SECOND QUARTER 2018 REPORT

Ultimovacs AS

Q2 and 1st half of 2018 – at a glance…

- Encouraging signs of clinical effect based on results across the three completed clinical trials (prostate cancer, non-small cell lung cancer and malignant melanoma).
- The first patient has been enrolled in the US based phase I trial study in malignant melanoma, in which UV1 is given in combination with a PD-1 checkpoint inhibitor. In July, Ultimovacs took over the immunotherapy technology business of the Swedish company Immuneed AB. The complementary technologies of the two companies provide a unique platform for development of novel vaccine solutions for treatment and possibly prevention of cancer.

CEO's corner

The main purpose of Ultimovacs at the present stage is to document the possible clinical usefulness of our cancer vaccine UV1. The company has now generated the knowledge needed to reach a decision on attempting to register UV1. The first step is to document the safety of the treatment for which we are pursuing registration. This summer, the first patient was included in this safety trial. The company is now completing the necessary expansions in our organization to support this important next step towards registration.

UV1 is a universal cancer vaccine with a potential to play a significant role in the treatment of most types of cancer. Ultimovacs has tested UV1 in three clinical trials at the Oslo University Hospital. We see positive signals of clinical effect in these trials. This creates a platform for the planning of a larger clinical trial in malignant melanoma that may lead to a possible registration of UV1 as an approved pharmaceutical product.

As all pharmaceutical companies, we are building a pipeline of new opportunities. We believe that, in the long term, cancer will be treated at much earlier stages than today. There will be a need for treatments designed for use in cancer disease with a biology that differs from the disease we are now treating. To meet this future need, we have, through the acquisition of the immunotherapy business from Immuneed AB, got access to technology that will enable us to develop a cancer vaccine for the future. We are looking forward to joining the scientific capabilities of the teams in Oslo and Uppsala.

To finance the activities towards a prospective registration of UV1 and the pre-clinical development of a new vaccine solution, Ultimovacs is preparing for an IPO that might

be needed to raise the required funds. The target is to complete the IPO on the Oslo Stock Exchange early 2019.

Oslo, 4 September 2018
Øyvind Kongstun Arnesen, CEO

Background

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 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.

Treatment in three Phase I studies have been completed at the Oslo University Hospital. The patients have been followed up for survival, immune response and new anti-cancer treatment. Fifty-two (52) patients have been enrolled in these studies.

- *Prostate cancer (22 patients)*
  Patients with advanced prostate cancer without lung and/or liver metastases were enrolled. These patients had started CAB treatment (GnRH-agonist combined with anti-androgen) prior to UV1 treatment.
- *Non-small cell lung cancer (NSCLC, 18 patients)*
  In the lung study stage 3b/4 NSCLC patients were enrolled, who previously had been treated with palliative radiotherapy and/or at least two courses of chemotherapy. These patients were not to be in progression, confirmed by CT, at least 4 weeks prior to UV1 treatment.
- *Malignant Melanoma – UV1 in combination with ipilimumab (12 patients)*
  The malignant melanoma trial included patients with unresectable or

metastatic disease when enrolled, and were eligible for ipilimumab. Ipilimumab is an agent stimulating immune cell generation and is an approved drug for treatment of malignant melanoma.

Safety and tolerability were primary endpoints in all three studies, while immune response towards any of the UV1 peptides and efficacy were secondary endpoints.

Three different dose levels of UV1 were investigated in the prostate cancer and NSCLC studies (100, 300 and 700 µg). In the malignant melanoma study, 300 µg UV1 was given in combination with ipilimumab. The majority of the UV1 doses have been given with GM-CSF as an adjuvant treatment.

Data from the three studies showed that UV1 is generally well tolerated. There were no dose limiting toxicities.

UV1 induced an immune response (hTERT specific T-cells) in 78% of patients across the three studies (range 67-91%).

When combining UV1 with ipilimumab, a CTLA-4 checkpoint inhibitor, 91% of malignant melanoma patients developed an immune response. The responses appeared earlier, required fewer vaccinations, and were stronger and more long lasting compared to vaccination with UV1 alone. These data are compatible with a mechanism of action where blocking CTLA-4 checkpoints induce additional expansion of UV1 specific T cells induced by UV1 vaccination.

