) the company shall defray all expenses related to issuance of Warrants according to the Agreement and expenses related to the following exercise of Warrants. The Company's expenses in connection to the issuance of Warrants in accordance with the Agreement and the related increase of capital is estimated to a maximum of DKK 30,000.

## **11 Increase of capital at exercise of Warrants**

- 11.1 If the Warrant holder gives timely notification about exercise of Warrants, the Company shall complete the related increase of capital.
- 11.2 The maximum amount of the capital which can be subscribed i accordance with the Agreement shall be calculated accordingly to clause 2.1 and 2.3. The maximum amount can be increased or decreased accordingly to the terms on adjustment in clause 8.

## **12 Expenses in relation to issuance of shares**

- 12.1 The Company shall bear all expenses to stockbroker and settlement fee related to the Warrant holders exercise of Warrants.

## **13 Termination of employment – Warrant holders, who are employees**

- 13.1 With reservation of the terms in clause 13.2 below and in the event of the Warrant holders employment with the Company is terminated prior to exercise og (remaining) Warrants as a result of one of the following reasons
  - (i) the Warrant holder's resignation at the retirement age as stated in the employment contract or because the Warrant holder is entitled to state pension,
  - (ii) the Warrant holder's resignation on the basis of material breach of the employment terms,
  - (iii) the Company's termination of the employment without warning, as long as the termination is not caused by the Warrant holder's breach of the employment terms, or
  - (iv) the Warrant holder's death
- 13.2 All Warrants, which have not been vested by the expiry of the term of notice shall automatically become null and void without compensation in the case of the termination of the Warrant holder's employment in the Company prior to the vesting of Warrants for other reasons than those stated in clause 13.1 (i) – (iv) above. All vested Warrants can be exercised in the first ordinary exercise-window (see clause 4). If vested Warrants are not exercised as stated above, they shall automatically become null and void without compensation.

**14 Insider Trading**

14.1 Sale of shares subscribed via exercise of Warrants are subject to the at any time applicable rules on insider trading, including the Company's internal rules on trading securities issued by the Company.

**15 Cash compensation**

15.1 Instead of issuing new shares in connection with exercise of Warrants, the board of Directors can discretionary decide to compensate the Warrantholder with cash at a rate corresponding to the market price of the Company's shares.

**16 Tax Matters**

16.1 Warrant will be subject to the rules in Tax Assessment Act § 28.

16.2 All tax related obligations and consequences for the Warrantholder following this Agreement, the issued warrants or the shares subscribed through exercise of these Warrants are solely the Warrantholder's responsibility and is no concern of the Company.

16.3 The Warrantholders are strongly advised to engage tax counselling in connection with the entering of this Agreement.

**17 Choice of law and jurisdiction**

17.1 This Agreement, its validity and fulfilment is governed by Danish law except for the principles of choice of Law.

17.2 Any dispute or claim arising from this Agreement or breach of this Agreement, termination or validity hereof shall be settled in Danish courts after Danish Law, unless the Company decides to settle the case through arbitration.

17.3 If the Company decides to settle a dispute through arbitration, such dispute shall be settled in accordance with Rules of Procedure of the Danish Institute of Arbitration.

17.3.1 The Arbitration Tribunal shall be located in Copenhagen.

17.3.2 The Arbitration shall be carried out in English Language, unless otherwise agreed.

17.3.3 If more than one Warrantholder are involved in whole or in part in a arbitration case concerning the same factual matter, these Warrantholders can agree to have the cases settled collectively by the same arbitration tribunal.

17.3.4 The arbitration tribunal makes a decision regarding the allocation of legal costs.

17.3.5 The existence of the arbitration case and any decision made by the arbitration tribunal shall be kept strictly confidential.

- 0 -



## **APPENDIX 4 TO ARTICLES OF ASSOCIATION OF MEDICAL PROGNOSIS INSTITUTE A/S, BUSINESS REGISTRATION NO 28 10 63 51 (WARRANTS)**

This appendix 4 contain the terms that apply to warrants ("Warrants") which have been issued on 18<sup>th</sup> February 2016 according to clause 6.1 in the articles of association of Medical Prognosis Institute A/S ("The Company") and the corresponding increase of capital.

Warrants are issued for the benefit of board members, key employees and key persons in the Company.

1.1 Granting of Warrants according to the Agreement shall be conditional upon the Recipient on the day of the Agreement is still permanently employed in the Company as either an employee or a consultant

1.2 The Warrant holder automatically agree to changes in the Company's articles of association to the extent that the terms for such changes are met.

