FINANCIAL STATEMENTS 2017

Ultimovacs AS

Statement of profit and loss and other comprehensive income

(NOK 1000) except per share data	Notes	2017	2016
Other operating income		-	-
Total revenues		**-**	**-**
Payroll and payroll related expenses	3, 4, 15	-18,158	-15,400
Depreciation and amortisation	9	-534	-489
Other operating expenses	3, 5	-14,700	-13,294
Total operating expenses		**-33,391**	**-29,183**
Operating profit (loss)		**-33,391**	**-29,183**
Financial income	6	631	245
Financial expenses	6	-70	-43
Net financial items		**561**	**202**
Profit (loss) before tax		**-32,830**	**-28,980**
Income tax expense	7	-	-
Profit (loss) for the year		**-32,830**	**-28,980**
Other comprehensive income (loss) for the year		-	-
Total comprehensive income (loss) for the year		**-32,830**	**-28,980**
Basic and diluted earnings (loss) per share (NOK per share)	8	-62.3	-62.4

Statement of financial position

(NOK 1000)	Notes	31.12.2017	31.12.2016	01.01.2016
ASSETS				
Non-current assets				
Property, plant and equipment	9	558	803	238
Patents	9	3,378	3,644	3,911
Total non-current assets		**3,935**	**4,447**	**4,149**
Current assets				
Prepayments		421	204	131
Other receivables	10	4,661	4,973	4,365
Cash and cash equivalents	11	169,808	73,004	30,831
Total current assets		**174,890**	**78,181**	**35,326**
TOTAL ASSETS		**178,825**	**82,628**	**39,475**
EQUITY AND LIABILITIES				
Equity				
Share capital		606	511	441
Share premium		268,475	145,081	71,294
Total paid-in equity		**269,082**	**145,592**	**71,735**
Accumulated losses		-102,601	-69,771	-40,791
TOTAL EQUITY	12	**166,480**	**75,821**	**30,944**
Share-based payments	15, 16	-	1,593	-
Total non-current liabilities		**-**	**1,593**	**-**
Current liabilities				
Accounts payable		3,033	1,508	5,328
Other current liabilities	15, 16	9,312	3,707	3,204
Total current liabilities		**12,345**	**5,215**	**8,532**
TOTAL LIABILITIES		**12,345**	**6,807**	**8,532**
TOTAL EQUITY AND LIABILITIES		**178,825**	**82,628**	**39,475**

Board of Directors and CEO of Ultimovacs AS

Oslo, 26 June 2018

Jonas Einarsson
Chairman of the Board

Bjørn Rune Gjelsten
Board member

Ole Kristian Hjelstuen
Board member

Henrik Schüssler
Board member

Ketil Fjerdingen
Board member

Leiv Askvig
Board member

Kristin L. A. Wilhelmsen
Board member

Øyvind Kongstun Arnesen
CEO

Statement of cash flows

(NOK 1000)	Notes	2017	2016
Cash flows from operating activities			
Profit (loss) before tax		-32,830	-28,980
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation	9	534	489
Interest received incl. investing activities	6	-564	-206
Net foreign exchange differences	6	2	4
Share-based payments reclassification	15	-1,593	1,593
Working capital adjustment:			
Changes in prepayments and other receivables	10	95	-681
Changes in payables and other current liabilities	16	7,130	-3,317
Net cash flows from operating activities		**-27,225**	**-31,099**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	-21	-788
Interest received	6	564	206
Net cash flow from investing activities		542	**-581**
Cash flow from financing activities			
Proceeds from issuance of equity	12	125,919	75,209
Share issue cost	12	-2,430	-1,352
Net cash flow from financing activities		**123,489**	**73,857**
Net change in cash and cash equivalents	11	96,806	42,177
Effect of change in exchange rate	6	-2	-4
Cash and cash equivalents, beginning of period	11	73,004	30,831
Cash and cash equivalents, end of period		**169,808**	**73,004**

Statement of changes in equity

(NOK 1000)	Notes	Share capital	Share premium	Total paid in capital	Accumulated losses	Total equity
Balance as of 1 January 2016		**441**	**71,294**	**71,735**	**-40,791**	**30,944**
Profit (loss) for the year				**-**	-28,980	**-28,980**
Other comprehensive income (loss)				**-**		**-**
Issue of share capital	12	70	75,139	**75,209**		**75,209**
Share-issue costs	12		-1,352	**-1,352**		**-1,352**
Balance as of 31 December 2016		**511**	**145,081**	**145,592**	**-69,771**	**75,821**
Profit (loss) for the year				-	-32,830	-32,830
Other comprehensive income (loss)				-		-
Issue of share capital	12	95	125,824	125,919		125,919
Share-issue costs	12		-2,430	-2,430		-2,430
Balance as of 31 December 2017		**606**	**268,475**	**269,082**	**-102,601**	**166,480**

Note 1 : General information

Ultimovacs AS (the Company or Ultimovacs) was established in 2011. The Company and its proprietary technology is based on pre-clinical and clinical research on immunotherapies conducted at the Oslo University Hospital. Ultimovacs is located at the Oslo Cancer Cluster Innovation Park in Oslo, Norway, and is an active member of Oslo Cancer Cluster. The address of the registered office is Ullernchausséen 64, 0379 Oslo, Norway.

