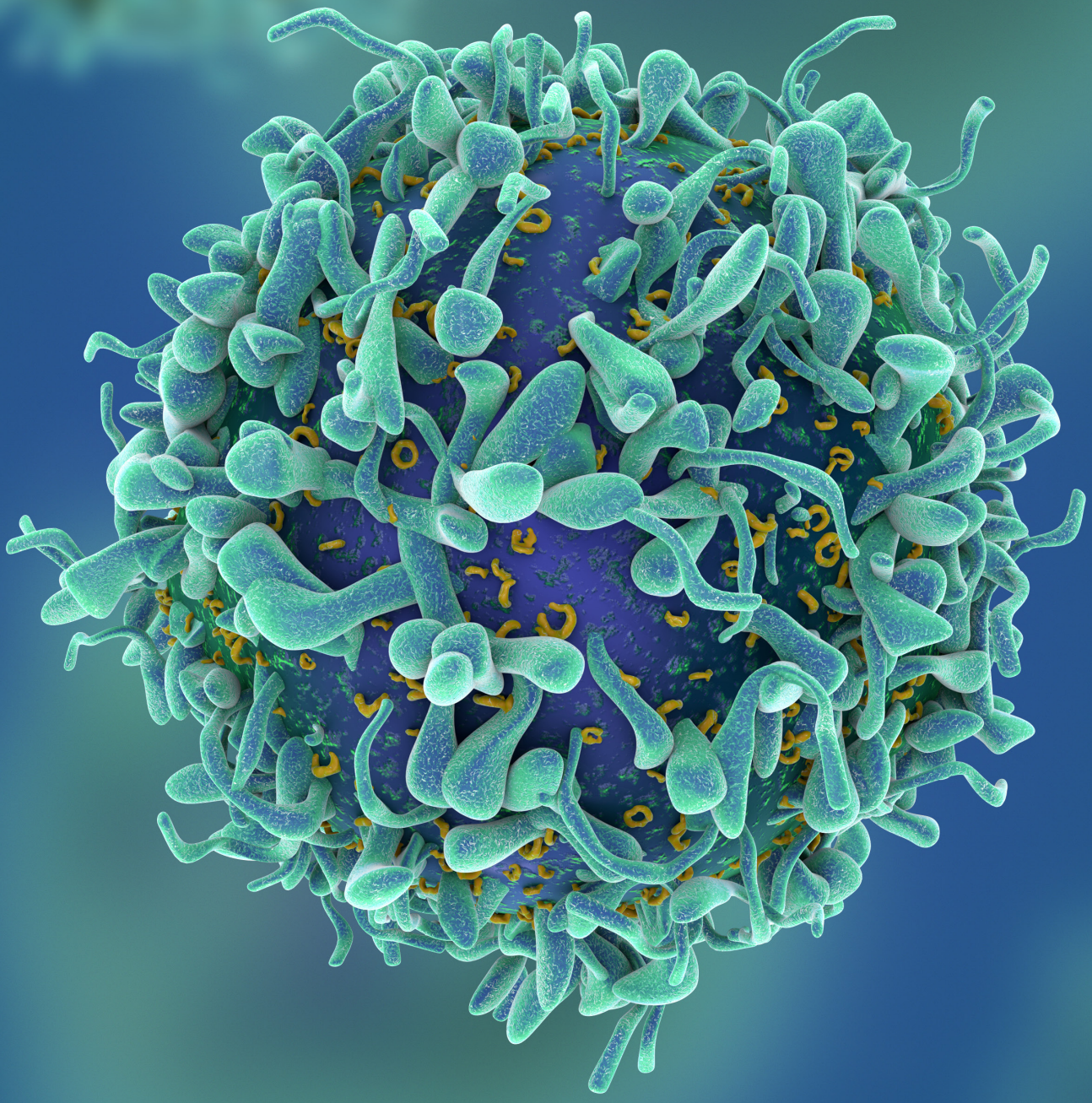
ultimovacs

Annual Report 2020



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About Ultimovacs

Ultimovacs is a pharmaceutical company developing novel immunotherapies against cancer. The Company was established in 2011 and is listed on the Oslo Stock Exchange.

Ultimovacs' ("the Company") 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 next generation peptide-based vaccine inducing a specific T cell response against the universal cancer antigen telomerase (hTERT), expressed at a high level in over 80% 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.

Treatment with UV1 has been assessed in three Phase I studies (metastatic prostate cancer, metastatic non-small cell lung cancer and metastatic malignant melanoma) in 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, immune response and signals of clinical effect. In addition, Ultimovacs is the sponsor of 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.

Ultimovacs has an extensive development program for UV1 with four phase II studies in four different indications including more than 500 patients:

- **INITIUM (154 patients):** Ultimovacs sponsored trial in malignant melanoma in which UV1 is combined with nivolumab and ipilimumab.
- **NIPU (118 patients):** 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 execution of the trial.
- **DOVACC (184 patients):** 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 (PARP inhibitor) in patients with relapsed ovarian cancer.
- **FOCUS (75 patients):** 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.

In addition, the Company will expand its pipeline using its novel TET technology platform that can generate multiple vaccine candidates designed to achieve increased T cell responses to a broad range of target antigens.

Statement of the CEO

It has been a privilege to join Ultimovacs in 2020 and to contribute to the achievement of our clinical, scientific and corporate objectives. Overall, we have made large steps and demonstrable progress toward our goal of becoming a global leader in therapeutic cancer vaccines. We propelled our lead product candidate, the universal cancer vaccine UV1, into a broad Phase II clinical development program and prepared the entry into the clinic for the first vaccine candidate from our TET-platform. We gained support and recognition from pharmaceutical partners, leading clinicians and a broad network of academic and medical institutions. We have strengthened our financial resources and shareholder base through a capital raise and expanded our leadership with business development expertise. Looking forward, we are now in a position to build on this positive momentum as we execute on our strategic initiatives.

With four Phase II clinical trials in multiple indications and treatment combinations, we have established a broad platform for validating UV1 as a next-generation universal cancer vaccine. UV1's universality is fourfold. First, it can be applied to treat a wide range of cancers by targeting telomerase, an enzyme expressed in over 80% of all tumors, to engage the immune system to fight cancer cells. Second, based on its positive safety and tolerability profile, UV1 can be combined with a broad range of cancer therapies and is currently under evaluation in combination with ipilimumab, pembrolizumab, nivolumab, durvalumab and olaparib. Third, UV1 is an off-the-shelf vaccine, with properties allowing for a simple administration procedure and no need for complex infrastructures at the clinic. Finally, UV1 has a favorable immunogenicity profile with no need for pre-screening patients based on HLA-typing, further supporting its applicability for a very broad patient population. In addition to our efforts in 2021 to ensure effective clinical trial management and to generate extensive Phase II results over the next two years, we will also focus on achieving Phase III readiness. This means that we will prepare both operationally and by engaging further in discussions with potential partners. As demonstrated by the industry and academic relationships we have in place for our Phase II program, Ultimovacs will seek the most advantageous path for late-staged development in order to bring UV1 closer to becoming an effective vaccine for cancer patients and to build value for our shareholders.

Ultimovacs has made great progress in building an extensive group of partners and collaborators. It is exciting to have gained the support of two of the largest and most successful cancer-focused pharmaceutical leaders: Bristol-Myers Squibb and AstraZeneca. On the clinical and academic side, we highly value our collaborations with University Medicine Halle, Germany; Nordic Society of Gynaecological Oncology – Clinical Trial Unit (NSGO-CTU) and the European Network of Gynaecological Oncological Trial Groups (ENGOT) in addition to our long-standing partnership with Oslo University Hospital and license from the Leiden University Medical Center. We have raised broad awareness in the clinical community through our Phase I clinical studies conducted in the US and Europe and are expanding that in the extensive Phase II program with new clinical trial centers across Europe, the US and Australia.

Our goal of becoming a leader in cancer vaccines is based on the universality of UV1 and on the significant potential of our TET-technology, which has now reached the clinic. The innovative TET-platform is at the forefront of new vaccine technologies and holds the promise of creating a strengthened and increased T cell response against cancer-specific peptides by harnessing the pre-existing antibody response against tetanus antigens. The platform is modular, capable of generating vaccine candidates that are designed for antigens related to a specific cancer or common to many tumor types. By combining antigens and the vaccine adjuvant in the same molecule, TET-platform vaccines are designed to have a beneficial safety profile and simplified administration, which may support treatment at earlier stages of disease. In 2021, as we optimize the CMC-properties for the platform, we are in process of gathering the first clinical data from the Phase I TENDU trial and we expect to announce initial safety and immune-activation data on the vaccine in relapsed prostate cancer patients in the last quarter of 2021. Positive safety outcomes from the first-in-man study will enable the development of a platform with significant potential in a broad range of cancer indications.

The focus on our UV1 vaccine and our TET technology platform defines our corporate calendar for 2021. Throughout the year, we will provide updates on patient enrolment in our UV1 Phase II program during our quarterly financial updates. In addition, we will communicate the follow-up results from the first and second cohorts of our last ongoing Phase 1 study, which is testing UV1 in combination with pembrolizumab in metastatic and malignant melanoma. For the TET-technology, we will focus on the optimization of the platform and management of the TENDU trial, which we expect to provide topline safety and immune response data in the fourth quarter this year. In addition, we look forward to opportunities to publish and present clinical data from our UV1 Phase I program in peer-reviewed journals and medical conferences.

Looking back on a very successful 2020, we are grateful for the continued confidence from our shareholders and the hard work and commitment from the entire Ultimovacs team. For 2021, our objective is to maintain last year's positive momentum, to continue to build value for our shareholders and for patients, and to further expand the global awareness of Ultimovacs among investors and potential partners.

Carlos de Sousa, Chief Executive Officer

DIRECTORS' REPORT

Overview of 2020

The Ultimovacs team can look back on 2020 as an eventful and successful year. As we outlined in last year's annual report, 2019 was a year in which we laid the groundwork for Ultimovacs' further development including the successful public offering on the Oslo Stock Exchange raising MNOK 370 to support the ongoing and extensive clinical development program for UV1. In 2019, we began preparations for the INITIUM and NIPU clinical trials and as we reached 2020, we initiated the Phase II, mid-stage clinical development programs for UV1, which involved a large number of patients in several different indications.

The first patients were enrolled in both the NIPU and INITIUM trials in June of 2020 and we have seen a steady trend in patient recruitment over the second half of the year. As of December 31, 2020, 18 patients were enrolled in the INITIUM trial and nine patients in the NIPU trial. The corresponding numbers at the fourth quarter 2020 reporting date of February 16th, 2021 were 24 and 18 respectively. Despite the ongoing global challenges, we anticipate this pace to increase significantly this year.

The COVID-19 pandemic has caused a global crisis for the last twelve months. For the biotech industry in general as well as for Ultimovacs, we could not anticipate what it would mean for our company. In retrospect, we have been very fortunate to date. Ultimovacs has a strong financial position that, based on the current development plan, is expected to fund our operations until the data readouts for our ongoing Phase II combination studies. Nevertheless, we have seen an impact on our clinical trial progress. Clinical trial sites have opened slower than initially planned, due to certain countries struggling with limited available hospital capacity as a consequence of the needs of COVID-19 patients. Despite these challenges, we continue to be on track for announcing data on the primary endpoints for INITIUM and NIPU in 2022 and for DOVACC and FOCUS in 2023.

We completed a private placement in May 2020 that attracted great interest from both our existing shareholders as well as new investors. We are very grateful for the continued support from our shareholders, who at the time of the private placement contributed nearly NOK 110 million of the total NOK 160 million raised. In addition, we welcomed the large Norwegian investor Folketrygdfondet as a major participant in this private placement.

During the fund-raising process, we communicated our plans for a collaboration clinical trial and on January 11th, 2021, we announced the details for the Phase II DOVACC trial, a study conducted in partnership with the Nordic Society of Gynaecological Oncology - Clinical Trial Unit (NSGO-CTU), the European Network of Gynaecological Oncological Trial Groups (ENGOT) and AstraZeneca. The DOVACC trial will evaluate UV1 in combination with AstraZeneca's Durvalumab and Olaparib in patients with relapsed ovarian cancer. Shortly before the end of the calendar year, we announced our latest Phase II combination study, the FOCUS clinical trial. In this Phase II randomized clinical trial, UV1 will be evaluated in combination with pembrolizumab in 75 patients with recurrent or metastatic head and neck cancer. The trial will be conducted in close collaboration with the Immunological Tumor Group at University Medicine Halle, Germany.

We are very grateful for the highly valuable work our former CEO Øyvind Kongstun Arnesen has done for the company over the last 8 years. In June 2020, Carlos de Sousa joined the team, replacing Mr. Arnesen. Dr. de Sousa is a seasoned industry executive with 30 years of experience ranging from leadership positions at international pharmaceutical companies such as Pfizer, Novartis and Nycomed/Takeda, to executive management roles at several innovative biotech companies. We also welcomed Ton Berkien as Chief Business Officer, who joined us in December 2020 bringing more than 15 years of experience in healthcare business development from companies such as Nycomed, Takeda, Nuevolution and Amgen. The Board of Directors' composition changed during 2020 as Haakon Stenrød and Aitana Peire replaced Kristin L. A. Wilhelmsen.

As the Board of Directors, we must ensure that Ultimovacs continues to build shareholder value by executing on its strategic corporate imperatives. To lead the company in its new phase of growth, the Board successfully recruited a new CEO. As outlined here, the Company has done an excellent job in its UV1 clinical development programs. In addition, the team started patient inclusion in the TENDU trial, the first trial evaluating the Company's state-of-the-art TET-technology platform and secured grants to compliment the private placement. Last year, Ultimovacs achieved all of its 2020 goals and continued to expand its international presence as a leader in cancer vaccines.

Looking back at the achievements in 2020, we are confident that the Ultimovacs team will strive to meet its clinical and corporate goals during the course of 2021. We look forward to keeping you updated on our progress throughout the year.

Board of Directors

Highlights

Key highlights of the year 2020

- The first patient in the **INITIUM** trial, a randomized phase II trial for investigation of UV1 as treatment for first-line patients with metastatic malignant melanoma, was enrolled in June, and a total of 18 patients have been enrolled as per year end 2020, and 24 as per Q4-reporting date.
- Similarly, the first patient in the **NIPU** trial, randomized, phase II trial in which UV1 is investigated as a second-line treatment in mesothelioma, was enrolled in June, and a total of nine patients have been enrolled as per year end 2020, and 18 as per the Q4-reporting date.
- In the US-based Phase I trial in malignant melanoma, patient enrollment is now completed with all 10 patients in cohort 2 included. No unexpected safety issues have been observed to 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 fully enrolled **US-based Phase I trial** in malignant melanoma, positive topline results from the first cohort of 20 patients were announced in September 2020. The results confirm achievement of the primary endpoints of safety and tolerability and indicate initial signs of clinical response; the 12-month Overall Survival (OS) rate was 85% and median Progression Free Survival (mPFS) was not reached after 12 months.
- Five-year overall survival data from the Phase I trial evaluating UV1 as maintenance therapy in patients with **non-small cell lung cancer** was reported in October 2020. The results confirm achievement of the primary endpoints of safety and tolerability and indicate encouraging initial signals of long-term survival benefit. At the five-year landmark, the OS rate was 33% and mPFS was 10.7 months.
- 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 OS rate was 50% and mPFS was 6.7 months.
- Carlos de Sousa was appointed the **new Chief Executive Officer** of Ultimovacs ASA as of 1 June 2020.
- A **private placement** of new shares to fund the below-mentioned DOVACC trial was successfully completed in May 2020, raising gross proceeds of MNOK 160.
- **Public grants** of up to MNOK 26 were during the year obtained from Innovation Norway and the Norwegian Research Council to support the DOVACC and FOCUS Phase II trials.

Highlights after the balance sheet date

- 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.
- In February 2021, Ultimovacs announced the treatment of the first patient in the Phase I TENDU trial, representing the start of clinical evaluation for the Company's novel Tetanus-Epitope Targeting (TET) vaccine platform. This trial will investigate a prostate cancer specific vaccine based on the TET technology.

Clinical trial overview

Ultimovacs has a broad development program for UV1 across several indications, as well as its state-of-the-art TET-technology platform being tested in the TENDU trial

Treatment in three Phase I studies have been completed and patients are currently followed up for survival, immune response and new anti-cancer treatment. The completed trials show clinical outcomes that Ultimovacs sees as a strong basis for the further clinical development of UV1, both with respect to safety and signals of clinical effect.

One phase I study based in the USA in malignant melanoma is fully recruited and currently ongoing.

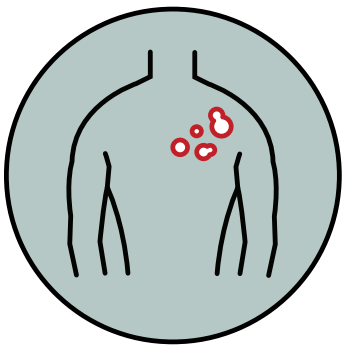
Two phase II studies, INITIUM in malignant melanoma and NIPU in mesothelioma, commenced in 2020. Two additional phase II studies, FOCUS in head and neck cancer and DOVACC in ovarian cancer, will commence in 2021. UV1 is potentially effective across a broad range of cancer types as telomerase is expressed in most cancers. The mechanism of action of the CPI's are also not cancer type dependent. The data from clinical trials and accompanying biological studies therefore has significant transfer value for other cancer types and indications.

	Indication	Clinical trial information	Preclinical	Phase I	Phase II	Phase III	Partner / Collaboration
UV1	**Prostate cancer**	Conducted at OUS, 22 patients. Completed in 2015		✓			Oslo University Hospital
	Non-small cell lung cancer (NSCLC)	Conducted at OUS, 18 patients. Completed in 2016		✓			Oslo University Hospital
	Metastatic malignant melanoma	Conducted at OUS, 12 patients. UV1 in combination with Ipilimumab. Completed in 2016		✓			Oslo University Hospital
	Metastatic malignant melanoma	First line phase I trial with combination UV1/pembrolizumab). 30 patients, enrolment completed in Aug-20		○			
	Metastatic malignant melanoma	**INITIUM:** Phase II proof of concept trial (first line metastatic malignant melanoma with triple combination ipilimumab/nivolumab/UV1) 154 patients			○		
	Mesothelioma	**NIPU:** Phase II proof of concept trial (second line mesothelioma with triple combination ipilimumab/nivolumab/UV1) 118 patients			○		Bristol Myers Squibb and Oslo University Hospital (OUS)
	Ovarian cancer	**DOVACC**: Phase II proof of concept trial (randomized, second line maintenance in ovarian cancer with combination durvalumab/Olaparib/UV1) 184 patients			○		AstraZeneca and NSGO/ENGOT
	Head and Neck cancer	**FOCUS:** Phase II proof of concept trial (first line head and neck cancer with combination pembrolizumab/UV1) 75 patients			○		University Medicine Halle (Saale) / Martin-Luther-University
TET	**Prostate cancer**	**TENDU:** phase I study to assess the safety of the TET platform		○			
	Various	First-in-class cancer vaccine solutions based on the TET-platform technology	○				

Additionally, the Company is expanding its pipeline using its novel TET-platform, which is a vaccine technology that can generate multiple vaccine candidates designed to achieve increased T cell responses to a broad range of target antigens. Patient inclusion started in the phase I TENDU trial in January of 2021, the first trial evaluating the Company's TET-technology platform

INITIUM

The INITIUM trial is a Ultimovacs-sponsored randomized phase II trial in metastatic malignant melanoma where UV1 is given in combination with the CTLA-4 checkpoint inhibitor ipilimumab and the PD-1 checkpoint inhibitor nivolumab. The trial is running in the US and Europe (including Norway) with 154 patients to be enrolled. The trial is randomized, where 77 patients will receive nivolumab and ipilimumab while the other 77 patients will receive nivolumab, ipilimumab and UV1. Planned readout of the primary endpoint progression-free survival is H2-2022. The first INITIUM patient was treated at the Oslo University Hospital in June 2020 and 18 patients have been treated as per 31 December 2020, and 24 patients as per the Q4-reporting.

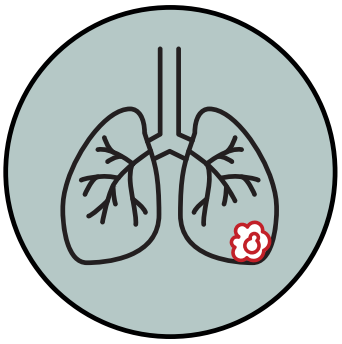


Covance is the CRO (Contract Research Organization) for the trial. The Independent Data Monitoring Committee for the INITIUM trial is established to monitor patient safety in the study. The committee has the following members: Jeffrey Weber (NYU Langone Health, NY, USA), James Larkin (Royal Marsden, London, England), Caroline Robert (Gustave Roussy Cancer Campus, Grand Paris, France) and Anna Torrång (SDS Life science, Danderyd, Sweden).