### **2 Granting of Warrants**

2.1 The Warrant holder has been granted Warrants in the Company ("Warrants"). Each Warrant carries the right for the Warrant holder to subscribe to one share of nominal DKK 0.05 (this used to be 1 share of nominal DKK 1.00, but this was adjusted upon a share split adopted on 20th april 2016) according to the terms in the Agreement and the Company's articles of association.

2.2 Granted Warrants shall be free of charge.

2.3 Each Warrant carries the right for the Warrant holder to subscribe one share of nominal 0.05 (this used to be 1 share of nominal DKK 1.00, but this was adjusted upon a share split adopted on 20th april 2016) in the Company according to the relevant clauses stated in clause 3 – 6 at the subscription price determined in clause 7.

2.4 A complete record of the issued Warrants shall be kept in the Company's register of shareholders.

### **3 Vesting**

3.1 Warrants vest with 1/36 each month from 1 July 2016.

3.2 If the percentage as stated in clause 3.1 does not correspond to a whole Warrant, the number shall be rounded down to the nearest whole number.

### **4 Ordinary exercise of Warrants**

4.1 Vested Warrants can be exercised in the period from granting up to and including 1<sup>st</sup> July 2021 (Exercise period) according to the exercise-windows as mentioned in clause 4.2. Warrants, which have not been exercised within the last day of the Exercise period (1<sup>st</sup> July 2021) shall automatically become null and void without further warning and/or without compensation to the Warrant holder.

4.2 Within the Exercise period Warrants can be exercised twice a year in a 4 week exercise-window, which opens on the time of publication of either the Company's annual accounts or interim accounts.

4.3 The Warrant holder is entitled to exercise all or some of its Warrants. The Warrant holder, however, cannot exercise less than 25 percent of the total number of Warrants granted to the

Warrant holder according to the Agreement, at a time. However, irrespective hereof, the Warrant holder is entitled to exercise Warrants according to this agreement if the exercise takes place at the same time as exercise of warrants issued by the Company to the warrant holder under previous warrant schemes, provided that the total number of warrants at such exercise constitutes minimum 25 % of the total number of Warrants according to this Agreement.

## **5 Extraordinary exercise of Warrants**

- 5.1 In addition to the ordinary exercise of Warrants according to clause 4 the board of the Company can, at its discretion, decide that an extraordinary exercise of Warrants can happen, including in accordance with – but not limited to – the terms in clause 5.1.1 – 5.1.6:
  - 5.1.1 If the Company's general meeting decide to wind-up the Company and the board (at its discretion) decides that Warrants as a result of this can be exercised, the Company shall notify the Warrant holder in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. If the Warrant holder does not request to exercise Warrant these shall automatically become null and void from the expiring of the deadline without compensation, as long as the Company is winded-up indefinitely as a result of the decision. The exercise of Warrants shall happen in accordance with clause 6 and 7.
  - 5.1.2 If the Company's general meeting decide to merge the Company and the merger to causes the termination of the Company, and the board (at its discretion) decide that Warrants as a result of this can be exercised, the Company shall notify the Warrant holders in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. The Company shall handle the Warrant holder's notification so that the shares are registered in the Warrant holders stock no later than five days of trading prior to the last day of trading of the Company's shares. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation after expiring of the deadline, as long as the the Company is winded-up indefinitely as a result of the decision. Exercise of Warrants shall happen in accordance with clause 6 and 7.
  - 5.1.3 If more than 50 % of the Company's total share capital is transferred to third party in good faith, and the board (at its discretion) decide that Warrants, as a result of this, can be exercised the Company shall notify the Warrant holder in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation after expiring of the deadline. Exercise of Warrants shall happen in accordance with clause 6 and 7
  - 5.1.4 If forced cashing of the Company's shares is launched according to the Danish Company Law, and the board (at its discretion) decide that Warrants as a result of this , can be exercised the Company shall notify the Warrant holder in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation after completing the forced cashing of the Company's shares in accordance with the Danish Company Law. Exercise of Warrants shall happen in accordance with clause 6 and 7
  - 5.1.5 If the Company's general meeting decides to delist the Company from Nasdaq omx First North Denmark, and the board (at its discretion) decide that Warrants as a result of this can be exercised, the Company shall notify the Warrant holders in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company

in writing if the Warrants are requested to be exercised wholly or partially. The Company shall handle the Warrant holder's notification so that the shares are registered in the Warrant holders stock no later than five days of trading prior to the last day of trading of the Company's shares. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation after the Company has been delisted. Exercise of Warrants shall happen in accordance with clause 6 and 7.