The three completed trials show clinical outcomes that Ultimovacs sees as a strong basis for the next development phase towards registration of UV1;

- Prostate cancer: 73% of patients were alive after 3 years
- Non-small cell lung cancer (NSCLC): Median progression free survival (mPFS) was reached at 12 months and median overall survival was reached at 28 months
- Malignant melanoma: Median progression free survival (mPFS) was reached at 6.5 months and 75% of patients were alive after 2 years

All patients are followed for overall survival up to ten years and overall survival status will be updated regularly.

Ultimovacs believes that the effect of the UV1 vaccine will be most beneficial when combined with agents improving immune cells' ability to attack tumor cells.

Ultimovacs is currently the sponsor of one ongoing clinical study. In this phase 1 study the safety and tolerability of treatment with the combination of pembrolizumab (PD1

inhibitor) and UV1 in 20 patients with metastatic malignant melanoma is investigated. The study is run in the US.

Ultimovacs is currently planning for a randomized registration trial with the combination treatment of pembrolizumab and UV1 in patients with metastatic malignant melanoma.

Key Operational Highlights Q2 2018

R&D - Update from clinical trials *(post period events)*

- In July 2018, the first patient was enrolled in the US based phase I trial study in malignant melanoma, in which UV1 is given in combination with the PD-1 checkpoint inhibitor pembrolizumab. A total of 20 patients are planned to be enrolled. According to the study protocol, the first patient must complete the UV1 treatment (14 weeks) before the next two patients can be enrolled. Pembrolizumab is a therapy improving immune cells' ability to attack tumor cells.
- At the end of August 2018, University of Iowa Hospitals and Clinics was opened as the third US-site in the above-mentioned study. The following sites are now open for patient enrollment:
    - Huntsman Cancer Institute (HCI), Salt Lake City
    - St. Luke's University Health Network, Bethlehem
    - The University of Iowa Hospitals and Clinics, Iowa City

  Two additional US hospitals are planned to be open for enrollment within H2 2018.

M&A *(post period event)*

- On 11 July 2018, Ultimovacs AS completed the acquisition of TET Pharma AB, the former immunotherapy technology business of Immuneed AB. The acquired business is now established as a fully-owned Swedish subsidiary of Ultimovacs (renamed to Ultimovacs AB), based in Uppsala, Sweden. Based on an exclusive license agreement with the Leiden University Medical Centre, Immuneed has developed the proprietary and patent-protected Tetanus-Epitope Targeting-platform (the 'TET-platform™') that Ultimovacs believes can attractively complement the vaccine technology of Ultimovacs. Ultimovacs considers the TET-platform™ technology as a promising and general strategy to strengthen and increase T cell responses against cancer peptides. In parallel with the continued development of the therapeutic cancer vaccine UV1, Ultimovacs will

therefore pursue the development of a new first-in-class cancer vaccine solution based on the proprietary TET platform technology.

Risks and uncertainties

Ultimovacs is a research and development company that is still in its early stages. The Company has not generated any revenues historically and is not expected to do so in the short term. Research and development up to approved registration is subject to considerable risk and is a capital-intensive process. The Company's candidates for cancer vaccines and technology platforms are dependent on research and development and may be delayed and/or incur higher costs than currently expected. Competing pharmaceuticals can capture market shares or reach the market faster than Ultimovacs. If competing projects have a better product profile (e.g. better efficacy and/or less side effects), the future value of Ultimovacs' product offerings may be lower than expected. The operations may also be impacted negatively by changes or decisions regarding laws and regulations. In addition, the Company is also dependent upon intellectual property rights.

The primary financial risks are foreign exchange risks and financing risks. The company is affected by foreign exchange risk as the research and development costs for UV1 are mainly paid in USD and EUR. Adequate sources of funding may not be available when needed or may not be available on favourable terms. The Company's ability to obtain such additional capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms. The Board of Directors works continuously to secure the business operation's need for financing.

