PROSPECTUS

NYKODE THERAPEUTICS ASA

(A public limited liability company incorporated under the laws of Norway)

Listing of the Company's Shares on Oslo Børs

This Prospectus (the "**Prospectus**") has been prepared by Nykode Therapeutics ASA (the "**Company**" or "**Nykode**"), a public limited liability company incorporated under the laws of Norway (together with its consolidated subsidiaries, the "**Group**"), solely for use in connection with the listing (the "**Listing**") of the Company's 290,069,409 outstanding shares, each with a par value of NOK 0.01 (the **"Shares"**) on Oslo Børs, a stock exchange operated by Oslo Børs ASA ("**Oslo Børs**" or the "**Oslo Stock Exchange**").

The Shares have been trading on Euronext Growth Oslo, a multilateral trading facility operated by Oslo Børs, since 7 October 2020 under the ticker code "NYKD" with ISIN NO 0010714785. On 8 June 2022, the Company applied for the Shares to be admitted to trading and listing on Oslo Børs. The Company's listing application was approved by Oslo Børs on 13 June 2022. Upon Listing, the Shares will be deregistered from Euronext Growth Oslo and will be admitted to trading through the facilities of Oslo Børs. Trading in the Shares on Oslo Børs is expected to commence on or about 16 June 2022, under the ticker code "NYKD".

The Shares are registered in the Norwegian Central Depository (Nw.: *Verdipapirsentralen i Norge*) (the "**VPS**") in book-entry form. The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any restrictions. See Section 14 *"Transfer restrictions"*.

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR INVITATION TO PURCHASE, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SHARES, BENEFICIAL INTERESTS OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS.

Investing in the Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, consider Section 2 *"Risk Factors"* when considering an investment in the Company.

Joint Managers

DNB Markets, a part of DNB Bank ASA

Carnegie AS

Arctic Securities AS

The date of this Prospectus is 15 June 2022

IMPORTANT NOTICE

This Prospectus has been prepared by the Company in connection with the Listing of the Shares on Oslo Børs and in order to provide information about the Group and its business.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (the "**Norwegian Securities Trading Act**") and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act (the "**EU Prospectus Regulation**"). This Prospectus has been prepared solely in the English language. This Prospectus has been approved by the Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*) (the "**Norwegian FSA**"), as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors between the time of approval of this Prospectus by the Norwegian FSA and the Listing on Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorized to give information or to make any representation concerning the Group or in connection with the Listing or the Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company or by any of the affiliates, representatives, advisors of the foregoing.

No Shares or any other securities are being offered or sold in any jurisdiction pursuant to this Prospectus. The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, subscribe or sell, any of the securities described herein. No one has taken any action that would permit a public offering of the Shares. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company requires persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 14 *"Transfer restrictions"*.

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its content is prohibited.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group, including the merits and risks involved. Neither the Company nor any of its representatives or advisers, are making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 *"General Information"*. Investing in the Shares involves certain risks. See section 2 *"Risk Factors"*. For definitions of certain other terms used throughout this Prospectus, see Section 18 *"Definitions and glossary"*.

DNB Markets, a part of DNB Bank ASA, Carnegie AS and Arctic Securities AS (collectively, the "**Managers**") acts as Managers in connection with the Listing.

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Listing or this Prospectus.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

Two of the Company's board members are residents of the United States of America (the "**U.S.**" or "**United States**"). Other than that, no members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Company's senior executive management team are residents of the United States, and a substantial portion of the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United Stated (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway.

Similar restrictions may apply in other jurisdictions.

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APPENDICES

1 SUMMARY

INTRODUCTION

Warning

This summary should be read as an introduction to the prospectus (the "**Prospectus**"). Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in Nykode Therapeutics ASA's (the "**Company**") shares (the "**Shares**") involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Securities

The Company has one class of shares in issue. The Shares are registered in book-entry form with the VPS and have ISIN NO 0010714785.

Issuer

The Company's registration number in the Norwegian Register of Business Enterprises is 990 646 066 and its Legal Entity Identifier (LEI) is 254900UKQHWYZJD22017. The Company's registered office is located at Gaustadalléen 21, 0349 Oslo, Norway. The Company's website can be found at www.nykode.com and its telephone number is +47 22 95 81 93.

Competent authority

The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), with registration number 840 747 972 and registered address at Revierstredet 3, 0151 Oslo, Norway, and telephone number (+47) 22 93 98 00 has reviewed and, on 15 June 2022, approved this Prospectus.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Corporate information

The Company is a public limited liability company organized and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. The Company was incorporated in Norway on 22 November 2006 as a private limited liability company and transformed to a public limited liability company following the annual general meeting held on 12 May 2022, its registration number in the Norwegian Register of Business Enterprises is 990 646 066 and its Legal Entity Identifier (LEI) is 254900UKQHWYZJD22017.

Principal activities

Nykode is a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies for cancer and infectious diseases. Founded in 2006, Nykode is using its vaccine technology platform to generate therapeutics in indications/diseases with a significant unmet medical need. The Company has 128 employees located in Norway and Denmark as per 31 March 2022.

Major shareholders

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital, which is notifiable pursuant to the Norwegian Securities Trading Act. The following table sets forth shareholders owning 5% or more of the shares in the Company as of 13 June 2022.

Table 1 – Major shareholders

#	Shareholders	Number of Shares	Percent
1	RASMUSSENGRUPPEN AS	28,180,750	9.71%
2	Datum Opportunity AS	26,000,000	8.96%
3	Radforsk Investeringsstiftelse	24,057,000	8.29%

4	Victoria India Fund AS	17,255,175	5.94%

Key managing directors……

The Company's executive management consists of nine individuals. The names of the members of the management and their respective positions are presented in the below table.

Table 2 – Overview of the executive management

Name	Current position within the Company
Michael Engsig	Chief Executive Officer (CEO)
Peter Fatum	Director, Head of QA
Agnete B. Fredriksen	Chief Innovation & Strategy Officer
Harald Gurvin	Chief Financial Officer (CFO)
Mette Husbyn	Chief Technology Officer (CTO)
Katrine Husum	Sr. Director, Head of Project & Alliance Management
Mikkel W. Pedersen	Chief Scientific Officer (CSO)
Elise L. Ramse	Chief Human Resources Officer (CHRO)
Siri Torhaug	Chief Medical Officer (CMO)

Independent auditor……

The Company's independent auditor is Deloitte AS, with company registration number 980 211 282 and registered business address at Dronning Eufemias gate 14, 0191 Oslo, Norway.

What is the key financial information regarding the issuer?

In 2020, the Company decided to convert its financial reporting from Norwegian Generally Accepted Accounting Principles ("**NGAAP**") to International Financial Reporting Standards, as adopted by the EU ("**IFRS**"). As such, the Company has prepared audited annual consolidated financial statements for the financial years ended 31 December 2021 and 2020 in accordance with IFRS with unaudited comparative figures for the financial year ended 31 December 2019 (the "**IFRS Financial Statements**"). Further, the Company has prepared audited annual consolidated financial statements for the financial year ended 31 December 2019 in accordance with NGAAP (the "**NGAAP Financial Statements**", and together with the IFRS Financial Statements, the "**Annual Financial Statements**"). The NGAAP Financial Statements are attached as Appendix D to this Prospectus.

Moreover, the Company has prepared unaudited consolidated financial statements for the three-month period ended 31 March 2022 (the "**Interim Financial Statements**") in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the EU ("**IAS 34**").

The table below sets out key financial information extracted from the IFRS Financial Statements and the Interim Financial Statements.

Table 3 – Key Financials – Income Statement	**Year ended 31 December**			**Three-month period ended 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Total revenue and other income	35,766	215,695	1,412	1,024	780
Operating profit or loss	-10,775	178,265	-13,943	-8,623	-7,472
Profit or loss for the period	-9,414	149,774	-13,696	-6,898	-6,507

The table below sets out key financial information extracted from the IFRS Financial Statements and the Interim Financial Statements.

Table 4 – Key Financials – Financial Position	**Year ended 31 December**			**Three-month period ended 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Total assets	265,556	230,028	33,386	254,073	223,854
Total equity	194,055	178,850	27,631	188,641	173,612
Total liabilities	71,501	51,178	5,755	65,432	50,242

The table below sets out key financial information extracted from the IFRS Financial Statements and the Interim Financial Statements.

Table 5 – Key Financials – Cash Flow	**Year ended 31 December**			**Three-month period ended 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Cash flow from operating activities	1,156	180,266	-10,489	10,923	-4,969
Cash flow from investing activities	10,753	-6,020	-9,060	-1,597	576
Cash flow from financing activities	20,442	-290	25,868	124	323
Net change in cash and cash equivalents	**32,351**	**173,957**	**6,318**	**9,450**	**-4,070**
Cash and cash equivalents end of period	**216,231**	**183,851**	**10,166**	**225,681**	**179,738**

What are the key risks that are specific to the issuer?

Material risk factors……

- Except for the financial year ended 31 December 2020, the Company has incurred operating losses since its inception and expects to incur losses in the future, due to, for example, failure in commercializing its product offering.
- The Company is highly dependent upon the commercialization of its product candidates.
- The Company is exposed to risks related to competition.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Type, class and ISIN…… All of the Shares are ordinary shares in the Company and have been created under the Norwegian Public Limited Companies Act. The Shares are registered in book-entry form with the VPS and have ISIN NO 0010714785.

Currency, par value and number of securities…… The Shares will be traded in NOK on Oslo Børs. As of the date of this Prospectus, the Company's share capital is NOK 2,900,694.09 divided on 290,069,409 Shares, each with a nominal value of NOK 0.01.

Rights attached to the securities…… The Company has one class of shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all shares in that class provide equal rights in the Company, including the rights to dividends. Each of the Shares carries one vote.

Transfer restrictions…… The Shares are freely transferable. The Company's articles of association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Shares. Share transfers are not subject to approval by the Company's board of directors.

Dividend and dividend policy…… The Company has not established any dividend policy to date, but will strive to follow a dividend policy favorable to the shareholders.

Where will the securities be traded?

The Shares have been admitted to trading on Euronext Growth Oslo, a market operated by Oslo Børs ASA under the ticker code "NYKD" with ISIN NO 0010714785. On 8 June 2022, the Company applied for the Shares to be admitted to trading and listing on Oslo Børs (the "**Listing**"). The Company's listing application was approved by Oslo Børs on 13 June 2022. Upon Listing, the Shares will be deregistered from Euronext Growth Oslo and will be admitted to trading through the facilities of Oslo Børs. Trading in the Shares on Oslo Børs is expected to commence on or about 16 June 2022, under the ticker code "NYKD".

What are the key risks that are specific to the securities?

Material risk factors……

- An active and liquid market may not develop for the Shares, due to, *inter alia*, changes in the Company's actual or projected results of operations or those of its competitors, changes in earning projections or failure to meet investors' and analysts' earnings expectations.

- Financing may not be available on terms favorable to the Company or at all, due to, for example, the Company's perceived creditworthiness and conditions in the global capital and credit markets.

KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

Admission to trading…… On 8 June 2022, the Company applied for admission to trading and listing of its Shares on Oslo Børs. Oslo Børs approved the listing application on 13 June 2022. The Company expects commencement of trading in the Shares on Oslo Børs on or about 16 June 2022.

Why is this prospectus being produced?

Reasons for the Listing…… The main reason for the Listing is to facilitate greater liquidity in the Shares attracting new prospective shareholders in order to build a more diversified shareholder base. The Company believes it will have an enhanced profile with investors, business partners and customers through the Listing. In addition, the Company will have enhanced access to the capital markets for financing of potential, future growth opportunities.

2 RISK FACTORS

An investment in the Company and the Shares involves inherent risk. Investors should carefully consider the risk factors and all information contained in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 "Risk factors" are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors included in this Section 2 "Risk factors" are presented in a limited number of categories, where each risk factor is sought to be placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group and for the securities offered, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialize, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares.

2.1 Risks related to the business of the Group and the industry in which it operates

2.1.1 *Except for the financial year ended 31 December 2020, the Company has incurred operating losses since its inception and expects to incur losses in the future*

Except for the financial year ended 31 December 2020, the Company has sustained operating losses since its inception due to the nature of its business. The Company expects to incur losses in the future and may not achieve profitability. To become and remain profitable, the Company must succeed in developing and eventually commercializing products that generate revenue. This will require the Company to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of the Company's products, discovering additional product candidates, obtaining regulatory approval for product candidates, successful manufacturing, launching, marketing and selling any products for which the Company may obtain regulatory approval. The Company is still in the early stages of these activities. The Company may never succeed in these activities and, even if it does, may never generate revenue that is significant enough to achieve profitability. If the Company is unable to generate significant revenue and/or achieve and sustain profitability, the value of its business and ordinary shares may significantly decrease.

2.1.2 *The Company is highly dependent upon the commercialization of its product candidates*

The Company's success for the foreseeable future is highly dependent upon the commercialization of its product candidates. No assurance can be given as to whether or when product candidates will be successfully developed or commercialized or will generate revenues, or as to whether the Company will be able to develop additional product candidates.

The outcome of clinical testing is inherently uncertain, and no assurance can be given with respect to the outcome of clinical data. For example, preclinical and Phase I/II clinical trials are early stages in the development of pharmaceuticals, and such trials may not deliver expected results and may not be indicative of results in later stage trials. Any failure or delay in the conduct of clinical trials for any of the Company's product candidates, for any reason, may prevent it from obtaining regulatory approval, the Company not pursuing further clinical trials or commercializing product candidates on a timely basis, or at all, which could require the Company to incur additional costs, influence overall capital requirements, and delay receipt of any product revenue.

Further, the Company will need approvals from regulatory authorities in various jurisdictions in order to commercialize in those regions. Regulatory approvals may be denied, delayed, withdrawn or limited for a number of reasons, and different regulatory authorities around the world may have different requirements for approving pharmaceuticals. Delays in obtaining regulatory approvals may delay commercialization and the ability to generate revenues from product candidates, impose extra cost on the Company and/or diminish competitive advantages. After product approval, safety or efficacy issues may emerge during post-marketing surveillance which may result in withdrawal or restriction of the product approval. Failure to obtain and maintain regulatory

approvals may prevent the Company from developing and marketing its products and product candidates in critical markets.

Further, the Company may fail to successfully in-license products and technologies or may in-license products and technologies which fail to progress to further development and testing of its products and product candidates.

2.1.3 *Risks related to competition*

The biotechnology and pharmaceutical industries are highly competitive with many large players and subject to rapid and substantial technological change. Developments by others may render the Company's product candidates or technologies obsolete or non-competitive. The Company's drug candidates may accordingly not gain the market acceptance required to be profitable even if they successfully complete initial and final clinical trials and receive approval for sale by the relevant regulatory authorities. Competition may also alter the design of clinical programs, overall costs and likelihood of regulatory and commercial success or stop the development of the clinical program. Consequently, if the Company is unable to compete efficiently, this may have a material adverse effect on its business, financial condition, results of operations and/or prospects.

Further, the Company may encounter difficulties with regards to developing relationships with key customers or licensees, including attaining sufficient market acceptance of its product candidates among physicians, patients, healthcare payers or the medical community in the event they are commercialized.

2.1.4 *Risks related to intellectual property*

The Company's success, competitive position and future revenue will depend on its ability to protect intellectual property rights and know-how. This will require the Company to obtain and maintain patent protection for its products, methods, processes and other technologies, to preserve trade secrets, to prevent third parties from infringing on proprietary rights and to operate without infringing the proprietary rights of third parties. Filed patent applications may fail to be granted and the Company's development program can be terminated because of lack of market protection. The Company is currently the owner of a total of 19 patent families, see Section 8.8 "*Dependency on patents, licenses etc*." for further information. Such granted patents may be challenged by competitors and be declared invalid, in which case the Company’s competitive position may be weakened.

Further, patent applications filed by others could limit the Company's freedom to operate. Competitors may claim that one or more of the Company's product candidates infringe upon their patents or other intellectual property. Resolving a patent or other intellectual property infringement claims can be costly and time consuming and may require the Company to enter into royalty or license agreements, which may not be available on commercially advantageous terms. Such claims may also result in the Company being required to stop the development of products, which in turn could affect the Company’s results of operation.

2.1.5 *Risks related to third party providers*

The Company relies and will continue to rely on third parties to conduct preclinical and clinical trials for the Company's product candidates. The Company cannot be certain that it will be able to enter into or maintain satisfactory agreements with third-party suppliers for e.g. manufacturing and the conduct of clinical trials. The Company's need to recruit, amend or change providers for these services may affect the overall progress, e.g. timelines of the conduct of clinical trials and ultimately, commercialization. The Company considers the third parties’ preclinical and clinical trials to play an important role in the Company’s commercialization process. If the Company’s key third party providers terminate their agreements with the Company, or the Company is unable to negotiate new or revised agreements with its key third party providers, or is unable to secure agreements with new third parties that offer similar advantages to any terminating key third parties, this could result in the Company incurring additional cost, or delay any product revenue.

2.1.6 *The Company is dependent on key personnel*

The Company depends substantially on highly qualified managerial, scientific and technical personnel who are difficult to attract and retain. The unexpected loss of the services of any key employees, or failure to find suitable replacements within a reasonable time thereafter, could impede the achievement of the scientific development and commercial objectives of the Company and thus have material adverse effects on the Company's prospects. There is a risk that the protection against former employees participating in competing activities or soliciting customers or employees after termination of employment, is unsatisfactory. If so, the Company's business, prospects, revenues, operating results and financial condition may be materially adversely affected.

2.1.7 *Risks related to the commercial agreements*

As further described in Section 8.5, the Company has entered into commercial agreements with Genentech and Regeneron, which accounted for more than 10% of the Group's revenue in 2021.

There can be no assurance that the Company's current and future commercial partnerships will be successful, or that any of the potential benefits of the current agreements will be realized or upheld at a similar level in the future. Consequently, should the Group or its contractual counterparties, for any reason, default their obligations under such commercial contracts, this could have a material adverse effect on the Company.

2.2 Risks related to laws, regulations and compliance

2.2.1 *The Company may be subject to litigation and disputes*

The Company may from time to time be involved in litigation and disputes. The operating hazards inherent in the Company's business may expose the Company to, amongst other things, litigation, including personal injury litigation, intellectual property litigation, contractual litigation, tax or securities litigation, as well as other litigation that arises in the ordinary course of business. For example, the Company could become subject to liability claims in connection with clinical trials or in connection with the use or misuse of the Company's products after commercialization. Any claim against the Company, regardless of its merit, could materially and adversely affect the Company's financial condition, as correspondence and/or litigation related to such claims could strain the financial resources of the Company in addition to consuming the time and attention of the Company's management. Further, the Company has entered into, and may in the future enter into, agreements which are governed by foreign law (e.g. agreements with suppliers, partners and other stakeholders), and any dispute and/or litigation related to such agreements could be time consuming and impose significant costs on the Company. The Company is also subject to the laws and regulations of several jurisdictions, and failure to properly comply with such laws and regulations may lead to costly litigations, penalties and other sanctions. The aforementioned circumstances could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

2.2.2 *The Company is exposed to risks related to regulatory processes and changes in regulatory environment*

In 2021 alone, the Company expanded its clinical activities and presence into six new countries, including the US. With such widespread presence, the Company's operations could be affected by changes in intellectual property legal protections and remedies, trade regulations and regulatory procedures and actions affecting approval, production, pricing, reimbursement and marketing of products, as well as by unstable governments and legal systems and inter-governmental disputes. Any of these circumstances could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

2.3 Risks related to financing and the Shares

2.3.1 *There may not be an active and liquid market for the Shares and the Share price could fluctuate significantly*

An investment in the Shares is associated with a high degree of risk and the price of the Shares may not develop favorably. Prior to the Listing, the Shares were admitted to trading on Euronext Growth Oslo, a multilateral trading facility operated by Oslo Børs. There can be no assurance that an active and liquid trading market for the Shares will develop or be sustained following Listing. If such market fails to develop or be sustained, it could have a negative impact on the price of the Shares. Investors may not be in a position to sell their shares quickly, at the market price or at all if there is no active trading in the Shares.

The share prices of companies admitted to trading on Oslo Børs can be highly volatile and the trading volume and price of the Shares could fluctuate significantly. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the Company's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Company operates, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate due to factors that have little or nothing to do with the Company, and such fluctuations may materially affect the price of the Shares.

2.3.2 *Financing may not be available in the future on favorable terms, or at all*

The Company has so far been dependent mainly on equity financing to fund its business, as well as upfront payments with Genentech and Regeneron (as further described in Section 8.1.5 and 8.1.6, respectively). The Company will not be successful unless the Company manages to generate revenue and grow its business. In order to fund the Company until it reaches a commercial stage and in order to execute its growth strategy, the Company may require additional capital in the future, which may not be available on commercial terms or at all.

In such circumstances, additional financing may not be available on terms favorable to the Company or at all due to a range of factors, including the terms of any potential existing indebtedness, the Company's perceived creditworthiness and conditions in the global capital and credit markets. The capital and credit markets have experienced extreme volatility and disruption in recent years, e.g. as evident by Russia's military actions against Ukraine. The situation is rapidly evolving and any imposed measures or sanctions could lead to significant market volatility and disruptions in the financial markets.

Further, if the Company incurs substantial losses, the Company could be liquidated, and the value of the Company's Shares may be significantly reduced or be of no value at all.

2.3.3 *Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders*

Under Norwegian law, unless otherwise resolved at the Company's General Meeting of shareholders, existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction.

The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares. Doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

3 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared by Nykode Therapeutics ASA, with business address Gaustadalléen 21, 0349 Oslo, Norway, solely in connection with the Listing of the Shares on Oslo Børs described herein.

The Board of Directors of Nykode Therapeutics ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and makes no omission likely to affect its import.

15 June 2022

The Board of Directors of Nykode Therapeutics ASA

Martin Nicklasson *Chair*	**Bernd Robert Seizinger** *Board Member*	**Jan Haudemann-Andersen** *Board Member*
Christian Åbyholm *Board Member*	**Birgitte Volck** *Board Member*	**Anders Tuv** *Board Member*
Elaine Sullivan *Board Member*		**Anne Whitaker** *Board Member*

4 GENERAL INFORMATION

4.1 Important information

This Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the Company or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Shares on Oslo Børs, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, nor the sale of any Shares, shall under any circumstance imply that there has not been any change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

The Company has furnished the information in this Prospectus. The Managers make no representation or warranty, express or implied, as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future. The Managers disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

None of the Company or the Managers, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation, express or implies, to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Investing in the Shares involves a high degree of risk. See Section 2 *"Risk factors"*.

4.2 Presentation of financial and other information

4.2.1 *Financial information*

In 2020, the Company decided to convert its financial reporting from Norwegian Generally Accepted Accounting Principles ("**NGAAP**") to International Financial Reporting Standards, as adopted by the EU ("**IFRS**"). As such, the Company has prepared audited annual consolidated financial statements for the financial years ended 31 December 2021 and 2020 in accordance with IFRS, with unaudited comparative figures for the financial year ended 31 December 2019 (the "**IFRS Financial Statements**"). Further, the Company has prepared audited annual consolidated financial statements for the financial year ended 31 December 2019 in accordance with NGAAP (the "**NGAAP Financial Statements**", and together with the IFRS Financial Statements, the "**Annual Financial Statements**"). The NGAAP Financial Statements are attached as Appendix D to this Prospectus.

Moreover, the Company has prepared unaudited consolidated financial statements for the three-month period ended 31 March 2022 (the "**Interim Financial Statements**") in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the EU ("**IAS 34**").

Deloitte AS ("**Deloitte**") has audited the Annual Financial Statements, which are included as Appendix B (IFRS 2021 and 2020) and Appendix D (NGAAP 2019) to this Prospectus. The Interim Financial Statements are included as Appendix C to this Prospectus. The auditor's reports do not contain any modifications of emphasis on matters.

Other than set out above, Deloitte has not audited, reviewed or produced any report or any other information provided in this Prospectus.

4.2.2 *Functional currency and foreign currency*

In this Prospectus, all references to "**NOK**" are the lawful currency of Norway, all references to "**USD**" are to the lawful currency of the United States, and all references to "**EUR**" are to euro, the single currency of member states of the EU participating in the European Monetary Union having adopted the euro as its lawful currency.

The Company has USD as functional currency and the IFRS Financial Statements and the Interim Financial Statements are presented in USD.

Transactions recorded in the financial statements of each subsidiary are done in its functional currency, i.e. the currency that best reflects the primary economic environment in which the subsidiary operates. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of each transaction. Receivables, liabilities and other monetary items in foreign currencies are translated into the functional currency at the exchange rates on the balance sheet date. Foreign currency exchange gains or losses resulting from such transactions are recognized in the consolidated statement of profit or loss.

4.2.3 *Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.2.4 *Alternative performance measures*

The Company does not use alternative performance measures.

4.3 Third-party information

In this Prospectus, the Group has used industry and market data from independent industry publications and market research as set out in footnotes to Section 7 *"Industry and Market Overview"* and Section 8 *"Business of the Group"* and other publicly available information. While the Group has compiled, extracted and reproduced industry and market data from external sources, the Group has not independently verified the correctness of such data. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organizations, consultants and analysts and information otherwise obtained from other third party sources, such as annual financial statements and other presentations published by listed companies operating within the same industry as the Group may do in the future. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position in the future is based on the Group's own assessment and knowledge of the potential market in which it operates.

The Group confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Group is aware and is able to ascertain from information published by these third party providers, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Group does not intend and does not assume any obligations to update industry or market data set forth in the Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Group has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently unpredictable and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Group cautions prospective investors not to place undue reliance on the above mentioned data. Unless otherwise indicated in the Prospectus, any statements regarding the Group's competitive position are based on the Company's own assessment and knowledge of the market in which it operates.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 *"Risk factors"* and elsewhere in this Prospectus.

4.4 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. These forward-looking statements are not historic facts. They appear, among other areas, in the following sections in this Prospectus; Section 7 *"Industry and market overview"*, Section 9 *"Capitalization and indebtedness"*, Section 10 *"Selected financial and other information"*, and Section 11 *"Operating and financial review"*, and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance, and the industry in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. The risks that could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 *"Risk Factors"*.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

5 REASONS FOR THE LISTING

The main reason for the Listing is to facilitate greater liquidity in the Shares attracting new prospective shareholders in order to build a more diversified shareholder base. The Company believes it will have an enhanced profile with investors, business partners and customers through the Listing. In addition, the Company will have enhanced access to the capital markets for financing of potential, future growth opportunities.

6 DIVIDEND AND DIVIDEND POLICY

6.1 Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will comply with the legal requirements set out in the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (the "**Norwegian Public Limited Liability Companies Act**") (see Section 6.2 *"Legal constraints on the distribution of dividends"*) and take into account the Company's capital requirements, including capital expenditure requirements, the Company's financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Liability Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The proposal to pay a dividend in any year is, in addition to the legal restrictions set out in Section 6.2 *"Legal constraints on the distribution of dividends"*, further subject to any restrictions in the Company's borrowing arrangements or other contractual arrangements in place at the time.

Further, the tax legislation of an investor's Member State and of the Company's country of incorporation (Norway) may have an impact on the income received from the Shares, see Section 16 *"Norwegian Taxation"*.

The Company has not established any dividend policy to date, but will strive to follow a dividend policy favorable to the shareholders, when and if the Company reaches a commercial stage where it is in a position to generate sufficient cash flows as a basis for dividends.

The Company has not paid any dividends on its Shares during the financial years ended 31 December 2021, 2020 and 2019.

6.2 Legal constraints on the distribution of dividends

Dividends may be paid in cash or in some instances as dividends in kind. The Norwegian Public Limited Liability Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Limited Liability Companies Act provides that the Company may distribute dividends to the extent that the Company's net assets following the distribution are sufficient to cover (i) the Company's share capital, (ii) the Company's reserve for valuation variances and (iii) the Company's reserve for unrealized gains. Any receivables of the Company which are secured through a pledge over the Company's Shares and the aggregate amount of credit and security which, pursuant to Sections 8-7 through to 8-10 of the Norwegian Public Limited Liability Companies Act fall within the limits of distributable equity are to be deducted from the distributable amount;

- the calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the previous financial year, provided, however, that the registered share capital as at the date of the resolution to distribute dividends shall be applied. Following approval of the annual accounts for the last financial year, the general meeting of shareholders may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts;

- dividends may also be resolved by the general meeting of shareholders based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date no older than six months before the date of the general meeting's resolution; and

- dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound in light of the risk and scope of the Company's business.

Pursuant to the Norwegian Public Limited Liability Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the general meeting of shareholders when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian public limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Public Limited Liability Companies Act does not provide any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period

of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends.

6.3 Manner of dividend payments

Any future payments of dividends on the Shares will be made in the currency of the bank account of the relevant shareholder registered with the VPS and will be paid to the shareholders through the VPS. Shareholders registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with Nordea Bank Apb, Norway Branch (address: Essendrops gate 7, P.O. Box 1166 Sentrum, 0107 Oslo, Norway) as the Company's VPS registrar ("**VPS Registrar**"), and transfer fees may apply for payments made in such manner. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the exchange rate of the relevant bank on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar.

7 INDUSTRY AND MARKET OVERVIEW

This Section provides an overview of the principal market in which the Group operates. Information concerning future market developments, the markets in general, competition, industry trends and similar information, is based on data compiled by professional analysts, consultants and other professionals. The Managers have provided information and data, and information is sourced from the Managers databases and other professional industry sources.

7.1 Market overview and background

7.1.1 *Oncology*

Cancer ranks as a leading cause of death and an important barrier to increasing life expectancy in every country of the world.[1] The cause of cancer is manifold; genetics, viral infections, environment and lifestyle factors play a role in the evolution of cancer in different parts of the world. Even though there have been important breakthroughs in recent decades, there is still a high unmet need in the treatment of cancer.

Cancer develops when normal cells begin to grow out of control. Already in ancient times, the Greek and Egyptians began to surgically remove surface tumors in a similar manner as they are removed today. With progress and the development of e.g., anesthetics and antibiotics, one was able to improve and expand surgical removal of tumors, and today, surgery is still looked upon as one of the important pillars of cancer treatment, especially in certain solid tumors.

In the 1890s, after the discovery of X-rays and ionizing radiation, one started experimenting with radiation therapy as a treatment for cancer. Today, radiotherapy is still frequently used as a part of cancer treatment to control and kill malignant cells, especially if localized to one area of the body. Radiotherapy can be synergistic with other therapies, and may be used before, during, and after surgery or medical treatment in susceptible cancers.

Chemotherapy was introduced in the 1940s and is used for treatment of a wide range of indications today. Chemotherapy kills cells that divide quickly and may therefore be effective in killing cancer cells. However, it will also kill healthy cells that divide fast (e.g., skin and hair cells, cells in the lining of the intestines and blood cells), which cause the severe side effects commonly seen with chemotherapy.

An important innovation which first came to market in the late 1990s, were targeted therapies that more specifically targeted mutations, proteins or hormones that are involved in the growth and survival of cancer cells. Targeted therapy can also affect the tissue environment that helps a cancer grow and survive or it can target cells related to cancer growth, like blood vessel cells. Side effects are generally less severe and with an increasing knowledge of cancer biology, targeted therapies are still a rapidly growing field of cancer research.

The fifth pillar of cancer treatment, immunotherapy, gained momentum in the early 2000s when the first trials with immune checkpoint inhibitors started. The principles of immunotherapy are based on the complex and dynamic relationship between the immune system and the tumor. Tumors harbor a multitude of somatic gene mutations and dysregulated genes, the products of which are potentially recognizable to the immune system as foreign antigens. However, the immune system may not recognize all tumor cells as foreign, which allows the tumor to evade the immune system and grow out-of-control.

Over the past decade, enthusiasm for immunotherapy has increased because of, in part, data showing durable clinical benefit in select patients with historically difficult-to-treat cancers. The market took off in 2015, the first full year on the market of immune checkpoint PD-1 inhibitors Keytruda (Merck) and Opdivo (Bristol-Myers Squibb). Immunotherapies, particularly immune checkpoint inhibitors (anti-PD-1/PD-L1s), are rapidly becoming the primary first-line treatments in the United States for patients with metastatic non-small cell lung cancer, metastatic melanoma and metastatic renal cell carcinoma; and in 2018, more than 200,000 unique patients were treated with anti-PD-1/PD-L1s (source: IQVIA[2]).

The global immune checkpoint inhibitors market reached USD 24 billion in 2019 (source: GlobalData[3]), ranking it one of the most successful new class of therapeutics launched in pharmaceutical history. It is forecast to reach USD 66.5 billion by 2026, with Merck's Keytruda (pembrolizumab) leading the market (source: GlobalData). Importantly, immunotherapy is now standard of care in the treatment of a growing number of cancer indications.

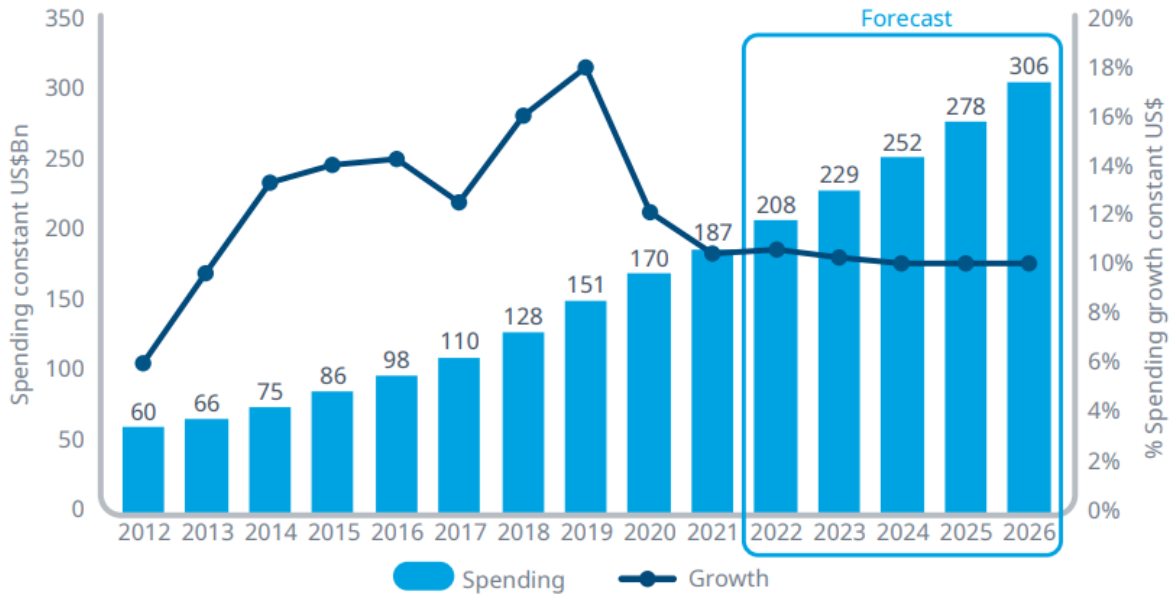
[1] Sung H et al. Global Cancer Statistics 2020: GLOBOCAN Estimates of Incidence and Mortality Worldwide for 36 Cancers in 185 Countries. CA Cancer J Clin. 2021 May;71(3):209-249
[2] IQVIA, Global Oncology Trends 2019, May 2019
[3] GlobalData, Thematic Research: Immuno-Oncology, March 2021

However, the therapies available today, checkpoint inhibitors being at the forefront, benefit only 20-30% of cancer patients with durable responses and some cancer types do not respond at all.

Individualized cancer therapy, with treatment approaches tailored to each patient is expected to be increasingly important in the fight against cancer. Combining individualized approaches with activation of the immune system is an attractive and increasingly emerging approach. Therapeutic cancer vaccines, with their ability to specifically activate the immune system, in particular CD8 killer T cells, and target specific cancer antigens, is one such approach.

Overall, the global market for oncology medicines is expected to increase by 63% over the next five years, reaching USD 306 billion in spending by 2026 as shown by the figure below. The growth rate of 9–12% is driven by early diagnosis of patients, access to new drugs, and wider access to novel cancer drugs, whilst on the other hand being impacted negatively by losses of exclusivity (source: IQVIA[4]).

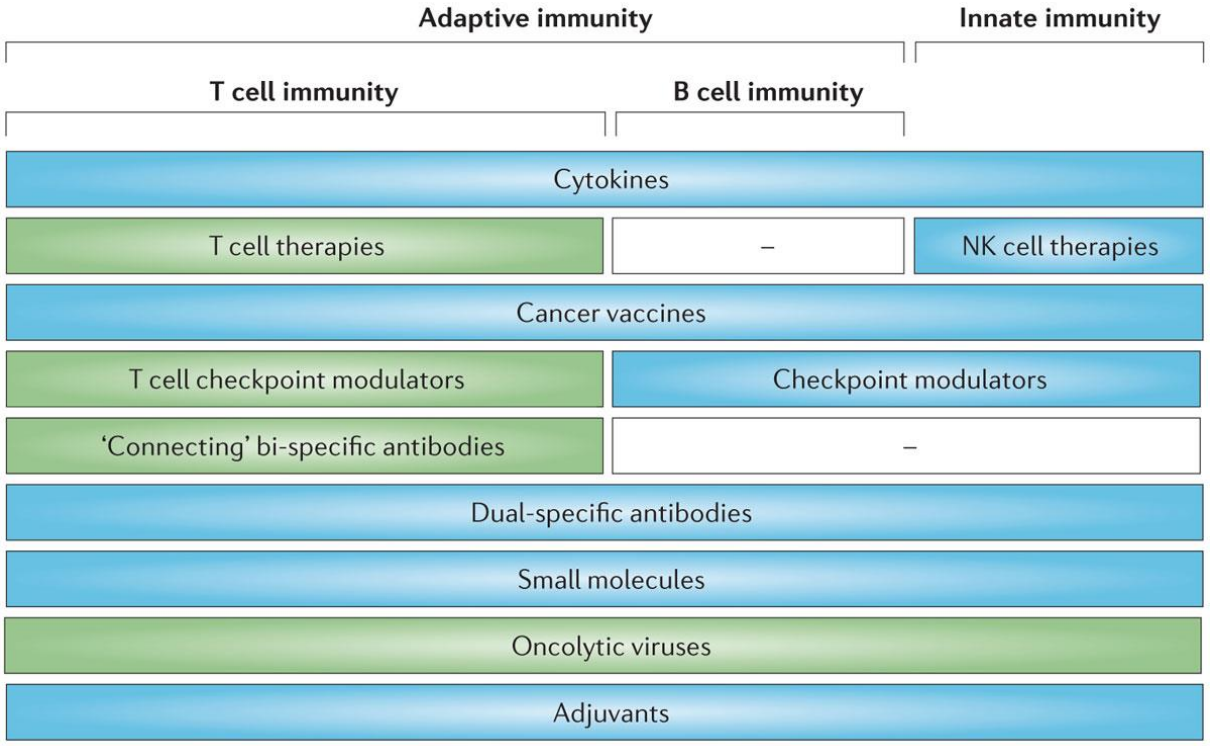
Oncology medicines – global market and growth (Source: IQVIA Institute, November 2021)



Cancer immunotherapy

Cancer immunotherapy comprises a variety of treatment approaches, incorporating the exceptional specificity of the adaptive immune system (T cells and antibodies) as well as the diverse and potent killing potential of both adaptive and innate immunity. Immunotherapy strategies under investigation are ever evolving, and include tumor-specific antibodies (e.g. checkpoint inhibitors), cancer vaccines, cell therapies and many others, as seen in the figure below.

[4] IQVIA Institute, November 2021



Source: Hoos A. Development of immuno-oncology drugs – from CTLA4 to PD1 to the next generations. Nat Rev Drug Discov. 2016 Apr;15(A);235-47

Cancer vaccines

The concept that vaccination can harness the immune system to eradicate cancer cells has repeatedly been demonstrated in animal models but proven difficult to translate into clinical results due to the complex immune modulation in established cancer. Vaccination is the only approach to stimulate a truly cancer-specific immune response, and therefore holds the premise as an important part of cancer immunotherapy. Cancer vaccines have been in focus for at least two decades, but the only FDA-approved therapeutic cancer vaccine (Provenge, Sipuleucel-T) to date, showed modest clinical effects and negligible sales for the treatment of prostate cancer.

Through extensive research and previous failures, important new insights in tumor immunobiology have been gained and substantial progress has been made to better understand the challenges and find solutions to optimize cancer vaccines. The parameters that have received particular attention includes:

i) **vaccine technology**, to ensure optimal delivery to induce a rapid, strong and long-lasting antigen-specific response
ii) the **choice of targeted antigen**, in order for the immune system to recognize and target the right cells, potentially leading to clinical efficacy
iii) the **immune response profile** associated with anti-tumor efficacy, including the relevance of helper and cytotoxic T cells
iv) addressing **immune suppression by tumors** – which, at least in part, can be solved through combination regimens with immune checkpoint inhibitors and/or microenvironment modulators

Antigens are substances (e.g. proteins and peptides) that can be recognized by the immune system as "foreign" and hence induce an immune response. Neoantigens are tumor-specific antigens, derived from gene mutations in cancer cells or tumor viruses integrated into the genome, which are solely expressed on a patient's tumor. These neoantigens may be regarded as truly foreign by the immune system. Cancer cells expressing neoantigens may be identified and killed specifically by the immune system without affecting the healthy cells. Each cancer patient has a unique set of neoantigens. While some neoantigens are shared between patient groups (e.g. due to HPV16 infection), some neoantigens are fully individual.

Cancer vaccines may be divided into the following two categories:

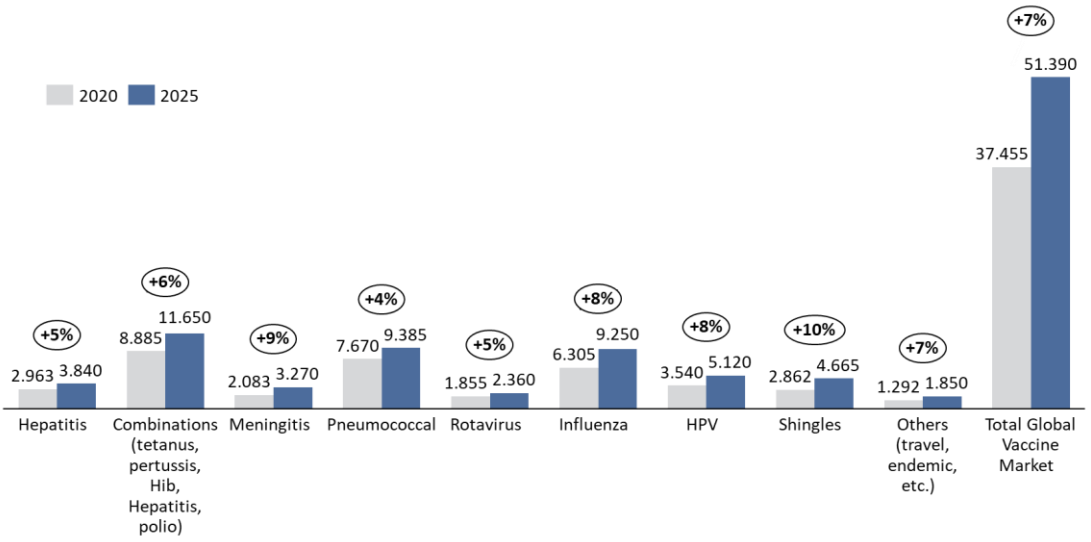
- Shared cancer vaccines: These are off-the-shelf (ready-made) vaccine that encodes for antigens shared among a specific patient population, such as Nykode's VB10.16 vaccine candidate that targets all HPV16-positive through generation of an immune response specifically against the HPV16 antigens E6 and E7.

- Individualized cancer vaccines: These are highly specific from patient to patient and targets each patient's unique set of neoantigens. A fully individualized vaccine is produced matching the optimal set of antigens identified in the individual patient's tumor. Hence, an individualized vaccine requires a full DNA (exome) sequencing of both tumor cells and healthy cells to identify the patient's tumor-specific neoantigens. Nykode's VB10.NEO program is a fully individualized vaccine candidate, targeting the patient's antigens based on tumor-specific antigens.

7.1.2 *Infectious diseases*

Infectious diseases are a global health problem, and both viral and bacterial infections are among the leading causes of disease and death (Source: WHO)[5]. A spectrum of infectious diseases, with epidemic, endemic and pandemic outbreaks, divide global challenges into regional health threats. Even though prophylactic vaccines have been revolutionary in the fight against infectious diseases, there is still a need for new and improved vaccines to be developed. The market for infectious disease drugs is significant, and the global vaccines market (excluding COVID vaccines) is projected to reach approximately USD 51 billion by 2025, from approximately USD 37 billion in 2020, at a CAGR of 7% during the forecast period (source: Kalorama Information[6]).

Total Global Market for Preventive Vaccines by Type, 2020–2025, USD million (excluding COVID) (Source: Kalorama Information, 2020).



New infectious diseases are emerging and could lead to future global pandemics. Since COVID-19 was declared a pandemic in 2020, it has spread at a record speed and according to the WHO; there are now more than 500 million confirmed cases and six million deaths worldwide due to COVID-19.

In 2021, Pfizer sold USD 36.7 billion of its COVID vaccine globally, representing 45% of its total year revenue of USD 81.2 billion. Its COVID vaccine market share representing 58% in the US and 71% in the EU (source: Centers for Disease Control and Prevention[7], Our World in Data[8]). Moderna's COVID vaccine, its only commercially available product, had sales of USD 17.7 billion in 2021 sales representing effectively all of its USD 18.5 billion yearly revenue (source: CNBC[9]). Moderna had a COVID vaccine market share of 37% and 17% in the US and EU, respectively. Pfizer and Moderna both expect the pandemic to shift into an endemic phase and estimate combined COVID vaccine sales of USD 51 billion for 2022.

[5] https://www.who.int/health-topics/vaccines-and-immunization#tab=tab_1
[6] Kalorama Information: Vaccines 2020: World Market Analysis, Players, Trends (2020)
[7] https://covid.cdc.gov/covid-data-tracker/#vaccinations_vacc-total-admin-rate-total
[8] https://ourworldindata.org/grapher/covid-vaccine-doses-by-manufacturer?country=~European+Union
[9] https://www.cnbc.com/2022/03/03/covid-pfizer-moderna-project-51-billion-in-combined-vaccine-sales-this-year.html

7.2 Competition

Nykode competes in an industry characterized by rapidly advancing technologies, significant competition and a complex intellectual property landscape. The Group is faced with substantial competition from large pharmaceutical, specialty pharmaceutical, and biotechnology companies. Recently, the Company have also seen that academic research institutions and governmental agencies can and will continue to compete in this rapid environment with support from public and private research institutions. Many of Nykode's competitors, either alone or through their collaborations, have significantly greater financial resources and expertise in research, development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than the Company does. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting, retaining qualified scientific, management personnel, establishing clinical trial sites, and patient enrollment in clinical trials, as well as in acquiring technologies complementary to, or necessary for, Nykode's programs. The Company's competitors pursuing new therapeutic candidates may have greater financial resources, product candidate development, manufacturing and marketing resources than the Company does. Larger pharmaceutical and biotechnology companies have extensive experience in clinical testing and in obtaining regulatory approvals for their products and may have the resources to invest heavily to accelerate discovery and development of their vaccine candidates. As a result, Nykode's competitors may discover, develop, license, commercialize and market products before or more successfully than the Company does.

In addition to the current standard of care for patients, commercial and academic clinical trials are being pursued by several parties in the field of immunotherapy and infectious diseases. Nykode's competitors in the cancer- and infectious vaccine space include international companies such as BioNTech, Bristol Myers Squibb, Johnson & Johnson, Merck & Co., Moderna Therapeutics, Pfizer, and Sanofi. Other include, Agenus, Advaxis Immunotherapies, Achilles Therapeutics, Bavarian Nordic, CureVac, Hookipa Pharma, Inovio Pharmaceuticals, ISA Pharmaceuticals, Genexine, Geneos Therapeutics, Gritstone bio, NousCom, and PACT Pharma, Vaccitech and Valneva.

7.3 Regulatory environment

7.3.1 *Introduction*

Because of the scope of its operations, the Group is subject to a variety of laws and regulations in different countries, including those related to the biopharmaceutical industry in general. These laws and regulations may be interpreted, implemented or amended in a manner that affects the Group's business negatively as well as positively.

Government authorities in Norway and in other countries and jurisdictions including the European Union and the United States at the federal, state and local level, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of biological products, such as the Company's products, product candidates and any future product candidates the Company develops. Nykode, along with the Company's third-party contractors, will be required to navigate the various preclinical, clinical and commercial approval requirements of the governing regulatory agencies of the countries in which the Company wishes to conduct research, studies, seek approval or licensure of the Company's product candidates, and distribute and market the Company's products, if approved. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources.

Please see Section 2.2 "*Risks related to laws, regulations and compliance*" above for a more detailed presentation of the risk factors relating to the Group's regulatory environment.

7.3.2 *Permits and licenses needed for the Group's operations*

The Company's product candidates are subject to regulations in the United States and Europe, a variety of foreign regulations govern research, clinical trials, commercial sales and distribution of product candidates. The approval process varies from country to country and the time to approval may be longer or shorter than that required for FDA or European Commission approval.

8 BUSINESS OF THE GROUP

8.1 Introduction to Nykode Therapeutics ASA

Nykode was founded in 2006. It is a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies for cancer and infectious diseases. The Company's technology platform was initially conceived and developed at the University of Oslo and Oslo University Hospital. The technology was further developed by Nykode and enables the Company to pursue a variety of potential therapeutics for diseases with a significant unmet medical need.

As of 31 March 2022, Nykode has 128 employees located in Norway and Denmark, and collaborations with several international companies.

The Company currently has four clinical-stage product candidates: VB10.16, a vaccine against HPV16-related malignancies currently being evaluated in a Phase II clinical trial in advanced cervical cancer patients, VB10.NEO, an individualized cancer neoantigen vaccine being evaluated in a Phase I/IIa clinical trial and a Phase 1b trial and exclusively licensed to Genentech, a member of the Roche Group, and VB10.2129 and VB10.2210 respectively, two vaccine candidates against COVID-19 currently being evaluated in a Phase I clinical trial. The Company has five discovery programs under its collaboration agreement with Regeneron.

Nykode is developing cutting-edge, targeted vaccines for clinical use, based on a deep understanding of immunological principles. The vaccines specifically target antigen presenting cells ("**APCs**"), which are essential for inducing rapid, strong and specific immune responses, thereby eliciting efficacious clinical responses. By intelligent design, the vaccines can be tailored to induce the desired immune response profile correlating with protection for each specific disease with a given antigen. Nykode's technology platform has the potential to address many disease areas with a high unmet medical need, such as cancer and infectious diseases. The vaccine platform offers potential advantages with respect to important parameters, such as safety, immunogenicity and clinical efficacy, speed of development, stability of the product and rapid manufacturing and scalability. This may grant the Company a favorable position as a leader in the field of cancer vaccines and infectious diseases.

Nykode continues to solidify the value of its vaccine platform through advancements in the clinical programs, as it continues to expand on its modular technology platform for other therapeutic areas, strengthening the team and the partnerships required to bring these innovative therapies to patients worldwide. The Company has built a strong, cross-functional team with the necessary expertise needed to research and develop products with best-in-class and first-in-class potential. The executive management, which includes one of the Company's co-founders, has extensive experience in the biopharmaceutical industry. The management team as well as members of the board of directors have broad expertise in drug development, process development and manufacturing of medicines. Its proprietary platform technology has been validated by several partners and the Company is leveraging its molecular biology and technology know-how to explore new therapeutic areas and different therapeutic modalities

8.1.1 *Product candidate pipeline*

Nykode's technology platform may benefit the lives of patients across several disease areas.

Nykode's two cancer product candidates are VB10.NEO, which is exclusively licensed to Genentech, and VB10.16. The ongoing clinical trials cover more than ten cancer indications, and both product candidates have the potential to cover many additional indications with a high unmet medical need. The VB C-02 trial, which is a Phase II[10] trial, is currently evaluating the VB10.16 cancer vaccine, its wholly owned product candidate. It is being tested in advanced cervical cancer patients and reported positive interim results in May 2022. In 2022, Nykode is preparing for the initiation of potential additional clinical trials with VB10.16, to explore other HPV16 positive cancer indications. The Phase II trial, VB N-01, evaluates the individualized neoantigen cancer vaccine, VB10.NEO, which is being tested in lung, urothelial, melanoma, head & neck, and renal cancer. In 2021, Nykode initiated a Phase Ib trial[11], VB N-02, with VB10.NEO in combination with atezolizumab in solid tumors. The platform technology is also being explored within the field of infectious diseases.

[10] Phase II clinical trials (follows Phase I trials and) are done to study a drug in a larger group of people to determine efficacy (that is, whether it works as intended) and to further evaluate its safety.
[11] Phase I trials are early phase clinical trials. It is the first time a drug or a drug combination is tested on humans. The aim of these early phase trials is to prove that the new drug can safely be given to people, to determine a safe dose range and dosing schedule, identify side effects and detect early evidence of effectiveness.

Nykode has shown promising preclinical data with two different second-generation vaccine candidates, VB10.2129 and VB10.2210, against the SARS-CoV-2 virus, the virus that causes COVID-19. Both candidates progressed to clinical Phase I during 2021.