Ultimovacs is a pharmaceutical company developing novel immunotherapies against cancer. The Company is a limited liability company and is privately held, mainly by Norwegian private investors/family offices.

The lead product candidate is UV1, a peptide-based vaccine inducing a specific T cell response against the universal cancer antigen telomerase. UV1 is being developed as a therapeutic cancer vaccine (TCV) for use as monotherapy, and as a platform for other immuno-oncology drugs which require an ongoing T cell response for their mode of action. Ultimovacs is performing a broad clinical development program with clinical trials in Europe and the USA.

The financial statements were approved by the Board of Directors on 26 June 2018.

Note 2 : Accounting principles

I. Basis for preparation

The financial statements for the Company have been prepared in accordance with IFRS as adopted by the EU (IFRS).

The financial statements are presented in NOK (Norwegian kroner) which is also the Company's functional currency.

For all periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with local generally accepted accounting practice (NGAAP). These financial statements for the year ended 31 December 2017, has been for the first time restated and prepared in accordance with IFRS.

II. Going concern

The financial statements for 2017 have been prepared under the going concern assumption, pursuant to Section 3.3a of the Norwegian Accounting Act.

III. Accounting principles

i. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with maturity of three months or less, which are subject to an insignificant risk of changes in value.

ii. Cash Flow statement

The statement of cash flows is compiled using the indirect method. The statement of cash flows distinguishes between cash flows from operating, investing and financing activities. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, cash pool balances and bank overdrafts. Cash flows in foreign currencies are translated at the rate of the transaction date. Interest paid and received is included under cash flow from investing activities. Cash flows arising from the acquisition or disposal of financial interests (subsidiaries and participating interests) are recognised as cash flows from investing activities, taking into account any cash and cash equivalents in these interests. Dividends paid out are recognised as cash flows from financing activities; dividends received are recognised as cash flows from investing activities. Cash flows from share issues are recognised as cash flows from financing activities.

iii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the balance sheet.

iv. Current vs non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- o Expected to be realised or intended to sold or consumed in the normal operating cycle
- o Held primarily for the purpose of trading
- o Expected to be realised within twelve months after the reporting period, or
- o Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- o It is expected to be settled in the normal operating cycle
- o It is held primarily for the purpose of trading
- o It is due to be settled within twelve months after the reporting period, or
- o There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

v. Foreign currencies

The Company's financial statements are presented in NOK, which is the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company in its respective functional currency spot rate at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss and other comprehensive income.

vi. Impairment:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's (cash-generating unit) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

vii. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other comprehensive income, loans and borrowings, or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

- Subsequent measurement

The measurement of financial liabilities depends on their classification.

- Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

viii. Contingent liabilities

Contingent liabilities are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability represent a liability in respect of which the amount cannot be reliably measured. Contingent liabilities are disclosed if the possibility of an outflow of economic benefit to settle the obligation is more than remote.

ix. Interest income

Interest income is recognised using the effective interest method.

x. Earnings per share

The basic earnings per share are calculated as the ratio of the total comprehensive income (loss) for the year divided by the weighted average number of ordinary shares outstanding. When calculating the diluted earnings per share, the profit that is attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding are adjusted for all the dilution effects relating to share options.

No dilutive effect has been recognised as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Company is currently loss-making, an increase in the average number of shares would have anti-dilutive effects. As the Company has currently no issuable potential ordinary shares and basic and diluted earnings per share is the same.

xi. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Government grants have been recognised in the statement of profit or loss and other comprehensive income as a reduction of personnel- and other operating expenses.

Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. If the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

xii. Leases

Leases are classified either as operating or finance leases based on the actual content of the agreements.

- **Finance leases:** leases of assets in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

- **Operating leases:** Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of profit and loss and other comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

xiii. Share-based payments

Employees in the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions) or granted share appreciation rights, which can be settled in cash (cash-settled transactions).
The determination of whether the arrangement is cash or equity settled is based on a careful evaluation of the terms of the agreement and also the Company's ability to settle in shares and the promise and intent of settlement in cash.

- **Cash-settled transactions:** A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a Black Scholes model.

- **Equity-settled transactions**

The cost of equity-settled transactions is recognised in payroll and other payroll related expenses, together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

xiv. Intangible assets

Intangible assets are stated at their historical cost and amortised on a straight-line basis over their expected useful lives, which usually varies from 3 to 10 years and up to 20 years for patents. An adjustment is made for any impairment. Intangible items acquired must be recognised as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights, and their fair value can be measured reliably.
All research and development spending is expensed each year in the period in which it is incurred. Development costs will be capitalised once the "asset" being developed has met requirements of technical and commercial feasibility to signal that the intangible investment is likely to either be brought to market or sold. Due to uncertainties regarding award of patents, regulations, ongoing clinical trials etc., the asset recognition criteria of IAS 38 "Intangible Assets" are not met.

xv. Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss and other comprehensive income as incurred.

xvi. Tax assets

The income tax expense includes tax payable and changes in deferred tax. Income tax on balances recognised in other comprehensive income is recognised as other comprehensive income, and tax on balances related to equity transactions is recognised in equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period.

Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities and the tax effects of losses to carry forward in the consolidated financial statements at the reporting date. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Company has a legal right to net assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available which the loss carry forward or other deductible temporary differences can be utilised. Currently no deferred tax assets are recognised in the statement of financial position as the utilisation is uncertain.

xvii. Segments

The Company is still in a R&D phase, and currently does not generate revenues. For management purposes, the Company is organised as one business unit and the internal reporting is structured in accordance with this. All non-current assets are located at the Company's main office in Oslo, Norway. Non-current assets comprise patents, laboratory-, office and IT-equipment, and amounted to MNOK 4.4 at 31 December 2016, and MNOK 3.9 at 31 December 2017.

IV. Estimates and judgements

In order to prepare the financial statements, management and the Board may have to make various judgments and estimates that can affect the amounts recognised in the financial statements for assets, liabilities and expenses. Uncertainties about these adjustments and estimates could result in outcomes that require adjustment to the carrying amount of assets or liabilities affected in future periods. Assumptions and estimates were based on available information at the time of the preparation of the financial statements. Existing circumstances and assumptions about future developments, however, may change and such changes are reflected when they occur.

i. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Company initially measures the cost of cash-settled transactions with employees using a Black Scholes model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period.

ii. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The Company considers that a deferred tax asset related to accumulated tax losses cannot be recognised in the statement of financial position until the product under development has been approved for marketing by the relevant authorities. Significant management judgement is required to determine the amount, if any, of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

V. Standards and interpretations issued but not yet adopted

The standards that are issued, but not yet effective, up to the date of the issuance of the financial statements that are relevant to the Company's current activities are disclosed in more detail below.

i. IFRS 16 Leases

IFRS 16 was issued in January 2016 and is effective for annual periods beginning 1 January 2019. The Company has analysed the potential impact of implementing IFRS 16 Leases. The standard will require the Company to recognise a liability to make lease payment (lease liability) and an asset representing the right to use the underlying assets during the lease term (the right-of-use asset) and separately recognise the interest expense on the lease liability and the depreciation expense of the right-to-use asset. As lessee the Company can chose to apply the standard either using a full retrospective or a modified retrospective approach and this is currently being evaluated by the Company. The Company does currently not expect that the new standard will significantly impact the Company's Statement of profit and loss and other comprehensive income or statement of financial position, but will require more extensive note disclosures.

ii. IFRS 9 Financial instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company plans to adopt the new standard on the required effective date. The Company expects no significant impact on its balance sheet and equity when applying the requirements of IFRS 9.

Note 3 - Government grants

The following government grants have been received and recognised in the statement of profit and loss:

(NOK 1000)	2017	2016
Innovation Norway (Innovasjon Norge)	400	0
BIA grants from The Research Council of Norway (Forskningsrådet)	1,243	2,198
Skattefunn	4,182	3,580
Total grants	**5,825**	**5,778**

Government grants have been recognised in the statement of profit and loss and other comprehensive income as a reduction for the related expenses with the following amounts:

(NOK 1000)	2017	2016
Payroll and related expenses	1,613	1,923
Other operating expenses	4,212	3,855
Total costs deducted	**5,825**	**5,778**

Grants receivable as per 31 December are detailed as follows:

(NOK 1000)	2017	2016
BIA grants from The Research Council of Norway (Forskningsrådet)	47	935
Skattefunn	4,182	3,580
Total receivables from government grants	**4,229**	**4,515**

Innovation Norway (Innovasjon Norge):
Innovation Norway is a state-owned company and a national development bank with the goal to promote innovation and development of Norwegian enterprises and industry. Ultimovacs has been awarded MNOK 0.4 for the project "Re-targeting T-cells against cancer – development of T-cell receptors directed against telomerase" in 2017.

The Research Council of Norway (Forskningsrådet):
Ultimovacs has been awarded up to MNOK 35.5 in BIA grants from the Research Council of Norway for the project "A novel immunotherapy" against cancer in the period February 2014 to June 2018. The Company does not expect to be able to utilise the whole amount.

Skattefunn:
The Skattefunn R&D tax incentive scheme is a government program designed to stimulate research and development in Norwegian. Grants from Skattefunn were received for four different projects in 2017, of which three expired during the year. Skattefunn-grants for the project "Combination therapy with a hTERT vaccine and anti-PD1 therapy in melanoma" lasts from 2017 to 2020.

All conditions and contingencies attached to the grants have been fulfilled.

Note 4: Salary and personnel expenses and management remuneration

(NOK 1000)	2017	2016
Salaries and holiday pay	13,364	11,315
Duties payable	2,139	2,181
Bonus	0	1,193
Share-based payments	3,199	1,593
Pension costs defined contribution plans	899	820
Other personnel costs	170	221
Less government grants	-1,613	-1,923
Total payroll and payroll related expenses	**18,158**	**15,400**

The number of FTEs employed during the financial year:	8.5	8.9
Number of employees at end of year	11	11

Management remuneration

The Company's Management team was established during 2017 and consists of the Company's CEO, CFO and the managers of each department. There were six employees (incl. CEO) in the management team by the end of 2017. In April 2018, one new department manager was added to the management team bringing the total number of management team members to seven. For 2017, five of the management team members were employed the whole year and two members were employed from 21 August 2017. For 2016, four members were employed the whole year and one member was employed from 1 July 2016.