Ultimovacs' financial risk exposures are described in more detail in the 2017 IFRS financial statement. No significant changes have occurred that affect these reported risks.

Outlook

Ultimovacs intends to apply for conditional approval for UV1 in combinations with anti-PD-1 based on data from a planned pivotal phase II study investigating UV1 in combination with anti-PD-1 in malignant melanoma. This study is intended to be initiated in Q4 2019. Study objectives include to obtain efficacy and safety data on the combination therapy. The experimental objective of these studies is to establish a relevant biobank of patient material for characterization of the immunological response and changes in the tumor milieu promoted by UV1 induced T cells.

Ultimovacs actively seeks to broadens its pipeline of drug/technology candidates. The R&D activities focuses on development of a new first-in-class cancer vaccine solution building on technology of Ultimovacs and the acquired TET-platform, and on development of new molecules and technologies based on e.g. biobank material from the ongoing and planned clinical studies conducted with UV1.

Key financials Q2 2018

- Preparations for IPO/listing on Oslo Børs (Oslo Stock Exchange) is in process – the aim is to complete an IPO during H1-19. The main purpose of the IPO is to ensure financing of operations and core development projects for the following 5 years with intent to file for Marketing Authorisation of UV1.
- Significant increase in net loss in Q2-18 compared to Q2-17 primarily due to increased activity level of R&D activities (including manufacturing), higher headcount and more use of external advisors.
- No financial effects from the TET-pharma AB acquisition reflected in the Q2-18 interim statements. The purchase price of MNOK 50.5 which was paid partly in cash and partly in newly issued shares in Ultimovacs AS, as well as the consolidation of the new company into the Group, will be incorporated for the first time in the Q3-18 interim statements.

NOK (000) Unaudited	Q2-18	Q2-17	YTD-18	YTD-17	FY17
Total revenues	-	-	-	-	-
Total operating expenses	14 908	8 219	25 874	17 025	33 391
Operating profit (loss)	**(14 908)**	**(8 219)**	**(25 874)**	**(17 025)**	**(33 391)**
Profit (loss) for the peiod	**(14 765)**	**(7 974)**	**(25 684)**	**(16 785)**	**(32 830)**
Diluted and undiluted earnings / (loss) per share (NOK)	(24)	(16)	(42)	(33)	(62)
Net increase/(decrease) in cash and cash equivalents	(13 648)	(7 458)	(25 744)	(14 919)	96 806
Cash and cash equivalents at end of period	**144 144**	**58 073**	**144 144**	**58 073**	**169 808**

Financial review

Financial results

Ultimovacs does not yet generate revenues, as the Company is in a research and development phase.

Personnel expenses decreased in Q2-18 (MNOK 4.1) compared to the same period in 2017 (MNOK 4.2). A higher headcount (2.5 additional FTEs) in Q2-18 compared to Q2-17 was offset by a higher increase in the share-based compensation scheme liability of MNOK 0.8 in Q2-17 compared to MNOK 0.5 in the Q2-18 period. Personnel expenses in H1-18 was MNOK 10.4 (MNOK 9.0 in H1-17).

Total other operating expenses amounted to MNOK 10.6 in Q2-18 (MNOK 3.9 in Q2-17), of which MNOK 6.5 related to external R&D expenses. Expenses related to legal and financial consultants in connection with a due diligence process and the IPO process amounted to MNOK 1.9 in Q2-18. During 2017, Ultimovacs started preparations for a potential listing of the Company on Oslo Børs (Oslo Stock Exchange). Significant effort and simultaneous workstreams have commenced during H1-18 in order to meet listing criteria and prepare the Company for a potential listing in H1-19.

Several corporate, legal and financial advisors have been involved in the process in H1-18. Operating expenses in H1-18 was MNOK 15.1 (MNOK 7.8 in H1-17).

Net loss for the Q2-period amounted to MNOK 14.8 (vs. MNOK 8.0 in Q2-17). Net loss for H1-18 was 25.7 (MNOK 16.8 in H1-17).