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. Melanoma is much less common than some other types of skin cancers. But melanoma is more dangerous because it's much more likely to spread to other parts of the body if not recognized and treated early. Melanomas can develop anywhere on the skin, but they are 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.

World-wide, more than 130,000 new cases of melanoma are diagnosed every year and it is estimated that close to 50,000 persons die from metastatic melanoma every year. There is a large unmet medical need for improved treatment of melanoma. There is a good theoretical rationale for combining a universal cancer vaccine with PD1 and CTLA-4 blockade that will work to open the tumor and strengthening the immune response.

NIPU



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 ("CPI") ipilimumab and nivolumab as second-line treatment in mesothelioma. Oslo University Hospital (OUS) is the sponsor of the NIPU study. Bristol-Myers Squibb and Ultimovacs have entered into agreements with OUS to support the execution of the trial. The first patient in the NIPU trial was treated at the Oslo University Hospital in June 2020 and a total of nine patients have been enrolled as of 31 December 2020, and 18 patients as per the Q4-report reporting date.

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 being conducted at seven hospitals in five countries (Norway, Sweden, Denmark, Spain and Australia). The study sites are 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 the University of Western Australia in Perth, Australia.

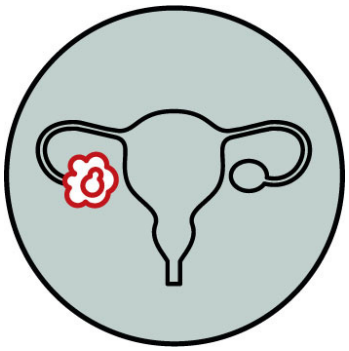
The objective of the study is to achieve a clinically meaningful progression-free survival (PFS) benefit in patients with malignant pleural mesothelioma ("MPM") after progression on first-line standard platinum doublet chemotherapy. The primary endpoint of the trial is progression-free survival (PFS) 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 and is the most common type of mesothelioma. It 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 and kills 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 heavily 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. 0ver 500,000 people were exposed to toxic dust including asbestos during the September 11 attacks in 2001 and a significant local rise in incidence is expected in decades to come.

Compared to many other cancer types the incidence numbers are low, however the medical need is very high. There is therefore a significant market opportunity for an improved therapy for mesothelioma.

DOVACC



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, as maintenance therapy for advanced ovarian cancer patients. 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.

This 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 several countries.

FOCUS

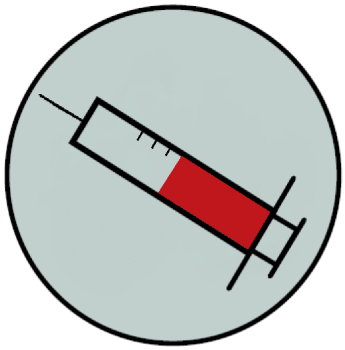
On 22 December 2020, Ultimovacs announced the FOCUS trial (**F**irst-line metastatic **O**r recurrent HNSCC/**C**heckpoint inhibitor **U**V1 **S**tudy). This Phase II trial is an investigator-sponsored, randomized Phase II clinical trial that will recruit patients with recurrent or metastatic PD-L1 positive 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 the 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.

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, and the enrollment of these ten patients in the second cohort was completed in August 2020.

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.

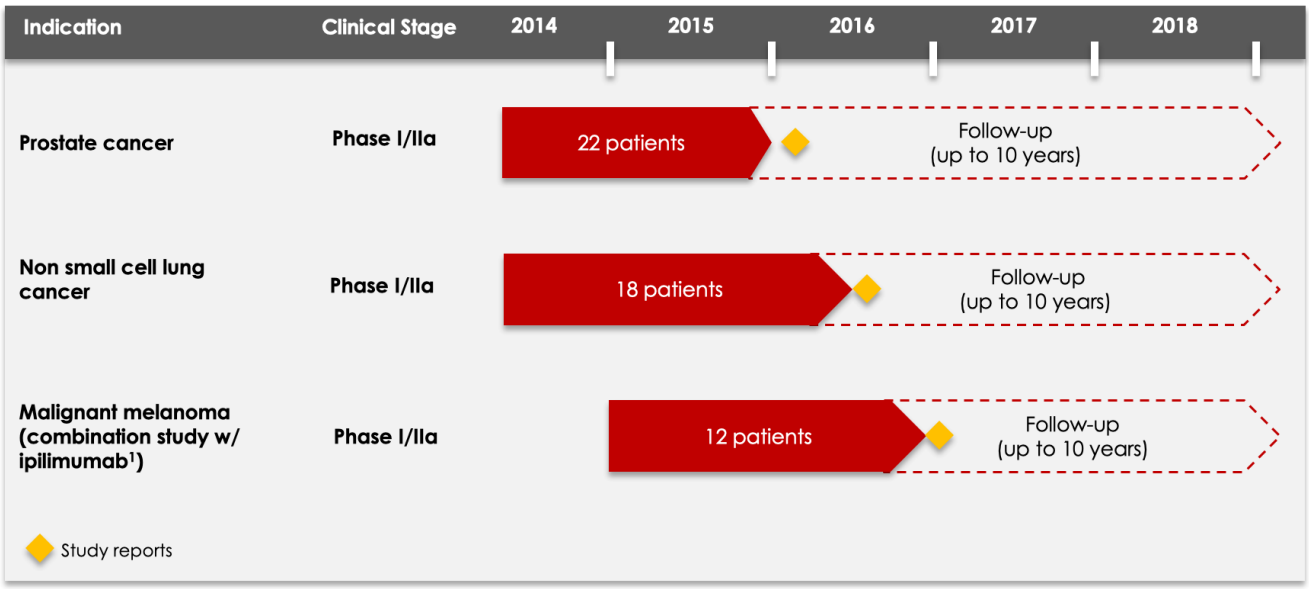
On 30 September 2020, Ultimovacs announced positive topline results from the first cohort of 20 patients, confirming the achievement of the primary endpoints of safety and tolerability and indicating initial signs of clinical response. As per the cut-off date of September 30, 2020, all patients in the 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.

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.

Completed trials in follow-up phase

Treatment in three Phase I studies with a total of 52 patients enrolled in the period 2013 – 2015 have been completed at the Oslo University Hospital. The patients have been followed up for survival, immune response and new anti-cancer treatment.

- **Metastatic 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 therapy) 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.
- **Metastatic Malignant Melanoma – UV1 in combination with the CTLA-4 checkpoint inhibitor 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 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 (telomerase (hTERT) specific T-cells) in 82% 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 CD-4 T cells induced by UV1 vaccination.

The three completed phase I trials have been reviewed by FDA (U.S. Food and Drug Administration) and founded the basis for starting clinical research in the US in malignant melanoma. The outcome of these trials established a strong basis for the further development of UV1.

During the second half of 2020, Ultimovacs obtained new data on overall survival in the non-small cell lung cancer (NSCLC) trial and the malignant melanoma trial. In the NSCLC trial, 5-year overall survival is 33%. In the prostate cancer trial, 5-year overall survival is 50%.

CLINICAL TRIAL	OVERALL SURVIVAL (OS)[1]					MEDIAN OS (MONTHS)	mPFS[2] (MONTHS)
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5		
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 more than 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. 201300558239)

NSCLC trial 5-year readout: In this study UV1 was given as maintenance therapy to previously treated patients with advanced stage (III/IV) NSCLC. Eighteen patients were enrolled, with six patients in each of three different UV1 dose groups (100, 300 and 700µg), with GM-CSF as adjuvant. Main endpoints were safety, immune response against UV1 peptides and efficacy including long-term survival.

In October 2020, Ultimovacs announced five-year overall survival data from this trial. 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 who's disease had not progressed after receiving at least 2nd 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, all patients had reached at least 60-months of follow-up post treatment with UV1. At the five-years landmark, 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.

Malignant melanoma trial 5-year readout: In this completed phase I/IIa, single-center trial in metastatic malignant melanoma, UV1 was given in combination with ipilimumab. The study was conducted at the Oslo University Hospital, where patients with metastatic melanoma received treatment with UV1 (300 µg) + GM-CSF (75 µg) as an adjuvant, combined with standard of care ipilimumab.

In December 2020, Ultimovacs announced five-year data from this trial. 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. 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 twelve malignant melanoma patients with metastatic disease were treated in the Phase I trial. Eight out of the twelve patients 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.

The TET-platform and the TENDU phase I trial

In addition to its universal vaccine, UV1, Ultimovacs is developing novel vaccine products based on the patent-protected Tetanus-Epitope Targeting (TET)-platform. The novel 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 is running 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 is applied together with prostate cancer specific antigens. The TENDU trial is being conducted at Oslo University Hospital. This Phase I trial will provide valuable safety and immune activation data that is expected to support the further development of new vaccine solutions based on the TET technology. In total, 9 to 12 patients will be enrolled in the TENDU trial, and the first patient was treated in the TENDU trial in January 2021.

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 for further development of the TET technology.

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 are expected to support the decision of which drug candidates to move into clinical development in the future.

Manufacturing

Ultimovacs is progressing further development of chemical manufacturing and control (CMC) of the UV1 product in preparation for phase III clinical trials. The PolyPeptide Group has been selected as manufacturing partner for the UV1 active pharmaceutical ingredients (API) for late-stage clinical trials and commercial production. The PolyPeptide Group manufactures about 1/3 of the world's synthetic APIs at six international sites, and is well suited to meet Ultimovacs' future development and commercial needs for manufacture of UV1 APIs.

Organization and board

- Ultimovacs appointed Carlos de Sousa as the new Chief Executive Officer as of June 2020, and Øyvind Kongstun Arnesen resigned his position as CEO. Dr. de Sousa joins Ultimovacs as a seasoned industry executive with 30 years of experience ranging from leadership positions at international pharmaceutical companies such as Pfizer, Novartis and Nycomed/Takeda, to executive management roles at several innovative biotech companies. During his work with these biotech companies, he achieved several rounds of successful capital increases and fund-raising efforts, supported the up-listing to the main market of Nasdaq Stockholm, and enabled the advance of early to mid-stage product development pipelines. Over the course of his career, Dr. de Sousa has built extensive experience in business development, licensing agreements and strategic partnerships and brings to Ultimovacs the benefit of a broad and international industry network. His most recent position was President and Chief Executive Officer of the Swedish immuno-oncology company, Immunicum AB.

  Dr. de Sousa is a Medical Doctor by training, having earned his degree at School of Medicine, University of Lisbon and holds an Executive MBA from the Stern School of Business, New York University.

- Ton Berkien joined Ultimovacs' management team as Chief Business Officer in 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.

  Earlier in his career, Ton also held positions in pharmaceutical/biotech companies such as Ferring, Nycomed/Takeda, Nuevolution and Amgen as well as at PricewaterhouseCoopers, Rijnconsult, KPMG and Gilde. Ton obtained a 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.

- Gunilla Ekström, Managing Director of Ultimovacs AB and member of the Ultimovacs management team, resigned from her position in Ultimovacs AB in October 2020 to pursue the development of Gesynta Pharma AB where Gunilla is one of the founders. Carlos de Sousa has taken over the position as Managing Director in Ultimovacs AB.

- 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.

Publications and presentations

- Ultimovacs presented the abstract *'A Phase I/IIa Clinical Trial Investigating the Therapeutic Cancer Vaccine UV1 in Combination with Ipilimumab in Patients with Malignant Melanoma: 4-year Survival Update'* on 7 February 2020 at the ASCO-SITC Clinical Immuno-Oncology Symposium . 4-year survival outcome of the clinical trial (UV1 + ipilimumab combination) conducted at the Oslo University Hospital in malignant melanoma was presented (please see previous section for results). The ASCO-SITC Clinical Immuno-Oncology Symposium is a three-day meeting focused on clinical and translational research in immuno-oncology and the implications for clinical care.

- In November 2020, the paper *'Long-Term Outcomes of a Phase I Study With UV1, a Second Generation Telomerase Based Vaccine, in Patients With Advanced Non-Small Cell Lung Cancer'* 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.

Intellectual Property rights

Below is an overview of Ultimovacs published patents and patent applications.

PATENT / PATENT APPLICATION	PRIORITY DATE	STATUS	AREA COVERED	GEOGRAPHIC AREA	EXPIRY DATE (UNEXTENDED)	EXPIRY DATE (EXTENDED)	ASSIGNEE
1 EP10250265.5	16 Feb 2010	Granted/ pending	UV1 composition of matter, the nucleic acid sequences coding for the vaccine peptides, as well as use of the vaccine for treatment of cancer.	Patent granted in EPO, USA, Japan, Russia, South-Korea, India, China and Hong Kong. Divisional applications are filed.	2031	Up until 15 February 2036 via a Supplementary Protection Certificate (SPC) in Europe or via Patent Term Extension (PTE) in the USA. [1, 2]	Ultimovacs
2 EP16172760.7	2 June 2016	Pending	UV1 in combination with an immune checkpoint inhibitor of a certain definition, including combined treatment with UV1 and ipilimumab.	Filing in US, Europe, Japan, Australia, and Canada.	2037	-	Ultimovacs
3 EP10156505	15 March 2010	Granted	Composition of matter and method of use for an immunogen comprising a peptide derived from tetanus toxin.	Patent granted in USA, EPO and Canada.	2031	-	Leiden University Medical Centre (Ultimovacs license)

1 Europe: it likely that an SPCs based on both patents granted from EP10250265.5 and EP16172760.7 could be obtained;

2 USA: PTE can generally only be obtained for one patent based on a single marketing authorization

The ownerships of the abovementioned patents and patent applications 1 and 2 related to the UV1 platform are held by Ultimovacs. Patents in group 3 related to the TET platform are licensed from Leiden University Medical Centre. Ultimovacs is continuously working to obtain and maintain patent protection for the company's technologies and platforms. This will in due time include seeking to obtain patent term extensions such as Supplementary Protection Certificates (SPCs) in Europe and Patent Term Extension (PTE) in the USA. SPCs and PTE can be applied for after the granting of market authorization in the respective territories. In Europe, patent term extensions via an SPC are up to 5 additional years provided that this does not result in a total remaining patent plus SPC term of more than 15 years from the grant of marketing approval (+ 0.5 years via pediatric extension (PED)) and in the US, extensions via PTE are up to 5 years, provided that the extension does not result in a total remaining patent term of more than 14 years from FDA approval (+ 0.5 years via PED).

There are also other mechanisms for protection of pharmaceutical products in addition to patents. Regulatory data exclusivity blocks subsequent drug developers from referencing (comparing to) an innovative drug's data in order to take a shortcut to get marketing authorization. European regulations provide eight years of data exclusivity for innovative drugs, starting from the first marketing authorization date. Data exclusivity is followed by a two year market exclusivity period, which can be extended by a further year if the product shows significant clinical benefit in a new therapeutic indication. Competitors will not be able to launch generic or biosimilar product until the expiry of the data and marketing exclusivity periods. In the USA the market exclusivity term for innovative biologics is 12 years from the date the reference product was first licensed with an additional 6 months of exclusivity for use in pediatric populations. For qualifying indications with small patient populations Orphan Drug status may be granted to a pharmaceutical product giving market exclusivity for 10 years (+ 2 years for PED plan) in Europe and 7 years (+ 0.5 years via PED) in the US. In Europe, products granted Orphan Drug status are not anymore entitled to the + 0.5 years via PED to SPC protection.

Financial overview

Financial results

Ultimovacs does not yet generate revenues, as the Company is in a research and development phase. In FY20, the company received government grants of MNOK 8.9 compared to MNOK 7.8 in FY19, which has been deducted from payroll expenses and other operating expenses in the statement of profit and loss. The cash payment from the grants are primarily received the following year after the accounting year. Public grants of up to MNOK 26 were during the year obtained from Innovation Norway and the Norwegian Research Council to support the DOVACC and FOCUS Phase II trials, which will expectedly be received in the period 2021 to 2024.

Payroll and payroll related expenses in FY20 was MNOK 51.0 compared to MNOK 20.2 in FY19. The significant increase in personnel expenses in FY20 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 statement of profit and loss related to the resignation of the former CEO in FY20. In addition, a share-based payment liability was reversed in FY19 with a positive effect in the statement of profit and loss. 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 in FY19. As all synthetic shares at the time of listing were valued lower than the strike price, all synthetic shares were settled without any value. Consequently, the liability of MNOK 10.2 was reversed in FY19. Due to the significant increase in the Ultimovacs share-price during FY20, the cost for the 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 research and development related expenses. These expenses, including IP and external R&D expenses, offset by government grants, amounted to MNOK 60.9 in FY20 and MNOK 32.9 in FY19. The primary projects contributing to these expenses in FY20 were the phase I safety trial, NIPU and the Initium trial, as well as CMC activities.

As research and development costs primarily are paid in USD and EUR, agio expenses were higher in FY20 compared to FY19 due to a weaker Norwegian Krone during FY20. Additionally, interest rates on funds in bank deposits were lower in FY20 compared to FY19, resulting in net financial items of MNOK 3.6 in FY20 compared to MNOK 5.1 in FY19.

Total loss in FY20 amounted to MNOK 120.6 compared to a loss of MNOK 61.2 in FY19.

KEY FINANCIALS (1 000)	2020	2019
Total revenues	-	-
Total operating expenses	124 146	66 217
Operating profit (loss)	**(124 146)**	**(66 217)**
Profit (loss) for the period	**(120 552)**	**(61 166)**
Basic and diluted earnings (loss) per share (NOK per share)	(4.0)	(2.7)
Net change in cash and cash equivalents	42 058	284 332
Cash and cash equivalents, end of period	**440 925**	**399 607**

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.

“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 2031.

The book-value of Goodwill and Licenses related to the value of the subsidiary, Ultimovacs AB in Sweden, have since 31 December 2019 increased by MNOK 5.5 due to the weaking of NOK against SEK.

Total liabilities as of 31 December 2020 amounted to MNOK 41.3, of which MNOK 27.5 non-current. The non-current liabilities contain a severance package to the former CEO, Øyvind Kongstun Arnesen, amounting to MNOK 3.0 as per December 2020. Please refer to note 3 for more information.

Total equity equaled MNOK 488.4 as of 31 December 2020. A private placement of new shares to fund the DOVACC clinical trial was successfully completed in May 2020, raising gross proceeds 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. Existing shareholders subscribed for shares close to MNOK 110 in the private placement.

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

Total increase in cash and cash equivalents in FY20 was MNOK 42.1, mainly a result of the net capital increase of MNOK 152.9 when issuing new shares in connection with the private placement, offset by the negative cash flow from operating activities of MNOK 108.2 and the milestone payment of MNOK 5.0 to Inven2.

Total cash and cash equivalents per 31 December 2020 amount to MNOK 440.9.

Allocation of the Parent Company’s net result

The Board of Directors proposed that the loss of MNOK 114.3 in Ultimovacs ASA is transferred to accumulated losses.

Working environment

Ultimovacs aims to provide a safe, secure and positive work environment for all employees, free of discrimination or harassment. Ultimovacs does not accept any kind of discrimination against employees, shareholders, board members and suppliers on the basis of ethnicity, nationality, age, gender or religion. Salary and terms of employment for comparable positions, as well as recruitment, promotion and development of the employees are the same for women and men.

Absence due to sickness was 0.2% in 2020, down from 1.0% in 2019. No work-related accidents were recorded in Ultimovacs in 2020.

As per 31 December 2020, the Group had 21 employees, 18 in Ultimovacs ASA in Oslo, and 3 in Ultimovacs AB in Uppsala, Sweden. Of the 21 employees, three were part time employees with a 50% position. 11 out of the 21 employees were male and 10 were female. The management team comprise six men and two women, and the Board of Directors comprise five men and three women.

A total of 19.4 full time employee equivalents were employed in the financial year of 2020.

External Environment

Ultimovacs' operations do not directly pollute or harm the environment, and the company and its employees are committed to behaving responsibly and to minimizing the impact on the environment.

Corporate Governance

The Board and management of Ultimovacs ASA are committed to maintaining high ethical standards and promoting good corporate governance. Ultimovacs believes that strong corporate governance builds and maintains confidence among investors and other stakeholders, and thereby supports maximal value creation over time. The board considers that the attention to corporate governance is beneficial for companies and investors. Ultimovacs corporate governance principles are based on maintaining a transparent and clear communication, regulating the division of roles between shareholders, the board and executive management and treating all shareholders equally. In addition, shares in the Company are freely transferable and all shareholders are to be treated equally.

Ultimovacs' Corporate Governance Policy (approved by the Board of Directors on 24 March 2021) and the Report in this annual statement are based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES), last revised on 17 October 2018 and the corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act.

