FOURTH QUARTER 2020 REPORT

Ultimovacs ASA

Fourth Quarter 2020

Operational

- Ultimovacs provided details about the **DOVACC** trial in January 2021. Ultimovacs will participate in this randomized Phase II collaboration study, together with the Nordic Society of Gynaecological Oncology – Clinical Trial Unit (NSGO-CTU), the European Network of Gynaecological Oncological Trial Groups (ENGOT) and AstraZeneca, to evaluate Ultimovacs' proprietary universal cancer vaccine, UV1, in combination with AstraZeneca's durvalumab and olaparib in patients with relapsed ovarian cancer. The trial will include 184 patients in approximately 10 European countries at more than 40 sites. *(Announced post balance sheet date)*
- In December 2020, Ultimovacs announced the **FOCUS** study, a Phase II randomized clinical trial that will evaluate Ultimovacs' proprietary universal cancer vaccine, UV1, in 75 patients with recurrent or metastatic head and neck cancer who will be treated with standard of care therapy pembrolizumab. The trial will be conducted at 10 sites across Germany and led by principal investigator Prof. Mascha Binder, M.D., Medical Director and Head of the Immunological Tumor Group at University Medicine Halle, Germany.
- In the **INITIUM** trial, 24 patients have been enrolled as per the reporting date as compared to twelve patients reported in the previous quarterly report. INITIUM is a randomized, multi-center Phase II trial evaluating UV1 in combination with ipilimumab and nivolumab as first-line treatment for patients with metastatic malignant melanoma.
- In the **NIPU** trial, 18 patients have been enrolled as per the reporting date compared to six patients reported in the previous quarterly report. NIPU is a randomized, multi-center Phase II trial in which UV1 is being investigated in combination with ipilimumab and nivolumab as a second-line treatment in mesothelioma.
- The Company is actively monitoring the COVID-19 pandemic regarding patient enrollment in its Phase II clinical trials and continues to implement activities to minimize the impact. The longer-term effect of the pandemic on the biotech industry and the general ability to conduct clinical trials is still uncertain.
- Ultimovacs reported five-year overall survival data from the Phase I trial evaluating UV1 in combination with the checkpoint inhibitor, ipilimumab, in patients with metastatic malignant melanoma in December 2020. The results confirmed achievement of the primary endpoints of safety and tolerability and indicated encouraging initial signals of long-term survival benefit. At five years , the Overall Survival (OS) rate was 50% and median Progression-Free Survival (mPFS) was 6.7 months.
- The Company also announced five-year overall survival data from the Phase I trial evaluating UV1 as maintenance therapy in patients with non-small cell lung cancer in October 2020. The results confirmed achievement of the primary endpoints of safety

and tolerability and indicated encouraging initial signals of long-term survival benefit. At five years of follow-up, the OS rate was 33% and mPFS was 10.7 months. (*Also reported in the Q3 2020 report*)

- Ton Berkien joined Ultimovacs' management team as Chief Business Officer in December 2020. At Ultimovacs he will lead all business and corporate development efforts and maintain and foster connections with leading biotechnology and pharmaceutical companies.
- In November 2020, a paper was published in "Frontiers in Immunology" outlining the positive long-term follow-up data from the Company's Phase I trial evaluating UV1 in non-small cell lung cancer.

Financial

- Ultimovacs has secured public grants totaling MNOK 26 to support the execution of the DOVACC and FOCUS trials. Innovation Norway has granted Ultimovacs MNOK 10 to support the Phase II DOVACC study, and the FOCUS Phase II trial is supported through an innovation grant of up to MNOK 16 from the Norwegian Research Council.
- Total operating expenses amounted to MNOK 25.6 in Q4-20 and MNOK 124.1 in FY20.
- Cash flow from operations was MNOK -13.1 in Q4-20. Total cash and cash equivalents were reduced by MNOK 12.5 during Q4-20, amounting to MNOK 440.9 as per 31 December 2020.

Key financials

NOK (000) Unaudited	Q4-20	Q4-19	FY20	FY19
Total revenues	**-**	**-**	**-**	**-**
Total operating expenses	25 588	27 833	124 146	66 217
Operating profit (loss)	**(25 588)**	**(27 833)**	**(124 146)**	**(66 217)**
Profit (loss) for the period	**(24 582)**	**(25 363)**	**(120 552)**	**(61 166)**
Diluted and undiluted earnings / (loss) per share (NOK)	(0.8)	(0.9)	(4.0)	(2.7)
Net increase / (decrease) in cash and cash equivalents	(12 524)	(12 440)	42 058	284 332
Cash and cash equivalents at end of period	**440 925**	**399 607**	**440 925**	**399 607**

CEO's corner

Completing the Transition to a Mid-stage Clinical Company with UV1 and Preparing for Clinical Launch of the TET-Technology Platform

Over the course of the last quarter of 2020, Ultimovacs achieved additional clinical validation and significant Phase II clinical trial progress for our lead program UV1. Strengthening UV1's clinical results profile, we reported positive long-term follow-up data from two of our Phase I clinical trials. For both non-small cell lung cancer and metastatic malignant melanoma indications, we reported safety data consistent with all of our clinical trials to date. In addition, we have seen early but very promising signs of improved clinical benefit over a five-year follow-up period as compared to historical data. With these encouraging results, we continue to expand our strong clinical data package demonstrating the broad potential of UV1 to make a positive therapeutic impact for cancer patients.

Importantly, we have successfully completed our transition from an early-stage clinical company to one with an extensive mid-stage clinical development program through the announcement of further details on our DOVACC study and the introduction of the FOCUS trial. The Phase II DOVACC study will be conducted in collaboration with leaders in ovarian cancer at NSGO - Clinical Trial Unit, ENGOT, and the large pharmaceutical company AstraZeneca. The trial will evaluate UV1 in a new combination with two approved AstraZeneca drugs; olaparib (PARP inhibitor) and durvalumab (PD-L1 inhibitor). The support and participation of AstraZeneca, similar to the collaboration with Bristol-Myers Squibb for the NIPU Phase II trial, as well as the significant network of leading international clinical and research centers, shows the high level of interest in UV1s universal approach. The Phase II FOCUS trial will enroll 75 head and neck cancer patients, generating clinical data for UV1 in combination with pembrolizumab in a new indication. The trial is also designed to provide us with important insights on T cell responses following treatment with UV1 and how immune cells interact with the tumor microenvironment. The importance of both the DOVACC and FOCUS Phase II studies has been acknowledged through funding provided by public grants from the Norwegian government. Innovation Norway will support the execution of the DOVACC trial, and the FOCUS trial has received a grant from the Norwegian Research Council. Study implementation activities are progressing as planned and we expect to announce the enrollment of the first patient for both studies in the first half of this year.

With our mid-stage clinical program of four Phase II clinical trials, all in indications with a high level of unmet medical need, we are moving forward at full steam to validate UV1 in what will be a total of over 500 patients. These achievements supported the decision to expand our management team with the appointment of Ton Berkien as our Chief Business Officer. To reach our goal of bringing UV1 to cancer patients in need, Ton will play a key role in presenting UV1 to potential partners. This effort will benefit from our collaborative approach with large pharma and clinicians by strengthening our clinical program and increasing awareness about UV1 as a promising universal cancer vaccine candidate.

Looking ahead

Our focus in 2021 will be on the execution of our extensive clinical development program across four different indications and the further establishment of Ultimovacs as a leader in the field of immuno-oncology and cancer vaccines. As an important element in the next stage of our Company's development, we are broadening our pipeline through our second technology platform, the Tetanus-Epitope Targeting- (TET)-platform. The TET-platform enables us to develop vaccines that are safe and strong immune system activators with a convenient administration profile. The TET-platform adds a new dimension to our universal approach because the core technology allows the inclusion of a broad range of peptides and antigens. This modular aspect gives us the ability to design vaccine candidates that can target different cancer indications, treat different cancer stages, including early stages of the disease, and be tailored to specific patient population needs. Over the course of 2020, we completed preparations for the initiation of a clinical trial for the first vaccine candidate from this platform. The goal will be to start the process of gathering safety and tolerability as well as immune system activation data in prostate cancer patients, while we continue to optimize and advance the platform to demonstrate its broad potential.