Financial position

Total assets per 30 June 2018 was MNOK 153.3, a decrease of MNOK 25.5 from 31 December 2017 as result of operating expenses.

Total liabilities as of 30 June 2018, all of which short term, amounted to MNOK 12.5, and total equity equalled MNOK 140.8.

Cash flow

The net decrease in cash in Q2-18 of MNOK 13.6 (MNOK 7.5 in Q2-17) was a result of operating activities. Total net decrease in cash in the H1-18 period was MNOK 25.7 (MNOK 14.9 in H1-17).

Total cash and cash equivalents per 30 June 2018 amount to MNOK 144.1.

The Board of Directors and the CEO confirm that the Interim Report provides a true and fair overview of the Company's operations, financial position and results of operations, and states the material risks and uncertainty factors facing the Company.

This report has not been reviewed by the Company's auditor.

The Board of Directors and CEO of Ultimovacs AS

Oslo, 4 September 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

Interim condensed statement of comprehensive income

NOK (000) Unaudited	Note	Q2-18	Q2-17	YTD-18	YTD-17	FY17
Other operating income		-	-	-	-	-
Total revenues		-	-	-	-	-
Payroll and payroll related expenses	3, 5	4 128	4 238	10 483	8 959	18 158
Depreciation and amortization		158	129	305	258	534
Other operating expenses	4, 5	10 621	3 853	15 086	7 808	14 700
Total operating expenses		**14 908**	**8 219**	**25 874**	**17 025**	**33 391**
Operating profit (loss)		**(14 908)**	**(8 219)**	**(25 874)**	**(17 025)**	**(33 391)**
Financial income		155	257	203	257	631
Financial expenses		12	12	13	18	70
Net financial items		**143**	**245**	**190**	**240**	**561**
Profit (loss) before tax		**(14 765)**	**(7 974)**	**(25 684)**	**(16 785)**	**(32 830)**
Income tax		-	-	-	-	-
Profit (loss) for the peiod		**(14 765)**	**(7 974)**	**(25 684)**	**(16 785)**	**(32 830)**
Other comprehensive income		-	-	-	-	-
Total comprehensive income (loss) for the period		**(14 765)**	**(7 974)**	**(25 684)**	**(16 785)**	**(32 830)**
Diluted and undiluted earnings/(loss) pr share (NOK)	6	(24)	(16)	(42)	(33)	(62)

Interim condensed statement of financial position

NOK (000) Unaudited	Note	30 Jun 2018	30 Jun 2017	31 Dec 2017
ASSETS				
Patents		3 244	3 511	3 378
Property, plant and equipment		672	679	558
Total non-current assets		**3 916**	**4 190**	**3 935**
Receivables and prepayments	7	5 232	4 143	5 082
Bank deposits		144 144	58 073	169 808
Current assets		**149 376**	**62 216**	**174 890**
TOTAL ASSETS		**153 292**	**66 406**	**178 825**
EQUITY				
Share capital		606	511	606
Share premium		268 475	145 081	268 475
Total paid-in equity		**269 082**	**145 592**	**269 082**
Accumulated losses		(128 286)	(86 557)	(102 601)
TOTAL EQUITY	6, 9	**140 796**	**59 036**	**166 480**
Accounts payable		4 449	1 735	3 033
Other current liabilities		8 047	5 636	9 312
Current liabilities	8	**12 496**	**7 371**	**12 345**
TOTAL EQUITY AND LIABILITIES		**153 292**	**66 406**	**178 825**

Interim condensed statement of changes in equity

NOK (000) Unaudited	Share Capital	Share Premium	Accum. losses	Total equity
Balance at 1 January 2017	**511**	**145 081**	**(69 771)**	**75 821**
Loss for the period	-	-	(16 785)	(16 785)
Issue of ordinary shares	-	-	-	-
Share issue costs	-	-	-	-
Balance at 30 Jun 2017	**511**	**145 081**	**(86 557)**	**59 036**
Balance at 1 January 2018	**606**	**268 475**	**(102 601)**	**166 480**
Loss for the period	-	-	(25 684)	(25 684)
Issue of ordinary shares	-	-	-	-
Share issue costs	-	-	-	-
Balance at 30 Jun 2018	**606**	**268 475**	**(128 286)**	**140 796**