Corporate Governance is further addressed in a separate statement in this annual report and constitutes an integrated part of the Directors' Report. The full Corporate Governance Policy is available on the company's website at www.ultimovacs.com/investors/governance

Corporate Social Responsibility (CSR)

Ultimovacs recognizes that we must integrate our business values and operations in a way so that we act responsibly in a broader social context and meet key expectations of our stakeholders. These stakeholders include employees, patients, regulators, suppliers, shareholders, the community and the environment. Ultimovacs will work to ensure a socially responsible business operation involving good business ethics, as well as how employees are treated, the relationship with the environment and the work to deliver safe products to patients, among others.

Key CSR focus areas identified are patient safety, employee environment, human rights, environment, supply chain management, anti-corruption and transparent communication. In addition, separate ethical guidelines apply to all employees in the group.

Corporate Social Responsibility is further addressed in a separate section in this annual report and constitutes an integrated part of the Directors' Report. The full Corporate Social Responsibility policy is available on the company's website at www.ultimovacs.com/investors/governance

Risks and uncertainties

Ultimovacs is an early-stage research and development biotech/pharmaceutical company that is still in its early stages. Thus, Ultimovacs is exposed to the same generic risks as other companies within this sector. The Company has not generated any revenues historically and is not expected to do so in the short term. The Group's development, results of operations and operational progress have been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control.

Operational risks

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.

Legislative and regulatory environment
The operations may be impacted negatively by changes or decisions regarding laws and regulations. Several regulatory factors have influenced and will likely continue to influence the Group's results of operations. The Group operates in a heavily regulated market and regulatory changes may affect the Group's ability to commence and perform clinical studies, include patients in clinical trials, protect intellectual property rights and obtain patents, obtain marketing authorization(s), market and sell potential products, operate within certain geographical areas/markets, produce the relevant products, in-license and out-license products and technology, etc.

Competitive environment
Competitive cancer treatments and new/alternative therapies, either within immune-oncology or within the broader space of oncology, may affect the Group's ability to commence and complete clinical trials, as well as the opportunity to apply for marketing authorization, and may influence future sales if marketing authorization is obtained. 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 amount and magnitude of clinical trials within different oncology areas in which the Group operates may influence the access to patients for clinical trials.

Financial risks

The primary financial risks are foreign exchange risks and financing risks. The Group has no financial instruments to mitigate these risks, however this is continuously assessed.

Foreign exchange rate exposure
Ultimovacs will conduct a large share of its clinical studies and other R&D activities outside of Norway and is therefore exposed to fluctuations in the exchange rate between NOK and several currencies, mainly EUR and USD. Further, the production is conducted in Belgium and Italy, and production costs are therefore exposed to the fluctuations of EUR against NOK. The fluctuation of the above-mentioned currencies may therefore impact the overall costs for the clinical studies and production, as well as other costs such as consultants invoicing in these currencies.

In addition, the Company has investment in foreign operations, whose net assets are exposed to currency translation risk.

Operational currency exposure is constantly monitored and assessed, however, no financial hedging instruments have currently been utilized to mitigate the currency risks.

Financing
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 Group monitors the liquidity risk through monthly rolling consolidated forecasts for result and cash flow, and the Board of Directors works continuously to secure the business operation's need for financing.

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

Ultimovacs' financial risk exposures are described in more detail in note 17 in this financial statement.

COVID-19 pandemic related risks

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, (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.

The COVID-19 pandemic had no significant implications to the Annual Report 2020.

Going concern

The annual accounts have been prepared on the basis of a going concern assumption in accordance with section 3-3(a) of the Norwegian Accounting Act and in the opinion of the Board of Directors these financial statements provide a fair presentation of the Company's business, financial results and outlook. There have occurred no significant events since the end of 2020, and the Board of Directors confirms that the going concern assumption has been satisfied.

Subsequent events

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, the European Network of Gynaecological Oncological Trial Groups 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. Please refer to the "Clinical trial overview" section for more information.

On 5 March 2021, 29,750 options, granted under Ultimovacs' option program, were exercised at a strike price of NOK 31.25 per share.

Following the exercise of the share options, the Company's Board of Directors, pursuant to an authorization granted by the Company's Annual General Meeting on 23 April 2020, have decided to increase the Company's share capital with NOK 2,975 by issuing 29,750 new shares, each share of par value NOK 0.10. Subsequent to the transaction, the Company's share capital will be NOK 3,200,326.1 divided into 32,003,261 shares, each with a nominal value of NOK 0.10 and each giving one vote at the Company's general meeting. The capital increase resulted in gross proceeds of NOKt 930.

There are no other significant subsequent events.

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.

Board of Directors and CEO of Ultimovacs ASA

Oslo, 24 March 2021

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

Responsibility statement from the Board of Directors and CEO

We confirm that the financial statements for the period 1 January to 31 December 2020, to the best of our knowledge, have been prepared in accordance with IFRS and that the accounts give a true and fair view of the assets, liabilities, financial position and profit or loss, and that the information in the report includes a fair review of the development, performance and position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

Board of Directors and CEO of Ultimovacs ASA

Oslo, 24 March 2021

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

CORPORATE SOCIAL RESPONSIBILITY ('CSR') – GUIDELINES

Introduction
Ultimovacs (Ultimovacs ASA and its affiliates, the "Company") is committed to develop, manufacture and deliver innovative cancer vaccines to address unmet medical needs and advance cancer care. In its pursuit to reach this goal, Ultimovacs will work to ensure a socially responsible business operation involving good business ethics, as well as how employees are treated, the relationship with the environment and the work to deliver safe products to patients, among others. Please visit our website for the full version of the CSR guidelines, which was approved by the Board of Directors on 4 December 2019.

Ultimovacs' business goal directly addresses one of UN's sustainable development goals

Ultimovacs' mission is to extend and improve the life of patients by directing the immune system against the core of cancer. We will provide universally accessible solutions.

In 2015, UN launched its seventeen Sustainable Development Goals. Ultimovacs supports this initiative and the defined goals. Goal #3 is 'Good Health and Well-Being'. If Ultimovacs reaches its fundamental business goal, numerous patients and their families will benefit from new cancer treatments developed by Ultimovacs. This will directly and significantly contribute to UN's Sustainable Development Goal #3.

Social responsibilities
Ultimovacs recognizes that we must integrate our business values and operations in a way so that we act responsibly in a broader social context and meet key expectations of our stakeholders. These stakeholders include employees, patients, regulators, suppliers, shareholders, the community and the environment. We have identified the following CSR focus areas;

a) Patient safety/R&D safety
b) Employee environment
c) Human rights
d) Environment
e) Supply Chain Management / Suppliers
f) Anti-Corruption
g) Open, transparent and clear communication

Ethical Guidelines
Ultimovacs' Ethical Guidelines are defined as part of our Corporate Governance Policy and is the basis of Ultimovacs' business conduct and our employees' code of conduct.

The Company will maintain a high ethical standard in its business concept and relations with customers, suppliers and employees. The following ethical guidelines shall be practiced in the Company, and shall apply to all employees of the Company:

1) Personal conduct
2) Conflict of Interests
3) Confidential Information
4) Influence
5) Competition

Responsibility and Review
Ultimovacs' management team is responsible for the implementation of this CSR policy and will make the necessary resources available to realize our corporate responsibilities. All employees are responsible for adopting and implementing the Company's policy on CSR.

This CSR Policy shall be regularly reviewed and any amendment shall be approved by the Board of Directors.

Corporate Governance Report

The Board of Directors of Ultimovacs ASA (the "Company") has prepared a corporate governance policy document which was resolved by the Board of Directors on 4 December 2018 and which entered into force from the date the company applied for listing on the Oslo Stock Exchange, 21 May 2019. The full Corporate Governance Policy can be found on our website: www.ultimovacs.com
A revised version was approved by the Board of Directors on 24 March 2021.

This Policy addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors (the "Board"), the Chief Executive Officer (the "CEO") and the Company's executive management team.

The Policy is based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES). The Company will in accordance with applicable legislation and stock exchange listing rules provide a report on the Company's corporate governance in the directors' report or in a document that is referred to in the directors' report.

There has been no non-conformance with the recommendations referred to below for the financial year of 2020 with the exception of the Code of Practice recommendation which stipulates that the board of directors should ensure that the general meeting is able to elect an independent chairman at general meetings. Refer to section '6 - General meetings' regarding the deviation from this NUES recommendation.

1) Implementation and reporting on corporate governance
The Board of Directors ensures that the company implements and operates by a sound corporate governance. The objective of the corporate governance is to regulate the division of roles between shareholders, the Board of Directors, the CEO and the Company's Executive Management. In this reporting section, the Board of Directors provides a systematic evaluation of the company's corporate governance practice covering every section of the Code of Practice. Any deviations from full compliance with the Code of Practice is explained with a description of the solution that has selected.

The Corporate Governance policy is reviewed annually, and an updated version will be available in the 'Governance' section of the Company's website.

2) Business
The Company's business activity as set out in Section 4 of the Articles of Association is to develop, produce and sell medicine for the treatment of cancer. The business may be carried out by the Company, the Company's subsidiaries or by participation in other companies or in cooperation with others.

Ultimovacs is a pharmaceutical company developing cancer vaccines, and the company's mission is:

To extend and improve the life of patients by directing the immune system against the core of cancer. We will provide universally accessible solutions.

"Ultimovacs is committed to develop, manufacture and deliver innovative cancer vaccines to address unmet medical need and advance cancer care."

In addition to the contents in this report, the Articles of Association, the Corporate governance policy and the Corporate Social Responsibility Guidelines, give information regarding company's risk, goals, strategy and how Ultimovacs interacts with internal external stakeholders and other parties.

3) Equity and dividends
The Board aims to maintain a satisfactory equity ratio in the Company in light of the Company's goals, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board shall continuously assess the Company's capital requirements in light of the Company's strategy and risk profile.

The Board's authorizations to increase the share capital and to buy own shares shall be granted for periods no longer than until the next Annual General Meeting of the Company.

At the Ordinary General Meeting on 23 April 2020, the Board of Directors was given a general authorization to increase the share capital by NOK 557.208 (20% increase in outstanding shares at the time of the General Meeting). In addition, the Board of Directors was also authorized increase the share capital by NOK 55,000 in relation to the share-based incentive program (share options) for the employees, and increase the share capital by NOK 278,604 (20% increase in outstanding shares at the time of the General Meeting) to acquire treasury shares.

These authorizations are valid until the next ordinary General meeting of the company in 2021, but no longer than 30 June 2021.

The Company has historically not distributed dividends and is not expected to do so in the nearby future.

4) Equal treatment of shareholders and transactions with close associates
There is only one class of shares in the Company and all shares carry equal rights. The Company shall ensure equal treatment of its shareholders.

Any transactions, agreements or arrangements between the Company and its shareholders, members of the Board, members of the executive management team or close associates of any such parties shall only be entered into as part of the ordinary course of business and on arms length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act. In case of a transaction with close associates that is not part of ordinary course of business, the Board shall arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question must be considered to be immaterial. The Company's financial statements shall provide further information about transactions with related parties. There have been no such transactions in the financial year.

Board Members and members of the executive management team shall immediately notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

5) Shares and negotiability
The shares in the Company shall be and are freely transferable.

6) General meetings
All shareholders have the right to participate in the General Meetings of the Company, which exercise the highest authority of the Company.

The full notice for General Meetings shall be sent to the shareholders no later than 21 days prior to the meeting. The notices for such meetings shall include documents providing the shareholders with sufficient detail in order for the shareholders to make an assessment of all the cases to be considered as well as all relevant information regarding procedures of attendance and voting. The Board and the Company's auditor shall be present at General Meetings. Directors of the Board and the CEO have the right to attend and speak at General meetings. The Chair of the Board and CEO shall attend General Meetings unless the General Meeting in each case decides otherwise (the Companies Act Section 5-5).

The Chair of the Nomination Committee, or a person authorized by the Chair, shall present the Committee's recommendations for the Annual General Meeting, and give an account of the reasons for its recommendations.

Notices for General Meeting shall provide information on the procedures shareholders must observe in order to participate in and vote at the General Meeting. The notice should also set out:

i. the procedure for representation at the meeting through a proxy, including a form to appoint a proxy,

and

ii. the right for shareholders to propose resolutions in respect of matters to be dealt with by the General Meeting.

The cut-off for confirmation of attendance shall be set as short as practically possible and the Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy. The form of proxy will be distributed with the notice.

The Code of Practice stipulates that the board of directors should ensure that the general meeting is able to elect an independent chairman at General meetings. Ultimovacs' Corporate Governance Policy deviates from this recommendation by not having such an arrangement in place, both for practical reasons and due to the size of the company.

7) Nomination committee

The Company has a Nomination Committee as set out in Section 11 and Appendix 1 in the Corporate Governance Policy. Members and Chairman of the Nomination Committee shall be elected by the General Meeting. At the outset, the Nomination Committee should consist of three members unless special circumstances suggest a different number of members.

The members of the Nomination Committee should be selected to take into account the interests of shareholders in general. The majority of the Nomination Committee should be independent of the Board and the executive management team. No more than one Board Member should serve on the Nomination Committee and only if such Board Member is not a candidate for re-election to the Board. Members of the executive management team should not be members of the Nomination Committee. Instructions for the Nomination Committee shall be approved by the Company's General Meeting.

The Annual General Meeting stipulates the remuneration to be paid to the Nomination Committee. The Nomination Committee's expenses shall be covered by the Company.

The Nomination committee as per 31 December 2020 consists of:

- Ole Kristian Hjelstuen (Chair)
- Hans Peter Bøhn (Member)
- Jakob Iqbal (Member)

All three members are independent of the board and the executive management team. The nomination committee shall present proposals to the General Meeting regarding election of the Chair of the Board, Board Members and any deputy members of the Board. The nomination committee shall also present proposals to the General Meeting for remuneration of the Board and any sub-committees of the Board. The Nomination Committee shall justify its recommendations and provide relevant information about the candidates. Any dissenting votes shall be stated in the recommendation.

In its work, the Nomination Committee may contact shareholders, members of the Board, the management and external advisers. Shareholders should be given the opportunity to propose Board member candidates to the Nomination Committee.

8) Board of directors: composition and independence
The Board of Directors is elected by the General Assembly. In appointing members to the Board, it is emphasized that the Board shall have the requisite competency to independently evaluate the cases presented by the executive management team as well as the Company's operation. It is also considered important that the Board can function well as a body of colleagues. Board Members shall be elected for periods not exceeding two years at a time, with the possibility of re-election. Board Members shall be encouraged to own shares in the Company.

The Board shall comply with all applicable requirements as set out in the Norwegian Public Limited Liability Companies, Act, the listing rules of Oslo Børs and the recommendations set out in the Norwegian Code of Practice for Corporate Governance.

The Board of Directors consists of eight members, of which five men and three women. One board member is regarded as fully independent of the main shareholders. Each board member is presented in the next section of this report and on the company website.

9) The work of the Board of Directors
The Board shall prepare an annual plan for its work with special emphasis on goals, strategy and implementation. The Board's primary responsibility shall be:

i. participating in the development and approval of the Company's strategy,
ii. performing necessary monitoring functions and
iii. acting as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operations of the Company are in compliance with the Company's values and ethical guidelines. The Chair of the Board shall be responsible for ensuring that the Board's work is performed in an effective and correct manner.

The Board shall ensure that the Company has a good management with clear internal distribution of responsibilities and duties. A clear division of work has been established between the Board and the executive management team. The CEO is responsible for the executive management of the Company.

All members of the Board shall regularly receive information about the Company's operational and financial development. The Company's strategies shall regularly be subject to review and evaluation by the Board.

The Board shall prepare an annual evaluation of its work.

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.

The Board met 12 times in 2020.

Compensation Committee
The Company does not have a separate compensation committee. However, the Board of Directors will take upon themselves the role and tasks that a separate committee would have had. The main agenda related to compensation in 2020 was the remuneration of the new CEO, Carlos de Sousa, and the distribution of share options to Management in May 2020. The Board of Directors acting as a compensation committee will continue to review this employee incentive plan, as well as the remuneration of the executive management.

Audit Committee
The Company shall have an audit committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange from the date decided by the Board of Directors. The Audit Committee's main function is to be a working committee for the Board, preparing matters and acting in an advisory capacity for the Company's finance function. In addition, the committee will ensure that the auditor is independent and to ensure that the annual accounts give a fair picture of the Group's financial results and financial condition in accordance with generally accepted accounting practice. The Audit Committee shall receive reports on the work of the external auditor and the results of the audit.

An audit committee was established in the second half of 2019 then consisting of board members Leiv Askvig and Kristin L. A. Wilhelmsen, both with prior relevant financial and accounting experience. In November 2020, Kristin L. A. Wilhelmsen left the board, and Haakon Stenrød, a new board member, replaced her in the audit committee.

The members shall be and are independent of the Company's senior management.

The committee met with the auditor and financial management in Ultimovacs before the publication of the Annual Report 2019, and with the financial management again before the Q2-report. The audit committee will continue to meet with Ultimovacs' financial management and, at least twice a year, also the Company's audit partner before publication of quarterly and full year results.

Although the Company does not have a separate Ethics Committee, the members of the Audit committee were involved in the drafting and review of the Corporate Social Responsibility Guidelines which was approved by the Board of Directors on 4 December 2019.

10) Risk management and internal control
As set out in the corporate governance guidelines of Ultimovacs, the board of directors shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The internal control and the systems shall also encompass the Company's corporate values and ethical guidelines. The objective of the risk management and internal control shall be to manage exposure to risks in order to ensure successful conduct of the Company's business and to support the quality of its financial reporting.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The Board shall also focus on the need for developing ethical guidelines ensuring that employees can safely communicate to the Board matters related to illegal or unethical conduct by the Company. The Board shall ensure that the Company has the necessary routines with respect to hired personnel to ensure that any outsourced functions are handled in a satisfactory manner. The Board is given information on the current business performance and risk situation in board meetings on a regular basis, which is also presented in quarterly reports made publicly available.

It is of the greatest importance to the Company that all information which could influence the value of the shares or other financial instruments related to the shares is handled with confidentiality and communicated to the market in accordance with all financial market regulations.

The Board shall provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting. The list of primary risk factors and how they are mitigated are provided in the "Risk and uncertainties"-section in this Annual report. The company's finance function is responsible for the preparation of financial statements and reports, and that these are in accordance with IFRS and other applicable laws and regulations. These are also reviewed by the audit committee. In addition, the annual financial statements are reviewed by the company auditor.

The Company has established mechanisms to prevent and address corruption, fraud, bribery and other irregularities including internal channels for reporting. Such internal channels shall, if required, protect the identity of the reporter.

11) Remuneration of the Board of Directors
The General Meeting shall annually determine the Board's remuneration. Remuneration of Board Members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The Board shall be informed if individual Board Members perform other tasks for the Company than exercising their role as Board Members. Work in sub-committees may be compensated in addition to the remuneration received for Board membership.

The Company's financial statements shall provide information regarding the Board's remuneration, please see note 4 for Board of Directors' remuneration.

12) Remuneration of the executive management
The Board decides the salary and other compensation to the CEO within any legal boundaries set out in the annual statement on compensation to the CEO and executive management as approved by the Company's General Meeting. Any fringe benefits shall be in line with market practice, and should not be substantial in relation to the CEO's basic salary. The Board shall annually carry out an assessment of the salary and other remuneration to the CEO.

The Company's financial statements shall provide further information about salary and other compensation to the CEO and the executive management team.

The CEO determines the remuneration of executive employees. The Board shall issue guidelines for the remuneration of the executive management team for approval by the General Meeting. The guidelines shall lay down the main principles for the Company's management remuneration policy. The salary level should not be of a size that could harm the Company's reputation, or above the norm in comparable companies. The salary level should, however, ensure that the Company can attract and retain executive employees with the desired expertise and experience.

The executive management does not have bonus arrangements or separate incentive schemes, but takes part in the general share option incentive scheme which applies to all employees in the Group. The number of share options distributed to the executive management is listed in note 15 in the Annual Financial Statement. Main objectives of the share value based incentive scheme are to align interests of shareholders and management/employees (value creation and risk taking) and ensure competitive compensation for management/employees and motivation to stay (retention). The remuneration guidelines are included in note 4 to the financial statement.

13) Information and Communications
The Board and the executive management team assign considerable importance to giving the shareholders quick, relevant and current information about the Company and its activity areas. Emphasis is placed on ensuring that the shareholders receive identical and simultaneous information.

Sensitive information will be handled internally in a manner that minimizes the risk of leaks. All material contracts to which the Company becomes a party, shall contain confidentiality clauses.

The Company shall have clear routines for who is allowed to communicate on behalf of the Company on different subjects, and who shall be responsible for submitting information to the market and investor community. The CEO and CFO shall be the main contact persons of the Company in such respect.

The Board should ensure that the shareholders are given the opportunity to make known their points of view at and outside of the General Meeting.