- 5.1.6 If the Company decides to sell the most profitable and essential of The Company's assets and the board (at its discretion) decide that Warrants as a result of this , can be exercised The Company shall notify the Warrant holder in writing. The Warrant holder then has a deadline of two weeks from the day the Company sent the notification to notify the Company in writing if the Warrants are requested to be exercised wholly or partially. If the Warrant holder does not request to exercise Warrants, these shall automatically become null and void without compensation. Exercise of Warrants shall happen in accordance with clause 6 and 7.

## **6 Practical exercise of Warrants**

- 1.3 If the Recipient requests to exercise Warrants, the Recipient shall notify the Company electronically about this by sending an e-mail to the Head of Board. The Company is entitled to change the practical conditions regard exercise of Warrants, and the Warrant holder will be informed in writing, if the Company decides to do so.
- 1.4 At the same time as notifying about the exercise of Warrants, the Warrant holder shall pay in cash to the Company an amount corresponding to the subscription price as determined in clause 7.

## **7 Subscription price of shares at exercise of Warrants**

- 7.1 Each Warrant carries the right to subscribe one share of nominal DKK 0.05 (this used to be 1 share of nominal DKK 1.00, but this was adjusted in connection with a share split adopted on 20<sup>th</sup> april 2016) in the Company to a subscription price of DKK 0.52 (this used to be DKK 10.62, but it was adjusted in connection with a share split adopted on 20<sup>th</sup> april 2016) ("the Subscription price").
- 7.2 The Subscription price can be adjusted as specified in the Agreement.

## **8 Adjustment of terms and conditions for Warrants in connection with certain defined changes is the capital structure of the Company**

- 8.1 Changes in the Company's capital structure causing a reduction or and increase of the value of granted Warrants shall require an adjustment of the subscription price or/and the number of shares to be subscribed in connection with exercise of Warrants, so that the value of the Warrants remains unchanged, subject to the exemptions in accordance with the Agreement. However, the subscription price per share cannot be lower than the nominal value of the share. Additionally, the adjustment of the number of shares to be subscribed is conditionally upon the Board of Directors having obtained the necessary authorization from the general meeting to issue such further shares in the Company.
- 8.2 If the Company's competent authorities decides to issue bonus shares in the Company before the Warranholder has exercised its Warrants, the Subscription price shall be multiplied by the following factor:

$$\alpha = \frac{A}{(A + B)}$$

A: is the nominal share capital before the issuance of bonus shares

B: is the nominal value of the bonus shares issued.

- 8.3 If the Company's competent authorities decides to increase the share capital of the Company by way of issuance of new shares at a subscription price per share lower than the market price per share before the Warrantholder has exercised its Warrants, the Subscription price shall be multiplied by the following factor:

$$\alpha = \frac{(A \times k) + (B \times t)}{(A + B) \times k}$$

and the number of shares by the following factor:

$$\frac{1}{\alpha}$$

Where

A = nominal share capital before the change in capital

B = nominal change in the share capital

K = market price prior to the announcement of the change in the share capital, and

T = subscription price/reduction price in relation to the change in the share capital.

- 8.4 If the Company's competent authorities decides to change the nominal value of each share in connection with a resolution regarding a capital decrease by way of a charge to a specific reserve and/or to cover a loss before the Warrantholder has exercised the Warrants, there shall be no adjustments in the subscription price per share. The Warrantholder thus maintain the right to subscribe the same amount of shares at the Subscription price. However, for each Warrant, the Warrantholder shall be entitled to subscribe 1 share with the new nominal value resolved by the competent authorities.
- 8.5 If the Company's competent authorities decides to change the nominal value of the shares (without simultaneous changes to the share capital of the Company), by way of example in situations which are not covered by section 8.4, and before the Warrantholder has exercised the Warrants, the Subscription price shall be multiplied by the following factor:

$$\alpha = \frac{A}{B}$$

And the number of shares by

$$\frac{1}{\alpha}$$

Where:

A = nominal value of each share after the change, and

B = nominal value of each share before the change

- 8.6 If it is decided to pay dividends in any given year, the amount shall be considered as pay out to

the shareholders which will include an adjustment of the Subscription price as follows:

$$TK1 = TK - \frac{u - (D \times 1)}{D}$$

Where:

TK: the original exercise price

U: dividends paid out

D: total number of shares in the Company

- 8.7 If it is decided to reduce the share capital in the Company by way of pay out to the shareholders at a price higher than the market price, the Subscription price shall be adjusted as follows:

$$TK1 = TK - \frac{B \times (t - k)}{A}$$

Where:

TK: the original exercise price

A: total nominal share capital prior to the capital reduction

B: is the nominal reduction of the share capital

k: the original exercise price

t: the price per share in the capital reduction.