Management remuneration 2017

(NOK 1000)	Salary / Board remuneration	Benefits in kind	Pension cost	Total remuneration
Management				
Øyvind Arnesen (CEO)	2,330	194	88	**2,611**
Management team (excl CEO)	6,807	694	406	**7,908**
Members of the Board				
Ketil Fjerdingen (Chairman of the Board)	250			**250**
Bjørn Rune Gjelsten (Board member)	125			**125**
Jonas Einarsson (Board member)	125			**125**
Leiv Askvig (Board member)	125			**125**
Henrik Schüssler (Board member)	125			**125**
Ole Kristian Hjelstuen (Board member)	125			**125**
Kristin Wilhelmsen (Board member)	52			**52**
Total remuneration	**10,064**	**888**	**494**	**11,446**

Management remuneration 2016

(NOK 1000)	Salary / Board remuneration	Benefits in kind	Pension cost	Total remuneration
Management				
Øyvind Arnesen (CEO)	2,658	185	65	**2,908**
Management team (excl CEO)	5,477	368	247	**6,092**
Members of the Board				
Ketil Fjerdingen (Chairman of the Board)	250			**250**
Bjørn Rune Gjelsten (Board member)	125			**125**
Jonas Einarsson (Board member)	125			**125**
Leiv Askvig (Board member)	125			**125**
Henrik Schüssler (Board member)	125			**125**
Ole Kristian Hjelstuen (Board member)	125			**125**
Total remuneration	**9,009**	**552**	**313**	**9,875**

All employees in the Company have received synthetic shares described in the share-based payment note 15. 3,000 synthetic shares were allocated to the CEO in 2016, and 9,400 synthetic shares to the rest of the management team in 2016 and 2017.

The Company Management takes part in the general pension scheme described below.

Hans Vassgård Eid (CFO) is entitled to leave the Company and to receive a severance pay equal to 9 months base salary if a minimum of 67% of the Company's shares are acquired, or a merger/demerger plan is signed. No such arrangement exists for any of the other employees in Ultimovacs AS.

There were no outstanding loans or guarantees made to the Board of Directors or the Management Team at 31 December 2017 or as a 31 December 2016.

Pensions

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The Company has a defined contribution pension scheme which complies with the Act on Mandatory company pensions.

As of 31 December 2017, there were 11 members covered by the scheme.

The contributions recognised as expenses equalled TNOK820 and TNOK 899 in 2016 and 2017 respectively.

Note 5 - Other Operating Expenses

The Company is in a development phase, and the majority of the Company's costs are related to R&D. These costs are expensed in the statement of profit and loss and other comprehensive income.

Other operating expenses

(NOK 1000)	2017	2016
External R&D expenses	12,829	12,139
Clinical studies	8,013	7,544
Manufacturing costs	3,691	3,298
Other R&D expenses	1,125	1,297
Rent, office and IT	1,856	1,690
Patent related expenses	1,240	805
Accounting, audit, legal, consulting	397	505
Other operating expenses	2,589	2,011
Less government grants	-4,212	-3,855
Total operating expenses	**14,700**	**13,294**

Specification auditor's fee

(NOK 1000)	2017	2016
Statutory audit	45	84
Other assurance services	-	10
Total	**45**	**94**

VAT is not included in the fees specified above.

Total expenses related to R&D, including other operating expenses, payroll and payroll related expenses, less government grants, amounted to MNOK 16.9 in 2016 and MNOK 20.1 in 2017.

Note 6: Financial income and expenses

Financial income

(NOK 1000)	2017	2016
Interest income	564	206
Foreign exchange gains	67	39
Total financial income	**631**	**245**

Financial expenses

(NOK 1000)	2017	2016
Foreign exchange losses	70	43
Other financial expenses	0	0
Total financial expenses	**70**	**43**

Note 7: Income tax

Income tax expense:

(NOK 1000)	2017	2016
Total comprehensive income (loss) for the period	-32,830	-28,980
Non-deductible income	61	41
Non-deductible expenses	-6,620	-4,944
Change in temporary differences	3,253	1,521
Basis for tax calculation	**-36,136**	**-32,362**
Tax expense	**0**	**0**

(NOK 1000)	2017	2016
Expected tax expense	-7,879	-7,245
Non-deductible income	15	10
Non-deductible expenses *	-1,006	-898
Change in deferred tax assets not recognised	7,627	7,283
Effect from changes in tax rate	1,243	850
Income tax expense	**0**	**0**

* The share issue costs of MNOK 2.4 (2017) and MNOK 1.4 (2016) which were deducted directly from equity, have been deducted from non-deductable expenses as the tax-effect is charged directly to equity.