Financial information is published on a quarterly basis, in addition to the Annual Financial Statements. The financial information is made available on the company website as well as through distribution on Newsweb (Oslo Stock Exchange's public information system). A financial calendar is published annually on the same channels listing important dates such as publications of quarterly and annual reports and dates of General meetings.

14) Take-overs
In a take-over process, the Board and the executive management team each have an individual responsibility to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall ensure that:

a) the Board will not seek to hinder or obstruct any takeover bid for the Company's operations or shares unless there are particular reasons for doing so;
b) the Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
c) the Board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
d) the Board must be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance. This includes obtaining a valuation from an independent expert. On this basis, the Board will make a recommendation as to whether or not the shareholders should accept the bid.

15) Auditor
The Company's auditor is Ernst & Young AS and has been the Company's auditor since the financial year 2015.

Each year the auditor shall present to the Board a plan for the implementation of the audit work and a written confirmation that the auditor satisfies established requirements as to independence and objectivity.

The auditor shall be present at Board meetings where the annual accounts are on the agenda. Whenever necessary, the Board shall meet with the auditor to review the auditor's view on the Company's accounting principles, risk areas, internal control routines etc.

The auditor may only be used as a financial advisor to the Company provided that such use of the auditor does not have the ability to affect or question the auditors' independence and objectiveness as auditor for the Company. Only the Company's CEO and/or CFO shall have the authority to enter into agreements in respect of such counselling assignments.

In connection with the auditor's presentation to the Board of the annual work plan, the Board should specifically consider if the auditor to a satisfactory degree also carries out a control function.

The Board shall arrange for the auditor to attend all General Meetings and certain audit committee meetings.

The Board of Directors

Jònas Einarsson has been the Chairman of the Board since 2018 and has served as a Board Member since 2011. Mr. Einarsson has over 30 years of experience in the medical industry and is currently the CEO of Radium Hospital Research Foundation, which position he has held since 2000. Mr. Einarsson was a general practitioner and health director of the Lardal municipality from 1991 until 2000 and was general manager of Oslo Private Hospital from 1984 until 1991.

Mr. Einarsson is educated as a Medical Doctor (MD) from the Reykjavik University, Iceland and the University of Oslo, Norway.

Leiv Askvig has served as a Board Member since 2015, and is currently also a member of the Audit Committee. Mr. Askvig is an Investment Advisor for Sundt AS, and served as their CEO from 2003 to 2020. Mr. Askvig has vast experience within the financial industry. He was CEO/CFO at Opticore AB from 2001 until 2002, CFO at StudentUniverse, Inc. from 1999 until 2001 and has held various positions within investment banking at Sundal Collier & Co ASA (now "ABG Sundal Collier").

Mr. Askvig holds a bachelor degree in Business Administration from BI Norwegian Business School and attended the Advanced Management course at Harvard Business School.

Aitana Peire has served as a Board Member since 2020. Ms. Peire is an Investment Manager of Canica's Future of Health assets and holds a board position in EXACT-Tx AS. Prior to that, she worked as business analyst and senior consultant in Venture Valuation Switzerland, doing third party valuations of Life Science companies and products, as Pharma equity research analyst for Kepler Cheuvreux and as PMA consultant for Stratas Partners in Basel. Before moving to Switzerland she worked as investment analyst for London-based hedge fund Carval Investors, as part of the NPL team, and as researcher for the London Ambulance Service.

Ms. Peire holds a PhD in Evolutionary Genetics from the University of Groningen in the Netherlands.

Ketil Fjerdingen has served as a Board Member since 2012 and was the Chairman of the Board of Directors from 2012 until 2018. Mr. Fjerdingen has, since 2002, been involved in investments and property development projects through a range of small single purpose companies. Prior to this, he held various executive management roles with companies including VI Partners AS, Mobile Media, Ernst & Young and Fokus Bank ASA.

Mr. Fjerdingen holds the degree of Certified Public Accountant from NHH Norwegian School of Economics.

The Board of Directors

Henrik Schüssler has served as a Board Member since 2015. Mr. Schüssler is the CEO and board member of Gjelsten Holding AS, which position he has held since 2000. Mr. Schüssler was CEO and CFO at Norway Seafoods ASA from 1995 until 2000 and accountant/ consultant at Ernst & Young AS from 1987 until 1995.

Mr. Schüssler holds a Bachelor of Chartered Accounting from BI Norwegian Business School.

Kari Grønås has served as a Board Member since 2019. Kari Grønås has broad experience from the pharmaceutical/biotech industry. She has extensive experience in drug development and commercialization within the pharmaceutical industry of new breakthrough products securing regulatory approvals, i.e. Xofigo, Hexvix. Grønås also holds significant leadership and management experience including leadership of cross functional and governance teams from Bayer/Algeta ASA, PhotoCure and Nycomed Imaging/ Amersham Health (Now GE Healthcare). Today she is a consultant within the sector and holds board positions in Spago Nanomedical AB, Arxx AS and The Norwegian Lung Cancer Society.

Ms. Grønås holds a Cand. Pharm. degree from the University of Oslo.

Eva S. Dugstad has served as a Board Member since 2019. Ms. Dugstad is currently Director for Business Development in The Norwegian Radium Hospital Research Foundation, which is a position she has held since 2017. Her previous appointments include the President and the Exec. Vice President at the Institute for Energy Technology (IFE), where she also was the chair of the board for IFE Venture, which commercialized IFE's research results. Ms. Dugstad has been involved in various boards in both public and private sector and in several public expert panels.

Ms. Dugstad holds a Cand. Pharm. degree from the University of Oslo.

Haakon Stenrød has served as a Board Member since 2020, and is currently also a member of the Audit Committee. Mr. Stenrød is a Senior Investment Manager at Watrium. Prior to joining Watrium, Mr. Stenrød spent 12 years in the Investment Banking department of ABG Sundal Collier, focusing on M&A, restructurings and capital markets advisory. He is currently a Board member of DF Capital, a UK challenger bank listed on AIM London.

In addition, he holds a Master in Industrial Economics and Technology management from NTNU, studied at London School of Economics and was an officer in the Royal Norwegian Army.

Contents - Consolidated Financial Statement

Consolidated statement of profit and loss and other comprehensive income

(NOK 1 000) EXCEPT PER SHARE DATA	NOTES	2020	2019
Total revenues		**-**	**-**
Payroll and payroll related expenses	3, 4, 15	(50 989)	(20 160)
Depreciation and amortization	9, 14	(2 720)	(2 063)
Other operating expenses	3, 5	(70 438)	(43 995)
Total operating expenses		**(124 146)**	**(66 217)**
Operating profit (loss)		**(124 146)**	**(66 217)**
Financial income	6	5 209	5 631
Financial expenses	6	(1 616)	(580)
Net financial items		**3 594**	**5 051**
Profit (loss) before tax		**(120 552)**	**(61 166)**
Income tax expense	7	-	-
Profit (loss) for the year		**(120 552)**	**(61 166)**
Items that subsequently may be reclassified to profit or loss:			
Exchange rate differences on translation of foreign operations		4 590	(672)
Total comprehensive income (loss) for the year		**(115 962)**	**(61 838)**
Basic and diluted earnings (loss) per share (NOK per share)	8	(4.0)	(2.7)

Consolidated statement of financial position

(NOK 1 000)	NOTES	2020	2019
ASSETS			
Non-current assets			
Goodwill	9	11 795	10 851
Licenses	9	57 258	52 675
Patents	9	7 293	2 844
Property, plant and equipment	9	377	536
Right of use assets	14	3 630	3 523
Total non-current assets		**80 354**	**70 430**
Current assets			
Receivables and prepayments	3, 10	8 438	8 004
Cash and cash equivalents	11	440 925	399 607
Total current assets		**449 363**	**407 611**
TOTAL ASSETS		**529 717**	**478 041**
EQUITY AND LIABILITIES			
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	12	**488 380**	**444 633**
Non-current liabilities			
Lease liability	14	2 075	2 301
Deferred tax	7	11 795	10 851
Total non-current liabilities		**13 870**	**13 152**
Current liabilities			
Lease liability	14	1 707	1 325
Accounts payable		8 611	11 768
Other current liabilities	15, 16	17 149	7 164
Total current liabilities		**27 467**	**20 257**
TOTAL LIABILITIES		**41 337**	**33 409**
TOTAL EQUITY AND LIABILITIES		**529 717**	**478 041**

Board of Directors and CEO of Ultimovacs ASA

Oslo, 24 March 2021

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

Consolidated statement of cash flow

(NOK 1 000)	NOTES	2020	2019
Cash flow from operating activities			
Profit (loss) before tax		**(120 552)**	**(61 166)**
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization	9, 14	2 720	2 063
Interest received including investing activities	6	(4 545)	(4 490)
Net foreign exchange differences	6	747	224
Other financial expenses	14	236	258
Share option expenses	15	6 777	1 985
Working capital adjustment:			
Changes in prepayments and other receivables	10	(433)	(1 820)
Changes in payables and other current liabilities	16	6 828	(42)
Net cash flow from operating activities		**(108 223)**	**(62 989)**
Cash flow from investing activities			
Purchase of property, plant and equipment	9	(282)	(172)
Patent milestone payments	13	(5 000)	-
Interest received	6	4 545	4 490
Net cash flow from investing activities		**(736)**	**4 318**
Cash flow from financing activities			
Proceeds from issuance of equity	12	160 000	370 000
Share issue cost	12	(7 067)	(25 418)
Interest paid	14	(236)	(258)
Payment of lease liability	14	(1 680)	(1 321)
Net cash flow from financing activities		**151 017**	**343 002**
Net change in cash and cash equivalents	11	42 058	284 332
Effect of change in exchange rate	6	(739)	(265)
Cash and cash equivalents, beginning of period	11	**399 607**	**115 540**
Cash and cash equivalents, end of period		**440 925**	**399 607**

Consolidated statement of changes in equity

(NOK 1000)	NOTES	SHARE CAPITAL	SHARE PREMIUM	TOTAL PAID IN CAPITAL	ACCU-MULATED LOSSES	OTHER EQUITY	TRANS-LATION DIFFER-ENCES	TOTAL EQUITY
Balance as of 31 December 2018		**641**	**314 256**	**314 897**	**(157 881)**	**-**	**2 888**	**159 904**
Profit (loss) for the year				**-**	(61 166)			**(61 166)**
Other comprehensive income (loss)				**-**				**-**
Translation differences				**-**			(672)	**(672)**
Issue of share capital	12	2 145	367 855	**370 000**				**370 000**
Share-issue costs	12		(25 418)	**(25 418)**				**(25 418)**
Recognition of share-based payments	15			**-**		1 985		**1 985**
Balance as of 31 December 2019		**2 786**	**656 692**	**659 478**	**(219 047)**	**1 985**	**2 216**	**444 633**
Profit (loss) for the year				**-**	(120 552)			**(120 552**
Other comprehensive income (loss)				**-**				**-**
Translation differences				**-**			4 590	**(4 590)**
Issue of share capital	12	411	159 589	**160 000**				**160 000**
Share-issue costs	12		(7 067)	**(7 067)**				**(7 067)**
Recognition of share-based payments	15			**-**		6 777		**6 777**
Balance as of 31 December 2020		**3 197**	**809 214**	**812 411**	**(339 599)**	**8 762**	**6 806**	**488 380**

Note 1: General information

Ultimovacs ASA (the Company or Ultimovacs) and its subsidiary (together the Group) is a pharmaceutical Group developing novel immunotherapies against cancer. 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 pre-clinical 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' 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 vaccine technology that can generate multiple vaccine candidates designed to achieve increased T cell responses to a broad range of target antigens. The Group is performing a broad clinical development program with clinical trials in Europe, Australia and the USA.

The financial statements were approved by the Board of Directors on 24 March 2021.

Note 2: Accounting principles

I. Basis for preparation

The financial statements for the Group have been prepared in accordance with IFRS as adopted by the EU (IFRS). The financial statements are presented in NOK (Norwegian kroner) which is also the parent company's functional currency.

The financial statements have been prepared on the historical cost basis. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in applying the Group's accounting policies.

II. Going concern

The financial statements for 2020 have been prepared under the going concern assumption.

III. Accounting principles

i. Cash and cash equivalents

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

ii. Cash Flow statement

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

Note 2: Accounting principles (continued)

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

- Subsequent measurement
The measurement of financial liabilities depends on their classification.

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

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

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

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

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

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

v. Foreign currencies
The Group's presentation currency is NOK. This is also the parent company's functional currency. The statement of financial position figures of entities with different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, and the exchange rate at the date of the transaction for profit and loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognized in other comprehensive income (OCI).

Transactions in foreign currencies are initially recorded by the Group in its respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss and other comprehensive income.

Note 2: Accounting principles (continued)

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

The Group has goodwill created by deferred tax which is tested for impairment annually.

vii. Business combination and consolidation
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. An impairment loss is recognized in the income statement when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

ix. Interest income
Interest income is recognized using the effective interest method.

Note 2: Accounting principles (continued)

x. Earnings per share

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

No dilutive effect has been 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. As the Group has currently no issuable potential ordinary shares and basic and diluted earnings per share is the same.

xi. Government grants

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

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

xii. IFRS 16 Leases

Effective January 1, 2019, the Group applied IFRS 16 using the modified retrospective approach and therefore the comparable information has not been restated and continues to be reported under IAS 17. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to us. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for all leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases Under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied recognition exemptions to leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option.
- Applied the low value lease exemption not to recognize right-of-use assets at the date of initial application.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability and are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Ultimovacs' incremental borrowing rate. The incremental borrowing rate is used as the discount rate.

Note 2: Accounting principles (continued)

When applying the practical expedients in IFRS 16 for lease-contracts with low value or lease terms of less than 12 months, the lease payments (net of any incentives received from the lessor) are taken to the statement of profit and loss and other comprehensive income on a straight-line basis over the period of the lease. When the lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

xiii. Share-based payments
Employees in the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions) or granted share appreciation rights, which can be settled in cash (cash-settled transactions). The cash-settled transaction incentive scheme was terminated in FY19. The determination of whether the arrangement is cash or equity settled is based on a careful evaluation of the terms of the agreement and also the Group's ability to settle in shares and the promise and intent of settlement in cash.

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

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

xiv. Intangible assets
Intangible assets are stated at their historical cost and amortized on a straight-line basis over their expected useful lives, which usually varies from 3 to 10 years and up to 20 years for patents. An adjustment is made for any impairment. Intangible items acquired in a business combination must be recognized as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights, and their fair value can be measured reliably.

All research and development spending is expensed each year in the period in which it is incurred. Development costs will be capitalized once the "asset" being developed has met requirements of technical and commercial feasibility to signal that the intangible investment is likely to either be brought to market or sold. Due to uncertainties regarding award of patents, regulations, ongoing clinical trials etc., the asset recognition criteria of IAS 38 "Intangible Assets" are not met.

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

Note 2: Accounting principles (continued)

xvi. Tax assets
The income tax expense includes tax payable and changes in deferred tax. Income tax on balances recognized in other comprehensive income is recognized as other comprehensive income, and tax on balances related to equity transactions is recognized in equity. The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period.

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

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

xvii. Segments
The Group is still in a R&D phase, and currently does not generate revenues. For management purposes, the Group is organized as one business unit and the internal reporting is structured in accordance with this. All non-current assets are located at the Group's main office in Oslo, Norway.

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

- Share-based payments
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

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

Note 3: Government grants

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

GRANTS RECOGNIZED (NOK 1 000)	2020	2019
Skattefunn	4 750	5 277
Eurostars	2 015	2 344
Industrial Ph.D. grant from The Research Council of Norway (Forskningsrådet)	739	157
Innovation Project grant from The Research Council of Norway (Forskningsrådet)	1 383	-
Total grants	**8 888**	**7 778**

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

COSTS DEDUCTED (NOK 1 000)	2020	2019
Payroll and payroll related expenses	2 150	2 476
Other operating expenses	6 738	5 302
Total costs deducted	**8 888**	**7 778**

Grants receivable as per 31 December are detailed as follows:

GRANTS RECEIVABLES (NOK 1 000)	2020	2019
Skattefunn	4 750	5 277
Eurostars	450	363
Industrial Ph.D. grant from The Research Council of Norway (Forskningsrådet)	358	157
Innovation Project grant from The Research Council of Norway (Forskningsrådet)	1 383	-
Total grants receivables	**6 941**	**5 797**

Skattefunn:
The Skattefunn R&D tax incentive scheme is a government program designed to stimulate research and development in Norwegian. As of 31 December 2020, Skattefunn-grants for the following projects have been approved (project period):
- Combination therapy with a hTERT vaccine and anti-PD1 therapy in melanoma (2017 to 2020)
- Long term effects of immunotherapy against cancer (2018 - 2021)
- Combination therapy against advanced melanoma (2018 - 2022)
- Novel cancer immunotherapy (2019 - 2022)
- Immunotherapy for mesothelioma (2020 - 2024)

Eurostars:
Eurostars is a joint program between EUREKA and the European Commission, co-funded from the national budgets of 36 Eurostars Participating States and Partner Countries and by the European Union through Horizon 2020. Eurostars supports international innovative projects led by research and development- performing small- and medium-sized enterprises, and is administered by Forskningsrådet in Norway. Ultimovacs has been awarded financial support for the project “Validation of a novel immune response capturing platform for immunotherapy development and monitoring” from 2018 to 2021.

Industrial Ph.D. grant from The Research Council of Norway (Forskningsrådet):
The industrial Ph.D. project is a collaboration between Ultimovacs ASA, Oslo University Hospital and the University of Oslo. The Ph.D. candidate for this project is employed by Ultimovacs. The project aims to characterize the immunological mechanisms induced by treatment with a peptide-based therapeutic cancer vaccine.

Innovation Project grant from The Research Council of Norway (Forskningsrådet):
Innovation Project for the Industrial Sector is a funding instrument that provides grants to business-led innovation projects that make extensive use of research and development activities.

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

Note 4: Salary and personnel expenses and management remuneration

PAYROLL AND PAYROLL RELATED EXPENSES (NOK 1 000)	2020	2019
Salaries and holiday pay	34 612	24 545
Social security tax	9 299	4 076
Pension expenses	2 020	1 798
Share-based compensation	6 777	(8 222)
Other personnel expenses	430	437
Government grants	(2 150)	(2 476)
Total payroll and payroll related expenses	**50 989**	**20 160**
Number of FTEs employed during the financial year	18.8	16.5
Number of employees at end of year	21	19

The Group's Management team consists of the Company's CEO, CFO and the managers of each department, totaling eight employees. Ton Berkien, Chief Business Officer, joined the company in December 2020, and is employed in Ultimovacs AB. Gunilla Ekström (Managing Director in Ultimovacs AB) was part of the management team until she left the company in September 2020.

MANAGEMENT REMUNERATION 2020 (NOK 1 000)	SALARY	BENEFITS IN KIND	SHARE OPTIONS [1]	PENSION COST	TOTAL REMUNERATION
Carlos de Sousa (CEO as of 1 June 2020)	3 016	309	2 063	54	**5 443**
Øyvind Arnesen (CEO until 30 April 2020)	2 905	210	63	100	**3 278**
Hans Vassgård Eid (CFO)	2 387	211	598	100	**3 297**
Jens Egil Torbjørn Bjørheim (CMO)	1 829	215	551	100	**2 696**
Audun Tornes (CTO)	1 456	197	366	100	**2 120**
Gudrun Trøite (Dir. of Reg. affairs and QA)	1 388	11	366	100	**1 865**
Ingunn Hagen Westgaard (Head of R&D)	1 352	18	366	100	**1 836**
Øivind Foss (Head of Clinical Operations)	1 483	11	366	100	**1 959**
Ton Berkien (CBO)	210	15	-	42	**267**
Total remuneration	**16 027**	**1 199**	**4 738**	**795**	**22 760**

1) IFRS cost in relation to share option plan, not exercised. Refer to note 15 for more information regarding the allocated and outstanding share options.

2) Carlos de Sousa received a sign-on fee of MNOK 0.5 in 2020, included in the salary amount above.

BOARD OF DIRECTORS' REMUNERATION 2020 (NOK 1 000)	SALARY	BENEFITS IN KIND	SHARE OPTIONS	PENSION COST	TOTAL REMUNERATION
Jónas Einarsson (Chairman of the Board)	400	-	-	-	400
Ketil Fjerdingen (Board member)	200	-	-	-	200
Leiv Askvig (Board member)	235	-	-	-	235
Henrik Schüssler (Board member)	200	-	-	-	200
Kristin L.A. Wilhelmsen*	220	-	-	-	220
Kari Grønås (Board member)	200	-	-	-	200
Eva S. Dugstad (Board member)	200	-	-	-	200
Håkan Englund (Deputy Board Member)	200	-	-	-	200
Aitana Peire (Board Member)*	-	-	-	-	-
Haakon Stenrød (Board Member)*	-	-	-	-	-
Total remuneration	**1 855**	**-**	**-**	**-**	**1 855**

* 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 L.A. Wilhelmsen.