Interim condensed statement of cash flow

NOK (000) Unaudited	Q2-18	Q2-17	YTD-18	YTD-17	FY17
Loss before tax	**(14 765)**	**(7 974)**	**(25 684)**	**(16 785)**	**(32 830)**
Non-cash adjustments	-				
Depreciation and amortization	158	129	305	258	534
Interest received incl. investing activities	-	(252)	-	(252)	(564)
Net foreign exchange differences	(33)	6	(80)	11	2
Working capital adjustments:					
Changes in prepayments and other receivables	(96)	268	(150)	1 034	95
Changes in payables and other current liabilities	1 088	112	152	563	5 538
Net cash flow from operating activities	**(13 648)**	**(7 710)**	**(25 458)**	**(15 171)**	**(27 226)**
Purchase of property, plant and equipment	-	-	(286)	-	(21)
Interest received	-	252	-	252	564
Net cash flow used in investing activities	**-**	**252**	**(286)**	**252**	**542**
Proceeds from issuance of equity	-	-	-	-	125 919
Share issue cost	-	-	-	-	(2 430)
Net cash flow from financing activities	**-**	**-**	**-**	**-**	**123 489**
Net change in cash and cash equivalents	(13 648)	(7 458)	(25 744)	(14 919)	96 806
Effect of change in exchange rate	33	(6)	80	(11)	(2)
Cash and cash equivalents at beginning of period	**157 760**	**65 538**	**169 808**	**73 004**	**73 004**
Cash and cash equivalents at end of period	**144 144**	**58 073**	**144 144**	**58 073**	**169 808**

Notes

1. General information

Ultimovacs AS (the Company or 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.

Ultimovacs is located at the Oslo Cancer Cluster Innovation Park in Oslo, Norway, and is an active member of Oslo Cancer Cluster.

2. Basis for preparations and accounting principles

The Company's presentation currency is NOK (Norwegian kroner).

These interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of these financial statements are consistent with those followed in connection with the Company's 2017 financial statements. These condensed interim financial statements should therefore be read in conjunction with the financial statements. The Company has implemented IFRS 15 *Revenue from Contracts with Customers in 2018*; however, this did not have any impact as the Company is not generating revenues.

The Company has converted the NGAAP 2017 financial statement to IFRS. The auditor EY has issued an audit report of the IFRS converted 2017 financial statements. This interim report has not been subject to an audit or review. However, the Q3-18 interim report will contain auditor reviewed amounts.

3. Personnel expenses

Personnel expenses

NOK (000)	Q2-18	Q2-17	YTD-18	YTD-17	FY17
Salaries and bonuses	3 011	2 861	8 039	6 300	13 396
Social security tax	449	461	1 235	1 008	2 139
Pension expenses	284	192	595	432	899
Share-based compensation	460	814	670	1 289	3 199
Other personnel expenses	108	41	139	63	138
Government grants	(184)	(132)	(195)	(132)	(1 613)
Total personnel expenses	**4 128**	**4 238**	**10 483**	**8 959**	**18 158**
Number of FTEs at end of period	11	8	11	8	10

Please refer to note 10 for additional information regarding the share-based payments.

4. 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 comprehensive income.

Operating expenses

NOK (000)	Q2-18	Q2-17	YTD-18	YTD-17	FY17
External R&D expenses	6 450	2 590	8 575	5 391	12 829
Clinical studies	2 116	2 065	3 877	3 915	3 826
Manufacturing costs	3 955	81	4 038	535	8 329
Other R&D expenses	379	445	660	941	674
Rent, office and infrastructure	696	443	1 258	934	1 856
IP expenses	1 173	475	1 543	604	1 240
Accounting, audit, legal, consulting	1 902	182	2 734	199	397
Other operating expenses	1 081	627	1 698	1 146	2 589
Government grants	(680)	(465)	(722)	(465)	(4 212)
Total operating expenses	**10 621**	**3 853**	**15 086**	**7 808**	**14 700**

5. Government grants

The following government grants have been received and recognized in the profit and loss as a reduction of operating expenses and personnel costs.