The following table summarizes Nykode's product candidate pipeline.[12]

Pipeline

Program		Indication	Discovery/ Preclinical	Phase 1	Phase 2	Phase 3	Partnerships
Nykode							
Oncology	VB10.16 (off-the-shelf)	HPV16+ cervical cancer[1]					Roche[1]
		HPV16+ head and neck cancer					
	Internal (off-the-shelf)	Undisclosed targets					
Infectious Disease	VB10.COV2	SARS-CoV-2					Adaptive[2]
	Internal	Undisclosed targets					
Partnered							
Oncology	VB10.NEO (individualized)	Melanoma, lung, bladder, renal, head and neck					Genentech[3] NEKTAR[4]
	VB10.NEO (individualized)	Locally advanced and metastatic tumors					Genentech[3]
	Regeneron (programs 1 – 3) (off-the-shelf)	Undisclosed					REGENERON[5]
Infectious Disease	Regeneron (programs 4 – 5)	Undisclosed					REGENERON[5]

Today, Nykode has three clinical programs, as further described below:

VB10.16 – targeting malignancies caused by HPV16

VB10.16, Nykode's wholly owned product candidate, is a DNA-based immunotherapy candidate targeting malignancies caused by Human Papilloma Virus 16, or HPV16. HPV16 is a major contributor to several cancers including cervical, vulvar, anal and head and neck cancers. In March 2019, Nykode reported results of a Phase I/IIa clinical trial with VB10.16 in patients with pre-cancerous cervical lesions. VB10.16 was well tolerated and a reduction in lesion size was observed in 16 of the 17 evaluable subjects (94%), who were followed for up to 12 months. Twelve subjects (71%) had lesions size reductions of more than 50% compared with their baseline lesion size. Regression of lesions to CIN[13] 0 or CIN 1 was observed in 10 subjects (59%). A complete regression of CIN (CIN 0) was seen in 8 subjects (47%). Nykode is currently evaluating VB10.16, in a supply collaboration with Roche, in combination with immune checkpoint inhibitor atezolizumab in a Phase IIa clinical trial in patients with advanced or recurrent HPV-positive cervical cancer. In May 2022, the Company reported positive interim data from the trial: Anti-tumor activity of VB10.16 in combination with atezolizumab was observed in a heavily pre-treated population of patients with HPV16-positive advanced cervical cancer. High overall response rate ("**ORR**") was observed in both PD-L1 positive patients (ORR of 27%) and in PD-L1 negative patients (ORR of 17%). Overall, an ORR of 21% including two complete responses ("**CRs**") and six partial responses ("**PRs**") were observed in the 39 patients studied. A very high disease control rate ("**DCR**", which includes patients who have achieved complete response, partial response and stable disease) of 64% (77% in PD-L1 positive patients and 58% in PD-L1 negative patients) was observed, as well as signs of durable anti-tumor activity. In addition, a DCR of 71% was observed in patients with non-inflamed tumors, including both immune desert and T cell excluded tumors. The anti-tumor activity seen in both non-inflamed and PD-L1 negative populations may potentially open a new subset of patients for treatment.

[12] Notes to Pipeline figure: 1. Roche supplies atezolizumab; 2. Collaboration with Adaptive Biotechnologies on SARS-CoV-2 T cell vaccine; 3. Genentech has an exclusive license to VB10.NEO; 4. Nektar Therapeutics supplies NKTR-214 (bempegaldesleukin) in trial arm 5B (SCCHN); 5. Collaboration with Regeneron

[13] Cervical intraepithelial neoplasia (CIN), also known as cervical dysplasia, refers to the potentially precancerous transformation of cells of the cervix. Cervical intraepithelial neoplasia is graded from 1 to 3 (CIN 1 to CIN 3) have increasing risk of progression and decreasing likelihood of natural regression.

Nykode is currently planning a dose escalation trial of VB10.16 in combination with immune checkpoint inhibitors in patients with HPV16-positive squamous cell carcinoma of the head and neck ("**HNSCC**") in which safety, efficacy and immunogenicity of multiple VB10.16 dose levels will be assessed. The trial builds on the encouraging clinical efficacy and favorable safety profile that was observed in the interim analysis from the VB C-02 trial.

VB10.NEO – to treat advanced or metastatic solid tumors

VB10.NEO is an individualized therapeutic cancer vaccine candidate being developed to treat patients with locally advanced or metastatic solid tumors. Nykode has entered into a global collaboration with Genentech to develop neoantigen cancer vaccines across multiple tumor types. Nykode is currently conducting two clinical trials of VB10.NEO – VB N-01, a Phase II clinical trial in melanoma, lung, bladder, renal and head and neck cancers, and VB N-02, a Phase I clinical trial in locally advanced and metastatic tumors.

VB10.COV2 - next-generation treatment vaccines for COVID-19

VB10.COV2 is Nykode's program to develop a next-generation treatment vaccines for COVID-19. The program includes two separate vaccine product candidates: VB10.2210 and VB10.2129.

VB10.2210 is a T cell epitope vaccine inducing broadly protective T cell responses. Nykode has entered into an exclusive collaboration and license agreement with Adaptive Biotechnologies to use their validated shared SARS-CoV-2 T cell epitopes in its T cell vaccine candidate.

VB10.2129 is a RBD[14] vaccine tailored to the B1.351 (Beta) variants of concern to generate RBD-specific antibody and T cell immunity.

Nykode has initiated a Phase I/II trial to evaluate both its pan-SARS-CoV-2 virus DNA vaccine candidates to address emerging variants of concern during the second half of 2021. Nykode expects to report interim data from this trial in the second half of 2022.

Discovery programs under the Regeneron collaboration

In 2021, Nykode entered into a multi-target license and collaboration agreement with Regeneron to develop innovative vaccines against cancer and infectious diseases. Five different programs are currently in early discovery.

8.1.2 *Nykode's Strengths*

Nykode is developing a broad portfolio of product candidates currently in preclinical or Phase I or Phase II development stages that it believes positions it at the forefront of targeted vaccines and immunotherapies. The Company's key strengths include:

- **Flexible and differentiated APC targeted technology platform** that has the potential to address a wide range of diseases. Nykode has a deep understanding of the immune system and the cellular translation machinery used in nucleic delivery of medicines. The Company has built its differentiated modular platform to incorporate these insights over the past 15 years. Nykode believes that the potential advantages of the APC targeted medicines over existing treatment modalities, such as potential for broad application, wide range of activity, flexibility, design versatility, ease of expression and a single manufacturing process, may enable its product candidates to address a broad range of diseases across multiple therapeutic areas. The Company's technology platform has been validated in clinical and preclinical studies in selected disease indications.
- **Broad portfolio of product candidates** in preclinical or clinical development stages designed for broad, T cell dominant immune responses. Nykode has a broad portfolio of APC targeted product candidates in preclinical, Phase I or Phase II development stages being designed for efficacy, safety and protein expression at relatively low doses. The potential of Nykode's technology optimized for immune activation has been observed in early-stage clinical studies. Nykode's lead oncology product candidates, VB10.16, for the treatment of HPV16 virus linked cancers, and VB10.NEO, for the treatment of a broad range of tumors, have both shown evidence of therapeutic activity with shrinkage of lesions, with limited treatment emergent adverse events. The Company's clinically most advanced infectious disease vaccine product candidates, VB10.2129 and VB.2210, for prophylactic vaccination against SARS-CoV-2, induced antibody titers in preclinical studies similar to those found in convalescent patients. Nykode is continuing to advance these programs.

[14] (RBD) Receptor binding domain of the virus

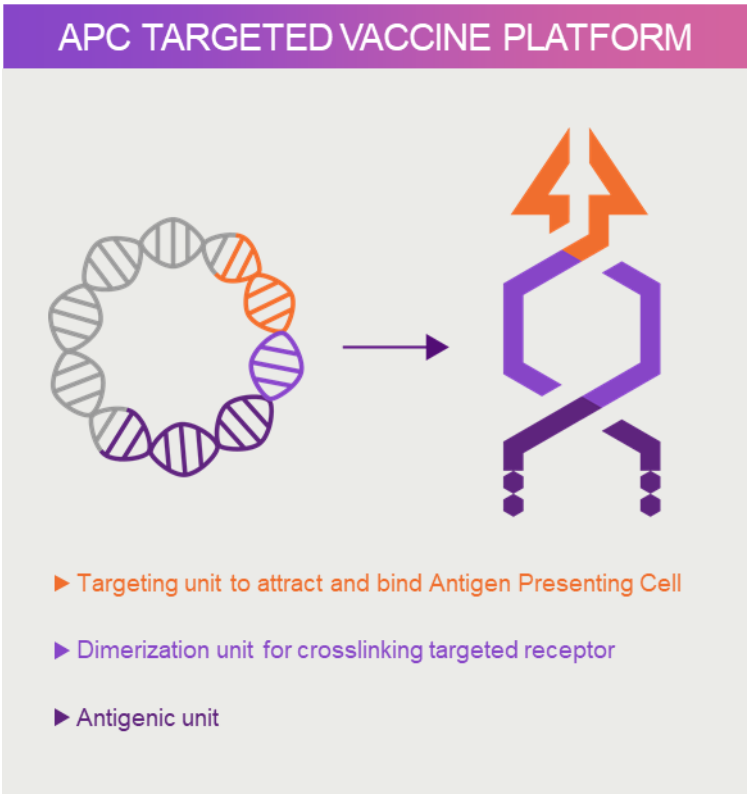
- **Collaborations and partnerships with international biopharmaceutical and immune medicine companies**. Nykode has entered strategic partnerships and collaborations with international biopharmaceutical companies to accelerate and expand the development of its clinical pipeline and leverage the broad potential of its modular technology platform. The Company has a history of partnering with international biopharmaceutical companies such as Genentech, Regeneron and Adaptive Biotechnologies. Nykode also received research grants for the advancement of its platform. These partnerships and collaborations allow the Company to expand the application of its platform and bring in external expertise, capabilities and resources.
- **Experienced team.** Nykode has a long history of research and development and are led by an experienced management team. Veterans of the biopharmaceutical industry with extensive experience lead the Group. The Group's management team as well as its non-executive board of directors have broad expertise in the clinical, regulatory and commercialization aspects of oncology and prophylactic vaccines as well as in drug development, process development and manufacturing of pharmaceutical products. Members of the Group's management team have held senior positions at companies including AstraZeneca, Novartis, Takeda, Servier and GE Healthcare. The broader team of the Group includes over 100 individuals with scientific degrees, working on advancing research and development projects.

8.1.3 *Nykode's Technology Platform*

The Vaccibody™ molecule

Nykode’s proprietary, targeted vaccine platform has the ability to induce fast, strong and long-lasting specific immune responses by targeting antigens to APC.

The Group's proprietary, targeted vaccine platform technology centers around the Vaccibody molecule format. The specificity of the targeting unit of the Vaccibody molecule determines to which subsets of APC or cell type the antigen is delivered, which can drastically influence the associated immune response. CCL3L1 is the most common targeting unit in Nykode vaccines and is used in several vaccine candidates undergoing clinical development. CCL3L1 targeted vaccines have a unique ability to attract and stimulate APC's capable of eliciting rapid, strong and dominant CD8 T cell responses combined with supporting CD4-helper T cell responses. CD8 T cell responses are key to killing tumor cells but are also important for controlling infectious diseases such as SARS-CoV-2. If the antigenic unit is designed for the purpose, CCL3L1 targeted vaccines are also capable of inducing strong and diverse antibody responses. The unique ability to induce broad and strong T cell and antibody responses distinguishes Nykode's platform from both conventional vaccines, including non-targeted DNA vaccines, and RNA- and peptide-based vaccines. Vaccine candidates based on the modular Vaccibody molecule have been well tolerated to date by patients and have the potential to be used in different disease areas, including cancer and infectious diseases and to be combined with other therapeutic modalities such as immune checkpoint inhibitors. The figure below shows the DNA plasmid (to the left of the figure) which codes for the Vaccibody protein (on the right side) made up of three distinct modules/units.



The recombinant Vaccibody protein consists of three modules:

The targeting unit

The targeting unit directs the antigens to the immune system's APCs. The targeting unit is fully flexible and can be designed to deliver T cell epitopes or antigens specifically to certain subset of APC optimizing the desired effect. This controlled delivery allows for induction of a specific immune response profile that correlates with protection for each specific disease, e.g., antibody, CD4 (Th1/Th2/ Th17) - and/or CD8 T cell responses.

The dimerization unit

The dimerization[15] unit joins the two protein chains into the dimeric Vaccibody format. The dimeric format is designed to facilitate attraction, activation, and internalization into the APC by crosslinking receptors on the surface of the APC. The dimerization unit also facilitates the bridging of an APC binding the targeting unit and a B cell binding the antigen through a B cell receptor forming an APC-B cell synapse triggering rapid and strong antibody responses.

The antigen unit

The antigen unit contains the epitopes and antigens selected, to which a specific immune response is generated. These may be selected to fight a vast range of diseases, including cancer and infectious diseases. The flexibility of the platform allows for a broad immune response and for inclusion of large globular antigens and multiple sets of T cell epitopes.

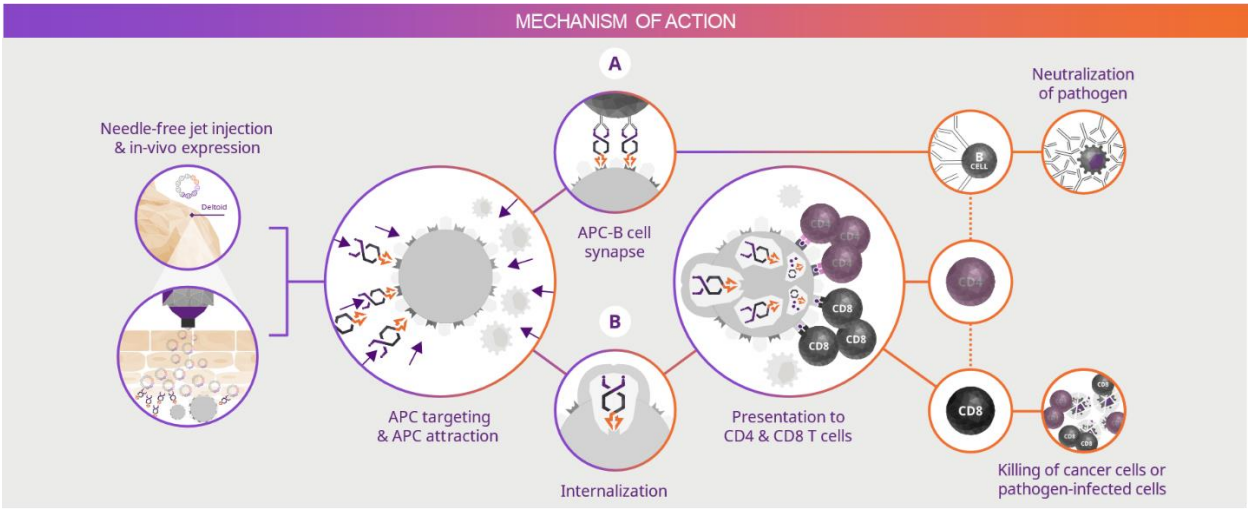
The selected targeting unit

The selected targeting unit determines the delivery of the antigen to specific subsets of APCs, which ultimately affects the kinetics and immune response profile correlating with e.g. anti-tumor activity in the case of cancer. The targeting units have been selected due their ability to attract APC and induce rapid, strong and CD8 dominant killer T cell responses combined with supporting CD4 helper T cell responses. CD8 killer T cell response has been shown to be important for killing tumor cells and the important role of T cell responses in infectious diseases has become more evident in the current COVID-19 pandemic. The unique ability to induce a strong CD8 killer T cell response distinguishes the Company's vaccine platform from both conventional vaccines, including non-targeted DNA vaccines, and RNA- and peptide-based vaccines.

[15] Dimerization, here it is meant as forming a protein from two other proteins.

A Hyper Targeted Vaccine – Mechanism of Action

The Vaccibody vaccine is delivered as a DNA plasmid using a needle-free jet injector that injects the plasmids into the muscle cells. Inside the cells, the DNA plasmids provide the information to produce the Vaccibody protein in the same way that cells produce other human proteins. The newly encoded Vaccibody proteins are then secreted from the cells, and target and recruit the APC. Depending on the choice of targeting unit, different subsets of APCs will be targeted and thus the immune response may be skewed towards e.g., humoral (antibodies) or cellular (T cells) or variations thereof:



The figure above describes the unique mode of action and how it may stimulate both killer T cells and neutralizing antibodies for a potent, disease-specific immune response.

A) The Vaccibody protein may form an APC-B cell synapse, which may lead to rapid and strong B cell activation responsible for mediating the production of antigen-specific antibodies. These antibodies may then neutralize a pathogen such as the SARS-CoV-2 virus.

B) The Vaccibody protein may cross-link two receptors on the APC, which provides an activation signal to the APC and induces efficient maturation of the APC. The ligating leads to receptor-mediated internalization and the antigens from the Vaccibody protein are then processed and antigenic epitopes are presented on MHC class I and MHC class II molecules to CD4 and CD8 T cells. This results in an antigen-specific T cell response. In the case of the CCL3L1 targeting unit, cross-presentation and thus loading of epitopes on MHC class I and activation of the CD8 killer T cells are particularly effective and these cells are responsible for directly killing the cancer cells or cells infected by a pathogen e.g., a virus with the specific antigen.

8.1.4 *Disease areas*

Based on its vaccine technology platform, Nykode is exploring three disease areas: Oncology, Infectious Diseases and Immune Tolerance

1) Oncology

Cancer is a leading cause of death in the industrialized world and incidence rates are growing[16]. The cause of cancer is manifold; genetics, viral infections, environment and lifestyle factors play a role in the evolution of cancer in different parts of the world. Even though there have been important breakthroughs in recent decades, there is still a high, unmet need in the treatment of cancer.

Today, there are more than 200 different known cancer types[17] and a growing understanding of a need for personalized treatment approaches, not only between different cancer types, but also within specific tumor types. Traditionally, cancer therapy has consisted of surgery, radiotherapy and chemotherapy as the key approaches. Even though these are still important elements in cancer therapy, the recent decade has shown us the importance

[16] American Cancer Society. Global Cancer Facts & Figures 4th Edition. Atlanta: American Cancer Society; 2018
[17] https://www.cancerresearchuk.org/what-is-cancer/how-cancer-starts/types-of-cancer

of looking into genetic alterations in tumor cells as well as trying to use the immune system, the body's internal ability to fight cancer.

During the last decade, cancer immunotherapy has become one of the key treatment opportunities against several cancer types. However, the therapies available today, checkpoint inhibitors being at the forefront, benefit only 20-30% of cancer patients with durable responses and some cancer types do not respond at all. The need for additional and novel approaches addressing the untapped potential of activating the immune system is still valid. Combining insights into genetic alterations and environmental exposures and activation of the immune system will continue to be an important part of cancer therapy evolution for years to come.

Individualized cancer therapy, with treatment approaches tailored to each patient is expected to be increasingly important in the fight against cancer. Combining individualized approaches with activation of the immune system is an attractive and increasingly emerging approach. Therapeutic cancer vaccines, with their ability to specifically activate the immune system, in particular CD8 killer T cells, and target specific cancer antigens, is one such approach.

HPV-driven cancers

One of the emerging challenges within oncology is virus-induced cancer types, Human Papilloma Virus ("**HPV**") being one of the most prominent. HPV is the cause of 630,000 cases of cancers annually[18]. There are several types of high-risk HPV causing cancers with HPV16 being the predominant one. HPV-induced cervical cancer is the fourth-most common cancer form among women worldwide. Head and neck squamous cell, HNSCC, a cancer in the head and neck, is the sixth most common cancer worldwide. Most of these HNSCC cancer cases are oropharyngeal cancer, and the vast majority are HPV induced. Oropharyngeal cancer is rapidly growing among both women and men in the Western world, particularly in northern Europe and North America.

Even though preventive vaccines are available and cervical cancer screening detects many cervical cancers at an early stage, it is known that HPV-induced cancers take decades to develop and there will still be a need for novel treatment approaches against cancers caused by HPV for many years to come.

HPV-driven cancers appear in younger patients and the biology of the tumors differs from what is traditionally seen in many cancer forms. Immune checkpoint inhibitors are an important part of the clinical development landscape in HPV-driven tumors, but despite the advances seen in the treatment of cervical cancer and other HPV-driven cancers, there is still a need to increase the number of responding patients.

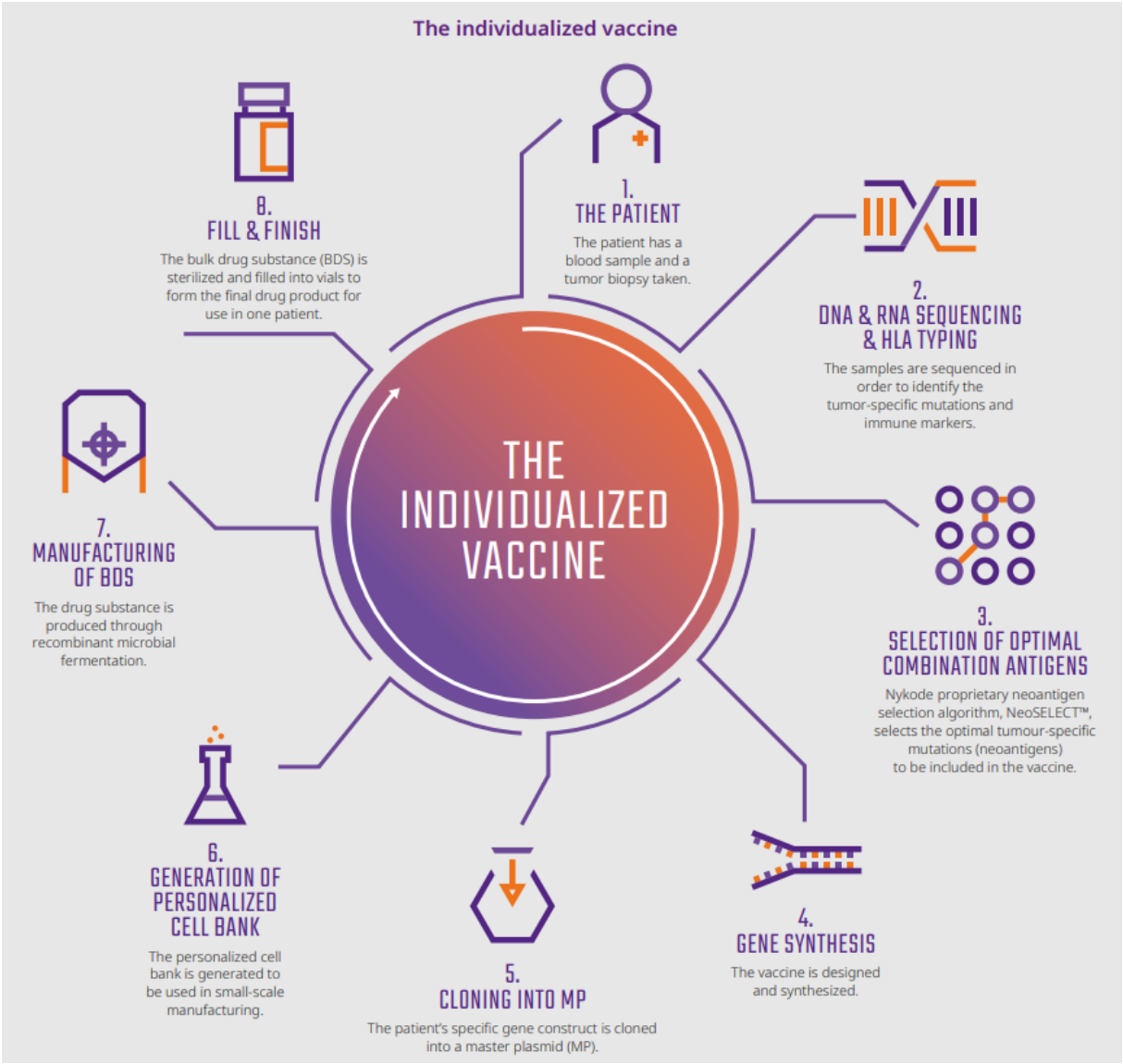
Using a therapeutic cancer vaccine targeted specifically towards HPV16-infected cells in tumors represents a novel immunotherapeutic treatment option. By combining the two immunotherapeutic approaches, the checkpoint inhibitors and a therapeutic cancer vaccine, the tumors can be attacked from several angles with the aim of improving patient outcomes.

Individualized cancer therapy

Every patient's tumor is unique and in order to effectively address this challenge, the principle of individualized treatments is emerging quickly as an important part of future cancer therapy options. By focusing on individual characteristics and mutational alterations in each patient’s tumor, the future may be focused more on each tumor’s uniqueness rather than on tumor types in general. By evaluating the alterations found in each patient’s tumor cells, it is possible to develop an individualized therapeutic cancer vaccine that targets the largest possible number of immunogenic individual patient-tumor specific mutations. By combining an individualized cancer vaccine with a checkpoint inhibitor, one can harness the potential of the immune system to fight each patient's specific.

The graphic below illustrates the process for creating an individualized vaccine:

[18] Sung H et al. Global Cancer Statistics 2020: GLOBOCAN Estimates of Incidence and Mortality Worldwide for 36 Cancers in 185 Countries. CA Cancer J Clin. 2021 May;71(3):209-249



2) Infectious diseases

Infectious diseases are a global health problem, and both viral and bacterial infections are among the leading causes of disease and death (Source: WHO[19]). A spectrum of infectious diseases, with epidemic, endemic and pandemic outbreaks, divide our global challenges into regional health threats. Even though prophylactic vaccines have been revolutionary in the fight against infectious diseases preventing an estimated 3.5-5 million deaths every year (Source: WHO[20]), there is still a need for new and improved vaccines to be developed.

New infectious diseases are emerging and could lead to global pandemics as became eminent in the first quarter of 2020 when COVID-19 was declared a pandemic by WHO on 11 March 2020.

COVID-19

A virus in the coronavirus family, SARS-CoV-2, causes COVID-19. Most people infected with SARS-CoV-2 will experience mild to moderate respiratory illness and recover without requiring special treatment. Symptoms of COVID-19 may be fever or chills, cough, shortness of breath or difficulty breathing, fatigue, muscle or body aches, headache, loss of taste or smell, sore throat, congestion or runny nose, nausea or vomiting, and diarrhea. However, serious illness can also develop, including acute respiratory distress syndrome and potential fatal multi-organ failure; and the potential long-term effects on health are unknown. COVID-19 affects patients of all ages,

[19] https://www.who.int/news-room/fact-sheets/detail/the-top-10-causes-of-death

[20] https://www.who.int/health-topics/vaccines-and-immunization#tab=tab_1

but fatality rates are notably elevated in persons aged >60 years as well as in patients with comorbidities like cardiovascular disease, diabetes, chronic respiratory disease and hypertension.

Vaccines

Vaccines may be either prophylactic or therapeutic. Traditionally most people think of vaccines as a prophylactic measure to prevent illness. By pre-exposing the immune system to a part of a pathogen, the immune system is educated to fight a particular infectious disease and prevent illness in the pre-exposed host. Therapeutic vaccines also expose parts of the pathogen to the immune system but are given to affected patients to stimulate an optimal antigen-specific immune response in the patient to help fight the existing disease rather than vaccinating to protect against future disease.

Generally, infectious diseases, including COVID-19, are a significant burden on society. By exploring and expanding the Nykode platform and its ability to elicit different types of rapid onset immune responses, the Company aims to contribute to the global prophylactic and therapeutic vaccine development. In 2021, the Company rapidly moved two different types of SARS-CoV-2 vaccines into clinical development. The first is an antibody inducing vaccine based on the receptor-binding domain of the beta variant of SARS-CoV-2 and the second is a T cell inducing vaccine containing a broad set of T cell epitopes validated by Adaptive Biotechnologies.

3) Immune tolerance

Immune system disorders cause abnormally low activity or over activity of the immune system. In cases of immune system over activation, the body attacks and damages its own tissues (autoimmune diseases) or overreact to harmless substances in the environment (allergic diseases).

Autoimmune diseases are common and affect up to 10% of the total population, with women affected more than men. The standard treatments for autoimmune diseases include immunosuppressive agents and immunomodulatory biologic drugs aimed at blocking inflammatory mediators, including proinflammatory cytokines. Common autoimmune diseases include rheumatoid arthritis, systemic lupus erythematosus, inflammatory bowel disease, vitiligo, multiple sclerosis, psoriasis, and type 1 diabetes mellitus.

Allergic diseases including hay fever, food allergies, atopic dermatitis, allergic asthma, and anaphylaxis are prevalent and hay fever alone affects 10-30% of the population worldwide. Treatments for allergic diseases include allergen avoidance, antihistamines, corticosteroids, allergen immunotherapies, and emergency adrenalin.

Despite progress in existing treatments for autoimmune diseases and allergies, there is a high demand for novel therapies with improved activity and safety.

Tolerizing vaccines

Tolerizing vaccination has the potential to transform the treatment of autoimmune diseases, allergies, and allogeneic transplantation by educating the immune system to become unresponsive to autoantigens and environmental substances. Nykode has an ambition of adding tolerizing vaccines as a third pillar in the Company's disease strategy. Research is ongoing to explore the potential for tolerance induction by modified Vaccibody molecules directed towards tolerance inducing antigen-presenting cells.

8.1.5 *Agreement with Genentech*

The Company announced on 1 October 2020 that it had entered into an exclusive worldwide license and collaboration agreement with Genentech, a member of the Roche Group, for the development and commercialization of DNA-based individualized neoantigen vaccines for the treatment of cancers. Under the terms of the agreement, Nykode received a USD 185 million initial upfront payment and will receive a total of USD 40 million in near-term payments. In addition, Nykode will be eligible to receive up to a further USD 490 million in potential milestone payments, plus low double-digit tiered royalties on sales of commercialized products arising from the partnership.

8.1.6 *Agreement with Regeneron*

The Company announced on 23 November 2021 that it had entered into a worldwide, multi-target license and collaboration agreement with Regeneron, for the development and commercialization of DNA-based vaccines for the treatment of cancers and infectious diseases. Under the terms of the agreement, the Company received a USD 30 million initial upfront payment and USD 20 million as an equity investment in the Company. Additionally, the Company will be eligible to receive more than USD 875 million in potential payments and milestones, plus

high single-digit to low double-digit tiered royalties on sales of commercialized products arising from the partnership.

8.1.7 *Agreement with Adaptive Biotechnologies*

The Company announced on 12 July 2021, that it had entered into an exclusive, worldwide license agreement for use of Adaptive Biotechnology's validated SARS-CoV-2 T cell epitopes. These T cell epitopes have been mapped using more than 6,500 samples from patients impacted by COVID-19. Nykode is using these in its next-generation SARS-CoV-2 T cell vaccine candidate, VB10.2210, which is designed to induce broadly protective T cell responses.

8.2 Strategy and objectives

Nykode's aim is to become a leading immunotherapy platform company with the ability to address a range of diseases by executing on the following core tenets of its strategy:

- Expanding and maturing the pipeline within oncology and infectious diseases
- Leverage technology platform within new opportunities including new therapeutic areas
- Proactively seek partnerships to complement Nykode's strengths

Following the 2019 release of clinical data from the VB C-01 trial of VB10.16 in pre-cancerous cervical lesions, and the interim data from VB N-01 trial of VB10.NEO as well as the 2020 license- and collaboration agreement with Genentech, Nykode initiated a transformation from a two-compound (VB10.16 and VB10.NEO) focused biotech company to a true platform technology biotech company.

Focus has since then been on expanding and progressing the pipeline, further exploring the platform potential and complementing partnerships, growing and professionalizing the organization and related infrastructure.

The initiatives have resulted in the multi-target agreement with Regeneron in 2021, further accelerating the pipeline expansion and technology validation. In addition, an effective alliance management and several project teams was set up to ensure optimal information flow and successful collaboration across the key external collaborations and internal projects.

The pipeline has grown to include two clinical COVID-19 vaccine candidates as well as number of wholly owned and partnered discovery programs. Further, the VB C-02 trial of VB10.16 in combination with atezolizumab in advanced cervical cancer has released positive interim data, giving additional support to the cancer vaccine candidate and the overall technology platform.

In preparation for the pipeline expansion and maturation, Nykode has focused on building capacity and expertise across the organization. The Nykode organization has grown to 128 employees as per 31 March 2022, located mainly in Oslo and secondarily in Copenhagen.

Further, Nykode initiated a strategic supply project in early 2021 for which the scope was to analyze and enter into an agreement with a strategic Contract Manufacturing Organization (CMO). In addition, the project aimed to secure future capacity by establishing additional Nykode-controlled manufacturing capacity with sufficient flexibility to support the increasing portfolio of Nykode product candidates entering clinical trials. This work will continue in 2022.

A strong IP position is essential for creating optimal value of the products, limit direct competitors and stimulate exclusive partnerships associated with optimal economic terms. Nykode is investing in research and innovation to renew and expand its multi-layered IP platform.

The Company has a continuous strategy process cycle aimed at revisiting short and mid-term priorities whilst maintaining:

- project progress and pipeline expansion;
- organizational effectiveness;
- overall compliance with external and internal requirements; and
- all combined with an underlying focus on shareholder value creation.

In 2022, Nykode plans to continue its strategy and effective execution.

8.2.1 *Future challenges*

As an early-stage biotech company, Nykode has product candidates that are at various stages of early development. The Company requires significant resources, both financially and personnel, research and develop its product candidates and to obtain the necessary approvals, as well as securing product supply and potential commercial readiness. Having no current sales or expectations of generating revenues for the foreseeable future, the Company expects to incur significant operating losses as it continues its research and development activities.

The sources of capital available to the Company are therefore limited to the sale of securities, out-licensing or collaborations or joint ventures (similar to the multi-target license and collaboration agreement signed with Regeneron in 2021 and the license and collaboration agreement signed with Genentech in 2020), and public grants. This might present future challenges to the Company and its shareholders since a sale of securities will generally involve some form of dilution for the current owners while funding through a licensing agreement or joint venture might require the Company to relinquish some or all its rights to its products and technology platforms, or the collaboration may otherwise be done at terms that are not favorable to the Company. Should the Company fund its clinical development programs through debt or alternative debt solutions, it may become subject to covenants as well as significant interest expenses that may affect the manner in which the Company operates.

Furthermore, given the numerous risks and uncertainties associated with biopharmaceutical product development, including advancement of the drug candidate through the various stages of development, Nykode is unable to predict the timing or the expenses it may incur, or timing for when the Company will achieve profitability or whether such profitability is maintained in the future. This, in addition with the Company's limited operating history, makes it challenging for Nykode, its existing shareholders and other investors in the market to predict future performance of its listed securities. In addition, the Company's inability to achieve or maintain profitability in the future will impact its value, thereby impairing its ability to raise funds, continue its research and development efforts, expand its business and / or continue its operations.

These challenges are further exacerbated by the COVID-19 pandemic and the crisis in Ukraine which have introduced greater economic uncertainty. The recent developments could have a negative impact on the on-going trials and the Company's ability to commercialize the product following regulatory approvals. The massive uncertainty for economies and labor forces has further affected the functioning of both healthcare and financial systems. These factors are likely to negatively impact the Company's liquidity and fund-raising initiatives. Furthermore, given the worldwide efforts being taken to combat COVID-19 and the increased pre-clinical and clinical investigations being conducted, it may be challenging for the Company to obtain the required laboratory supplies, equipment and other materials required in the clinical trials. There may also be a change on the part of individuals or trial sites to participate in trials due to COVID-19 and the crisis in Ukraine, and the duration of these major uncertainties is not known.

The field of biotechnology itself is rapidly changing and the rate at which new technologies are developed exceeds that of regulatory adaptations and changes. Many regulators and scientists are aware of this disassociation and therefore the rules for issues like patenting genetic interventions and new drug development are constantly changing. Moreover, there has been a great development in the field of cancer drug research with tough competition not only from big pharmaceuticals but also small and upcoming biotechnology companies. Due to these factors, Nykode may face future challenges in the approval of its pending patents, approval of its drug candidates with the FDA and EMA as well as the eventual marketing, sales, reimbursement, and market uptake of its therapeutic products.

8.3 History and important events

The table below provides an overview of key events in the history of the Group:

Table 1 - Overview of key events in the history of the Group

Year	Event
November 2006	Nykode was founded.
December 2014	Nykode Granted Platform Patent by European Patent Office.
January 2015	Nykode Granted Platform Patent by the U.S. Patent Office.

September 2015	Nykode announces vaccination of the first patient in its Phase I/IIa study with VB10.16 immunotherapy for patients with HPV16 induced high grade lesions of the cervix.
August 2016	Nykode announces positive results from the Phase I part of the clinical trial VB C-01 in patients with high-grade cervical dysplasia and recommendation by the cohort review committee as well as the independent data monitoring board to continue to the expansion Phase (IIa).
December 2016	Nykode successfully completed a private placement of NOK 220 million.
March 2017	Nykode announces vaccination of the first patient in its Phase IIa study with VB10.16 immunotherapy for patients with HPV16 induced high grade lesions of the cervix.
June 2017	Nykode announces positive results from the Phase I part of the clinical trial VB C-01, a first human dose, open-label, multicenter Phase I/IIa study of VB10.16 immunotherapy for the treatment of high grade Cervical Intraepithelial Neoplasia.
April 2018	Nykode announces informed consent signed by the first patient and enrollment process initiated in the cancer neoantigen Phase I/IIa clinical trial.
September 2018	Nykode announces a new clinical collaboration with Nektar Therapeutics to evaluate Nykode's personalized cancer neoantigen vaccine, VB10.NEO, in combination with Nektar's CD-122-biased agonist, NKTR-214/ bempegaldesleukin.
September 2018	Nykode announces positive 6-months interim results from the Phase IIa part of the clinical study VB C-01.
February 2019	Nykode enters into a collaboration with Roche to explore a combination of Nykode's VB10.16 and immune-checkpoint inhibitor atezolizumab (Tecentriq®) in advanced cervical cancer. Nykode successfully conducts a private placement, raising around NOK 230 million (EUR 23.6 million).
March 2019	Nykode presents positive 12-month results from its Phase IIa clinical study in high-grade cervical dysplasia, providing proof of concept for its platform technology and drug candidate VB10.16.
April 2019	Nykode and Nektar Therapeutics present new preclinical data for VB10.NEO combined with bempegaldesleukin (NKTR-214) at the American Association for Cancer Research (AACR) Annual Meeting 2019.
June 2019	Nykode reports strong neoantigen-specific T cell responses induced in the first four cancer patients with low mutational burden after VB10.NEO vaccination.
November 2019	Nykode announces initial data showing positive clinical responses in patients with locally advanced or metastatic cancer treated with VB10.NEO and presents data at the Annual Meeting of the Society for Immunotherapy of Cancer (SITC 2019).
April 2020	Expanding strategic focus to include infectious disease.
July 2020	Nykode doses first patient in Phase II clinical trial VB C-02 study with VB10.16 on combination atezolizumab.
August 2020	First patient dosed in the combination therapy of the Phase I/IIa study evaluating bempegaldesleukin, Nektar's CD122-preferential IL-2 pathway agonist, with VB10.NEO, Nykode 's personalized neoantigen cancer vaccine, in patients with advanced squamous cell carcinoma of the head and neck (SCCHN).
August 2020	Nykode announce that it has reached the enrollment target of 50 patients and has finalized recruitment of patients to all study arms of its VB N-01 Phase I/IIa clinical trial of the personalized VB10.NEO neoantigen cancer vaccine.
October 2020	Nykode announces a worldwide license and collaboration agreement with Genentech, a member of the Roche Group, to develop individualized neoantigen cancer vaccines.
October 2020	Nykode's shares were admitted for trading on the multilateral trading facility Euronext Growth operated by the Oslo Stock Exchange.
July 2021	Nykode enters into a worldwide license agreement with Adaptive Biotechnologies to develop SARS-CoV-2 vaccines.
October 2021	Nykode starts a Phase I/II study to determine safety and immunogenicity of two COVID-19 DNA vaccine candidates in healthy adult volunteers.
November 2021	First subject dosed in Phase I/II clinical trial with next-generation SARS-CoV-2 vaccine candidates.
November 2021	Nykode announce a change of company name from Vaccibody to Nykode Therapeutics.
November 2021	Nykode enters into a multi-target license and collaboration agreement with Regeneron.

December 2021	Nykode announces the first subject dosed with its T cell-focused next-generation SARS-CoV-2 vaccine candidate.
February 2022	Nykode announces completion of patient enrollment in its Phase II trial of VB10.16 in combination with atezolizumab for the treatment of advanced cervical cancer.
May 2022	Nykode announces positive interim results from its Phase II trial with VB10.16 in combination with atezolizumab in advanced cervical cancer.
May 2022	At Nykode's AGM, it was resolved to convert the Company from a private limited liability company (AS) to a public limited liability company (ASA).

8.4 Products

Nykode has four product candidates in clinical development and does not have any products that have gained- or entered into a regulatory approval process. As such, the Company has as of the date of this Prospectus no commercial products.

8.5 Material contracts

The Company has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus. Further, the Company has not entered into any other contract outside the ordinary course of business that contains any provision under which the Company has any obligation or entitlement that is material to the Company as of the date of this Prospectus.

8.6 Investments

The Company has had no material investments for the period covered by the historical financial information and has not made firm commitments for any future material investments.

8.7 Legal and regulatory proceedings

The Group is not, nor has been, during the course of the preceding twelve months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's financial position or profitability. The Company is not aware of any such proceedings which are pending or threatened.

8.8 Dependency on patents, licenses, industrial, commercial or financial contracts

The biopharmaceutical industry is an industry that is based on patents and intellectual property which helps incentivize companies to innovate and invest in new therapies and technologies despite the high, inherent development risk and long development timelines. The patent position of a biopharmaceutical company may be critical to its success, however, the patent positions of are generally uncertain and involve complex legal, scientific and factual questions. Furthermore, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. The Company is dependent on its contracts with Genentech and Regeneron. For more information about the contracts, see Sections 8.1.5 and 8.1.6, respectively.

8.8.1 *Patents*

The Company is the owner of several patents and pending patent applications, divided into nineteen patent families, of which two are co-owned between the Company and Nektar Therapeutics Inc. (Nektar) and University of Oslo (UiO), respectively.

The following patent families cover the Company's development candidates:

- Modified antibody (WO 2004076489) relates to the dimerization unit
- Homodimeric protein constructs (WO 2011161244) relates to Vaccibody molecules comprising the targeting unit
- Vaccines against HPV (WO 2013092875) relates to Vaccibody molecules comprising an antigenic unit which makes the molecules useful against human papillomavirus
- Vaccines against Neoepitopes (WO 2017118695) relates to Vaccibody molecules comprising neoepitopes in the antigenic unit
- COVID-19 patents: Corona (WO 2021219897) and VB.2210 (US Provisional Application No. 63/275,015)

The first two of the above-mentioned families cover the core of the Vaccibody technology platform, which is comprised in all of the development candidates. The patents are applied for and/or granted in several major jurisdictions, such as the USA, Europe and Japan.

The Company's patents and know-how are the foundation for creating long-term shareholder value. The Company has an active patent strategy whereby the Company seeks to protect the IP that it believes is important for its business and for value creation. The Company has a strong IP portfolio as demonstrated by the collaboration agreements with Adaptive Biotechnologies, Genentech, and Regeneron. The IP portfolio is expanding and is expected to grow further as the Company gains novel insights and develops new technologies.

8.8.2 *Licenses*

Nykode holds certain technology licenses.

These include an exclusive, worldwide license agreement for use of Adaptive Biotechnology's validated SARS-CoV-2 T cell epitopes. Nykode is using these epitopes in its next-generation SARS-CoV-2 T cell vaccine candidate, VB10.2210, which is in clinical Phase I/II.

8.9 Likely future development

Nykode has developed clear business priorities for the short-medium term:

- Expand and mature oncology pipeline including executing on the Genentech and Regeneron agreements
- Expand and mature infectious disease pipeline including executing on the Regeneron agreement
- Leverage technology platform within new opportunities
- Secure future manufacturing capacity

The Company has invested in novel innovations and expanding the technology platform in the past few years and will continue to do so during 2022.

Manufacturing of clinical trial material is of great importance to advance Nykode products into clinical trials. In early 2021, Nykode initiated a strategic supply project for which the scope was to analyze and enter into an agreement with a strategic Contract Manufacturing Organization (CMO). In addition, the project aimed to secure future capacity by potentially establishing additional Nykode-controlled manufacturing capacity with sufficient flexibility to support the increasing portfolio of Nykode product candidates entering clinical trials. This work will continue.

In order to succeed with the company strategy and business priorities, Nykode expects to continue to expand its organization.

8.10 Research and development

The Company actively invests in bringing forward novel innovations and expanding the technology platform and will continue to do so. Novel and empowered Vaccibody formats have been conceived and Nykode has taken its first steps towards exploring the power of the platform beyond vaccines. Nykode has defined core strategies for its innovation, research and development. These are inter-linked and focus on further leveraging the technology platform as proprietary innovations are pivotal to create optimal value for Nykode's products and platform by securing relevant IP protection, enable potential future technology driven collaborations and effectively drive technologies and projects to become game changing medicines for the patient.

Nykode's innovation strategy center around creating novel differentiated platform technologies applicable to fuel multiple products and optimize value-creation:

- Continues to improve the vaccine platform
- Expansion into novel therapeutic areas and novel therapeutic molecules
- Stimulate innovation across the entire organization

Nykode pursues a two-tiered research strategy:

- Expand and mature the pipeline within oncology and infectious diseases with best-in-class or first-in-class product candidates
- Leverage the Company's technology platform within new opportunities, including new therapeutic areas

Nykode's development strategy of expansion and delivering on the pipeline remain a core strategic focus area for Nykode. The Company employs a project driven operating model to ensure optimal development project strategies, speedy and effective execution of said drug development strategies with cross functional involvement. Historically Nykode has focused on oncology indications and more recently added infectious diseases as a second therapeutic area.

The Company will continue to have a strong focus on oncology and infectious diseases with the aim of expanding and maturing the pipeline. Nykode has research initiatives to explore opportunity to move into autoimmune diseases, allergies and allogeneic transplantation.

9 CAPITALIZATION AND INDEBTEDNESS

9.1 Introduction

The financial information presented below has been extracted from the Group's Financial Statements, and should be read in conjunction with the other parts of the Prospectus, in particular Section 10 *"Selected Financial Information and Other Information"* and Section 11 "*Operating and Financial Review*".

This Section 9 *"Capitalization and indebtedness"* provides information about the Group's audited consolidated capitalization and net financial indebtedness on an actual basis as at 31 March 2022 and, in the "Adjustment amount" column, the estimated impact to the Group's consolidated capitalization and net financial indebtedness.

Other than as set forth above, there has been no material change to the Group's consolidated capitalization and net financial indebtedness since 31 March 2022.

9.2 Capitalization

The following table sets forth information about the Group's unaudited consolidated capitalization as at 31 March 2022:

Table 2 - Capitalization

	As at 31 March 2022	Adjustment amount	As adjusted as of the date of the Prospectus
(In USD thousands)			
Total current debt:			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed / unsecured[1]	26,358	-	26,358
Total current debt	**26,358**	**-**	**26,358**
Total non-current debt:			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed / unsecured[2]	33,380	-	33,380
Total non-current debt:	**33,380**	**-**	**33,380**
Total indebtedness	**59,738**	**-**	**59,738**
Shareholders' equity			
Share capital	334	0	334
Legal reserve(s)	-	-	-
Other reserves[3][4]	188,307	308	188,615
Total shareholders' equity	**188,641**	**308**	**188,949**
Total capitalization	**248,379**	**308**	**248,687**

[1] Unguaranteed/unsecured current debt consists of current lease liabilities of USD 1.4 million, contract liability of USD 18.0 million and trade and other payables of USD 7.0 million

[2] Unguaranteed/unsecured non-current debt consists of non-current lease liabilities of USD 5.6 million and deferred tax liabilities of USD 27.7 million

[3] Other reserves consists of share premium of USD 82.0 million, other capital reserves of USD 8.9 million, other components of equity of USD -3.1 million and retained earnings of USD 100.6 million

[4] Adjustment amount of USD 0.3 million relates to share increase as a result of exercise of warrants

9.3 Net financial indebtedness

The following table set forth information about the Group's unaudited consolidated net financial indebtedness as at 31 March 2022:

Table 3 – Net financial indebtedness

(In NOK thousands)		As at 31 March 2022	Adjustment amount	As adjusted as date of the Prospectus
(A)	Cash[1]	225,681	-	225,681
(B)	Cash equivalents[1]	-	-	-
(C)	Other current financial assets	12,234	-	12,234
(D)	**Liquidity (A)+(B)+(C)**	**237,915**	**-**	**237,915**
(E)	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	-	-	-
(F)	Current portion of non-current financial debt[2]	1,350	-	1,350
(G)	**Current financial indebtedness (E + F)**	**1,350**	**-**	**1,350**
(H)	**Net current financial indebtedness (G – D)**	**-236,565**	**-**	**-236,565**
(I)	Non-current financial debt (excluding current portion and debt instruments)[3]	5,639	-	5,639
(J)	Debt instruments	-	-	-
(K)	Non-current trade and other payables[4]	27,741	-	27,741
(L)	**Non-current financial indebtedness (I+J+K)**	**33,380**	**-**	**33,380**
(M)	**Total financial indebtedness** (H+L)	**-203,185**	**-**	**-203,185**

[1] In the quarterly report, cash and cash equivalents are presented as one line item. There are no cash equivalents at the time of the prospectus.
[2] Current portion of non-current financial debt consists of current portion of lease liabilities
[3] Non-current financial debt consists of non-current portion of lease liabilities
[4] Non-current trade and other payables consists of deferred tax liability

9.4 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

9.5 Contingent and indirect indebtedness

The Group does not have any material contingent or indirect indebtedness as of the date of the Prospectus.

10 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

10.1 Introduction and basis for preparation

The following selected financial information has been derived from the Annual Financial Statements. The Annual Financial Statements have been audited by Deloitte. The selected financial information included herein should be read in connection with, and is qualified in its entirety by reference to the IFRS Financial Statements attached as Appendix B (IFRS 2021 and 2020) and the Interim Financial Statements attached as Appendix C (IAS 34 Q1 2022) to this Prospectus.

10.2 Summary of accounting policies and principles

For information regarding accounting policies and principles, see Section 4.2.1.

10.3 Condensed consolidated statement of profit and loss

The table below sets out key financial information extracted from the IFRS Financial Statements and the Interim Financial Statements.

Table 4 – Consolidated statement of profit or loss	**Year ended 31 December**			**Three-month period ended 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Total revenue and other income	35,766	215,695	1,412	1,024	780
Operating profit or loss	-10,775	178,265	-13,943	-8,623	-7,472
Profit or loss for the period	**-9,414**	**149,774**	**-13,696**	**-6,898**	**-6,507**

10.4 Condensed consolidated statement of comprehensive income

The table below sets out key financial information extracted from the IFRS Financial Statements and the Interim Financial Statements.

Table 5 – Condensed consolidated statement of comprehensive income	**Year ended 31 December**			**Three-month period ended 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Foreign currency translation effects	-9	-2,378	-735	-21	1
Total other comprehensive income for the period	**-9**	**-2,378**	**-735**	-21	**1**
Total comprehensive income for the period	**-9,422**	**147,396**	**-14,431**	**-6,919**	**-6,506**

10.5 Statement of financial position

The table below sets out key financial information extracted from the IFRS Financial Statements and the Interim Financial Statements. The development in the financial position is commented further in Section 11 *"Operating and financial review"*.

Table 6 – The Group's balance sheet	**As at 31 December**			**As at 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Total assets	265,556	230,028	33,386	254,073	223,854
Total equity	194,055	178,850	27,631	188,641	173,612
Total liabilities	71,501	51,178	5,755	65,432	50,242

10.6 Statement of cash flows

The table below sets out key financial information extracted from the IFRS Financial Statements and the Interim Financial Statements.

Table 7 – Cash flow statement	**As at 31 December**			**As at 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*

Cash flow from operating activities	1,156	180,266	-10,489	10,923	-4,969
Cash flow from investing activities	10,753	-6,020	-9,060	-1,597	576
Cash flow from financing activities	20,442	-290	25,868	124	323
Net change in cash and cash equivalents	**32,351**	**173,957**	**6,318**	**9,450**	**-4,070**
Cash and cash equivalents end of period	**216,231**	**183,851**	**10,166**	**225,681**	**179,738**

10.7 Statement of changes in equity

The table below sets out selected data extracted from the IFRS Financial Statements.

Table 8 - Statement of changes in equity

(Amounts in USD thousands)	**Share capital**	**Share premium**	**Other capital reserves**	**Other components of equity**	**Retained earnings**	**Total equity**
Balance as at 1 January 2019	**279**	**33,121**	**932**	**-**	**-19,209**	**15,124**
Net profit (loss) for the year	-	-	-	-	-13,696	-13,696
Other comprehensive income (loss)	-	-	-	-735	-	-735
Total comprehensive income (loss)	**-**	**-**	**-**	**-735**	**-13,696**	**-14,431**
Issuance of share capital	38	26,012	-	-	-	26,049
Share based payment	-	-	889	-	-	889
Balance as at 31 December 2019	**316**	**59,133**	**1,821**	**-735**	**-32,095**	**27,631**
Balance as at 1 January 2020	**316**	**59,133**	**1,821**	**-735**	**-32,095**	**27,631**
Net profit (loss) for the year	-	-	-	-	149,774	149,774
Other comprehensive income (loss)	-	-	-	-2,378	-	-2,378
Total comprehensive income (loss)	**-**	**-**	**-**	**-2,378**	**149,774**	**147,396**
Issuance of share capital	11	1,215	-	-	-	1,225
Share based payment	-	-	2,598	-	-	2,598
Balance as at 31 December 2020	**327**	**60,348**	**4,419**	**-3,113**	**116,869**	**178,850**
Balance as at 1 January 2021	**327**	**60,348**	**4,419**	**-3,113**	**116,869**	**178,850**
Net profit (loss) for the year	-	-	-	-	-9,414	-9,414
Other comprehensive income (loss)	-	-	-	-9	-	-9
Total comprehensive income (loss)	**-**	**-**	**-**	**-9**	**-9,414**	**-9,422**
Issuance of share capital	6	21,178	-	-	-	-21,184
Share based payment	-	-	3,444	-	-	3,444
Balance as of 31 December 2021	**333**	**81,526**	**7,863**	**-3,122**	**107,455**	**194,055**

10.8 Key financial information by operating segment and geographic area

The table sets out the Company's revenue by geographic area, as extracted from the IFRS Financial Statements and the Interim Financial Statements. The Company is organized as one operating segment.

Table 9 – Consolidated revenue by geographic area	**As at 31 December**			**As at 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Norway	-	-	-	-	-
United States of America	33,963	215,000	-	715	446
Other	-	-	-	-	-
Total revenue	**33,963**	**215,000**	**-**	**715**	**446**

11 OPERATING AND FINANCIAL REVIEW

*This operating and financial review should be read together with Section 4 "General Information", Section 8 "Business of the Group", Section 10 "Selected Financial and Other Information" and the IFRS Financial Statements, including related notes, attached as Appendix B (IFRS 2021 and 2020) and the Interim Financial Statements, attached as Appendix C (*IAS 34 Q1 2022*) of this Prospectus. This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group's current expectations, estimates, assumptions and projections about the Group's industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk factors" and Section 4.4 "Cautionary note regarding forward-looking statements" of this Prospectus, as well as other sections of this Prospectus.*

11.1 Segment information for the Group for the years ended 2021, 2020 and 2019

The Group is organized as one operating segment.

11.2 Key factors affecting the Group's results of operations and financial performance

Genentech Agreement

The agreement with Genentech entered into in 2020 includes an initial upfront payment of USD 185 million and near-term payments totaling USD 40 million. In addition, Nykode will be eligible to receive up to a further USD 490 million in potential milestone payments, plus royalties on sales of commercialized products arising from the partnership.

The transaction price at contract inception was estimated to be USD 245 million, which includes the initial upfront payment of USD 185 million, the near-term payments totaling USD 40 million and the first milestone payment of USD 20 million related to the initiation of the Phase Ib Study. With the exception of the amount of USD 20 million related to the initiation of the Phase Ib Study, no variable amounts have been included in the transaction price.