- 8.8 If it is decided to reduce the share capital in the Company by way of pay out to the shareholders at a price lower than the market price, the Subscription price shall be adjusted as follows:

$$TK1 = TK + \frac{B \times (k - t)}{A}$$

Where

TK: the original exercise price prior to capital reduction

A: total nominal share capital prior to the capital reduction

B: is the nominal reduction of the share capital

k: the original exercise price

t: the price per share in the capital reduction.

- 8.9 If the Company merges as the continuing company, the Subscription price shall not be adjusted and the number of shares to be subscribed shall remain unaffected.

- 8.10 If the general meeting resolves to split the Company, the Warrantholder shall have a number of Warrants conferring the right to subscribe shares in the continuing company in which the Warrantholder is or would have been employed, or, if the Warrantholder is not employed and has not been employed in the Company, in the company to which the Warrantholder has the closest relation. The number of Warrants shall give the Warrantholder the same potential ownership as an exercise of all Warrants prior to the split would have given, adjusted in proportion to the value of each continuing company. The term on conditions of the continuing Warrants shall be the same as in this Agreement.

- 8.11 In the event of other changes in Company's capital position causing changes to the financial value of the Warrants, the Exercise Price shall be adjusted to the extent possible in order to

ensure that the changes do not influence the financial value of the warrants, cf. however, section 8.13.

- 8.12 The subscription price cannot be reduced to a lower value than the nominal value of the shares (par value). If an adjustment of Warrants, which shall secure the value of these, result in a reduction of the price to less than par value, the Warrant shall become null and void, unless the Warrant holder accepts that Subscription price raise to par value with no compensation.
- 8.13 If the share capital is reduced to cover deficit, the number of shares, which the Warrant holder can subscribe by exercise of Warrants, shall be reduced (rounded down) to a ratio corresponding to the ratio between the nominal capital reduction and the Company's total nominal share capital before the reduction.
- 8.14 The following changes in the Company's capital situation does not require an adjustment of the subscription price or the number of shares, which the Warrant holder can subscribe:
- (i) Increase or decrease of the Company's share capital to the market price, including issuance of shares according to clause 7.1-2 in the Company's articles of association.
  - (ii) Issuance of shares, options, warrants or similar to employees of the Company or employees of a consolidated company and/or of companies own totally by them to one or more employees, possibly at discount price.
  - (iii) Issuance of warrants, convertible funds or similar to third parties on normal market terms as a part of mezzanine funding or similar funding.
- 8.15 If the number of new shares, which can be subscribed by exercise of Warrants increase according to this clause 8, the Company's highest share capital shall increase correspondingly.

## **9 Negotiability**

- 9.1 The individual Warrants are non-negotiable instruments. Any kind of transfer, mortgaging or other handover of Warrants can only happen by written pre-consent from the Company's board, and can be approved, rejected or made conditional accordingly to the exclusive discretion of the board (with the exception of transfer in case of the Warrant holders death, in which case the board shall approve the transfer to the Warrant holders nearest relatives).
- 9.2 Warrants cannot be subject to enforcement of any kind and shall not be used as collateral in relation to third party.

## **10 Terms for new shares issued by exercise of Warrants**

- 10.1 As long as the board of the Company has made a decision on issuance of Warrants, including the hereby connected increase of capital, according to the authorization as stated in clause 6.1 in the Company's articles of association, the following conditions shall apply for new shares subscribed by exercise of Warrants according to this Agreement.

- (i) No pre-emptive subscription right shall apply for the new shares for the existing share holders
- (ii) the new shares issued on the basis of exercised Warrants shall be paid in cash simultaneously with the notification of exercise of Warrants
- (iii) the new shares shall be issued by name and shall be registered in the Warrant holder's name in the Company's register of shareholders
- (iv) the new shares shall be negotiable papers
- (v) the new shares shall be freely negotiable
- (vi) no limitations in the pre-emptive subscription right shall apply at future increase of capital
- (vii) the new shares shall carry the right to dividend and other rights in the Company from the time of register of the relevant increase of capital with the Danish Business Authority
- (viii) in case of general changes to the shares' rights the new shares shall carry the same rights as the Company's other shares at the exercise time, and
- (ix) the company shall defray all expenses related to issuance of Warrants according to the Agreement and expenses related to the following exercise of Warrants. The Company's expenses in connection to the issuance of Warrants in accordance with the Agreement and the related increase of capital is estimated to a maximum of DKK 10,000.