Government grants

NOK (000)	Q2-18	Q2-17	YTD-18	YTD-17	FY17
Innovation Norway	-	-	-	-	400
BIA grants from The Research Council of Norway	865	598	917	598	1 243
Skattefunn from The Research Council of Norway	-	-	-	-	4 182
Total government grants	**865**	**598**	**917**	**598**	**5 825**

6. Earnings per share

The basic earnings per share are calculated as the ratio of the profit for the year divided by the weighted average number of ordinary shares outstanding.

Earnings per share

NOK (000)	Q2-18	Q2-17	YTD-18	YTD-17	FY17
Loss for the period	(14 765)	(7 974)	(25 684)	(16 785)	(32 830)
Average number of share during the period	606 160	510 911	606 160	510 911	526 786
Earnings/loss per share (NOK)	**(24)**	**(16)**	**(42)**	**(33)**	**(62)**

As the Company has currently no issuable ordinary shares, diluted and basic (undiluted) earnings per share is the same.

7. Current assets

Receivables and prepayments

NOK (000)	30 Jun 2018	30 Jun 2017	31 Dec 2017
Government grants	4 182	3 580	4 229
Prepayments	289	159	421
Other receivables	761	403	431
Total receivables and prepayments	**5 232**	**4 143**	**5 082**

8. Current liabilities

Current liabilities

NOK (000)	30 Jun 2018	30 Jun 2017	31 Dec 2017
Accounts payable	4 449	1 735	3 033
Public duties payable	1 155	872	1 347
Share-based compensation liability	5 461	2 882	4 791
Other current liabilities	1 431	1 882	3 173
Total current liabilities	**12 496**	**7 371**	**12 345**

Included in other current liabilities is the share-based compensation liability, including holiday pay and employer's social contribution taxes, ref note 10.

9. Shareholder information

The share capital as at 30 June 2018 was NOK 606.160, all of which ordinary shares with equal voting rights and a nominal value of NOK 1.

Ultimovacs AS had 39 shareholders as at 30 June 2018, and the 20 largest shareholders are listed below:

Share register

Shareholder	# of shares	Share-%
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%*
Total	**606,160**	***100.0%***

Note that due to the acquisition of TET Pharma AB in July 2018, which was paid partly in newly issued shares, the share register has been updated post 30.06.2018. Please refer to note 11 for the updated share register.

10. Shared-based payments

At the Annual General Meeting in April 2016 the Board was authorized to introduce a new incentive scheme for employees (Phantom stock plan), based on the value development of the Company's shares. All employees have been granted a certain number of phantom 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. 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 compensation-amounts payable in shares rather than cash payments. The Chairman of the Board has expressed that it is likely that the compensation will be paid in cash and not shares. The Board does not presently have the authority from the General assembly to issue new shares for the purpose of the compensation payment. The compensation scheme has therefore been treated as a cash-settled share-based payment.

Due to the planned listing on the Oslo Stock exchange in H1-19, the compensation is expected to be settled in cash to the phantom-shareholders shortly after the listing, and the compensation-liability is therefore classified as a short-term liability in the interim condensed statement of financial position.

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

The fair value of the phantom shares are based on a Black Scholes model, with an exercise price for all allocated and non-allocated phantom shares of NOK 1.133, vesting period until 31 December 2018, a volatility of 60-70%, risk free rate of 1.1% and an estimated share price based on the latest shares issues with an increase based on estimated share price at the time of the IPO.

11. Events after the balance sheet date

Acquisition of Swedish immunotherapy technology business
11 July 2018, Ultimovacs AS completed the acquisition of the immunotherapy technology business of Immuneed AB. The acquired business is now established as a fully-owned Swedish subsidiary of Ultimovacs (Ultimovacs AB), based in Uppsala, Sweden.