Note 4: Salary and personnel expenses and management remuneration (continued)

MANAGEMENT REMUNERATION 2019 (NOK 1 000)	SALARY	BENEFITS IN KIND	SHARE OPTIONS [1]	PENSION COST	TOTAL REMUNERATION
Øyvind Arnesen (CEO)	2 497	207	256	86	**3 046**
Hans Vassgård Eid (CFO)	2 166	274	223	85	**2 747**
Jens Egil Torbjørn Bjørheim (CMO)	1 711	264	189	84	**2 249**
Audun Tornes (CTO)	1 390	205	135	85	**1 815**
Gudrun Trøite (Dir. of Reg. affairs and QA)	1 280	4	135	84	**1 504**
Ingunn Hagen Westgaard (Head of R&D)	1 302	4	135	85	**1 527**
Øivind Foss (Head of Clinical Operations)	1 434	4	135	84	**1 657**
Gunilla Ekström (Mng Dir. Ultimovacs AB)	746	-	82	303	**1 131**
Total remuneration	**12 527**	**962**	**1 291**	**896**	15 676

BOARD OF DIRECTORS' REMUNERATION 2019 (NOK 1 000)	SALARY	BENEFITS IN KIND	SHARE OPTIONS	PENSION COST	TOTAL REMUNERATION
Jónas Einarsson (Chairman of the Board)	275	-	-	-	**275**
Bjørn Rune Gjelsten (Board member)	138	-	-	-	**138**
Ketil Fjerdingen (Board member)	138	-	-	-	**138**
Leiv Askvig (Board member)	138	-	-	-	**138**
Henrik Schüssler (Board member)	138	-	-	-	**138**
Ole Kristian Hjelstuen (Board member)	138	-	-	-	**138**
Kristin L.A. Wilhelmsen (Board member)	138	-	-	-	**138**
Kari Grønås (Board member)	-	-	-	-	**-**
Eva S. Dugstad (Board member)	-	-	-	-	**-**
Total remuneration	**1 100**	**-**	**-**	**-**	1 100

1) IFRS cost in relation to share option plan, not exercised. Refer to note 15 for more information regarding the allocated and outstanding share options.

A total of 17.306 synthetic shares (of which 3,000 held by the former CEO and 9,400 held by the rest of the management team) which were allocated to employees in the Group, were settled without value in June 2019, which resulted in a gain of MNOK 10.2. An option-based share based payment scheme commenced in June 2019 applying for all employees. Please refer to note 15 regarding both the terminated synthetic share scheme and the new option-based incentive scheme.

There were no outstanding loans or guarantees made to related parties, the Board of Directors, the Management Team or any other employees as of 31 December 2020 or as of 31 December 2019.

Pensions
Ultimovacs ASA is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company has a defined contribution pension scheme which complies with the Act on Mandatory company pensions. As at 31 December 2020, all nineteen of Ultimovacs ASA's employees were covered by the pension scheme. A similar pension scheme is in place for the three employees in Ultimovacs AB in Sweden.

Other than the general pension schemes described above, there are no specific pension arrangements made for any member of the Management team. The Group has no pension or retirement benefits for its Board Members.

The total pension contributions for all employees recognized as expenses equaled MNOK 2.0 and MNOK 1.8 in 2020 and 2019 respectively.

Note 4: Salary and personnel expenses and management remuneration (continued)

Main principles of management remuneration
Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a, the Board annually presents a statement regarding remuneration of Ultimovacs' Management to the General Meeting.

These guidelines shall lay down the main principles for the Company's management remuneration policy. The main principles regarding management remuneration are described and commented below:

Fixed salary

The fixed salary (annual gross salary before tax and before calculation of variable salary and other additional benefits) should reflect the individual's area of responsibility and be the main element of the managers' regular compensation. The base Management salary must be competitive in order to attract and retain the most attractive managers. The salary level should not be of a size that could harm the Company's reputation, or significantly above the norm for employees with similar background and in similar positions in comparable companies. The salary level should, however, ensure that the Company can attract and retain executive employees with the desired expertise and experience. Any fringe benefits shall be in line with market practice and should not be substantial in relation to the basic salary.

Other benefits

Bonus
There is no bonus scheme in the Group, however, sign-on-fees and bonus may be applied on the Board's discretion. Carlos de Sousa received a sign-on-fee of MNOK 0.5 when he commenced his position as CEO in June 2020.

Pension
CEO and Management in the Norwegian entity participate in a defined contribution pension plan with the same terms as all other employees in the Norwegian entity. The annual accrual is currently 6% of the annual base salary from 0 G to 7 G and 10% from 7G to 12 G (G = the basic amount in the National Insurance scheme in Norway, as of 1 May 2020 G = NOK 101,351). The Chief Business Officer in the Swedish entity is entitled to a defined contribution pension plan where the annual accrual is currently 20% of the annual salary.

Share Options
The executive management takes part in the general share option incentive scheme which applies to all employees in the Group. The number of share options currently distributed to the executive management is listed in note 15 in the Annual Financial Statement for 2020. Main objectives of the share value based incentive scheme are to align interests of shareholders and management/employees (value creation and risk taking) and ensure competitive compensation for management/employees and motivation to stay (retention).

The share option program was approved by the General Assembly on 2 May 2019 and the Board was authorized to increase the Group's share capital in connection with share incentive arrangement by up to 10%. At the 2019 General Assembly (held 23 April 2020), the Board was 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 includes all employees in the Group. Vesting requires the option holder still to be an employee in the Company. Key parameters in the option program currently include the following:

- an exercise price set as the volume weighted average of observed market price of the Company's shares the last 5 days prior to the issue of the options,
- 5 years duration of the options, and
- a vesting schedule of 25%/25%/50% after 1/2/3 years
- a vesting schedule of 33%/33%/33% after 1/2/3 years applies for the CEO

Separate arrangements may be made with individual employees.

The Board of Directors will review the option scheme annually and allocate share options within the framework approved by the General Assembly on 2 May 2019.

Severance pay/pay after termination of employment
In certain conditions, the CEO is entitled to 12 months' severance pay. The severance pay period will be extended to 18 months if the termination of the CEO takes place in connection with a change of control event in the Company.

The company's CFO is entitled to receive pay after termination of his employment with the Group equal to 9 months' base salary in addition to payment of his salary during his 3-month notice period.

On 1 June 2020, Øyvind Kongstun Arnesen resigned his position as CEO in Ultimovacs ASA. Following his resignation, Arnesen will receive an 18 months 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 six-month period, any income from new employment/engagements, will be deducted from the severance pay.

There are no similar arrangements for any of the other employees of the Group with respect to termination of their employment.

Other benefits
The CEO and some individuals in the Management team get car allowance or coverage of costs for leasing of cars in private use.

Carlos de Sousa, CEO, has an agreement whereby the Company will cover the lease for an apartment in Oslo up to a certain monthly amount.

Benefits to the Management Team may include certain other items such as group life insurance, health care insurance, travel insurance, etc. on customary terms.

The Management does not have any other separate fringe benefits of any significance.

Statement on the executive employee remuneration policy during the previous financial year
The executive compensation for the fiscal year 2020 has been in accordance with the above-mentioned information and the guidelines for 2020.

Note 5: Other 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 profit and loss and other comprehensive income.

OTHER OPERATING EXPENSES (NOK 1 000)	2020	2019
External R&D expenses	64 660	35 528
Clinical studies	47 680	24 042
Manufacturing costs	5 710	5 640
Other R&D expenses	11 270	5 847
Patent related expenses	2 786	2 712
Rent, office and IT	2 949	2 333
Accounting, audit, legal, consulting	3 978	3 658
Other operating expenses	2 802	5 066
Less government grants	(6 738)	(5 302)
Total operating expenses	**70 438**	**43 995**

Estimated total expenses related to R&D, including other operating expenses, payroll and payroll related expenses, less government grants, amounted to MNOK 96.9 in 2020 and MNOK 55.3 in 2019.

SPECIFICATION AUDITOR'S FEE (NOK 1 000)	2020	2019
Statutory audit	338	244
Audit related services	-	42
Tax related services	4	60
Other	9	68
Total auditor's fee	**351**	**413**

VAT is not included in the fees specified above.

Note 6: Financial items

FINANCIAL INCOME (NOK 1 000)	2020	2019
Interest income	4 580	5 539
Foreign exchange gains	629	92
Total financial income	**5 209**	**5 631**

FINANCIAL EXPENSES (NOK 1 000)	2020	2019
Foreign exchange losses	1 376	317
Other financial expenses	240	263
Total financial expenses	**1 616**	**580**

Note 7: Income tax

TAX EXPENSE BASIS (NOK 1 000)	2020	2019
Profit (loss) before tax	(120 552)	(61 166)
Net non-deductible income	(4 793)	(5 302)
Other items*	3 429	(25 418)
Change in temporary differences	190	(10 091)
Basis for tax calculation	**(121 726)**	**(101 977)**

INCOME TAX EXPENSE (NOK 1 000)	2020	2019
Expected tax expense	(26 434)	13 392
Net non-deductible income	(1 054)	1 166
Other items	754	5 592
Change in deferred tax assets not recognized	26 734	(20 150)
Income tax expense	**-**	**-**

* The share issue cost of MNOK 7.1 in 2020 and MNOK 25.4 in 2019 was deducted directly from equity and is included in the basis for tax calculation as the tax-effect is charged directly to equity.

The corporate tax rate in Norway was 22% in 2020 and 2019. The corporate tax rate in Sweden was 21.4% in 2020 and 2019. The tax rate will again be reduced to 20.6% as of 2021, which is the basis of the deferred tax calculation for Ultimovacs AB.

INCOME TAX EXPENSE (NOK 1 000)	2020	2019
Tax losses carried forward	393 367	273 837
Temporary differences - leasing liability	152	-
Temporary differences - licenses	(57 258)	(52 675)
Temporary differences - PP&E	198	8
Temporary differences and tax loss carry forward	**336 459**	**221 169**
Deferred tax assets - not recognized in statement of financial position	**86 434**	**60 150**
Deferred tax liability per 31 December	**11 795**	**10 851**

Ultimovacs has not recognized a deferred tax asset in the statement of financial position related to its previous losses, as the Group does not expect taxable income to be generated in the short-term to support the use of the deferred tax asset. Total tax losses carried forward and temporary differences as per 31 December 2019 was MNOK 221.2, and MNOK 336.5 as per 31 December 2020 (of which MNOK 13.1 in Ultimovacs AB).

In relation to purchase price allocation conducted of Ultimovacs AB, acquired in July 2018, all excess value has been allocated to the license agreement which gives access to the TET-technology. A deferred tax liability of MNOK 11.8 has been calculated on the excess values utilizing the tax rate in Sweden of 20.6%, which is effective from 2021. See note 9 for more information.

Note 8: Earnings per share

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

The share options issued 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.

EARNINGS PER SHARE	2020	2019
Profit (loss) for the year (NOK 1000)	(120 552)	(61 166)
Average number of outstanding shares during the year (1 000)	30 260	22 927
EPS - basic and diluted (NOK per share)	**(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.

When the Company was listed on the Oslo Stock exchange on 3 June 2019, 11,840,000 new shares were issued, increasing the total number of shares to 27,860,400. On 5 June 2020, additional 4,113,111 new shares were issued in a private placement. Per 31 December 2020, 31,973,511 shares are outstanding.

In addition to the above, in accordance with the board's proposal, the general meeting approved the establishment of a new share option program. This program commenced on the day of listing, 3 June 2019, where 557,500 options, each giving a right to acquire one share, were allocated to the Group's employees. Additional options were distributed among the employees in 2020, and outstanding options as per 31 December 2020 is 1,330,435.

See note 15 for more information regarding the option program.

Note 9: Non-current assets

NON-CURRENT ASSETS 2020 (NOK 1 000)	OFFICE AND LAB EQUIPM.	PATENTS	LICENSES	GOODWILL	TOTAL
Accumulated cost 1 Jan 2020	1 782	4 000	50 401	10 383	**66 565**
Additions	282	5 000	-	-	**5 282**
Cost at 31 Dec 2020	**2 063**	**9 000**	**50 401**	**10 383**	**71 847**
Accumulated depreciation and amortization at 1 Jan 2020	(1 246)	(1 156)	-	-	**(2 402)**
Depreciations in the year	(440)	(551)	-	-	**(991)**
Accumulated depreciation and amortization at 31 Dec 2020	**(1 686)**	**(1 707)**	-	-	**(3 393)**
Accumulated currency effects at 1 Jan 2020			2 274	469	**2 743**
Currency exchange effects in the year	-	-	4 583	944	**(5 527)**
Carrying value at 31 Dec 2020	**377**	**7 293**	**57 258**	**11 795**	**76 724**

NON-CURRENT ASSETS 2019 (NOK 1 000)	OFFICE AND LAB EQUIPM.	PATENTS	LICENSES	GOODWILL	TOTAL
Accumulated cost 1 Jan 2019	1 610	4 000	50 401	10 383	**66 393**
Additions	172	-	-	-	**172**
Cost at 31 Dec 2019	**1 782**	**4 000**	**50 401**	**10 383**	**66 565**
Accumulated depreciation and amortization at 1 Jan 2019	(873)	(889)	-	-	**(1 762)**
Depreciations in the year	(373)	(267)	-	-	**(639)**
Accumulated depreciation and amortization at 31 Dec 2019	**(1 246)**	**(1 156)**	-	-	**(2 402)**
Accumulated currency effects at 1 Jan 2020	-	-	2 905	599	**3 505**
Currency exchange effects in the year	-	-	(632)	(130)	**(762)**
Carrying value at 31 Dec 2019	**536**	**2 844**	**52 675**	**10 851**	**66 907**
Economic life	3 years	15 years	indefinite	indefinite	
Depreciation method	linear	linear			

Patents
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 price for the patent was MNOK 4.0 and was based on a purchase option in the license agreement entered into with Inven2 AS in 2011. The purchase of these rights implies that the 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. The milestone payments will be capitalized in the balance sheet when paid to Inven2, and depreciated linearly until February 2031. The patent period spans over 15 years and expires in 2031.

Licenses and Goodwill
Beyond UV1, which is the core product of the Ultimovacs group, Ultimovacs is pursuing development of a first-in-class vaccine solution utilizing the proprietary Tetanus-Epitope Targeting-platform (TET-platform). A preclinical program was initiated in 2019 to take the pharmaceutical product candidate to a decision point for further clinical development, given that the results from the preclinical program are positive.

Note 9: Non-current assets (continued)

Licenses and Goodwill (continued)
The first significant milestone in terms of impairment testing of the value of the TET technology, is the decision point to take the next step for further clinical development which will be both capital intensive and time consuming. This decision point is expected to be in 2021. If Ultimovacs decides not to go further in the development of the TET technology, it would be difficult to justify the value in the balance-sheet, and a substantial part of the booked value is subject for impairment.

Impairment of assets
1. IAS 36 seeks to ensure that an entity's assets are not carried at more than their recoverable amount.
2. Impairment means that asset has suffered a loss in value.
3. An asset is said to be impaired when its recoverable amount is less than its carrying amount.

Ultimovacs has both goodwill and intangibles with indefinite useful lives as of 31 December 2020. Under IAS 36, 'Impairment of assets', these assets are required to be tested annually for impairment irrespective of indictors of impairment. The intangible assets subject to impairment in the balance sheet are "Licenses", which are the basis for the TET technology. The license agreement with Academisch Ziekenhuis Leiden and Technologiestichting STW gives Ultimovacs rights to commercial development, manufacture and sales of immunotherapy treatments against cancer utilizing the TET technology. The license agreement does not have expiration date, and the license is therefore defined to have indefinite useful life.

The Group also has goodwill created by deferred tax, which is a result of purchase price amount to acquire the licensed technology. The Goodwill is also tested for impairment annually. To test for impairment, goodwill must be allocated to each of the acquirer's cash-generating units (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. The legal entities Ultimovacs ASA and Ultimovacs AB, together the Group, is defined as the CGU subject for impairment testing. The impairment testing of the Licenses and its corresponding goodwill will therefore be performed at Group level.

The legal entities Ultimovacs ASA and Ultimovacs AB, together the Group, is defined as two separate CGUs (Cash Generating Unit). As the synergy advantages arise at the combined group level, the goodwill will be allocated to the highest CGU–level in the Group, which is Ultimovacs ASA. The impairment testing of the Licenses and its corresponding goodwill will therefore be performed combined, as they are located in the same CGU.

Impairment test
In order to identify the Recoverable amount of the intangible assets, a value must be found for both Value in use and Fair value. The Value in use of an asset is the expected future cash flows that the asset in its current condition will produce, discounted to present value using an appropriate discount rate. Ultimovacs has chosen not to prepare a value in use calculation from the TET technology as the estimates of future cash flows would be highly unreliable. Potential earnings are years ahead, and it would not be clear if these could come from direct sales, indirect sales or through licensing agreements. To prepare a forecast in order to obtain any value for the assets tested for impairments would not be reasonable and supportable.

Ultimovacs will therefore rely on the value from the Fair Value assessment, which normally is the market value at measurement date. No active market exists for comparison; thus the acquisition price, and book value, is considered as the fair value. The fair value, however, must be tested for factors which may reduce is value, function etc.

The following factors have been assessed when testing for impairment:

1. Market value declines: there is no indication that the value for adjuvants is in decline. Ultimovacs has few or no real alternatives to the adjuvant currently being used, GM-CSF.

Note 9: Non-current assets (continued)

2. Negative changes in technology, markets, economy, or laws: there is still an unmet need for more adjuvant solutions to be used with vaccines. Thus, the TET technology may potentially be utilized in Ultimovacs' next generation vaccine, and it could also be sold to third parties. No other negative factors are observed in the markets.

3. Asset is idle, part of a restructuring or held for disposal: although somewhat delayed, the TET project has commenced and project plan is being followed. The first phase of the plan is to develop 1-5 product candidates of the TET prototype (short term goals) and identify 1-2 clinical trial lead candidate(s). In FY19, MNOK 4.1 was spent in production and consultant costs in order to create product candidates, and additional MNOK 8.9 in FY20. Several employees in both Norway and Sweden are involved in the project.

4. Worse economic performance than expected: Even though TET is still far from bringing any cash inflows to the company, the technology will be highly valuable if the project is successful. Setting any value on the TET technology using a CF model is of no real value/use at this very early stage of its research and development.

In addition, Management has undertaken a review of the company's business and the environment in which it operates, and concludes that there are no significant changes in the business or its environment now or in the future regarding:

- a decline in the market or price for products or services
- oversupply in markets for products or services
- problems in sourcing raw materials or services
- increases in the costs of production or delivering services
- changes in exchange rates affecting costs or sales
- new competitors
- new products or services from competitors
- technological change
- changes in law or regulations
- changes in economic conditions

An additional factor which could be an indicator for impairment of the non intangible assets would be if the total market capitalization of the Group was lower than the net asset value in the balance sheet. This does however, not necessarily mean that the asset is overvalued in the statement of financial position, but should be a trigger to test for impairment based on other parameters. Market capitalization for the Group was as per 31 December 2020, MNOK 2.558, significantly higher than the value of the assets being tested for impairment (MNOK 488.4). On the other hand, a market capitalization over the current book value, does not directly indicate that the value is present and no other testing is required, as most of the market value is primarily attributable to UV1. Market capitalization alone cannot therefore be the sole parameter for testing the asset for impairment, but should be additionally be composed of the factors discussed above. Based on the market capitalization as per 31 December 2020, there is no indication that the market values TET lower than the current book value.

Although the list above is not exhaustive, we do not observe any new risk factors related to the technology which may reduce the value of the assets in the balance sheet.

The preclinical development of TET is planned to be funded until an expected milestone in the second half of 2021. Then, if certain milestones are reached, additional funding will be needed for the next phase (mainly CMC development/manufacturing processes and clinical development). This critical decision point will be important when considering impairment of the intangible assets, as the asset could then be considered partly idle, reducing its value significantly.

Conclusion
In the impairment test performed, no indications of impairment were identified, which concludes that the recoverable amount of the intangible assets are higher than carrying value. Management assesses therefore that the current value in the statement of financial position reflects the fair value of the intangible assets related to the investment in Ultimovacs AB. As a result, no impairment of these intangible assets has been identified or recognized as per 31 December 2020.