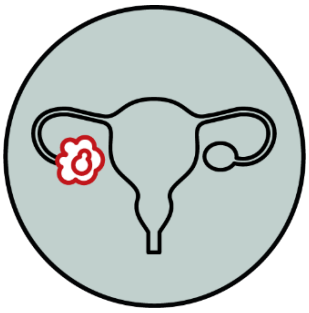
We look back on the fourth quarter and the whole of 2020 as an exceptionally successful year, one that was marked by important accomplishments bringing us to the next stage of development for our pipeline and our Company. As we begin 2021, we look forward to maintaining this momentum toward our primary goal of bringing novel and improved treatment options to cancer patients.

Carlos de Sousa, Chief Executive Officer

Key Operational Highlights Q4 2020

Clinical trial update

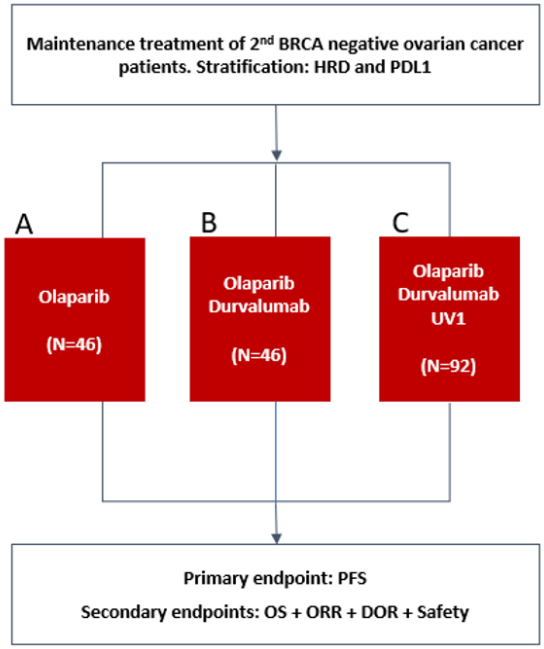
The DOVACC trial *(announced post balance sheet date)*



On 11 January 2021, Ultimovacs announced that the Company will be participating in the randomized Phase II DOVACC collaboration trial with the Nordic Society of Gynaecological Oncology – Clinical Trial Unit (NSGO-CTU), the European Network of Gynaecological Oncological Trial Groups (ENGOT) and AstraZeneca, to evaluate Ultimovacs' proprietary universal cancer vaccine, UV1, in combination with AstraZeneca's durvalumab and olaparib in patients with relapsed ovarian cancer.

DOVACC (**D**urvalumab **O**laparib **VACC**ine) is a multi-center, multinational, randomized Phase II clinical trial sponsored by the NSGO, the leading gynaecological oncology research society in the Nordic and Baltic regions. The trial is designed to evaluate Ultimovacs' proprietary UV1 cancer vaccine in combination with AstraZeneca's durvalumab, a PD-L1 checkpoint inhibitor and its PARP inhibitor, olaparib, the maintenance therapy for BRCA-mutated, advanced ovarian cancer. The trial will be conducted at more than 40 hospitals in as many as 10 European countries. The Company expects to treat the first patient in the first half of 2021. Topline data on the primary endpoint is expected in 2023.

The second-line maintenance study will enroll patients with high-grade BRCA-negative ovarian cancer after partial or complete response following the second round of chemotherapy. The study includes three arms treating a total of 184 patients. The first arm will enroll 46 patients receiving the PARP inhibitor olaparib. The 46 patients enrolled in the second arm will receive olaparib and the checkpoint inhibitor durvalumab. The third arm will include 92 patients that will receive Ultimovacs' UV1 vaccine in combination with both AstraZeneca drugs. The primary endpoint is progression-free survival (PFS) in the treatment arm with PARP inhibitor olaparib monotherapy, versus PFS in the triple combination treatment arm. Under the terms of the collaboration, Ultimovacs will provide its UV1 vaccine and AstraZeneca will provide the PD-L1 and PARP inhibitors for the study.



The Nordic Society of Gynaecological Oncology – Clinical Trial Unit (NSGO-CTU) is a non-profit organization aiming to improve the practice of prevention, diagnosis, and treatment for gynaecological cancers by supporting research and conducting clinical trials across countries.

ENGOT is an umbrella organization for all groups like the NSGO and acts as a platform to guarantee that patients in all European countries can participate and benefit from clinical research and progress.

The ultimate goal is to bring the best treatment to gynecological cancer patients through the best science and by enabling patients in every European country to access a clinical trial.

Ovarian cancer is the eighth most common cause of death from cancer in women worldwide. In 2018, there were nearly 300,000 new cases diagnosed and around 185,000 deaths. Most women are diagnosed with advanced (Stage III or IV) ovarian cancer and have a five-year survival rate of approximately 30%. For newly diagnosed advanced ovarian cancer, the primary aim of treatment is to delay the disease's progression for as long as possible and maintain the patient's quality of life with the intent of achieving complete remission or cure.

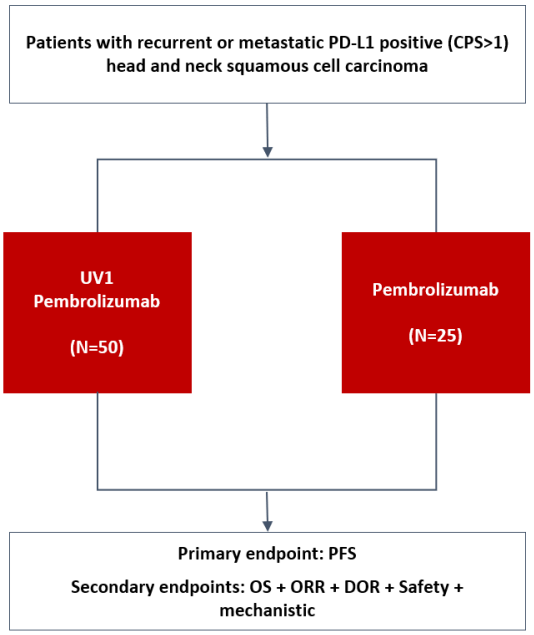
Olaparib is a first-in-class PARP inhibitor and the first targeted treatment to block DNA damage response (DDR) in cells/tumors harboring a deficiency in homologous recombination repair, such as mutations in BRCA1 and/or BRCA2. Inhibition of PARP with olaparib leads to the trapping of PARP bound to DNA single-strand breaks, stalling of replication forks, their collapse and the generation of DNA double-strand breaks and cancer cell death. Olaparib is being tested in a range of PARP-dependent tumor types with defects and dependencies in the DDR pathway.

Durvalumab is a human monoclonal antibody that binds to PD-L1 and blocks the interaction of PD-L1 with PD-1 and CD80, countering the tumor's immune-evading tactics and releasing the inhibition of immune responses. Durvalumab is approved for unresectable, Stage III NSCLC in 53 countries including the US, Japan, and across the EU, based on the Phase III PACIFIC trial. Durvalumab is also approved for previously treated patients with advanced bladder cancer in 11 countries, including the US.

The FOCUS trial

On 22 December 2020, Ultimovacs announced the FOCUS trial (**F**irst-line metastatic **O**r recurrent HNSCC/**C**heckpoint inhibitor **U**V1 **S**tudy). This Phase II trial is an investigator-sponsored, randomized Phase II clinical trial that will recruit patients with recurrent or metastatic PD-L1 positive head and neck squamous cell carcinoma. The trial will be conducted at 10 sites across Germany and led by principal investigator Prof. Mascha Binder, M.D., Medical Director and Head of the Immunological Tumor Group at University Medicine Halle, Germany, who is a renowned oncology clinician and researcher specializing in the analysis of immuno-oncology treatments and their interaction with tumor tissues.