## **11 Increase of capital at exercise of Warrants**

- 11.1 If the Warrant holder gives timely notification about exercise of Warrants, the Company shall complete the related increase of capital.
- 11.2 The maximum amount of the capital which can be subscribed i accordance with the Agreement shall be calculated accordingly to clause 2.1 and 2.3. The maximum amount can be increased or decreased accordingly to the terms on adjustment in clause 8.

## **12 Expenses in relation to issuance of shares**

- 12.1 The Company shall bear all expenses to stockbroker and settlement fee related to the Warrant holders exercise of Warrants.

## **13 Termination of employment – Warrant holders, who are employees**

- 13.1 With reservation of the terms in clause 13.2 below and in the event of the Warrant holders employment with the Company is terminated prior to exercise og (remaining) Warrants as a result of one of the following reasons
  - (i) the Warrant holder's resignation at the retirement age as stated in the employment contract or because the Warrant holder is entitled to state pension,
  - (ii) the Warrant holder's resignation on the basis of material breach of the employment terms,

- (iii) the Company's termination of the employment without warning, as long as the termination is not caused by the Warrant holder's breach of the employment terms, or
- (iv) the Warrant holder's death

13.2 All Warrants, which have not been vested by the expiry of the term of notice shall automatically become null and void without compensation in the case of the termination of the Warrant holder's employment in the Company prior to the vesting of Warrants for other reasons than those stated in clause 13.1 (i) – (iv) above. All vested Warrants can be exercised in the first ordinary exercise-window (see clause 4). If vested Warrants are not exercised as stated above, they shall automatically become null and void without compensation.

#### **14 Insider trading**

14.1 Sale of shares subscribed via exercise of Warrants are subject to the at any time applicable rules on insider trading, including the Company's internal rules on trading securities issued by the Company.

#### **15 Cash compensation**

15.1 Instead of issuing new shares in connection with exercise of Warrants, the board of Directors can discretionary decide to compensate the Warrantholder with cash at a rate corresponding to the market price of the Company's shares.

#### **16 Tax matters**

16.1 Warrant will be subject to the rules in Tax Assessment Act § 28.

16.2 All tax related obligations and consequences for the Warrantholder following this Agreement, the issued warrants or the shares subscribed through exercise of these Warrants are solely the Warrantholder's responsibility and is no concern of the Company.

16.3 The Warrantholders are strongly advised to engage tax counselling in connection with the entering of this Agreement.

#### **17 Choise of law and jurisdiction**

17.1 This Agreement, its validity and fulfilment is governed by Danish law except for the principles of choice of Law.

17.2 Any dispute or claim arising from this Agreement or breach of this Agreement, termination or validity hereof shall be settled in Danish courts after Danish Law, unless the Company decides to settle the case through arbitration.

17.3 If the Company decides to settle a dispute through arbitration, such dispute shall be settled in accordance with Rules of Procedure of the Danish Institute of Arbitration.

17.3.1 The Arbitration Tribunal shall be located in Copenhagen.

17.3.2 The Arbitration shall be carried out in English Language, unless otherwise agreed.



- 17.3.3 If more than one Warrantholder are involved in whole or in part in a arbitration case concerning the same factual matter, these Warrantholders can agree to have the cases settled collectively by the same arbitration tribunal.
- 17.3.4 The arbitration tribunal makes a decision regarding the allocation of legal costs.
- 17.3.5 The existence of the arbitration case and any decision made by the arbitration tribunal shall be kept strictly confidential.

- 0 -

## ADDRESSES

### Company address

Medical Prognosis Institute A/S  
Venlighedsvej 1  
2970 Hørsholm  
Denmark

### Address to the subsidiary

Medical Prognosis Institute Inc.  
9977 N 90th Street, Suite 175  
Scottsdale, Arizona 85258  
USA

### Certified Adviser

Sedermersa Fondkommission (bifirma till ATS Finans AB)  
Norra Vallgatan 64  
211 22 Malmö

*Medical Prognosis Institute A/S*

*Venlighedsvej 1*

*2970 Hoersholm*

*DENMARK*

*[www.medical-prognosis.com](http://www.medical-prognosis.com)*