Nykode recognized USD 215 million in revenues under the agreement in 2020. The remaining USD 30 million of the transaction price will be recognized over time based on the fulfilment of the performance obligations under the contract, of which USD 4.0 million was recognized in 2021.

USD 200 million was invoiced under the agreement in 2020 and USD 35 million in 2021. Of the USD 35 million invoiced in 2021, USD 20 million relates to payment for reaching the first milestone, and USD 15 million was part of the near-term payments. The remaining USD 10 million of near-term payments will be invoiced in 2022.

The remaining potential milestone payments under the agreement will be recognized if and when the relevant milestones are achieved.

Regeneron Agreement

The agreement with Regeneron entered into in 2021 includes an initial upfront payment of USD 30 million. In addition, Nykode will be eligible to receive more than USD 875 million in potential milestone payments, plus royalties on sales of commercialized collaboration products. Regeneron will reimburse the costs related to the R&D activities and the manufacturing services to be performed by Nykode. As part of the agreement, Regeneron also made a USD 20 million equity investment at a premium of 20%.

Nykode recognized USD 30 million in revenues under the agreement in 2021, relating to the upfront payment received.

The remaining potential milestone payments under the agreement will be recognized if and when the relevant milestones are achieved.

11.3 Recent developments and trends

The Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

11.4 Results of operations

11.4.1 *Results of operations for the three-month period ended 31 March 2022 compared to the three-month period ended 31 March 2021*

Table 11 - Consolidated statement of profit or loss	Three-month period ended 31 March		
(Amounts in USD thousands)	**2022** *IAS 34 Unaudited*	**Change in %**	**2021** *IAS 34 Unaudited*
Revenue from contracts with customers	715	60.31%	446
Other income	309	-7.49%	334
Total revenue and other income	**1,024**	**31.28%**	**780**
Employee benefit expenses	-1,288	66.65%	-3,862
Other operating expenses	-7,905	-84.35%	-4,288
Depreciation	-454	-345.10%	-102
Operating profit or loss	**-8,623**	**-15.4%**	**-7,472**
Finance income	663	208.37%	215
Finance costs	-597	38.39%	-969
Profit or loss before tax	**-8,557**	**-4.02%**	**-8,226**
Income tax expense	1,659	-3.49%	1,719
Profit or loss for the period	**-6,898**	**-6.01%**	**-6,507**

Operating income

Total revenue and other income amounted to USD 1.0 million in the first quarter of 2022 (Q1 2021: USD 0.8 million). The increase was mainly due to increased R&D service activities under the agreements with Genentech and Regeneron.

Operating expenses

Total operating expenses amounted to USD 9.6 million in the first quarter of 2022 (Q1 2021: USD 8.3 million). Employee benefit expenses were USD 1.3 million in the first quarter (Q1 2021: USD 3.9 million). The decrease in employee benefit expenses in 2022 is primarily due to the reduction of the social security cost accrual related to share-based payments. This accrual is dependent on the share price as the Company is required to accrue for the social security cost for all warrants and options that are in-the-money at the balance sheet date. This relates to both the current and the non-current portion. As the share price decreased during the quarter the accrual is also reduced. The corresponding reduction is USD 4.8 million. The decrease is offset by the planned increase in headcount. Other operating expenses increased from USD 4.3 million in the first quarter of 2021 to USD 7.9 million in the first quarter of 2022, driven by increased operating activity.

Net financial income and expenses

Net financial income and expenses were USD 0.1 million in the first quarter of 2022 (Q1 2021: USD 0.8 million loss). Finance income and finance costs mainly relate to movements in foreign currency exchange rates and fair value adjustments of financial instruments.

Income tax expenses

The Group recognized tax income of USD 1.7 million in the first quarter of 2022 and USD 1.7 million in the first quarter of 2021. The income tax expense is primarily related to movement in deferred tax.

Profit or loss for the period

The net result for the first quarter of 2022 was a net loss of USD 6.9 million compared to a net loss of USD 6.5 million in the first quarter of 2021. The change in net loss was mainly due to increased activities and operations, leading to increased operating expenses and employee benefit expenses. This was offset by an increase in total revenue as well as a decrease in the social security cost accrual related to share-based payments included under employee benefit expenses.

11.4.2 *Results of operations for the year ended 31 December 2021 compared to the year ended 31 December 2020*

Table 12 - Consolidated statement of profit or loss	Year ended 31 December		
(Amounts in USD thousands)	**2021** *IFRS Audited*	**Change in %**	**2020** *IFRS Audited*
Revenue from contracts with customers	33,963	-84.20%	215,000

Other income	1,803	159.42%	695
Total revenue and other income	**35,766**	**-83.42%**	**215,695**
Employee benefit expenses	16,846	4.97%	16,049
Other operating expenses	28,960	37.39%	21,078
Depreciation	735	142.57%	303
Operating profit or loss	**-10,775**	**-106.04%**	**178,265**
Finance income	4,133	8.34%	3,815
Finance costs	4,475	280.53%	1,176
Profit or loss before tax	**-11,117**	**-106.15%**	**180,905**
Income tax expense	-1,704	-105.47%	31,130
Profit or loss for the year	**-9,414**	**-106.29%**	**149,774**

Operating income

Total operating income amounted to USD 35.8 million in 2021 (USD 215.7 million in 2020). For 2021, revenues mainly consisted of USD 30.0 million in upfront license income under the Regeneron agreement, while revenues for 2020 mainly related to the USD 215 million recognized under the Genentech agreement. In addition, the Company recognized USD 4.0 million in 2021 according to the development of underlying research activities related to the Genentech agreement and a total of USD 1.8 million in other income, primarily government grants.

Operating expenses

Total operating expenses amounted to USD 46.5 million in 2021 compared to USD 37.4 million in 2020. Employee benefit expenses were USD 16.8 million (USD 16.0 million in 2020). The increase was driven by the expansion of the organization, offset by a decrease in social security costs on share-based payments in 2021 compared to 2020. Other operating expenses increased to USD 29.0 million (USD 21.1 million in 2020), mainly due to increased research and development activities, including the initiation of clinical trials.

Net financial income and expenses

Net financial income and expenses decreased to a loss of USD 0.3 million in 2021 compared to income of USD 2.6 million in 2020. The decrease was mainly related to increased loss on foreign exchange in 2021.

Income tax expenses

The Company recognized income tax expenses of USD (1.7) million in 2021 compared to USD 31.1 million in 2020. The decrease reflects the profit or loss before tax and that the Group was in a taxable position in 2020, mainly due to the Genentech agreement. Income tax payable was USD 0 million (USD 0 million in 2020), and the tax expense relates to changes in deferred tax.

Profit or loss for the year

The net result for the 2021 was a net loss of USD 9.4 million compared to a net profit of USD 149.8 million in 2020. The decrease in the net result is mainly due to the Genentech agreement entered into in 2020 as described above. Furthermore, operating expenses have increased in 2021 compared to previous year driven by the expansion of the organization and the initiation of clinical trials, which also explains the difference in net result between 2020 and 2021.

11.4.3 *Results of operations for the year ended 31 December 2020 compared to the year ended 31 December 2019*

Table 13 - Consolidated statement of profit or loss	**Year ended 31 December**		
(Amounts in USD thousands)	**2020** *IFRS Audited*	**Change in %**	**2019** *IFRS Unaudited*
Revenue from contracts with customers	215,000	-	-
Other income	695	-50.78%	1,412
Total revenue and other income	**215,695**	**15,175.85%**	**1,412**
Employee benefit expenses	16,049	164.01%	6,079
Other operating expenses	21,078	131.25%	9,115

Depreciation	303	89.38%	160
Operating profit or loss	**178,265**	**1378.53%**	**-13,943**
Finance income	3,815	304.99%	942
Finance costs	1,176	69.21%	695
Profit or loss before tax	**180,905**	1420.86%	**-13,696**
Income tax expense	31,130	-	-
Profit or loss for the year	**149,774**	**1193.56%**	**-13,696**

Operating income

Total operating income amounted to USD 215.7 million in 2020 (USD 1.4 million in 2019). The increase in revenues in 2020 is mainly a result of the agreement with Genentech, announced in October 2020. Under the terms of the agreement, Nykode recorded revenues of USD 215.0 million in 2020. The Company also had a total of USD 0.7 million in other income, primarily government grants.

Operating expenses

Total operating expenses amounted to USD 37.4 million in 2020 compared to USD 15.4 million in 2019. Employee benefit expenses increased to USD 16.0 million (USD 6.1 million in 2019). The increase was primarily caused by the planned increase in headcount and expenses related to the Company's share option plan. Other operating expenses amounted to USD 21.1 million in 2020 (USD 9.1 million in 2019). The increase was primarily related to research and development expenses, consulting and legal services for 2020.

Net financial income and expenses

Net financial income and expenses increased to USD 2.6 million in 2020 compared to USD 0.2 million in 2019. The increase was related to interest income on the Company's cash and cash equivalents and gain on foreign exchange, and movements in the fair value of financial investments. This was partly offset by net currency losses.

Income tax expenses

The Company recognized income tax expenses of USD 31.1 million in 2020 compared to USD 0 million in 2019. The increase is mainly related to the income recognized from the agreement described above. Income tax payable was USD 0 million as the tax expense relates to changes in deferred tax.

Profit or loss for the year

The net result for the 2020 fiscal year was a net profit of USD 149.8 million compared to a net loss of USD 13.7 million in 2019. The increase in profit in 2020 is mainly a result of the agreement with Genentech as described above.

11.5 Financial position

11.5.1 *Financial position as of 31 March 2022 compared to 31 March 2021*

Table 14 – Compare financial position 2022 vs 2021	**As at 31 March**		
(Amounts in USD thousands)	**2022** *IAS 34 Unaudited*	**Change in %**	**2021** *IAS 34 Unaudited*
Property, plant and equipment	2,422	1,694.07%	135
Right-of-use assets	7,031	3,639.89%	188
Intangible assets	32	-	32
Other long-term receivables	512	-7.08%	551
Total non-current assets	**9,997**	1,003.42%	**906**
Trade receivables	2,500	-33.33%	3,750
Other receivables	3,661	-8.84%	4,016
Contract assets	-	-	11,696
Other current financial assets	12,234	-48.48%	23,748

Cash and cash equivalents	225,681	25.56%	179,738
Total current assets	**244,076**	9.48%	**222,948**
TOTAL ASSETS	**254,073**	13.50%	**223,854**
Share capital	334	1.83%	328
Share premium	82,006	34.92%	60,783
Other capital reserves	8,887	69.24%	5,251
Other components of equity	-3,143	-1.00%	-3,112
Retained earnings	100,557	-8.88%	110,362
Total equity	**188,641**	8.66%	**173,612**
Non-current lease liabilities	5,639	70,387.50%	8
Non-current provisions	923	-87.04%	7,124
Deferred tax liabilities	27,741	-5.53%	29,364
Total non-current liabilities	**34,303**	-6.01%	**36,496**
Government grants	13	-	-
Current lease liabilities	1,350	618.09%	188
Trade and other payables	6,985	-22.25%	8,984
Current provisions	4,732	4.53%	4,527
Current contract liabilities	18,023	-	-
Income tax payable	26	-44.68%	47
Total current liabilities	**31,129**	126.46%	**13,746**
Total liabilities	**65,432**	30.23%	**50,242**
TOTAL EQUITY AND LIABILITIES	**254,073**	13.50%	**223,854**

11.5.2 *Financial position as of 31 December 2021 compared to 31 December 2020*

Table 15 – Compare financial position 2021 vs 2020	**As at 31 December**		
(Amounts in USD thousands)	**2021** *IFRS Audited*	**Change in %**	**2020** *IFRS Audited*
Property, plant and equipment	1,884	1,338.17%	131
Right-of-use assets	7,281	2,528.52%	277
Intangible assets	32	-	32
Other long-term receivables	501	-9.89%	556
Total non-current assets	**9,698**	**873.69%**	**996**
Trade receivables	23,750	533.33%	3,750
Other receivables	3,708	149.19%	1,488
Contract assets	-		15,000
Other current financial assets	12,169	-51.21%	24,944
Cash and cash equivalents	216,231	17.61%	183,851
Total current assets	**255,858**	**11.71%**	**229,032**
TOTAL ASSETS	**265,556**	**15.45%**	**230,028**
Share capital	333	1.83%	327
Share premium	81,526	35.09%	60,348
Other capital reserves	7,863	77.94%	4,419
Other components of equity	-3,122	-0.29%	-3,113
Retained earnings	107,455	-8.06%	116,869
Total equity	**194,055**	**8.50%**	**178,850**
Non-current lease liabilities	5,820	72,650.00 %	8
Non-current provisions	4,915	-28.34%	6,859
Deferred tax liabilities	29,400	-5.56%	31,130
Total non-current liabilities	**40,134**	**5.62%**	**37,997**
Government grants	219	-	-
Current lease liabilities	1,350	389.13%	276
Trade and other payables	8,494	-7.50%	9,183
Current provisions	5,234	40.62%	3,722
Current contract liabilities	16,044	-	-
Income tax payable	26	-	-
Total current liabilities	**31,367**	**137.97%**	**13,181**
Total liabilities	**71,501**	**39.71%**	**51,178**
TOTAL EQUITY AND LIABILITIES	**265,556**	**15.45%**	**230,028**

11.5.3 *Financial position as of 31 December 2020 compared to 31 December 2019*

Table 16 – Compare financial position 2020 vs 2019	**As at 31 December**		
(Amounts in USD thousands)	**2020** *IFRS Audited*	**Change in %**	**2019** *IFRS Unaudited*
Property, plant and equipment	131	79.45%	73
Right-of-use assets	277	177.00%	100
Intangible assets	32	-5.88%	34
Other long-term receivables	556	13,800.00%	4
Total non-current assets	**996**	369.81%	**212**
Trade receivables	3,750	374,900.00%	1
Other receivables	1,488	12.22%	1,326
Contract assets	15,000	-	-
Other current financial assets	24,944	15.05%	21,681
Cash and cash equivalents	183,851	1,708.67%	10,165
Total current assets	**229,032**	**590.40%**	**33,174**
TOTAL ASSETS	**230,028**	**589.00%**	**33,386**
Share capital	327	3.48%	316
Share premium	60,348	2.05%	59,133
Other capital reserves	4,419	142.67%	1,821
Other components of equity	-3,113	-323.54%	-735
Retained earnings	116,869	455.17%	-32,905
Total equity	**178,850**	**547.28%**	**27,631**
Non-current lease liabilities	8	-75.76%	33
Non-current provisions	6,859	388.53%	1,404
Deferred tax liabilities	31,130	-	-
Total non-current liabilities	**37,997**	**2544.19%**	**1,437**
Government grants	-	-	91
Current lease liabilities	276	384.21%	57
Trade and other payables	9,183	292.94%	2,337
Current provisions	3,722	103.06%	1,833
Total current liabilities	**13,181**	**205.26%**	**4,318**
Total liabilities	**51,178**	**789.28%**	**5,755**
TOTAL EQUITY AND LIABILITIES	**230,028**	**589.00%**	**33,386**

11.6 Liquidity and capital resources

11.6.1 *Sources of liquidity*

The Group's current capital resources primarily stem from the private and public capital markets, the license and collaboration agreements with Genentech and Regeneron and soft funding from grant applications. The Group has no material indebtedness. The expected main sources of capital to secure future funding are the capital markets (which mainly is expected to be equity financing), potential milestone payments from current license and collaboration agreements, potential new collaboration agreements and potential soft funding from grant applications.

11.6.2 *Restrictions on use of capital*

The Group has no financing arrangements, as also stated in Section 11.6.7 *"Financing arrangements"*.

11.6.3 *Summarized cash flow information*

The following table presents the Company's historical cash flows for the years ended 31 December 2021, 2020 and 2019, as well as for the three-month periods ended 31 March 2022 and 2021.

Table 17 - Statement of cash flows	**Year ended 31 December**			**Three-month period ended 31 March**	
(In NOK thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Cash flow from operating activities	1,156	180,266	-10,489	10,923	-4,969
Cash flow from investing activities	10,753	-6,020	-9,060	-1,597	576
Cash flow from financing activities	20,442	-290	25,868	124	323
Net change in cash and cash equivalents	**32,351**	**173,957**	**6,318**	**9,450**	**-4,070**
Cash and cash equivalents end of period	**216,231**	**183,851**	**10,166**	**225,681**	**179,738**

Net change in cash and cash equivalents was USD 9.5 million for the first quarter of 2022, including foreign exchange effects, and cash and cash equivalents increased to USD 225.7 million at March 31, 2022, compared to USD 179.7 million at March 31, 2021.

Net change in cash and cash equivalents was USD 32.4 million in 2021, including foreign exchange effects, and cash and cash equivalents increased to USD 216.2 million at the end of the year, compared to USD 183.9 million at the end of 2020 and USD 10.2 million at the end of 2019.

11.6.4 *Cash flow from operating activities*

Net cash flow from operating activities was USD 10.9 million in the first quarter of 2022, compared to negative USD 5.0 million in the first quarter of 2021. The increase was primarily driven by the decrease in trade receivables due to the receipt of a milestone payment from Genentech, offset by a negative profit before tax.

Net cash flow from operating activities was USD 1.2 million in 2021, compared to USD 180.3 million in 2020 and negative USD 10.5 million in 2019. The change from 2020 to 2021 was primarily driven by the decrease in profit or loss and partially offset by an increase in working capital. The change from 2019 to 2020 was primarily driven by the increase in profit before tax.

11.6.5 *Cash flow from investing activities*

Net cash flow from investing activities was negative USD 1.6 million in the first quarter of 2022, compared to positive USD 0.6 million in the first quarter of 2021. The amounts for the first quarter 2022 mainly relate to the purchase of property, plant and equipment.

Net cash flow from investing activities was USD 10.8 million in 2021, compared to negative USD 6.0 million in 2020 and negative USD 9.1 million in 2019. The change from 2020 to 2021 was mainly due to a net sale of financial instruments in 2021, compared to a net acquisition in 2020. The change from 2019 to 2020 was a result of increased proceeds from the sale of financial instruments, offset by the increase in the purchase of financial instruments.

11.6.6 *Cash flow from financing activities*

Net cash flow from financing activities was positive USD 0.1 million in the first quarter of 2022, compared to positive USD 0.3 million in the first quarter 2021. The amounts primarily relate to the proceeds from equity issuance, offset by payment of lease liabilities.

Net cash flow from financing activities was USD 20.4 million in 2021, compared to negative USD 0.3 million in 2020 and USD 25.9 million in 2019. The change from 2020 to 2021 relates to the issuance of equity in 2021. The change from 2019 to 2020 relates to the issuance of equity in 2019.

11.6.7 *Financing arrangements*

The Group has no interest bearing debt. The Group's main sources of financing have historically been equity capital, upfront payments with Genentech and Regeneron (as further described in Section 8.1.5 and 8.1.6, respectively) and public grants.

11.6.8 *Investments in progress or for which firm commitments have already been made*

The Group has no material investments and has not made firm commitments for any future material investments.

11.6.9 *Joint venture and undertakings*

The Group is currently not involved in any joint ventures or undertakings.

11.7 Related party transactions

The Group's related parties include the related parties to the Company and its subsidiaries, as well as to the members of the Board of Directors, and the members of management. Related parties also include companies in which the individuals mentioned in this paragraph have significant influence.

The IFRS Financial Statements and the Interim Financial Statements include the following transactions with related parties. See note 6.1 and 6.2 in the IFRS Financial Statements, attached hereto as Appendix B (IFRS 2021 and 2020) for remuneration to key management and related party transactions.

Table 18 – Related party transactions	**Year ended 31 December**			**Three-month period ended 31 March**	
(Amounts in USD thousands)	**2021** *IFRS Audited*	**2020** *IFRS Audited*	**2019** *IFRS Unaudited*	**2022** *IAS 34 Unaudited*	**2021** *IAS 34 Unaudited*
Payments to related parties	2,730	1,542	1,426	470	503
Total	**2,730**	**1,542**	**1,426**	**470**	**503**

The payments to related parties consist of salary, bonus, pension, other compensation and board remuneration paid to executive management and members of the Board of Directors. The Company has also purchased services from Cipriano AS for USD 0.1 million in 2021. Cipriano AS is a company wholly owned by Einar J. Greve, who served on the Board of Directors at the time.

11.8 Critical accounting policies and estimates

For a summary of the Group's general accounting policies, please see the relevant notes in the IFRS Financial Statements, attached hereto as Appendix B (IFRS 2021 and 2020) and the Interim Financial Statements, attached hereto as Appendix C (IAS 34 Q1 2022). The following is a summary of estimates and assumptions, which may have a material effect on accounts if changed:

Revenue recognition

Revenue from sale of licenses relates to the sale of intellectual property. For licenses of intellectual property that are distinct (or represent the predominant item of a combined performance obligation), it is assessed whether the license provide the customer with a right to access the Nykode IP as it exists throughout the license period ("a right to access") or a right to use the Nykode IP as it exists at the point in time in which the license is granted ("a right to use"). Revenue from licenses that provide the customer with "a right to access" is accounted for over time as the performance occurs. Revenue from licenses with "a right to use" is recognized at the time when the license is granted to the customer and when the customer is able to use and benefit from the license. The license components of the current agreements have been determined to represent "a right to use". The portion of the transaction price allocated to the license component under the agreements is recognized when the customer obtains control over the license.

Deferred tax assets/liabilities

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. Significant management judgement is required to determine the amount 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. The Group had USD 25.9 million as at 31 December 2021 (USD 31.7 million as at 31 December 2020) of tax losses carried forward. These losses relate to historical losses in the parent company. The tax loss carried forward from Norwegian entities may be offset against future taxable income and will not expire. As the Group has a significant deferred tax liability due to the deferred taxation

of the upfront payments of the agreements, the future taxable income will be deducted against the tax loss carried forward. As of 31 December 2021, the Group had a tax liability of USD 29.4 million (2020: USD 31.1 million).

11.9 Trend information

The Group is not aware of any recent significant changes in the trends related to production, sales or inventory, costs or selling prices in the period between 31 March 2022 and to the date of this Prospectus. The Group is also not aware of any significant changes to the Group's financial performance in the period between 31 March 2022 and to the date of this Prospectus.

11.10 Significant changes in the issuer's financial position

There has been no significant change in the Group's financial position which has occurred since 31 March 2022 and up to the date of this Prospectus.

11.11 Environmental issues affecting the Group's utilization of the tangible fixed assets

As of the date of this Prospectus, the Company is not aware of any environmental issues that may have an effect on the utilization of any of the existing tangible fixed assets.

12 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

12.1 Introduction

The Company's highest decision-making authority is the general meeting of shareholders. All shareholders in the Company are entitled to attend or be presented by proxy and vote at general meetings of the Company and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of the Company is vested in the Company's Board of Directors and the management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's CEO is responsible for keeping the Company's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner.

12.2 Board of Directors

12.2.1 *Overview*

The Company's Articles of Association provide that the Board of Directors shall consist of between 2 to 8 board members elected by the Company's shareholders. Please find details regarding the Company's members of the Board of Directors, as at the date of this Prospectus, in the table below:

Table 19 – Overview of the members of the Company's Board of Directors

Name	Position	Served since	Term expires	Shares	Options
Martin Nicklasson	Chair	2021	2023	32,000	500,000
Bernd Robert Seizinger	Board Member	2014	2023	600,000	45,000
Jan Haudemann-Andersen	Board Member	2017	2023	40,698,050[1]	0
Christian Åbyholm	Board Member	2020	2023	2,105,295[2]	0
Birgitte Volck	Board Member	2021	2023	0	49,674
Anders Tuv	Board Member	2012	2023	0	845,000
Elaine Sullivan	Board Member	2022	2023		45,000
Anne Whitaker	Board Member	2022	2023		45,000
Einar Jørgen Greve	Deputy Board Member	2020	2023	1,775,000[3]	0

[1] Shares are held through Datum Opportunity AS (9%), Datum AS (4%), Datum Finans AS (1%) as well as held personally (<1%)
[2] Shares are held through Caaby AS and personally. In addition, Mr. Åbyholm has a 6% personal ownership in Norda ASA and 1% ownership through Caaby AS in Norda AS, which holds 8,996,755 (3%) shares in the Company. Mr. Åbyholm is also a partner in Kvantia AS, which holds 17,255,175 (6%) shares in the Company through Victoria India Fund AS
[3] Shares are held through Cipriano AS and Cipriano Invest AS. In addition, Mr. Greve holds 21.455% ownership in J E Greve AS, which holds 75,000 shares in the Company

The Company's registered office at Gaustadalléen 21, 0349 Oslo, Norway, serves as the business address for the members of the Board of Directors in relation to their positions in the Company.

12.2.2 *Brief biographies of the Board of Directors*

The following sets out a brief introduction to each of the members of the Company's Board of Directors:

Martin Nicklasson – *Chair*

Martin Nicklasson is the chair of the Company's board of directors. From 2007 to end 2010, Mr. Nicklasson served as President and Chief Executive Officer of Biovitrum AB and Swedish Orphan Biovitrum AB (Sobi). From 1999 to 2007, he held various Executive Vice President positions at AstraZeneca PLC and was a member of that company's senior executive committee. He has held and holds various chair and board member positions in biotech and biopharma companies. Currently, he serves as chair of Zealand Pharma A/S and on the board of Basilea Pharmaceutica Ltd. Martin is a certified pharmacist and holds a Ph.D. in Pharmaceutical Technology from Uppsala University, Sweden.

Current other directorships and management positions	**Directorships**: - Nykode Therapeutics ASA, chair - Zealand Pharma A/S, chair - Basilea Pharmaceutica Ltd., board member - Nicklasson Life Science AB, deputy board member - Nicklasson Exit AB, board member **Management position(s)**: - N/A -
Previous directorships and management positions held during the last five years	**Directorships**: - Farma Investment AS, chair - Biocrine AB, board member - PledPharma AB, board member - BioInvest AB, board member - Orexo AB, chair - Irlab AB, board member - Kymab Ltd., chair **Management position(s)**: - N/A

Bernd Robert Seizinger – *Board Member*

Bernd R. Seizinger serves as chair or board member of a number of public and private biotech companies in the U.S., Canada and Europe, including Oxford BioTherapeutics, Aprea, CryptoMedix and Oncolytics. In addition, he serves on the advisory board of Pureos Ventures (BB Biotech/Bank Bellevue, Zurich) and is senior advisor to Hadean Ventures (Stockholm and Oslo). Prior managerial positions include Opsona, GPC Biotech, Genome Therapeutics Corporation and Bristol-Myers Squibb. He is a medical doctor and holds a Ph.D. in neurobiology.

Current other directorships and management positions	**Directorships**: - Nykode Therapeutics ASA, board member - Aprea Therapeutics Inc., board member - Oncolytics Biotech Inc., board member - BioInvent Inc., board member - Oxford BioTherapeutics, chair - CryptoMedix Inc., chair **Management position(s)**: - N/A
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - N/A

Jan Haudemann-Andersen – *Board Member*

Jan Haudemann-Andersen is the sole owner of Datum AS and Datum Invest AS, and a major shareholder of the Company. He has extensive investment experience from private and listed companies in Norway and abroad. He holds a business degree (siviløkonom) from the BI Norwegian Business School.

Current other directorships and management positions	**Directorships**: - Nykode Therapeutics ASA, board member - Datum AS, chair - Datum Finans AS, chair - Datum Invest AS, chair - Datum Eiendom AS, chair - Datum Opportunity AS, chair - Datum Vekst AS, chair - Nasa AS, chair - Kfix AS, chair - Decibel AS, chair - Trojan AS, chair - Douro Gold AS, chair - Fjellfin ANS, chair - Torre Iron AS, chair - Maximus AS, board member - Oppenheim AS, board member - Østre Holmen Gård AS, chair - Techstep ASA, deputy board member **Management position(s)**: - Decibel AS, CEO
Previous directorships and management positions held during the last five years	**Directorships**: - MKRO AS, board member - Natholmen AS, chair - KFIV AS, chair **Management position(s)**: - N/A

Christian Åbyholm – *Board Member*

Christian Åbyholm is a partner at Kvantia AS. His prior professional experience and past employments include M&A, business development and equity research with Norsk Hydro, Aker RGI, Morgan Stanley and Merrill Lynch. He is a CFA Charterholder, has an MBA from IMD and a business degree (siviløkonom) from the Norwegian School of Economics and Business Administration. In addition, he completed the first two years of law school at the University of Oslo.

Current other directorships and management positions	**Directorships**: - Nykode Therapeutics ASA, board member - Caaby AS, chair - Kvantia AS, board member - Norda ASA, chair - Insr ASA, chair - Oliasoft AS, board member - Heroic Group AS, board member - Rector Marinus Invest AS, board member **Management position(s)**:

	- Kvantia AS, Partner
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - N/A

Birgitte Volck – *Board Member*

Birgitte Volck is a member of the Company's board of directors. In addition, she currently serves as Senior Vice President, Head of Clinical Development and Medical Affairs of Ascendis Pharma A/S (Nasdaq-listed) and as a non-executive director of Soleno Therapeutics Inc. (Nasdaq-listed). Previous senior positions in big pharma and biotech include: President, Head of R&D, Avrobio Inc; Head of R&D in Rare Diseases for GlaxoSmithKline; and CMO and SVP of Development at Swedish Orphan Biovitrum AB (Sobi). Her career also includes previous non-executive director positions at Ascendis Pharma, Wilson Therapeutics, TFS International as well as various positions at Amgen Inc., including Executive Development Director of Bone, Neuroscience & Inflammation. Birgitte Volck received her M.D. and Ph.D. degrees from the University of Copenhagen, Denmark.

Current other directorships and management positions	**Directorships**: - Nykode Therapeutics ASA, board member - Soleno Therapeutics Inc., board member **Management position(s)**: - Ascendis Pharma A/S
Previous directorships and management positions held during the last five years	**Directorships**: - Ascendis Pharma A/S, board member - Wilson Therapeutics, board member - TFS International, board member **Management position(s)**: - Avrobio Inc., President Research and Development - GlaxoSmithKline, Senior Vice President, Head of R&D Rare Diseases

Anders Tuv – *Board Member*

Anders Tuv is Chief investment Officer and heading the investment arm of the life science investment company Radforsk, which is focused on immunotherapies and precision medicines. He is an experienced investment and business development professional with broad experience from the life science industry covering management positions, strategy and business development, research collaborations, licensing deals, M&A and IPOs. He holds several chairman and non-executive director positions in biotech and medtech companies. He holds a MBE degree.

Current other directorships and management positions	**Directorships**: - Nykode Therapeutics ASA, board member - Nextera AS, board member - Photocure ASA, board member - Zelluna Immunotherapy AS, board member - Nucligen AS, board member - Pathinco Technologies AS, chair - Tuv Capital AS, chair

	- OnDosis AB, board member - Yatek Solutions AS, board member **Management position(s)**: - Radforsk Investeringsstiftelse, Chief Investment Officer
Previous directorships and management positions held during the last five years	**Directorships**: - Oslo Cancer Cluster Incubator AS - OncoImmunity AS **Management position(s)**: - N/A

Elaine Sullivan – *Board Member*

Elaine Sullivan has over 25 years of international experience working in the pharmaceutical industry and was a member of the senior R&D management teams in Eli Lilly and AstraZeneca. She has developed new molecules in therapy areas including virology, cancer, ophthalmology, respiratory and inflammation. She is currently CEO of Keltic Pharma Therapeutics whose focus is to develop new medicines in malaria, respiratory and neurology. Previously she was the co-founder and CEO of Carrick Therapeutics which developed a novel oncology pipeline rapidly transitioning from a pre-clinical start-up to a clinical stage oncology company, and truly understands the challenges of biotech company growth, development and evolution. She sits on several international boards for companies in the biotech, services and adjacent areas. She holds a Ph.D. in Molecular Virology from the University of Edinburgh, Scotland.

Current other directorships and management positions	**Directorships**: - Open Orphan PLC, Non-Executive Director - Active Biotech AB, Non-Executive Director - IP Group plc, Non-Executive Director - Evotec AG, member of the supervisory board **Management position(s)**: - Keltic Pharma Therapeutics Ltd, CEO
Previous directorships and management positions held during the last five years	**Directorships**: - Carrick Therapeutics, Ltd, board member **Management position(s)**: - Carrick Therapeutics, CEO

Anne Whitaker – *Board Member*

Anne Whitaker is an experienced executive with 30 years of experience in the life sciences industry across large pharmaceutical, biotech, and specialty pharmaceutical companies. She has extensive leadership experience, having been a CEO for three clinical-stage biotech businesses (Aerami Therapeutics, Synta Pharmaceuticals and Novoclem Therapeutics) complemented by substantial bigger pharma - most notably Valeant, Sanofi, and GSK. She held senior commercial roles with GSK at local US and global levels and was responsible for running Sanofi's North America commercial and medical operations. She serves as a non-executive director of several international companies. She holds a bachelor of science in Chemistry from the University of North Alabama, USA.

Current other directorships and management positions	**Directorships**: - Mallinckrodt Plc, Non-Executive Director

- Caladrius Biosciences Inc, Non-Executive Director
- Aerami Therapeutics, Inc., Chair, Executive Director, Non-Executive Director
- Faron Pharmaceuticals Oy, Non-Executive Director
- Bryn Pharma, Non-Executive Director
- OraSure Technologies Inc, Non-Executive Director
- Trinity Life Sciences, Director
- Curio Digital Therapeutics Director
- Anne Whitaker Group, LLC, Managing Partner

Management position(s):

- N/A

Previous directorships and management positions held during the last five years

Directorships:

- Know Bio LLC, Executive Director
- Chason Dreams, LLC, Managing Partner
- UDG Healtcare, Non-Executive Director
- CREE, Inc., Non-Executive Director
- Vectura, plc, Non-Executive Director

Management position(s):

- Aerami Therapeutics, CEO
- Novoclern Therapeutics, Director, CEO & President
- Valeant Pharmaceuticals International, Executive Vice President and Company Group Chair

Einar J. Greve – Deputy *Board Member*

Einar J. Greve works as a strategic advisor with Cipriano AS. He was previously a partner of Wikborg Rein & Co and a partner of Arctic Securities ASA. He has held and holds various positions as chair and board member of both Norwegian and international listed and unlisted companies. He holds a Master of Law degree (cand.jur.) from the University of Oslo.

Current other directorships and management positions

Directorships:

- Nykode Therapeutics ASA, board member
- Cipriano AS, chair
- Cipriano Invest AS, chair
- Deep Value Driller AS, chair
- Vålerenga Ishockey AS, chair
- C Sundtsgt 19 AS, chair
- Vålerenga Fotball Elite, board member
- Pegasi AS, board member
- Pagano AS, board member
- Positano AS, chair

Management position(s):

- Cipriano AS, Managing Director

Previous directorships and management positions held during the last five years

Directorships:

- Elliptic Laboratories AS, board member

	- Techstep ASA, chair - Solon Eiendom AS, board member - Axactor AB, chair **Management position(s)**: - N/A

12.3 Management

12.3.1 *Overview*

The management of the Company consists of nine individuals. Please find details regarding the Company's management, as at the date of this Prospectus, in the table below:

Table 20 – Overview of the members of the Company's management

Name	Position	Employed since	Shares	Options
Michael Engsig	Chief Executive Officer (CEO)	August 2019	0	3,244,927
Peter Fatum	Director, Head of QA	October 2021	0	126,448
Agnete B. Fredriksen	Chief Innovation & Strategy Officer	September 2007	48,000[1]	3,963,897
Harald Gurvin	Chief Financial Officer (CFO)	May 2021	0	940,214
Mette Husbyn	Chief Technology Officer (CTO)	October 2017	0	845,777
Katrine Husum	Sr. Director, Head of Project and Alliance Management	January 2021	0	156,383
Mikkel W. Pedersen	Chief Scientific Officer (CSO)	June 2021	0	323,348
Elise L. Ramse	Chief Human Resources (CHRO)	October 2021	0	101,787
Siri Torhaug	Chief Medical Officer (CMO)	January 2020	0	1,250,000

[1] Shares are held through Viginti AS

The Company's registered office, at Gaustadalléen 21, 0349 Oslo, Norway, serves as the business address for the members of the management in relation to their positions in the Company.

12.3.2 *Biographies of the members of management*

The following sets out a brief introduction to each of the members of the Company's management:

Michael Engsig – *Chief Executive Officer (CEO)*

Michael Engsig joined the Company in 2019. He is a broadly anchored pharmaceutical professional with extensive experience from early-stage drug discovery to late-stage development and product launches in biotech and pharma and across all major geographical areas, e.g. with Takeda and Nycomed. He holds a civil engineering (M.Sc.) degree in chemistry specializing in biotechnology from the Technical University of Denmark, and a Graduate Diploma in Business Administration (HD) in organization and leadership from Copenhagen Business School (CBS).

Current other directorships and management positions	**Directorships**: - N/A **Management position(s)**: - Nykode Therapeutics ASA, CEO
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - Klifo A/S, EVP Drug Development Counselling and Business Development

Peter Fatum – *Director, Head of QA*

Peter Fatum joined the Company in 2021. He is a senior quality manager with broad experience within quality management across GxPs, covering both investigational and commercial products. He has 25 years of experience from the pharma & medtech industry covering R&D, product support and QA/QC. Most recently, he held the role of Head of Global GxP Compliance & Quality Systems in Sobi (Swedish Orphan Biovitrum AB), a global biopharmaceutical company working with rare diseases. Past employments include senior global QA roles in ALK and Radiometer. Mr. Fatum holds an M.Sc. in chemistry and environmental biology from Roskilde University in Denmark.

Current other directorships and management positions	**Directorships**: - N/A **Management position(s)**: - Nykode Therapeutics ASA, Director, Head of QA
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - N/A

Agnete B. Fredriksen – *Chief Innovation & Strategy Officer*

Agnete B. Fredriksen is a co-founder of the Company. Her focus is on bringing vaccines from idea to clinical development, including prior roles at Affitech AS and Medinnova AS. She is the author of numerous scientific papers in the field of immunology, immunotherapy and vaccines, and has been awarded several patents in the field of immunotherapy. She is a board member of Molecular Partners AG and has held prior board positions for portfolio programs of the NRC. She holds an M.Sc. and a Ph.D. from the Institute of Immunology, Rikshospitalet Medical Center in Oslo, where she designed and developed the first Vaccibody vaccine molecules. She received the King's Gold Medal of Merit for her Ph.D. thesis describing the Vaccibody molecule.

Current other directorships and management positions	**Directorships**: - Molecular Partners AG, board member - Viginti AS, chair **Management position(s):** - Nykode Therapeutics ASA, Chief Innovation & Strategy Officer
Previous directorships and management positions held during the last five years	**Directorships**: - University of Oslo – Lice Science, board member - The Research Council of Norway – Enabling Technologies, board member - The Research Council of Norway – BIA Program, board member **Management position(s):** - Nykode Therapeutics ASA, Chief Scientific Officer and President

Harald Gurvin – *Chief Financial Officer (CFO)*

Harald Gurvin is the Chief Financial Officer of the Company, a position he has held since 2021. Prior to joining the Company, Mr. Gurvin has had a long career in the field of finance. Most recently, he served as CFO at Flex

LNG, a company owning and operating LNG carriers and listed on both the New York and Oslo Stock Exchanges. Previously, he was CFO of SFL Corporation Ltd., an international ship-owning company listed on the New York Stock Exchange. Harald holds a M.Sc. in Shipping, Trade and Finance from CASS Business School and a M.Sc. in Marine Engineering and Naval Architecture from the Norwegian University of Science and Technology.

Current other directorships and management positions	**Directorships**: - Gurvinvest AS, board member **Management position(s)**: - Nykode Therapeutics ASA, CFO
Previous directorships and management positions held during the last five years	**Directorships**: - Flex LNG Management AS, board member - SFL Management AS, board member - West Coast Brokers AS, deputy board member - Substantially all subsidiaries of SFL Corporation Ltd., board member **Management position(s)**: - Flex LNG Ltd., CFO - SFL Corporation Ltd., CFO

Mette Husbyn – *Chief Technology Officer (CTO)*

Mette Husbyn joined the Company in 2017. Her professional experience spans CMC, drug development through all clinical stages from early research to NDA/MAA filings, including regulatory filings within both the antimicrobial and immune oncology programs, as well as diagnostic imaging. Past employments include Lytix Biopharma, Nycomed Pharma, Amersham Health and GE Healthcare. She holds a Ph.D. in peptide chemistry from the University of Oslo.

Current other directorships and management positions	**Directorships**: **Management position(s)**: - Nykode Therapeutics ASA, Chief Technical Officer
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - N/A

Katrine Husum – *Sr. Director, Head of Project and Alliance Management*

Katrine joined Nykode Therapeutics in 2021. She has extensive experience with leading global drug development projects of biologics and small molecules. Her work has covered early research to late-stage development in areas including immunology, neurology, dermatology and metabolic diseases. Her past positions include roles at LEO Pharma, Agilent, Takeda and Nycomed. Katrine holds a M.Sc. in Pharmacy from the University of Copenhagen and a Master in Medical Business Strategy from the Copenhagen Business School.

Current other directorships and management positions	**Directorships**: - N/A **Management position(s)**:

	- Nykode Therapeutics ASA, Sr. Director, Head of Project and Alliance Management
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - N/A

Mikkel W. Pedersen – *Chief Scientific Officer (CSO)*

Mikkel W. Pedersen joined Nykode in 2021. He has long-standing experience in drug discovery and development within the areas of oncology, immuno-oncology and infectious diseases. His previous roles include Head of Biologics Drug Design at Servier and CSO of Symphogen, where he also held the positions VP of Antibody Discovery and Research and director of Cancer Biology and Immunology. Before that, Mikkel headed up the receptor tyrosine kinase group at the Department of Radiation Biology at Copenhagen University Hospital. Mikkel holds a Ph.D. from the University of Copenhagen and has authored over 40 peer-reviewed publications.

Current other directorships and management positions	**Directorships**: - N/A **Management position(s)**: - Nykode Therapeutics ASA, Chief Scientific Officer
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - Servier, Head of Biologics Drug Design - Symphogen A/S, Chief Scientific Officer

Elise L. Ramse – *Chief Human Resources Officer (CHRO)*

Elise L. Ramse joined Nykode Therapeutics in 2021 as Chief Human Resources Officer. She has extensive experience with HR and organizational development in the Global Pharmaceutical and Medtech industry, her prior position being at Novartis in Norway as Head of People & Organization. Elise has since 2019 acted as Leader of the Education Committee in The Life Science Cluster at the Oslo Science Park, enabling collaboration and partnerships with several academic organizations (UIO, OsloMet, BI, NMBU), with a focus on designing education programmes based on the industry's future need of competencies and innovation capabilities. Elise holds a bachelor of Management from BI Norwegian Business School and is currently finalizing an Executive Master of Management program specializing in Human Resources Management and Employment law.

Current other directorships and management positions	**Directorships**: - N/A **Management position(s)**: - Nykode Therapeutics ASA, Chief Human Resources Officer
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - N/A

Siri Torhaug – *Chief Medical Officer (CMO)*

Siri Torhaug joined the Company as Chief Medical Officer in January 2020. She has broad experience in clinical development and translational research. Furthermore, she has extensive experience in scientific and medical affairs covering relevant tumor areas, R&D and general management of cancer drug development as well as product launches and life cycle management for several oncology products. Past employments include Oslo University Hospital (Radiumhospitalet), one of the premier oncology hospitals in Europe, as well as Novartis and AstraZeneca. She is a medical doctor and a certified clinical specialist in oncology.

Current other directorships and management positions	**Directorships**: - T5 Invest AS, board member **Management position(s)**: - Nykode Therapeutics ASA, Chief Medical Officer
Previous directorships and management positions held during the last five years	**Directorships**: - N/A **Management position(s)**: - N/A

12.4 Remuneration and benefits

12.4.1 *Remuneration of the Board of Directors¨*

The below table sets forth the amount of remuneration paid by the Company to its Board of Directors for the financial year ended 31 December 2021:

Table 21 – Remuneration of the Board of Directors

Name	Position	Total remuneration *(In USD thousands)*
Martin Nicklasson	Chair	2
Bernd Robert Seizinger	Board Member	53
Lars Lund-Roland	Former Board Member	33
Jan Haudemann-Andersen	Board Member	33
Einar Jørgen Greve	Deputy Board Member and former Board Member	33
Christian Åbyholm	Board Member	33
Birgitte Volck	Board Member	29
Anders Tuv	Board Member	82
Trygve Lauvdal	Observer to the Board and former Board Member	32
Susanne Stuffers	Former Board Member	18
Total		**348**

12.4.2 *Remuneration of the Management*

The below table sets forth the amount of remuneration paid by the Company to its executive management for the financial year ended 31 December 2021.

Table 22 – Remuneration of the Management

Name	Position	Salary *(In USD thousands)*	Bonus *(In USD thousands)*	Pension *(In USD thousands)*	Other compensation *(In USD thousands)*	Total remuneration *(In USD thousands)*
Michael Engsig	Chief Executive Officer (CEO)	330	158	20	59	567
Other management		1,290	275	116	134	1,815
Total		**1,620**	**433**	**136**	**193**	**2,382**

12.5 Employees

The Group had 128 employees as of 31 March 2022.

The table below shows the development in the number of employees in the Group for the years ended 31 December 2021, 2020 and 2019.

Table 23 – Employees	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Group	102	51	24

The table below shows the number of full-time employees of the Group by geographic location.

Table 24 - Geographic location	As of 31 December 2021	As at 31 December 2020	As at 31 December 2019
Norway	84	51	24
Denmark	15	0	0
Total	99	0	0

12.6 Share incentive programs

The Company has implemented a long-term share incentive scheme for certain eligible employees as decided by the Board. The current guidelines for the incentive scheme were approved in 2020 and shall apply for 2021-2023. As a main rule, the Company grants options annually shortly after the annual general meeting, however the Company may in its sole discretion decide to grant options on an ad hoc basis.

If an option holder's employment is terminated by the Company for cause (gross breach of duty), all unexercised options shall lapse, regardless whether they are vested or not.

If an option holder resigns from his/her employment with the Company at his/her request, or if the option holder is lawfully dismissed by the Company, all his/her unvested options shall lapse. Options which are vested prior to the date of notice of resignation/dismissal may be exercised at the later of (i) the expiry of the second exercise period following the termination date of the option holders' employment, and (ii) six months following the termination date of the option holders' employment.

Unless otherwise determined by the Board, the base strike price for options granted in the annual grant shall be equal to the VWAP for the last 20 trading days before the date of the annual general meeting, while the base strike price for options granted in an onboarding shall be equal to the VWAP for the last 20 trading days before the date of the first working day for the option holder.

The exercise price of exercised options shall be settled by cash contribution.

12.7 Benefits upon termination

If Michael Engsig's contract is terminated by the Board of Directors, he is entitled to severance pay of eight months in addition to the ordinary notice period of six months.

For other members of the executive management team, there will be an individual assessment of severance packages that are reasonable in relation to responsibility and seniority and the reason for the termination of the employment.

12.8 Pension and retirement benefits

For the three months ended 31 March 2022, the Group recognized an expense of total USD 0.3 million in pension costs (compared to USD 0.1 million for the three months ended 31 March 2021). The Group has a defined contribution pension plan for its employees which satisfies the statutory requirements under the Norwegian law on required occupational pension (Nw.: *lov om obligatorisk tjenestepensjon*). For the Group's employees in Denmark, the Group has established a pension scheme which satisfies the requirements under Danish law.

The schemes are defined contribution plans. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations. The Company holds mandatory occupational injury insurance for its employees, in addition to leisure accident insurance, treatment insurance and travel insurance.

The table below sets out the Company's employee benefit expenses.

Table 25 – Employee benefit expenses	**2021** *(In USD thousands)*	**2020** *(In USD thousands)*	**2019** *(In USD thousands)*
Salaries	8,677	4,114	2,963
Social security costs	3,486	1,934	782
Pension costs	812	120	65
Shared-based payment expense	3,444	2,598	889
Social security cost on share-based payment	(480)	7,185	1,875
Other employee expenses	907	98	(495)
Total employee benefit expenses	**16,846**	**16,049**	**6,079**

12.9 Nomination committee

The nomination committee is appointed at the Company's general meeting, pursuant to Article 8 of the Company's articles of association. The nomination committee is responsible for recommending candidates to the Board of Directors and the remuneration of the Board of Directors in accordance with the instructions for the nomination committee issued by the Board of Directors and sanctioned by the shareholders in the Company's general meeting.

The nomination committee consists of three members, all deemed to be independent of the Board of Directors and the Company's management:

- Harald Arnet (chair), CEO of the Datum group, a large shareholder of the Company;
- Lars Erik Larsson, employed with RASMUSSENGRUPPEN AS, a large shareholder of the Company; and
- Jan Fikkan.

The nomination committee was re-elected at the Annual General Meeting held on 12 May 2022.

12.10 Audit committee

The Company's audit committee consists of Anders Tuv (chair), Martin Nicklasson and Christian Åbyholm.

The audit committee's main duties is to:

- prepare the Board of Director's supervision of the Company's financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the Company's auditors regarding the audit of the annual accounts;
- review and monitor the independence of the Company's auditors;
- pre-approve all audit-related and other significant services provided by the Company's auditors.

The audit committee shall consist of at least two members.

12.11 Remuneration committee

The Board of Directors has appointed a remuneration committee, which determines the remuneration policy and general guidelines for incentive remuneration for the Company's management, as well as proposals on the targets for company-operated performance-related incentive programs. The remuneration committee is chaired by Martin Nicklasson and other members are Anders Tuv, Jan Haudemann-Andersen and Anne Whitaker.

12.12 Research & Development Committee

The Board of Directors has appointed a research & development committee, which oversees matters relating to the Company's scientific and technological capabilities and development programs and report to the Board of Directors regarding such matters to help facilitate the Board of Director's oversight of: The Company's investment in research and development, product improvements and technology; and the Company's strategy and processes regarding engagement of the scientific community, support of research and clinical studies and development of scientific data generated by the Company's product candidates. The research & development committee also monitors and evaluates significant emerging trends and issues in science and technology relevant to the Company and assists the Board of Directors and management in implementing appropriate advisory and thought-leader interactions. The research & development committee is chaired by Elaine Sullivan and other members are Bernd R. Seizinger and Birgitte Volck.

12.13 Corporate Governance

The Company has adopted and implemented a corporate governance regime which in all material respects complies with the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the "**Corporate Governance Code**").

Neither the Board of Directors nor the Company's general meeting of shareholders have adopted any resolutions which are deemed to have a material impact on the Group's corporate governance regime.

12.14 Conflict of interests

Christian Åbyholm is on the board of directors at Rector Marinus Invest AS, which on 9 May 2022 filed for bankruptcy in Norway. Further, Anne Whitaker is a non-executive director at Mallinckrodt, which has filed for a Chapter 11 restructuring process in the United States.

Other than set out above, during the last five years preceding the date of this Prospectus, none of the Board Members or the members of the Management has, or had, as applicable:

- any convictions in relation to fraudulent offences;
- been involved in any bankruptcies, receiverships, liquidations, or companies put into administration where he/she has acted as a member of the administrative, management or supervisory body of a company, nor as partner, founder or senior manager of a company; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of affairs of any issuer.

There are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Management or the Board of Directors, including any family relationships between such persons.

13 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARES

This section includes a summary of certain information relating to the Company's shares and certain shareholder matters, including summaries of certain provisions of applicable law in effect as of the date of this Prospectus. The mentioned summaries do not purport to be complete and is qualified in its entirety by the Company's Articles of Association (attached hereto as Appendix A) and Norwegian law.

13.1 Company corporate information

The Company's registered legal and commercial name is Nykode Therapeutics ASA. The Company is a public limited liability company organized and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The Company's registration number in the Norwegian Register of Business Enterprises is 990 646 066 and the Company's Legal Entity Identifier code (LEI-code) is 254900UKQHWYZJD22017.

The Company was incorporated in Norway on 22 November 2006 as a private limited liability company and transformed to a public limited liability company following the extraordinary general meeting held on 12 May 2022.

The Shares have been created under the Norwegian Public Limited Liability Companies Act. The Shares are registered in book-entry form with the VPS under ISIN NO 0010714785. The Company's register of shareholders in the VPS is administered by the VPS Registrar.

The Company's registered office is located at Gaustadalléen 21, 0349 Oslo, Norway and the Company's main telephone number is +47 22 95 81 93. The Company's website can be found at www.nykode.com. The content of the Company's website is not incorporated by reference into, nor otherwise forms part of, this Prospectus.

13.2 Legal structure

The Company functions as the parent company of the Group. The following table sets out information about the Company's (directly or indirectly owned) subsidiaries:

Table 25 - Group structure

Subsidiary / Operating division	Shareholding	Voting rights	Country of incorporation	Description
Nykode Therapeutics Denmark A/S	100%	100%	Denmark	Nykode Therapeutics Denmark A/S' only function is to serve as an employer for Danish employees working for the Company. There is no other activity in Nykode Therapeutics Denmark A/S.

13.3 Share capital and share capital history

As of the date of this Prospectus, the Company's current share capital is NOK 2,900,694.09 divided on 290,069,409 Shares, each with a nominal value of NOK 0.01. All Shares are validly issued, fully paid and non-assessable.

The Company has only one class of Shares. Accordingly, there are no differences in the voting rights among the Shares. Each Share carries one vote and all Shares carry equal rights in all respects, including rights to dividends.