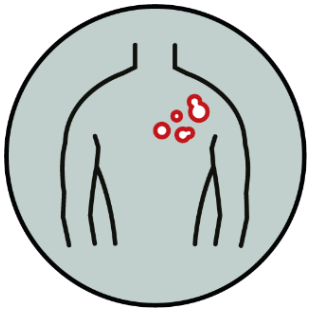
The trial will evaluate the addition of UV1 to a standard of care treatment with PD-1 checkpoint inhibitor pembrolizumab as compared to pembrolizumab monotherapy. A total of 75 patients indicated for treatment with pembrolizumab will be enrolled in the FOCUS study, randomized 2-to-1 so that 50 patients will receive UV1 and pembrolizumab and 25 patients will receive pembrolizumab alone. The primary endpoint of the study is the progression-free survival rate at 6 months, and planned readout of topline results is expected in 2023.



"Head and neck cancer" is the term used to describe a number of different malignant tumors that develop in or around the throat, larynx, nose, sinuses, and mouth. Globally, head and neck cancer accounts for 650,000 new cases of cancer and 330,000 deaths annually on average. In 2018, it was the seventh most common cancer worldwide with 890,000 new cases documented and 450,000 dying from the disease. The usual age at diagnosis is between 55 and 65 years old, and the average 5-year survival following diagnosis in the developed world is 42-64%.

Pembrolizumab is a PD-1 checkpoint inhibitor, that targets the programmed cell death 1 (PD-1) receptor. Pembrolizumab is standard of care in multiple indications and currently the most widely used checkpoint inhibitor.

The INITIUM trial



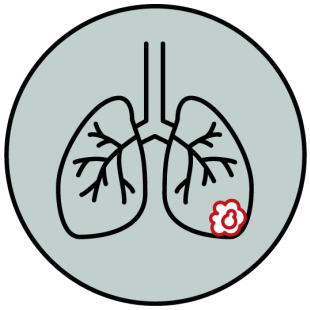
The first INITIUM patient was treated at the Oslo University Hospital in June 2020. As per reporting date, 24 patients have been enrolled, as compared to twelve patients reported in the previous quarterly report. In total, approximately 40 sites are planned to be opened for this trial.

INITIUM is an Ultimovacs-sponsored randomized Phase II trial for first-line treatment of patients with metastatic malignant melanoma. Patients will be administered UV1 in combination with ipilimumab (CTLA-4 checkpoint inhibitor) and nivolumab (PD-1 checkpoint inhibitor). The trial will be run in the US and Europe, including Norway. In total, 154 patients will be enrolled, 77 patients will receive nivolumab and ipilimumab and the other 77 patients will receive nivolumab, ipilimumab and UV1. Planned readout of the primary endpoint of progression-free survival is H2-2022. Dr. Karl Lewis, University of Colorado Hospital, has been appointed as International Coordinating Investigator of the INITIUM trial.

Malignant melanoma is a type of skin cancer that develops when melanocytes (the cells that give the skin its tan or brown color) start to grow out of control. Malignant melanoma is less common than other types of skin cancers, but more dangerous because it is much more likely to spread to other parts of the body if not diagnosed and treated at an early stage. Malignant melanoma can develop anywhere

on the skin, but it is more likely to start on the trunk (chest and back) in men and on the legs in women. The neck and face are other common sites.

The NIPU trial



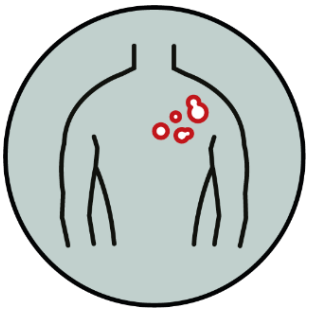
The first patient in the NIPU trial was treated at the Oslo University Hospital (OUS) in June 2020 and a total of 18 patients have been enrolled as of this reporting date compared to six patients reported in the previous quarterly report. A total of seven sites are planned to be opened for the NIPU trial.

NIPU is a randomized, multi-center Phase II trial in which the universal cancer vaccine, UV1, will be evaluated in combination with the checkpoint inhibitors ipilimumab and nivolumab as second-line treatment in mesothelioma. Oslo University Hospital is the sponsor of the NIPU study. Bristol-Myers Squibb and Ultimovacs have entered into agreements with OUS to support the preparations and execution of the trial. A total of 118 patients will be included in the NIPU study. Half of the patients will be treated with the combination of UV1, ipilimumab (CTLA-4 checkpoint inhibitor) and nivolumab (PD-1 checkpoint inhibitor), whereas the other half will receive nivolumab and ipilimumab only. The study is planned to be conducted at seven hospitals in five countries (Norway, Sweden, Denmark, Spain and Australia). The study sites are planned to be Oslo University Hospital in Norway, Karolinska University Hospital and Skåne University Hospital Lund in Sweden, Copenhagen University Hospital and Aalborg University Hospital in Denmark, Vall d'Hebron Institute of Oncology in Barcelona, Spain and University of Western Australia in Perth, Australia.

The objective of the study is to achieve a clinically meaningful progression-free survival (PFS) benefit in patients with malignant pleural mesothelioma (MPM) after progression on first-line standard platinum doublet chemotherapy. The primary endpoint of the trial is progression-free survival (PFS) and the PFS read-out is planned for H2-2022.

MPM is a rare malignant tumor originating from the cells lining the mesothelial surface in the lungs. MPM is the most common type of mesothelioma and is a disease with a high unmet medical need with a median overall survival of approximately 1 year. It is a fatal form of thoracic cancer that is diagnosed in more than 30,000 people globally, every year. This type of cancer also results in the death of over 25,000 people per year. Most patients are treated with palliative chemotherapy. Patients with disease progression after first-line therapy have few therapeutic options. Asbestos exposure is closely linked to the development of the disease. It may take 10 - 50 years for symptoms of mesothelioma to manifest after initial asbestos exposure. Even though the use of asbestos to a large extent is banned today, new incidences of mesothelioma will continue to be a medical challenge for decades.

Ongoing Phase I trial in malignant melanoma



This US-based Phase I clinical trial is evaluating the Company's lead candidate, UV1, in combination with PD-1 checkpoint inhibitor, pembrolizumab, as a first-line treatment in patients with metastatic malignant melanoma.

All 20 of the initially planned patients were successfully enrolled by September 2019. A group of ten additional patients was included to investigate an increased dosage of the adjuvant GM-CSF, enrollment of these ten patients in the second cohort was completed in August 2020.

On 30 September 2020, Ultimovacs announced positive topline results from the first cohort of 20 patients, confirming the achievement of the primary endpoints of safety and tolerability and indicating initial signs of clinical response. As per the cut-off date of September 30, 2020, all patients in the first cohort reached at least 12-months of follow-up post treatment with UV1 and pembrolizumab. At the one-year landmark, the overall survival (OS) rate was 85%. Median Progression-Free Survival (mPFS) was not reached at 12 months, indicating that more than half of the participating patients did not demonstrate disease progression. None of the patients experienced unexpected safety issues related to UV1 and the vaccine was well tolerated. The safety events observed are in line with the established data on UV1 and pembrolizumab. The Company plans to present more complete data on the patients in the first cohort at an upcoming oncology conference in the first half of 2021.

The Phase I trial in malignant melanoma is evaluating the safety, tolerability and initial signs of clinical response in patients treated with UV1 in combination with pembrolizumab. Pembrolizumab improves the ability of immune cells to kill tumor cells and is a current standard-of-care therapy for malignant melanoma. The 20 patients in the first cohort had no prior treatment history and received a 37.5 µg GM-CSF adjuvant dose per UV1 vaccination, combined to strengthen the ability of UV1 to stimulate the immune system. The 10 patients in the second cohort have received the standard 75 µg GM-CSF adjuvant dose per UV1 vaccination.

To date, no unexpected safety issues related to UV1 have been observed in this trial.

During the fourth quarter of 2021, two-year of follow-up data from the first cohort and one-year data from the second cohort will be reported.

Follow-up trials

The three completed Phase I trials have been reviewed by the U.S. Food and Drug Administration (FDA) and served as basis for the opening of an IND (Investigational New Drug) supporting the start of clinical research activity in the US in malignant melanoma. Ultimovacs sees the outcome of these trials as a strong basis for the further development of UV1.