The corporate tax rate in Norway was 24 per cent in 2017 and 25 per cent in 2016. As of 1 January 2018, the tax rate in Norway was reduced to 23 %.

Deferred tax assets

(NOK 1000)	2017	2016	01.01.2016
Tax losses carried forward	119,689	83,552	51,191
Temporary diff. - share based pay liability	4,791	1,593	0
Temporary differences - PPE	-140	-195	-123
Temporary differences and tax loss carry forward	**124,340**	**84,950**	**51,068**
Deferred tax assets - not recognised in statement of financial position	**28,598**	**20,388**	**12,767**
Deferred tax assets per 31 December	**0**	**0**	**0**
	23 %	24 %	25 %

Note 8: Earnings per share

The basic earnings per share (EPS) are calculated as the ratio of the total comprehensive income (loss) for the year divided by the weighted average number of ordinary shares outstanding. As the Company has currently no issuable potential ordinary shares and basic and diluted earnings per share is the same.

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognised as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the company is currently loss-making an increase in the average number of shares would have anti-dilutive effects.

Earnings per share

	2017	2016
Total comprehensive income (loss) for the year (NOK 1000)	-32,830	-28,980
Average number of outstanding shares during the year	526,786	464,356
EPS - basic and diluted (NOK per share)	**-62.3**	**-62.4**

Note 9: Property, plant and equipment and Patents

Year ended 31 December 2017

(NOK 1000)	Laboratory equipment	Office and IT equipment	Patents	Total
Accumulated cost 1 January 2017	852	224	4,000	5,076
Additions	0	21	0	21
Cost at 31 December 2017	**852**	**245**	**4,000**	**5,097**
Accumulated depreciation and amortisation at 1 January 2017	-163	-109	-356	-628
Depreciations in the year	-189	-78	-267	-534
Accumulated depreciation and amortisation at 31 December 2017	**-352**	**-188**	**-622**	**-1,162**
Carrying value at 31 December 2017	**500**	**58**	**3,378**	**3,935**

Year ended 31 December 2016

(NOK 1000)	Laboratory equipment	Office and IT equipmemt	Patents	Total
Carrying value as at 1 January 2016	**96**	**142**	**3,911**	**4,149**
Accumulated cost 1 January 2016	108	180	4,000	4,288
Additions	743	44	0	788
Cost at 31 December 2016	**852**	**224**	**4,000**	**5,076**
Accumulated depreciation and amortisation at 1 January 2016	-12	-38	-89	-139
Depreciations in the year	-151	-71	-267	-489
Accumulated depreciation and amortisation at 31 December 2016	**-163**	**-109**	**-356**	**-628**
				0
Carrying value at 31 December 2016	**688**	**115**	**3,644**	**4,447**
Economic life	3 years	3 years	15 years	
Depreciation method	linear	linear	linear	

Patents

In 2015, the Company acquired all rights to the patents and technology from Inven2 AS, which is one of the Company's main shareholders. The price for the patent was MNOK 4.0 and was based on a purchase option in the license agreement entered into with Inven2 AS in 2011. The purchase of these rights implies that the Company no longer has to pay future royalties to Inven2 AS from potential commercial sales of products related to the patents/patent applications.

According to the purchase agreement, Inven2 AS is entitled to two milestone payments of MNOK 5.0 and MNOK 6.0 at the commencement of a clinical phase IIb and phase III study (or another registration study) respectively. The milestone payments are based on subsequent events which are expected to materialise at the commencement of a planned study in 2019.

The pantent-period spans over 15 years and expires in 2030.

Note 10: Receivables

(NOK 1000)	2017	2016	01.01.2016
Government grants receivables (ref note 3)	4,229	4,515	3,820
VAT receivables	431	440	539
Other receivables	-	18	6
Total other receivables	**4,661**	**4,973**	**4,365**

Note 11: Cash and cash equivalents

(NOK 1000)	2017	2016	01.01.2016
Employee withholding tax	807	721	468
Cash at bank	169,001	72,282	30,363
Cash and cash equivalents	**169,808**	**73,004**	**30,831**

Note 12: Share capital, shareholder information and dividend

The share capital as at 31 December 2017 was NOK 606,160 (510,911 in 2016), all with a nominal value of NOK 1 per share.

All issued shares have equal voting rights and the right to receive dividend. No dividend has been paid in the period.

In the fourth quarter 2017, an Extraordinary General meeting approved an increase of the number of shares by 95,249 to new and existing shareholders at a share-price of NOK 1,322.

Changes to share capital

	2017	2016
Ordinary shares at 01 January	510,911	441,079
Issuance of ordinary shares*	95,249	69,832
Ordinary shares at 31 December	**606,160**	**510,911**

* Shares issued in September 2016 and November 2017.

Transaction costs related to the share-issues amounted to MNOK 1.4 and MNOK 2.4 in 2016 and 2017 respectively, and has been recognised against share premium. For computation of earnings per share and diluted earnings per share see Note 8.