The table below shows the development in the Company's share capital for the period covered by the historical financial information, i.e. from 2019 and up to the date of this Prospectus:

Table 26 – Development in Share capital

Date registered	Type of change	Type of issue	Share capital increase (NOK)	Share capital (NOK)	Subscription price (NOK/share)	Par value (NOK/share)	Issued shares	Total shares
19.03.2019	Share capital increase	Private placement	287,500	2,711,494	40.00	0.05	5,750,000	54,229,880
11.10.2019	Share capital increase	Exercise of warrants	2,200	2,713,694	12.50	0.05	44,000	54,273,880
01.11.2019	Share capital increase	Exercise of warrants	28,400	2,742,094	4.00 / 12.50	0.05	568,000	54,841,880
13.11.2019	Share capital increase	Exercise of warrants	6,560	2,748,654	12.50	0.05	131,200	54,973,080
17.01.2020	Share capital increase	Exercise of warrants	41,230	2,789,883.80	0.05	0.05	824,596	55,797,676
04.03.2020	Share capital increase	Exercise of warrants	27,700	2,817,583.80	3.235 / 4.00 / 12.50	0.05	554,000	56,351,676
01.04.2020	Share capital increase	Exercise of warrants	10,333	2,827,916.80	3.235 / 4.00 / 12.50	0.05	206,660	56,558,336

14.07.2020	Share split	-	0	2,827,916.80	-	0.01	226,233,344	282,791,680
02.09.2020	Share capital increase	Exercise of warrants	7,500	2,835,416.80	2.50	0.01	750,000	283,541,680
16.09.2020	Share capital increase	Exercise of warrants	860	2,836,276.80	0.80 / 2.50	0.01	86,000	283,627,680
21.10.2020	Share capital increase	Exercise of warrants	9,100	2,845,376.80	0. 80 / 2.50	0.01	910,000	284,537,680
29.12.2020	Share capital increase	Exercise of warrants	2,475	2,847,851.80	0.80	0.01	247,500	284,785,180
16.03.2021	Share capital increase	Exercise of warrants	8,286.65	2,856,138.45	2.50 / 4.00 / 7.00	0.01	828,665	285,613,845
11.05.2021	Share capital increase	Exercise of warrants	5,300	2,861,438.45	0.65 / 12.20	0.01	530,000	286,143,845
29.06.2021	Share capital increase	Exercise of warrants	4,000	2,865,438.45	2.50	0.01	400,000	286,543,845
07.09.2021	Share capital increase	Exercise of warrants	4,678.64	2,870,117.09	2.50	0.01	467,864	287,011,709
28.10.2021	Share capital increase	Exercise of warrants	1,700.01	2,871,817.10	4.00	0.01	170,001	287,181,710
01.11.2021	Share capital increase	Exercise of warrants	660	2,872,477.10	37.50	0.01	66,000	287,247,710
09.12.2021	Share capital increase	Private placement	22,550.34	2,895,027.44	79.07	0.01	2,255,034	289,502,744
20.12.2021	Share capital increase	Exercise of warrants	1,166.65	2,896,194.09	8.00	0.01	116,665	289,619,409
01.03.2022	Share capital increase	Exercise of warrants	3,000	2,899,194.09	12.20/18.00	0.01	300,000	289,919,409
08.04.2022	Share capital increase	Exercise of warrants	1,500	2,900,694.09	18.00	0.01	150,000	290,069,409

13.4 Admission to trading

The Shares have been admitted to trading on Euronext Growth Oslo, a market operated by Oslo Børs since 7 October 2020 under the ticker code "NYKD" with ISIN NO 0010714785. On 8 June 2022, the Company applied for the Shares to be admitted to trading and Listing on Oslo Børs. The Company's listing application was approved by Oslo Børs on 13 June 2022. Upon Listing, the Shares will be deregistered from Euronext Growth Oslo and will be admitted to trading through the facilities of Oslo Børs. Trading in the Shares on Oslo Børs is expected to commence on or about 16 June 2022, under the ticker code "NYKD". Other than above, the Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

13.5 Board authorization to issue shares

On 12 May 2022, the Company's Annual General Meeting resolved to authorize the Board of Directors to increase the share capital by a maximum amount of NOK 290,069 in one or more share capital increases through issuance of new shares. The subscription price per share shall be fixed by the Board of Directors in connection with each issuance and the authorization is valid until the Annual General Meeting in 2023, however no longer than until 30 June 2023.

Further, the Company's Annual General Meeting resolved to authorize the Board of Directors to increase the share capital in connection with issuance of shares to employees and board members in relation with option and incentive programs, both individually and collectively. The Board of Directors was granted authorization to increase the share capital by a maximum amount of NOK 50,000 in one or more share capital increases through issuance of new shares. The authorization is valid until the Annual General Meeting in 2023, however, no longer than until 30 June 2023.

13.6 Authorization to acquire treasury Shares

As of the date of this Prospectus, the Company's general meeting has not issued an authorization to acquire treasury Shares.

13.7 Other financial instruments

As of 31 March 2022, there are a total of 9,918,235 active and outstanding (not yet exercised) warrants and 3,204,789 active and outstanding (not yet exercised) options. The outstanding warrants and options have a weighted average strike price of NOK 18.5697 and an expiry between 20 December 2022 and 1 November 2026. In addition to the above, member of the Board, Birgitte Volck, has been granted 4,674 restricted share units (RSUs) with a strike price of NOK 0.01 and that expire on 5 May 2025.

13.8 Shareholder rights

The Company has one class of Shares on issue, and in accordance with the Norwegian Public Limited Liability Companies Act, all Shares in that class provide equal rights in the Company, including the rights to dividends. Each of the Company's Shares carries one vote. The rights attached to the Shares are described in Section 13.13 *"The Articles of Association and certain aspects of Norwegian law"*.

13.9 Takeover bids and forced transfer of shares

The Company has not received any takeover bids since its inception.

13.10 Change in control

As of the date of this Prospectus, to the knowledge of the Company, there are no arrangements or agreements, which may at a subsequent date result in a change in control in the Company.

13.11 Transferability of the Shares

The Shares are freely transferable pursuant to the Company's articles of association, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal. Pursuant to the Company's articles of association, the Company's Shares shall be registered in the VPS.

13.12 Ownership structure

As of 13 June 2022, the Company had 5,515 registered shareholders in the VPS. An overview of shareholders holding 5% or more of the Shares of the Company as of 13 June 2022 is set out below:

Table 27 – Overview of major shareholders

#	Shareholder	No. of Shares	Percentage
1	RASMUSSENGRUPPEN AS	28,180,750	9.71%
2	Datum Opportunity AS	26,000,000	8.96%
3	Radforsk Investeringsstiftelse	24,057,000	8.29%
4	Victoria India Fund AS	17,255,175	5.94%

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 15.8 *"Disclosure obligations"* for a description of the disclosure obligations pursuant to the Norwegian Securities Trading Act. As at the date of this Prospectus, four shareholders hold 5% or more of the Shares of the Company.

The Company is not aware of any persons or entities who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

No particular measures are initiated to ensure that control is not abused by large shareholders. Minority shareholders are protected from abuse by relevant regulations in inter alia the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Act. See Section 13.14.2 *"Certain aspects of Norwegian law"* and 15.11 *"Compulsory acquisition"* for further information.

13.13 The Articles of Association and certain aspects of Norwegian law

13.13.1 *The Articles of Association*

The Company's Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of certain of the provisions of the Articles of Association (office translation).

Company name

Pursuant to Section 1 of the Articles of Association, the Company's name is Nykode Therapeutics ASA. The company is a public limited liability company.

Registered office

Pursuant to Section 3 of the Articles of Association, the Company's business address is in the municipality of Oslo.

Purpose of the Company

Pursuant to Section 2 of the Articles of Association, the Company's purpose is to develop biomedical products and services. The purpose can be promoted by participating in or collaborating with other companies domestic and abroad or advisory businesses.

Share capital and nominal value

Pursuant to Section 4 of the Articles of Association, the company's share capital is NOK 2,900,694.09 divided on 290,069,409 Shares, each with a nominal value of NOK 0.01. The company's shares shall be registered in the Norwegian Central Securities Depository (VPS).

Transfer of shares

Pursuant to Section 5, the company's shares are freely transferable.

Board of Directors

Pursuant to Section 7, the board of directors shall consist of between two to eight board members, as decided by the general meeting.

Signature

Pursuant to Section 9, two board members have the authority to sign on behalf of the Company jointly. The Board of Directors may grant power of procuration.

Nomination committee

Pursuant to Section 8 of the Articles of Association, the Company shall have a nomination committee, elected by the General Meeting.

General meetings

Pursuant to Section 10 of the Articles of Association, the General Meeting shall resolve:

- Approval of the annual accounts and the directors' report, including distribution of dividend;
- Election of board;
- Determination of board remuneration and auditor's remuneration; and
- Any other business that, by law or pursuant to the articles of association, is to be transacted at the general meeting.

Change of control

There are no provisions in the Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Company.

13.13.2 *Certain aspects of Norwegian law*

13.13.2.1 General meeting of shareholders

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held on or prior to 30 June of each year. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual general meeting of a Norwegian public limited liability company listed on a stock exchange or a regulated market shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of a Norwegian public limited liability company may with a majority of at least two-thirds of the aggregate number of votes cast, as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a 14 days' notice period until the next annual general meeting, provided that the Company has procedures in place allowing shareholders to vote electronically. This has currently not been resolved by the Company's general meeting of shareholders.

Each of the Company's shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favor of the resolution, as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account ("**NOM-account**"). A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from such NOM-account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the date of the general meeting.

There are no quorum requirements that apply to the general meetings.

13.13.2.2 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the

Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to amend the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorize the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company.

13.13.2.3 Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

13.13.2.4 Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the General Meeting of the Company cannot be granted for a period exceeding 24 months.

13.13.2.5 Shareholder vote on certain reorganizations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the

Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

13.13.2.6 Liability of board members

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

13.13.2.7 Indemnification of board members

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for its Board Members against certain liabilities that they may incur in their capacity as such.

13.13.2.8 Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

13.14 Shareholder agreements

The Company is not aware of any shareholders' agreements related to the Shares, which will be in force upon Listing.

14 TRANSFER RESTRICTIONS

14.1 General

The Shares may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or sold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risk of the investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this Prospectus shall not constitute an offer for Shares and this Prospectus is for information only and should not be copied or redistributed. Accordingly, if an existing shareholder receives a copy of this Prospectus, the existing shareholder should not distribute or send the same, or transfer the Shares to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an existing shareholder forwards this Prospectus into any such territories (whether under a contractual or obligation or otherwise), the existing shareholder should direct the recipient's attention to the contents of this Section 14 *"Transfer restrictions".*

The Shares may not be transferred or delivered, directly or indirectly, in or into, any jurisdiction in which it would not be permissible to transfer the Shares and this Prospectus shall not be accessed by any person in any jurisdiction it would not be permissible to transfer the Shares.

The information in this Section 14 *"Transfer restrictions"* is intended as a general guide only. If any recipient is in any doubt of any of the contents of these restrictions, or whether any of these restrictions apply to that recipient, the recipient should obtain independent professional advice without delay.

14.2 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Prospectus.
- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that

it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.

- The purchaser acknowledges that the Company, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.
- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.
- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.
- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

14.3 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the information in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

- it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

- in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

15 SECURITIES TRADING IN NORWAY

Set out below is a summary of certain aspects of securities trading in Norway. The summary is based on the rules and regulations in force in Norway as at the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be a comprehensive description of securities trading in Norway. Investors who wish to clarify aspects of securities trading in Norway should consult with and rely upon their own advisors.

15.1 Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway through five different marketplaces: Oslo Børs, Euronext Expand, Euronext Growth, Nordic ABM and Oslo Connect. Oslo Børs ASA is 100% owned by Oslo Børs VPS Holding ASA, which was in 2019 acquired by Euronext N.V., a European stock exchange with registered office in Amsterdam and corporate headquarters at La Défense in Greater Paris which operates markets in Amsterdam, Brussels, London, Lisbon, Dublin, Oslo and Paris. Oslo Børs ASA owns 97% of the shares in Fish Pool ASA. Oslo Børs ASA complies with the European code of conduct commitments on service unbundling and accounting separation. Oslo Børs VPS Holding ASA also wholly-owns the Norwegian Central Securities Depository (VPS).

15.2 Market value of shares on Oslo Børs

The market value of all shares on Oslo Børs, including the Shares following the Listing, may fluctuate significantly, which could cause investors to lose a significant part of their investment. The market value of listed shares could fluctuate significantly in response to a number of factors beyond the respective issuer's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the respective issuer or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the issuer, its products and services or its competitors, lawsuits against the issuer, unforeseen liabilities, changes in management, changes to the regulatory environment in which the issuer operates or general market conditions.

Furthermore, future issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the shares. Any issuer, including the Company, may in the future decide to offer additional shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including for refinancing purposes. There are no assurances that any of the issuers on Oslo Børs will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If a listed company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted, and thereby affect share price.

15.3 Trading and settlement

As of the date of this Prospectus, trading of equities on Oslo Børs is carried out in the electronic trading system Optiq, which is the electronic trading system of Euronext.

Official regular trading for equities on Oslo Børs takes place between 09:00 hours (Oslo time) and 16:20 hours (Oslo time) each trading day, with pre-trade period between 08:15 hours (Oslo time) and 09:00 hours (Oslo time), closing auction from 16:20 hours (Oslo time) to 16:25 hours (Oslo time) and a post-trade period from 16:25 hours (Oslo time) to 17:30 hours (Oslo time). Reporting of after exchange trades can be done until 17:30 hours (Oslo time).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making

activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

15.4 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

15.5 The VPS and transfer of shares

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being the Central Bank of Norway), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the Company's Articles of Association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

15.6 Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. Beneficial owners of shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the VPS prior to any general meeting of shareholders. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about

beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. There is no assurance that beneficial owners of Shares will receive notices of any General Meetings in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners. For more information on nominee accounts, see Section 13.14.2 *"Certain aspects of Norwegian corporate law"* under the subheading *"Voting rights – amendments to the articles of association"*.

15.7 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign. Foreign investors are, however, to note that the rights of holders of listed shares of companies incorporated in Norway are governed by Norwegian law and by the respective company's articles of association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by a listed company in respect of wrongful acts committed against such company will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against such company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions. For more information, see Section 13.14.2 *"Certain aspects of Norwegian corporate law"*.

15.8 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

15.9 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Chapter 2 of the Article Market Abuse Regulation (EU) 596/2014, pursuant to Section 3-1 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

15.10 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (or provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The settlement must be guaranteed by a financial institution authorized to provide such guarantees in Norway.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

15.11 Compulsory acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be

determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

15.12 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

15.13 Other information

15.13.1 *Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares*

The Company may in the future decide to offer and issue new Shares or other securities in order to finance new capital intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

15.13.2 *Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway*

The Company is a public limited liability company organized under the laws of Norway. Three board members and the majority of the members of the management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

15.13.3 *Norwegian law could limit shareholders' ability to bring an action against the Company*

The rights of holders of the Shares are governed by Norwegian law and by the Company's Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

15.13.4 *Investors could be unable to exercise their voting rights for Shares registered in a nominee account*

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) could be unable to vote for such Shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (VPS) prior to any general meeting of shareholders. There is no assurance that beneficial owners of the Shares will receive the notice of any general meeting of shareholders in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

15.13.5 *Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders*

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders, existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction.

The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares. Doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

16 NORWEGIAN TAXATION

*The following is a brief summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of Shares by holders that are residents of Norway for purposes of Norwegian taxation (**"resident or Norwegian shareholders**") and holders that are not residents of Norway for such purposes (**"non-resident or foreign shareholders**").*

The summary is based on applicable Norwegian laws, rules and regulations as at the date of this Prospectus. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. The summary is of a general nature and does not purport to be a comprehensive description of all tax considerations that may be relevant and does not address taxation in any other jurisdiction than Norway.

The summary does not concern tax issues for the Company and the summary only focuses on the shareholder categories explicitly mentioned below. Special rules may apply to shareholders who are considered transparent entities for tax purposes, for shareholders holding shares through a Norwegian permanent establishment and for shareholders that have ceased or cease to be resident in Norway for tax purposes.

Each shareholder, and specifically non-resident shareholders, should consult with and rely upon their own tax advisers to determine their particular tax consequences.

16.1 Taxation of dividends

16.1.1 *Resident corporate shareholders*

Dividends distributed from the Company to Norwegian corporate shareholders (i.e. limited liability companies and certain similar entities) are generally exempt from tax pursuant to the participation exemption method (Norwegian: "*Fritaksmetoden*"). However, 3% of such dividends are taxable as general income at a current rate of 22%, implying that dividends distributed from the Company to resident corporate shareholders are effectively taxed at a rate of 0.66%. For Norwegian corporate shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax, the effective tax rate of taxation of dividends is 0.75%.

16.1.2 *Resident personal shareholders*

Dividends distributed from the Company to Norwegian personal shareholders are taxed as ordinary income at a current rate of 22% to the extent the dividends exceed a statutory tax-exempt allowance (Nw.: *skjermingsfradrag*). The tax basis is upward adjusted with a factor of 1.6 before taxation, implying that dividends exceeding the tax free allowance are effectively taxed at a rate of 35.20%.

The tax-exempt allowance is calculated and applied on a share-by-share basis. The allowance for each share equals the cost price of the share multiplied by a risk-free interest rate determined based on the interest rate on Norwegian treasury bills with three months maturity plus 0.5 percentage point, and adjusted downwards with the tax rate. The allowance one year is allocated to the shareholder owning the share on 31 December. Norwegian personal shareholders who transfer Shares during an income year will thus not be entitled to deduct any calculated allowance related to the transaction year. The Directorate of Taxes announces the risk free-interest rate in January the year after the income year.

Any part of the calculated allowance one year exceeding distributed dividend on a Share (excess allowance) can be carried forward and set off against future dividends (or capital gains) on the same Share (but may not be set off against taxable dividends / capital gains on other Shares). Furthermore, for the purpose of calculating the allowance the following years, any excess allowance is added to the cost price of the share and thereby included in the basis calculating the tax-free allowance on the same share the following year.

Norwegian Personal Shareholders may hold the shares through a Norwegian share saving account (Nw.: *aksjesparekonto*). Dividends received on shares held through a share saving account will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the paid in deposit will be regarded as taxable income, regardless of whether the funds are derived from gains or dividends related to the shares held in the account. Such income will be taxed with an effective tax rate of 35.20% (2022), cf. above. Norwegain Personal Shareholders will still be entitled to a calculated tax-free allowance. Please refer to Section 16.2.2 "Taxation upon realization of shares resident personal shareholders" for further information in respect of Norwegian share saving accounts.

16.1.3 *Non-Norwegian Personal Shareholders*

Dividends distributed to shareholders who are individuals not residing in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders residing within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (please see "Taxation of dividends – Norwegian Personal Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation of the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

All Non-Norwegian Personal Shareholders must document their entitlement to a reduced withholding tax rate by obtaining a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the sharheolder is resident in that state. The documentation must be provided to either the nominee or the account operator (VPS) and cannot be older than three years.

Non-Norwegian Personal Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

Non-Norwegian Personal Shareholders resident in the EEA for tax purposes may hold their shares through a Norwegian share saving account. Dividends received on and gains derived upon the realization of shares held through a share saving account by a Non-Norwegian Personal Shareholder resident in the EEA will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the Non-Norwegian Personal Shareholder's paid in deposit, will be subject to withholding tax rate at a rate of 25% (unless reduced pursuant to an applicable tax treaty). Capital gains realized upon realization of shares held through the share saving account will be regarded as paid in deposits, which may be withdrawn without taxation. Losses will correspondingly be deducted from the paid in deposit, reducing the amount which can be withdrawn without withholding tax.

The obligation to deduct and report withholding tax on shares held through a saving account, ref. above, lies with the account operator.

16.1.4 *Non-Norwegian Corporate Shareholders*

Dividends distributed to shareholders who are limited liability companies (and certain other entities) domiciled outside of Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders domiciled within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Non-Norwegian Corporate Shareholders who have suffered withholding tax although qualifying for the Norwegian participation exemption.

All Non-Norwegian Corporate Shareholders must document their entitlement to a reduced withholding tax rate by either (i) presenting an approved withholding tax refund application or (ii) present an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate. In addition, a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state, must be obtained. Such documentation must be provided to either the nominee or the account operator (VPS).

In order for a Non-Norwegian Corporate Shareholder resident in the EEA to be exempt from withholding tax, the company must provide all documentation mentioned above, as well as a declaration stating that the circumstances entitling the company to the exemption have not changed since the documentation was issued.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Corporate Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

16.2 Taxation upon realization of shares

16.2.1 *Resident corporate shareholders*

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for participation exemption, including shares in the Company. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purpose.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

16.2.2 *Resident personal Shareholders*

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realized by Norwegian Personal Shareholders is currently 35.20 % (for 2022); i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.60 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22% (2022), increasing the effective tax rate on gains/losses realized by Norwegian Personal Shareholders to 35.20%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 16.1.2 "Taxation of dividends resident personal shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set of against gains form realization of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

Gains derived upon the realization of Shares held through a share saving account (Nw.: *aksjesparekonto*) will be exempt from Norwegian taxation and losses will not be tax deductible. Instead, withdrawal of funds from the

share saving account exceeding the Norwegian Personal Shareholder's paid in deposit, will be regarded as taxable income, subject to tax at an effective tax rate of 35.20% (for 2022). Norwegian Personal Shareholders will be entitled to a calculated tax-free allowance provided that such allowance has not already been used to reduce taxable dividend income (please see "Taxation of dividends – Norwegian Personal Shareholders" above). The tax-free allowance is calculated based on the lowest paid in deposit in the account during the income year, plus any unused tax-free allowance from previous years. The tax-free allowance can only be deducted in order to reduce taxable income, and cannot increase or produce a deductible loss. Any excess allowance may be carried forward and set off against future withdrawals from the account or future dividends received on shares held through the account.

Norwegian Personal Shareholders holding shares through more than one share savings account may transfer their shares or securities between the share saving accounts without incurring Norwegian taxation.

16.2.3 *Non-resident shareholders*

Gains from realization of Shares by non-resident shareholders will not be subject to taxation in Norway unless (i) the Shares are effectively connected with business activities carried out or managed in Norway, or (ii) the Shares are held by an individual who has been a resident of Norway for tax purposes with unsettled/postponed exit tax. Please refer to section 16.1.216.1.2 "Taxation of dividends resident personal shareholders" above for a description of the availability of a Norwegian share saving acocunt

16.3 Net wealth tax

Norwegian corporate shareholders are not subject to net wealth tax.

Norwegian personal shareholders are generally subject to net wealth taxation in Norway on net (taxable) wealth exceeding NOK 1,700,000. The net wealth tax rate is currently 0.95 per cent on net wealth between NOK 1,700,000 and NOK 20,000,000, and 1.10 per cent on net wealth exceeding NOK 20,000,000. The general rule is that the Shares will be included in the net wealth with 75% of the Shares' listing value as of 1 January in the assessment year, i.e. the year following the income year.

Non-resident shareholders (personal and corporate) are generally not subject to Norwegian net wealth tax, unless the Shares are held in connection with business activities carried out or managed from Norway.

16.4 Stamp duty / transfer tax

Norway does not impose any stamp duty or transfer tax on the transfer or issuance of Shares.

Norway does not impose any inheritance tax. However, the heir continues the giver's tax positions, including the input values, based on principles of continuity.

16.5 The Company's responsibility for the withholding of taxes

The Company is responsible for and shall deduct, report and pay any applicable withholding tax to the Norwegian tax authorities.

16.6 Cautionary note

Potential investors should be aware that the tax legislation of the investor's Member State and of the Company's country of incorporation may have an impact on the income received from the securities.

17 ADDITIONAL INFORMATION

17.1 Independent auditor

The Company's independent auditor is Deloitte AS, with registration number 980 211 282 and business address at Dronning Eufemias gate 14, 0191 Oslo, Norway. Deloitte AS is a member of The Norwegian Institute of Public Accountants (Nw.: *Den Norske Revisorforeningen*). Deloitte AS has been the Company's auditor throughout the period covered by financial information included in this Prospectus.

The Annual Financial Statements have been audited by Deloitte AS as set forth in their report included herein.

Deloitte AS has not audited, reviewed or produced any report on any other information provided in this Prospectus.

17.2 Advisors

DNB Markets, a part of DNB Bank ASA (address: Dronning Eufemias gate 30, 0191 Oslo, Norway), Carnegie AS (address: Fjordalléen 16, Aker Brygge, 0106 Oslo, Norway) and Arctic Securities AS (address: Haakon VIIs gate 5, 0123 Oslo, Norway) are acting as Managers in connection with the Listing.

Advokatfirmaet Schjødt AS (address: Ruseløkkveien 14-16, N-0251 Oslo, Norway) functions as the Company's Norwegian legal counsel.

17.3 Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Gaustadalléen 21, 0349 Oslo, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- the Company's certificate of incorporation and Articles of Association;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus; and
- this Prospectus.

The documents are also available at the Company's website www.nykode.com. The content of www.nykode.com is not incorporated by reference into, or otherwise form part of, this Prospectus.

17.4 External documents of interest

The information incorporated by reference in this Prospectus should be read in connection with the cross-reference table set out below. Except from this section, no other information is incorporated by reference in this Prospectus.

Table 28 – External documents of interest

Reference document and link
Admission document Euronext Growth Oslo: https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=514979&attachmentId=206176&obsvc.item=1

18 DEFINITIONS AND GLOSSARY

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus:

Table 29 – Definitions and glossary

Defined terms	Meanings
Annual Financial Statements	The Company's annual financial statements for the financial years ended 31 December 2021, 2020 and 2019.
Articles of Association	The articles of association of the Company
APC	Antigen presenting cell
Board Members or Board of Directors	The members of the board of directors of the Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Companies Act	Norwegian Public Limited Companies Act of 1997 No. 45
Company or Nykode	Nykode Therapeutics ASA
Corporate Governance Code	Norwegian Code of Practice for Corporate Governance, dated 14 October 2021
CRs	Complete responses
DCR	Disease control rate
Deloitte	Deloitte AS, the Company's auditor
EEA	The European Economic Area
ESMA	The European Securities and Markets Authority
EU	The European Union
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act
EUR	The single currency of the participating member states in the EU participating in the European Monetary Union having adopted euro as its lawful currency
Euronext Growth	A multilateral trading facility operated by Oslo Børs ASA
Forward-looking statements	All statements other than historic facts or present facts, typically indicated by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar
Group	The Company together with its consolidated subsidiaries
HNSCC	Squamous cell carcinoma of the head and neck
HPV	Human Papilloma Virus
IAS 34	International Accounting Standard 34 as adopted by the EU
IFRS	International Financial Reporting Standards as adopted by the EU
IFRS Financial Statements	The Company's annual consolidated financial statements for the financial years ended 31 December 2021 and 2020 prepared in accordance with International Financial Reporting Standards as adopted by the EU, with comparable unaudited figures for the financial year ended 31 December 2019
Interim Financial Statements	The unaudited consolidated financial statements for the three-month period ended 31 March 2022, prepared in accordance with IAS 34
ISIN	Securities number with the Norwegian Central Securities Depository (VPS)
Listing	Listing of the Company's Shares on Oslo Børs

Managers	DNB Markets, a part of DNB Bank ASA, Carnegie AS and Arctic Securities AS, collectively
NGAAP	Norwegian Generally Accepted Accounting Principles
NGAAP Financial Statements	The Company's annual consolidated financial statements for the financial year ended 31 December 2019
NOK	Norwegian Kroner, the lawful currency of Norway
Non-Norwegian Corporate Shareholders	shareholders who are limited liability companies (and certain other entities) domiciled outside of Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"),
Non-Norwegian Personal Shareholders	Shareholders who are individuals not residing in Norway for tax purposes
Non-resident or foreign shareholders	Shareholders who are not resident in Norway for tax purposes
Norwegian FSA	Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*)
Norwegian Public Limited Liability Companies Act	Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45
Norwegian Securities Trading Act	Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended
NOM-account	Nominee account
Oslo Børs or Oslo Stock Exchange	Oslo Børs, a stock exchange operated by Oslo Børs ASA
ORR	Overall response rate
Prospectus	This Prospectus dated 15 June 2022
PRs	Partial responses
Resident or Norwegian shareholders	Shareholders who are resident in Norway for tax purposes
Share(s)	The Company's outstanding shares, each with a par value of NOK 0.01
Schjødt	Advokatfirmaet Schjødt AS
USD	The lawful currency of the United States
U.S. or United States	The United States of America
VPS	The Norwegian Central Securities Depository (Nw: *Verdipapirsentralen*)
VPS Registrar	Nordea Bank Apb, Norway Branch (address: Essendrops gate 7, P.O. Box 1166 Sentrum, 0107 Oslo, Norway)

APPENDIX A:

Articles of Association

(Office translation)

VEDTEKTER
FOR
Nykode Therapeutics ASA

ORG NR 990 646 066

Sist endret 12. mai 2022

ARTICLES OF ASSOCIATION
FOR
Nykode Therapeutics ASA

REG NO 990 646 066

Last amended 12 May 2022

§ 1
Firma

Selskapets navn er Nykode Therapeutics ASA. Selskapet er et allmennaksjeselskap.

§ 1
The company

The name of the company is Nykode Therapeutics ASA. The company is a public limited liability company.

§ 2
Formål

Selskapets formål er: Utvikling av biomedisinske produkter og tjenester.

Formålet kan fremmes ved deltagelse i eller samarbeid med andre foretak i inn- og utland eller rådgivende virksomhet.

§ 2
Purpose

The company's purpose is: Development of biomedical products and services.

The purpose can be promoted by participating in or collaborating with other companies domestic and abroad or advisory businesses.

§ 3
Forretningskontor

Selskapets forretningskontor er i Oslo.

§ 3
Registered office

The company's registered office is in Oslo.

§ 4
Aksjekapital

Selskapets aksjekapital er på NOK 2 900 694,09 fordelt på 290 069 409 aksjer a NOK 0,01. Selskapets aksjer skal være registrert i Verdipapirsentralen.

§ 4
Share capital

The Company's share capital is NOK 2 900 694,09 divided into 290 069 409 shares of NOK 0,01. The company's shares must be registered in the Central Securities Depository.

§ 5
Samtykke til aksjeerverv. Forkjøpsrett

Erverv av aksjer er ikke betinget av samtykke fra selskapet. Aksjeeierne har ikke forkjøpsrett i henhold til aksjeloven.

§ 5
Consent to share acquisition. Right of first refusal

Acquisition of shares is not conditional on the consent of the company. The shareholders do not have a right of first refusal in accordance with the Norwegian Companies Act.

§ 6
Generalforsamling

Ordinær generalforsamling avholdes innen utgangen av juni.

Den ordinære generalforsamlingen skal behandle og avgjøre følgende spørsmål:

1. Godkjennelse av årsregnskapet og årsberetning, herunder fastsettelse av utbytte
2. Valg av styre
3. Fastsettelse av styregodtgjørelse og revisors godtgjørelse
4. Andre saker som etter loven eller vedtektene hører inn under generalforsamlingen.

Når dokumenter som gjelder saker som skal behandles på generalforsamlingen, er gjort tilgjengelige for aksjeeierne på selskapets internettsider, gjelder ikke lovens krav om at dokumentene skal sendes til aksjeeierne. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt slike dokumenter.

Styret kan i forbindelse med innkalling til generalforsamlinger bestemme at aksjeeierne skal kunne avgi sin stemme skriftlig, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen.

Retten til å delta og stemme på generalforsamlinger i selskapet kan bare utøves for aksjer som er ervervet og innført i aksjeeierregisteret den femte virkedagen før generalforsamlingen.

Aksjeeiere som vil delta i en generalforsamling i selskapet, skal melde dette til selskapet innen en frist som angis i innkallingen til generalforsamling, og som ikke kan utløpe tidligere enn fem dager før generalforsamlingen.

§ 6
General meeting

The annual general meeting will be held before the end of June

The ordinary general meeting shall consider and decide on the following issues:

1. Approval of the annual accounts and the directors' report, including distribution of dividend
2. Election of board
3. Determination of board remuneration and auditor's remuneration
4. Any other business that, by law or pursuant to the articles of association, is to be transacted at the general meeting.

When documents pertaining to matters which shall be handled at a general meeting have been made available for the shareholders on the company's website, the statutory requirement that the documents shall be distributed to the shareholders, does not apply. This is also applicable to documents which according to statutory law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless demand to be sent such documents.

The Board of Directors may in connection with notices of general meetings determine that shareholders shall be able to cast their votes in writing, including through use of electronic communication, in a period prior to the general meeting.

The right to participate and vote at general meetings of the company can only be exercised for shares which have been acquired and registered in the shareholders register in the shareholders on the fifth business day prior to the general meeting.

Shareholders who intend to attend a general meeting of the company shall give the company written notice of their intention within a time limit given in the notice of the general meeting, which cannot expire earlier than five days before the

Aksjeeiere som ikke har meldt fra innen fristens utløp, kan nektes adgang.

general meeting. Shareholders, who have failed to give such notice within the time limit, can be denied admission.

§ 7
Selskapets ledelse

Selskapets styre består av fra to til åtte aksjeeiervalgte medlemmer. Styrets leder velges av generalforsamlingen.

§ 7
The board of directors

The board of directors shall consist of two to eight members elected by the shareholders. The chairman of the board of directors is elected by the general meeting.

§ 8
Valgkomité

Selskapet skal ha en valgkomité som skal foreslå kandidater til styre og honorarer for medlemmene av styret. Valgkomitéen skal bestå av mellom to og tre medlemmer. Generalforsamlingen skal velge valgkomitéens leder og medlemmer og fastsette dens godtgjørelse. Valgkomitéens skal følge retningslinjer gitt av generalforsamlingen.

§ 8
Nomination committee

The company shall have a nomination committee to nominate board members and renumeration of the members of the board. The nomination committee shall consist of between two and three members. The general meeting shall elect the chairman of the nomination committee and determine its remuneration. The nomination committee shall follow guidelines issued by the general meeting.

§ 9
Signatur

Selskapets firma tegnes av to styremedlemmer i fellesskap. Styret kan meddele prokura.

§ 9
Authority to sign on behalf of the company

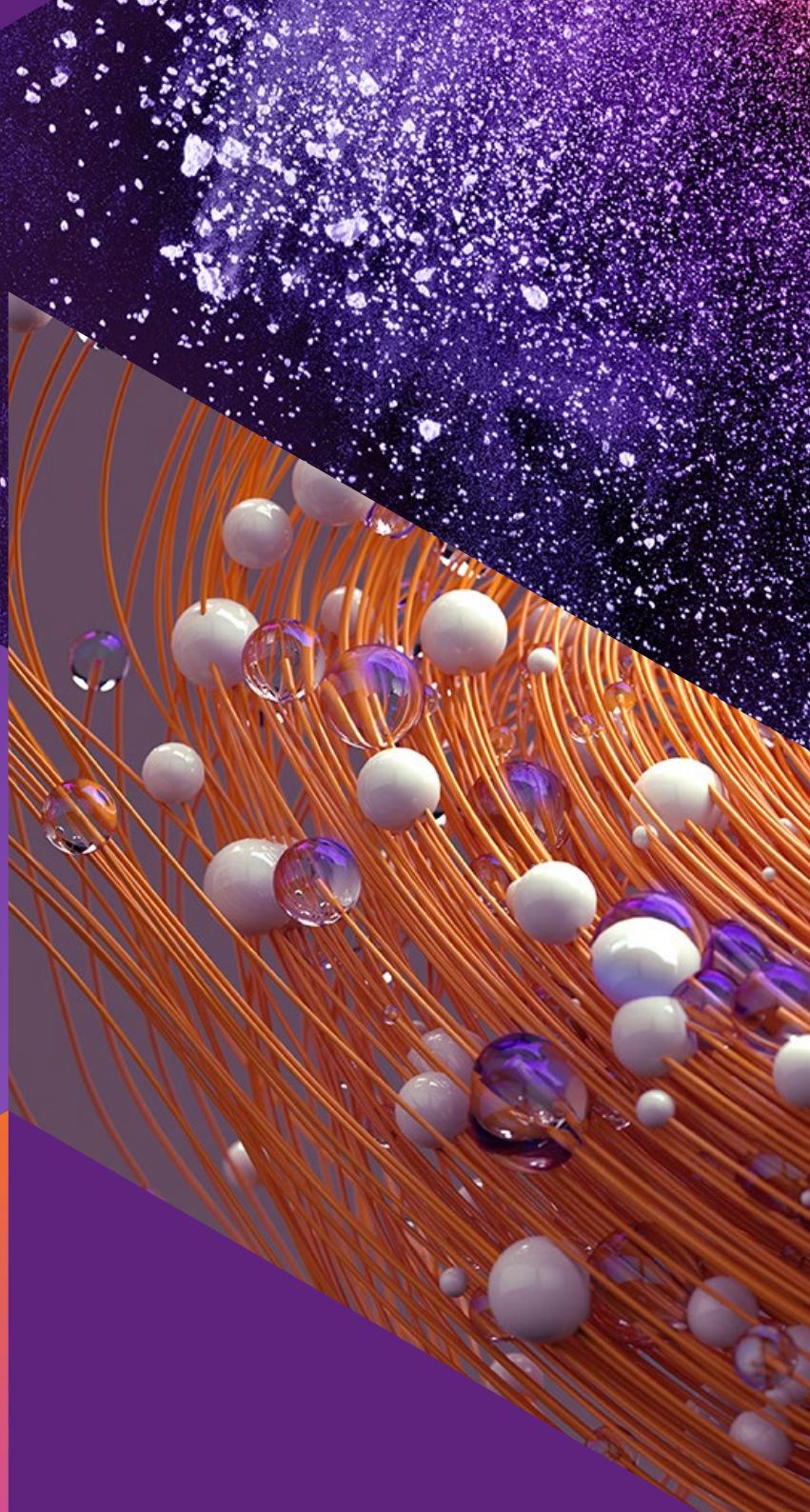
Two board members have the authority to sign on behalf of the company jointly. The board may grant power of procuration.

APPENDIX B:

The Group's audited consolidated financial statements for 2021 and 2020 (IFRS)

nykode therapeutics

ANNUAL REPORT 2021



CONTENTS

OUR BUSINESS

NYKODE THERAPEUTICS IN BRIEF

Nykode Therapeutics – unlocking the future of medicine

Nykode Therapeutics is a clinical-stage biopharmaceutical platform company dedicated to the discovery and development of novel vaccines and immunotherapies for cancer and infectious diseases. Founded in 2006, Nykode is using its vaccine technology platform to generate therapeutics in disease indications with a significant unmet medical need. The Company is a leader in the rapidly evolving field of next-generation vaccines for cancer and infectious diseases. Nykode currently has four product candidates in clinical development: a vaccine against HPV16-related cervical cancer, an individualized cancer neoantigen vaccine (which is being developed in collaboration with Genentech, a member of the Roche Group), and two next-generation universal SARS-CoV-2 vaccine candidates.

Nykode is headquartered in Oslo, Norway and had 102 employees at the end of 2021. The Company has collaborations with Roche, Genentech and Nektar Therapeutics within oncology, a multi-target collaboration with Regeneron within oncology and infectious diseases, and a collaboration with Adaptive Biotechnologies for COVID-19 T cell vaccine development. Nykode's shares are traded on Euronext Growth (Oslo)*.

Nykode Therapeutics' vaccine technology platform at a glance

Nykode Therapeutics is developing next generation vaccines for clinical use, based on a deep understanding of immunological principles. Nykode's modular Vaccibody™ vaccine technology specifically targets antigens to Antigen Presenting Cells (APC), which are essential for inducing rapid, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses.

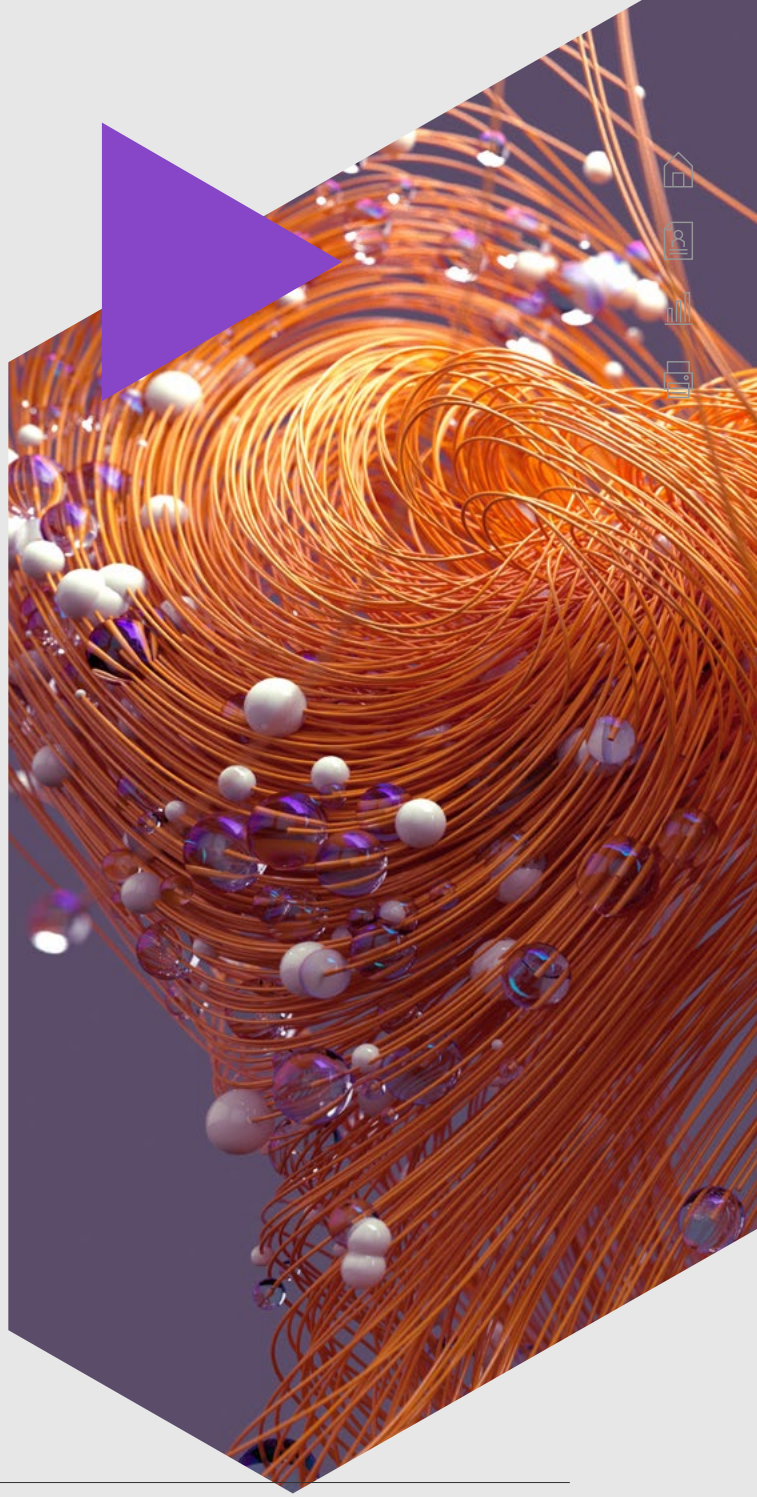
By intelligent design, Nykode's vaccine candidates are designed to induce the desired immune response profile correlating with protection for each specific disease with a given antigen. Hence, the modular Vaccibody vaccine platform has the potential to address many disease areas with a high unmet medical need, such as cancer and infectious diseases.

Nykode Therapeutics' lead products

Nykode Therapeutics' lead product candidates are VB10.16 and VB10.NEO. VB10.16 is a therapeutic cancer vaccine against HPV16-related cancers currently being tested in a Phase II clinical trial. VB10.NEO is an individualized therapeutic cancer neoantigen vaccine currently being evaluated in two clinical trials, Phase Ib and I/IIa, respectively, and exclusively licensed to Genentech. The Company also has two universal COVID-19 vaccine candidates in development that are currently being studied in Phase I clinical trials and designed to broadly address SARS-CoV-2 variants of concern.

For more information, please visit www.nykode.com

* Euronext Growth (Oslo), operated by Oslo Børs ASA, the Oslo Stock Exchange and part of Euronext, the Pan-European exchange group.



LETTER TO OUR SHAREHOLDERS

Dear shareholder,

2021 was another year of significant progress for Nykode Therapeutics.

The launch of our new company name and brand identity in November marked a new chapter in our journey to become a leading immunotherapy company leveraging our unique and highly differentiated technology platform. It is also a visible symbol of a new phase of business opportunities based on collaboration, internationalization, and ambitions of addressing highly unmet medical needs.

We signed two new transformative agreements in 2021. The agreement with Adaptive Biotechnologies was our first in-licensing deal providing access to validated SARS-CoV-2 T cell epitopes for the development of a T cell vaccine. The out-licensing agreement with Regeneron, a multi-target collaboration, provided Nykode with an upfront payment of USD 30 million and an equity investment of USD 20 million. Furthermore, Nykode will be eligible to receive potentially more than USD 875 million in additional milestone payments based on future development and commercial achievements, plus royalties. Like our agreement with Genentech signed in 2020, the agreement with Regeneron further validates the exciting potential of our technology platform and provides us with additional financial resources to continue executing on our project pipeline and hence grow our business.

In 2021, our collaboration with Genentech was focused on the VB10.NEO individualized cancer vaccine project, as we initiated a dose escalation trial in various tumor types. The N-02 clinical trial was Nykode's first-ever opened IND, an important development milestone.

Our VB10.16 clinical development project in Human Papilloma Virus (HPV16) induced cervical cancer progressed well in 2021 despite operational challenges posed by the COVID-19 pandemic. At the same time, we are updating our development strategy and seek to expand the scope of indications to additional HPV16-driven cancer types.

We also made significant progress in the continued efforts to establish infectious diseases as our second therapeutic area. Amongst the major achievements was the advancement of our lead COVID-19 vaccine candidates from early research to clinical development phase in less than a year. Entering 2022, our infectious diseases pipeline comprised of two clinical COVID-19 candidates, two internal research programs, and two collaborative programs with Regeneron.

Michael Engsig
Chief Executive Officer

Martin Nicklasson
Chair of the Board

The launch of our new company name and brand identity in November marked a new chapter in our journey to become a leading immunotherapy company leveraging our unique and highly differentiated technology platform.

Nykode significantly expanded and evolved its organization during 2021. We passed the 100-employee mark (up from 51 at the end of 2020 to 102 by the end of 2021) adding new valuable skills and capabilities with a focus on defining clear roles, responsibilities and procedures across the organization. We expanded our clinical activities and presence into six new countries, including the US, accompanied by a focus on building support functions to secure quality and compliance. We also consolidated our research activities in a new state-of-the-art laboratory at the Oslo Science Park (Forskningsparken), Norway.

In order to access additional pools of talent, Nykode established a subsidiary in Copenhagen, Denmark. In addition, we strengthened our Executive Management team with several senior recruitments, as well as nominated new members to the Board of Directors who hold key industry experience. Since we intend to develop our projects into later clinical phases in the future we will commence recruiting more talent with late-stage development experience.

In 2022, our main business focus includes achieving several important milestones for our key clinical development programs VB10.16, VB10.NEO, and VB10.COV2. We expect to report an interim analysis for our Phase II trial with VB10.16 in advanced cervical cancer.

In addition, we expect further execution and testing of VB10.NEO in various tumor types as well as contributing to the overall Genentech collaboration regarding individualized cancer vaccines. Additional important events include Phase I data readouts for VB10.COV2, our next-generation COVID-19 vaccine candidate covering new SARS-CoV-2 variants in a prophylactic setting. Finally, we look forward to working with Regeneron on different drug targets and, internally, to advance our own internal pipeline and technology projects.

During 2021, we announced that Nykode is exploring a potential listing on the Nasdaq Global Market in the US, and that the Company expects to apply for a transfer of the listing of its shares to the main market on the Oslo Stock Exchange in 2022. These activities continue to be diligently evaluated in the light of current market conditions, the Company's capital market strategy, as well as the best interest of Nykode's shareholders.

Nykode ended 2021 in a strong financial position as total liquidity amounted to USD 228.4 million as per December 31, 2021. This puts us in an excellent position to continue our journey aiming to transform the Company to become a leading immunotherapy company dedicated to the discovery and development of novel medicines utilizing our unique and highly differentiated technology platform.

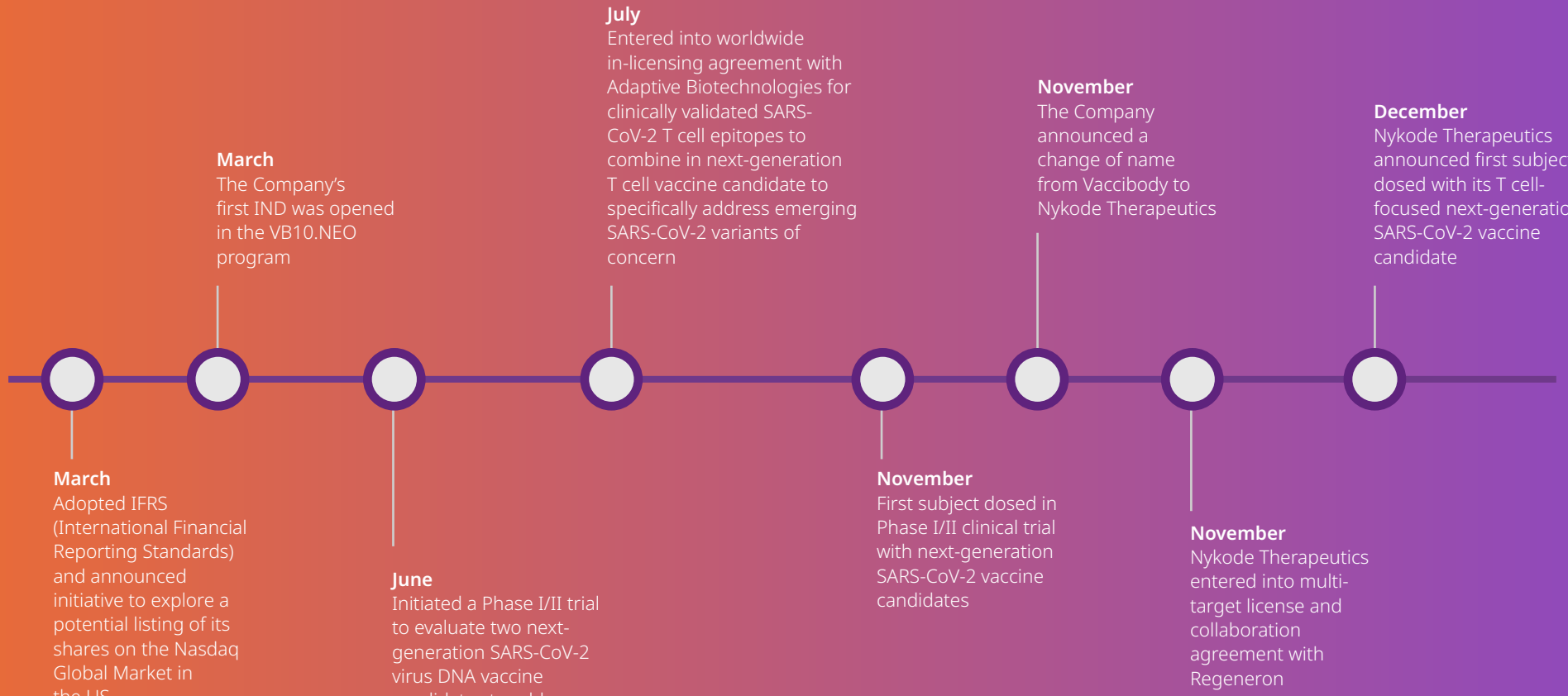
On behalf of the Board of Directors and the Executive Management, we would like to thank all the employees of Nykode for their outstanding contributions during 2021, a very busy and successful year. Further, we are most grateful to our shareholders for their continued support during Nykode's transformative journey. Finally, we wish to thank patients, their families and our investigators for participating in our search to develop new important medicines.

March 31, 2022

Martin Nicklasson
Chair of the Board

Michael Engsig
Chief Executive Officer

2021 HIGHLIGHTS



March
Adopted IFRS (International Financial Reporting Standards) and announced initiative to explore a potential listing of its shares on the Nasdaq Global Market in the US

March
The Company's first IND was opened in the VB10.NEO program

June
Initiated a Phase I/II trial to evaluate two next-generation SARS-CoV-2 virus DNA vaccine candidates to address emerging variants of concern

July
Entered into worldwide in-licensing agreement with Adaptive Biotechnologies for clinically validated SARS-CoV-2 T cell epitopes to combine in next-generation T cell vaccine candidate to specifically address emerging SARS-CoV-2 variants of concern

November
First subject dosed in Phase I/II clinical trial with next-generation SARS-CoV-2 vaccine candidates

November
The Company announced a change of name from Vaccibody to Nykode Therapeutics

November
Nykode Therapeutics entered into multi-target license and collaboration agreement with Regeneron

December
Nykode Therapeutics announced first subject dosed with its T cell-focused next-generation SARS-CoV-2 vaccine candidate

2021 KEY FIGURES

USD 1000	2021	2020
Total revenue and other income	35,766	215,695
Total operating expenses	46,541	37,430
Operating profit (loss)	-10,775	178,265
Net profit (loss) for the year	-9,414	149,774
Net cash flow	32,351	173,957
Cash and cash equivalents, year-end	216,231	183,851
Outstanding shares, year-end	289,619,409	284,785,180
Cash and cash equivalents/ total assets	81%	80%
Equity ratio	73%	78%
Equity	194,055	178,850
Total assets	265,556	230,028
Employees, average	73	33
Employees, year-end	102	51

2022 OUTLOOK AND KEY PRIORITIES

Nykode Therapeutics has developed clear priorities for the year ahead. A detailed overview of the Company's key priorities for 2022 is provided in the table below.

Area	2022 key priorities	Program	Objectives
Oncology	Expand and mature oncology pipeline	VB10.16 and VB10.NEO	• VB C-02 Phase II interim data • Update on VB10.16 development strategy • Preparation for potential Phase III with VB10.16 in cervical cancer and potential expansion into additional indications • Execute on VB N-02 Phase Ib trial and Genentech collaboration* • Execute on Regeneron oncology collaboration*
		Undisclosed internal programs	Update on development strategy
Infectious diseases (ID)	Expand and mature ID pipeline	VB10.COV2	• Key results from VB-D-01 Phase I /II trial with VB10.2210 and VB10.2129 • Execute on Regeneron ID collaboration*
		Undisclosed internal programs	Update on development strategy
Manu-facturing			Update on manufacturing strategy
Technology development	Leverage technology platform within new opportuni-ties		Preclinical data from technology development project to be presented

* Apart from communications on milestones, communications on collaboration projects are controlled by Genentech and Regeneron, respectively.

FINANCIAL REVIEW

IFRS

The financial statements of Nykode Therapeutics for the year ended December 31, 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements of the Company represent the second year of stating financial statements in accordance with IFRS.

Income statement

The net result for the 2021 fiscal year was a net loss of USD 9.4 million compared to a net profit of USD 149.8 million in 2020. In 2020, the Company received a substantial upfront payment from Genentech which to a large extent explains the difference in the net result. In 2021, revenue is mainly due to the upfront payment under the Regeneron agreement announced in November 2021. Furthermore, operating expenses have increased in 2021 compared to previous year driven by the expansion of the organization and the initiation of clinical trials which also explains the difference in net result between 2020 and 2021.

Operating income
Total operating income amounted to USD 35.8 million in 2021 (USD 215.7 million in 2020) and mainly consisted of USD 30.0 million in upfront license income under the Regeneron agreement. In addition, the Company recognized USD 4.0 million according to the development of underlying research activities related to the Genentech agreement and a total of USD 1.8 million in other income, primarily government grants.