In December 2020, Ultimovacs announced positive five-year Overall Survival (OS) data from the Phase I trial evaluating the Company’s universal cancer vaccine, UV1, in combination with the checkpoint inhibitor, ipilimumab, in patients with metastatic malignant melanoma. After 5-years of follow-up, 50% of the patients in the open-label trial were still alive, providing encouraging signals of long-term survival benefit for UV1 in this late-stage patient population and as compared to historical data of ipilimumab monotherapy. As previously reported at ASCO-SITC in 2020, the trial achieved its primary

endpoints of safety and tolerability. These results represent the third clinical trial with UV1 to provide positive data for 5-years of patient follow-up, further strengthening UV1's profile as a safe and potentially effective addition to immuno-oncology treatment regimens.

A total of 12 malignant melanoma patients with metastatic disease were treated in the Phase I trial. Eight patients of the 12 received UV1 combined with ipilimumab as first-line treatment, and the remaining four patients received the combination after progression on previous systemic treatment. Immune responses toward the UV1 peptides occurred very early post administration, with 91% of the evaluable patients showing an immune response. In the efficacy-evaluable patient population, one patient achieved a complete tumor response, and three patients achieved a partial response, resulting in an objective response rate of 44%. Primary endpoints for the study included the safety and tolerability of UV1 as well as initial signs of clinical response. As per the data cut-off at the end of November 2020, every patient in the trial reached at least 60 months of follow-up post treatment with UV1 and ipilimumab. At the five-year mark, the OS rate was 50%, median OS had not yet been reached and median Progression Free Survival (mPFS) was 6.7 months. Over the course of the follow-up period, none of the patients experienced any unexpected safety issues related to UV1.

In October 2020 (previously announced in the Q3 2020 report), Ultimovacs ASA announced five-year overall survival data from the Phase I trial evaluating UV1 as maintenance therapy in patients with non-small cell lung cancer (NSCLC). The results confirm achievement of the primary endpoints of safety and tolerability and indicate encouraging initial signals of long-term survival benefit. In the study, a total of 18 non-small cell lung cancer patients whose disease had not progressed after receiving at least second-line treatment with chemotherapy were enrolled to receive UV1 monotherapy as maintenance treatment. Outcomes of the study included the safety and tolerability of UV1 as well as initial signs of clinical response. As per the cut-off date of June 2020, every patient in the trial reached at least 60-months of follow-up post treatment with UV1. At five-years, the Overall Survival (OS) rate was 33% and median Progression Free Survival (mPFS) was 10.7 months. Throughout the follow-up period, none of the patients experienced unexpected safety issues related to UV1. Further, none of the patients alive after 5 years have received other immunotherapy after the vaccination with UV1.

Completed Phase I trials in follow-up

	Overall Survival (OS)[1]					Median OS	mPFS[2]
Clinical trial[4]	Year 1	Year 2	Year 3	Year 4	Year 5	(months)	(months)
Prostate (n=22)	95 %	86 %	73 %	55 %	50 %	61.8	n.a.[3]
NSCLC (n=18)	72 %	50 %	44 %	39 %	33 %	28.2	10.7
Malignant Melanoma (n=12)	75 %	75 %	67 %	50 %	50 %	Will be > 54 months	6.7

1. Note that some patients have received other treatments upon progression and this is likely to affect survival
2. Median Progression-Free Survival
3. PFS (Progression-Free Survival) not possible to measure in the prostate cancer trial. Instead, patients are followed on PSA measurements. As of today, 8 patients have normalized PSA levels. (For definition of PSA, please see Glossary at the end of this report)
4. Prostate: (EudraCT No. 2012-002411-26) NSCLC: (EudraCT No. 2012-001852-20) MM: (EudraCT No. 2013-005582-39)

The TET-platform and TENDU

In addition to its universal vaccine, UV1, Ultimovacs is developing novel vaccine products based on the patent-protected Tetanus-Epitope Targeting (TET)-platform. The TET-platform offers a promising approach to strengthen and increase T cell responses against cancer-specific peptides by combining antigens and the vaccine adjuvant in the same molecule, allowing for a beneficial safety profile and simplifying administration. The platform generates new, first-in-class cancer vaccine candidates that harness the pre-existing antibody response against tetanus resulting from standard tetanus vaccination. These vaccine candidates can be tailored to many types of cancer as well as infectious diseases.

Ultimovacs continues the preparations for a Phase I trial to test the TET technology in patients, with the main objective to assess the safety of the TET technology. In this first study, named TENDU, the TET technology will be applied together with prostate cancer specific antigens. The first patient is expected to be enrolled in the first quarter of 2021. The TENDU trial will be conducted at Oslo University Hospital. In total, 9-12 patients will be enrolled in the TENDU trial for which the regulatory approval is in place. Further information about the trial will be provided when the first patient is enrolled. This Phase I trial will provide valuable safety and immune activation data that will support the further development of new vaccine solutions based on the TET technology.

Pending confirmation of the safety of the TET technology and results from ongoing and further preclinical development of the TET platform, the ambition is to identify new cancer vaccine candidates to move into clinical development. Ultimovacs is currently performing preclinical studies on the TET technology to develop an improved core molecule for future vaccines. Furthermore, Ultimovacs is in the process of developing an improved manufacturing process based on the new core molecule which will enable new vaccine candidates to move into clinical development. The TENDU project provides an opportunity to do early testing of the safety and immune activation of the TET technology while Ultimovacs continues to optimize the core TET molecule and production process. The outcome of all these activities will support the decision of which drug candidates to move into clinical development in the future.

Publications and presentations

In November 2020, a paper was published in *Frontiers in Immunology*, outlining the positive long-term follow-up data from the Company's Phase I trial evaluating UV1 in non-small cell lung cancer. The publication covered detailed outcomes of the study for the 18 patients receiving UV1 monotherapy as maintenance treatment.

Organization and board

- Ton Berkien joined Ultimovacs' management team as Chief Business Officer on 1 December 2020. At Ultimovacs, he will lead all business and corporate development efforts including building and maintaining strategic relationships with global biotechnology and pharmaceutical companies.

  Ton Berkien brings Ultimovacs over 15 years of experience in biotech and pharma. His most recent position was at Amgen as Director Global Business Development, a role he assumed in August 2019 following the acquisition of Nuevolution, where he led the corporate and business development activities as Chief Business Officer. He contributed to several corporate achievements, executed a program out-licensing deal with Almirall as well as drug discovery collaborations with Janssen Biotech and Amgen. Prior to this, Ton was acting Head of Corporate Development/M&A at Nycomed/Takeda, where he managed several M&A transactions in the United States, Europe and in various emerging growth markets.

  Earlier in his career, Ton also held positions at PricewaterhouseCoopers, Rijnconsult, KPMG and Gilde. Ton obtained his bachelor's degree in economics from the Saxion University of Applied Science and an LSid from PwC/Harvard Business School/IMD. Ton is a Dutch and Swedish citizen and lives with his family in Sweden.

- An extraordinary general assembly was held on 11 November 2020. In accordance with the proposal by the Nomination Committee, the General Assembly elected Aitana Peire and Haakon Stenrød as new members of the Board of Directors, replacing board member Kristin Wilhelmsen. *(Also reported in the Q3 2020 report)*

Background

Ultimovacs (the 'Company') is a pharmaceutical company developing novel immunotherapies against cancer. The Company was established in 2011 and is listed on the Oslo Stock Exchange. The Company's proprietary technology is based on preclinical 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. Ultimovacs is advancing a broad clinical development program with clinical trials in Europe, Australia and the USA.

The lead product candidate is UV1, a peptide-based vaccine inducing a specific T cell response against the universal cancer antigen telomerase (hTERT), expressed at a high level in over 85% of human tumors. The vaccine's mode of action is to make the immune system produce CD4 T cells (i.e., T helper cells), recognizing cancer cells expressing telomerase (hTERT). UV1 may potentially be applied universally across cancer types, in different stages of disease and in combination with different cancer treatments. The vaccine is easy to use and does not require sophisticated infrastructure in hospitals. UV1 is manufactured as an off-the-shelf product with a long shelf life.

UV1 is being developed as a therapeutic cancer vaccine and a platform for other immuno-oncology drugs which require an ongoing T cell response for their mode of action. Longer-term, a vaccine like UV1 is attractive to investigate in early-stage tumors as well as in preventing tumors from starting to grow.