The 20 main shareholders at 31 December 2017 are:

	Number of shares:	Ownership interest:
Gjelsten Holding AS	195,418	32.2%
Inven2 AS	90,871	15.0%
Canica AS	55,886	9.2%
Radiumhospitalets Forskningsstiftelse	55,835	9.2%
Langøya Invest AS	36,253	6.0%
Watrium AS	32,837	5.4%
Sundt AS	24,686	4.1%
Prieta AS	19,407	3.2%
CGS Holding AS	14,575	2.4%
Helene Sundt AS	14,575	2.4%
Annemvax AS	9,876	1.6%
Holmetjern Invest AS	9,142	1.5%
Månebakken AS	7,560	1.2%
Vitmed AS	6,400	1.1%
K-TO AS	4,767	0.8%
Asteroidebakken AS	3,780	0.6%
Aeolus AS	3,500	0.6%
Jakob Hatteland Holding AS	2,500	0.4%
Løren Holding AS	2,000	0.3%
Snøtind AS	2,000	0.3%
20 Largest shareholders	**591,868**	**97.6%**
Other shareholders (19)	14,292	2.4%
Sum	**606,160**	**100.0%**

Three members of the Management team holds a total of 11,900 ordinary shares in the Company.

Number of shares held by CEO and the Board of Directors

	Position	Number of shares
Øyvind Arnesen (CEO) - through Vitmed AS	CEO	6,400
Bjørn Rune Gjelsten - through Gjelsten Holding AS	Board member	195,418
Ketil Fjerdingen - through Langøya Invest AS	Board member	36,253
Kristin Wilhelmsen - through Watrium AS *	Board member	32,837
Leiv Askvig - through Basen Kapital AS	Board member	1,900
Total shares held by CEO and Board of Directors		**272,808**

* Kristin Wilhelmsen is a majority shareholder in the family-owned company Watrium AS, which holds 32,837 shares in Ultimovacs AS.

Note 13: Transactions with related parties

In 2015, Ultimovacs acquired the patent rights for the core UV1 technology from Inven2 AS, a major shareholder in the Company. Based on the agreements, Invent2 AS is entitled to receive two potential milestone payments when certain clinical research criteria are reached. Please refer to note 9 for additional information.

As part of ordinary business and at arm's length prising, Ultimovacs purchases services related to clinical trials and laboratory work from Oslo University Hospital through Inven2 AS. Invoicing from Inven2 AS amounted to MNOK 2.9 and MNOK 2.0 in 2017 and 2016 respectively (incl. VAT). As per 31 December 2017, Ultimovacs had MNOK 1.7 in outstanding payables to Inven2 (NOK 0 at 31 December 2016).

Note 14: Leases and commitments

The future minimum rents related to non-cancellable leases for premises fall due as follows:

(NOK 1000)	31 Dec 2017
Within 1 year	0.4
1 to 5 years	0
After 5 years	0
Sum	**0.4**

The Company has not entered into any finance lease arrangements. The only significant agreement classified as operating lease is the rental agreement for office and lab premises in Oslo. The agreement can be cancelled with a 6-month notice period, and annual rent is MNOK 0.8 (excl VAT).

Note 15: Share based payment

At the Annual General Meeting in April 2016 the Board was authorized to introduce a new incentive scheme for employees (Synthetic share plan), based on the value development of the Company's shares. All employees have been granted a certain number of synthetic shares, which are not physically held by the owner. Employees are entitled, upon exercise, to receive a cash amount corresponding to the increase in the value of the underlying share in the period from the option was assigned to the exercise, and holiday pay on the same amount. According to the agreement, the Board of Directors of the Company may, at its discretion and subject to applicable authorisations from the general meeting, elect to settle any bonus-amounts payable in shares rather than cash payments. The Employee will then be required to subscribe for such new ordinary shares or take delivery of ordinary treasury shares in the Company as settlement. The Chairman of the Board of Directors has expressed that that it is likely that the bonus will be paid in cash and not shares. The Board does not presently have the authority from the General Meeting to issue new shares for the purpose of the bonus-compensation payment. The bonus scheme has therefore been treated as a cash-settled share-based payments.

The vesting period for all synthetic shares in all of the individual employee-contracts is up to the expiration date 18 May 2021, regardless of when the synthetic shares were allocated. However, the date at which a third-party, or several third-parties acting in concert, completes an acquisition of shares in the Company by which such third-party obtains an ownership of more than 90% of the shares and votes in the Company, the incentive scheme is terminated. This will trigger the option-strike, resulting in a cash pay-out for all synthetic shares entitled by the holders/employees. Due to the planned listing on the Oslo Stock exchange in Q4-18, the bonus is expected to be settled in cash to the synthetic-shareholders shortly after the listing. The end of the vesting period was therefore set to the estimated date of the IPO (31 December 2018), as this was the current best estimate. The IPO is planned for late 2018 or early 2019
The share-based payment liability is therefore classified as a short-term liability in the statement of financial position per 31 December 2017, and a long-term liability at 31 December 2016. The liability is measured at the end of each reporting period until it is settled, with a corresponding expense-movement recognised in personnel expenses.

A liability is recognised for the fair value of cash-settled transactions. The fair value of the synthetic shares is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value calculated is linearly expensed over the vesting period. In addition to the calculated fair value, employee tax, holiday pay and employee tax on holiday pay has been calculated and included as part of the share-based payments liability. Refer to note 16 for the share-based payments liability recognised in the statement of financial position.