Based on an exclusive license agreement with the Leiden University Medical Centre, Immuneed has developed the proprietary and patent-protected Tetanus-Epitope Targeting-platform (the 'TET-platform') that Ultimovacs believes can attractively complement the vaccine technology of Ultimovacs. Ultimovacs considers the TET-platform™ technology as a promising and general strategy to strengthen and increase T cell responses against cancer peptides.

In parallel with the continued development of the therapeutic cancer vaccine UV1, Ultimovacs will therefore pursue the development of a new first-in-class cancer vaccine solution based on the proprietary TET-platform technology.

Following the acquisition of the business from Immuneed AB, Ultimovacs AB currently has two employees, bringing the total number of employees in Ultimovacs Group to 15.

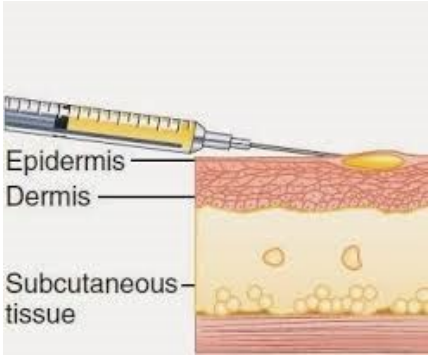
The purchase price was partly paid in cash and partly in shares in Ultimovacs AS. SEK 5,000,000 (corresponding to NOK 4,631,500) was paid in cash. Additionally, Ultimovacs AS issued 34,656 new shares to Immuneed AB. In the previous share issue in Ultimovacs AS (October 2017), the subscription price per share was NOK 1,322. Based on this valuation, the value of the newly issued shares would correspond to NOK 45,815,232, bringing the estimated total purchase price to NOK 50,446,732. Following the transaction, the Ultimovacs AS has the following list of shareholders:

Share register post transaction

Shareholder	# of shares	Share-%
Gjelsten Holding AS	195,418	*30.5%*
Inven2 AS	90,871	*14.2%*
Canica AS	55,886	*8.7%*
Radiumhospitalets Forskningsstiftelse	55,835	*8.7%*
Langøya Invest AS	36,253	*5.7%*
Imuneed AB	34,656	*5.4%*
Watrium AS	32,837	*5.1%*
Sundt AS	24,686	*3.9%*
Prieta AS	19,407	*3.0%*
CGS Holding AS	14,575	*2.3%*
Helene Sundt AS	14,575	*2.3%*
Annemvax AS	9,876	*1.5%*
Holmetjern Invest AS	9,142	*1.4%*
Månebakken AS	7,560	*1.2%*
Vitmed AS	6,400	*1.0%*
K-TO AS	4,767	*0.7%*
Asteroidebakken AS	3,780	*0.6%*
Aeolus AS	3,500	*0.5%*
Jakob Hatteland Holding AS	2,500	*0.4%*
Løren Holding AS	2,000	*0.3%*
20 Largest shareholders	**624,524**	***97.5%***
Other shareholders (20)	16,292	*2.5%*
Total	**640,816**	***100.0%***