Operating expenses
Total operating expenses amounted to USD 46.5 million in 2021 compared to USD 37.4 million in 2020. Employee benefit expenses were USD 16.8 million (USD 16.0 million in 2020). The increase was driven by the expansion of the organization, offset by a decrease in social security costs on share-based payments in 2021 compared to 2020. Other operating expenses increased to USD 29.0 million (USD 21.1 million in 2020), mainly due to increased research and development activities, including the initiation of clinical trials.

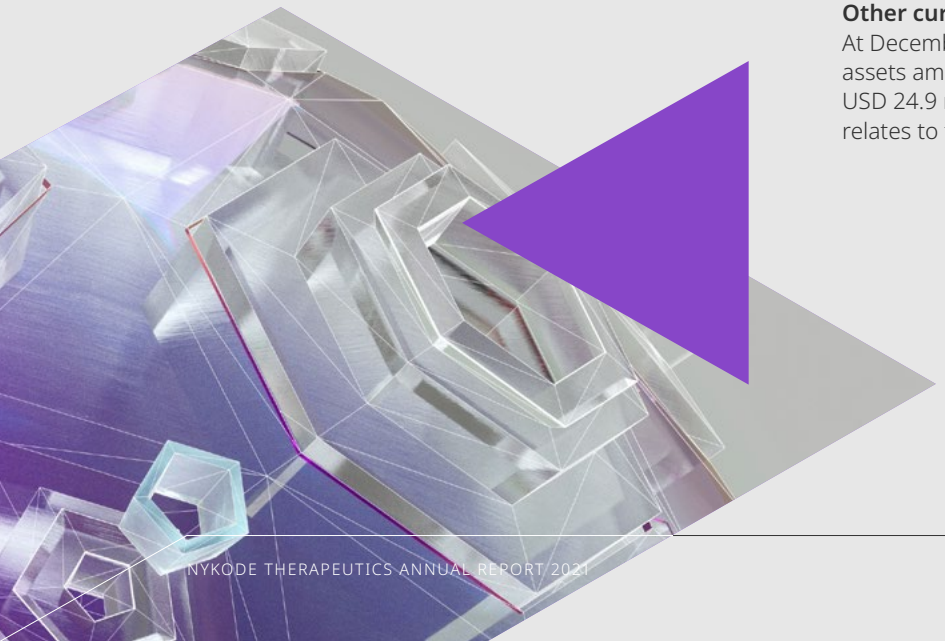
Net financial income and expenses
Net financial income and expenses decreased to a loss of USD 0.3 million in 2021 compared to income of USD 2.6 million in 2020. The decrease was mainly related to increased loss on foreign exchange in 2021.

Income tax expenses
The Company recognized income tax expenses of USD (1.7) million in 2021 compared to USD 31.1 million in 2020. The decrease reflects the profit or loss before tax and that the Group was in a taxable position in 2020, mainly due to the Genentech agreement. Income tax payable was USD 0 million (USD 0 million in 2020), and the tax expense relates to changes in deferred tax.

Statement of financial position

Cash
At December 31, 2021, Nykode Therapeutics had a cash position of USD 216.2 million compared to USD 183.9 million at December 31, 2020. The increase in cash is mainly a result of the agreement with Regeneron in November 2021, and the corresponding upfront payment of USD 30 million and equity investment of USD 20 million as well as the sale of financial instruments of USD 12.4 million.

Equity
At December 31, 2020, total equity amounted to USD 194.1 million, compared to USD 178.9 million at December 31, 2020. The increase is mainly due to the issuance of shares of USD 20 million as agreed in the Regeneron agreement.



Trade receivables
At December 31, 2021, trade receivables amounted to USD 23.8 million, compared to USD 3.8 million at December 31, 2020. The increase is related to the invoicing of a milestone payment of USD 20 million under the Genentech agreement.

Trade and other payables
At December 31, 2021, trade and other payables amounted to USD 8.5 million, compared to USD 9.2 million at December 31, 2020.

Contract assets and contract liabilities
At December 31, 2021, total contract liability amounted to USD 16.0 million, compared to a contract asset of USD 15.0 million at December 31, 2020. The contract liability is mainly due to the invoicing of milestone payments to Genentech as well as recognition of the service component of the Genentech agreement.

Other current financial assets
At December 31, 2021, total other current financial assets amounted to USD 12.2 million compared to USD 24.9 million at December 31, 2020. The decrease relates to the sale of money market funds.

Cash flow

Cash flow from operating activities
Net cash flow from operating activities was USD 1.2 million in 2021, compared to USD 180.3 million in 2020. This was primarily driven by the decrease in profit or loss and partially offset by an increase in working capital.

Cash flow from investing activities
Cash flow from investing activities was USD 10.8 million in 2021, compared to negative USD 6.0 million in 2020. The increase in net cash flow from investing activities was mainly due to a net sale of financial instruments in 2021, compared to a net acquisition in 2020.

Cash flow from financing activities
Cash flow from financing activities was USD 20.4 million in 2021, compared to negative USD 0.3 million in 2020. The difference relates to the issuance of equity in 2020.

Net change in cash and cash equivalents was USD 32.4 million in 2021, including foreign exchange effects, and cash and cash equivalents increased to USD 216.2 million at the end of the year, compared to USD 183.9 million at the end of 2020.

Events after balance sheet date

There have been no significant events after the reporting date, December 31, 2021.

NYKODE THERAPEUTICS' VACCINE TECHNOLOGY PLATFORM

The Vaccibody molecule

Nykode Therapeutics' proprietary, targeted vaccine platform technology centers around the Vaccibody molecule format designed to induce potent, long-lasting and specific immune responses. The specificity of the targeting unit of the Vaccibody molecule determines to which subsets of APC or cell type the antigen is delivered, which can drastically influence the associated immune response.

MIP-1α is the most common targeting unit in Nykode vaccines and is used in several vaccine candidates undergoing clinical development. MIP-1α targeted vaccines have a unique ability to attract and stimulate APC's capable of eliciting rapid, strong and dominant CD8 T cell responses combined with supporting CD4-helper T cell responses. CD8 T cell responses are key to killing tumor cells but are also important for controlling infectious diseases such as SARS-CoV-2. If the antigenic unit is designed for the purpose, MIP-1α targeted vaccines are also capable of inducing strong and diverse antibody responses. The unique ability to induce broad and strong T cell and antibody responses distinguishes Nykode's platform from both conventional vaccines, including non-targeted DNA vaccines, and RNA- and peptide-based vaccines.

Vaccine candidates based on the modular Vaccibody molecule have been well tolerated to date and have the potential to be used in different disease areas, including cancer and infectious diseases and to be combined with other therapeutic modalities such as immune check-point inhibitors

The recombinant Vaccibody molecule consists of three modules:

A

The targeting unit directs the antigens to the immune system's Antigen Presenting Cells (APC). The targeting unit is fully flexible and can be designed to deliver T cell epitopes or antigens specifically to certain subset of APC optimizing the desired effect. This controlled delivery allows for induction of a specific immune response profile that correlates with protection for each specific disease, e.g., antibody, CD4 (Th1/Th2/Th17)- and/or CD8 T cell responses.

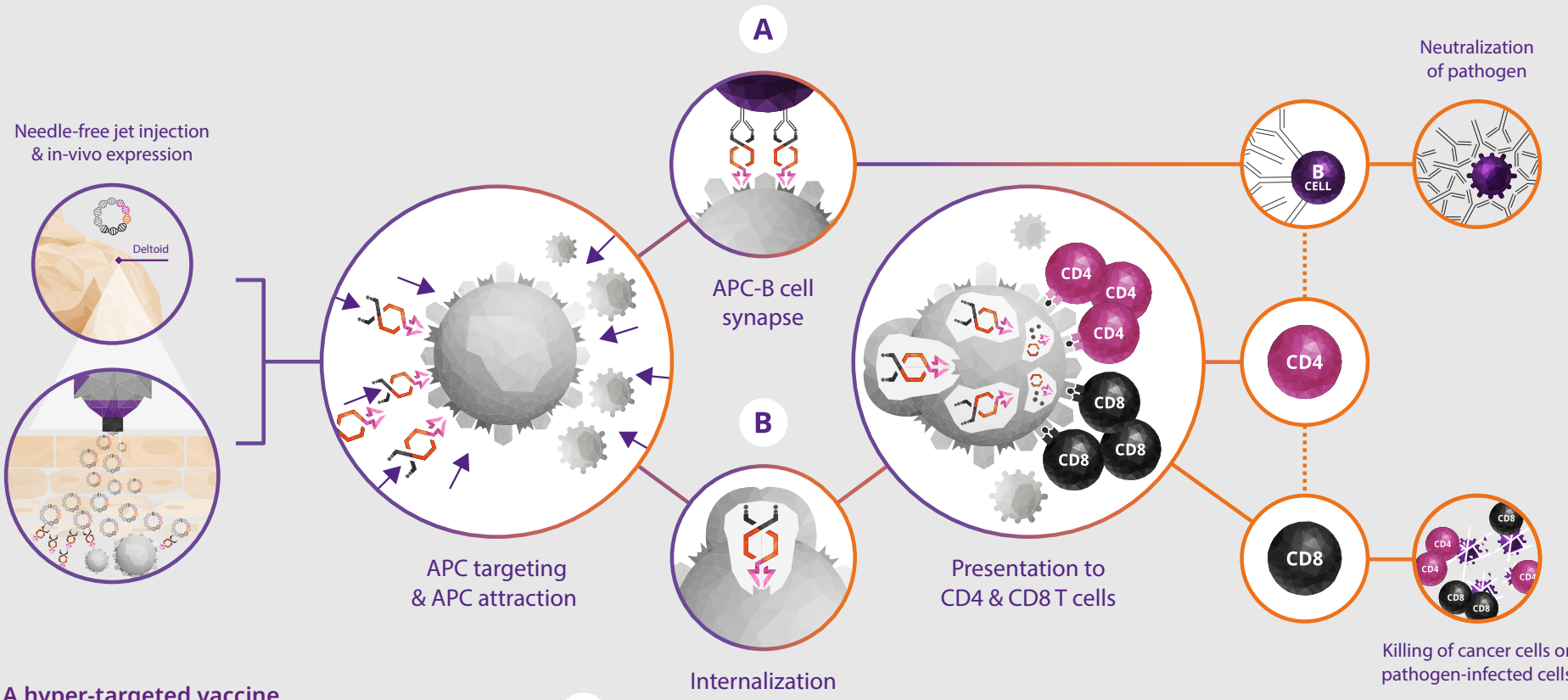
B

The dimerization unit joins the two protein chains into the dimeric Vaccibody format. The dimeric format is designed to facilitate attraction, activation and internalization into the APC by crosslinking receptors on the surface of the APC. The dimerization unit also facilitates the bridging of an APC binding the targeting unit and a B cell binding the antigen through a B cell receptor forming an APC-B cell synapse triggering rapid and strong antibody responses.

C

The antigen unit contains the epitopes and antigens selected, to which a specific immune response is generated. These may be selected to fight a vast range of disease areas, including cancer and infectious diseases. The flexibility of the platform allows for a broad immune response and for inclusion of large globular antigens and multiple sets of T cell epitopes.

Mechanism of action



A hyper-targeted vaccine – mechanism of action

The Vaccibody vaccine is delivered as a DNA plasmid using a needle-free jet injector that injects the plasmids into the muscle cells. Inside the cells, the DNA plasmids provide the information to produce the Vaccibody protein in the same way that cells produce other human proteins. The newly encoded Vaccibody proteins are then secreted from the cells, and target and recruit the APC. Depending on the choice of targeting unit, different subsets of APCs will be targeted and thus the immune response may be skewed towards e.g., humoral (antibodies) or cellular (T cells) or variations thereof:

A

The Vaccibody protein may form an APC-B cell synapse which may lead to rapid and strong B cell activation responsible for mediating the production of antigen-specific antibodies. These antibodies may then neutralize a pathogen such as the SARS-CoV-2 virus.

B

The Vaccibody protein may cross-link two receptors on the APC which provides an activation signal to the APC and induces efficient maturation of the APC. The ligating leads to receptor-mediated internalization and the antigens from the Vaccibody protein are then processed and antigenic epitopes are presented on MHC class I and MHC class II molecules to CD4 and CD8 T cells. This results in an antigen-specific T cell response. In the case of the MIP-1α targeting unit, cross-presentation and thus loading of epitopes on MHC class I and activation of the CD8 killer T cells are particularly effective and these cells are responsible for directly killing the cancer cells or cells infected by a pathogen e.g., a virus with the specific antigen.

ONCOLOGY

Cancer remains the second-leading cause of death in the industrialized world and incidence rates are growing. The cause of cancer is manyfold; genetics, viral infections, environment and lifestyle factors play a role in the evolution of cancer in different parts of the world. Even though there have been important breakthroughs in recent decades, there is still a high unmet need in the treatment of cancer.

Today, there are more than 200 different known cancer types and a growing understanding of a need for personalized treatment approaches, not only between different cancer types, but also within specific tumor types. Traditionally, cancer therapy has consisted of surgery, radiotherapy and chemotherapy as the key approaches. Even though these are still important elements in cancer therapy, the recent decade has shown us the importance of looking into genetic alterations in tumor cells as well as trying to use the immune system, the body's internal ability to fight cancer.

During the last decade, cancer immunotherapy has become one of the key treatment opportunities against several cancer types. However, the therapies available today, checkpoint inhibitors being at the forefront, benefit only 20-30% of cancer patients with durable responses and some cancer types do not respond at all. The need for additional and novel approaches addressing the untapped potential of activating the immune system is still valid. Combining insights into genetic alterations and environmental exposures and activation of the immune system will continue to be an important part of cancer therapy evolution for years to come.

Individualized cancer therapy, with treatment approaches tailored to each patient is expected to be increasingly important in the fight against cancer. Combining individualized approaches with activation of the immune system is an attractive and increasingly emerging approach. Therapeutic cancer vaccines, with their ability to specifically activate the immune system, in particular CD8 killer T cells, and target specific cancer antigens, is one such approach.

HPV-driven cancers

One of the emerging challenges within oncology is virus-induced cancer types, Human Papilloma Virus (HPV) being one of the most prominent. HPV is the cause of 630,000 cases of cancers annually. There are several types of high-risk HPV causing cancers with HPV16 being the predominant one. HPV-induced cervical cancer is the fourth-most common cancer form among women worldwide. Head and neck squamous cell, HNSCC, a cancer in the head and neck, is the sixth most common cancer worldwide. Most of these HNSCC cancer cases are oropharyngeal cancer, and the vast majority are HPV induced. Oropharyngeal cancer is rapidly growing among both women and men in the Western world, particularly in northern Europe and North America.

Even though preventive vaccines are available and cervical cancer screening detects many cervical cancers at an early stage, we know that HPV-induced cancers take decades to develop and there will still be a need for novel treatment approaches against cancers caused by HPV for many years to come.

HPV-driven cancers appear in younger patients and the biology of the tumors differs from what is traditionally seen in many cancer forms. Immune checkpoint inhibitors are an important part of the clinical development landscape in HPV-driven tumors, but despite the advances seen in the treatment of cervical cancer and other HPV-driven cancers, there is still a need to increase the number of responding patients.

Using a therapeutic cancer vaccine targeted specifically towards HPV16-infected cells in tumors represents a novel immunotherapeutic treatment option. By combining the two immunotherapeutic approaches, the checkpoint inhibitors and a therapeutic cancer vaccine, the tumors can be attacked from several angles with the aim of improving patient outcomes.

Individualized cancer therapy

Every patient's tumor is unique and in order to effectively address this challenge, the principle of individualized treatments is emerging quickly as an important part of future cancer therapy options. By focusing on individual characteristics and mutational alterations in each patient's tumor, the future may be focused more on each tumor's uniqueness rather than on tumor types in general.

By evaluating the alterations found in each patient's tumor cells, it is possible to develop an individualized therapeutic cancer vaccine that targets the largest possible number of immunogenic individual patient-tumor specific mutations.

By combining an individualized cancer vaccine with a checkpoint inhibitor, we can harness the potential of the immune system to fight each patient's specific tumor across a broad range of known tumor entities.

INFECTIOUS DISEASES

Infectious diseases
Infectious diseases are a global health problem, and both viral and bacterial infections are among the leading causes of disease and death. A spectrum of infectious diseases, with epidemic, endemic and pandemic outbreaks, divide our global challenges into regional health threats. Even though prophylactic vaccines have been revolutionary in the fight against infectious diseases, there is still a need for new and improved vaccines to be developed.

New infectious diseases are emerging and could lead to future global pandemics. Since COVID-19 was declared a pandemic in 2020, it has spread at a record speed and according to the WHO, there are now more than 400 million confirmed cases and six million deaths worldwide due to COVID-19.

COVID-19
Coronavirus disease 2019 is caused by a virus in the coronavirus family, SARS-CoV-2. Most people infected with SARS-CoV-2 will experience mild to moderate respiratory illness and recover without requiring special treatment. Symptoms of COVID-19 may be fever or chills, cough, shortness of breath or difficulty breathing, fatigue, muscle or body aches, headache, loss of taste or smell, sore throat, congestion or runny nose, nausea or vomiting, and diarrhea. However, serious illness can also develop, including acute respiratory distress syndrome and potential fatal multi-organ failure; and the potential long-term effects on health are unknown. COVID-19 affects patients of all ages, but fatality rates are notably elevated in persons aged >60 years as well as in patients with comorbidities like cardiovascular disease, diabetes, chronic respiratory disease and hypertension.

Vaccines
Vaccines may be either prophylactic or therapeutic. Traditionally most people think of vaccines as a prophylactic measure to prevent illness. By pre-exposing the immune system to a part of a pathogen, the immune system is educated to fight a particular infectious disease and prevent illness in the pre-exposed host. Therapeutic vaccines also expose parts of the pathogen to the immune system but are given to affected patients to stimulate an optimal anti-gen-specific immune response in the patient to help fight the existing disease rather than vaccinating to protect against future disease.

Generally, infectious diseases, including COVID-19, are a significant burden on society. By exploring and expanding the Nykode platform and its ability to elicit different types of rapid onset immune responses, the Company aims to contribute to the global prophylactic and therapeutic vaccine development. In 2021, the Company rapidly moved two different types of SARS-CoV-2 vaccines into clinical development. The first is an antibody inducing vaccine based on the receptor-binding domain of the beta variant of SARS-CoV-2 and the second is a T-cell inducing vaccine containing a broad set of T cell epitopes validated by Adaptive Biotechnologies.

IMMUNE TOLERANCE

Immune tolerance
Immune system disorders cause abnormally low activity or overactivity of the immune system. In cases of immune system overactivity, the body attacks and damages its own tissues (autoimmune diseases) or overreact to harmless substances in the environment (allergic diseases).

Autoimmune diseases are common and affect up to 10% of the total population, with women affected more than men. The standard treatments for auto-immune diseases include immunosuppressive agents and immunomodulatory biologic drugs aimed at blocking inflammatory mediators, including pro-inflammatory cytokines. Common autoimmune diseases include rheumatoid arthritis, systemic lupus erythematosus, inflammatory bowel disease, multiple sclerosis, psoriasis, and type 1 diabetes mellitus.

Allergic diseases including hay fever, food allergies, atopic dermatitis, allergic asthma, and anaphylaxis are prevalent and hay fever alone affects 10-30% of the population worldwide. Treatments for allergic diseases include allergen avoidance, antihistamines, corticoste-roids, allergen immunotherapies, and emergency adrenalin.

Despite progress in existing treatments for auto-immune diseases and allergies, there is a high demand for novel therapies with improved activity and safety.

Tolerizing vaccines
Tolerizing vaccination has the potential to transform the treatment of autoimmune diseases, allergies, and allogeneic transplantation by educating the immune system to become unresponsive to autoantigens and environmental substances. Nykode has an ambition of adding tolerizing vaccines as a third pillar in our disease strategy. Research is ongoing to explore the potential for tolerance induction by modified Vaccibody molecules directed towards tolerance inducing antigen presenting cells.

TWO VACCINE CONCEPTS: THE INDIVIDUALIZED VACCINE AND THE OFF-THE-SHELF VACCINE

The Nykode vaccine may be:

- **Off-the-shelf**: An off-the-shelf (ready-made) vaccine that encodes for antigens shared among a specific patient population, such as the VB10.16 vaccine candidate that targets all HPV16-positive cancers or an infectious disease vaccine candidate such as a COVID-19 vaccine, e.g., Nykode's VB10.2210 universal COVID-19 vaccine candidate.

- **Individualized**: The antigens may be selected from an individual patient. A fully individualized vaccine is produced matching the optimal set of antigens identified in the individual patient's tumor. Nykode's VB10.NEO program is a fully individualized vaccine candidate, targeting the patient's antigens based on tumor-specific antigens.

The off-the-shelf vaccine and its supply

Off-the-shelf vaccines offer a fast, scalable and attractive approach to patient treatment such as cancer treatment and infectious disease vaccines.

Such cancer vaccines target shared antigens which are expressed by tumors across large patient populations. Nykode Therapeutics has built significant experience in off-the-shelf cancer vaccines from its VB10.16 clinical program in precancerous cervical lesions and cervical cancer. Further, Nykode is exploring the commercial potential of VB10.16 for the treatment of additional HPV16-positive cancer indications other than cervical cancer. In addition, the Company is focusing parts of its research efforts on identifying shared cancer antigens and developing additional off-the-shelf cancer vaccines to expand the clinical pipeline in this area over the coming years.

Manufacturing of clinical trial material is of the utmost importance to advance Nykode products into clinical trials. During the pandemic, the importance of security of supply became particularly evident as plasmid DNA (pDNA) is used as starting material for the mRNA COVID-19 vaccines and hence these products were prioritized by the CMOs. To address these strategic matters, Nykode initiated a strategic supply project in early 2021 for which the scope was to analyze and enter into an agreement with a strategic Contract Manufacturing Organization (CMO). In addition, the project aimed to secure future capacity by establishing additional Nykode-controlled manufacturing capacity with sufficient flexibility to support the increasing portfolio of Nykode product candidates entering clinical trials. This work will continue in 2022.

The off-the-shelf vaccine

1. SELECTION OF OPTIMAL COMBINATION ANTIGENS
Nykode in-house immunological expertise and proprietary bio informatics, in addition to external data sets, are used to select the optimal antigens.

2. GENE SYNTHESIS
The vaccine is designed and synthesized.

3. CLONING INTO MASTER PLASMID
The gene construct is cloned into a master plasmid.

4. GENERATION OF MASTER CELL BANK
The master cell bank is generated to be used in manufacturing (at large scale).

5. MANUFACTURING OF BDS
The bulk drug substance is produced through recombinant microbial fermentation.

6. FILL & FINISH
The drug substance is sterilized and filled into vials to form the final drug product for use with a large patient group.

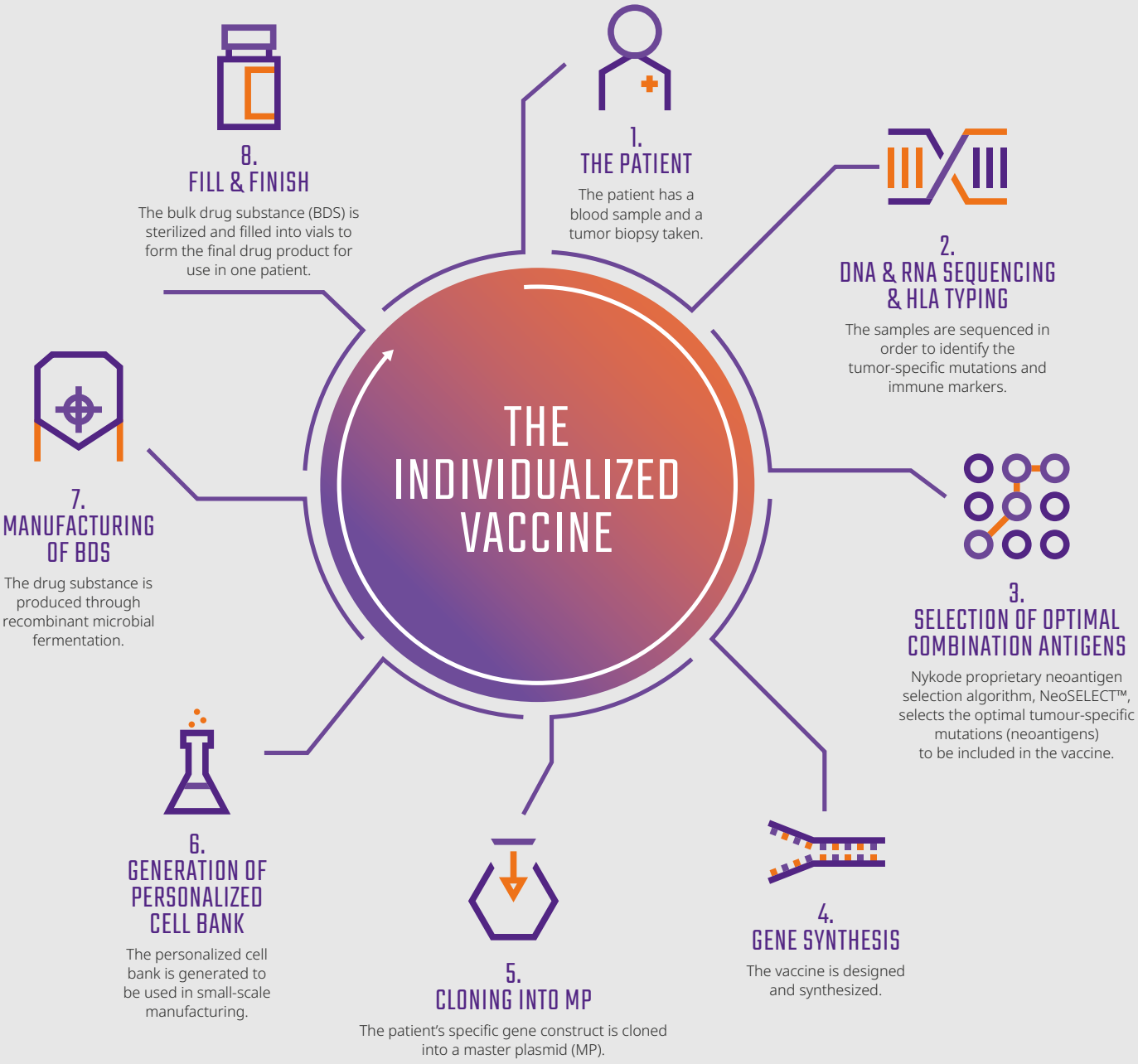
The individualized vaccine and its supply

The process and supply chain to produce an off-the-shelf vaccine has become a standard process in the industry. A fully individualized vaccine on the other hand is a more complex process and requires rapid turnaround time and robust processes across the entire value chain.

Nykode has entered into an exclusive worldwide license and collaboration agreement with Genentech regarding the Company's individualized neoantigen cancer vaccines and in 2021, a Phase Ib trial, VB N-02, with VB10.NEO in combination with atezolizumab in patients with solid tumors was initiated.

The experience from Nykode's VB N-01 clinical trial testing VB10.NEO indicates that Nykode may have a competitive advantage in the manufacturing process as demonstrated in all patients with a sufficient number of neoantigens receiving a successfully manufactured customized vaccine. Nykode has the supply responsibility for the ongoing VB N-02 trial and uses CMOs to produce and supply the drug substance and drug product. Following the VB N-02 trial, Genentech will take over the responsibility (and all costs) for any future manufacturing and supply (and potential further clinical, regulatory and commercialization activities) for VB10.NEO.

The individualized vaccine



PIPELINE

Nykode's technology platform may benefit the lives of patients across several disease areas. The ongoing clinical trials with VB10.NEO, which is exclusively licensed to Genentech, and VB10.16 cover six cancer indications in total, and both product candidates have the potential to cover many additional indications with a high unmet medical need. The VB N-01 trial evaluates the individualized neoantigen vaccine, VB10.NEO, which is being tested in lung, urothelial, melanoma, head & neck and renal cancer. In 2021, Nykode initiated a Phase Ib trial, VB N-02, with VB10.NEO in combination with atezolizumab in solid tumors. The VB C-02 trial is currently evaluating the VB10.16 vaccine, which is being tested in advanced cervical cancer. Nykode is preparing for the initiation of additional clinical trials in 2022 to explore other HPV16 relevant indications.

The platform technology is also being explored within the field of infectious diseases. Nykode has shown promising preclinical data with two different second-generation vaccine candidates, VB10.2129 and VB10.2210, against SARS-CoV-2. Both candidates progressed to clinical Phase I during 2021.

In 2021, Nykode entered into a multi-target license and collaboration agreement with Regeneron to develop innovative vaccines against cancer and infectious diseases. Five different programs are currently in early discovery.

	Program	Indication	Discovery/ Preclinical	Phase 1	Phase 2	Phase 3	Partnerships
Nykode							
Oncology	VB10.16 (off-the-shelf)	HPV16+ cervical cancer					Roche[1]
	Internal (off-the-shelf)	Undisclosed					
Infectious Diseases	VB10.COV2	SARS-CoV-2					Adaptive[2]
	Internal	Undisclosed					
Partnered							
Oncology	VB10.NEO (individualized)	Melanoma, lung, bladder, renal, head and neck					Genentech[3] Nektar[4]
	VB10.NEO (individualized)	Locally advanced and metastatic tumors					Genentech[3]
	Regeneron (programs 1 – 3) (off-the-shelf)	Undisclosed					Regeneron[5]
Infectious Diseases	Regeneron (programs 4 – 5)	Undisclosed					

[1] Roche supplies atezolizumab; [2] Collaboration with Adaptive Biotechnologies on SARS-CoV-2 T cell vaccine; [3] Genentech has an exclusive license to VB10.NEO; [4] Collaboration with Nektar Therapeutics on combining NKTR-214 (bempegaldesleukin) with VB10.NEO in trial arm 5B (SCCHN) of the VB N-01 trial; [5] Collaboration with Regeneron

RESEARCH AND PRECLINICAL DEVELOPMENT

Nykode Therapeutics pursues a two-tiered research strategy:

- Expand and mature the pipeline within oncology and infectious diseases with best-in-class or first-in-class product candidates
- Leverage the Company's technology platform within new opportunities, including new therapeutic areas

Nykode strengthened its core focus on oncology and infectious diseases in 2021 by initiating two new discovery programs and by entering into a license and collaboration agreement with Regeneron covering five additional discovery programs. These discovery programs will harness the power and flexibility of Nykode's technology platform and Nykode's unique know-how of selecting epitopes and designing vaccines to discover and bring forward innovative and highly differentiating vaccine candidates.

In 2021, the Company invested heavily in novel innovations and expanding the technology platform and will continue to do so during 2022. Novel and empowered Vaccibody formats were conceived during 2021 and the Company also took the first steps towards exploring the power of the platform beyond vaccines.

Advanced bioinformatics continues to be a focus area, and in 2021 Nykode developed new tools and algorithms for identifying optimal combinations of antigens and for supporting the design of off-the shelf cancer vaccines, including vaccines against infectious diseases and other indications.

To support the strategic research ambitions, the Company has expanded significantly and restructured the research and preclinical organization to optimize innovation, workflows and cross-functional collaboration and knowledge sharing.

Nykode's patents and know-how are the foundation for creating long-term shareholder value. Nykode has an active patent strategy whereby the Company seeks to protect the IP that it believes is important for its business and for value creation. Nykode has a strong IP portfolio as demonstrated by the collaboration agreements with Adaptive Biotechnologies, Genentech and Regeneron. The IP portfolio is expanding and is expected to grow further as the Company gains novel insights and develops new technologies.

PARTNERSHIPS AND COLLABORATIONS

At Nykode Therapeutics, collaboration is key to our success and our ambition of breaking the boundaries of medicine. We regularly consider potential collaborations with industry and academic groups. The objective is to develop and strengthen the Company's strategic and competitive position and to optimize the utilization of its technology platform in order to offer better treatments to patients.

In July 2021, the Company was granted an exclusive license to Adaptive Biotechnologies' validated SARS-CoV-2 T cell epitopes. Adaptive Biotechnologies is a leader in immune medicine and has identified T cell epitopes from more than 6,500 samples from COVID-19 patients. The T cell epitopes have been incorporated into VB10.2210, Nykode's T cell focused COVID-19 vaccine candidate with which the first subject was dosed in December 2021.

In November 2021, Nykode announced a worldwide, multi-target license and collaboration agreement with Regeneron to develop novel and innovative vaccines against cancer and infectious diseases. According to the agreement, Nykode received an upfront payment of USD 30 million and a USD 20 million equity investment at a 20% premium. Further, the Company may receive potential future milestone payments of more than USD 875 million plus potential royalties.

Nykode Therapeutics' external collaborations and drug combinations include

Company	Collaboration and license type	Nykode program & trial	Indication	Partner compound
Adaptive Biotechnologies	In-license	VB10.COV2 / VB10.2210	T cell focused SARS-CoV-2 vaccine	-
Genentech	Out-license and collaboration	VB10.NEO / VB N-01 / VB N-02	Multiple cancer indications (individualized cancer vaccines)	-
Nektar Therapeutics	Collaboration and product supply	VB10.NEO / VB N-01	Advanced head & neck cancer	Bempegaldesleukin (NKTR-214)
Regeneron	Out-license and collaboration	Preclinical	Oncology and Infectious Diseases (multitarget, off-the-shelf vaccines)	-
Roche	Product supply	VB10.16 / VB C-02	Advanced cervical cancer	Atezolizumab

MANAGEMENT REVIEW

CORPORATE GOVERNANCE

The Board of Directors of Nykode Therapeutics ("the Board") is committed to maintaining good corporate governance standards. Nykode's shares are traded on Euronext Growth (Oslo) and the Company seeks direction from the guidelines and procedures stipulated in the Norwegian Code of Practice for Corporate Governance (issued October 14, 2021 (NCPCG)).

This corporate governance section includes the measures implemented for the efficient management and control of Nykode's operations. The Board and the Executive Management of Nykode are committed to complying with the demands of shareholders and other stakeholders for efficient business operations, while at the same time being committed to running the Company independently.

Business
Nykode is a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies for cancer and infectious diseases.

The Company has established a set of guidelines that lay down the ethical standards for behavior towards colleagues, suppliers, patients, business partners and other relevant stakeholders. The Company has developed anti-corruption guidelines and instructions regarding the handling of waste materials that may impact the environment.

General meetings
The Company's general meetings are open to all shareholders. The chair of the meeting is elected by the shareholders. This is considered sufficient to ensure the independence of the meeting chair. The Company's independent auditors will attend the meeting if deemed necessary for the consideration of items on the agenda.

Nomination Committee
The Nomination Committee is appointed at the Company's general meeting pursuant to Article 8 of the Company's Articles of Association. The Nomination Committee is responsible for recommending candidates to the Board and the remuneration of the board members in accordance with the instructions for the Nomination Committee issued by the Board and sanctioned by the shareholders in general meeting.

The Company established its first Nomination Committee at the Annual General Meeting held on April 10, 2018. The current Nomination Committee consists of three members:

- Harald Arnet (Chair) is CEO of the Datum group, the Company's largest shareholder
- Lars Erik Larsson is employed with RASMUSSEN-GRUPPEN AS, the Company's second-largest shareholder
- Jan Fikkan has international senior management experience from GE Healthcare and Amersham Health, among others

Jan Fikkan was elected at the Annual General Meeting held on May 5, 2021, while Harald Arnet and Lars Erik Larsson were elected at the Extraordinary General Meeting held on November 30, 2021. The term of the committee expires at the date of the Annual General Meeting to be held in 2022. The committee members are considered to be independent of the Board of Directors and the Executive Management.

Board of Directors, composition and independence
Pursuant to Article 7 of the Articles of Association, the Board shall consist of from two to eight members. The current Board consists of eight members, one of whom is female while seven are male.

All board members are elected for terms of one year from one annual general meeting to the next. There have been no changes to the Board since the Extraordinary General Meeting held on December 22, 2021, where Martin Nicklasson was elected as the new Chair of the Board, Anders Tuv was elected as a board member and Trygve Lauvdal stepped down from the Board and continued as an observer to the Board.

The composition of the Board is compliant with the NCPCG, as the majority of its members are independent of the Executive Management and material business contacts, more than two members are independent of the main shareholders, and none of the Company's executive managers serve on the Board.

The work of the Board of Directors
The Board is responsible for providing strategic guidance to the Company and for monitoring the business operations of the Executive Management. At board meetings, which are held every two months, the CEO updates the Board on the operational and financial developments of the Company.

Discussions of matters of material importance in which the Chair of the Board has been personally involved are chaired by another member of the Board.

The Board reviews and evaluates its work annually.

Audit Committee
The Company has established an Audit Committee. Its main duties as per the charter, is to:

- prepare the Board's supervision of the Company's financial reporting process
- monitor the systems for internal control and risk management
- have continuous contact with the Company's auditors regarding the audit of the annual accounts
- review and monitor the independence of the Company's auditors
- pre-approve all audit-related and other significant services provided by the Company's auditors

The Committee shall consist of at least two members of the Board. The committee is chaired by Anders Tuv, and its other members are Martin Nicklasson and Christian Åbyholm.

Remuneration Committee
The Board has appointed a Remuneration Committee, which determines the remuneration policy and general guidelines for incentive remuneration for the Executive Management, as well as proposals on the targets for company-operated performance-related incentive programs. The Remuneration Committee is chaired by Martin Nicklasson and other members are Anders Tuv, Jan Haudemann-Andersen and Lars Lund-Roland.

Research and Development Committee
The Company has established a Research and Development Committee. The purpose of the committee is as per the charter to oversee matters relating to the Company's scientific and technological capabilities and development programs and report to the Board regarding such matters to help facilitate Board oversight of:

- the Company's investment in research and development, product improvements and technology
- the Company's strategy and processes regarding engagement of the scientific community, support of research and clinical studies and development of scientific data generated by the Company's product candidates

The committee also monitors and evaluates significant emerging trends and issues in science and technology relevant to the Company and assists the Board and management in implementing appropriate advisory and thought-leader interactions.

The committee consists of at least two members of the Board. The committee is co-chaired by Bernd Seizinger and Birgitte Volck, and Martin Nicklasson is a third member. Committee meetings are held at regular intervals, mainly in connection with the board meetings.

Going concern
It is, in accordance with section 3-3a of the Norwegian Accounting Act, confirmed that the annual financial statements represent a true and fair view of the Company's financial position at the turn of the year. The Board confirm that the conditions for assuming the Company will continue as a going concern are present, and that these financial statements have been prepared on the basis of this assumption.

Risk management and internal controls
Nykode Therapeutics is continuously focusing on developing and strengthening its internal routines and monitoring the company's compliance with relevant legislation. These include financial controls, quality assurance guidelines relating to clinical trials, IT operations, storage of data and HR.

The Executive Management reports to the Board and the relevant sub-committees on an ongoing basis, ensuring that the Board is consistently updated on important risks and developments related to clinical studies, the financial situation and the Company's strategy.

Remuneration of the Board
The remuneration of the Board consists of an annual fee, based on a recommendation from the Nomination Committee.

The Company has chosen to deviate from the recommendations of the NCPCG regarding warrants and options to the Board because the Company is at the development stage, and due to international industry practice. The table on the right shows the number of shares and warrants/options in the Company held by each board member as of December 31, 2021.

Remuneration of the Executive Management
The Company recognizes the importance of attracting and retaining key employees and executive managers, and the compensation package is regarded as an important tool in this respect. The Company has adopted a share option scheme which aims to align the long-term interests of the Executive Management with those of the shareholders. Under the terms of the share option scheme, options may be granted annually or on an ad-hoc basis, including onboarding grants. Options typically vest over a period of four years and expire after five years. Reference is made to note 4.8 to the financial statements. The remuneration of the Executive Management is based on a recommendation from the Remuneration Committee.

Auditors
The Company's auditors, Deloitte AS, are considered to be independent of Nykode Therapeutics. The auditors provide a statement each year confirming their independence.

The auditors attend the board meeting at which the Board discusses the annual financial statements, accounting principles and other relevant matters. At each year's Annual General Meeting, the Board discloses the fees paid to the auditors.

Board member	Served since	Election period ending	Number of outstanding warrants/ options held	Number of shares held[1]
Martin Nicklasson[2]	2021	AGM in 2022	300,000	12,000
Anders Tuv[3]	2012	AGM in 2022	800,000	-
Einar J. Greve	2020	AGM in 2022	150,000	1,625,000
Jan Haudemann-Andersen	2017	AGM in 2022	-	40,689,050
Lars Lund-Roland[4]	2014	AGM in 2022	-	-
Bernd R. Seizinger	2014	AGM in 2022	-	600,000
Birgitte Volck[5]	2021	AGM in 2022	4,674	-
Christian Åbyholm[6]	2020	AGM in 2022	100,000	2,005,295
Trygve Lauvdal[7]	2020	AGM in 2022	-	-

1 Number of shares and warrants/options owned personally or via a company controlled by the board member as of December 31, 2021
2 Martin Nicklasson was elected as the Chair of the Board of Directors at the EGM on December 22, 2021
3 Anders Tuv represents Radforsk, which held 24,057,000 shares as of December 31, 2021
4 Lars Lund-Roland owns 50% of Elar Consulting AS, which held 500,000 shares through its subsidiary Elar Holding AS as of December 31, 2021
5 Birgitte Volck was elected to the Board of Directors at the AGM on May 5, 2021
6 Christian Åbyholm represents Andenæsgruppen, which held 17,255,175 shares through Victoria India Fund AS and Norda ASA, which held 7,996,755 shares as of December 31, 2021
7 Trygve Lauvdal represents the Rasmussen group, which held a total of 34,030,750,00 shares through RASMUSSENGRUPPEN AS, Portia AS and Cressida AS as of December 31, 2021. Trygve Lauvdal stepped down from the Board of Directors and was elected as Observer to the Board at the EGM on December 22, 2021

CORPORATE SOCIAL RESPONSIBILITY

Employees
The primary focus of Nykode Therapeutics' corporate social responsibility (CSR) efforts is its employees. The Company has no formal policy on CSR but adheres to a set of guidelines in its Code of Conduct regarding employee health and safety, and conduct towards healthcare professionals, vendors and competitors. The COVID-19 pandemic required the Company to reorganize working arrangements, with most staff transitioning to working from home. The context of working from home has increased the focus on the wellbeing of employees, and the Company will maintain this focus by promoting an overall healthy working environment. For Nykode Therapeutics AS, there were no accidents or work-related injuries during the reporting period. The sick-leave rate of absence was 2.9% in 2021.

Environment and climate
Nykode may use hazardous materials in its laboratories and has put in place routines to handle such materials in a way that minimizes the impact on the environment. However, as the Company operates from rented facilities where services for the proper handling and disposal of hazardous materials are readily available and conducts its business in a highly regulated industry, Nykode's potential impact on the environment and climate is viewed as minimal. In other words, the Company does not pollute the environment. As a result, no specific environment and climate policies have been adopted to date. The Company is working to implement an ESG (Environmental, Social and Governance) governance and reporting system.

Business ethics
Nykode, in collaboration with its partners, conducts preclinical experiments in animals as well as clinical trials. The animal experiments are approved by the Norwegian Food Safety Authority (Mattilsynet). Nykode only uses R&D vendors and laboratories that are approved and have documented high standards and expertise in animal research. The clinical trials are performed in accordance with the ethical and scientific principles governing clinical research on human subjects, as set out in the Declaration of Helsinki and the International Conference on Harmonization (ICH) guidelines on Good Clinical Practice. Nykode collaborates with international, competent service providers that specialize in these types of studies and consults with leading experts on trial design to optimize trial conduct.

The Company has a continuous focus and monitoring of its internal routines and the Company's compliance with relevant legislation. These include its handling of personal data and ensuring these are in accordance with the General Data Protection Regulation (GDPR). Nykode is committed to maintaining the highest standards of ethical conduct and will not tolerate the use of bribery or corruption to achieve its business objectives. The Company has established anti-corruption policies according to which all employees must decline any expensive gifts, money, trips or other such offerings from business contacts. The Company is working to apply these guidelines with its suppliers. No incidents of bribery or whistleblowing were reported in 2021.

RISK MANAGEMENT

Research and development
Developing novel pharmaceutical products inherently involves high risk. In research and development, such risks include patent protection, clinical trials and regulatory approvals. Nykode Therapeutics seeks to mitigate risk through appropriate measures. The Company focuses on ensuring sufficient patent protection and works closely with external patent counsels to minimize the risk of patent infringement claims as well as to prepare any patent defense should this be necessary. Nykode's medical department works closely with external regulatory consultants and regulatory agents to develop regulatory strategies and frequently interacts with regulatory agencies. The Company carefully selects its clinical candidates and has a pipeline of candidates and clinical studies in various indications. It designs its clinical studies according to best practice and in compliance with international regulations to minimize risk. Specialized Clinical Research Organizations (CRO) are contracted to help in these efforts. The clinical studies are carried out in collaboration with world-class international partners with solid experience in conducting such studies and are conducted according to all applicable quality standards.

Commercial risk
Commercial risks include the time and costs involved in developing products, market competition, and the ability to attract partners. Nykode has successfully formed partnerships with leading companies in its field including Genentech, Adaptive Biotechnologies and most recently Regeneron with which a worldwide multitarget license and collaboration agreement was undertaken in late 2021. These partners contribute both financially and with R&D expertise, thereby helping to reduce risk.

Market risk
The long-term financial success of the Company requires obtaining marketing authorizations and achieving acceptable reimbursement for its drugs. There can be no assurance that the Company's drugs will obtain cost-effective selling prices or reimbursement rates. The Company's products are subject to approvals from the U.S. Food and Drug Administration (FDA) to market its products in the U.S., and from the European Medicines Agency (EMA) to market its products in Europe, as well as equivalent regulatory authorities in other jurisdictions worldwide to commercialize products in those regions. The Company relies for its future earnings on the timely marketing authorization of its drugs for various indications.

Financial risk
Nykode is exposed to financial risk factors, including risks associated with cash management, the short-term liquidity profile of development programs, liquidity from partnerships and the ability to attract capital from financial markets. The Company has not entered into any hedging agreements to reduce financial risk as of December 31, 2021.

The expected main sources of capital to secure future funding are the capital markets, the license and collaboration agreements with Genentech and Regeneron, potential new collaboration agreements with partners and potential soft funding from grant applications.

The Company is exposed to currency risk as employee expenses are primarily in Norwegian Kroner (NOK) and Danish Kroner (DKK), and much of its operating expenses for the clinical trials are paid in foreign currency, primarily in Euro (EUR). The Company keeps bank deposits in NOK, DKK, GBP, EUR and USD for operational purposes, and to reduce its currency risk. The Company regularly considers its current risk management of foreign exchange rates and will adjust it if deemed appropriate.

Nykode has purchased and maintains a directors and officers liability insurance on behalf of the members of the Board of Directors and the CEO. The insurance also covers any employee acting in a managerial capacity, including controlled subsidiaries.

Human resources
As a highly specialized and scientifically focused company, Nykode relies on its ability to attract and retain talent and expertise. The Company strives to be an attractive employer by offering an inspirational and flexible working environment.

IT-related risk
Nykode uses external assistance from qualified vendors to provide advice on cybersecurity and systems security where relevant. Its IT systems use authentication systems to reduce the risk of unauthorized access into its systems. The Company has appropriate protection from viruses and malware. Nykode has implemented procedures for IT security and data management via its IT vendors. Server back-ups are run automatically at regular intervals.

Risk management and internal controls
See section on corporate governance.

OUR PEOPLE

PEOPLE & ORGANIZATION

Nykode Therapeutics is a company driven by the goal to pioneer and unlock the future of medicine. Being aware of the impact diversity has on financial performance and level of innovation, diversity is naturally a part of our strategic focus and is deeply rooted in our values. Our values are courage, integrity, collaboration, respect and flexibility. These values are a guide to how we work to promote equality in our company.

Nykode welcomes diversity and strives to create an environment of mutual respect which builds trust, safety and wellbeing. We accept everyone's perspective, accept everyone without judgment and show understanding of the importance of each other's jobs. This is also apparent in our project-driven organization, where team members from various backgrounds and expertise join forces to deliver the best possible outcome. The diversity of our company is an integral part of establishing a high-performance company culture.

Nykode's people and organization are essential to the Company's ability to deliver on strategic priorities. Therefore, Nykode aspires to attract, develop, and retain the best people in the biotechnology sector worldwide. Nykode attracts people from broad areas of expertise, including scientist from the field of biotechnology and immunology, as well as skilled business developers. The organization has been growing rapidly during 2021, with 102 employees in Norway and Denmark as of December 31, 2021.

Equality and anti-discrimination
Nykode is committed to ensuring that all of our employee's experience inclusion and equality in their daily working life. We work proactively and systematically to promote equality, prevent discrimination on the basis of gender, pregnancy, leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, belief, disability, sexual orientation, gender identity, gender expression or combinations of these grounds, and also seek to prevent harassment, sexual harassment and gender-based violence.

The Norwegian Equality and Anti-Discrimination Act Section 26 establishes a duty of activity for employers to promote equality and prevent discrimination. On the background of these rules, Nykode is obliged to issue a statement on the actual status of gender equality in the company and what the Company is doing to comply with the activity duty pursuant to Section 26. Such written statement may be found below.

In the tables below are a presentation of the statistics for the Norwegian part and the Danish part of the business concerning the male/female employees, male/female working part time and in temporary engagements and also the total numbers for Nykode (Norway and Denmark).

The average number of weeks of parental leave in 2021 was 29 weeks for women, and six weeks for men.

Employees by country and employment type

	Norway			Denmark			Group total		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees working full time	54	30	84	10	5	15	64	35	99
Employees working part time	1	0	1	0	0	0	1	0	1
Employees on temporary engagements	2	0	2	0	0	0	2	0	2
Total	57 (66%)	30 (34%)	87 (100%)	10 (67%)	5 (33%)	15 (100%)	67 (66%)	35 (34%)	102 (100%)

Gender pay gap in the Norwegian part of Nykode as per December 31, 2021

Gender pay gap	Women	Men	Women's pay in % of men's pay
Total pay gap between women and men	57 employees (66%)	30 employees (34%)	84%
Level 1[1]	4 employees (57%)	3 employees (43%)	Due to GDPR regulations we cannot publish the results in this category
Level 2[2]	4 employees (67%)	2 employees (33%)	Due to GDPR regulations we cannot publish the results in this category
Level 3[3]	17 employees (59%)	12 employees (41%)	108%
Level 4[4]	32 employees (71%)	13 employees (29%)	94%

[1] Included in level 1 are CEO/CoB/President and Head of functions i.e., Chief Officer
[2] Included in level 2 are Department Managers/Director levels
[3] Included in level 3 are Supervisors i.e. Managers/Senior Employees
[4] Included in level 4 are Junior levels i.e. Scientists, advisors, controllers & Assistants, Secretaries, Consultants, Admin, Clerical

Nykode has carried out a pay review in accordance with the requirements under the Norwegian Equality and Anti-Discrimination Act Section 26. The table above provides a presentation of the statistics in anonymized form on the Norwegian part of the business as per December 31, 2021.

Nykode is working in cooperation with the employee representatives in ensuring that "equal pay for equal work and equal pay for work of equal value" is continuously considered in our pay policies and procedures. It is a prerequisite in Norway that the pay policy aligned with definitions in the Equality and Anti-Discrimination Act Section 34. Additionally, it is mandatory to map potential involuntary part-time work. As to the latter, no such incidents were discovered during 2021.

The work related to the duty of activity
Nykode has a global code of conduct which focuses on employees' health and safety. Nykode has established safe whistleblowing procedures, which is mandatory by law in Norway, where employees may report incidents related to e.g., discrimination, sexual harassment or other forms of harassment. All employees are informed of the possibility to report incidents, available in the employee handbook which is posted on the intranet.

Other routines, guidelines and policies which affect equality and diversity may be found in our employee handbook. The employee handbook is digital and easily accessible to all employees. The employee handbook will be updated during 2022 for all countries where Nykode is present and will continue to include measures which contribute to a working environment that maintains and increases diversity and inclusion.

Companies in Norway shall implement the four-step model in the Equality and Anti-Discrimination Act Section 26, second paragraph. During 2022, this model will be fully incorporated in the organization on all discrimination grounds included in Section 26 and in the HR-processes on recruitment, promotion, salary and working condition, development opportunities, accommodation and the opportunity to combine work and family life. The Board will regularly consider the work on gender equality and inclusion. Nykode is a company which continuously develops policies related to recruitment, promotions and other activities with the aim to promote equality. Diversity and inclusion are important parts of our high-performance culture also for 2022 and onwards.

Global statistics on other Key HR indicators per December 31, 2021

	2021	2020
Employees	102	51
Gender diversity, M/F	34% / 66%	33% / 67%
Employee turn over	14%	13%
Gender diversity Board of Directors, M/F	87% / 13%	87% / 13%

BOARD OF DIRECTORS

Martin Nicklasson
(Chair of the Board of Directors)

From 2007 to end 2010, Martin served as President and Chief Executive Officer of Biovitrum AB and Swedish Orphan Biovitrum AB (Sobi). From 1999 to 2007, he held various Executive Vice President positions at AstraZeneca PLC and was a member of that company's senior executive committee. He has held and holds various chair and board member positions in biotech and biopharma companies. Currently, he serves as chair of Zealand Pharma A/S and on the board of Basilea Pharmaceutica Ltd. Martin is a certified pharmacist and holds a Ph.D. in Pharmaceutical Technology from Uppsala University, Sweden.

Anders Tuv

Anders Tuv is Chief Investment Officer of the life science investment company Radforsk, a major shareholder of Nykode Therapeutics, which is focused on immunotherapies and precision medicines. He is an experienced investment and business development professional with broad experience from the life science industry covering management positions, strategy and business development, research collaborations, licensing deals, M&A and IPOs. He holds several chair and non-executive director positions with biotech and medtech companies. He holds a MBE degree from the BI Norwegian Business School.

Einar J. Greve

Einar J. Greve works as a strategic advisor with Cipriano AS. He was previously a partner of Wikborg Rein & Co and a partner of Arctic Securities ASA. He has held and holds various positions as chair and board member of both Norwegian and international listed and unlisted companies. He holds a Master of Law degree (cand.jur.) from the University of Oslo.

Jan Haudemann-Andersen

Jan Haudemann-Andersen is the sole owner of Datum AS, and a major shareholder of Nykode Therapeutics. He has extensive investment experience from private and listed companies in Norway and abroad. He holds a business degree (siviløkonom) from the BI Norwegian Business School.

Lars Lund-Roland

Lars Lund-Roland is a business and management consultant and has a background in pharmaceutical marketing and business. Past employments include managerial and marketing positions with Merck & Co. Inc., MSD Norway and Bringwell AB. He serves as chair of the board of the Norwegian Life Science Cluster, Palion Medical AS and SonoClear. He holds a B.Sc. degree in nursing and a graduate diploma in business and administration (Bedriftsøkonomisk Kandidat) from the BI Norwegian Business School.