Treatment with UV1 has been assessed in three Phase I studies (metastatic prostate cancer, metastatic non-small cell lung cancer and metastatic malignant melanoma) and in a total of 52 patients at the Oslo University Hospital. The observed clinical outcomes from the three completed trials served as a strong basis for the further clinical development of UV1, both with respect to safety and signals of clinical effect.

Ultimovacs sponsored the fully enrolled and ongoing Phase I clinical study in the US evaluating the safety and tolerability of treatment with UV1 and pembrolizumab (PD-1 checkpoint inhibitor) in 30 patients with metastatic malignant melanoma is being evaluated.

Ultimovacs has an extensive development program with four phase II studies in four different indications including more than 500 patients:

- **INITIUM**: Ultimovacs sponsored trial in malignant melanoma in which UV1 is combined with nivolumab and ipilimumab. (154 patients)
- **NIPU**: trial in mesothelioma, UV1 in combination with nivolumab and ipilimumab. Oslo University Hospital is the sponsor of the NIPU study. Bristol-Myers Squibb and Ultimovacs have entered into agreements with OUS to support the preparations and execution of the trial. (118 patients)
- **FOCUS**: trial in collaboration with the Immunological Tumor Group at University Medicine Halle, Germany, where UV1 will be given in combination with pembrolizumab in head and neck cancer Patients. (75 patients)
- **DOVACC**: trial in collaboration with the Nordic Society of Gynaecological Oncology – Clinical Trial Unit, the European Network of Gynaecological Oncological Trial Groups and AstraZeneca. UV1 is tested in combination with AstraZeneca's durvalumab and olaparib in patients with relapsed ovarian cancer. (184 patients)

Outlook

Ultimovacs' UV1 vaccine technology is universal in the sense that it may have an effect across most types of cancer and could be used in combination with different types of cancer treatment. The cancer vaccine is expected to generate immune responses across the general population (i.e., independent of HLA type). The vaccine is simple to manufacture and does not require a sophisticated infrastructure. If the ongoing clinical development and testing of Ultimovacs' cancer vaccine demonstrates that the vaccine gives clinical benefit to cancer patients, the potential clinical use of UV1 and related revenues could be very high.

The fully enrolled Phase I study in malignant melanoma, evaluating UV1 in combination with pembrolizumab, is expected to provide valuable information regarding UV1's safety and GM-CSF safety and dosing. During Q3 2021, all patients in cohort 1 will have 2 years of observation time and all patients in cohort 2 will have 1 year of observation time. The data will be reported during Q4 2021 and patients will continue to be followed for safety and efficacy.

As of the first half of 2021, UV1 will be investigated in four randomized Phase II trials in four different cancer types, with Ultimovacs sponsoring of one of the trials. The four Phase II clinical trials will enroll more than 500 patients in total, representing a strong potential platform for Ultimovacs to move toward a possible registration of the universal cancer vaccine, UV1. The main study objectives are efficacy and safety data on the combination therapies.

The INITIUM and NIPU trials have expected readouts for their primary endpoints during the second half of 2022. The DOVACC and FOCUS trials have expected readouts of the primary endpoints during 2023. The Company is actively monitoring the COVID-19 pandemic regarding patient enrollment in its Phase II clinical trials and continues to implement activities to minimize the impact.

Ultimovacs is continuously in discussions and pursuing discussions to establish strategic collaborations with cancer institutions and pharmaceutical companies supporting the documentation of the effect and safety of UV1 in other cancer types and in combination with different cancer treatments.

Ultimovacs is making clinical development choices based on the knowledge that UV1 is a universal vaccine on several dimensions; the vaccine can potentially play a role across most cancer types, in most patients, in different stages of cancer and in combination with other cancer treatments. With positive results from the ongoing randomized clinical trials, the development potential is significant.

Ultimovacs also seeks to broaden its pipeline of drug/technology candidates. The R&D activities are currently focused on the development of new first-in-class cancer vaccine solutions building on Ultimovacs' base technology, the acquired TET-platform and on the development of new molecules and technologies based on biobank material from the ongoing and planned clinical studies conducted with UV1.

Pending confirmation of the safety of the TET technology through the Phase I TENDU trial and further preclinical development, the ambition is to apply the TET technology and identify new cancer vaccine candidates to move into clinical development.

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 near 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. In addition, the Company has invested in foreign operations, whose net assets are exposed to currency translation risk. Adequate sources of funding may not be available when needed or may not be available on favorable 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.

The coronavirus pandemic has a profound impact on the global economy and no industry is protected from operational and financial consequences. The ultimate impact of the pandemic is currently difficult to assess. For a biotech company like Ultimovacs, some of the possible implications of the COVID-19 pandemic may affect:

- The initiation, patient inclusion and conduct of clinical trials
- Disruption of the supply chain (manufacturing and/or logistics) for the investigational products
- Fluctuations in currency exchange rates, t(NOK/EUR and NOK/USD), which may increase R&D costs

The longer-term effects of the pandemic on the biotech industry and the general ability to conduct clinical trials, and the specific potential effect on Ultimovacs, are still uncertain. Given the inherent uncertainties, it is difficult to ascertain the exact impact of COVID-19 on the Company's operations, or to provide a quantitative estimate of this impact. Further implications will be assessed and reported on in the next reporting periods.

Ultimovacs' financial risk exposures are described in more detail in the Annual Report 2019. No significant changes have occurred that affect these reported risks.

Financial review

Financial results

Ultimovacs does not yet generate revenues, as the Company is in a research and development phase. In FY20, the Company recognized government grants of MNOK 8.9 compared to MNOK 7.8 in FY19, which have been deducted from payroll expenses and other operating expenses. The grants are primarily received during the year following the accounting year when the grants are booked in the P&L.

Payroll and payroll related expenses increased in Q4-20 (MNOK 14.7) compared to the same period in 2019 (MNOK 8.7), mainly due to higher share-option costs this quarter and two additional full-time employees in this period compared to Q4-19.

Total personnel expenses FY20 were MNOK 51.0 compared to MNOK 20.2 FY19. The significant increase in personnel expenses is due to several factors:

- Salaries were higher in FY20 partly due to two additional full-time employees in this period compared to FY19.
- Further, a severance pay liability of MNOK 5.0 was recognized in the P&L related to the resignation of the former CEO in Q2-20.
- In addition, a share-based payment liability was reversed in Q2-19 with a positive effect on the P&L. Several of the Company's employees had synthetic shares which were valued at MNOK 10.2 with a corresponding liability in the balance sheet. This incentive scheme was terminated and replaced by a share option program when Ultimovacs was listed on the Oslo Stock Exchange. As all synthetic shares at the time of listing were valued lower than the strike price, all synthetic shares were settled/terminated without any value. Consequently, the liability of MNOK 10.2 was reversed in June 2019.
- Due to the significant increase in the Ultimovacs share-price, the cost for the share-based payments/share option program increased by MNOK 10.9 (including payroll tax of MNOK 4.1), as compared to MNOK 2.2 in FY19. These amounts had no cash effect the respective years.

Other operating expenses primarily comprise R&D related expenses. These expenses, including IP and external R&D expenses, offset by government grants, amounted to MNOK 7.5 in Q4-20, and MNOK 16.6 in Q4-19. With the initiation of two Phase II trials in FY20, the R&D costs have been and are expected to be at a higher level than in prior periods. Correspondingly, total other operating expenses in FY20 (MNOK 70.4) were higher compared to FY19 (MNOK 44.0) due to higher R&D expenses.

Total loss for the Q4-20 period amounted to MNOK 24.6 (vs. MNOK 25.4 in Q4-19). Total loss FY20 amounted to MNOK 120.6 compared to a loss of MNOK 61.2 in FY19.

Financial position

Total assets per 31 December 2020 were MNOK 529.7, an increase of MNOK 51.7 from 31 December 2019 primarily as a result of an increase in bank deposits from the share issue in May 2020 combined with the FY20 negative operational cashflow.