MNOK 1.6 and MNOK 3.2 was recognised as personnel expenses in the statement of profit and loss and other comprehensive income in 2016 and 2017 respectively. MNOK 1.6 was added as a long-term liability as per 31 December 2016 due to a vesting period over 12 months. The liability increased to MNOK 4.8 per 31 December 2017, however reclassified to a short-term liability as the vesting period was estimated to 12 months per 31 December 2017.

The fair value of the share-based payments have been calculating using a Black Scholes model with the following assumptions:

	2017	2016
Weighted average fair value at the measurement date (NOK)	453	394
Expected volatility (%)	65.0 %	60.0 %
Dividend yield (%)	0.0 %	0.0 %
Risk free interest rate (%)	1.1 %	1.1 %
Vesting period (years)	1.0	1.5
Weighted average shares price (NOK)	1,365	1,152
Strike price (NOK)	1,133	1,133
Model used	Black-Scholes	Black-Scholes

The expected volatility reflects the assumption that the historical volatility of similar peer companies over a period similar to the vesting period is indicative of future trends, which may not necessarily be the actual outcome.

Movements during the year

# synthetic shares	2017	2016
Outstanding at 1 January	15,825	0
Granted during the year	2,600	15,825
Forfeited during the year	-2,825	0
Outstanding at 31 December	**15,600**	**15,825**

A new option program is expected to be presented for approval by the Extraordinary General Assembly in connection with the planned IPO.

Note 16: Other current liabilities

(NOK 1000)	2017	2016	01.01.2016
Public duties payable	1,347	1,264	766
Holiday pay payable	1,349	1,425	605
Share-based payment liability	3,749	0	0
Accrued holiday pay and social security on share based	1,042	0	0
Debt to shareholders	0	0	1,525
Accrued expenses	1,825	1,018	309
SUM	**9,312**	**3,707**	**3,204**

The share-based payment liability which equalled MNOK 1.6 in 2016 (incl. holiday and employee taxes) was classified as long term liability 2016 as the expiration period was two years. As per 31 December 2017, the estimated time to expiration on the share-based payment is less that one year.

Note 17: Financial instruments

Financial risk
The most significant financial risks for the Company are liquidity risk, credit risk and foreign currency risk. Management continuously evaluates these risks and determines policies related to how these risks are to be handled within the Company.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument of customer contract, leading to a financial loss. The Company is exposed to credit risk from its receivables, deposits in banks.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest rate risk
The Company has no interest-bearing debt. Bank deposits are exposed to market fluctuations in interest rates, which impact the financial income.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange-rates relates to the Company's operating activities, primarily expenses in USD, EUR and GBP.

The Company does not use financial instruments, including financial derivatives, for trading purposes.

The table below show a sensitivity to a 10% increase/decrease in EUR, GBP and USD against NOK and the effect on Profit (loss) before tax:

Foreign currency sensitivity

(NOK 1000)	Change in foreign currency	2017	2016
EUR	+10%	259	280
	-10%	-259	-280
GBP	+10%	156	148
	-10%	-156	-148
USD	+10%	191	35
	-10%	-191	-35

Interest rate risk on bank deposits

(NOK 1000)	Change in interest rate	2017	2016
Bank deposits	+2%	3,396	1,460
	-2%	-3,396	-1,460
	+5%	8,490	3,650
	-5%	-8,490	-3,650

Fair value
The Management assessed that the fair values of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Capital management
The Company manages its capital to ensure that Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company will require new capital in the future in order to continue its research, execute planned clinical studies and commercialise products. Management closely monitors the Company's cash flows on long and short term through continuous planning and reporting.

The capital structure of the Company consists of equity attributable to owners of the Company, comprising share capital, share premium and accumulated losses.

The Company is not subject to any externally imposed capital requirements.

Note 18: Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Note 19 - Transition to IFRS

These financial statements are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2015, the Company prepared its financial statements in accordance with local generally accepted accounting principle (NGAAP).

The accounting principles described in note 2 have been used to prepare the Company's financial statements for 2016 and an IFRS opening balance sheet as at 1 January 2016, which is the Company's date of transition from Norwegian accounting principles (NGAAP) to IFRS.

In connection with the preparation of the IFRS opening balance sheet, the Company has made some adjustments to the accounting figures compared to those reported earlier in the Company's annual accounts that were prepared according to NGAAP. The effect of the transition from NGAAP to IFRS on the Company's financial position and the Company's results are explained in greater detail in this note.