Note 10: Other receivables

OTHER RECEIVABLES (NOK 1 000)	2020	2019
Government grants receivables (ref note 3)	6 941	5 797
Prepayments	748	435
Other receivables and prepayments	749	1 772
Total other receivables	**8 438**	**8 004**

Note 11: Cash and cash equivalents

CASH AND CASH EQUIVALENTS (NOK 1 000)	2020	2019
Employee withholding tax	1 829	1 318
Cash at bank	439 096	398 289
Cash and cash equivalents	**440 925**	**399 607**

As of 31 December 2020, cash and cash equivalents amounted to MNOK 440.9, of which MNOK 0.4 (MSEK 0.4) in Ultimovacs AB on a Swedish bank account in SEK.

Note 12: Share capital, shareholder information and dividend

The share capital as of 31 December 2020 was NOK 3,197,351, with 31,973,511 ordinary shares with a nominal value of NOK 0.1. All issued shares have equal voting rights and the right to receive dividend. No dividend has been paid in the period. Ultimovacs ASA has over 3,500 shareholders as of 31 December 2020, with the 20 largest shareholders as of this date listed in a table below. The movement in the number of registered shares and share capital was in 2019 and 2020 as follows:

CHANGES TO SHARE CAPITAL	SHARE CAPITAL NUMBER OF SHARES	SHARE CAPITAL (NOK 1 000)
1 January 2019	**640 816**	**640 816**
Share split	15 379 584	961 224
Issuance of ordinary shares (IPO)	11 840 000	1 184 000
31 December 2019	**27 860 400**	**2 786 040**
Issuance of ordinary shares	4 113 111	411 311
31 December 2020	**31 973 511**	**3 197 351**

On 3 June 2019, Ultimovacs ASA was listed on the Oslo Stock Exchange through an initial public offering (IPO). In this process, the company carried out an equity issue raising gross proceeds of MNOK 370 by offering 11,840,000 new shares. The price per Offer Share was set at NOK 31.25, corresponding to market capitalization of Ultimovacs at IPO of approximately MNOK 870. Costs directly attributed to the share issue have been deducted against equity, amounting to MNOK 25.4 for the whole IPO process, giving total net proceeds from the share issue MNOK 344.6 (compared to gross proceeds of MNOK 370.0).

Prior to the IPO, the existing shares were split 1x25, increasing the number of shares to 16,020,400 prior to the IPO. In addition, the nominal value per share was reduced from NOK 1 to NOK 0.1.

In a private placement in May 2020, 4,113,111 new shares were issued at a price per share of NOK 38.90, resulting in gross proceeds from the share issue of MNOK 160.

The transaction costs related to the share-issues amounted to MNOK 25.4 in 2019 and NOK 7.1 in 2020, and have been recognized against share premium. For computation of earnings per share and diluted earnings per share see Note 8.

Note 12: Share capital, shareholder information and dividend (continued)

THE 20 MAIN SHAREHOLDERS AS OF 31 DECEMBER 2020	NUMBER OF SHARES	OWNERSHIP INTEREST
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 (Nominee)	522 113	1.6%
Prieta AS	520 988	1.6%
JP Morgan Chase Bank, N.A., London (Nominee)	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%**

As of 31 December 2020, three members of the Management team in the Group held a total of 149,106 ordinary shares in Ultimovacs.

NUMBER OF SHARES HELD BY CEO AND THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2020	POSITION	NUMBER OF SHARES
Carlos de Sousa	CEO	8 406
Ketil Fjerdingen - through Langøya Invest AS	Board member	1 342 006
Leiv Askvig - through Basen Kapital AS	Board member	91 500
Henrik Schussler - through Fireh AS	Board member	19 200
Eva S. Dugstad	Board member	6 400
Kari Grønås - through K OG K AS	Board member	5 040
Håkan Englund - through JDS Invest AB	Deputy Board member	68 650
Total shares held by CEO and Board of Directors		**1 541 202**

Note 12: Share capital, shareholder information and dividend (continued)

THE 20 MAIN SHAREHOLDERS AS OF 31 DECEMBER 2019	NUMBER OF SHARES	OWNERSHIP INTEREST
Gjelsten Holding AS	5 747 599	20.6%
Canica AS	2 232 663	8.0%
Inven2 AS	2 021 775	7.3%
Watrium AS	1 620 925	5.8%
Radiumhospitalets Forskningsstiftelse	1 395 875	5.0%
Langøya Invest AS	1 226 325	4.4%
Helene Sundt AS	782 132	2.8%
CGS Holding AS	782 132	2.8%
SEB Prime Solutions Sissener Canopus	672 855	2.4%
Sundt AS	617 150	2.2%
KLP AksjeNorge	600 000	2.2%
Danske Invest Norge Vekst	600 000	2.2%
Brown Brothers Harriman (Lux.) SCA (Nominee)	490 467	1.8%
Prieta AS	485 175	1.7%
Verdipapirfondet Nordea Avkastning	444 600	1.6%
JP Morgan Chase Bank, N.A., London (Nominee)	429 417	1.5%
Kommunal Landspensjonskasse	400 000	1.4%
Swedbank AB	384 827	1.4%
Verdipapirfondet Nordea Kapital	271 550	1.0%
ABN AMRO Global Custody Services (Nominee)	263 246	0.9%
20 Largest shareholders	**21 468 713**	**77.1%**
Other shareholders	6 391 687	22.9%
Total	**27 860 400**	**100.0%**

As of 31 December 2019, four members of the Management team in the Group held a total of 307,350 ordinary shares in Ultimovacs.

NUMBER OF SHARES HELD BY CEO AND THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2019	POSITION	NUMBER OF SHARES
Øyvind Kongstun Arnesen - through Vitmed AS	CEO	160 000
Kristin L. A. Wilhelmsen - through Watrium AS *	Board member	1 620 925
Ketil Fjerdingen - through Langøya Invest AS	Board member	1 226 325
Leiv Askvig - through Basen Kapital AS	Board member	79 500
Henrik Schussler - through Fireh AS	Board member	19 200
Eva S. Dugstad	Board member	6 400
Kari Grønås - through K OG K AS	Board member	5 040
Total shares held by CEO and Board of Directors		**3 117 390**

* Kristin Wilhelmsen with closely related parties is a majority shareholder in the family-owned company Watrium AS, which holds 1,620,925 shares in Ultimovacs ASA.

Note 13: Transactions with related parties

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

Please refer to note 9 for additional information.

As part of ordinary business and at market price, Ultimovacs purchases services related to clinical trials and laboratory services from Oslo University Hospital through Inven2 AS. Invoicing directly from or administered by Inven2 AS amounted to MNOK 2.5 and MNOK 2.5 in 2019 and 2020 respectively (incl. VAT). As per 31 December 2020, Ultimovacs had no outstanding payables to Inven2 AS.

Ultimovacs ASA finances running operations and projects in Ultimovacs AB through unconditional shareholder contributions. In 2019, Ultimovacs ASA contributed with a total of MNOK 6.0 in unconditional shareholder contributions to Ultimovacs AB, and MNOK 4.0 in 2020.

Note 14: Leases and commitments

The Group implemented IFRS 16 in 2019 with the modified retrospective approach. With the transition to IFRS 16, the Group recognized office- and car-lease/rental-contracts as right-of-use assets

The implementation effect as per 1 January 2019 was MNOK 4.6 based on the net present value of future minimum rent/lease-payments related to the non-cancellable contracts. The amount is capitalized as a liability and asset in the balance sheet as per 1 January 2019. The weighted average discount applied at 1 January 2019 was 6.0%.

RIGHT-OF-USE ASSETS 2020 (NOK 1 000)	CARS	OFFICE	TOTAL
Right-of-use assets as per 1 January 2020	420	3 103	**3 523**
Depreciation costs during the year	(469)	(1 260)	**(1 729)**
Extension options exercised	1 158	679	**1 835**
Balance sheet value as per 31 December 2020	**1 109**	**2 520**	**3 630**

RIGHT-OF-USE ASSETS 2019 (NOK 1 000)	CARS	OFFICE	TOTAL
Right-of-use assets as per 1 January 2019	823	3 798	**4 622**
Depreciation costs during the year	(403)	(1 020)	**(1 424)**
Extension options exercised	-	325	**325**
Balance sheet value as per 31 December 2019	**420**	**3 103**	**3 523**

Note 14: Leases and commitments (continued)

LEASE LIABILITIES (NOK 1 000)	TOTAL
Lease commitment as per 1 January 2020	**3 626**
Additions	1 835
Cash payments for the principal portion of the lease liability	(1 680)
Cash payments for the interest portion of the lease liability	(236)
Interest expense on lease liabilities	236
Lease commitments as per 31 December 2020	**3 782**
Current	1 707
Non-current	2 075

LEASE LIABILITIES (NOK 1 000)	TOTAL
At initial application 1 January 2019	**4 622**
Additions	325
Cash payments for the principal portion of the lease liability	(1 321)
Cash payments for the interest portion of the lease liability	(258)
Interest expense on lease liabilities	258
Lease commitments as per 31 December 2019	**3 626**
Current	1 325
Non-current	2 301

LEASE EXPENSES (NOK 1 000)	2020	2019
Depreciation expense of right-of-use assets	1 729	1 424
Interest expense on lease liabilities	236	258
Expense relating to short-term leases (incl. in Other operating expenses)	568	520
Expense relating to low-value assets (incl. in Other operating expenses)	11	19
Total amount recognized in profit or loss	**2 545**	**2 220**

The Group had total cash outflows related to leases of MNOK 2.5 in FY20 and MNOK 2.2 in FY19.

The Group has utilized the practical expedients relating to operating leases where short term leases and lease-contracts of low value have not been recognized as right of use assets.

Expenses relating to short-term lease comprise lab premises and parking spaces in Oslo, Norway, and office premises in Uppsala, Sweden. These contracts can be terminated by both lessee and lessor within 1 - 3 months.

Expense relating to low-value assets comprise leasing of an office printer in Oslo.

THE FUTURE MINIMUM RENTS RELATED TO NON-CANCELLABLE LEASES (NOK 1 000)	2020	2019
Within 1 year	1 707	1 325
1 to 2 years	1 618	1 172
2 to 3 years	265	1 129
After 3 years	191	-
Sum	**3 781**	**3 626**

Note 15: Share based payment

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 for options granted in 2020.

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

MOVEMENTS OF OPTIONS DURING 2020	NUMBER OF INSTRUMENTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at 1 January	**557 500**	31.25
Granted during the year	846 885	39.15
Terminated during the year	(73 950)	33.46
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 December	**1 330 435**	**36.16**
Vested options during the year	139 375	31.25

MOVEMENTS OF OPTIONS DURING 2019	NUMBER OF INSTRUMENTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at 1 January	**-**	**-**
Granted during the year	557 500	31.25
Terminated during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 December	**557 500**	**31.25**
Vested options during the year	-	-

OUTSTANDING INSTRUMENTS OVERVIEW AT YEAR END	2020	2019
Number of instruments	1 330 435	557 500
Weighted Average Exercise Price (NOK)	36.16	31.25
Weighted Average Exercise Price on vested instruments (NOK)	31.25	-
Vested/Exercisable instruments as of 31 December	139 375	-
Weighted Average remaining contractual life (years)	4.03	4.43

Note 15: Share based payment (continued)

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 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.

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.

The fair value of the granted instruments in 2020 and 2019 have been calculated using a Black Scholes model with the following assumptions:

FAIR VALUE PRICING ASSUMPTIONS	2020	2019
Instrument	Option	Option
Quantity as of 31 December	846 885	557 500
Contractual life*	5.00	5.00
Exercise price*	39.15	31.25
Share price*	39.00	31.00
Expected lifetime*	2.64	2.75
Volatility*	71.04%	64.00%
Interest rate*	0.081%	1.180%
Dividend*	-	-
Fair value per instrument*	16.65	12.65
Vesting conditions	Service condition	

*Weighted average parameters at grant of instrument

The total IFRS cost recognized for the option program was MNOK 6.8 in FY 2020 and MNOK 2.0 in FY19. The total social security provision was MNOK 4.1 in FY20 and MNOK 0.2 in FY19.

Note 15: Share based payment (continued)

NUMBER OF OPTIONS HELD BY MANAGEMENT TEAM	POSITION	2020	2019
Carlos de Sousa	Chief Executive Officer	362 185	n.a.
Øyvind Kongstun Arnesen*	Former Chief Executive Officer	n.a.	72 000
Hans Vassgård Eid	Chief Financial Officer	118 500	62 500
Jens Egil Torbjørn Bjørheim	Chief Medical Officer	109 000	53 000
Audun Tornes	Chief Technology Officer	72 500	38 000
Gudrun Trøite	Director Regulatory Affairs and QA	72 500	38 000
Ingunn Hagen Westgaard	Head of Research	72 500	38 000
Øivind Foss	Head of Clinical Operations	72 500	38 000
Ton Berkien	Chief Business Officer	-	n.a.
Gunilla Ekström*	Former Mng. Dir. Ultimovacs AB	n.a.	23 000
Total allocated share options to Management Team		**879 685**	**362 500**

* Øyvind Kongstun Arnesen and Gunilla Ekström left the company during 2020, however were granted to hold a portion of their options to be exercised in 2021. Øyvind Kongstun and Gunilla Ekström held 18 000 and 5 750 exercisable options respectively as per 31 December 2020.

Synthetic share program (terminated program in 2019)
At the Annual General Meeting in April 2016, the Board was authorized to introduce a new incentive scheme for employees (Synthetic share plan), based on the value development of the Group's shares. In total twelve employees were granted synthetic shares, which were not physically held by the owner. The employees were entitled, upon exercise, to receive a cash amount corresponding to the increase in the value of the underlying share in the period from the option was assigned to the exercise, and holiday pay on the same amount.

The vesting period for all synthetic shares in all of the individual employee-contracts was up to the expiration date 18 May 2021, regardless of when the synthetic shares were allocated. However, upon discretion of the board of directors, or on the date at which a third-party, or several third parties acting in concert, completes an acquisition of shares in the Group by which such third-party obtains an ownership of more than 90% of the shares and votes in the Group, the incentive scheme is due and to be settled/terminated. This would trigger the option-strike, resulting in a cash pay-out for all synthetic shares that the holders/employees are entitled to. Based on a discretionary decision made by the board of directors, the IPO of Ultimovacs on Oslo Børs on 3 June 2019 triggered the option-strike. As each share was valued to NOK 31.25 in the IPO, and exercise price for all synthetic shares were NOK 45.32 (corresponding to NOK 1,133 before the share split), all synthetic shares, 17 306 in total, were settled/terminated without any value. Consequently, the liability of MNOK 10.2 related to the synthetic share program was reversed in June 2019. Please refer to the 2018 Financial statement for more information regarding the valuation of the synthetic shares.

Note 16 - Other current liabilities

OTHER CURRENT LIABILITIES (NOK 1 000)	2020	2019
Public duties payable	7 398	2 495
Holiday pay payable	2 640	2 242
Accrued salary (severance pay)	3 024	-
Other accrued expenses	4 087	2 427
Sum	**17 149**	**7 164**

Note 17: Financial instruments

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

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

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

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

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

Currency translation risk
The Group has investments in foreign operations, whose net assets are exposed to currency translation risk.

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

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

FOREIGN CURRENCY SENSITIVITY (NOK 1 000)	CHANGE IN FOREIGN CURRENCY	2020	2019
EUR	+10%	3 385	1 432
	-10%	(3 385)	(1 432)
GBP	+10%	380	327
	-10%	(380)	(327)
USD	+10%	1 368	1 356
	-10%	(1 368)	(1 356)
SEK	+10%	1 382	743
	-10%	(1 382)	(743)

INTEREST RATE SENSITIVITY (NOK 1 000)	CHANGE IN INTEREST RATE	2020	2019
Bank deposits	+2%	8 395	6 309
	-2%	(8 395)	(6 309)
	+5%	20 987	15 773
	-5%	(20 987)	(15 773)

Note 17: Financial instruments (continued)

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

Capital management
The Group manages its capital to ensure that Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Although currently sufficiently capitalized as per 31 December 2020, the Group will require new capital in the future in order to continue its research, execute planned clinical studies and commercialize products. Management closely monitors the Group's cash flows on long and short term through continuous planning and reporting.

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

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

Note 18: Events after the balance sheet date and COVID-19

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, the European Network of Gynaecological Oncological Trial Groups 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. Please refer to the "Clinical trial overview" section for more information.

On 5 March 2021, 29,750 options, granted under Ultimovacs' option program, were exercised at a strike price of NOK 31.25 per share. Following the exercise of the share options, the Company's Board of Directors, pursuant to an authorization granted by the Company's Annual General Meeting on 23 April 2020, have decided to increase the Company's share capital with NOK 2,975 by issuing 29,750 new shares, each share of par value NOK 0.10. Subsequent to the transaction, the Company's share capital will be NOK 3,200,326.1 divided into 32,003,261 shares, each with a nominal value of NOK 0.10 and each giving one vote at the Company's general meeting. The capital increase resulted in gross proceeds of MNOK 0.9.

The coronavirus pandemic had a profound impact on the global economy in 2020 and no industry is protected from operational and financial consequences. The ultimate impact of the pandemic is currently difficult to assess. 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 Group's operations, or to provide a quantitative estimate of this impact. Further implications will be assessed and reported on in the next reporting periods.

The COVID-19 pandemic had no significant implications to the Annual Report 2020.

There are no other significant subsequent events after the balance sheet date.

Contents - Financial Statements Ultimovacs ASA

Statement of profit and loss and other comprehensive income Ultimovacs ASA

(NOK 1 000) EXCEPT PER SHARE DATA	NOTES	2020	2019
Total revenues		**-**	**-**
Payroll and payroll related expenses	3, 4, 15	(46 950)	(17 611)
Depreciation and amortization	9, 14	(2 720)	(2 063)
Other operating expenses	3, 5	(68 210)	(41 926)
Total operating expenses		**(117 880)**	**(61 600)**
Operating profit (loss)		**(117 880)**	**(61 600)**
Financial income	6	5 209	5 631
Financial expenses	6	(1 610)	(577)
Net financial items		**3 600**	**5 055**
Profit (loss) before tax		**(114 280)**	**(56 546)**
Income tax expense	7	-	-
Profit (loss) for the year		**(114 280)**	**(56 546)**
Items that subsequently may be reclassified to profit or loss:			
Other comprehensive income (loss) for the year		-	-
Total comprehensive income (loss) for the year		**(114 280)**	**(56 546)**
Basic and diluted earnings (loss) per share (NOK per share)	8	(3.8)	(2.5)

Statement of financial position Ultimovacs ASA

(NOK 1 000)	NOTES	2020	2019
ASSETS			
Non-current assets			
Investment in subsidiary	13	65 512	61 512
Patents	9	7 293	2 844
Property, plant and equipment	9	377	536
Right of use assets	14	3 630	3 523
Total non-current assets		**76 812**	**68 415**
Current assets			
Receivables and prepayments	3, 10	8 269	7 827
Cash and cash equivalents	11	440 529	397 525
Total current assets		**448 798**	**405 352**
TOTAL ASSETS		**525 610**	**473 768**
EQUITY AND LIABILITIES			
Equity			
Share capital		3 197	2 786
Share premium		809 214	656 692
Total paid-in equity		**812 411**	**659 478**
Accumulated losses		(323 925)	(209 646)
Other equity		8 509	1 861
TOTAL EQUITY	12	**496 995**	**451 693**
Non-current liabilities			
Lease liability	14	2 075	2 301
Total non-current liabilities		**2 075**	**2 301**
Current liabilities			
Lease liability	14	1 707	1 325
Accounts payable		8 442	11 533
Other current liabilities	15, 16	16 392	6 916
Total current liabilities		**26 541**	**19 773**
TOTAL LIABILITIES		**28 615**	**22 074**
TOTAL EQUITY AND LIABILITIES		**515 610**	**473 768**

Board of Directors and CEO of Ultimovacs ASA

Oslo, 24 March 2021

Sign	Sign	Sign
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

Statement of cash flow Ultimovacs ASA

(NOK 1 000)	NOTES	2020	2019
Cash flow from operating activities			
Profit (loss) before tax		(114 280)	(56 546)
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization	9, 14	2 720	2 063
Interest received including investing activities	6	(4 545)	(4 490)
Net foreign exchange differences	6	741	221
Other financial expenses	14	236	258
Share option expenses	15	6 648	1 861
Working capital adjustment:			
Changes in prepayments and other receivables	10	(441)	(1 842)
Changes in payables and other current liabilities	16	6 385	362
Net cash flows from operating activities		**(102 536)**	**(58 114)**
Cash flow from investing activities			
Purchase of property, plant and equipment	9	(282)	(172)
Patent milestone payments	13	(5 000)	-
Shareholder contribution to subsidiary	18	(4 000)	(6 000)
Interest received	6	4 545	4 490
Net cash flow from investing activities		**(4 736)**	**(1 682)**
Cash flow from financing activities			
Proceeds from issuance of equity	12	160 000	370 000
Share issue cost	12	(7 067)	(25 418)
Interest paid	14	(236)	(258)
Payment of lease liability	14	(1 680)	(1 321)
Net cash flow from financing activities		**151 017**	**343 002**
Net change in cash and cash equivalents	11	43 745	283 207
Effect of change in exchange rate	6	(741)	(221)
Cash and cash equivalents, beginning of period	11	**397 525**	**114 539**
Cash and cash equivalents, end of period		**440 529**	**397 525**

Statement of changes in equity Ultimovacs ASA

(NOK 1 000)	NOTES	SHARE CAPITAL	SHARE PREMIUM	TOTAL PAID IN CAPITAL	ACCU-MULATED LOSSES	OTHER EQUITY	TOTAL EQUITY
Balance as of 31 December 2018		**641**	**314 256**	**314 897**	**(153 100)**	**-**	**161 797**
Profit (loss) for the year				**-**	(56 546)		**(56 546)**
Other comprehensive income (loss)				**-**			**-**
Issue of share capital	12	2 145	367 855	**370 000**			**370 000**
Share-issue costs	12		(25 418)	**(25 418)**			**(25 418)**
Recognition of share-based payments	15			**-**		1 861	**1 861**
Balance as of 31 December 2019		**2 786**	**656 692**	**659 478**	**(209 646)**	**1 861**	**451 693**
Profit (loss) for the year					(114 280)		**(114 280)**
Other comprehensive income (loss)							**-**
Issue of share capital	12	411	159 589	**160 000**			**160 000**
Share-issue costs	12		(7 067)	**(7 067)**			**(7 067**
Recognition of share-based payments	15					6 648	**6 646**
Balance as of 31 December 2020		**3 197**	**809 214**	**812 411**	**(323 925)**	**8 509**	**496 995**

Note 1: General information

Ultimovacs ASA (the Company or Ultimovacs) is a pharmaceutical company developing novel immunotherapies against cancer. 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 pre-clinical 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' 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 vaccine technology that can generate multiple vaccine candidates designed to achieve increased T cell responses to a broad range of target antigens. The Company is performing a broad clinical development program with clinical trials in Europe, Australia and the USA.