In addition, "Patents" in "Non-current assets" increased by MNOK 5.0 in May 2020. In 2015, the Group acquired all rights to the patents and technology from Inven2 AS, which is one of the Group's main shareholders. The purchase price for the patent in 2015 was MNOK 4.0 which was based on a purchase option in the license agreement with Inven2 AS entered into in 2011. The purchase of these rights in 2015 implied that the Group 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 related to the same patents, 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 first milestone payment of MNOK 5.0 was paid to Inven2 in May 2020 due to the commencement of the INITIUM Phase II trial. In Q2-20, the milestone payment was capitalized in the balance sheet under "Patents", and this will be depreciated linearly until 2030.

Total liabilities as of 31 December 2020 amounted to MNOK 41.3, of which MNOK 27.5 non-current. The non-current liabilities were increased by MNOK 5.0 in Q2-20 related to the severance package to the former CEO, Øyvind Kongstun Arnesen. Please refer to note 3 for more information.

Total equity equaled MNOK 488.4 as of 31 December 2020. In Q2-20, the equity increased with the gross proceeds from the share issue of MNOK 160. In this private placement, 4,113,111 new shares were issued at a price per share of NOK 38.90. Costs which can be directly attributed to the share issue have been deducted against equity, reducing share premium by MNOK 7.1 and resulting in net proceeds from the share issue of MNOK 152.9. Further, total equity has since year-end 2019 been decreased by the period's operating loss and currency translation amounting to MNOK 116.0 in FY20, and in addition been increased by the recognition of share-based payments/stock options of MNOK 6.8.

Cash flow

The total net decrease in cash and cash equivalents in Q4-20 was MNOK 12.5, which is primarily related to net negative cash-flow from operations amounting to MNOK 13.1.

Total net increase in cash and cash equivalents FY20 was MNOK 42.1, mainly a result of the net capital increase when issuing new shares in May 2020 resulting in a gross cash increase of MNOK 160.0, offset by share issue costs of MNOK 7.1, and a reduction due to the negative cash flow from operating activities (MNOK 108.2) and the milestone payment of MNOK 5.0. Total cash and cash equivalents per 31 December 2020 amounts to MNOK 440.9.

Key financials

NOK (000) Unaudited	Q4-20	Q4-19	FY20	FY19
Total revenues	-	-	-	-
Total operating expenses	25 588	27 833	124 146	66 217
Operating profit (loss)	**(25 588)**	**(27 833)**	**(124 146)**	**(66 217)**
Profit (loss) for the period	**(24 582)**	**(25 363)**	**(120 552)**	**(61 166)**
Diluted and undiluted earnings / (loss) per share (NOK)	(0.8)	(0.9)	(4.0)	(2.7)
Net increase / (decrease) in cash and cash equivalents	(12 524)	(12 440)	42 058	284 332
Cash and cash equivalents at end of period	**440 925**	**399 607**	**440 925**	**399 607**

The Board of Directors and CEO of Ultimovacs ASA

Oslo, 16 February 2021

_____	_____	_____
Jónas Einarsson	Kari Grønås	Eva S. Dugstad
Chairman of the Board	Board member	Board member
(Sign.)	(Sign.)	(Sign.)
_____	_____	_____
Henrik Schüssler	Ketil Fjerdingen	Leiv Askvig
Board member	Board member	Board member
(Sign.)	(Sign.)	(Sign.)
_____	_____	_____
Aitana Peire	Haakon Stenrød	Carlos de Sousa
Board member	Board member	CEO
(Sign.)	(Sign.)	(Sign.)

Interim condensed consolidated statement of comprehensive income

NOK (000) Unaudited	Note	Q4-20	Q4-19	FY20	FY19
Other operating income		-	-	-	-
Total revenues		-	-	-	-
Payroll and payroll related expenses	3, 5	14 662	8 686	50 989	20 160
Depreciation and amortization		743	832	2 720	2 063
Other operating expenses	4, 5	10 184	18 315	70 438	43 995
Total operating expenses		**25 588**	**27 833**	**124 146**	**66 217**
Operating profit (loss)		**(25 588)**	**(27 833)**	**(124 146)**	**(66 217)**
Financial income		1 243	2 671	5 209	5 631
Financial expenses		236	201	1 616	580
Net financial items		**1 007**	**2 470**	**3 594**	**5 051**
Profit (loss) before tax		**(24 582)**	**(25 363)**	**(120 552)**	**(61 166)**
Income tax		-	-	-	-
Profit (loss) for the period		**(24 582)**	**(25 363)**	**(120 552)**	**(61 166)**
Other comprehensive income (loss) - Currency translation		491	1 927	4 590	(672)
Total comprehensive income (loss) for the period		**(24 090)**	**(23 436)**	**(115 962)**	**(61 838)**
Diluted and undiluted earnings/(loss) pr share (NOK)	6	(0.8)	(0.9)	(4.0)	(2.7)

Interim condensed consolidated statement of financial position

NOK (000) Unaudited	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Goodwill		11 795	10 851
Licenses		57 258	52 675
Patents		7 293	2 844
Property, plant and equipment		377	536
Right to use asset	11	3 630	3 523
Total non-current assets		**80 354**	**70 430**
Receivables and prepayments	7	8 438	8 004
Bank deposits		440 925	399 607
Current assets		**449 363**	**407 611**
TOTAL ASSETS		**529 717**	**478 041**
EQUITY			
Share capital		3 197	2 786
Share premium		809 214	656 692
Total paid-in equity		**812 411**	**659 478**
Accumulated losses		(339 599)	(219 047)
Other equity		8 762	1 985
Translation differences		6 806	2 216
TOTAL EQUITY	6, 9	**488 380**	**444 633**
LIABILITIES			
Lease liability	11	2 075	2 301
Deferred tax		11 795	10 851
Non-current liabilities		**13 870**	**13 152**
Accounts payable		8 611	11 768
Lease liability	11	1 707	1 325
Other current liabilities		17 149	7 164
Current liabilities	8	**27 467**	**20 257**
TOTAL LIABILITIES		**41 337**	**33 409**
TOTAL EQUITY AND LIABILITIES		**529 717**	**478 041**

Interim condensed consolidated statement of cash flow

NOK (000) Unaudited	Q4-20	Q4-19	FY20	FY19
Loss before tax	**(24 582)**	**(25 363)**	**(120 552)**	**(61 166)**
Non-cash adjustments				
Depreciation and amortization	743	832	2 720	2 063
Interest received incl. investing activities	(1 120)	(1 580)	(4 545)	(4 490)
Net foreign exchange differences	92	69	747	224
Other finance expense	57	89	236	258
Share option expenses	2 169	862	6 777	1 985
Working capital adjustments:				
Changes in prepayments and other receivables	1 362	959	(433)	(1 820)
Changes in payables and other current liabilities	8 187	10 833	6 828	(42)
Net cash flow from operating activities	**(13 092)**	**(13 300)**	**(108 223)**	**(62 989)**
Purchase of property, plant and equipment	(65)	-	(282)	(172)
Patent milestone payment	-	-	(5 000)	-
Interest received	1 120	1 580	4 545	4 490
Net cash flow used in investing activities	**1 055**	**1 580**	**(736)**	**4 318**
Proceeds from issuance of equity	-	-	160 000	370 000
Share issue cost	-	-	(7 067)	(25 418)
Interest paid	-	(258)	-	(258)
Payment of lease liability	(488)	(463)	(1 916)	(1 321)
Net cash flow from financing activities	**(488)**	**(721)**	**151 017**	**343 002**
Net change in cash and cash equivalents	(12 524)	(12 440)	42 058	284 332
Effect of change in exchange rate	(73)	23	(739)	(265)
Cash and cash equivalents at beginning of period	**453 523**	**412 025**	**399 607**	**115 540**
Cash and cash equivalents at end of period	**440 925**	**399 607**	**440 925**	**399 607**

Interim condensed consolidated statement of changes in equity

NOK (000) Unaudited	Share Capital	Share Premium	Accum. losses	Other equity	Transl. differenc.	Total equity
Balance at 1 Jan 2019	**641**	**314 256**	**(157 881)**	**-**	**2 888**	**159 904**
Loss for the period	-	-	(61 166)	-	-	(61 166)
Issue of ordinary shares	2 145	367 855	-	-	-	370 000
Share issue costs	-	(25 418)	-	-	-	(25 418)
Recognition of share-based payments	-	-	-	1 985	-	1 985
Translation differences	-	-	-	-	(672)	(672)
Balance at 31 Dec 2019	**2 786**	**656 692**	**(219 047)**	**1 985**	**2 216**	**444 633**
Balance at 1 Jan 2020	**2 786**	**656 692**	**(219 047)**	**1 985**	**2 216**	**444 633**
Loss for the period	-	-	(120 552)	-	-	(120 552)
Issue of ordinary shares	411	159 589	-	-	-	160 000
Share issue costs	-	(7 067)	-	-	-	(7 067)
Recognition of share-based payments	-	-	-	6 777	-	6 777
Translation differences	-	-	-	-	4 590	4 590
Balance at 31 Dec 2020	**3 197**	**809 214**	**(339 599)**	**8 762**	**6 806**	**488 380**

Notes

1. General information

Ultimovacs ASA (the Company or Ultimovacs) and its subsidiary (together the Group) is a pharmaceutical Group developing novel immunotherapies against cancer. The Company is a public limited liability company listed on the Oslo Stock Exchange in Norway.