Glossary

Words/terms	Description
General/basic terms	
UV1	UV1 is Ultimovacs' synthetic peptide vaccine
Peptides	Peptides are short or long-chains of amino acids, and amino acids are the building blocks of protein.
Immune response	The activity of the immune system against foreign substances (antigens).
Adjuvant	A medical substance used to enhance the effect of another medical substance.
GM-CSF	"Granulocyte-macrophage colony-stimulating factor". Ultimovacs uses GM-CSF as adjuvant together with UV1 to strengthen the ability of UV1 to stimulate the immune system.
Immune checkpoint inhibitors	Medicines that "takes the brakes off the immune system" The immune system has brakes necessary to balance a normal immune response. The downside to these brakes is that it makes it easier for a tumor to grow because the immune system becomes less able to fight the tumor. By "blocking the brakes", the immune system becomes more potent in killing tumor cells. PD1 / PDL1 inhibitors (Keytruda and Opdivo) and CTLA4 inhibitors (Yervoy – ipilimumab) are examples of Checkpoint inhibitors. There are many others in development.
CTLA-4	A protein found on T cells (a type of immune cell) that helps balancing a normal immune response. The balance is needed to avoid collateral damage of normal cells. When CTLA-4 is bound to another protein called B7, it helps keep T cells from multiplying and killing other cells, including cancer cells. Ipilimumab works by making it difficult for the CTLA4 to bind to B7. Ipilimumab (Ipi/Yervoy) was the first checkpoint inhibitor to reach the market.
PD-1 / PD-L1	A protein found on T cells (a type of immune cell) that helps balancing a normal immune response. The balance is needed to avoid collateral damage of normal cells. When PD-1 is bound to another protein called PD-L1, it helps keep T cells from killing other cells, including cancer cells. Some anticancer drugs, called immune checkpoint inhibitors, are used to block PD-1 or PD-L1. When this checkpoint is blocked, the "brakes" on the immune system are released and the ability of T cells to kill cancer cells is increased.
Checkpoint inhibitors	
Yervoy (Ipilimumab)	Anti-CTLA-4 checkpoint inhibitor from BMS (Bristol-Myers Squibb)
Opdivo (Nivolumab)	Anti-PD-1 checkpoint inhibitor from BMS (Bristol-Myers Squibb)
Keytruda (Pembrolizumab)	Anti-PD-1 checkpoint inhibitor from Merck
Tecentriq (Atezolizumab)	Anti-PD-L1 checkpoint inhibitor from Roche
Bavencio (Avelumab)	Anti-PD-L1 checkpoint inhibitor from Merck (Germany)/Pfizer/Eli Lilly
Imfinzi (Durvalumab)	Anti-PD-L1 checkpoint inhibitor from AstraZeneca
Clinical trial terms	
CR	Complete response (The disappearance of all signs of cancer in response to treatment. Also called complete remission.)

PR	Partial response (A decrease in the size of a tumor, or in the extent of cancer in the body, in response to treatment. Also called partial remission.)
SD	Stable disease (Cancer that is neither decreasing nor increasing in extent or severity.)
PD	Progressive disease (Cancer that is growing, spreading, or getting worse.)
ORR	Overall response rate = CR + PR
OS	Overall survival (The length of time from either the date of diagnosis or the start of treatment for a disease, such as cancer, that patients diagnosed with the disease are still alive. In a clinical trial, measuring the overall survival is one way to see how well a new treatment works.)
PFS	Progression-free survival (The length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works.)
Medical terms	
Intradermal	In order to initiate an immune response, a vaccine must be taken up by antigen presenting cells (dendritic cells). UV1 is administered via the intradermal route, i.e. injection in the dermis, one of the layers of the skin. This layer, underneath the epidermis, is highly vascularized and contains a large amount of immune cells, mainly dermal dendritic cells. 
Biopsy	A piece of tissue, normal or pathological removed from the body for the purpose of examination.
IgE	Immunoglobulin E (IgE) are antibodies produced by the immune system. If you have an allergy, your immune system overreacts to an allergen (what you are allergic to) by producing IgE. These antibodies travel to cells that release chemicals, causing an allergic reaction when an allergen enters the body.

SAE	A **serious adverse event** (SAE) in human drug trials is defined as any untoward medical occurrence that at any dose 1. results in death, 2. is life-threatening 3. requires inpatient hospitalization or causes prolongation of existing hospitalization 4. results in persistent or significant disability/incapacity, 5. is a congenital anomaly/birth defect, or 6. requires intervention to prevent permanent impairment or damage. The term "life-threatening" in the definition of "serious" refers to an event in which the patient was at risk of death at the time of the event; it does not refer to an event which hypothetically might have caused death if it were more severe. Adverse events are further defined as “Any untoward medical occurrence in a patient or clinical investigation subject administered a pharmaceutical product and which does not necessarily have to have a causal relationship with this treatment.”
PSA	PSA is an enzyme (protein) important for reproduction. PSA is present in small quantities in the serum of men with healthy prostates, but is often elevated in the presence of prostate cancer or other prostate disorders.

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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.