Bernd R. Seizinger

Bernd R. Seizinger serves as chair or board member of a number of public and private biotech companies in the US, Canada and Europe, including BioInvent, Oxford BioTherapeutics, Aprea, CryptoMedix and Oncolytics. In addition, he serves on the advisory board of Pureos Ventures (Zurich) and is a senior advisor to Hadean Ventures (Oslo and Stockholm). Prior senior executive positions in big pharma and biotech include CEO, GPC Biotech; VP Oncology and (in parallel) VP, Corporate Alliances, Bristol-Myers Squibb; CEO, and SVP & CSO, Genome Therapeutics Corporation. Moreover, he has held senior faculty positions at Harvard Medical School, Massachusetts General Hospital, and Princeton University. He is a medical doctor and holds a Ph.D. in neurobiology.

Birgitte Volck

Birgitte currently serves as Senior Vice President, Head of Clinical Development and Medical Affairs of Ascendis Pharma A/S (Nasdaq-listed) and as a non-executive director of Soleno Therapeutics Inc. (Nasdaq-listed). Previous senior positions in big pharma and biotech include President, Head of R&D, Avrobio Inc; Head of R&D in Rare Diseases for GlaxoSmithKline; and CMO and SVP of Development at Swedish Orphan Biovitrum AB (Sobi). Her career also includes previous non-executive director positions at Ascendis Pharma, Wilson Therapeutics, TFS International as well as various positions at Amgen Inc., including Executive Development Director of Bone, Neuroscience & Inflammation. Birgitte received her M.D. and Ph.D. degrees from the University of Copenhagen, Denmark.

Christian Åbyholm

Christian Åbyholm is a partner at Andenæs-gruppen, a major shareholder of Nykode Therapeutics, and holds several board positions. His prior professional experience and past employments include M&A, business development and equity research with Norsk Hydro, Aker RGI, Morgan Stanley and Merrill Lynch. He is a CFA charterholder, holds an MBA from IMD and a business degree (siviløkonom) from the Norwegian School of Economics and Business Administration. In addition, he completed the first two years of law school at the University of Oslo.

Trygve Lauvdal
(Observer to the Board)

Trygve Lauvdal is an Investment Director with RASMUSSENGRUPPEN AS, a major shareholder of Nykode Therapeutics. Prior to joining RASMUSSENGRUPPEN AS, he worked as an equity analyst with DNB Markets and as product manager with ABB. He has held several board positions with Norwegian companies. He holds a Ph.D. in Engineering Cybernetics from the Norwegian University of Science and Technology (NTNU).

EXECUTIVE MANAGEMENT

Michael Engsig
Chief Executive Officer

Michael joined Nykode Therapeutics in 2017. He is a broadly anchored pharmaceutical professional with extensive experience, from early-stage drug discovery to late-stage development and product launches in biotech and pharma and across all major geographical areas. His career history includes specialist and managerial roles at Takeda and Nycomed. Michael holds a civil engineering (M.Sc.) degree in chemistry specializing in biotechnology from the Technical University of Denmark, and a Graduate Diploma in Business Administration (HD) in organization and leadership from the Copenhagen Business School.

Agnete B. Fredriksen
Chief Innovation & Strategy Officer

Agnete is co-founder of Nykode and served as its Chief Scientific Officer from 2007-2021, leading our scientific strategy. Her previous employers include Affitech AS and Medinnova AS. She is the author of numerous scientific papers in the field of immunology, immunotherapy and vaccines, and has been awarded several patents in the field of immunotherapy. Agnete holds an M.Sc. and a Ph.D. from the Institute of Immunology, Rikshospitalet Medical Center in Oslo, where she designed and developed the first Vaccibody vaccine molecules. She received the King's Gold Medal of Merit for her Ph.D. thesis describing the Vaccibody molecule. Agnete is a board member of Molecular Partners AG.

Harald Gurvin
Chief Financial Officer

With a long career in the field of finance, Harald joined Nykode in 2021 as CFO. Most recently, he served as CFO at Flex LNG, a company owning and operating LNG carriers and listed on both the New York and Oslo Stock Exchanges. Previously, he was CFO of SFL Corporation Limited, a leading international ship-owning company listed on the New York Stock Exchange. Harald holds an MSc in Shipping, Trade and Finance from CASS Business School and a M.Sc. in Marine Engineering and Naval Architecture from the Norwegian University of Science and Technology.

Mikkel W. Pedersen
Chief Scientific Officer

Mikkel joined Nykode in 2021. He has long-standing experience in drug discovery and development within the areas of oncology, immuno-oncology and infectious diseases. His previous roles include Head of Biologics Drug Design at Servier and CSO of Symphogen, where he also held the positions VP of Antibody Discovery and Research and director of Cancer Biology and Immunology. Before that, Mikkel headed up the receptor tyrosine kinase group at the Department of Radiation Biology at Copenhagen University Hospital. Mikkel holds a Ph.D. from the University of Copenhagen and has authored over 40 peer-reviewed publications.

Mette Husbyn
Chief Technical Officer

Mette joined Nykode in 2017. Her professional experience spans CMC, including drug development through all clinical stages from early research to NDA/MAA filings. This work covers regulatory filings within both the antimicrobial and immune-oncology programs, as well as diagnostic imaging. Mette's career includes roles at Lytix Biopharma, Nycomed Pharma, Amersham Health and GE Healthcare. She holds a Ph.D. in peptide chemistry from the University of Oslo.

Siri Torhaug
Chief Medical Officer

Siri joined Nykode as its CMO in 2020, bringing her broad experience in clinical development and translational research. Furthermore, she has extensive experience in scientific and medical affairs covering relevant tumor areas, R&D and general management of cancer drug development, as well as product launches and life cycle management for several oncology products. Her past career includes roles with Oslo University Hospital (Radiumhospitalet), one of the premier oncology hospitals in Europe, as well as with Novartis and AstraZeneca. Siri is a medical doctor and a certified clinical specialist in oncology.

Elise L. Ramse
Chief Human Resources Officer

Elise joined Nykode in 2021 as its CHRO. She has extensive experience with HR and organizational development in the global pharmaceutical and medtech industry, her prior position being at Novartis in Norway as Head of People & Organization. Elise has since 2019 served as Leader of the Education Committee of The Life Science Cluster at the Oslo Science Park, enabling collaboration and partnerships with several academic organizations (UIO, OsloMet, BI, NMBU), with a focus on designing education programs based on the industry's future need of competencies and innovation capabilities. Elise holds a Bachelor of management from BI Norwegian Business School.

Katrine Husum
Sr. Director, Head of Project and Alliance Management

Katrine joined Nykode in 2020. She has extensive experience with leading global drug development projects of biologics and small molecules. Her work has covered early research to late-stage development in areas including immunology, neurology, dermatology and metabolic diseases. Her past positions include roles at LEO Pharma, Agilent, Takeda and Nycomed. Katrine holds a M.Sc. in Pharmacy from the University of Copenhagen and a Master of Medical Business Strategy from the Copenhagen Business School.

Peter Fatum
Director, Head of QA

Peter Fatum joined Nykode in 2021. He is a senior quality manager with broad experience within quality management across GxPs, covering both investigational and commercial products. He has 25 years of experience from the pharma & medtech industry covering R&D, Product Support and QA/QC. Most recently, he held the role of Head of Global GxP Compliance & Quality Systems in Swedish Orphan Biovitrum AB (Sobi), a global biopharmaceutical company working with rare diseases. Past employments include senior Global QA roles in ALK and Radiometer. He holds a M.Sc. in Chemistry and Environmental Biology from Roskilde University in Denmark.

SHAREHOLDER INFORMATION

Nykode Therapeutics AS, formerly known as Vaccibody AS, is a Norwegian limited liability company ("aksjeselskap") regulated by the Norwegian Private Limited Companies Act ("Lov om aksjeselskaper (aksjeloven)").

While being privately owned, the Company has adopted a provision in its Articles of Association to allow its shares to be freely traded. The acquisition of its shares is not subject to the consent of the Company, and shareholders do not have pre-emptive rights, which is otherwise a default provision of the Norwegian Private Limited Companies Act.

The Company's shares are registered with Verdipapirsentralen (VPS), Norway's central securities depository.

The Company's shares are eligible for trading on the electronic trading platform Euronext Growth (Oslo) under the ticker "NYKD".

At December 31, 2021, two shareholder groups, the Datum group and the Rasmussen group of companies, held more than 10% in aggregate of the shares and/or votes in Nykode. The Datum group is controlled by Jan Haudemann-Andersen, member of Nykode's Board of Directors, and held a total of 14.0% of the shares in Nykode at December 31, 2021 through Datum Opportunity AS, Datum AS, Datum Finans AS and a personal holding. The Rasmussen group held a total of 11.8% of the shares in Nykode at December 31, 2021 through RASMUSSENGRUPPEN AS, Portia AS and Cressida AS.

News releases made by the Company are always released through the Newspoint information system which may be accessed here: https://newsweb.oslobors.no/.

For further information about the Company's shares, reference is made to note 4.5 to the financial statements and to the corporate governance section.

STATEMENT BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer have today considered and approved the Annual Report of Nykode Therapeutics AS for the fiscal year January 1 – December 31, 2021.

In our opinion, Nykode Therapeutics' financial statements for 2021 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act.

In our opinion, Nykode Therapeutics' financial statements provide a fair presentation of the assets, liabilities and financial position at December 31, 2021, and of the results of operations and cash flows for the fiscal year January 1 – December 31, 2021.

In our opinion, the Annual Report provides a fair presentation of the developments in the Company's operations and financial circumstances, the results for the year, the overall financial position of Nykode Therapeutics; as well as a description of the most significant risks and elements of uncertainty facing the Company; and meets the requirements of the Norwegian Accounting Act 3-3a with regards to the Board of Directors' Report.

We recommend that the financial statements be adopted at the Annual General Meeting on May 12, 2022.

Oslo, March 31, 2022

Martin Nicklasson
Chair of the Board

Anders Tuv
Board Member

Einar Jørgen Greve
Board Member

Jan Haudemann-Andersen
Board Member

Lars Lund-Roland
Board Member

Bernd Robert Seizinger
Board Member

Birgitte Volck
Board Member

Christian Åbyholm
Board Member

Michael Thyrring Engsig
Chief Executive Officer


FINANCIAL
STATEMENTS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group			For the years ended December 31	Parent		
2021	2020	Notes	Amounts in USD '000	Notes	2021	2020
33,963	215,000	2.2	Revenue from contracts with customers	2.2	33,963	215,000
1,803	695	2.3	Other income	2.3	1,803	695
35,766	**215,695**		**Total revenue and other income**		**35,766**	**215,695**
16,846	16,049	2.4	Employee benefit expenses	2.4	14,459	16,049
28,960	21,078	2.5	Other operating expenses	2.5	30,512	21,078
735	303	3.1,3.2	Depreciation	3.1,3.2	711	303
-10,775	**178,265**		**Operating profit or loss**		**-9,916**	**178,265**
4,133	3,815	4.7	Finance income	4.7	4,059	3,815
4,475	1,176	4.7	Finance costs	4.7	4,471	1,176
-11,117	**180,905**		**Profit or loss before tax**		**-10,329**	**180,905**
-1,704	31,130	5.1	Income tax expense	5.1	-1,731	31,130
-9,414	**149,774**		**Profit or loss for the year**		**-8,598**	**149,774**
			Other comprehensive income:			
			Items that subsequently may be reclassified to profit or loss:			
-9	-2,378		Foreign currency translation effects		-	-2,378
-9	-2,378		Total items that may be reclassified to profit or loss		-	-2,378
-9	**-2,378**		**Total other comprehensive income for the year**		**-**	**-2,378**
-9,422	**147,396**		**Total comprehensive income for the year**		**-8,598**	**147,396**
			Earnings per share ("EPS"):			
-0.03	0.54	4.9	Basic EPS - profit or loss attributable to equity holders	4.9	-0.03	0.54
-0.03	0.51	4.9	Diluted EPS - profit or loss attributable to equity holders	4.9	-0.03	0.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Group				Parent		
31.12.2021	31.12.2020	Notes	Amounts in USD '000	Notes	31.12.2021	31.12.2020
			ASSETS			
			Non-current assets			
1,884	131	3.1	Property, plant and equipment	3.1	1,884	131
7,281	277	3.2	Right-of-use assets	3.2	7,180	277
32	32	3.3	Intangible assets	3.3	32	32
501	556	2.10	Other long-term receivables	2.10	490	556
9,698	**996**		**Total non-current assets**		**9,585**	**996**
-	-		Investments in subsidiaries	4.10	941	-
-	**-**		**Total financial non-current assets**		**941**	
			Current assets			
23,750	3,750	2.6	Trade receivables	2.6	23,750	3,750
3,708	1,488	2.6	Other receivables	2.6	4,587	1,488
-	15,000	2.9	Contract assets	2.9	-	15,000
12,169	24,944	4.1,4.4	Other current financial assets	4.1,4.4	12,169	24,944
216,231	183,851	4.6	Cash and cash equivalents	4.6	214,722	183,851
255,858	**229,032**		**Total current assets**		**255,228**	**229,032**
265,556	**230,028**		**TOTAL ASSETS**		**265,754**	**230,028**
			EQUITY AND LIABILITIES			
			Equity			
333	327	4.5	Share capital	4.5	333	327
81,526	60,348		Share premium		81,526	60,348
7,863	4,419		Other capital reserves		7,849	4,419
-3,122	-3,113		Other components of equity		-3,113	-3,113
107,455	116,869		Retained earnings		108,271	116,869
194,055	**178,850**		**Total equity**		**194,866**	**178,850**
			Non-current liabilities			
5,820	8	3.2	Non-current lease liabilities	3.2	5,820	8
4,915	6,859	2.8	Non-current provisions	2.8	4,915	6,859
29,400	31,130	5.1	Deferred tax liabilities	5.1	29,399	31,130
40,134	**37,997**		**Total non-current liabilities**		**40,134**	**37,997**
			Current liabilities			
219	-	2.3	Government grants	2.3	219	-
1,350	276	3.2	Current lease liabilities	3.2	1,250	276
8,494	9,183	2.7	Trade and other payables	2.7	8,008	9,183
5,234	3,722	2.8	Current provisions	2.8	5,232	3,722
16,044	-	2.9	Current contract liabilities	2.9	16,044	-
26	-	5.1	Income tax payable	5.1	-	-
31,367	**13,181**		**Total current liabilities**		**30,754**	**13,181**
71,501	**51,178**		**Total liabilities**		**70,888**	**51,178**
265,556	**230,028**		**TOTAL EQUITY AND LIABILITIES**		**265,754**	**230,028**

CONSOLIDATED STATEMENT OF CASH FLOWS

Group			For the years ended December 31		Parent	
2021	2020	Notes	Cash flows from operating activities (USD '000)	Notes	2021	2020
-11,117	180,905		**Profit or loss before tax**		-10,329	180,905
			Adjustments to reconcile profit before tax to net cash flows:			
84	-6	4.7	Net financial income/expense	4.7	83	-6
85	31	3.1	Depreciation of property, plant and equipment	3.1	85	31
649	273	3.2	Depreciation of Right-of-use assets	3.2	625	273
3,444	2,598	4.8	Share-based payment expense	4.8	2,554	2,598
-	1,830		Net foreign exchange differences		-	1,830
			Working capital adjustments:			
-22,220	-3,911	2.6	Changes in trade receivables and other receivables	2.6	-23,099	-3,911
15,055	-15,552	2.9,2.10	Changes in contract assets and other long-term receivables	2.9,2.10	15,066	-15,552
-656	6,846	2.7	Changes in trade and other payables	2.7	-1,142	6,846
17,776	1,797	2.3,2.8	Changes in contract liabilities, current provisions and government grants	2.3,2.8	17,774	1,797
-1,944	5,455	2.3,2.8	Changes in non-current provisions	2.3,2.8	-1,944	5,455
1,156	**180,266**		**Net cash flows from operating activities**		**-327**	**180,266**
			Cash flows from investing activities (USD '000)			
-872	-99	3.1	Purchase of property, plant and equipment	3.1	-872	-99
-	-	4.10	Acquisitions/investments in subsidiaries	4.10	-66	-
-999	-15,106	4.1	Purchase of Money Market Funds	4.1	-999	-15,106
12,353	9,179	4.1	Proceeds from sale of Money Market Funds	4.1	12,353	9,179
270	6	4.7	Interest received	4.7	270	6
10,753	**-6,020**		**Net cash flows from investing activities**		**10,687**	**-6,021**
			Cash flows from financing activities (USD '000)			
21,184	-	4.5	Proceeds from issuance of equity	4.5	21,184	-
-611	-244	3.2	Payments for the principal portion of the lease liability	3.2	-587	-244
-66	-9	3.2	Payments for the interest portion of the lease liability	3.2	-66	-9
-64	-37	4.7	Interest paid	4.7	-61	-37
20,442	**-290**		**Net cash flows from financing activities**		**20,469**	**-289**
32,351	173,957		**Net increase/(decrease) in cash and cash equivalents**		30,829	173,957
183,851	10,166	4.6	Cash and cash equivalents at beginning of the year/period	4.6	183,851	10,166
30	-272		Net foreign exchange difference		42	-272
216,231	**183,851**		**Cash and cash equivalents, end of year**		**214,722**	**183,851**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at January 1, 2020	**316**	**59,133**	**1,821**	**-735**	**-32,905**	**27,631**
Profit or loss for the year	-	-	-	-	149,774	149,774
Other comprehensive income	-	-	-	-2,378	-	-2,378
Issue of share capital (Note 4.5)	11	1,215	-	-	-	1,225
Share based payments (Note 4.8)	-	-	2,598	-	-	2,598
Balance at December 31, 2020	**327**	**60,348**	**4,419**	**-3,113**	**116,869**	**178,850**
Profit or loss for the year	-	-	-	-	-9,414	-9,414
Other comprehensive income	-	-	-	-9	-	-9
Issue of share capital (Note 4.5)	6	21,178	-	-	-	21,184
Share based payments (Note 4.8)	-	-	3,444	-	-	3,444
Balance at December 31, 2021	**333**	**81,526**	**7,863**	**-3,122**	**107,455**	**194,055**

Parent

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at January 1, 2020	**316**	**59,133**	**1,821**	**-735**	**-32,905**	**27,631**
Profit or loss for the year	-	-	-	-	149,774	149,774
Other comprehensive income	-	-	-	-2,378	-	-2,378
Issue of share capital (Note 4.5)	11	1,215	-	-	-	1,225
Share based payments (Note 4.8)	-	-	2,598	-	-	2,598
Balance at December 31, 2020	**327**	**60,348**	**4,419**	**-3,113**	**116,869**	**178,850**
Profit or loss for the year	-	-	-	-	-8,598	-8,598
Other comprehensive income	-	-	-	-	-	-
Issue of share capital (Note 4.5)	6	21,178	-	-	-	21,184
Share based payments (Note 4.8)	-	-	3,430	-	-	3,430
Balance at December 31, 2021	**333**	**81,526**	**7,849**	**-3,113**	**108,271**	**194,866**

1.1 General information

Corporate information
The financial statements of Nykode Therapeutics AS (formerly Vaccibody AS) and its subsidiaries ("Nykode" or "the Group") for the year ended December 31, 2021 were authorized for issue in accordance with a Board resolution on March 31, 2022. Nykode Therapeutics AS ("Parent Company" or "Parent") has shares traded on Euronext Growth (Oslo), with the ticker symbol NYKD. Nykode Therapeutics AS is incorporated and domiciled in Norway, and the address of its registered office is Gaustadalléen 21, 0349 Oslo, Norway.

The Group consists of clinical-stage biopharmaceutical companies, dedicated to the discovery and development of vaccines and novel immunotherapies for the treatment of cancer and infectious diseases. Nykode's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which are essential for inducing rapid, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses. Nykode's lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which is in Phase II for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which was studied in a Phase I/IIa trial for the treatment of melanoma, lung-, head and neck, renal-, and bladder cancer and is now exclusively out licensed to Genentech Inc., a member of the Roche Group ("Genentech") and in a Phase Ib trial in combination with atezolizumab for the treatment of locally advanced and metastatic tumors. Additionally, Nykode has initiated a Phase I/II trial in 2021 with its two universal, next-generation COVID-19 vaccine candidates. The Group has collaborations with Roche, Genentech and Nektar Therapeutics within oncology, a multi-target collaboration with Regeneron Pharmaceuticals Inc. ("Regeneron") within oncology and infectious diseases and a collaboration with Adaptive Biotechnologies for COVID-19 T cell vaccine development.

1.2 Basis of preparation

The financial statements of the Group and Parent Company comprise statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and related notes. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU").

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The financial statements are prepared based on the going concern assumption.

Comparative financial information is provided for the preceding period in the statement of comprehensive income, statement of financial position, statement of equity and statement of cash flows.

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. See note 4.10 for further information.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Presentation currency and functional currency
The financial statements are presented in US dollars ("USD"), which is the functional currency of the Parent Company. All USD amounts are rounded to the nearest thousand, if nothing else is noted. The financial statements of consolidated foreign subsidiaries whose functional currency is not USD are translated into USD for statement of financial position items at the closing exchange rate at the date of the statement of financial position and for the statement of total comprehensive income at the average rate for the period presented.

1.3 Significant accounting policies

Nykode has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate. Other accounting policies are presented below:

Current versus 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

1.4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognized in the financial statements, are summarised below:

Estimates and assumptions:
- Identification of performance obligations (note 2.2)
- Measurement of deferred tax liability (note 5.1)

Nykode based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

Accounting judgements:
- Determining the performance obligations under the Genentech Agreement and the Regeneron Agreement (note 2.2)
- Determining whether deferred tax assets should be recognized (note 5.1)

A detailed description of the significant accounting judgements is included in the individual note where applicable.

2.1 Operating segment

ACCOUNTING POLICIES
An operating segment is a component of an entity:

a. that engages in business activities from which it may earn revenues and incur expenses,
b. whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
c. for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") for segment performance and resource allocation. This is reported as one segment as the nature of the activities are similar across the Group. Nykode has identified the Board of Directors as CODM.

In the table below non-current assets are broken down by geographical areas based on the location of the operations:

Group			Parent	
31.12.2021	**31.12.2020**	**Non-current assets**	**31.12.2021**	**31.12.2020**
9,585	996	Norway	9,585	996
113	-	Denmark	-	-
9,698	**996**	**Total non-current assets**	**9,585**	**996**

Non-current assets for this purpose consist of property, plant and equipment, intangible assets, right-of-use assets and other long-term receivables.

Revenue from the Genentech Agreement and the Regeneron Agreement each amounted to more than 10% of the Groups revenue in 2021.

Group			Parent	
2021	**2020**	**Revenue from contracts with customers**	**2021**	**2020**
3,956	215,000	Revenue from the Genentech Agreement	3,956	215,000
30,007	-	Revenue from the Regeneron Agreement	30,007	-
33,963	**215,000**	**Total revenue from contracts with customers**	**33,963**	**215,000**

2.2 Revenue from contracts with customers

Regeneron Agreement
On November 22, 2021, Nykode entered into a license and collaboration agreement with Regeneron to collaborate together to discover and develop vaccine products through the conduct of various research and early development programs. As a part of the agreement, Nykode has granted to Regeneron a license of intellectual property and will also conduct agreed upon R&D activities and manufacturing services.

Under the terms of the agreement, Nykode has received a USD 30 million upfront payment. Nykode will further be eligible to receive more than USD 875 million in potential milestone payments, in addition to royalties on sales of commercialized collaboration products. Regeneron will reimburse the costs related to the R&D activities and the manufacturing services to be performed by Nykode. Regeneron also made a USD 20 million equity investment at a premium of 20%, as part of the agreement.

Genentech Agreement
On September 29, 2020, Nykode entered into an exclusive worldwide license and collaboration agreement with Genentech, a member of the Roche Group, for the development and commercialization of DNA-based individualized neoantigen vaccines for the treatment of cancers. As part of the Genentech Agreement Nykode has granted to Genentech a license of intellectual property and is also sponsoring agreed upon R&D commitments.

Under the terms of the agreement, Nykode will receive USD 185 million in initial upfront and USD 40 million in near-term payments. In addition, Nykode will be eligible to receive up to a further USD 490 million in potential milestone payments, plus royalties on sales of commercialized products arising from the partnership. USD 200 million was invoiced in 2020 and USD 35 million was invoiced in 2021. Of the USD 35 million invoiced in 2021, USD 20 million relates to payment for reaching a milestone, and USD 15 million was part of the near-term payments. The remaining USD 10 million of near-term payments will be invoiced in 2022.

ACCOUNTING POLICIES
Revenue from contracts with customers is recognized when the control of a good or service is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of licenses
Revenue from sale of licenses relates to the sale of intellectual property under the Regeneron Agreement and the Genentech Agreement. For licenses of intellectual property that are distinct (or represent the predominant item of a combined performance obligation), the Group assesses whether the license provides the customer with a right to access the Nykode IP as it exists throughout the license period ("a right to access") or a right to use the Nykode IP as it exists at the point in time in which the license is granted ("a right to use"). Revenue from licenses that provide the customer with "a right to access" is accounted for over time as the performance occurs. Revenue from licenses with "a right to use" is recognized at the time when the license is granted to the customer and when the customer is able to use and benefit from the license. The license components within the Regeneron Agreement and the Genentech Agreement have been determined to represent a "right of use". The portion of the transaction price allocated to the license component under the agreements is recognized when the customer obtains control over the license, subject to the constraints related to variable consideration, hereunder sales-based royalties below.

Revenue from conduction of R&D services
Revenue from conduction of R&D services relates to the Nykode's delivery of the R&D activities to Genentech and Regeneron in 2021. Revenue from sale of services is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual incurred costs relative to the total expected costs.

Variable consideration
If the consideration in a contract includes a variable amount, Nykode estimates the amount of consideration to which it will be entitled in exchange for transferring the goods and services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Amounts of variable consideration of sale-based royalties promised in the exchange for a license of intellectual property are not included in the transaction price or recognized as revenue until the subsequent sale occurs.

Transaction price
Nykode allocates the total transaction price in proportion to the stand-alone selling price of each promised good or service in a contract. If a stand-alone selling price is not directly observable, Nykode estimates the stand-alone selling price that best depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the goods or services to the customer.

The transaction price under the Genentech Agreement is allocated to the R&D component based on its stand-alone selling price, which is estimated on a cost plus basis. The remaining amounts have been attributed to the licenses of intellectual property.

The transaction price under the Regeneron Agreement has been allocated to the license of intellectual property. Payment for the R&D activities and the manufacturing services has not been estimated, as the "right to invoice" practical expedient has been applied to recognize revenue from these performance obligations (IFRS15.B16).

The Group considers whether there are other promises in a contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., service type warranties). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and any consideration payable to the customer.

2.2 Revenue from contracts with customers (Continued)

Group			Parent	
2021	**2020**	**Revenue from contracts with customers**	**2021**	**2020**
		Major products and services		
30,000	215,000	License of Nykode IP	30,000	215,000
3,963	-	R&D services	3,963	-
-	-	Other	-	-
33,963	**215,000**	**Total revenue**	**33,963**	**215,000**

Group			Parent	
2021	**2020**	**Geographical distribution**	**2021**	**2020**
-	-	Norway	-	-
33,963	215,000	United States of America	33,963	215,000
-	-	Other	-	-
33,963	**215,000**	**Total revenue**	**33,963**	**215,000**

The revenue information above is based on the locations of the customers.

Group			Parent	
2021	**2020**	**Timing of revenue recognition**	**2021**	**2020**
30,000	215,000	Goods/services transferred at a point in time	30,000	215,000
3,963	-	Services transferred over time	3,963	-
33,963	**215,000**	**Total revenue**	**33,963**	**215,000**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are, as follows:

Group			Parent	
2021	**2020**		**2021**	**2020**
15,197	10,000	Within one year	15,197	10,000
10,847	20,000	More than one year	10,847	20,000
26,044	**30,000**	**Total**	**26,044**	**30,000**

The remaining performance obligations expected to be recognized within one year and in more than one year relates to the R&D commitments under the Genentech Agreement.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant accounting judgements and estimates related to the Regeneron Agreement and the Genentech Agreement are listed below.

Determining the performance obligations

Regeneron Agreement

Based on an overall assessment of the agreement and the nature of the deliverables it has been determined that the license of intellectual property, the R&D activities and the manufacturing services do not significantly modify each other. It has further been assessed that Nykode is not providing a significant service of integrating these deliverables into one combined output. Also, the use of the license is not highly dependent on, or highly interrelated with, the R&D activities or the manufacturing services. In making these assessments, emphasis has been put on the standardized nature of the R&D commitments and the manufacturing services and the fact that a third party Clinical Research Organization or Contract Manufacturing Organization could have provided these services to Regeneron under their supervision.

Genentech Agreement

Based on an overall assessment of the agreement and the nature of the deliverables, it has been determined that the R&D commitments do not significantly modify or customize the license. Further it has been assessed that Nykode is not providing a significant service of integrating the license and the R&D commitments into one combined output. Also, the use of the license is not highly dependent on, or highly interrelated with, the R&D commitments. In making these assessments emphasis has been put on the standardized nature of the R&D commitments and the fact that a third party Clinical Research Organization could have provided the services to Genentech under their supervision.

Estimates of variable consideration

The assessment of amounts included in the transaction price upon inception of a contract is subject to judgement as there may be significant uncertainty related to the total consideration to be paid under the agreement.

Regeneron Agreement

Under the terms of the agreement, Nykode will potentially be eligible to receive more than USD 875 million in additional payments based on future development and commercial achievements. As there is generally a very high inherent risk related to product development within life sciences, no variable amounts have been included in the transaction price related to the Regeneron Agreement.

Genentech Agreement

The agreement contains potential milestone payments of up to USD 515 million. The milestones are related to development, regulatory approvals and commercialization of the products under the agreement. With the exception of an amount of USD 20 million related to the initiation of the R&D commitments, no variable amounts have been included in the transaction price due to the generally high inherent risk related to product development within life sciences.

2.2 Revenue from contracts with customers (Continued)

Contract balances
Contract assets and contract liabilities relate to revenue earned from ongoing services. As such, the balances of these accounts vary and depend on the number of ongoing projects at the end of the year. The Group presents its trade receivables arising from contracts with customers separately from contract assets and contract liabilities. Accounting policies and balances for trade receivables are presented in note 2.6 and contract assets and contract liabilities are presented in note 2.9.

Cost to obtain a contract
Incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Group expects to recover them either directly through reimbursement or indirectly through the margin inherent in the contract. Contract costs recognized as an asset are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Nykode's contract cost assets are related to costs for services received in connection with negotiating the Genentech Agreement. Reference is made to note 2.9 for an overview of the Group's contract cost assets.

2.3 Government grants and other income

ACCOUNTING POLICIES
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 related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When Nykode receives grants of non-monetary assets, the asset and the grant are recorded 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.

Other income
Other operating income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Other income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Government grants in the income statement	2021	2020
Grant from SkatteFUNN	564	603
Grant from the Research Council of Norway	1,239	90
Total government grants	**1,803**	**693**

Only grants recognized as income are presented in the table above.

Grants from SkatteFUNN
Nykode currently has two approved projects for SkatteFUNN (a Norwegian government R&D tax incentive program designed to encourage R&D in Norwegian trade and industry). The first R&D project has been approved for the period from 2020 until the end of 2022. The Group recognized USD 0.3 million in 2021 (USD 0.6 million in 2020).

Another R&D project was approved for the period from 2021 until the end of 2023. The Group recognized USD 0.3 million in 2021. No revenue has been recognized for this project in 2020.

Grants from the Research council of Norway
Nykode currently has two grants from the Research Council, programs for user managed innovation area (BIA). The first BIA grant ("Development of a highly efficient and robust manufacturing process for personalized DNA vaccines") amounts to a total of USD 2.7 million and covers the period from January 2020 to July 2022. Nykode has recognized USD 0.3 million in 2021 (USD 0.09 million in 2020), classified as other income.

The second BIA grant ("Second generation COVID-19 vaccine on the Vaccibody platform") amounts to a total of USD 1.7 million and covers the period from January 2021 to December 2022. Nykode has recognized USD 1.0 million in 2021, classified as other income.

2.3 Government grants and other income (Continued)

Government grants in the statement of financial position

Government grants liabilities	2021	2020
At January 1	-	91
Received during the year	498	602
Released to the statement of profit or loss	-287	-693
Currency translation effect	8	-
At December 31	**219**	**-**

Government grants receivables	31.12.2021	31.12.2020
Grant from SkatteFUNN	539	603
Grant from the Research Council of Norway	952	90
Total government grants receivables	**1,491**	**693**

Government grant receivables are included as other receivables in the statement of financial position and included in the specification in note 2.6.

Other income	2021	2020
Government grant income	1,803	693
Other income	-	2
Total other income	**1,803**	**695**

2.4 Employee benefit expenses

ACCOUNTING POLICIES
Employee benefit expenses comprise all types of remuneration to personnel employed by the Group (i.e. not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and are earned and paid periodically. Holiday pay follows local laws in the jurisdiction the Group operates in. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pensions contributions are earned on a monthly basis. Other employee expenses consist of other benefits such as insurance, telephones and remuneration to the Board of Directors.

Pensions
The Group has a defined contribution pension plan for its employees which satisfies the statutory requirements under the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). For the Group's employees in Denmark, the Group has established a pension scheme which satisfies the requirements under Danish law.

The schemes are defined contribution plans. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Group			Parent	
2021	**2020**	**Employee benefit expenses**	**2021**	**2020**
8,677	4,114	Salaries	7,377	4,114
3,486	1,934	Social security costs	3,485	1,934
812	120	Pension costs	616	120
3,444	2,598	Share-based payment expense	2,554	2,598
-480	7,185	Social security cost on share based payments	-480	7,185
907	98	Other employee expenses	907	98
16,846	**16,049**	**Total employee benefit expenses**	**14,459**	**16,049**
73	33	Average number of full time employees (FTEs)	66	33

At the end of the reporting period, members of the Board and management held shares and warrants/ options in Nykode Therapeutics AS. For information on remuneration to Executive Management and the Board of Directors, including disclosures on shares and warrants/options held, see note 6.1.

2.5 Other operating expenses

ACCOUNTING POLICIES
Other operating expenses are recognized when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortization.

Group			Parent	
2021	**2020**	**Other operating expenses**	**2021**	**2020**
16,300	10,627	Research and development expenses	16,300	10,627
5,019	5,354	Consulting fees	5,018	5,354
3,050	3,075	Legal expenses	3,050	3,075
1,214	130	Audit and accounting fees	1,188	130
665	362	Lease expenses	635	362
262	511	Duty and handling costs	262	511
185	91	Travel expenses	120	91
-	-	Purchase of services from subsidiaries	1,726	-
2,265	929	Other operating expenses	2,213	929
28,960	**21,078**	**Total other operating expenses**	**30,512**	**21,078**

Total research expenses for 2021 was USD 24.2 million (USD 14.1 million for 2020), recognized as employee benefit expenses and other operating expenses in the statement of comprehensive income.

Group			Parent	
2021	**2020**	**Auditor fees**	**2021**	**2020**
819	26	Audit fee	799	26
44	14	Assurance services	44	14
8	-	Tax services	8	-
-	-	Other services	-	-
870	**40**	**Total remuneration to the auditor**	**850**	**40**

Audit fee:
The amounts above are excluding VAT.

2.6 Trade and other receivables

ACCOUNTING POLICIES

Trade and other receivables

The Group's trade receivables consist solely of amounts receivable from revenue from contracts with customers. Trade receivables are generally on terms of 30 to 90 days. Other receivables consist mainly of government grant receivables and prepaid expenses which are expected to be realized or consumed within twelve months after the reporting period.

Trade and other receivables are financial assets initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Trade and other receivables are subject to impairment by recognizing an allowance for expected credit losses.

Expected credit losses

The Group recognizes an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the cash flows that the Group expects to receive. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group bases the allowance of its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Policies for expected credit losses are further described in note 4.1.

Group			Parent	
31.12.2021	**31.12.2020**	**Trade receivables**	**31.12.2021**	**31.12.2020**
23,750	3,750	Trade receivables from customers at nominal value	23,750	3,750
-	-	Allowance for expected credit losses	-	-
23,750	**3,750**	**Total trade receivables**	**23,750**	**3,750**

31.12.2021	**31.12.2020**	**Other receivables**	**31.12.2021**	**31.12.2020**
856	370	VAT receivable	827	370
1,491	693	Government grants	1,491	693
1,303	151	Prepaid expenses	1,286	151
58	274	Other	70	274
-	-	Receivables from group companies	913	-
3,708	**1,488**	**Total other receivables**	**4,587**	**1,488**

2021	**2020**	**Allowance for expected credit losses**	**2021**	**2020**
-	-	At January 1	-	-
-	-	Provision for expected credit losses	-	-
-	**-**	**At December 31**	**-**	**-**

The credit risk of financial assets has not increased significantly from initial recognition.

No credit losses allowance are recognized at year end 2021 or 2020.

	Trade receivables				
		Past due but not impaired			
Ageing analysis of trade receivables	**Not due days**	**< 30 days**	**31-60 days**	**> 60 days**	**Total**
Trade receivables at December 31, 2021	23,750	-	-	-	23,750
Trade receivables at December 31, 2020	-	3,750	-	-	3,750

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.3.

2.7 Trade and other payables

ACCOUNTING POLICIES

Trade and other payables are liabilities, i.e. present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment). Trade payables consist of invoices for goods and services where the Group has received the significant risks and rewards of ownership as of December 31. Other payables mainly consist of withholding payroll and social security tax.

Trade and other payables are measured at fair value upon initial recognition and subsequently at amortized cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

Group			Parent	
31.12.2021	**31.12.2020**	**Trade and other payables**	**31.12.2021**	**31.12.2020**
2,746	1,612	Trade payables	2,747	1,612
1,686	1,613	Withholding payroll taxes and social security	1,362	1,613
546	244	Accruals for payroll, bonus and board remuneration	512	244
3,516	5,715	Other accrued expenses	3,387	5,715
8,494	**9,183**	**Total trade and other payables**	**8,008**	**9,183**

For trade and other payables ageing analysis, see note 4.2.

2.8 Provisions

ACCOUNTING POLICIES
Provisions are liabilities with uncertain timing or amount and are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

The Group classifies provisions in the following categories:

- Salary related costs: Contains a provision for accrued holiday pay.
- Social security for share based payments: Contains a provision for the accrued social security on share options and restrictive share units which will be paid when the options are exercised/fully vested.

A provision is made and calculated based on management assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of the financial year.

Other commitments and contingencies
Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognized in the annual accounts but are disclosed when an inflow of economic benefits is considered probable. The Group has no contingent assets or liabilities that meet the criteria for disclosure.

Other commitments
The Group did not provide guarantees to or on behalf of third parties or related parties. The Group has no other significant commitments to disclose.

Reconciliation of provisions:

Group				Parent		
Salary related costs	Social security for share based payments	Total		Salary related costs	Social security for share based payments	Total
284	**2,953**	**3,237**	**At January 1, 2020**	**284**	**2,953**	**3,237**
443	10,138	10,580	Additional provisions made	443	10,138	10,580
-284	-	-284	Amounts used	-284	-	-284
-	-2,953	-2,953	Unused amounts reversed	-	-2,953	-2,953
443	**10,138**	**10,580**	**At December 31, 2020**	**443**	**10,138**	**10,580**
443	3,279	3,722	Current provisions	443	3,279	3,722
-	6,859	6,859	Non-current provisions	-	6,859	6,859

Salary related costs	Social security for share based payments	Total		Salary related costs	Social security for share based payments	Total
443	**10,138**	**10,580**	**At January 1, 2021**	**443**	**10,138**	**10,580**
812	1,650	2,462	Additional provisions made	809	1,650	2,460
-443	-2,450	-2,893	Amounts used	-443	-2,450	-2,893
-	-	-	Unused amounts reversed	-	-	-
812	**9,338**	**10,149**	**At December 31, 2021**	**809**	**9,338**	**10,147**
812	4,423	5,234	Current provisions	809	4,423	5,232
-	4,915	4,915	Non-current provisions	-	4,915	4,915

2.9 Contract assets and liabilities

ACCOUNTING POLICIES

Contract assets

A contract asset is initially recognized for revenue earned from rendering of services because the receipt of consideration is conditional on successful completion of the services. Upon completion of the services and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment, similarly to trade receivables as described in 2.6 and 4.1.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract asset or contract liability positions are presented on a net basis for each contract.

Contract assets/liabilities (-)

Group			Parent	
2021	**2020**	**Contract assets/liabilities (-)**	**2021**	**2020**
15,000	**-**	**At January 1**	**15,000**	**-**
-	215,000	Additions	-	215,000
-15,000	-200,000	Reclassified to trade receivables	-15,000	-200,000
-20,000	-	Milestone payment from customers	-20,000	-
3,956	-	Rendering of service in the period	3,956	-
-	-	Impairment and write-down for expected credit losses	-	-
-16,044	**15,000**	**Total contract assets/liabilities (-) at December 31**	**-16,044**	**15,000**

Contract assets/liabilities are recognized when fulfilling performance obligations, mainly from the recognition of the service component in the Genentech Agreement where progress is measured over time (See note 2.2). When the consideration becomes unconditional, the contract assets will be reclassified to trade receivables. The main part of the changes to contract assets/liabilities in the period are related to milestone payments received, and reclassification to trade receivables

The Group expects to realize USD 5.2 million of the contract liability in 2022. The contract liability is classified as a short-term liability as it will be realized in the entity's normal operating cycle

2.10 Other long-term receivables

ACCOUNTING POLICIES
Other long-term receivables consist of deposits and contract cost assets which are subject to impairment assessment, similarly to trade and other receivables as described in note 2.6 and 4.1. Other long-term receivables are financial assets initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

Contract cost assets
Nykode recognizes incremental costs of obtaining a contract with a customer as an asset, provided that the costs are expected to be recovered throughout the contract. The costs are amortized on a systematic basis that is consistent with the transfer of the related goods or services to the customer and subsequently re-assessed at the end of each reporting period.

Group			Parent	
31.12.2021	**31.12.2020**	**Other long-term receivables**	**31.12.2021**	**31.12.2020**
23	5	Deposits	12	5
478	551	Contract costs assets	478	551
501	**556**	**Total other long-term receivables**	**490**	**556**

Nykode's contract cost assets are mainly related to sale commissions for the Genentech Agreement.

Group			Parent	
2021	**2020**	**Contract cost assets**	**2021**	**2020**
551	**-**	**At January 1**	**551**	**-**
-	4,500	Cost to obtain a contract recognized in the period	-	4,500
73	3,949	Amortization recognized in the period	73	3,949
-	-	Impairment losses recognized in the period	-	-
478	**551**	**Total contract cost assets at December 31**	**478**	**551**

3.1 Property, plant and equipment

ACCOUNTING POLICIES
Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount 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.

No indicators for impairment of property, plant and equipment were identified in the current or prior period.

At December 31, 2021, all fixed assets in the Group are located in the Parent Company. The table below is for both Group and Parent

	Machinery and plant	Fixtures, office machinery etc.	Lab facility	Total
Cost as at January 1, 2020	**94**	**25**	**-**	**119**
Additions	13	86	-	99
Currency translation effects	-8	-8	-	-16
Cost as at December 31, 2020	**99**	**103**	**-**	**202**
Additions	1,014	245	580	1,839
Currency translation effects	-	-	-	-
Cost as at December 31, 2021	**1,113**	**348**	**580**	**2,041**
Depreciation and impairment as at January 1, 2020	**35**	**11**	**-**	**46**
Depreciation for the year	14	17	-	31
Currency translation effects	-4	-2	-	-6
Depreciation and impairment as at December 31, 2020	**45**	**26**	**-**	**71**
Depreciation for the year	45	41	-	86
Currency translation effects	-	-	-	-
Depreciation and impairment as at December 31, 2021	**90**	**67**	**-**	**157**
Net book value:				
At January 1, 2020	**-**	**14**	**-**	**14**
At December 31, 2020	**54**	**77**	**-**	**131**
At December 31, 2021	**1,023**	**281**	**580**	**1,884**
Economic life (years)	3-5	3-5	6	
Depreciation plan		Straight-line method		

3.2 Right-of-use assets and lease liabilities

ACCOUNTING POLICIES
At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

The Group as a lessee
At the commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognizes the lease payments as operating expenses in the statement of comprehensive income.

At transition to IFRS, the Group has applied the practical expedient in IFRS 16.C10 to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Measuring the lease liability
The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:
- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group presents its lease liabilities as separate line items in the statement of financial position. Cash flows related to payments for the principal portion of the lease liability are classified within financing activities.

3.2 Right-of-use assets and lease liabilities (Continued)

ACCOUNTING POLICIES (Continued)

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (note 3.1). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The Group presents its right-of-use assets as separate line items in the statement of financial position. Non-cash changes are included in the "Reconciliation of changes in liabilities incurred as a result of financing activities" in Note 4.2

The Group's leased assets

Nykode leases several assets, mainly office facilities and laboratories at Forskningsparken in Oslo, Norway. Nykode also leases office space in Denmark and some office equipment in Norway. Leases of office space generally have lease terms up to six years. The Group also leases some office space and office equipment that are expensed as incurred as they are either considered short term or of low value.

The Group's right-of-use assets recognized in the statement of financial position are presented in the table below:

Group			Right-of-use assets	Parent		
Fixtures, Office machinery etc.	Office buildings	Total		Fixtures, Office machinery etc.	Office buildings	Total
13	**682**	**695**	**Acquisition cost at January 1, 2021**	**13**	**682**	**695**
16	7,613	7,629	Additions of Right-of-use assets	16	7,503	**7,519**
-23	47	24	Adjustment of Right-of-use assets	-23	32	9
6	**8,342**	**8,348**	**Acquisition cost at December 31, 2021**	**6**	**8,217**	**8,223**
2	**416**	**418**	**Depreciation and impairment at January 1, 2021**	**2**	**416**	**418**
4	645	649	Depreciation of right-of-use assets	4	621	625
6	**1,061**	**1,067**	**Depreciation and impairment at December 31, 2021**	**6**	**1,037**	**1,043**
11	**266**	**277**	**Carrying amount at January 1, 2021**	**11**	**266**	**277**
-	**7,281**	**7,281**	**Carrying amount at December 31, 2021**	**-**	**7,180**	**7,180**
1	1 - 6		Remaining lease term or remaining useful life	1	1 - 6	
	Straight-line method		Depreciation plan		Straight-line method	

2021	**2020**		**2021**	**2020**
194	29	Short-term lease expenses	187	29
7	6	Low-value assets lease expenses	7	6
201	**35**	**Total lease expenses in the period**	**194**	**35**

The lease expenses in the period related to short-term leases, low-value assets and variable lease payments are included in other operating expenses in the statement of comprehensive income, and the payments are presented in the Group's operating activities in the statement of cash flows.

3.2 Right-of-use assets and lease liabilities (Continued)

Group			Parent	
31.12.2021	31.12.2020	Undiscounted lease liabilities and maturity of cash outflows	31.12.2021	31.12.2020
1,372	283	Less than one year	1,271	283
1,251	5	One to two years	1,251	5
1,283	4	Two to three years	1,283	4
1,317	-	Three to four years	1,317	-
1,351	-	Four to five years	1,351	-
1,387	-	More than five years	1,387	-
7,961	**292**	**Total undiscounted lease liabilities**	**7,860**	**292**

Group	Changes in the lease liabilities	Parent
285	**At January 1, 2021**	**285**
7,629	New leases recognized during the period	7,519
-611	Cash payments for the principal portion of the lease liability	-587
-66	Cash payments for the interest portion of the lease liability	-66
66	Interest expense on lease liabilities	66
23	Adjustment of lease liabilities	8
-156	Currency translation effects	-155
7,170	**Total lease liabilities at December 31, 2021**	**7,070**
1,350	Current lease liabilities in the statement of financial position	1,250
5,820	Non-current lease liabilities in the statement of financial position	5,820

3.2 Right-of-use assets and lease liabilities (Continued)

Lease commitments not included in the lease liabilities

Inflation adjustments

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office space, mainly related to future inflation adjustments which is estimated in the initial calculation of lease liabilities. The lease liability and right-of-use asset will be adjusted when the inflation adjustment has a cash flow effect.

Extension and termination options

The Group has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the Groups business needs. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Other matters

The Group's leases do not contain provisions or restrictions that impacts the Group's dividend policies or financing possibilities. Further, the Group does not have significant residual value guarantees related to its leases.

3.3 Intangible assets

ACCOUNTING POLICIES
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives are recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Capitalization of internal development costs
Development expenditures on an individual project, which represents new applications/technology, are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Other costs are classified as research and are expensed as incurred. These expenses are included in the statement of comprehensive income as other operating expenses and specified in note 2.5.

Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone, such as regulatory approval.

No indicators for impairment of intangible asset were identified in the current or prior period.

	Patents and project rights	Total
Cost as at January 1, 2020	**34**	**34**
Additions	-	-
Currency translation effects	-3	-3
Cost as at December 31, 2020	**32**	**32**
Additions	-	-
Currency translation effects	-	-
Cost as at December 31, 2021	**32**	**32**
Net book value:		
At January 1, 2020	**34**	**34**
At December 31, 2020	**32**	**32**
At December 31, 2021	**32**	**32**

Patents and project rights are assessed as having an indefinite useful life.

4.1 Financial instruments

ACCOUNTING POLICIES
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments
The Group's financial instruments are grouped in the following categories:

Financial Assets
- Financial assets measured subsequently at amortized cost: Includes mainly trade and other receivables, contract assets, contract cost assets and cash and cash equivalents
- Financial assets measured subsequently at fair value through profit or loss: Includes other current financial assets (money market funds) and includes currency derivatives when the fair value is positive.

With the exception of other current financial assets, the Group's financial assets are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortized cost.

Financial Liabilities
- Financial liabilities measured subsequently at amortized cost: Represent the Group's non-interest bearing liabilities such as trade payables, contract liabilities and government grants.
- Financial liabilities measured at fair value through profit or loss: Includes currency derivatives when the fair value is negative.

Initial recognition and subsequent measurement
Financial assets and liabilities at amortized cost
The Group's financial assets and liabilities are initially recognized at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in profit or loss upon impairment, when the instruments are derecognized as well as through the EIR 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 EIR. The amortization is included as finance costs in the statement of comprehensive income.

Financial assets and liabilities at fair value through profit or loss
Financial assets and liabilities at fair value through profit or loss are recognized at fair value are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Group previously used derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group closed out the last derivative contracts during 2019 and did not hold derivative financial instruments at December 31, 2020 or December 31, 2021. The Group does not apply hedge accounting.

Impairment of financial assets
Financial assets measured at amortized cost are considered for impairment by recognizing an allowance for expected credit losses (ECLs). The Group applies a simplified approach in calculating ECLs, where the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment. See note 4.3 for further information related to management of credit risk.

The Group considers a financial asset in default when contractual payments are more than 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.1 Financial instruments (Continued)

ACCOUNTING POLICIES (Continued)

Derecognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or the Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

The Group's financial instruments are presented in the tables below:

Group

As at December 31, 2021	Notes	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other long-term receivables	2.10	501	-	**501**
Trade receivables	2.6	23,750	-	**23,750**
Other receivables	2.6	3,708	-	**3,708**
Contract assets	2.9	-	-	**-**
Other current financial assets				
Money market funds			12,169	**12,169**
Cash and cash equivalents	4.6	216,231	-	**216,231**
Total financial assets		**244,190**	**12,169**	**256,359**
Liabilities				
Government grants	2.3	219	-	**219**
Trade and other payables	2.7	8,494	-	**8,494**
Contract liabilities	2.9	16,044	-	**16,044**
Non-current lease liabilities	3.2	5,820	-	**5,820**
Current lease liabilities	3.2	1,350	-	**1,350**
Total financial liabilities		**31,927**	**-**	**31,927**

Parent

As at December 31, 2021	Notes	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other long-term receivables	2.10	490	-	**490**
Trade receivables	2.6	23,750	-	**23,750**
Other receivables	2.6	4,587	-	**4,587**
Contract assets	2.9	-	-	**-**
Other current financial assets				
Money market funds		-	12,169	**12,169**
Cash and cash equivalents	4.6	214,722	-	**214,722**
Total financial assets		**243,549**	**12,169**	**255,718**
Liabilities				
Government grants	2.3	219	-	**219**
Trade and other payables	2.7	8,008	-	**8,008**
Contract liabilities	2.9	16,044	-	**16,044**
Non-current lease liabilities	3.2	5,820	-	**5,820**
Current lease liabilities	3.2	1,250	-	**1,250**
Total financial liabilities		**31,342**	**-**	**31,342**

4.1 Financial instruments (Continued)

Group

As at December 31, 2020	Notes	Financialinstruments at amortized cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other long-term receivables	2.10	556	-	**556**
Trade receivables	2.6	3,750	-	**3,750**
Other receivables	2.6	1,488	-	**1,488**
Contract assets	2.9	15,000	-	**15,000**
Other current financial assets				
Money market funds		-	24,944	**24,944**
Cash and cash equivalents	4.6	183,851	-	**183,851**
Total financial assets		**204,645**	**24,944**	**229,588**
Liabilities				
Government grants	2.3	-	-	**-**
Trade and other payables	2.7	9,183	-	**9,183**
Contract liabilities	2.9	-	-	**-**
Non-current lease liabilities	3.2	8	-	**8**
Current lease liabilities	3.2	276	-	**276**
Total financial liabilities		**9,467**	**-**	**9,467**

Parent

As at December 31, 2020	Notes	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other long-term receivables	2.10	556	-	**556**
Trade receivables	2.6	3,750	-	**3,750**
Other receivables	2.6	1,488	-	**1,488**
Contract assets	2.9	15,000	-	**15,000**
Other current financial assets				
Money market funds		-	24,944	**24,944**
Cash and cash equivalents	4.6	183,851	-	**183,851**
Total financial assets		**204,645**	**24,944**	**229,588**
Liabilities				
Government grants	2.3	-	-	**-**
Trade and other payables	2.7	9,183	-	**9,183**
Non-current lease liabilities	3.2	8	-	**8**
Current lease liabilities	3.2	276	-	**276**
Total financial liabilities		**9,467**	**-**	**9,467**

There are no changes in classification and measurement for the Group's financial assets and liabilities.
Finance income and finance costs arising from the Group's financial instruments are disclosed separately in note 4.7.