Ultimovacs is headquartered 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 Group'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 2019 financial statements. These condensed interim financial statements should therefore be read in conjunction with the 2019 financial statements.

The consolidated financial statements comprise the financial statements of the Ultimovacs ASA and its 100% owned subsidiary Ultimovacs AB as at the reporting date.

These interim financial statements were approved for issue by the Board of Directors on 16 February 2021.

3. Personnel expenses

Personnel expenses

NOK (000)	Q4-20	Q4-19	FY20	FY19
Salaries and bonuses	8 198	7 535	34 612	24 545
Social security tax	4 541	1 308	9 299	4 076
Pension expenses	429	166	2 020	1 798
Share-based compensation	2 169	862	6 777	(8 222)
Other personnel expenses	131	177	430	437
Government grants	(807)	(1 361)	(2 150)	(2 476)
Total personnel expenses	**14 662**	**8 686**	**50 989**	**20 160**
Number of FTEs at end of period	19	17	19	17

On 1 June 2020, Øyvind Kongstun Arnesen resigned from his position as CEO in Ultimovacs ASA. Upon his resignation, Arnesen will receive an 18-month severance pay, paid over the course of 18 months. Arnesen will in this period continue to receive all benefits from his employment, with the exception

for pension rights, which are not applicable for the last 12 months. During the last 12-month period, any income from new employment/engagements will be deducted from the severance pay.

An accrual of MNOK 5.0 (including social security tax of MNOK 0.6) was booked in Q2-20 comprising the above-mentioned elements relating to the severance pay package. The accrual is per 31 December classified as a short-term liability in the balance sheet and split into the relevant cost-items within 'Total personnel expenses'.

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

4. Operating expenses

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

Operating expenses

NOK (000)	Q4-20	Q4-19	FY20	FY19
External R&D expenses	12 312	19 745	64 660	35 528
Clinical studies	8 114	15 460	47 680	24 042
Manufacturing costs	(226)	1 583	5 710	5 640
Other R&D expenses	4 424	2 702	11 270	5 847
IP expenses	1 359	1 289	2 949	2 712
Rent, office and infrastructure	837	563	2 786	2 333
Accounting, audit, legal, consulting	1 430	544	3 978	3 658
Other operating expenses	380	610	2 802	5 066
Government grants	(6 134)	(4 436)	(6 738)	(5 302)
Total other operating expenses	**10 184**	**18 315**	**70 438**	**43 995**

5. Government grants

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

Government grants

NOK (000)	Q4-20	Q4-19	FY20	FY19
Skattefunn from The Research Council of Norway	4 750	5 277	4 750	5 277
Eurostars	450	363	2 015	2 344
Other grants	1 741	157	2 123	157
Total government grants	**6 941**	**5 797**	**8 888**	**7 778**

Please refer to note 3 and 4 for information on how the government grants have been attributed to (i.e., deducted from) personnel expenses and other operating expenses.

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)	Q4-20	Q4-19	FY20	FY19
Loss for the period	(24 582)	(25 363)	(120 552)	(61 166)
Average number of shares during the period ('000)	31 974	27 860	30 260	22 927
Earnings/loss per share (NOK)	**(0.8)**	**(0.9)**	**(4.0)**	**(2.7)**

In the annual general meeting on 21 May 2019, a split of the shares was resolved so that one share with a nominal value of NOK 1 was split into 25 shares with a nominal value of NOK 0.10. The 2019 figures in the overview above takes into account the share split in order to be comparable with the number of shares post-split.

The share options issued to employees as a part of the employee incentive program have a potential dilutive effect on earnings per share. No dilutive effect has been recognized 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 Group is currently loss-making, an increase in the average number of shares would have anti-dilutive effects. Diluted and basic (undiluted) earnings per share is therefore the same.

Please see note 10 for more information regarding the option program.

7. Current assets

Receivables and prepayments

NOK (000)	31 Dec 2020	31 Dec 2019
Government grants	6 941	5 797
Prepayments	748	435
Other receivables	749	1 772
Total receivables and prepayments	**8 438**	**8 004**

8. Current liabilities

Current liabilities

NOK (000)	31 Dec 2020	31 Dec 2019
Accounts payable	8 611	11 768
Public duties payable	7 253	2 495
Lease liability	1 707	1 325
Other current liabilities	9 896	4 669
Total current liabilities	**27 467**	**20 257**

9. Shareholder information

The share capital as of 31 December 2020 was NOK 3,197,351.1, with 31,973,511 ordinary shares, all with equal voting rights and a nominal value of NOK 0.1 per share. Ultimovacs ASA has approximately 3,800 shareholders as of 31 December 2020 and the 20 largest shareholders as of this date are listed below:

Share register as per 31 December 2020

Shareholder	# of shares	Share-%
Gjelsten Holding AS	6 171 866	19.3 %
Canica AS	2 507 663	7.8 %
Inven2 AS	1 866 658	5.8 %
Watrium AS	1 740 575	5.4 %
Radiumhospitalets Forskningsstiftelse	1 498 913	4.7 %
Langøya Invest AS	1 342 006	4.2 %
Folketrygdfondet	1 190 000	3.7 %
Helene Sundt AS	882 132	2.8 %
CGS Holding AS	882 132	2.8 %
Sundt AS	692 150	2.2 %
Danske Invest Norge Vekst	690 000	2.2 %
Stavanger Forvaltning AS	589 000	1.8 %
Verdipapirfondet KLP Aksjenorge	585 000	1.8 %
Verdipapirfondet Nordea Avkastning	524 817	1.6 %
Brown Brothers Harriman (Lux.) SCA	522 113	1.6 %
Prieta AS	520 988	1.6 %
JPMorgan Chase Bank, N.A., London	439 137	1.4 %
SEB Prime Solutions Sissener Canopus	425 000	1.3 %
Swedbank AB	384 668	1.2 %
Verdipapirfondet Nordea Kapital	283 471	0.9 %
20 Largest shareholders	**23 738 289**	***74.2%***
Other shareholders	8 235 222	*25.8%*
Total	**31 973 511**	***100.0%***

10. Share-based payments

Share option program
A new share equity settled option program was introduced in June 2019 and the Board was at the 2019 General Assembly (held 23 April 2020) authorized to increase the Group's share capital in connection with the share incentive arrangement by up to NOK 55,000 (550,000 share options) until the next ordinary General Assembly in 2021.

The share option program is groupwide and includes all employees in the Group. A total of 557,500 options for shares in the Company were distributed amongst the employees in June 2019, and 846,885 options in June 2020. Following the issue of these share options, and the forfeit of 73,950 share options during the year, a total of 1,330,435 options are currently granted, corresponding to 4.16% of the outstanding number of shares in the Company. Each option gives the right to acquire one share in the Company and is granted without consideration. Pursuant to the vesting schedule, with the exception of the 362,185 options granted to the CEO, 25% of the options will vest one year after the day of grant, 25% of the options will vest two years after the day of grant and the remaining 50% will vest three years after the day of grant (vesting is dependent on the option holder still being employed in the Company).