The financial statements were approved by the Board of Directors on 24 March 2021.

Note 2: Accounting principles

I. Basis for preparation

The financial statements for the Company have been prepared in accordance with IFRS as adopted by the EU (IFRS). The financial statements are presented in NOK (Norwegian kroner) which is also the Company's functional currency.

The financial statements have been prepared on the historical cost basis. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in applying the Company's accounting policies.

II. Going concern

The financial statements for 2020 have been prepared under the going concern assumption.

III. Accounting principles

i. Cash and cash equivalents

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

ii. Cash Flow statement

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

Note 2: Accounting principles (continued)

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

- Subsequent measurement
The measurement of financial liabilities depends on their classification.

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

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

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

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

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

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

v. Foreign currencies
The Company's financial statements are presented in NOK, which is the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company in its respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss under financial items.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NOK at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NOK at the average exchange rates within each respective month of the date of the transactions. Foreign currency differences are recognized in other comprehensive income (OCI) and accumulated in the translation reserve.

Exchange differences on intra-group items are recognized in profit or loss of the respective company and Group accounts.

Note 2: Accounting principles (continued)

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

vii. Investments in subsidiaries
Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognized in profit or loss.

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

ix. Interest income
Interest income is recognized using the effective interest method.

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

No dilutive effect has been 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 Company is currently loss-making, an increase in the average number of shares would have anti-dilutive effects. As the Company has currently no issuable potential ordinary shares and basic and diluted earnings per share is the same.

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

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

Note 2: Accounting principles (continued)

xii. IFRS 16 Leases

Effective January 1, 2019, the Company applied IFRS 16 using the modified retrospective approach and therefore the comparable information has not been restated and continues to be reported under IAS 17. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to us. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for all leases.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases Under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied recognition exemptions to leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option.
- Applied the low value lease exemption not to recognize right-of-use assets at the date of initial application.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability and are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Ultimovacs' incremental borrowing rate. The incremental borrowing rate is used as the discount rate.

When applying the practical expedients in IFRS 16 for lease-contracts with low value or lease terms of less than 12 months, the lease payments (net of any incentives received from the lessor) are taken to the statement of profit and loss and other comprehensive income on a straight-line basis over the period of the lease. When the lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Note 2: Accounting principles (continued)

xiii. Share-based payments
Employees in the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions) or granted share appreciation rights, which can be settled in cash (cash-settled transactions). The cash-settled transaction incentive scheme was terminated in FY19. The determination of whether the arrangement is cash or equity settled is based on a careful evaluation of the terms of the agreement and also the Company's ability to settle in shares and the promise and intent of settlement in cash.

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

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

xiv. Intangible assets
Intangible assets are stated at their historical cost and amortized on a straight-line basis over their expected useful lives, which usually varies from 3 to 10 years and up to 20 years for patents. An adjustment is made for any impairment. Intangible items acquired in a business combination must be recognized as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights, and their fair value can be measured reliably.

All research and development spending is expensed each year in the period in which it is incurred. Development costs will be capitalized once the "asset" being developed has met requirements of technical and commercial feasibility to signal that the intangible investment is likely to either be brought to market or sold. Due to uncertainties regarding award of patents, regulations, ongoing clinical trials etc., the asset recognition criteria of IAS 38 "Intangible Assets" are not met.

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

Note 2: Accounting principles (continued)

xvi. Tax assets
The income tax expense includes tax payable and changes in deferred tax. Income tax on balances recognized in other comprehensive income is recognized as other comprehensive income, and tax on balances related to equity transactions is recognized in equity. The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period.

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

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

xvii. Segments
The Company is still in a R&D phase, and currently does not generate revenues. For management purposes, the Company is organized as one business unit and the internal reporting is structured in accordance with this. All non-current assets are located at the Company's main office in Oslo, Norway.

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

- Share-based payments
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

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

Note 3: Government grants

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

GRANTS RECOGNIZED (NOK 1 000)	2020	2019
Skattefunn	4 750	5 277
Eurostars	2 015	2 344
Industrial Ph.D. grant from The Research Council of Norway (Forskningsrådet)	739	157
Innovation Project grant from The Research Council of Norway (Forskningsrådet)	1 383	-
Total grants	**8 888**	**7 778**

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

COSTS DEDUCTED (NOK 1 000)	2020	2019
Payroll and payroll related expenses	2 150	2 476
Other operating expenses	6 738	5 302
Total costs deducted	**8 888**	**7 778**

Grants receivable as per 31 December are detailed as follows:

GRANTS RECEIVABLES (NOK 1 000)	2020	2019
Skattefunn	4 750	5 277
Eurostars	450	363
Industrial Ph.D. grant from The Research Council of Norway (Forskningsrådet)	358	157
Innovation Project grant from The Research Council of Norway (Forskningsrådet)	1 383	-
Total grants receivables	**6 941**	**5 797**

Skattefunn:
The Skattefunn R&D tax incentive scheme is a government program designed to stimulate research and development in Norwegian. As of 31 December 2020, Skattefunn-grants for the following projects have been approved (project period):
- Combination therapy with a hTERT vaccine and anti-PD1 therapy in melanoma (2017 to 2020)
- Long term effects of immunotherapy against cancer (2018 - 2021)
- Combination therapy against advanced melanoma (2018 - 2022)
- Novel cancer immunotherapy (2019 - 2022)
- Immunotherapy for mesothelioma (2020 - 2024)

Eurostars:
Eurostars is a joint program between EUREKA and the European Commission, co-funded from the national budgets of 36 Eurostars Participating States and Partner Countries and by the European Union through Horizon 2020. Eurostars supports international innovative projects led by research and development- performing small- and medium-sized enterprises, and is administered by Forskningsrådet in Norway. Ultimovacs has been awarded financial support for the project “Validation of a novel immune response capturing platform for immunotherapy development and monitoring” from 2018 to 2021.

Industrial Ph.D. grant from The Research Council of Norway (Forskningsrådet):
The industrial Ph.D. project is a collaboration between Ultimovacs ASA, Oslo University Hospital and the University of Oslo. The Ph.D. candidate for this project is employed by Ultimovacs. The project aims to characterize the immunological mechanisms induced by treatment with a peptide-based therapeutic cancer vaccine.

Innovation Project grant from The Research Council of Norway (Forskningsrådet):
Innovation Project for the Industrial Sector is a funding instrument that provides grants to business-led innovation projects that make extensive use of research and development activities.

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

Note 4: Salary and personnel expenses and management remuneration

PAYROLL AND PAYROLL RELATED EXPENSES (NOK 1 000)	2020	2019
Salaries and holiday pay	32 412	23 164
Social security tax	8 168	3 614
Pension expenses	1 461	1 263
Share-based compensation	6 648	(8 346)
Other personnel expenses	412	392
Government grants	(2 150)	(2 476)
Total payroll and payroll related expenses	**46 950**	**17 611**
Number of FTEs employed during the financial year	16.9	15.4
Number of employees at end of year	18	17

The Company's Management team consists of the Company's CEO, CFO and the managers of each department, totaling eight employees, of which one employee in Ultimovacs AB.

MANAGEMENT REMUNERATION 2020 (NOK 1 000)	SALARY	BENEFITS IN KIND	SHARE OPTIONS [1]	PENSION COST	TOTAL REMUNERATION
Carlos de Sousa (CEO as of 1 June 2020)	3 016	309	2 063	54	**5 443**
Øyvind Arnesen (CEO until 30 April 2020)	2 905	210	63	100	**3 278**
Hans Vassgård Eid (CFO)	2 387	211	598	100	**3 297**
Jens Egil Torbjørn Bjørheim (CMO)	1 829	215	551	100	**2 696**
Audun Tornes (CTO)	1 456	197	366	100	**2 120**
Gudrun Trøite (Dir. of Reg. affairs and QA)	1 388	11	366	100	**1 865**
Ingunn Hagen Westgaard (Head of R&D)	1 352	18	366	100	**1 836**
Øivind Foss (Head of Clinical Operations)	1 483	11	366	100	**1 959**
Total remuneration	**15 817**	**1 184**	**4 738**	**753**	**22 493**

1) IFRS cost in relation to share option plan, not exercised. Refer to note 15 for more information regarding the allocated and outstanding share options.

2) Carlos de Sousa received a sign-on fee of MNOK 0.5 in 2020, included in the salary amount above.

BOARD OF DIRECTORS' REMUNERATION 2020 (NOK 1 000)	SALARY	BENEFITS IN KIND	SHARE OPTIONS	PENSION COST	TOTAL REMUNERATION
Jónas Einarsson (Chairman of the Board)	400	-	-	-	400
Ketil Fjerdingen (Board member)	200	-	-	-	200
Leiv Askvig (Board member)	235	-	-	-	235
Henrik Schüssler (Board member)	200	-	-	-	200
Kristin L.A. Wilhelmsen*	220	-	-	-	220
Kari Grønås (Board member)	200	-	-	-	200
Eva S. Dugstad (Board member)	200	-	-	-	200
Håkan Englund (Deputy Board member)	200	-	-	-	200
Aitana Peire (Board member)*	-	-	-	-	-
Haakon Stenrød (Board member)*	-	-	-	-	-
Total remuneration	**1 855**	**-**	**-**	**-**	**1 855**

* 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 L.A. Wilhelmsen.

Note 4: Salary and personnel expenses and management remuneration (continued)

MANAGEMENT REMUNERATION 2019 (NOK 1 000)	SALARY	BENEFITS IN KIND	SHARE OPTIONS [1]	PENSION COST	TOTAL REMUNERATION
Øyvind Arnesen (CEO)	2 497	207	256	86	**3 046**
Hans Vassgård Eid (CFO)	2 166	274	223	85	**2 747**
Jens Egil Torbjørn Bjørheim (CMO)	1 711	264	189	84	**2 249**
Audun Tornes (CTO)	1 390	205	135	85	**1 815**
Gudrun Trøite (Dir. of Reg. affairs and QA)	1 280	4	135	84	**1 504**
Ingunn Hagen Westgaard (Head of R&D)	1 302	4	135	85	**1 527**
Øivind Foss (Head of Clinical Operations)	1 434	4	135	84	**1 657**
Total remuneration	**11 781**	**962**	**1 209**	**593**	**14 545**

BOARD OF DIRECTORS' REMUNERATION 2019 (NOK 1 000)	SALARY	BENEFITS IN KIND	SHARE OPTIONS	PENSION COST	TOTAL REMUNERATION
Jónas Einarsson (Chairman of the Board)	275	-	-	-	**275**
Bjørn Rune Gjelsten (Board member)	138	-	-	-	**138**
Ketil Fjerdingen (Board member)	138	-	-	-	**138**
Leiv Askvig (Board member)	138	-	-	-	**138**
Henrik Schüssler (Board member)	138	-	-	-	**138**
Ole Kristian Hjelstuen (Board member)	138	-	-	-	**138**
Kristin L.A. Wilhelmsen (Board member)	138	-	-	-	**138**
Kari Grønås (Board member)	-	-	-	-	**-**
Eva S. Dugstad (Board member)	-	-	-	-	**-**
Total remuneration	**1 100**	**-**	**-**	**-**	**1 100**

1) IFRS cost in relation to share option plan, not exercised. Refer to note 15 for more information regarding the allocated and outstanding options.

A total of 17.306 synthetic shares (of which 3,000 held by the former CEO and 9,400 held by the rest of the management team) which were allocated to employees in the Group, were settled without value in June 2019, which resulted in a gain of MNOK 10.2. An option-based share based payment scheme commenced in June 2019 applying for all employees. Please refer to note 15 regarding both the terminated synthetic share scheme and the new option-based incentive scheme.

There were no outstanding loans or guarantees made to related parties, the Board of Directors, the Management Team or any other employees as of 31 December 2020 or as of 31 December 2019.

Pensions
Ultimovacs ASA is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company has a defined contribution pension scheme which complies with the Act on Mandatory company pensions. As at 31 December 2020, all nineteen of Ultimovacs ASA's employees were covered by the pension scheme.

Other than the general pension schemes described above, there are no specific pension arrangements made for any member of the Management team. The Company has no pension or retirement benefits for its Board Members.

The total pension contributions for all employees recognized as expenses equaled MNOK 1.5 and MNOK 1.3 in 2020 and 2019 respectively.

Note 4: Salary and personnel expenses and management remuneration (continued)

Main principles of management remuneration
Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a, the Board annually presents a statement regarding remuneration of Ultimovacs' Management to the General Meeting.

These guidelines shall lay down the main principles for the Company's management remuneration policy. The main principles regarding management remuneration are described below:

Fixed salary

The fixed salary (annual gross salary before tax and before calculation of variable salary and other additional benefits) should reflect the individual's area of responsibility and be the main element of the managers' regular compensation. The base Management salary must be competitive in order to attract and retain the most attractive managers. The salary level should not be of a size that could harm the Company's reputation, or significantly above the norm for employees with similar background and in similar positions in comparable companies. The salary level should, however, ensure that the Company can attract and retain executive employees with the desired expertise and experience. Any fringe benefits shall be in line with market practice and should not be substantial in relation to the basic salary.

Other benefits

Bonus
There is no bonus scheme in the Company, however, sign-on-fees and bonus may be applied on the Board's discretion. Carlos de Sousa received a sign-on-fee of MNOK 0.5 when he commenced his position as CEO in June 2020.

Pension
CEO and Management in the Norwegian entity participate in a defined contribution pension plan with the same terms as all other employees in the Norwegian entity. The annual accrual is currently 6% of the annual base salary from 0 G to 7 G and 10% from 7G to 12 G (G = the basic amount in the National Insurance scheme in Norway, as of 1 May 2020 G = NOK 101,351).

Share Options
The executive management takes part in the general share option incentive scheme which applies to all employees in the Group. The number of share options currently distributed to the executive management is listed in note 15 in the Annual Financial Statement for 2020. Main objectives of the share value based incentive scheme are to align interests of shareholders and management/employees (value creation and risk taking) and ensure competitive compensation for management/employees and motivation to stay (retention).

The share option program was approved by the General Assembly on 2 May 2019 and the Board was authorized to increase the Group's share capital in connection with share incentive arrangement by up to 10%. 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 includes all employees in the Group. Vesting requires the option holder still to be an employee in the Company. Key parameters in the option program currently include the following:

- an exercise price set as the volume weighted average of observed market price of the Company's shares the last 5 days prior to the issue of the options,
- 5 years duration of the options, and
- a vesting schedule of 25%/25%/50% after 1/2/3 years.
- vesting schedule of 33%/33%/33% after 1/2/3 years applies for the CEO

Separate arrangements may be made with individual employees.

The Board of Directors will review the option scheme annually and allocate share options within the framework approved by the General Assembly on 23 April 2020.

Severance pay/pay after termination of employment
In certain conditions, the CEO is entitled to 12 months' severance pay. The severance pay period will be extended to 18 months if the termination of the CEO takes place in connection with a change of control event in the Company.

The company's CFO is entitled to receive pay after termination of his employment with the Group equal to 9 months' base salary in addition to payment of his salary during his 3-month notice period.

On 1 June 2020, Øyvind Kongstun Arnesen resigned his position as CEO in Ultimovacs ASA. Upon his resignation, Arnesen will receive an 18 months 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.

There are no similar arrangements for any of the other employees in the company with respect to termination of their employment.

Other benefits
The CEO and some individuals in the Management team get car allowance or coverage of costs for leasing of cars in private use.

Carlos de Sousa, CEO, has an agreement whereby the Company will cover the lease for an apartment in Oslo up to a certain monthly amount.

Benefits to the Management Team may include certain other items such as group life insurance, health care insurance, travel insurance, etc. on customary terms.

The Management does not have any other separate fringe benefits of any significance.

Statement on the executive employee remuneration policy during the previous financial year
The executive compensation for the fiscal year 2020 has been in accordance with the above-mentioned information and the guidelines for 2020.

Note 5: Other operating expenses

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

OTHER OPERATING EXPENSES (NOK 1 000)	2020	2019
External R&D expenses	63 605	35 381
Clinical studies	47 183	24 042
Manufacturing costs	5 710	5 640
Other R&D expenses	10 712	5 700
Patent related expenses	2 451	2 296
Rent, office and IT	2 492	2 001
Accounting, audit, legal, consulting	3 739	3 038
Other operating expenses	2 661	4 512
Less government grants	(6 738)	(5 302)
Total operating expenses	**68 210**	**41 926**

Estimated total expenses related to R&D, including other operating expenses, payroll and payroll related expenses, less government grants, amounted to MNOK 91.3 in 2020 and MNOK 52.4 in 2019.

SPECIFICATION AUDITOR'S FEE (NOK 1 000)	2020	2019
Statutory audit	338	244
Audit related services	-	42
Tax related services	4	60
Other	9	68
Total auditor's fee	**351**	**413**

VAT is not included in the fees specified above.

Note 6: Financial items

FINANCIAL INCOME (NOK 1 000)	2020	2019
Interest income	4 580	5 539
Foreign exchange gains	629	92
Total financial income	**5 209**	**5 631**

FINANCIAL EXPENSES (NOK 1 000)	2020	2019
Foreign exchange losses	1 370	313
Other financial expenses	240	263
Total financial expenses	**1 610**	**577**

Note 7: Income tax

TAX EXPENSE BASIS (NOK 1 000)	2020	2019
Profit (loss) before tax	(114 280)	(56 546)
Net non-deductible income	(4 785)	(5 295)
Other items	3 429	(25 418)
Change in temporary differences	240	(10 091)
Basis for tax calculation	**(115 396)**	**(97 350)**

INCOME TAX EXPENSE (NOK 1 000)	2020	2019
Expected tax expense	(25 142)	12 440
Net non-deductible income	(1 053)	1 165
Other items	754	5 592
Change in deferred tax assets not recognized	25 440	(19 197)
Effect from changes in tax rate	-	-
Income tax expense	**-**	**-**

* The share issue cost of MNOK 7.1 in 2020 and MNOK 25.4 in 2019 was deducted directly from equity and is included in the basis for tax calculation as the tax-effect is charged directly to equity.

The corporate tax rate in Norway was 22% in 2020 and 2019.

DEFERRED TAX ASSETS (NOK 1 000)	2020	2019
Tax losses carried forward	380 241	266 991
Temporary differences - lease liability	152	-
Temporary differences - PP&E	198	8
Temporary differences and tax loss carry forward	**380 591**	**266 999**
Deferred tax assets - not recognized in statement of financial position	**83 730**	**58 740**
Deferred tax assets per 31 December	**-**	**-**

Ultimovacs has not recognized a deferred tax asset in the statement of financial position related to its previous losses, as the Company does not expect taxable income to be generated in the short-term to support the use of the deferred tax asset.

Note 8: Earnings per share

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

The share options issued 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 Company 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.