Reconciliation of transitional effects		**01.01.2016**			**31.12.2016**		
(NOK 1000)	**Note**	**NGAAP**	Effect of transition to IFRS	**IFRS**	**NGAAP**	Effect of transition to IFRS	**IFRS**
ASSETS							
Non-current assets							
Property, plant and equip.	C	238		238	803		803
Patents		3,911		3,911	3,644		3,644
Total non-current assets		**4,149**		**4,149**	**4,447**		**4,447**
Current assets							
Prepayments		131		131	204		204
Other receivables		4,365		4,365	4,973		4,973
Cash and cash equivalents		30,831		30,831	73,004		73,004
Total current assets		**35,326**		**35,326**	**78,181**		**78,181**
TOTAL ASSETS		**39,475**		**39,475**	**82,628**		**82,628**
EQUITY AND LIABILITIES							
Equity							
Share capital		441		441	511		511
Share premium		71,294		71,294	145,081		145,081
Total paid-in equity		**71,735**		**71,735**	**145,592**		**145,592**
Accumulated losses	B	-40,791		-40,791	-68,179	-1,593	-69,771
TOTAL EQUITY		**30,944**	**0**	**30,944**	**77,413**		**75,821**
Share-based payments	B	0		0	0	1,593	1,593
Total non-current liabilities		**0**		**0**	**0**		**1,593**
Current liabilities							
Accounts payable		5,328		5,328	1,508		1,508
Other current liabilities	B	3,204		3,204	3,707	0	3,707
Total current liabilities		**8,532**	**0**	**8,532**	**5,215**	**0**	**5,215**
TOTAL LIABILITIES		**8,532**	**0**	**8,532**	**5,215**	**0**	**6,807**
TOTAL EQUITY AND LIABILITIES		**39,475**	**0**	**39,475**	**82,628**		**82,628**

Reconciliation of results for 2016

(NOK 1000)	Note	NGAAP	Effect of transition to IFRS	IFRS
Other operating income		5,778	-5,778	0
Total revenues	A	**5,778**	-5,778	**0**
		0		
Payroll and payroll related expenses	A, B	-15,730	330	-15,400
Depreciation and amortisation		-489		-489
Other operating expenses	A	-17,149	3,855	-13,294
Total operating expenses		**-33,368**	**4,185**	**-29,183**
Operating profit (loss)		**-27,590**		**-29,183**
Financial income		245		245
Financial expenses		-43		-43
Net financial items		**202**		**202**
Profit (loss) before tax		**-27,388**		**-28,980**
Income tax expense		0		0
Profit (loss) for the year		**-27,388**		**-28,980**
Other comprehensive income (loss) for the year		0		0
Total comprehensive income (loss) for the year		**-27,388**		**-28,980**

Notes

A) Government grants

Funds received from government grants have been, at transaction date, recognised as other revenues in Ultimovacs' NGAAP financial statements. According to IAS 20.29, government grants can be reported as other operating income in the statement of profit and loss, or reported as a deduction of the related expense.

The Company has chosen to follow market peers, and reclassify government grants from other revenues to personnel- and other operating expenses as a deduction of these expenses in the Statement of profit and loss and other comprehensive income. MNOK 5.8 was reclassified from other operating income in 2016, off which MNOK 3.9 to other operating expenses and MNOK 1.9 to payroll and payroll related expenses.

B) Share-based payments

Under NGAAP, the Company has not recognised the cost for the long-term incentive plan as an expense or capitalised a liability. IFRS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. According to IFRS 2, the fair value of all share appreciation rights (synthetic shares) which are to be settled in cash, should be recognised as a liability in the statement of financial position. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. MNOK 1.6 was recognised as payroll and payroll related expenses in 2016.

C) Property, plant and equipment
In accordance with NGAAP, property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. (Regnskapsloven § 5-3 Anleggsmidler). IAS 16 permits two accounting models for measurement of the asset in periods subsequent to its recognition (IAS 16.31 - 49), namely the cost model and the revaluation model. The two accounting models have been assessed, and Company has elected to use the cost model which is the same as under NGAAP.

D) Leases
Ultimovacs has no significant rental or leasing agreements, except for the office and lab space the Company rents, which is regarded as operational lease. The Company has in accordance with NGAAP for small companies elected not to capitalise the rental agreement. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term, in accordance to both NGAAP and IAS 17.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ultimovacs AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ultimovacs AS, which comprise the statement of financial position as at 31 December 2017 and 31 December 2016, the statement of profit and loss and other comprehensive income, statements of cash flows and statement of changes in equity for each year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and 31 December 2016 and its financial performance and cash flows for each year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

The Board of Directors and Chief Executive Officer (management) are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 3 July 2018
ERNST & YOUNG AS

Tommy Romskaug
State Authorised Public Accountant (Norway)

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About Ultimovacs

Ultimovacs is a pharmaceutical company developing novel immunotherapies against cancer. The lead product candidate is UV1, a peptide-based vaccine inducing a specific T cell response against the universal cancer antigen telomerase. UV1 is being developed as a therapeutic cancer vaccine (TCV) for use as monotherapy, and as a platform for other immuno-oncology drugs which require an ongoing T cell response for their mode of action. Ultimovacs is performing a broad clinical development program with clinical trials in Europe and the USA.

Ultimovacs was established in 2011. The company and its proprietary technology is based on pre-clinical and clinical research on immunotherapies conducted at the Oslo University Hospital. The company is privately held, mainly by Norwegian private investors/family offices. Ultimovacs is located at the Oslo Cancer Cluster Innovation Park in Oslo, Norway, and is an active member of Oslo Cancer Cluster.