4.2 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities are presented below:

Group

As at December 31, 2021	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Financial liabilities							
Trade and other payables	8,494	-	-	-	-	-	8,494
Non-current lease liabilities	-	1,251	1,283	1,317	1,351	1,387	6,589
Current lease liabilities	1,372	-	-	-	-	-	1,372
Total financial liabilities	**9,866**	**1,251**	**1,283**	**1,317**	**1,351**	**1,387**	**16,455**

Parent

As at December 31, 2021	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Financial liabilities							
Trade and other payables	8,008	-	-	-	-	-	8,008
Non-current lease liabilities	-	1,251	1,283	1,317	1,351	1,387	6,589
Current lease liabilities	1,271	-	-	-	-	-	1,271
Total financial liabilities	**9,279**	**1,251**	**1,283**	**1,317**	**1,351**	**1,387**	**15,868**

Group

As at December 31, 2020	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Financial liabilities							
Trade and other payables	9,183	-	-	-	-	-	9,183
Non-current lease liabilities	-	-	-	-	-	-	-
Current lease liabilities	-	-	-	-	-	-	-
Total financial liabilities	**9,183**	**-**	**-**	**-**	**-**	**-**	**9,183**

Parent

As at December 31, 2020	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Financial liabilities							
Trade and other payables	9,183	-	-	-	-	-	9,183
Non-current lease liabilities	-	-	-	-	-	-	-
Current lease liabilities	-	-	-	-	-	-	-
Total financial liabilities	**9,183**	**-**	**-**	**-**	**-**	**-**	**9,183**

4.2 Ageing of financial liabilities (Continued)

Reconciliation of changes in liabilities incurred as a result of financing activities:

Group		Non-cash changes			
2021	January 1	Cash flow effect	New leases	Foreign exchange movement	Other changes	December 31
Non-current lease liabilities	8	-229	6,176	-152	17	5,820
Current lease liabilities	276	-382	1,453	-5	8	1,350
Total liabilities from financing	**284**	**-611**	**7,629**	**-157**	**25**	**7,170**

Parent		Non-cash changes			
2021	January 1	Cash flow effect	New leases	Foreign exchange movement	Other changes	December 31
Non-current lease liabilities	8	-229	6,176	-152	17	5,820
Current lease liabilities	276	-358	1,343	-2	-9	1,250
Total liabilities from financing	**284**	**-587**	**7,519**	**-154**	**8**	**7,070**

Group		Non-cash changes			
2020	January 1	Cash flow effect	New leases	Foreign exchange movement	Other changes	December 31
Non-current lease liabilities	33	-199	169	-4	9	8
Current lease liabilities	57	-53	276	-4	-	276
Total liabilities from financing	**90**	**-252**	**446**	**-7**	**9**	**284**

Parent		Non-cash changes			
2020	January 1	Cash flow effect	New leases	Foreign exchange movement	Other changes	December 31
Non-current lease liabilities	33	-199	169	-4	9	8
Current lease liabilities	57	-53	276	-4	-	276
Total liabilities from financing	**90**	**-252**	**446**	**-7**	**9**	**284**

4.3 Financial risk management

Overview
The Group's principal financial liabilities, comprise lease liabilities, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include other current financial assets, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimize potential adverse effects of such risks through sound business practice, risk management and hedging.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include other current financial assets, cash and cash and cash equivalents, lease liabilities and trade and other payables.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has a limited exposure to the risk of changes in market interest rates for its financial liabilities as it has no interest bearing debt. The fair value of other current financial assets comprised of money mark funds are dependent on market interest rates. Nykode does not hedge interest risk exposure with the use of financial instruments at the current time, but may may enter into contracts to offset some of the risk depending on the future expected interest rates.

Interest rate sensitivity
The sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax	Effect on equity
December 31, 2021	+/- 50	1,142	1,142
December 31, 2020	+/- 50	1,044	1,044

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 primarily to the Group's operating activities (income and expenses denominated in a foreign currency). The Group's income is denominated in USD while operating expenses are mainly denominated in USD, EUR and NOK. The Group's assets and liabilities at the end of the reporting period are mainly denominated in USD with some exposure to NOK (other current financial assets and cash and cash equivalents) and EUR (cash and cash equivalents). The Group does not hedge currency exposure with the use of financial instruments at the current time, but monitors the net exposure over time.

Foreign currency sensitivity
The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates in the period, holding all other variables constant:

Foreign currency sensitivity	Date	Change in FX rate	Effect on profit before tax	Effect on equity
Increase / decrease in NOK/USD	31.12.2021	+/- 10%	5,191	5,191
Increase / decrease in EUR/USD	31.12.2021	+/- 10%	1,494	1,494
Increase / decrease in NOK/USD	31.12.2020	+/- 10%	6,207	6,207
Increase / decrease in EUR/USD	31.12.2020	+/- 10%	1,515	1,515

4.3 Financial risk management (Continued)

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss.

The Group is exposed to credit risk related to trade and other receivables, other long-term receivables, contract assets, cash and cash equivalents and other current financial assets. However, the credit risk is assessed to be low as the counterparty to these assets are mainly Genentech and Nordea (the Group's bank) whose credit risks are very low.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its working capital and securing sufficient funding.

The Group's objective is to secure funding for its working capital, including mainly the research and development of vaccines. The Group has a significant balance of cash and cash equivalents and the liquidity risk is assessed as low. An overview of the maturity profile of the Group's financial liabilities with corresponding cash flow effect is presented in note 4.2.

4.4 Fair value measurement

ACCOUNTING POLICIES
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures
Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, contract assets and contract liabilities, government grants and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates.

Fair value of financial assets and liabilities
Money market funds
The money market funds are measured at quoted prices in an active market at the balance sheet date.

4.4 Fair value measurement (Continued)

Set out below is a comparison, by class, of the carrying amounts and fair values of The Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Group

	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities and assets disclosed at fair value						
Assets						
Other current financial assets (Note 4.1)						
Money market funds	31.12.2021	12,169	12,169	X		
Total other current financial assets	**31.12.2021**	**12,169**	**12,169**			
Other current financial assets (Note 4.1)						
Money market funds	31.12.2020	24,944	24,944		X	
Total other current financial assets	**31.12.2020**	**24,944**	**24,944**			

Parent

	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities and assets disclosed at fair value						
Assets						
Other current financial assets (Note 4.1)						
Money market funds	31.12.2021	12,169	12,169	X		
Total other current financial assets	**31.12.2021**	**12,169**	**12,169**			
Other current financial assets (Note 4.1)						
Money market funds	31.12.2020	24,944	24,944		X	
Total other current financial assets	**31.12.2020**	**24,944**	**24,944**			

Based on information identified during 2021, the Group has transferred the money market funds from level 2 to level 1. There were no changes in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurements during the period.

4.5 Equity and shareholders

Capital management
The Group's goal is to secure its shareholders a best possible long term return on capital employed, measured as the aggregate of dividends and appreciation of the share value.

Nykode manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or issue debt. Nykode monitors its capital using an equity ratio, which is 'total equity' divided by 'total assets'.

Group			Parent	
31.12.2021	**31.12.2020**		**31.12.2021**	**31.12.2020**
194,055	178,850	Equity	194,866	178,850
265,556	230,028	Total assets	265,754	230,028
73 %	**78 %**	**Equity ratio**	**73 %**	**78 %**

ACCOUNTING POLICIES
Costs related to equity transactions
Transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders
Nykode recognizes a liability to make distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of Nykode. As per the corporate laws of Norway, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

No distributions were made to shareholders in the current or prior period.

Issued capital and reserves:

Share capital in Nykode Therapeutics AS	Number of shares authorized and fully paid	Par value per share (NOK)	Financial Position (USD '000)
At January 1, 2020	**54,973,080**	**0.05**	**316**
Share capital increase			
January 17, 2020	824,596	0.05	5
March 4, 2020	554,000	0.05	3
April 1, 2020	206,660	0.05	1
Share split 1:5 - 14 July 2020	226,233,344	0.01	-
September 9, 2020	750,000	0.01	1
September 16, 2020	86,000	0.01	-
October 21, 2020	910,000	0.01	1
December 29, 2020	247,500	0.01	-
At December 31, 2020	**284,785,180**	**0.01**	**327**
Share capital increase			
March 17, 2021	828,665	0.01	1
May 10, 2021	530,000	0.01	1
June 29, 2021	400,000	0.01	-
September 7, 2021	467,864	0.01	1
October 28, 2021	170,001	0.01	0
November 1, 2021	66,000	0.01	0
December 7, 2021	2,255,034	0.01	2
December 10, 2021	116,665	0.01	0
At December 31, 2021	**289,619,409**	**0.01**	**333**

The share capital increase registered at December 7, 2021 is related to the agreement with Regeneron. Under the terms of the agreement, Regeneron made a USD 20 million equity investment at a premium of 20%.

All other share capital increases in the periods are related to the exercise of warrants and options, see additional information in note 4.8.

All shares are ordinary and have the same voting rights and rights to dividends.

Reconciliation of the Group's equity is presented in the statement of changes in equity.

4.5 Equity and shareholders (Continued)

Nykode Therapeutics' shareholders:

At December 31, 2021	Total shares	Ownership/ Voting rights
RASMUSSENGRUPPEN AS	28,180,750	9.7 %
Datum Opportunity AS	26,000,000	9.0 %
Radforsk Investeringsstiftelse	24,057,000	8.3 %
Victoria India Fund AS	17,255,175	6.0 %
Datum AS	12,060,250	4.2 %
DNB NOR Bank ASA	9,721,509	3.4 %
Skøien AS	9,485,000	3.3 %
Om Holding AS	8,144,004	2.8 %
Norda ASA	7,996,755	2.8 %
Vatne Equity AS	7,712,500	2.7 %
Joh Johannson Eiendom AS	5,363,425	1.9 %
DNB Markets Aksjehandel/-analyse	4,696,500	1.6 %
Portia AS	4,500,000	1.6 %
Krag Invest AS	4,470,100	1.5 %
Hortulan AS	4,010,000	1.4 %
Alden AS	3,345,000	1.2 %
Skips AS Tudor	3,075,000	1.1 %
Borgano AS	3,000,000	1.0 %
Lani Invest AS	2,700,000	0.9 %
Skandinaviska Enskilda Banken Ab	2,500,000	0.9 %
Other shareholders	101,346,441	35.0 %
Total	**289,619,409**	**100 %**

At December 31, 2020	Total shares	Ownership/ Voting rights
Datum AS	32,505,000	11.4 %
RASMUSSENGRUPPEN AS	27,957,500	9.8 %
Radforsk	24,057,000	8.4 %
AS Tanja	11,450,000	4.0 %
Skøien AS	9,950,001	3.5 %
DNB Markets Aksjehandel/-analyse	8,999,991	3.2 %
OM Holding AS	8,144,004	2.9 %
Norda ASA	7,996,755	2.8 %
Vatne Equity AS	7,812,500	2.7 %
Christiania Skibs AS	6,304,250	2.2 %
Joh Johannson Eiendom AS	5,363,425	1.9 %
Datum Invest AS	5,000,000	1.8 %
Portia AS	4,500,000	1.6 %
Adrian AS	4,470,100	1.6 %
Alden AS	3,125,315	1.1 %
Skibs AS Tudor	3,125,000	1.1 %
Verdipapirfondet Norge Selektiv	3,043,490	1.1 %
Borgano AS	3,000,000	1.1 %
Hortulan AS	3,000,000	1.1 %
Norron Sicav - Target Fund	2,918,320	1.0 %
Other shareholders	102,062,529	35.8 %
Total	**284,785,180**	**100 %**

Shares held by Executive Management or the Board of Directors at the end of the reporting periods are summarized in note 6.1.

4.6 Cash and cash equivalents

ACCOUNTING POLICIES
Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

Group			Parent	
31.12.2021	**31.12.2020**	**Cash and cash equivalents**	**31.12.2021**	**31.12.2020**
215,759	183,376	Bank deposits, unrestricted	214,250	183,376
472	475	Bank deposits, restricted	472	475
216,231	**183,851**	**Total cash and cash equivalents**	**214,722**	**183,851**

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

4.7 Financial income and costs

ACCOUNTING POLICIES
Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within in finance income or finance costs, except for translation effects from functional currency to presentation currency which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 4.1.

Interest expense on lease liabilities represents the interest rate implicit in the lease, or the incremental borrowing rate used to measure the lease liabilities recognized in the statement of financial position, for further disclosures see note 3.2.

2021	2020	Finance income	2021	2020
3,720	3,544	Gain on foreign exchange	3,646	3,544
270	198	Interest income	270	198
115	66	Fair value gain on other current financial assets	115	66
27	7	Other finance income	27	7
4,133	**3,815**	**Total finance income**	**4,059**	**3,815**

2021	2020	Finance costs	2021	2020
4,345	911	Loss on foreign exchange	4,345	911
64	37	Interest expenses	61	37
66	9	Interest expense on lease liabilities	64	9
1	219	Other finance costs	1	219
-	-	Fair value loss on other current financial assets	-	-
4,475	**1,176**	**Total finance costs**	**4,471**	**1,176**

Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on overdue payables, measured and classified at amortized cost in the statement of financial position.

Other finance income and other finance costs are mostly related to realized gains and losses on money market funds.

Fair value gain- and fair value loss on other current financial assets is related to change in market value of money market funds.

4.8 Share based payments

ACCOUNTING POLICIES
Employees (including members of the Board of Directors and management) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (the Black-Scholes-Merton Model).

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), 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 Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in note 4.9).

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 employee benefits expense The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model (the Black-Scholes-Merton Model). The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Transactions where the Group has a choice of settlement in equity or in cash
Where the Group has choice of settlement, the accounting treatment is binary – in other words the whole transaction is treated either as cash-settled or as equity-settled, depending on whether or not the entity has a present obligation to settle in cash.

IFRS 2 requires a transaction to be treated as a liability (and accounted for using the rules for cash-settled transactions) if:

- the choice of settlement has no commercial substance (for example, because the entity is legally prohibited from issuing shares);
- the entity has a past practice or stated policy of settling in cash; or
- the entity generally settles in cash whenever the counterparty asks for cash settlement.

4.8 Share based payments (Continued)

Warrant and share option plan - Description
Nykode Therapeutics AS has historically issued both warrants and options (hereafter referred to as "options") to the Board of Directors, management and key employees of the Group under option agreements. In December 2020, the Board of Directors approved the 2020 share option rules (the "2020 Rules") for employees of the Group. The options give the holder the right to purchase Nykode Therapeutics AS` stock at a specific price. The options have generally been granted in tranches that vest over 0-3 years, with grants under the 2020 Rules vesting over 4 years, subject to employment in the Group.

The options can be exercised on average 4-5 years after the grant date. The Group accounts for the options as equity-settled transactions, measured by applying the Black-Scholes-Merton option-pricing model for European options ("BSM"). Options held by members of the Board of Directors and management at the end of the reporting period are summarized in note 6.1.

The fair value of the options was determined at the grant dates and expensed over the vesting period. For the Group, USD 3.4 million was expensed as employee benefit expenses in the period (USD 2.6 million in 2020). USD 2.6 million was expensed as employment benefit expenses in the period for the Parent Company (USD 2.6 million in 2020). The expected future social security tax on share-based payments are recorded as a liability and disclosed in note 2.8.

Movements during the year
The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2021 WAEP (NOK)	2021 Number	2020 WAEP (NOK)	2020 Number
Outstanding options 1 January	8.52	14,381,430	3.78	20,207,350
Options granted	79.68	1,705,463	23.86	2,750,000
Options forfeited	-	-	2.83	-2,069,120
Options exercised*	4.89	-2,579,195	2.07	-6,506,800
Options expired	-	-	-	-
Outstanding options 31 December	**18.20**	**13,507,698**	**8.52**	**14,381,430**
Exercisable at December 31	6.24	8,108,896	3.19	7,581,425

* The weighted average share price at the date of exercise of these options was NOK 79.4 in 2021, and NOK 27.9 in 2020.
The weighted average remaining contractual life for the options outstanding as at December 31, 2021 was 2.00 years (2020: 2.33 years).
The weighted average fair value of options granted during the year was NOK 30.40 (2020: NOK 10.22).

Overview of outstanding options at December 31, 2021:

	Exercise price (NOK)	Number of outstanding options	Weighted Average remaining contractual life	Number of options exercisable
	0,01	4,674	3.35	-
	0,34	884,000	0.97	884,000
	0,50	276,000	0.97	276,000
	0,53	164,000	0.97	164,000
	2,50	2,910,900	1.04	2,910,900
	4,00	790,000	1.00	790,000
	7,00	133,335	2.00	-
	8,80	2,910,000	2.00	1,910,000
	9,40	1,250,000	2.00	415,000
	12,20	400,000	2.00	-
	18,00	650,000	0.76	325,000
	25,20	500,000	3.42	166,665
	30,50	500,000	3.59	166,665
	37,50	434,000	3.67	100,666
	64,70	24,380	4.59	-
	65,89	26,867	4.84	-
	69,58	177,000	4.09	-
	70,78	45,000	4.79	-
	72,82	80,000	4.67	-
	75,05	47,542	4.75	-
	76,77	800,000	4.34	-
	81,14	200,000	4.42	-
	100,00	300,000	3.25	-
Total outstanding options		**13,507,698**		**8,108,896**

Overview of outstanding options at December 31, 2020:

	Exercise price (NOK)	Number of outstanding options	Weighted Average remaining contractual life	Number of options exercisable
	0,34	884,000	1.97	884,000
	0,50	276,000	1.97	276,000
	0,53	164,000	1.97	164,000
	0,65	330,000	0.37	330,000
	2,50	4,033,764	1.32	3,633,764
	4,00	1,275,001	2.00	1,141,666
	7,00	392,000	2.00	125,330
	8,00	116,665	1.00	116,665
	8,80	2,910,000	3.00	910,000
	9,40	1,250,000	3.00	-
	12,20	600,000	3.00	-
	18,00	650,000	1.25	-
	25,20	500,000	4.42	-
	30,50	500,000	4.59	-
	37,50	500,000	4.67	-
Total outstanding options		**14,381,430**		**7,581,425**

4.8 Share based payments (Continued)

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
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 options, volatility and dividend yield and making assumptions about them. Due to limited historical data and liquidity these assumptions include significant estimates by management.

Assumptions used to determine fair value of option grants:
The following table lists the inputs to the model used for the plans for the years ended December 31, 2021 and 2020, respectively:

	2021	2020
Weighted average fair values at the measurement date (NOK)	30.48	10.22
Dividend yield (%)	0 %	0 %
Expected volatility (%)	56.6 %	56.6 %
Risk–free interest rate (%)	0.86 %	0.71 %
Expected life of share options (years)	3.41	2.64
Weighted average share price (NOK)	77.45	26.22
Weighted average exercise price (NOK)	79.90	23.86
Model used	**BSM**	**BSM**

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

4.9 Earnings per share

ACCOUNTING POLICIES
Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the EPS calculations:

Group	2021	2020
Profit or loss attributable to ordinary equity holders - for basic EPS	-9,413,566	149,774,076
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	-9,413,566	149,774,076
Weighted average number of ordinary shares - for basic EPS	286,344,833	279,643,165
Weighted average number of ordinary shares adjusted for the effect of dilution	300,074,311	296,145,297
Basic EPS - profit or loss attributable to equity holders of the Group	**-0.03**	**0.54**
Diluted EPS - profit or loss attributable to equity holders of the Group*	**-0.03**	**0,51**

Parent	2021	2020
Profit or loss attributable to ordinary equity holders - for basic EPS	-8,597,828	149,774,076
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	-8,597,828	149,774,076
Weighted average number of ordinary shares - for basic EPS	286,344,833	279,643,165
Weighted average number of ordinary shares adjusted for the effect of dilution	300,074,311	296,145,297
Basic EPS - profit or loss attributable to equity holders of the Parent Company	**-0.03**	**0.54**
Diluted EPS - profit or loss attributable to equity holders of the Parent Company*	**-0.03**	**0.51**

The weighted average number of ordinary shares includes the effect of the 1:5 share split for shares issued for no consideration on July 14, 2020 as if it occurred at January 1, 2019 according to IAS 33.28. This is to ensure that the earnings per share for the periods presented are comparable.

*For 2021 the ordinary shares are not adjusted for the effect of dilution as the effect of including the additional shares is antidilutive.

4.10 Investment in Subsidiaries

The following subsidiaries have been included in the financial statements:

Subsidiaries as of December 31, 2021	Established year	Location	Share ownership	Voting Rights
Nykode Therapeutics Denmark A/S	2021	Denmark	100 %	100 %

All intellectual property (IP) is owned by Nykode Therapeutics AS. Nykode Therapeutics AS is the ultimate parent company of the Group. All subsidiaries invoice Nykode Therapeutics AS according to the Group's transfer pricing policy.

Investments in subsidiaries are accounted for at cost

5.1 Taxes

ACCOUNTING POLICIES

Current income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity (OCI) and not in the statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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. Significant management judgement is required to determine the amount 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.

The Group has USD 25.9 million as at December 31, 2021 (USD 31.7 million as at December 31, 2020) of tax losses carried forward. Tax losses carried forward for the Parent Company are USD 25.9 million in 2021 (USD 31.7 million in 2020). These losses relate to historical losses in the Parent Company. The tax loss carried forward from Norwegian entities may be offset against future taxable income and will not expire.

In 2018 and 2019 the tax loss carried forward was not recognized in the balance sheet as the Parent Company had determined that it had no basis for recognizing the deferred tax assets on the tax losses carried forward.

5.1 Taxes (Continued)

Group

Current income tax expense:	2021	2020
Income tax payable	26	-
Change deferred tax/deferred tax assets (ex. OCI effects)	-1,730	31,130
Currency effects		-
Total income tax expense	**-1,704**	**31,130**

Deferred tax relates to the following:	31.12.2021	31.12.2020
Property, plant and equipment	325	13
Other current assets	193,858	187,320
Other liabilities	-35,265	-14,094
Losses carried forward	-25,916	-31,737
Unused tax losses for which no deferred tax asset	-	-
Currency effects	647	-
Basis for deferred tax	**133,648**	**141,502**
Deferred tax liabilities in the statement of financial position	**29,400**	**31,130**

Reconciliation of income tax expense	2021	2020
Profit or loss before tax	**-11,117**	**180,905**
Tax expense 22% (Norwegian tax rate)	-2,446	39,799
Permanent differences*	605	447
Currency effects	136	-767
Effect of not recognizing deferred tax assets	-	-8,348
Recognized income tax expense	**-1,704**	**31,130**

Parent

Current income tax expense:	2021	2020
Income tax payable	-	-
Change deferred tax/deferred tax assets (ex. OCI effects)	-1,731	31,130
Total income tax expense	**-1,731**	**31,130**

Deferred tax relates to the following:	31.12.2021	31.12.2020
Property, plant and equipment	325	13
Other current assets	193,856	187,320
Other liabilities	-35,265	-14,094
Losses carried forward	-25,916	-31,737
Unused tax losses for which no deferred tax asset	-	-
Currency effects	633	-
Basis for deferred tax	**133,633**	**141,502**
Deferred tax liabilities in the statement of financial position	**29,399**	**31,130**

The Parent Company's operations are subject to income tax in Norway. The statutory income tax rate is 22% for both periods.

A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

Reconciliation of income tax expense	2021	2020
Profit or loss before tax	**-10,329**	**180,905**
Tax expense 22% (Norwegian tax rate)	-2,272	39,799
Permanent differences*	401	447
Currency effects	139	-767
Effect of not recognizing deferred tax assets	-	-8,348
Recognized income tax expense	**-1,731**	**31,130**

* The permanent differences are related to other non-deductible costs less SkatteFUNN.

6.1 Remuneration to Executive Management and the Board of Directors

Remuneration to the Board of Directors
Remuneration for the members of the Board of Directors is determined by the Annual General Meeting (AGM). The remuneration is not linked to the Group's performance but reflects the Board of Director's responsibilities, expertise, time and commitment.

The Board members also receive compensation for their services through options. The conditions for these grants and the terms and assumptions are disclosed in note 4.8. The Board members holdings of options are summarized further below.

Remuneration to Executive Management
The Board of Directors of Nykode Therapeutics AS determines the principles applicable to the Group's policy for compensation to the executive management team. The Board of Directors is directly responsible for determining the CEO's salary and other benefits. The Group's executive management team includes the Chief Executive Officer ("CEO"), the Chief Innovation & Strategy Officer ("CISO"), the Chief Financial Officer ("CFO"), the Chief Scientific Officer ("CSO"), the Chief Technical Officer ("CTO"), the Chief Medical Officer ("CMO") the Chief Human Resources Officer ("CHRO"), the Head of Project and Alliance Management and the Head of QA.

Principles for determining salary
The main principle for determining salary for each executive management member has been a fixed annual salary with the addition of benefits in kind such as telephone, insurance and internet subscription subscription. The fixed salary has been determined on the basis of the following factors: competitive salary level, scope of work and responsibilities, as well as an assessment of the business and individual performance.

Pension
All executive management are members of the defined contribution pension scheme.

Share option plan
Members of the executive management team have been granted share options under Nykode's share option plans, described in note 4.8. The share options held by the executive management team is summarized further below.

Bonus
The CEO has a compensation package which includes an annual bonus payment of up to 25% of fixed annual salary. The bonus is determined by the Board of Directors, based on an assessment of achievements.

Severance Arrangements
If the CEO is terminated by the Board of Directors, he is entitled to severance pay of 8 months in addition to the ordinary notice period of 3 months.

For other members of the executive management team, there will be an individual assessment of severance packages that are reasonable in relation to responsibility and seniority and the reason for the termination of the employment.

Loans and guarantees
No loans have been granted and no guarantees have been issued to the executive management or any member of the Board of Directors.

6.1 Remuneration to Executive Management and the Board (Continued)

Remuneration to Executive Management for the year ended December 31, 2021:

Name	Title	Salary	Bonus	Pension	Other compensation	Total remuneration
Michael Engsig	CEO	330	158	20	59	567
Other Management		1,290	275	116	134	1,815
Total		**1,620**	**433**	**136**	**193**	**2,382**

Remuneration to Executive Management for the year ended December 31, 2020:

Name	Title	Salary	Bonus	Pension	Other compensation	Total remuneration
Michael Engsig	CEO	280	111	20	13	424
Other Management		638	169	44	63	914
Total		**918**	**280**	**64**	**76**	**1,338**

Remuneration to the Board of Directors:

Name	Title	2021	2020
Martin Nicklasson	Chairman of the Board	2	-
Anders Tuv	Former Chairman of the Board	82	99
Lars Lund-Roland	Board member	33	11
Bernd Robert Seizinger	Board member	53	18
Jan Haudemann-Andersen	Board member	33	11
Christian Åbyholm	Board member	33	3
Einar Jørgen Greve	Board member	33	3
Birgitte Volck	Board member	29	-
Trygve Lauvdal	Observer to the Board and former board member	32	-
Tom Edward Pike	Former Chairman of the Board	-	26
Susanne Stuffers	Former board member	18	11
Ingrid Alfheim	Former board member	-	11
Erlend Petter Skagseth	Former board member	-	11
Total compensation to Board of Directors		**348**	**204**

6.1 Remuneration to Executive Management and the Board (Continued)

Shares held by the Board of Directors:

Name	Title	31.12.2021	31.12.2020
Martin Nicklasson	Chairman of the Board	12,000	-
Anders Tuv	Former Chairman of the Board	-	-
Lars Lund-Roland	Board member	-	-
Bernd Robert Seizinger	Board member	600,000	600,000
Jan Haudemann-Andersen*	Board member	40,689,050	40,133,800
Christian Åbyholm	Board member	2,005,295	1,982,970
Einar Jørgen Greve	Board member	1,625,000	1,625,000
Birgitte Volck	Board member	-	-
Trygve Lauvdal	Observer to the Board and former board member	-	-
Susanne Stuffers	Former board member	60,000	60,000
Total		**44,991,345**	**44,401,770**

*40,455,750 of the shares are held through Datum Opportunity AS, Datum AS and Datum Finans AS.

Warrants and options held by Executive Management:

Name	Title	31.12.2021	31.12.2020
Michael Engsig	CEO	2,910,000	2,910,000
Agnete B. Fredriksen	CISO	3,834,900	4,164,900
Harald Gurvin	CFO	800,000	-
Mikkel W. Pedersen	CSO	200,000	-
Mette Husbyn	CTO	790,000	1,190,000
Siri Torhaug	CMO	1,250,000	1,250,000
Elise L. Ramse	CHRO	45,000	-
Katrine Husum	Senior director, Head of Project and Alliance Management	100,000	-
Peter Fatum	Director, Head of QA	47,542	-
Total		**9,977,442**	**9,514,900**

Warrants and options held by the Board of Directors:

Name	Title	31.12.2021	31.12.2020
Martin Nicklasson	Chairman of the Board	300,000	-
Anders Tuv	Former Chairman of the Board	800,000	800,000
Lars Lund-Roland	Board member	-	-
Bernd Robert Seizinger	Board member	-	-
Jan Haudemann-Andersen	Board member	-	-
Christian Åbyholm	Board member	100,000	100,000
Einar Jørgen Greve	Board member	150,000	150,000
Birgitte Volck	Board member	4,674	-
Trygve Lauvdal	Observer to the Board and former board member	-	-
Susanne Stuffers	Former board member	-	116,665
Erlend Petter Skagseth	Former board member	-	400,000
Total		**1,354,674**	**1,566,665**

6.2 Related party transactions

Related parties are major shareholders, members of the Board of Directors and Executive Management in the Group. Note 4.5 provides information on the major shareholders. Significant agreements and remuneration paid to Executive Management and the Board of Directors for the current and prior period is presented in note 6.1. All transactions with related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

Related party transactions in 2021	Executive Management	Board Member	Other Shareholders	Total
Payments to related parties	2,382	348	-	2,730

The payments to related parties consist of salary, bonus, pension, other compensation and board remuneration paid to Executive management and Board members. The Executive management and the Board members also held shares and options in the Parent Company at the end of the period as presented in note 6.1.

In 2021, the Parent Company has purchased services from subsidiaries for USD 1.7 million (2020: 0). During 2021, Nykode has also purchased services from Cipriano AS for USD 0.1 million (2020: 0). Cipriano AS is a company wholly owned by one of the Bord members.

Related party transactions in 2020	Executive Management	Board Member	Other Shareholders	Total
Payments to related parties	1,338	204	-	1,542

The payments to related parties consist of salary, bonus, pension, other compensation and board remuneration paid to Executive management and Board members. The Executive management and the Board members also held shares and options in the Parent Company at the end of the period as presented in note 6.1.

The Group had no related party balances at December 31, 2021 or December 31, 2020.

6.3 Events after the reporting period

ACCOUNTING POLICIES
If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognizes in the Group's financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Adjusting events
There have been no significant adjusting events subsequent to the reporting date.

Non-adjusting events
There have been no significant non-adjusting events subsequent to the reporting date.

7.1 Changes in IFRS and new standards

Standards issued but not yet effective
New or amended standards and interpretations which are effective for annual periods beginning on or after January 1, 2022 and which the Group believes are relevant and may impact the Group's financial statements and/or disclosures are discussed below. The Group has not early adopted any standards or amendments that have been issued, but are not yet effective.

Amendment to IFRS 16 - COVID-19-Related Rent Concessions beyond June 20, 2021
In May 2020, the IASB issued COVID-19-Related Rent Concessions - Amendment to IFRS 16 Leases. The Board amended the standard to provide an optional relief to lessees from applying IFRS 16's guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic is continuing, on March 31, 2021 the IASB extended the period of application of the practical expedient to June 30, 2022.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions described in IFRS 16 paragraph 46B are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before June 30, 2021 and increased lease payments that extend beyond June 30, 2021)
- There is no substantive change to other terms and conditions of the lease

The amendment applies to annual reporting periods beginning on or after April 1, 2021. However, the Group has not received COVID-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

The amendments are not expected to have a significant impact on the Group's financial statements.

Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors
The changes to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. In the amended standard, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments further explain how entities use measurement techniques and inputs to develop accounting estimates and states that these can include estimation and valuation techniques.

The amended standard further clarifies that not all estimates will meet the definition of an accounting estimate, but rather may refer to inputs used in developing accounting estimates. Also, the amendments emphasize that a change in an accounting estimate that results from new information or new development is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior periods

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The Group has not early implemented the amendments. The amendments are not expected to significantly impact the consolidated financial statements of the Group.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Nykode Therapeutics AS, which comprise:

- The financial statements of the parent company Nykode Therapeutics AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Nykode Therapeutics AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:
- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its 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 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities 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.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group'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 Group 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 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 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. We 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 or the Group'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 and the Group'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 and the Group 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 a true and fair view.
- 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 the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 31 March 2022
Deloitte AS

Reidar Ludvigsen
State Authorized Public Accountant

This document is signed electronically.

CORPORATE INFORMATION

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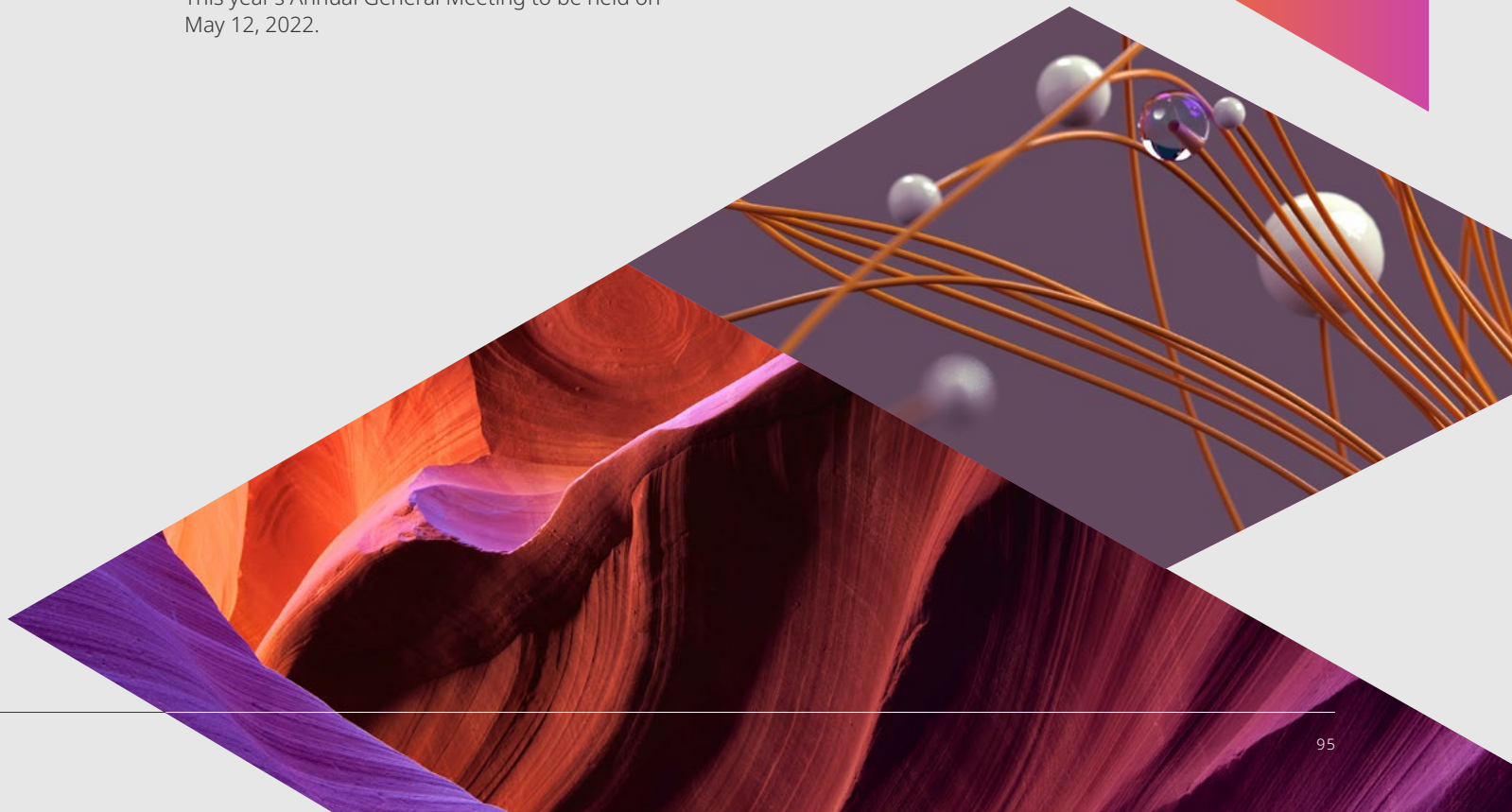
Annual General Meeting
This year's Annual General Meeting to be held on May 12, 2022.



GLOSSARY

Antigen
An antigen is a molecule recognized by the immune system. "Non-self" antigens are identified as intruders and attacked by the immune system.

APC
Antigen Presenting Cells (APC) are part of the immune system and are cells that display antigens on their surfaces and present them to T cells.

B cell
Immune cells, also known as B lymphocytes, are responsible for mediating the production of antigen-specific antibodies.

CD4+ T cells
Immune cells able to activate and help other immune cells by releasing signaling molecules, thereby orchestrating an optimal immune response, also known as helper T cells.

CD8+ T cells
Immune cells able to kill cancer or virus-i-nfected cells, also known as cytotoxic or killer T cells.

Checkpoint inhibitor
Checkpoint inhibitors, also known as immune checkpoint inhibitors, is a type of drug that activates the immune system to fight cancer. The drug prevents the "off" signal, which then enables the immune system to become activated.

CMC
Chemistry, Manufacturing and Controls.

DNA
Deoxyribonucleic acid (DNA) is the hereditary material found in every cell and is unique for each individual. DNA consists of genes that encode for proteins.

DNA vaccine
Vaccines are made to induce an immune response to an antigen, to boost the immune system. When the antigen is delivered as a DNA molecule (plasmid), it is called a DNA vaccine.

COVID-19
Coronavirus disease 2019, COVID-19, is a contagious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The first known case was identified in December 2019. The disease has since spread worldwide, leading to pandemic.

Epitope
An epitope is the part of an antigen that is recognized by the immune system, specifically by antibodies, B cells, or T cells. For example, the epitope is the specific piece of the antigen to which a T cell binds.

HPV
Human papillomavirus. There are several strains, and HPV16 is the strain most associated with cancer.

HSIL
High-grade squamous intraepithelial lesions of the cervix. This corresponds to cervical intraepithelial neoplasia grade 2/3 (CIN 2/3).

Immuno-oncology
Cancer immunotherapy, also called immuno-oncology, is a type of cancer treatment that helps the immune system fight cancer.

Individualized vaccine
On-demand vaccine designed and manufactured specifically for each individual patient.

IP
Intellectual property such as patents and know-how.

MIP-1α
A chemokine that attracts APC and ensures binding to receptors on the surface of APC. It is used as a targeting module in Vaccibody vaccines.

Mutation
A change or alteration that occurs in the DNA. Mutations may lead to cancer, and these mutations may be identified and recognized by the immune system.

Neoantigen
Novel tumor-specific antigens derived from somatic gene mutations in cancer cells that are solely expressed on a patient's tumor. These mutations may be regarded as truly foreign by the immune system.

NKTR-214
NKTR-214, or bempegaldesleukin, is an immunotherapeutic drug in clinical development by Nektar Therapeutics.

Off-the-shelf vaccine
Vaccine that can be manufactured, stored and may be used to treat large patient groups.

Plasmid
A small DNA molecule carrying genes that can be expressed as proteins within a host cell.

Prophylactic vaccines
Prophylactic vaccines are vaccines that may prevent disease before it occurs, whereas therapeutic vaccines are administered after an individual has already been affected by the disease or infection.

R&D
Research and development.

RNA
Ribonucleic acid (RNA) is a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes. All of the RNA in a natural cell is made by DNA transcription.

SARS-CoV-2
SARS-CoV-2, severe acute respiratory syndrome coronavirus 2, is the virus that causes COVID-19. See also COVID-19.

T cell
Immune cells of key importance to the immune system recognizing and fighting specific pathogens or cancer antigens. See also CD4+ T cells and CD8+ T cells.

Vaccibody™ technology platform
A proprietary vaccine delivery platform intended to make more efficacious vaccines by targeting the antigen to APC.

VB10.16
Nykode Therapeutics' off-the-shelf drug candidate targeting HPV16-induced malignancies such as cervical cancer.

VB10.COV2
Nykode Therapeutics' COVID-19 vaccine program. It covers two vaccine candidates: VB10.2210, a T cell focused candidate designed to induce broadly protective T cell responses; and VB10.2129, a RBD vaccine candidate tailored to generate RBD-specific antibody and T cell immunity.

VB10.NEO
A Vaccibody individualized drug candidate where each vaccine is designed based on each patient's cancer-specific gene alterations (mutations). VB10.NEO is exclusively licensed to Genentech.

VB10.2129
A COVID-19 vaccine candidate encoding the receptor-binding domain (RBD) derived from the B1.351 (Beta) variant of concern of SARS-CoV-2. The aim is to generate RBD-specific antibody and T cell immunity.

VB10.2210
A T cell-focused COVID-19 vaccine candidate, encoding multiple validated immunodominant, conserved T-cell epitopes spanning multiple antigens across the SARS-CoV-2 genome. The aim is to induce broadly protective T cell responses.

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APPENDIX C:

The Group's unaudited consolidated financial statements for the three-month period ended 31 March 2022

nykode therapeutics

INTERIM REPORT

1st Quarter 2022

Highlights:

- Nykode announced completion of patient enrollment in its Phase II trial of VB10.16 in combination with immune checkpoint inhibitor atezolizumab for the treatment of advanced cervical cancer
- Received milestone payment of USD 20 million for initiation of phase 1b trial

Highlights after March 31st, 2022:

- Nykode Therapeutics announced positive interim results from its Phase II trial with VB10.16 in combination with atezolizumab in advanced cervical cancer
    - Anti-tumor activity of VB10.16 in combination with atezolizumab was observed in a heavily pre-treated population of patients with HPV16-positive advanced cervical cancer. Strong overall response rate (ORR) was observed in both PD-L1 positive patients (ORR of 27%) and in PD-L1 negative patients (ORR of 17%). Overall ORR of 21% including two complete responses (CRs) and six partial responses (PRs) were observed in the 39 patients studied
    - VB10.16 in combination with atezolizumab demonstrated a very high disease control rate (DCR, which includes patients who have achieved complete response, partial response and stable disease) of 64% (77% in PD-L1 positive patients and 58% in PD-L1 negative patients)
- Nykode Therapeutics presented preclinical data from its second generation Vaccibody vaccine technology at the 2022 American Association for Cancer Research (AACR) Annual Meeting
- At Nykode's AGM on May 12, 2022, it was resolved to convert the Company from a private limited liability company (AS) to a public limited liability company (ASA)
- Elaine Sullivan and Anne Whitaker elected to join the Board of Directors at the Company's AGM on May 12, 2022

Michael Engsig, Chief Executive Officer at Nykode, comments:

"I am delighted that the interim results from the phase II study with VB10.16 in combination with atezolizumab in HPV-16 positive cervical cancer support Nykode's unique approach of targeting Antigen Presenting Cells (APCs), designed to produce a robust and long-lasting CD8 killer T cell response against cancer cells. In particular I am excited about the signs of durable anti-tumor activity in a heavily pre-treated and hard to treat population of patients with late-stage HPV16-positive cervical cancer. Furthermore, the indication that the treatment may benefit not only PD-L1 positive patients but also PD-L1 negative patients and patients with immune excluded tumors may bode well for the continued development."

Michael Engsig continues "Building on the promising clinical efficacy and favorable safety profile that was observed with VB10.16, Nykode has started planning the NYK003-C-03 Phase 1b trial of VB10.16 in combination with a check point inhibitor in patients with HPV16-positive squamous cell head and neck cancer (HNSCC). The trial is expected to start in the second half of 2022. In addition to the positive development of the wholly owned pipeline, and the disclosure of exciting new preclinical data from our second generation Vaccibody technology platform, I am pleased to report that the Regeneron collaboration is off to a good start. It is progressing according to plan, with lots of energy and good discussions."

Key financial figures

	1st Quarter		Full year
Amounts in USD '000	**2022**	2021	2021
Total revenue and other income	1,024	780	35,766
Total operating expenses	9,647	8,252	46,541
Operating profit (loss)	**-8,623**	**-7,472**	**-10,775**
Net profit (loss) for the period	**-6,898**	**-6,507**	**-9,414**
Net cash flow	9,450	-4,070	32,351
Cash and cash equivalents, end of period	225,681	179,738	216,231
Outstanding shares, end of period	289,919,409	285,613,845	289,619,409
Cash and cash equivalents/total assets	89%	80%	81%
Equity ratio	74%	78%	73%
Equity	188,641	173,612	194,055
Total assets	254,073	223,854	265,556
Employees, average	114	59	73
Employees, end of period	128	61	102

R&D update

Nykode's modular technology platform is very versatile and may be adapted to generate the desired immune response profile. Hence, Nykode's platform may be applied across a broad range of immunotherapy areas as innovative solutions to an unmet medical need. Nykode continues to increase the headcount across all functions including R&D to continue to build competencies and support the strategy execution.

Please find below an update on Nykode's current research and development activities.

Oncology

VB10.16

VB10.16 is a therapeutic HPV vaccine directed against HPV16+ induced malignancies:

- Clinical trial VB C-02:
  - Clinical stage: Phase II
  - Cancer indication: HPV16+ advanced, non-resectable cervical cancer
  - Fully enrolled
  - ClinicalTrials.gov Identifier: NCT04405349

Status and highlights

The trial is fully enrolled and reported positive interim efficacy and safety data on May 9, 2022. Interim results from 39 patients with a median follow up of 6 months show an ORR of 21%, including two patients who achieved a complete response and six who achieved a partial response, and a very high disease control rate of 64%. The trial enrolled a heavily pre-treated patient population with more than two thirds of the patients having received at least two previous systemic lines of treatment. Interestingly, anti-tumor activity was observed in both PD-L1 positive (ORR of 27% and DCR of 77%) and PD-L1 negative patients (ORR of 17% and DCR of 58%) indicating a potential clinical benefit also in the PD-L1 negative population. In addition, a DCR of 71% was observed in patients with non-inflamed tumors, including both immune desert and T cell excluded tumors. Together these findings suggest a differentiated anti-tumor response pattern of the combination treatment compared to checkpoint inhibitor monotherapy. Nykode expects to report updated efficacy data read-outs from VB C-02 during the first half of 2023.

VB10.NEO

VB10.NEO is an individualized neoantigen cancer vaccine, exclusively licensed to Genentech:

- Clinical trial VB N-01:
  - Clinical stage: Phase I/IIa
  - Cancer indications: Melanoma, non-small cell lung cancer (NSCLC), clear renal cell carcinoma, urothelial cancer or squamous cell carcinoma of the head and neck (SCCHN)
  - Fully enrolled
  - ClinicalTrials.gov Identifier: NCT03548467
- Clinical trial VB N-02:
  - Clinical stage: Phase Ib
  - Cancer indications: Locally advanced and metastatic tumors
  - ClinicalTrials.gov Identifier: NCT05018273

Status and highlights

News flow updates relating to VB10.NEO are in general at Genentech's discretion. Recruiting sites are open in US, Germany and Spain.

Infectious Diseases

Nykode's infectious disease initiative continues to generate supportive data and explore and evaluate a diverse set of pathogens as potential next future clinical vaccine targets.

VB10.COV2

Nykode has chosen a 2-arm strategy for its VB10.COV2 project to fight SARS-CoV2 variants of concern (VoC*). VB10.2129 (RBD candidate) and VB10.2210 (T cell candidate) are two vaccines designed using Nykode's modular and APC targeted technology:

- Clinical trial VB-D-01, investigating the two vaccine candidates, VB2129 and VB2210.
  - Clinical stage: Phase I/II
  - Pathogen: SARS CoV-2
  - ClinicalTrials.gov Identifier: NCT05069623

VB10.2129 – 2nd generation vaccine addressing novel variants of concern*

VB10.2129 contains the RBD domain of the Beta variant of concern B1.351. Importantly, preclinical data demonstrate induction of rapid, strong and persistent neutralizing antibody responses in animal models by VB2129 not only against the Beta variant, but also across several other major variants of concern. Nykode's RBD vaccine candidate has the potential to induce rapid and strong levels of neutralizing antibody responses addressing both existing and emerging variants of concern.

VB10.2210 – 3rd generation universal broadly protective T cell vaccine

Increasing evidence highlights the importance of broad T cell responses in providing rapid as well as long-term memory responses against COVID-19 with limited sensitivity to viral mutations. The vaccine includes SARS-CoV-2 T cell epitopes identified and validated by Adaptive Biotechnologies. Nykode aims to boost and broaden the most clinically relevant and conserved T cell responses against a broad set of SARS-CoV-2 epitopes identified by Adaptive Biotechnologies. Preclinical data confirm induction of strong T cell responses against multiple SARS-CoV-2 antigens in several mouse models. The aim is to induce long-lasting protective immunity across all population groups and across current and future variants.

VB-D-01 trial

The VB-D-01 trial is a Phase I/II, open label, dose escalation trial to determine safety and immunogenicity of two SARS CoV-2 vaccine candidates VB10.2129 and VB10.2210.

Status and highlights

VB10.2129 (RBD candidate): First subject dosed November 3, 2021. The trial is fully enrolled at two out of three dose levels in the dose-escalation cohort.

VB10.2210 (T cell candidate): First subject dosed December 27, 2021. The trial is fully enrolled at all three dose levels in the dose-escalation cohort.

Results from the Phase I dose-escalation cohort is expected during the second half of 2022.

*Note: All viruses, including SARS-CoV-2, mutate and change over time. Most changes have limited impact on the virus' properties. However, some changes may affect the virus's properties, e.g., as how easily it spreads, the associated disease severity, or the performance of vaccines, diagnostic tools and so forth. The emergence of variants that poses an increased risk to global public health has prompted the characterization of specific variants of concern, in order to prioritize global monitoring and research, and ultimately to inform the ongoing response to the COVID-19 pandemic. Source: Tracking SARS-CoV-2 variants (who.int)

Autoimmune disorders

Autoimmune disorders are caused by unwanted immunogenicity to autoantigens. Antigen-specific tolerization for the treatment of auto-immune diseases has the potential to blunt autoimmunity without compromising normal immune function. Nykode is exploring autoimmunity model systems to generate pre-clinical proof-of-concept for the ability to induce meaningful antigen-specific immune tolerance. Nykode has demonstrated that its exploratory tolerizing vaccines induce proliferation of epitope specific T regulatory cells in such model systems and will continue its research and know-how building in the area.

Other

Uplift on Oslo Stock Exchange

Nykode has initiated a process for transfer of the listing of its shares from Euronext Growth to the main market of the Oslo Stock Exchange. The expected timing is end of the second quarter of 2022.

Financial review

Income statement

The net result for the first quarter of 2022 was a net loss of USD 6.9 million compared to a net loss of USD 6.5 million in the first quarter of 2021. The change in net loss was mainly due to increased activities and operations in Nykode, leading to increased operating expenses and employee benefit expenses. This was offset by an increase in total revenue as well as a decrease in the social security cost accrual related to share-based payments included under employee benefit expenses.

Revenue and other income

Total revenue and other income amounted to USD 1.0 million in the first quarter of 2022 (Q1 2021: USD 0.8 million). The increase was mainly due to increased R&D service activities under the agreements with Genentech and Regeneron.

Operating expenses

Total operating expenses amounted to USD 9.6 million in the first quarter of 2022 (Q1 2021: USD 8.3 million). Employee benefit expenses were USD 1.3 million in the first quarter (Q1 2021: USD 3.9 million). The decrease in employee benefit expenses in 2022 is primarily due to the reduction of the social security cost accrual related to share-based payments. This accrual is dependent on the share price as Nykode is required to accrue for the social security cost for all warrants and options that are in-the-money at the balance sheet date. This relates to both the current and the non-current portion. As the share price decreased during the quarter the accrual is also reduced. The corresponding reduction is USD 4.8 million. The decrease is offset by the planned increase in headcount. Other operating expenses increased from USD 4.3 million in the first quarter of 2021 to USD 7.9 million in the first quarter of 2022, driven by increased operating activity.

Net financial income and expenses

Net financial income and expenses were USD 0.1 million in the first quarter of 2022 (Q1 2021: USD 0.8 million loss). Finance income and finance costs mainly relate to movements in foreign currency exchange rates and fair value adjustments of financial instruments.

Income tax expenses

The Group recognized tax income of USD 1.7 million in the first quarter of 2022 and USD 1.7 million in the first quarter of 2021. The income tax expense is primarily related to movement in deferred tax.

Statement of financial position

Cash

At March 31, 2022, Nykode had a cash position of USD 225.7 million compared to USD 216.2 million at December 31, 2021. The increase in cash is mainly a result from operating activities.

Equity

At March 31, 2022, total equity amounted to USD 188.6 million, compared to USD 194.1 million at December 31, 2021. The change mainly reflects the net loss of the period of USD 6.9 million, the exercise of warrants and options and recognition of share-based payments.

Trade receivables

At March 31, 2022, trade receivables amounted to USD 2.5 million, compared to USD 23.8 million at December 31, 2021. The decrease is mainly due to the receipt of the USD 20 million milestone payment from Genentech in the first quarter of 2022.

Trade and other payables

At March 31, 2022, trade and other payables amounted to USD 7.0 million, compared to USD 8.5 million at December 31, 2021.

Contract liability

At March 31, 2022, total contract liability amounted to USD 18.0 million, compared to a contract liability of USD 16.0 million at December 31, 2021. The contract liability is mainly due to timing of invoicing to Genentech as well as recognition of the service component under the Genentech agreement.

Other current financial assets

At March 31, 2022, total other current financial assets amounted to USD 12.2 million compared to USD 12.2 million at December 31, 2021.

Cash flow

Net change in cash and cash equivalents was positive USD 9.5 million in the first quarter of 2022 (Q1 2021: USD 4.1 million negative). Cash and cash equivalents increased to USD 225.7 million at the end of the period, compared to USD 179.7 million at the end of the same period in 2021.

Cash flow from operating activities

Net cash flow from operating activities was positive USD 10.9 million in the first quarter of 2022 (Q1 2021: USD 5.0 million negative). This was primarily driven by the decrease in trade receivables due to the receipt of the milestone payment from Genentech, offset by a negative profit before tax.

Cash flow from investing activities

Cash flow from investing activities was negative USD 1.6 million in the first quarter of 2022 (Q1 2021: USD 0.6 million positive). The amounts mainly relate to the purchase of property, plant and equipment.

Cash flow from financing activities

Cash flow from financing activities was positive USD 0.1 million in the first quarter of 2022 (Q1 2021: USD 0.3 million positive). The amounts primarily relate to the proceeds from equity issuance, offset by payment of lease liabilities.