EARNINGS PER SHARE	2020	2019
Profit (loss) for the year (NOK 1 000)	(114 280)	(56 546)
Average number of outstanding shares during the year (1 000)	30 260	22 927
EPS - basic and diluted (NOK per share)	**(3.8)**	**(2.5)**

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.

When the Company was listed on the Oslo Stock exchange on 3 June 2019, 11,840,000 new shares were issued, increasing the total number of shares to 27,860,400. On 5 June 2020, additional 4,113,111 new shares were issued in a private placement. Per 31 December 2020, 31,973,511 shares are outstanding.

In addition to the above, in accordance with the board's proposal, the general meeting approved the establishment of a new share option program. This program commenced on the day of listing, 3 June 2019, where 557,500 options, each giving a right to acquire one share, were allocated to the Group's employees. Additional options were distributed among the employees in 2020, and outstanding options as per 31 December 2020 is 1,330,435.

See note 15 for more information regarding the option program.

Note 9: Non-current assets

NON-CURRENT ASSETS 2020 (NOK 1 000)	OFFICE AND LAB EQUIPM.	PATENTS	TOTAL
Accumulated cost as of 1 January 2020	1 782	4 000	**5 782**
Additions	282	5 000	**5 282**
Cost as of 31 December 2020	**2 063**	**9 000**	**11 063**
Accumulated depreciation and amortization as of 1 January 2020	(1 246)	(1 156)	**(2 402)**
Depreciations in the year	(440)	(551)	**(991)**
Accumulated depreciation and amortization as of 31 December 2020	**(1 686)**	**(1 707)**	**(3 393)**
Carrying value as of 31 December 2020	**377**	**7 293**	**7 671**

NON-CURRENT ASSETS 2019 (NOK 1 000)	OFFICE AND LAB EQUIPM.	PATENTS	TOTAL
Accumulated cost as of 1 January 2019	1 610	4 000	**5 610**
Additions	172	-	**172**
Cost as of 31 December 2019	**1 782**	**4 000**	**5 782**
Accumulated depreciation and amortization as of 1 January 2019	(873)	(889)	**(1 762)**
Depreciations in the year	(373)	(267)	**(639)**
Accumulated depreciation and amortization as of 31 December 2019	**(1 246)**	**(1 156)**	**(2 402)**
Carrying value as of 31 December 2019	**536**	**2 844**	**3 380**
Economic Life	3 years	15 years	
Depreciation method	linear	linear	

Patents
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 price for the patent was MNOK 4.0 and was based on a purchase option in the license agreement entered into with Inven2 AS in 2011. The purchase of these rights implies that the 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. The milestone payments will be capitalized in the balance sheet when paid to Inven2, and depreciated linearly until February 2031. The patent period spans over 15 years and expires in 2031.

Note 10: Other receivables

OTHER RECEIVABLES (NOK 1 000)	2020	2019
Government grants receivables (ref note 3)	6 941	5 797
VAT receivables	748	564
Other receivables and prepayments	580	1 466
Total other receivables	**8 269**	**7 827**

Note 11: Cash and cash equivalents

CASH AND CASH EQUIVALENTS (NOK 1 000)	2020	2019
Employee withholding tax	1 829	1 318
Cash at bank	438 700	396 207
Cash and cash equivalents	**440 529**	**397 525**

Note 12: Share capital, shareholder information and dividend

The share capital as of 31 December 2020 was NOK 3,197,351, with 31,973,511 ordinary shares with a nominal value of NOK 0.1. All issued shares have equal voting rights and the right to receive dividend. No dividend has been paid in the period. Ultimovacs ASA has over 3,500 shareholders as of 31 December 2020, with the 20 largest shareholders as of this date listed in a table below. The movement in the number of registered shares and share capital was in 2019 and 2020 as follows:

CHANGES TO SHARE CAPITAL	SHARE CAPITAL NUMBER OF SHARES	SHARE CAPITAL (NOK 1 000)
1 January 2019	**640 816**	**640 816**
Share split	15 379 584	961 224
Issuance of ordinary shares (IPO)	11 840 000	1 184 000
31 December 2019	**27 860 400**	**2 786 040**
Issuance of ordinary shares	4 113 111	411 311
31 December 2020	**31 973 511**	**3 197 351**

On 3 June 2019, Ultimovacs ASA was listed on the Oslo Stock Exchange through an initial public offering (IPO). In this process, the company carried out an equity issue raising gross proceeds of MNOK 370 by offering 11,840,000 new shares. The price per Offer Share was set at NOK 31.25, corresponding to market capitalization of Ultimovacs at IPO of approximately MNOK 870. Costs directly attributed to the share issue have been deducted against equity, amounting to MNOK 25.4 for the whole IPO process, giving total net proceeds from the share issue MNOK 344.6 (compared to gross proceeds of MNOK 370.0).

Prior to the IPO, the existing shares were split 1x25, increasing the number of shares to 16,020,400 prior to the IPO. In addition, the nominal value per share was reduced from NOK 1 to NOK 0.1.

In a private placement in May 2020, 4,113,111 new shares were issued at a price per share of NOK 38.90, resulting in gross proceeds from the share issue of MNOK 160.

The transaction costs related to the share-issues amounted to MNOK 25.4 in 2019 and NOK 7.1 in 2020, and have been recognized against share premium. For computation of earnings per share and diluted earnings per share see Note 8.

Note 12: Share capital, shareholder information and dividend (continued)

THE 20 MAIN SHAREHOLDERS AS OF 31 DECEMBER 2020	NUMBER OF SHARES	OWNERSHIP INTEREST
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 (Nominee)	522 113	1.6%
Prieta AS	520 988	1.6%
JP Morgan Chase Bank, N.A., London (Nominee)	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%**

Three members of the Management team in the Company held a total of 149,106 ordinary shares in Ultimovacs ASA as of 31 December 2020.

NUMBER OF SHARES HELD BY CEO AND THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2020	POSITION	NUMBER OF SHARES
Carlos de Sousa	CEO	8 406
Ketil Fjerdingen - through Langøya Invest AS	Board member	1 342 006
Leiv Askvig - through Basen Kapital AS	Board member	91 500
Henrik Schussler - through Fireh AS	Board member	19 200
Eva S. Dugstad	Board member	6 400
Kari Grønås - through K OG K AS	Board member	5 040
Håkan Englund - through JDS Invest AB	Deputy Board member	68 650
Total shares held by CEO and Board of Directors		**1 541 202**

Note 12: Share capital, shareholder information and dividend (continued)

THE 20 MAIN SHAREHOLDERS AS OF 31 DECEMBER 2019	NUMBER OF SHARES	OWNERSHIP INTEREST
Gjelsten Holding AS	5 747 599	20.6%
Canica AS	2 232 663	8.0%
Inven2 AS	2 021 775	7.3%
Watrium AS	1 620 925	5.8%
Radiumhospitalets Forskningsstiftelse	1 395 875	5.0%
Langøya Invest AS	1 226 325	4.4%
Helene Sundt AS	782 132	2.8%
CGS Holding AS	782 132	2.8%
SEB Prime Solutions Sissener Canopus	672 855	2.4%
Sundt AS	617 150	2.2%
KLP AksjeNorge	600 000	2.2%
Danske Invest Norge Vekst	600 000	2.2%
Brown Brothers Harriman (Lux.) SCA (Nominee)	490 467	1.8%
Prieta AS	485 175	1.7%
Verdipapirfondet Nordea Avkastning	444 600	1.6%
JP Morgan Chase Bank, N.A., London (Nominee)	429 417	1.5%
Kommunal Landspensjonskasse	400 000	1.4%
Swedbank AB	384 827	1.4%
Verdipapirfondet Nordea Kapital	271 550	1.0%
ABN AMRO Global Custody Services (Nominee)	263 246	0.9%
20 Largest shareholders	**21 468 713**	**77.1%**
Other shareholders	6 391 687	22.9%
Total	**27 860 400**	**100.0%**

Three members of the Management team in the Company held a total of 300,700 ordinary shares in Ultimovacs ASA as of 31 December 2019.

NUMBER OF SHARES HELD BY CEO AND THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2019	POSITION	NUMBER OF SHARES
Øyvind Kongstun Arnesen - through Vitmed AS	CEO	160 000
Kristin L. A. Wilhelmsen - through Watrium AS *	Board member	1 620 925
Ketil Fjerdingen - through Langøya Invest AS	Board member	1 226 325
Leiv Askvig - through Basen Kapital AS	Board member	79 500
Henrik Schussler - through Fireh AS	Board member	19 200
Eva S. Dugstad	Board member	6 400
Kari Grønås - through K OG K AS	Board member	5 040
Total shares held by CEO and Board of Directors		**3 117 390**

* Kristin Wilhelmsen with closely related parties is a majority shareholder in the family-owned company Watrium AS, which held 1,620,925 shares in Ultimovacs ASA.

Note 13: Transactions with related parties

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

Please refer to note 9 for additional information.

As part of ordinary business and at market price, Ultimovacs purchases services related to clinical trials and laboratory services from Oslo University Hospital through Inven2 AS. Invoicing directly from or administered by Inven2 AS amounted to MNOK 2.5 and MNOK 2.5 in 2019 and 2020 respectively (incl. VAT). As per 31 December 2020, Ultimovacs had no outstanding payables to Inven2 AS.

Ultimovacs ASA finances running operations and projects in Ultimovacs AB through unconditional shareholder contributions. In 2019, Ultimovacs ASA contributed with a total of MNOK 6.0 in unconditional shareholder contributions to Ultimovacs AB, and MNOK 4.0 in 2020.

Note 14: Leases and commitments

The Company implemented IFRS 16 in 2019 with the modified retrospective approach. With the transition to IFRS 16, the Group recognized office- and car-lease/rental-contracts as right-of-use assets

The implementation effect as per 1 January 2019 was MNOK 4.6 based on the net present value of future minimum rent/lease-payments related to the non-cancellable contracts. The amount is capitalized as a liability and asset in the balance sheet as per 1 January 2019. The weighted average discount applied at 1 January 2019 was 6.0%.

RIGHT-OF-USE ASSETS 2020 (NOK 1 000)	CARS	OFFICE	TOTAL
Right-of-use assets as per 1 January 2020	420	3 103	**3 523**
Depreciation costs during the year	(469)	(1 260)	**(1 729)**
Extension options exercised	1 158	679	**1 835**
Balance sheet value as of 31 December 2020	**1 109**	**2 520**	**3 630**

RIGHT-OF-USE ASSETS 2019 (NOK 1 000)	CARS	OFFICE	TOTAL
Right-of-use assets as per 1 January 2019	823	3 798	**4 622**
Depreciation costs during the year	(403)	(1 020)	**(1 424)**
Extension options exercised	-	325	**325**
Balance sheet value as of 31 December 2019	**420**	**3 103**	**3 523**

Note 14: Leases and commitments (continued)

LEASE LIABILITIES (NOK 1 000)	TOTAL
Lease commitment as per 1 January 2020	**3 626**
Additions	1 835
Cash payments for the principal portion of the lease liability	(1 680)
Cash payments for the interest portion of the lease liability	(236)
Interest expense on lease liabilities	236
Lease commitments as per 31 December 2020	**3 782**
Current	1 707
Non-current	2 075

LEASE LIABILITIES (NOK 1 000)	TOTAL
At initial application 1 January 2019	**4 622**
Additions	325
Cash payments for the principal portion of the lease liability	(1 321)
Cash payments for the interest portion of the lease liability	(258)
Interest expense on lease liabilities	258
Lease commitments as per 31 December 2019	**3 626**
Current	1 325
Non-current	2 301

AMOUNTS RECOGNIZED IN PROFIT AND LOSS (NOK 1 000)	2020	2019
Depreciation expense of right-of-use assets	1 729	1 424
Interest expense on lease liabilities	236	258
Expense relating to short-term leases (incl. in Other operating expenses)	486	446
Expense relating to low-value assets (incl. in Other operating expenses)	11	19
Total amount recognized in profit or loss	**2 463**	**2 146**

The Group had total cash outflows related to leases of MNOK 2.5 in FY20 and MNOK 2.1 in FY19.

The Group has utilized the practical expedients relating to operating leases where short term leases and lease-contracts of low value have not been recognized as right of use assets.

Expenses relating to short-term lease comprise lab premises and parking spaces in Oslo, Norway, and office premises in Uppsala, Sweden. These contracts can be terminated by both lessee and lessor within 1 - 3 months.

Expense relating to low-value assets comprise leasing of an office printer in Oslo.

THE FUTURE MINIMUM RENTS RELATED TO NON-CANCELLABLE LEASES (NOK 1 000)	2020	2019
Within 1 year	1 707	1 325
1 to 2 years	1 618	1 172
2 to 3 years	265	1 129
After 3 years	191	-
SUM	**3 781**	**3 626**

Note 15: Share based payment

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.

MOVEMENTS OF OPTIONS DURING 2020	NUMBER OF INSTRUMENTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at 1 January	**557 500**	31.25
Granted during the year	846 885	39.15
Terminated during the year	(73 950)	33.46
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 December	**1 330 435**	**36.16**
Vested options during the year	139 375	31.25

MOVEMENTS OF OPTIONS DURING 2019	NUMBER OF INSTRUMENTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at 1 January	**-**	**-**
Granted during the year	557 500	31.25
Terminated during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 December	**557 500**	**31.25**
Vested options during the year	-	-

OUTSTANDING INSTRUMENTS OVERVIEW AT YEAR END	2020	2019
Number of instruments	1 330 435	557 500
Weighted Average Exercise Price (NOK)	36.16	31.25
Weighted Average Exercise Price on vested instruments (NOK)	31.25	-
Vested/Exercisable instruments as of 31 December	139 375	-
Weighted Average remaining contractual life (years)	4.03	4.43

Note 15: Share based payment (continued)

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 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.

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.

The fair value of the granted instruments in 2020 and 2019 have been calculated using a Black Scholes model with the following assumptions:

FAIR VALUE PRICING ASSUMPTIONS	2020	2019
Instrument	Option	Option
Quantity as of 31 December	846 885	557 500
Contractual life*	5.00	5.00
Exercise price*	39.15	31.25
Share price*	39.00	31.00
Expected lifetime*	2.64	2.75
Volatility*	71.04%	64.00%
Interest rate*	0.081%	1.180%
Dividend*	-	-
Fair value per instrument*	16.65	12.65
Vesting conditions		Service condition

*Weighted average parameters at grant of instrument

The total IFRS cost recognized for the option program was MNOK 6.6 in FY 2020 and MNOK 1.9 in FY19. The total social security provision was MNOK 3.8 in FY20 and MNOK 0.2 in FY19.

Note 15: Share based payment (continued)

NUMBER OF OPTIONS HELD BY MANAGEMENT TEAM	POSITION	2020	2019
Carlos de Sousa	Chief Executive Officer	362 185	n.a.
Øyvind Kongstun Arnesen*	Former Chief Executive Officer	n.a.	72 000
Hans Vassgård Eid	Chief Financial Officer	118 500	62 500
Jens Egil Torbjørn Bjørheim	Chief Medical Officer	109 000	53 000
Audun Tornes	Chief Technology Officer	72 500	38 000
Gudrun Trøite	Director Regulatory Affairs and QA	72 500	38 000
Ingunn Hagen Westgaard	Head of Research	72 500	38 000
Øivind Foss	Head of Clinical Operations	72 500	38 000
Ton Berkien	Chief Business Officer (Ultimovacs AB)	-	n.a.
Gunilla Ekström*	Former Mng. Dir. (Ultimovacs AB)	n.a.	23 000
Total allocated share options to Management Team		**879 685**	**362 500**

* Øyvind Kongstun Arnesen and Gunilla Ekström left the company during 2020, however were granted to hold a portion of their options to be exercised in 2021. Øyvind Kongstun and Gunilla Ekström hold 18 000 and 5 750 options respectively as per 31 December 2020.

Synthetic share program (terminated program)
At the Annual General Meeting in April 2016, the Board was authorized to introduce a new incentive scheme for employees (Synthetic share plan), based on the value development of the Group's shares. In total twelve employees were granted synthetic shares, which were not physically held by the owner. The employees were entitled, upon exercise, to receive a cash amount corresponding to the increase in the value of the underlying share in the period from the option was assigned to the exercise, and holiday pay on the same amount.

The vesting period for all synthetic shares in all of the individual employee-contracts was up to the expiration date 18 May 2021, regardless of when the synthetic shares were allocated. However, upon discretion of the board of directors, or on the date at which a third-party, or several third parties acting in concert, completes an acquisition of shares in the Group by which such third-party obtains an ownership of more than 90% of the shares and votes in the Group, the incentive scheme is due and to be settled/terminated. This would trigger the option-strike, resulting in a cash pay-out for all synthetic shares that the holders/employees are entitled to. Based on a discretionary decision made by the board of directors, the IPO of Ultimovacs on Oslo Børs on 3 June 2019 triggered the option-strike. As each share was valued to NOK 31.25 in the IPO, and exercise price for all synthetic shares were NOK 45.32 (corresponding to NOK 1,133 before the share split), all synthetic shares, 17 306 in total, were settled/terminated without any value. Consequently, the liability of MNOK 10.2 related to the synthetic share program was reversed in June 2019. Please refer to the 2018 Financial statement for more information regarding the valuation of the synthetic shares.

Note 16: Other current liabilities

OTHER CURRENT LIABILITIES (NOK 1 000)	2020	2019
Public duties payable	7 253	2 424
Holiday pay payable	2 559	2 242
Accrued salary (severance pay)	3 024	-
Other accrued expenses	3 555	2 250
Sum	**16 392**	**6 916**

Note 17: Financial instruments

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

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

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

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

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

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

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

FOREIGN CURRENCY SENSITIVITY (NOK 1 000)	CHANGE IN FOREIGN CURRENCY	2020	2019
EUR	+10%	3 350	1 403
	-10%	(3 350)	(1 403)
GBP	+10%	369	320
	-10%	(369)	(320)
USD	+10%	1 368	1 353
	-10%	(1 368)	(1 353)
SEK	+10%	853	302
	-10%	(853)	(302)

INTEREST RATE SENSITIVITY (NOK 1 000)	CHANGE IN INTEREST RATE	2020	2019
Bank deposits	+2%	8 357	6 276
	-2%	(8 357)	(6 276)
	+5%	20 892	15 689
	-5%	(20 892)	(15 689)

Note 17: Financial instruments (continued)

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

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

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

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

Note 18: Events after the balance sheet date and COVID-19

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, the European Network of Gynaecological Oncological Trial Groups 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. Please refer to the "Clinical trial overview" section for more information.

On 5 March 2021, 29,750 options, granted under Ultimovacs' option program, were exercised at a strike price of NOK 31.25 per share. Following the exercise of the share options, the Company's Board of Directors, pursuant to an authorization granted by the Company's Annual General Meeting on 23 April 2020, have decided to increase the Company's share capital with NOK 2,975 by issuing 29,750 new shares, each share of par value NOK 0.10. Subsequent to the transaction, the Company's share capital will be NOK 3,200,326.1 divided into 32,003,261 shares, each with a nominal value of NOK 0.10 and each giving one vote at the Company's general meeting. The capital increase resulted in gross proceeds of MNOK 0.9.

The coronavirus pandemic had a profound impact on the global economy in 2020 and no industry is protected from operational and financial consequences. The ultimate impact of the pandemic is currently difficult to assess. 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.

The COVID-19 pandemic had no significant implications to the Annual Report 2020.

There are no other significant subsequent events after the balance sheet date.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Ultimovacs ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ultimovacs ASA, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2020, income statement, statements of comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. We have determined that there are no key audit matters to communicate in our audit report.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements ,the going concern assumption , and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than* Audits *or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 24 March 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Tommy Romskaug
State Authorised Public Accountant (Norway)

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. PD-1 / PDL-1 inhibitors (e.g., pembrolizumab and nivolumab) and CTLA-4 inhibitors (e.g. ipilimumab). There are many others in development.
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 80% 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.
PARP and Checkpoint inhibitors	
Ipilimumab	Anti-CTLA-4 checkpoint inhibitor from BMS (Bristol-Myers Squibb)
Nivolumab	Anti-PD-1 checkpoint inhibitor from BMS (Bristol-Myers Squibb)
Pembrolizumab	Anti-PD-1 checkpoint inhibitor from Merck
Durvalumab	Anti-PD-L1 checkpoint inhibitor from AstraZeneca
Olaparib	PARP inhibitor from AstraZeneca

Glossary

WORDS / TERMS	DESCRIPTION
Clinical trial terms	
CR	Complete response (The disappearance of all signs of cancer in response to treatment. Also called complete remission.)
DOR	Duration of response (The length of time that a tumor continues to respond to treatment without the cancer growing or spreading.)
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.)
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 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.
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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Our mission is to extend and improve the life of patients by directing the immune system against the core of cancer.

We will provide universally accessible solutions.