The options granted to CEO, Carlos de Sousa, will vest with 33.33% one year following the grant date, 33.33% after two years, and the remaining 33.34% on the third anniversary following the grant date (vesting is dependent on the option holder still being employed in the Company).

The exercise price for all options granted in 2019 was NOK 31.25, and NOK 39.15 per share in 2020.

Options that are not exercised within 5 years from the date of grant will lapse and become void.

Total allocation of options to Management Team

Name	Position	Number of options
Carlos de Sousa	Chief Executive Officer	362 185
Hans Vassgård Eid	Chief Financial Officer	118 500
Jens Egil Torbjørn Bjørheim	Chief Medical Officer	109 000
Audun Tornes	Chief Technology Officer	72 500
Gudrun Trøite	Director Regulatory Affairs and QA	72 500
Ingunn Hagen Westgaard	Head of Research	72 500
Øivind Foss	Head of Clinical Operations	72 500
Ton Berkien	Chief Business Officer	-

Assumptions, costs and social security provisions:

The Ultimovacs Employee Share Options' fair value is calculated according to the IFRS-2 regulations. As stated in IFRS-2 Appendix B §B5, the Black-Scholes-Merton Option Pricing Model ("B&S Model") may be used to estimate the fair value of employee share options, which is therefore used to estimate the fair value of the Ultimovacs Employee Share Options. The model uses the following parameters: the exercise price, the current price of the underlying shares, the life of the option, the expected volatility of the share price, the dividends expected on the shares, and the risk-free interest rate for the life of the option.

The exercise price is set out in the Ultimovacs Option Award Agreements with each employee and is stated in the Norwegian Krone. The current price of the underlying shares used in the model is the last available closing price of Ultimovacs at grant date.

The risk-free interest rate used in the B&S Model is equal to the rates of the government bond issues of the country in whose currency the exercise price is expressed, with the term equal to the expected term of the option being valued. Since the exercise price is expressed in Norwegian Krone, the "Norges Bank Statskasseveksler" and "Obligasjoner"-rate is used as input. The interest rates used for the options with term structures outside of the quoted terms of Norges Banks interest rates are calculated with the use of a linear interpolation between the two closest quoted rates.

A dividend parameter is not included in the calculations.

The B&S Model assumes that the time from grant until expiry gives the time parameter in the model. This assumption is based on the options being free from restraints and that the owner of the options holds the right to sell the option in the market at any time. As this is not the case for most employee share options, IFRS-2 Appendix B §B16-18, states that a shorter time period can be used as the expected lifetime of the options in some cases. Half a year after vesting date is therefore assumed to be the estimated end-of-lifetime of each option in the model. However, exercise patterns will be monitored, and expected option lifetime will be updated if needed for future grants.

For valuation purposes, an expected future volatility range of 58% - 69% has been applied for the different tranches of options distributed. As Ultimovacs has not been listed on a stock exchange long enough to have a sufficient share price history to calculate the shares' volatility, comparable firms' share price volatility have been used to estimate the expected volatility.

Movement of share options

	Number of share options	Weighted average strike
Outstanding at opening balance 1 January 2020	**557 500**	**31.25**
Granted	846 885	39.15
Exercised	-	-
Forfeited	(73 950)	31.25
Outstanding at closing balance 31 December 2020	**1 330 435**	**36.28**
Vested at closing balance	139 375	31.25

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. For equity-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 recognized in the profit or loss with a corresponding adjustment to equity. This requires a reassessment of the estimates used at the end of each reporting period.

The total expense recognized for the option program in Q4-20 is MNOK 5.1, including social security accruals of MNOK 2.9. Total expense in FY20 is MNOK 10.9, including 4.1 in social security accruals.

11. IFRS 16 – rental contracts

The Group implemented IFRS 16 in 2019 with the modified retrospective approach. The most significant agreement classified as operating lease is the rental agreement for office premises in Oslo with 3 years left in the rental contract as of 1 January 2020. In addition, there are five car-leasing contracts also classified as operating leases. With the transition to IFRS 16, the Group has recognized these contracts as a right-of-use assets of MNOK 4.6, and lease liabilities of MNOK 4.6 as of 1 January 2019. The weighted average discount applied on 1 January 2019 was 6.0%. Please see the 2019 Annual report for more information.

12. Events after the balance sheet date

No events with significant accounting effect have occurred after the balance sheet date.

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.
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. PD-1 / PDL-1 inhibitors (e.g., pembrolizumab and nivolumab) and CTLA-4 inhibitors (e.g. ipilimumab). There are many others in development.
Immune response	The activity of the immune system against foreign substances (antigens).
Investigational New Drug (IND)	The United States Food and Drug Administration's Investigational New Drug (IND) program is the means by which a pharmaceutical company obtains permission to start human clinical trials and to ship an experimental drug across state lines (usually to clinical investigators) before a marketing application for the drug has been approved. Similar procedures are followed in the European Union, Japan, and Canada.
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 CTLA-4 to bind to B7. Ipilimumab was the first checkpoint inhibitor to reach the market.
PARP Inhibitor	PARP inhibitors are a group of pharmacological inhibitors of the enzyme poly ADP ribose polymerase. They are developed for multiple indications, including the treatment of heritable cancers. Several forms of cancer are more dependent on PARP than regular cells, making PARP an attractive target for cancer therapy
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.
Telomere	To prevent the loss of genes as chromosome ends wear down, the tips of eukaryotic chromosomes have specialized DNA "caps" called telomeres.

Telomerase	Some cells have the ability to reverse telomere shortening by expressing telomerase (hTERT), an enzyme that extends the telomeres of chromosomes. Telomerase is expressed at a high level in over 85% of human tumors. UV1 uses telomerase (hTERT) as an immune therapy target.
Tetanus	Tetanus (Norwegian: "Stivkrampe") is a serious illness contracted through exposure to the spores of the bacterium, Clostridium tetani, which live in soil, saliva, dust, and manure. The bacteria can enter the body through deep cuts, wounds or burns affecting the nervous system. The infection leads to painful muscle contractions, particularly of the jaw and neck muscle, and is commonly known as "lockjaw". Tetanus vaccination protects against the disease.
Checkpoint and PARP inhibitors	
Ipilimumab	CTLA-4 checkpoint inhibitor from BMS (Bristol-Myers Squibb)
Nivolumab	PD-1 checkpoint inhibitor from BMS (Bristol-Myers Squibb)
Pembrolizumab	PD-1 checkpoint inhibitor from Merck
Durvalumab	PD-L1 checkpoint inhibitor from AstraZeneca
Olaparib	PARP 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
DOR	Duration of response (The length of time that a tumor continues to respond to treatment without the cancer growing or spreading.)
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.)
mPFS	Median overall survival mean (The length of time during and after the treatment of a disease, such as cancer, that half of the patients in a group of patients diagnosed with the disease are still alive.)
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 number 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.
Metastasis/ Metastatic cancer	The development of malignant growths at a distance from a primary site of cancer/ Metastatic cancer is cancer that spreads from its site of origin to another part of 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	Prostate-specific antigen (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 was established in 2011 and is a public limited liability company listed on the Oslo Stock Exchange in Norway. The Company and its proprietary technology is based on preclinical and clinical research on immunotherapies conducted at the Oslo University Hospital. Ultimovacs is headquartered at the Oslo Cancer Cluster Innovation Park in Oslo, Norway, and also has an office in Uppsala, Sweden. Ultimovacs is an active member of Oslo Cancer Cluster.

Ultimovacs seeks to become a leader in developing immune-stimulatory vaccines to treat a broad range of cancers. Ultimovacs' lead universal cancer vaccine candidate UV1 leverages the high prevalence of the human telomerase (hTERT) to be effective across the dynamic stages of the tumor's growth and its microenvironment. By directing the immune system to hTERT antigens that are present in over 80% of all cancers, UV1 drives CD4 helper T cells to the tumor with the goal of activating an immune system cascade to increase anti-tumor responses. Ultimovacs' strategy is to clinically demonstrate UV1's impact in many cancer types and in combination with other immunotherapies. The Company will expand its pipeline using its novel TET-platform, which is a next-generation vaccine technology that can generate multiple vaccine candidates designed to achieve increased T cell responses to a broad range of target antigens.