Outlook

The first major clinical objective for 2022 has been reached, namely:

- VB C-02 clinical trial, positive interim efficacy and safety results have been reported

Expected outlook and news flow regarding Nykode's key priorities for the remainder of 2022 include:

Uplift from Euronext Growth to the main list of Oslo Stock Exchange
VB10.16 – Initiation of NYK003-C-03 Phase Ib trial in HNSCC
VB-D-01 trial – Phase I key results with Nykode's two COVID vaccine candidates measuring T cell and antibody responses
Update on manufacturing strategy

The Company has a strong cash position and no debt.

The Company is in continuous dialogue with academic and industrial entities and will announce new key collaborations and partnerships if or when they may occur.

The COVID-19 pandemic and the situation in Ukraine may impact timelines and operations.

Disclaimer

This announcement and any materials distributed in connection with this announcement may contain certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect the company's current expectations and assumptions as to future events and circumstances that may not prove accurate.

A number of material factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

About Nykode

Nykode Therapeutics is a clinical-stage biopharmaceutical company dedicated to the discovery and development of vaccines and novel immunotherapies for the treatment of cancer and infectious diseases. Nykode's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which are essential for inducing rapid, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses.

Nykode's lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which has reported positive interim efficacy and safety results from its Phase II trial for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which is exclusively out licensed to Genentech and is in Phase Ib for the treatment of locally advanced and metastatic tumors and Phase I/IIa for the treatment of melanoma, lung-, head and neck, renal-, and bladder cancer. Additionally, Nykode has initiated a Phase I/II trial in 2021 with its two next-generation COVID-19 vaccine candidates.

The Company's partnerships include Roche and Genentech within oncology, a multi-target collaboration with Regeneron within oncology and infectious diseases, and a collaboration with Adaptive Biotechnologies for COVID-19 T cell vaccine development.

Nykode Therapeutics' shares are traded on Euronext Growth (Oslo), a trading platform operated by Euronext, the leading Pan-European market infrastructure. The ticker code is NYKD. Further information about Nykode Therapeutics may be found at http://www.nykode.com or you may contact the Company at IR@nykode.com

Interim Financial Statements

Condensed consolidated interim statement of comprehensive income

Amounts in USD '000	Notes	**Q1 2022**	Q1 2021
Revenue from contracts with customers	4	715	446
Other income	5	309	334
Total revenue and other income		**1,024**	**780**
Employee benefit expenses	6.2	1,288	3,862
Other operating expenses	6.1	7,905	4,288
Depreciation		454	102
Operating profit (loss)		**-8,623**	**-7,472**
Finance income		663	215
Finance costs		597	969
Profit (loss) before tax		**-8,557**	**-8,226**
Income tax expense		-1,659	-1,719
Profit (loss) for the period		**-6,898**	**-6,507**
Other comprehensive income:			
Items that subsequently may be reclassified to profit or loss:			
Foreign currency translation effects		-21	1
Total items that may be reclassified to profit or loss		-21	1
Total other comprehensive income for the period		**-21**	**1**
Total comprehensive income for the period		**-6,919**	**-6,506**
Earnings per share ("EPS"):			
Basic EPS – profit or loss attributable to equity holders		-0.02	-0.02
Diluted EPS – profit or loss attributable to equity holders		-0.02	-0.02

Condensed consolidated interim statement of financial position

Amounts in USD '000	Notes	31/03/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment		2,422	1,884
Right-of-use assets		7,031	7,281
Intangible assets		32	32
Other long-term receivables	4	512	501
Total non-current assets		**9,997**	**9,698**
Current assets			
Trade receivables		2,500	23,750
Other receivables		3,661	3,708
Other current financial assets	8	12,234	12,169
Cash and cash equivalents		225,681	216,231
Total current assets		**244,076**	**255,858**
TOTAL ASSETS		**254,073**	**265,556**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	334	333
Share premium		82,006	81,526
Other capital reserves		8,887	7,863
Other components of equity		-3,143	-3,122
Retained earnings		100,557	107,455
Total equity		**188,641**	**194,055**
Non-current liabilities			
Non-current lease liabilities		5,639	5,820
Non-current provisions		923	4,915
Deferred tax liabilities		27,741	29,400
Total non-current liabilities		**34,303**	**40,134**
Current liabilities			
Government grants	5	13	219
Current lease liabilities		1,350	1,350
Trade and other payables		6,985	8,494
Current provisions		4,732	5,234
Contract liabilities	4	18,023	16,044
Income tax payable		26	26
Total current liabilities		**31,129**	**31,367**
Total liabilities		**65,432**	**71,501**
TOTAL EQUITY AND LIABILITIES		**254,073**	**265,556**

Oslo, 15 May 2022

Martin Nicklasson Chair of the Board	**Anders Tuv** Board Member	**Bernd Robert Seizinger** Board Member
Jan Haudemann-Andersen Board Member	**Birgitte Volck** Board Member	**Christian Åbyholm** Board Member
Elaine Sullivan Board Member	**Anne Whitaker** Board Member	**Michael Thyrring Engsig** CEO

Condensed consolidated interim statement of cash flows

Amounts in USD '000	Notes	Q1 2022	Q1 2021
Cash flows from operating activities			
Profit (loss) before tax		-8,557	-8,226
Adjustments to reconcile profit before tax to net cash flows:			
Net financial items		-153	676
Depreciation of property, plant and equipment		93	12
Depreciation of Right-of-use assets		362	90
Share-based payment expense		1,024	832
Working capital adjustments:			
Changes in trade receivables and other receivables		21,395	-2,529
Changes in contract assets/liabilities and other long-term receivables		1,988	3,304
Changes in trade and other payables and other provisions and other liabilities		-1,236	607
Changes in non-current provisions		-3,992	265
Net cash flows from operating activities		**10,923**	**-4,969**
Cash flows from investing activities			
Purchase of property, plant and equipment		-1,597	-16
Proceeds from sale of market based financial instruments		-	592
Interest received		-	–
Net cash flows from investing activities		**-1,597**	**576**
Cash flows from financing activities			
Proceeds from issuance of equity		480	436
Payments of the principal portion of the lease liability		-292	-91
Payments of the interest portion of the lease liability		-60	-2
Interest paid		-5	-20
Net cash flows from financing activities		**124**	**323**
Net increase/(decrease) in cash and cash equivalents		**9,450**	**-4,070**
Cash and cash equivalents at beginning of the period		216,231	183,851
Net foreign exchange difference		1	-43
Cash and cash equivalents, end of period		**225,681**	**179,738**

Condensed consolidated interim statement of changes in equity

Amounts in USD '000	**Share capital**	**Share premium**	**Other capital reserves**	**Other components of equity**	**Retained earnings**	**Total equity**
Balance at December 31, 2021	**333**	**81,526**	**7,863**	**-3,122**	**107,455**	**194,055**
Profit (loss) for the period	–	–	–	–	-6,898	**-6,898**
Other comprehensive income	–	–	–	-21	–	**-21**
Issue of share capital	1	480	–	–	–	**481**
Share based payments	–	–	1,024	–	–	**1,024**
Balance at March 31, 2022	**334**	**82,006**	**8,887**	**-3,143**	**100,557**	**188,641**

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at December 31, 2020	**327**	**60,348**	**4,419**	**-3,113**	**116,869**	**178,850**
Profit (loss) for the period	–	–	–	–	-6,507	**-6,507**
Other comprehensive income	–	–	–	1	–	**1**
Issue of share capital	1	435	–	–	–	**436**
Share based payments	**–**	**–**	832	–	–	**832**
Balance at March 31, 2021	**328**	**60,783**	**5,251**	**-3,112**	**110,362**	**173,612**

Notes to the interim financial statements

1 – General Information

The condensed consolidated interim financial statements of Nykode Therapeutics AS and its subsidiary ("Nykode" or "the Group") for the period ended March 31, 2022 were authorized by the Board of Directors on May 15, 2022. Nykode has shares traded on Euronext Growth, with the ticker symbol NYKD. Nykode Therapeutics AS is incorporated and domiciled in Norway, and the address of its registered office is Gaustadalléen 21, 0349 Oslo, Norway.

The Group consists of clinical-stage biopharmaceutical companies, dedicated to the discovery and development of vaccines and novel immunotherapies for the treatment of cancer and infectious diseases. Nykode's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which are essential for inducing rapid, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses. Nykode's lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which is in Phase II for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which is being studied in a Phase I/IIa trial for the treatment of melanoma, lung-, head and neck, renal-, and bladder cancer and is now exclusively out licensed to Genentech Inc. ("Genentech"), a member of the Roche Group, and in a Phase Ib trial in combination with atezolizumab for the treatment of locally advanced and metastatic tumors. Additionally, Nykode has initiated a Phase I/II trial in 2021 with its two universal, next-generation COVID-19 vaccine candidates. The Group has collaborations with Roche and Genentech within oncology, a multi-target collaboration with Regeneron Pharmaceuticals Inc. ("Regeneron") within oncology and infectious diseases and a collaboration with Adaptive Biotechnologies for COVID-19 T cell vaccine development.

2 – Basis of preparation and significant account policies

The condensed consolidated interim financial statements of the Group comprise statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and selected explanatory notes. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("EU"). The condensed consolidated interim financial statements are unaudited.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Nykode's annual financial statements as at December 31, 2021. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of Nykode's annual financial statements for the year ended December 31, 2021.The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The interim financial statements are presented in United States dollar (USD) which is also the functional currency of the parent company. Amounts are reported in whole thousands (USD '000) except when otherwise stated. Further, the interim financial statements are prepared based on the going concern assumption.

3 – Significant accounting judgements, estimates and assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

In preparing the condensed consolidated interim financial statements, the significant judgments, estimates and assumptions made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to Nykode's annual financial statements for the year ended December 31, 2021.

4 – Operating segment and Revenue from contracts with customers

The Group is organized as one operating segment.

In the table below non-current assets are broken down by geographical areas based on the location of the operations:

Non-current assets	**31/03/2022**	31/12/2021
Norway	9,897	9,585
Denmark	99	113
Total non-current assets	**9,997**	**9,698**

Revenue from conduction of R&D services

Revenue from conduction of R&D services relates to the Nykode's delivery of the R&D activities to Genentech and Regeneron under the respective agreements.

Revenue from contracts with customers	**Q1 2022**	Q1 2021
Major products and services		
R&D commitments	715	446
Total revenue	**715**	**446**

Geographical distribution	**Q1 2022**	Q1 2021
United States of America	715	446
Total revenue	**715**	**446**

The revenue information above is based on the location of the customers.

Timing of revenue recognition	**Q1 2022**	Q1 2021
Goods/services transferred at a point in time	193	–
Services transferred over time	522	446
Total revenue	**715**	**446**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at March 31, are, as follows:

	2022	2021
Within one year	14,676	8,624
More than one year	10,847	20,930
Total	**25,523**	**29,554**

The remaining performance obligations expected to be recognized within one year and in more than one year relates to the R&D commitments under the agreement with Genentech.

Contract cost assets	**31/03/2022**	31/12/2021
At 1 January	**478**	**551**
Cost to obtain a contract recognized in the period	–	-
Amortization recognized in the period	10	**73**
Impairment losses recognized in the period	–	–
Total contract cost assets	**468**	**478**

Contract cost assets are presented as part of other long-term receivables in the balance sheet.

The Group's contract cost assets are related to sale commissions under the agreement with Genentech.

Contract assets/liabilities (-)	**31/03/2022**	31/12/2021
At 1 January	**-16,044**	**15,000**
Transferred to trade receivables	-2,500	-15,000
Milestone payment from customer	-	-20,000
Rendering of services in the period	521	3,956
Total contract assets/liabilities (-)	**- 18,023**	**-16,044**

The changes to contract assets/liabilities in the period are related to fulfilling the performance obligation related to the service component under the agreement with Genentech, less the amount transferred to trade receivables.

5 – Government grants

Grant from SkatteFUNN

The Group currently has two R&D projects approved by SkatteFUNN (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry). One project has been approved for the period from 2020 until the end of 2022. The other project has been approved for the period from 2020 until the end of 2023. Nykode has recognized USD 0.1 million in the first quarter of 2022 (Q1 2021; USD 0.3 million) classified as other income.

The Group had government grant receivables related to SkatteFUNN of USD 0.7 million as at March 31, 2022 and USD 0.5 million as at December 31, 2021.

Grant from the Research Council of Norway

The Group currently has one grant from the Research Council of Norway, programs for user-managed innovation area (BIA). The grant ("Development of a highly efficient and robust manufacturing process for personalized DNA vaccines") of USD 2.7 million covers the period from January 2020 to July 2022. The Group has recognized USD 0.2 million in the first quarter of 2022 (Q1 2021: USD 0.07 million) classified as other income.

The Group had unearned income related to grant from the Research Council of Norway of USD 0.2 million as at March 31, 2022 and USD 1.0 million as at December 31, 2021.

6.1 – Other operating expenses

Other operating expenses consisted mainly of research and development expenses, consulting fees and legal expenses in the first quarter of 2022 and the first quarter of 2021. Total research and development expenses were USD 7.1 million in the first quarter of 2022 (Q1 2021: USD 2.5 million), recognized as employee benefit expenses and other operating expenses in the statement of comprehensive income.

6.2 – Employee benefit expenses

Due to the decrease in the Nykode's share price in the first quarter of 2022, there is a corresponding decrease in the accrual for social security tax related to share-based payments. For the first quarter of 2022 this resulted in a decrease of employee benefit expenses of USD 4.8 million, compared to an increase of USD 1.8 million in the first quarter of 2021. This is the main reason for the decrease in employee benefit expense

7 – Equity and Shareholders

Issued capital and reserves:

Share capital in Nykode Therapeutics AS	Number of shares authorized and fully paid	Par value per share (NOK)	Share capital (USD '000)
At January 1, 2021	**284,785,180**	**0,01**	**327**
Share capital increase			
March 17, 2021	828,665	0,01	1
At March 31, 2021	**285,613,845**	**0,01**	**328**
Share capital increase			
May 10, 2021	530 000	0,01	1
June 29, 2021	400 000	0,01	-
September 7, 2021	467 864	0,01	1
October 28, 2021	170 001	0,01	0
November 1, 2021	66 000	0,01	0
December 7, 2021	2 255 034	0,01	2
December 10, 2021	116 665	0,01	0
At December 31, 2021	**289,619,409**	**0,01**	**333**
Share capital increase			
February 2, 2022	300,000	0,01	1
At March 31, 2022	**289,919,409**	**0.01**	**334**

The share capital increases in the periods are all related to the exercise of warrants and options.

All shares are ordinary and have the same voting rights and rights to dividends.

Nykode's shareholders:

Shareholders in Nykode Therapeutics AS at March 31, 2022	Total Shares	Ownership / Voting Rights
RASMUSSENGRUPPEN AS	28,180,750	9,72 %
Datum Opportunity AS	26,000,000	8,97 %
Radforsk Investeringsstiftelse	24,057,000	8,30 %
Victoria India Fund AS	17,255,175	5,95 %
Datum AS	12,060,250	4,16 %
Skøien AS	9,155,004	3,16 %
OM Holding AS	8,144,004	2,81 %
Norda ASA	7,996,755	2,76 %
Vatne Equity AS	7,712,500	2,66 %
DNB NOR Bank ASA	6,610,815	2,28 %
Joh Johannson Eiendom AS	5,417,641	1,87 %
Hortulan AS	4,721,529	1,63 %
Portia AS	4,500,000	1,55 %
Krag Invest AS	4,470,100	1,54 %
Alden AS	3,445,000	1,19 %
Skips AS Tudor	3,075,000	1,06 %
Borgano AS	3,000,000	1,03 %
DNB Markets Aksjehandel/-analyse	2,929,400	1,00 %
Lani Invest AS	2,684,558	0,93 %
Datum Finans AS	2,395,500	0,83 %
Other shareholders	106,108,428	36,60 %
Total	**289,919,409**	100,00 %

8 – Financial instruments

Set out below is an overview of financial assets and liabilities held by the Group as at March 31, 2022 and December 31, 2021:

	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
As at March 31, 2022			
Assets			
Other long-term receivables	512	–	512
Trade receivables	2,500	–	2,500
Other receivables	3,661	–	3,661
Other current financial assets			
Money market funds	–	12,234	12,234
Cash and cash equivalents	225,681	–	225,681
Total financial assets	**232,355**	**12,234**	**244,589**
Liabilities			
Trade and other payables	7,011	–	7,011
Non-current lease liabilities	5,639	–	5,639
Current lease liabilities	1,350	–	1,350
Total financial liabilities	**14,000**	**–**	**14,000**
As at December 31, 2021			
Assets			
Other long-term receivables	501	–	501
Trade receivables	23,750	–	23,750
Other receivables	3,708	–	3,708
Other current financial assets			
Money market funds	–	12,169	12,169
Cash and cash equivalents	216,231	–	216,231
Total financial assets	**244,190**	**12,169**	**256,359**
Liabilities			
Trade and other payables	8,520	–	8,520
Non-current lease liabilities	5,820		5,820
Current lease liabilities	1,350		1,350
Total financial liabilities	**15,690**	**–**	**15,690**

There are no changes in the classification and measurement of the Group's financial assets and liabilities.

9 – Fair value measurement

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

				Level		
	Date	Carrying amount	Fair value	1	2	3
Liabilities and assets disclosed at fair value						
Assets						
Other current financial assets						
Money market funds	31/03/2022	12,234	12,234	X		
Total other current financial assets	**31/03/2022**	**12,234**	**12,234**			
Other current financial assets						
Money market funds	31/12/2021	12,169	12,169	X		
Total other current financial assets	**31/12/2021**	**12,169**	**12,169**			

There were no transfers between the levels during the three months ended March 31, 2022. There were no changes in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurements during the period.

10 – Share based payments

The following tables illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the quarter.

	2022 WAEP (NOK)	2022 Number
Outstanding options at January 1	**18,20**	**13,507,698**
Options granted	68,39	70,000
Options forfeited	-	-
Options exercised	15,42	-450,000
Options expired	-	-
Outstanding options at March 31	**18,57**	**13,127,698**

	2021 WAEP (NOK)	2021 Number
Outstanding options at January 1	**8,52**	**14,381,430**
Options granted	79,68	1,705,463
Options forfeited	-	-
Options exercised	4,89	-2,579,195
Options expired	-	-
Outstanding options at December 31	**18,20**	**13,507,698**

11 – Events after the reporting date

At Nykode's AGM on May 12, 2022 it was resolved to convert the Company from a private limited liability company (AS) to a public limited liability company (ASA). Further, Elaine Sullivan and Anne Whitaker were elected to join the Board of Directors.

At Nykode's AGM on May 12, 2022 it was resolved to grant options to certain board members. The total number of options granted was 425,000.

APPENDIX D:

The Group's audited consolidated financial statements for 2019 (NGAAP)

vaccibody

Annual report
2019

Contents

Our business

Vaccibody in brief

Vaccibody

Vaccibody is a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies for cancer and infectious diseases. Founded in 2007, Vaccibody is using its vaccine technology platform to generate best-in-class therapeutics in indications/diseases with a significant unmet medical need. The Company is a leader in the rapidly evolving field of cancer vaccines and currently has two clinical-stage product candidates: a personalized cancer neoantigen vaccine and a vaccine against HPV16-related cervical cancer.

Vaccibody has 24 employees (end of 2019) located in Oslo, Norway, and collaborations with internationally renowned companies. Vaccibody's shares are traded on the NOTC*.

The Vaccibody vaccine technology platform at a glance

Vaccibody is developing cutting-edge, targeted DNA vaccines for clinical use, based on a deep understanding of immunological principles. Vaccibody's vaccines specifically target Antigen Presenting Cells (APC), which are essential for inducing rapid, strong and specific immune responses and elicit efficacious clinical responses.

By intelligent design, Vaccibody's vaccines can be tailored to induce the desired immune response profile correlating with protection for each specific disease with any given antigen. Hence, the Vaccibody vaccine platform has the potential to address many disease areas with a high unmet medical need, such as cancer and infectious diseases.

Vaccibody's lead products

The lead product candidates are VB10.NEO, a personalized therapeutic cancer neoantigen vaccine currently being evaluated in a Phase I/IIa clinical trial, and VB10.16, a therapeutic cancer vaccine against HPV16-related cancers currently being tested in a Phase II clinical trial.

The advantages of the Vaccibody vaccine

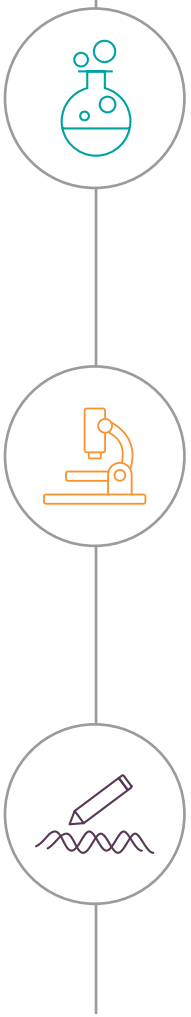
Vaccibody's vaccine platform offers advantages with respect to a number of important parameters, such as safety, immunogenicity and clinical efficacy, speed of development, and rapid manufacturing and scalability. This may grant Vaccibody a favorable position as a leader in the field of cancer vaccines and in the fight against infectious diseases.

VB10.NEO is the first personalized neoantigen cancer vaccine to demonstrate induction of strong cancer-specific immune responses which lead to favorable clinical responses. This has been demonstrated in several patients with locally advanced or metastatic disease in several indications.

While the Company solidifies the value of its vaccine platform in immuno-oncology in the clinic, it continues to build the platform for other disease areas, strengthening the team and the partnerships required to bring these innovative treatments to patients worldwide.

For more information, please visit www.vaccibody.com

* NOTC is a marketplace for unlisted shares managed by NOTC AS, which is owned 100% by Oslo Børs ASA, the Oslo Stock Exchange.



Letter to shareholders

A transformative year characterized by important milestones and scientific validation

Dear shareholder,

2019 was a groundbreaking year for Vaccibody, with the successful achievement of a significant number of important milestones. The main focus of the Company in 2019 was to demonstrate the versatility and potential of our technology platform and to show the first compelling clinical data for VB10.NEO, our fully personalized neoantigen cancer vaccine and lead product candidate in Phase I/IIa clinical development. An absolute highlight, these strong data from VB10.NEO in the first 14 patients, across several indications, were presented in November 2019. In addition, we presented final Phase IIa data for VB10.16, our vaccine targeting HPV-induced cancers. The Company entered into an important partnership with Roche, jointly exploring VB10.16 in combination with Roche's checkpoint inhibitor Tecentriq® (atezolizumab) in patients with advanced late-stage HPV16-positive cervical cancer.

The main focus of the Company in 2019 was to demonstrate the versatility and potential of our technology platform and to show the first compelling clinical data for VB10.NEO.

Furthermore, in February 2019, Vaccibody raised NOK 230 million (EUR 23.6 million) in a private placement to further advance its core assets, VB10.NEO and VB10.16, through clinical development. In addition, the Company continued growing its organization, onboarding additional talent and expertise in order to maintain a high momentum in effectively progressing product candidates toward the markets and patients, and building its development pipeline.

Vaccibody remains focused on exploring its unique and proprietary vaccine technology across multiple therapeutic settings with significant unmet medical needs. Our prime focus has so far been on addressing various cancers and establishing early proof of concept in other disease settings.

In the VB N-01 clinical trial (with VB10.NEO), we are evaluating our personalized neoantigen cancer vaccine in patients with renal cancer (RCC), metastatic melanoma, lung cancer (NSCLC), urothelial cancer and head & neck cancer (SCCHN). Interim data showed a favorable safety profile. Moreover, VB10.NEO demonstrated the ability to induce a highly specific immune response toward the patient-specific mutations selected by Vaccibody's proprietary neoantigen selection algorithm, NeoSELECT™.

NeoSELECT™, in combination with the Vaccibody vaccine, has shown a strong ability to identify immunogenic patient-specific mutations which not only boost pre-existing immune responses, but also induce de novo immune responses (i.e. immunogenicity, where no prior immune response existed). This results in best-in-class neoepitope-specific immune responses.

We believe that one of the key differentiating factors for a successful, fully personalized neoantigen cancer vaccine will be robustness, consistency and speed of manufacturing for each individualized product. Data from the VB N-01 clinical trial suggest that Vaccibody is well positioned on all these key differentiating parameters.

In our VB C-01 clinical trial (with VB10.16), enrolling patients with HPV16-positive high-grade precancerous cervical lesions, VB10.16 demonstrated a favorable safety profile and the ability to induce strong and rapid antigen-specific immune responses in all of the patients included in the clinical trial. Importantly, immune responses translated into and showed strong correlation with clinically meaningful responses for patients enrolled in the clinical study. The VB C-01 clinical trial served as the first in-human proof of concept for Vaccibody's proprietary vaccine technology.

In 2019, our organization grew from 19 to 24 employees. In October 2019, we were pleased to announce the recruitment of Siri Torhaug as Vaccibody's new Chief Medical Officer, effective January 1, 2020. Siri brings to Vaccibody the unique experience of working with immuno-oncology products, including cancer vaccines, as a clinical oncologist and investigator on several exploratory clinical trials at the Radiumhospital in Oslo, Norway. Furthermore, on September 1, 2019, Michael Engsig was promoted from his former position as Chief Operating Officer (COO) to Chief Executive Officer (CEO).

With the recently announced recruitment of Gunnstein Norheim, an internationally renowned scientist in infectious disease vaccines, we will explore activities in this field – another therapeutic area in which our technology may have game-changing potential. Vaccibody is excited to take the next significant steps in transforming the Company from being highly focused on oncology to expanding our strong proprietary technology platform outside oncology.

Looking ahead to 2020, the Company's most important clinical objective is currently to complete the enrolment of patients into our groundbreaking VB N-01 clinical trial and preparing the next steps in developing VB10.NEO toward the markets. A detailed overview of our clinical objectives for 2020 is provided on page 8.

On behalf of the Board of Directors and the Executive Management, we would like to thank all Vaccibody employees for their dedication and exceptional contribution in 2019. We would like to extend our sincere gratitude to our shareholders for their continued support of Vaccibody's cause. Furthermore, we thank the patients, their families and our investigators for helping us in our quest to develop medicines that matter.

We look forward to continuing our journey to develop cutting-edge, efficacious medicines and create value for the patients that need it the most.

April 15, 2020

Anders Tuv
Chairman of the Board

Michael Engsig
CEO

2019 highlights

February
Vaccibody enters into a collaboration with Roche to explore a combination of Vaccibody's VB10.16 and immune-checkpoint inhibitor atezolizumab (Tecentriq®) in advanced cervical cancer.
Vaccibody successfully conducts a private placement, raising around NOK 230 million (EUR 23.6 million).

March
Vaccibody presents positive 12-month results from its Phase IIa clinical study in high-grade cervical dysplasia, providing proof of concept for its platform technology and drug candidate VB10.16.

April
Vaccibody and Nektar Therapeutics present new preclinical data for VB10.NEO combined with bempegaldesleukin (NKTR-214) at the American Association for Cancer Research (AACR) Annual Meeting 2019.

June
Vaccibody reports strong neoantigen-specific T cell responses induced in the first four cancer patients with low mutational burden after VB10.NEO vaccination.

August
Vaccibody announces the appointment of Michael Engsig as Chief Executive Officer.

October
Vaccibody announces the appointment of Siri Torhaug, MD, as its new Chief Medical Officer.

November
Vaccibody announces initial data showing positive clinical responses in patients with locally advanced or metastatic cancer treated with VB10.NEO and presents data at the Annual Meeting of the Society for Immunotherapy of Cancer (SITC 2019).

2019 key figures

NOK 1,000	2019	2018
Total revenue and other income	12,446	12,042
Total operating expenses	111,338	77,879
Operating profit (loss)	**-98,892**	**-65,837**
Net profit (loss) for the year	**-95,956**	**-63,793**
Net proceeds from equity issues	224,322	337
Net cash flow	135,077	-62,525
Cash and cash equivalents, year-end	279,625	144,547
Outstanding shares, year-end	54,973,080	48,479,880
Cash and cash equivalents/ total assets	96%	94%
Equity ratio	92%	91%
Equity	268,439	140,072
Total assets	292,254	153,338
Employees, average	23	16
Employees, year-end	24	19

2020 outlook and objectives

The Board of Directors and the Executive Management have a clear strategy for the year ahead. A detailed overview of Vaccibody's objectives for 2020 is provided in the table below. The primary clinical objective is to complete the enrolment of patients into the Company's VB N-01 clinical trial.

Program	Clinical trial	Activity	Comments
VB10.NEO	VB N-01	Updated immune response data	Follow-up and expansion from the first data release in June 2019.
VB10.NEO	VB N-01	Dosing of first patient in NKTR-214 combo	Collaboration with Nektar Therapeutics combining VB10.NEO with bempegaldesleukin (NKTR-214 or bempeg), a CD122-preferential IL-2 pathway agonist in advanced head & neck cancer patients.
VB10.NEO	VB N-01	Updated clinical data	Follow-up and expansion from the first data release in November 2019.
VB10.NEO	VB N-01	Finalization of patient enrolment	The VB N-01 clinical trial is a basket trial with six different arms, including the NKTR-214 combination arm. It is estimated that 50 patients will be enrolled.
VB10.16	VB C-02	First patient dosed	Clinical trial testing VB10.16 in up to 50 patients with advanced cervical cancer.
VB10.16	VB C-02	Safety data for first patients	First safety data from the trial.

Financial review

Income statement

The net result for the 2019 fiscal year was a net loss of NOK 96.0 million compared to a NOK 63.8 million loss in 2018. The increased loss was caused mainly by an increase in clinical development activities relating primarily to the inclusion and treatment of patients in VB N-01, a larger number of sites for accelerated patient recruitment, and expenses for preparations for the VB C-02 program.

Operating income

Total operating income amounted to NOK 12.4 million in 2019 (NOK 12.0 million in 2018) and consisted primarily of grants from the Research Council of Norway under the BIA program for user-driven research-based innovation and from SkatteFUNN, a Norwegian government R&D tax incentive program. Both amounts were at the same level as in 2018.

Operating expenses

Total operating expenses amounted to NOK 111.3 million in 2019 compared to NOK 77.9 million in 2018. Employee expenses increased to NOK 29.4 million (2018: NOK 20.9 million). The increase was primarily caused by the planned increase in headcount from 19 to 24.

Other operating expenses amounted to NOK 81.8 million in 2019 (2018: NOK 56.9 million), primarily due to a ramp-up of the ongoing VB N-01 program as well as expenses for preparations for the VB C-02 clinical development program.

Net financial income and expenses

Net financial income and expenses increased to NOK 2.9 million in 2019 compared to NOK 2.0 million in 2018.

The increase related to interest income on the Company's cash and cash equivalents, partly offset by net currency losses.

Statement of financial position

Cash

At December 31, 2019, Vaccibody had a cash position of NOK 279.6 million compared to NOK 144.5 million at December 31, 2018. In February 2019, the Company closed a private placement with net proceeds of NOK 219.4 million.

Equity

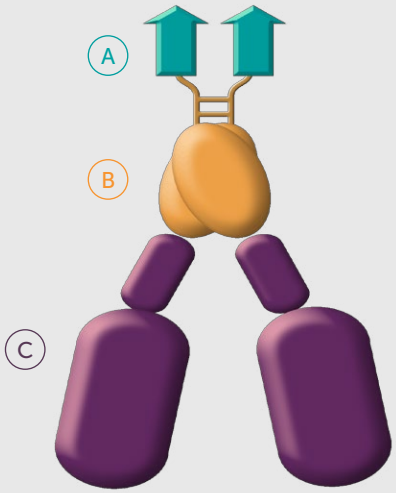
At December 31, 2019, total equity amounted to NOK 268.4 million compared to NOK 140.1 million at December 31, 2018. The change reflects the net result for the year plus share capital increases from the private placement in February 2019 and the exercise of warrants. Gross proceeds from the private placement in February 2019 amounted to NOK 230 million, while the net proceeds were NOK 219.4 million. The shares were placed at a price of NOK 40 per share.

The Vaccibody vaccine technology platform

Vaccibody's proprietary, targeted vaccine platform centers around the ability to induce a fast, strong and long-lasting specific immune response.

The recombinant Vaccibody protein consists of three modules:

A. The targeting unit, which targets and delivers the antigens to the immune system's Antigen Presenting Cells (APC). The targeting unit may be selected to optimize the antigen-specific immune response profile that correlates with protection for each specific disease.
B. The dimerization unit, which joins the protein into the dimeric Vaccibody format.
C. The antigens selected, to which a specific immune response is generated. These may be selected to fight a vast range of disease areas, including cancer and infectious diseases.

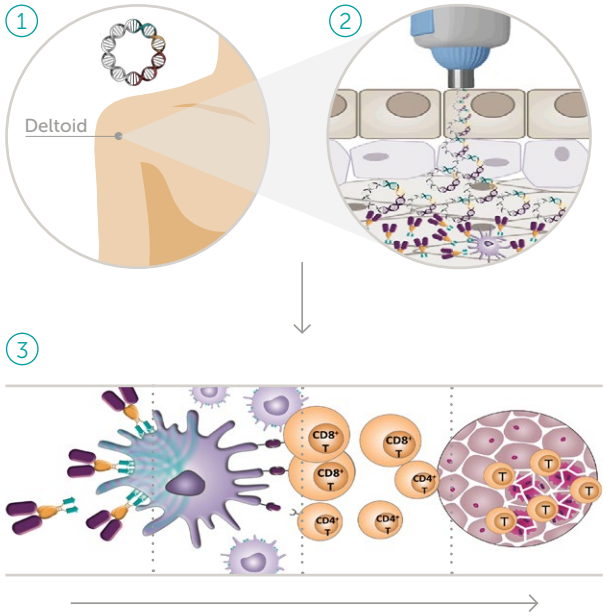


Technology platform

A targeted vaccine

The Vaccibody vaccine is delivered as a DNA plasmid using a needle-free jet injector that injects the plasmids which are subsequently taken up into the patient's muscle cells. Inside the cells, the DNA plasmids provide the information to start producing the Vaccibody protein in the same way that cells produce other human proteins. The newly encoded Vaccibody proteins are then secreted from the cells, and target and deliver their antigens to the APC. The selected targeting unit determines the delivery of the antigen to specific subsets of APC, which ultimately affects the kinetics and immune response profile. The MIP-1α targeting unit used in Vaccibody's two clinical products has been selected due to its ability to attract APC and induce rapid, strong and dominant CD8 killer T cell responses combined with supporting CD4 helper T cell responses. The unique ability to induce a strong CD8 killer T cell response has been shown to be important for tumor cell killing and distinguishes the Vaccibody platform from both conventional vaccines, including non-targeted DNA vaccines, and RNA- and peptide-based vaccines.

The Vaccibody vaccine has demonstrated a favorable safety profile and has the potential to be used in a number of different disease areas, including cancer and infectious diseases. It can be optimized for each disease by matching the antigen of choice with a targeting unit providing an immune response profile correlating with protection.



1. The DNA plasmid encoding the Vaccibody protein is injected into the muscle using a needle-free jet injector.
2. The Vaccibody protein is produced in the muscle cells and secreted, and subsequently recruits and targets the APC.
3. The APC process and present the antigens to the T cells. This results in an antigen-specific T cell response. Using MIP-1α, there will be a dominant cytotoxic T cell (CD8) response, which leads to killing of the tumor cells.

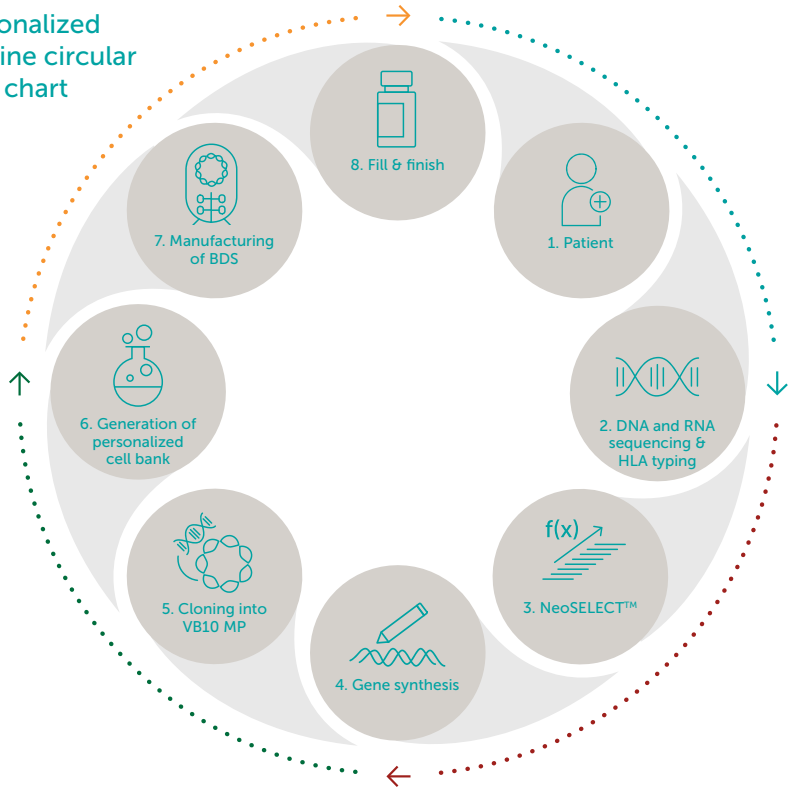
Two vaccine concepts: the personalized vaccine and the off-the-shelf vaccine

The Vaccibody vaccine may be:

- Off-the-shelf: An off-the-shelf (ready-made) vaccine that encodes for antigens shared among a large patient population, such as the VB10.16 vaccine that targets all HPV16-positive cancers.
- Personalized: The antigens may be selected from the individual patient's tumor, and a fully personalized vaccine is produced matching the optimal set of antigens identified in the tumor. Vaccibody's VB10.NEO program is such a fully personalized vaccine, targeting the patient's antigens based on tumor-specific mutations (i.e. distinctly non-self), so-called neoantigens.

The process and supply chain to produce an off-the-shelf vaccine has become a standard process in the industry. A fully personalized vaccine on the other hand is a much more complex process and requires a rapid turnaround time and robust processes across the entire value chain. Experience from the VB N-01 clinical trial testing VB10.NEO indicates that Vaccibody has a competitive advantage in the manufacturing process with a 100% success rate so far (i.e., all patients received a vaccine). The unique mechanism of action leading to rapid, strong and CD8-dominating responses has also led to highly encouraging immunological and clinical signs of efficacy in the first patients evaluated.

Personalized vaccine circular flow chart



1. The patient has a blood sample and tumor biopsy taken.
2. The samples are sequenced in order to identify the tumor-specific mutations and immune markers.
3. Vaccibody's proprietary neoantigen selection algorithm, NeoSELECT™, selects the optimal tumor-specific mutations (neoantigens) to be included in the vaccine.
4. The vaccine is designed and synthesized.
5. The patient's specific gene construct is cloned into a VB10.NEO master plasmid (MP).
6. The personalized cell bank is generated to be used in small-scale manufacturing.
7. The drug substance is produced through recombinant microbial fermentation.
8. The bulk drug substance (BDS) is sterilized and filled into vials to form the final drug product for use in one patient.

Off-the-shelf vaccine flow chart

Vaccibody's in-house immunological expertise and proprietary bioinformatics are used to select the optimal antigens (e.g. from a virus) to include in the vaccine.

The vaccine is designed and synthesized.

The gene construct is cloned into a master plasmid.

The master cell bank is generated to be used in the manufacturing (large scale).

The bulk drug substance (BDS) is produced through recombinant microbial fermentation.

The drug substance is sterilized and filled into vials to form the final drug product for use with a large patient group.

Therapeutic areas and clinical pipeline

Vaccibody's technology platform may benefit the lives of patients across many disease areas. The ongoing clinical trials with VB10.NEO and VB10.16 cover six cancer indications in total, and both our products have the potential to cover many additional indications with a high unmet medical need. The VB N-01 study evaluates the personalized neoantigen vaccine, which is being tested in lung, urothelial, melanoma, head & neck and renal cancer. The VB C-02 study currently evaluates the VB10.16 vaccine, which is currently being tested in the advanced cervical cancer indication.

Vaccibody has a highly versatile vaccine technology platform and is a leader in the rapidly developing field of individualized cancer neoantigen vaccines.

Vaccibody has two clinical programs.

Program	Description	Discovery	Preclinical	Phase I	Phase II	Phase III	Collaborator
Oncology and precancer							
Personalized							
VB10.NEO Melanoma, lung, bladder, renal, head & neck	An open-label Phase I/IIa basket study to evaluate the safety and efficacy of multiple dosing with VB10.NEO in patients with locally advanced or metastatic cancer. One study arm combines VB10.NEO with bempegaldesleukin (NKTR-214) in head & neck cancer patients.				●		Nektar Therapeutics
Off-the-shelf							
VB10.16 Precancerous cervical lesions	An open-label Phase I/IIa study to evaluate the safety and immunogenicity of VB10.16 in HPV16-positive patients with HSIL (CIN 2/3). The study was completed January 31, 2019, and the final report is available with positive 12-month data.				●		
VB10.16 Cervical	An open-label Phase II study to evaluate the safety and efficacy of multiple dosing with VB10.16 in combination with atezoluzimab (Tecentriq®) in HPV16-positive patients with advanced, non-resectable cervical cancer.				●		Roche
Infectious disease							
Undisclosed	Research is being conducted to leverage Vaccibody's vaccine technology to develop vaccines to prevent or treat infectious diseases.	●					

Research and preclinical development

Vaccibody's research organization is primarily focused on:

- Immuno-oncology research
- Developing algorithms for neoantigen selection
- Clinical development

The Company is expanding its focus area outside oncology to include building an infectious disease unit. Gunnstein Norheim, former Director of the Vaccine Science Team at CEPI (Coalition for Epidemic Preparedness Innovations), recently joined Vaccibody and will play an important role in exploring the Company's potential in the infectious disease area.

The bioinformatics unit, which has developed the proprietary algorithm NeoSELECT™, selecting the antigens from the patient-specific mutations, is also growing. Applying artificial intelligence and machine learning, Vaccibody has developed best-in-class antigen selection tools, which Vaccibody expects will be further optimized as it gains further insight and correlative patient data. This expertise may also be applied in other disease areas, such as vaccine design for shared cancer antigens and infectious diseases.

Furthermore, a range of formerly outsourced analysis procedures has been insourced, including immune monitoring. Through insourcing, Vaccibody obtains more flexibility, including the opportunity to build further competencies and insight into data that may yield further scientific advancements.

Vaccibody's patents and know-how are the foundation for creating long-term shareholder value. Vaccibody has an active patent strategy whereby the Company seeks to protect the IP that it believes is important for its business. The IP portfolio will increase further as the Company gains insight and expands its activities.

Partnerships and collaborations

Vaccibody continuously considers collaborations with industry and academic groups to develop and strengthen the Company's strategic and competitive position as well as its technology platform and to offer better treatments to patients by combining Vaccibody's vaccine with other treatment modalities.

Vaccibody's external collaborations and drug combinations include:

Company	Vaccibody program & trial	Cancer indication	Partner compound
Nektar Therapeutics	VB10.NEO / N-01	Advanced head & neck cancer	Bempegaldesleukin (NKTR-214)
Roche	VB10.16 / C-02	Advanced cervical cancer	Atezolizumab (Tecentriq®)

Management review

Corporate governance

The Board of Directors of Vaccibody is committed to maintaining good corporate governance standards. Vaccibody is not a publicly listed company (the Company's shares are registered on the NOTC), but the Company seeks direction from the guidelines and procedures stipulated in the Norwegian Code of Practice for Corporate Governance (issued October 17, 2018 (NCPCG)).

This Corporate governance section includes the measures implemented for the efficient management and control of Vaccibody's operations. The Board of Directors and the Executive Management of Vaccibody are committed to complying with the demands of shareholders and other stakeholders for efficient business operations, while at the same time being committed to running the Company independently.

Business

Vaccibody is a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies for cancer and infectious diseases.

The Company has established a set of guidelines that lay down the ethical standards for behavior toward colleagues, suppliers, patients, business partners and other relevant stakeholders. The Company has developed anti-corruption guidelines and instructions regarding the handling of waste materials that may impact the environment.

General meetings

The Company's general meetings are open to all shareholders. The chairman of the meeting is elected by the shareholders. This is considered sufficient to ensure the independence of the meeting chairman.

The Chairman of the Board and the Chairman of the Nomination Committee shall be present at the general meeting. The Company's independent auditors will attend the meeting if deemed necessary due to items on the agenda.

Nomination Committee

The Nomination Committee is appointed at the Company's general meeting pursuant to Article 8 of the Company's Articles of Association. The Nomination Committee is responsible for recommending candidates to the Board of Directors and the remuneration of the board members in accordance with the instructions for the Nomination Committee issued by the Board of Directors and sanctioned by the shareholders in general meeting.

The Company established its first Nomination Committee at the Annual General Meeting held on April 10, 2018. The current Nomination Committee consists of three members:

- Jonas Einarsson (Chairman) has over 30 years of experience in the pharmaceutical industry and is currently the CEO of Radforsk.
- Hans Petter Bøhn is a manager of the not-for-profit foundation Svanhild og Arne Musts Fond for Medisinsk Forskning as well as serving as an independent advisor to the Research Council of Norway, the Norwegian Cancer Society and a number of biotech start-ups.
- Jan Fikkan has international senior management experience from GE Healthcare and Amersham Health, among others.

The committee members were elected for a term of one year which expires at the Annual General Meeting in 2020. They are considered independent of the Board of Directors and the Executive Management.

Vaccibody has a set of corporate manuals and instructions that provide descriptions of the procedures relating to how the Company must conduct its operations, ensure sufficient funding and constantly evaluate relevant risks associated with its business.

Board of Directors, composition and independence

Pursuant to Article 7 of the Articles of Association, the Board of Directors shall consist of between two and eight members. The current Board of Directors consists of eight members, of whom two are women and six are men.

All board members are elected for a term of one year from one annual general meeting to the next. The most recently elected board members were elected at the Extraordinary General Meeting held on January 20, 2020 (Einar J. Greve and Christian Åbyholm), and both will serve for the period ending at the Annual General Meeting to be held in 2021.

The composition of the Board of Directors is compliant with the NCPCG, as the majority of its members are independent of the Executive Management and material business contacts, more than two members are independent of the main shareholders, and none of the Company's executive managers serve on the Board of Directors.

Jan Haudemann-Andersen, Anders Tuv and Christian Åbyholm represent shareholders holding at least 5% of the Company's shares, and they are therefore not considered independent board members. All other board members are considered independent of the Executive Management and do not represent any major (>5%) shareholders.

The work of the Board of Directors

The Board of Directors is responsible for providing strategic guidance to the Company and for monitoring the business operations of the Executive Management. At the meetings of the Board of Directors, which are held every two months, the CEO updates the Board on the operational and financial developments of the Company.

The Board of Directors has also appointed a Remuneration Committee, which determines the compensation schemes of the Executive Management.

Discussions of matters of material importance in which the Chairman of the Board has been personally involved are chaired by another member of the Board.

The Board of Directors reviews and evaluates its work annually.

Risk management and internal control

Vaccibody has implemented a set of corporate manuals and instructions that provide descriptions of the procedures relating to how the Company must conduct its operations. These include quality assurance guidelines relating to clinical trials, IT operations, storage of data (including GDPR compliance) and HR.

The Executive Management reports to the Board of Directors on a continual basis, ensuring that the Board is consistently updated on important risks and developments related to clinical studies, finance and strategy.

Remuneration of the Board of Directors

The remuneration of the Board of Directors consists of an annual fee, based on the recommendation of the Nomination Committee.

The Company has chosen to deviate from the recommendations of the NCPCG regarding warrants to the Board of Directors because the Company is at the development stage and due to international industry practice. The table on the left shows the number of shares and warrants in the Company held by each board member as of April 1, 2020.

Remuneration of the Executive Management

The Company recognizes the importance of attracting and retaining key employees and executive managers, and the compensation package is regarded as an important tool in this respect. The Company has a warrant scheme which aims to align the long-term interests of the Executive Management with those of the shareholders. The warrants are granted subject to the achievement of defined targets for the past year. Warrants typically vest over a period of three years and are granted annually. Reference is made to note 5 to the financial statements (see page 35).

Auditors

The Company's auditors, Deloitte AS, are considered to be independent of Vaccibody. The auditors provide a statement each year confirming their independence. The auditors attend the board meeting at which the Board of Directors discusses the annual financial statements, accounting principles and other relevant matters. At each year's annual general meeting, the Board of Directors discloses the fees paid to the auditors.

Board member	Board meetings attended in 2019	Served since	Election period ending	Number of outstanding warrants held[1]	Number of shares held[1]
Anders Tuv (Chairman)[2]	11	2012	AGM in 2020	160,000	0
Ingrid Alfheim	9	2007	AGM in 2020	60,000	90,200
Einar J. Greve	0	2020	AGM in 2021	30,000	325,000
Jan Haudemann-Andersen	11	2017	AGM in 2020	0	8,010,260
Lars Lund-Roland	11	2014	AGM in 2020	0	100,000
Bernd R. Seizinger	11	2014	AGM in 2020	0	120,000
Susanne Stuffers[3]	11	2019	AGM in 2020	23,333	12,000
Christian Åbyholm[4]	0	2020	AGM in 2021	20,000	336,944

1. Number of shares and warrants owned personally or via company controlled by the board member as of April 1, 2020.
2. Anders Tuv represents Radforsk, which holds 4,811,400 shares.
3. Susanne Stuffers represents P53 Invest AS, which holds 410,000 shares. She has a 20% ownership interest in P53 Invest AS through her company Ubiquity AS.
4. Christian Åbyholm represents Andenæsgruppen, which holds 4,856,956 shares.

Corporate social responsibility

Employees

The primary focus of Vaccibody's corporate social responsibility (CSR) efforts is its employees. The Company has no formal policy on CSR but adheres to a set of guidelines in its Code of Conduct regarding employee health and safety, and conduct toward healthcare professionals, vendors and competitors.

There were no accidents or work-related injuries during the reporting period. The sick-leave rate of absence was 1.7% in 2019.

Environment and climate

Vaccibody may use hazardous materials in its laboratories and has put in place routines to handle such materials in a way that minimizes the impact on the environment. However, as the Company operates from rented facilities where services for the proper handling and disposal of hazardous materials are readily available and conducts its business in a highly regulated industry, Vaccibody's potential impact on the environment and climate is viewed as minimal. In other words, the Company does not pollute the environment. As a result, specific environment and climate policies have not currently been adopted.

Business ethics

Vaccibody, in collaboration with its partners, conducts preclinical experiments in animals as well as clinical trials. The animal experiments are approved by the Norwegian governing body Mattilsynet. Vaccibody only uses R&D vendors and laboratories that are approved and have documented high standards and expertise in animal research. The clinical trials are performed in accordance with the ethical and scientific principles governing clinical research on human subjects, as set out in the Declaration of Helsinki and the International Conference on Harmonization (ICH) guidelines on Good Clinical Practice. Vaccibody collaborates with world-leading, competent service providers that specialize in these types of studies and consults with leading experts on trial design to optimize trial conduct.

Procedures for handling personal data in accordance with the General Data Protection Regulation (GDPR) have been implemented.

Vaccibody is committed to maintaining the highest standards of ethical conduct and will not tolerate the use of bribery or corruption to achieve its business objectives. The Company has established anti-corruption policies according to which all employees must decline any expensive gifts, money, trips or other such offerings from business contacts. The Company is working to apply these guidelines with its suppliers.

No incidents of bribery or whistleblowing were reported in 2019.

Key HR indicators	2019	2018
Full-time employees, year-end	24	19
Employees holding a scientific, advanced degree, Master or Ph.D., %	98%	100%
Lost-time injuries (LTIs), no.	0	0
Male/female gender diversity (M/F), %	29/71	41/59
Employee turnover, %	7%	6%
Gender diversity (M/F), Board of Directors, %	75/25	83/17

Risk management

Research and development
Developing novel pharmaceutical products inherently involves high risk. The Company seeks to mitigate risk through appropriate measures. The Company has a pipeline of candidates and clinical studies in various indications and designs its clinical studies according to best practice and in compliance with international regulations to minimize risk. Specialized Clinical Research Organizations (CRO) are contracted to help in these efforts. The clinical studies are carried out in collaboration with world-class international partners with solid experience in conducting such studies, and are conducted according to all applicable quality standards.

Commercial risk
Commercial risks include the time and costs involved in developing products, market competition, regulatory approvals, patent protection and the ability to attract partners. The Company focuses on ensuring sufficient patent protection, and works closely with external patent counsels to minimize the risk of patent infringement claims as well as to prepare any patent defense should this be necessary. Vaccibody has been successful in forming partnerships with leading companies in its field. They contribute both financially and with R&D expertise, thereby helping to reduce risk.

Market risk
The financial success of the Company requires obtaining marketing authorizations and achieving acceptable reimbursement for its drugs. There can be no assurance that the Company's drugs will obtain cost-effective selling prices or reimbursement rates. The Company's products are subject to approvals from the U.S. Food and Drug Administration (FDA) to market its products in the U.S., and from the European Medicines Agency (EMA) to market its products in Europe, as well as equivalent regulatory authorities in other jurisdictions worldwide to commercialize products in those regions. The Company relies for its future earnings on the timely marketing authorization of its drugs for various indications.

Financial risk
Vaccibody is exposed to financial risk factors, including risks associated with cash management, the short-term liquidity profile of development programs, liquidity from partnerships and the ability to attract capital from financial markets.

The expected main sources of capital to secure future funding are the capital markets, potential new collaboration agreements with partners and potential soft funding from grant applications.

The Company is exposed to currency risk as much of its operating expenses for the clinical trials are paid in foreign currency, primarily in euro. The Company reduces its currency risk by holding parts of its cash reserves in the applicable currencies.

Human resources
As a highly specialized and scientifically focused company, Vaccibody relies on its ability to attract and retain talent and expertise. The Company has implemented a compensation scheme and strives to be an attractive employer by offering an inspirational and flexible working environment.

IT risk
Vaccibody has implemented procedures for IT security and data management via its IT providers. These include firewalls and anti-virus programs. Server back-ups are run automatically at regular intervals.

Risk management and internal controls
See section on corporate governance.

Our people

Vaccibody's employees are essential for delivering on the Company's ambitions and goals. Vaccibody aspires to attract, develop and retain the best people in the sector. The Company strives to be a company where employees thrive and develop, regardless of their background or nationality.

The Company works continuously to ensure the wellbeing of and a safe and healthy work environment for its employees.

Vaccibody's office and laboratories in Oslo, Norway, serve as the Company's head office.

Board of Directors

Anders Tuv (Chairman)

Anders Tuv is investment director of the early-stage life science investment company Radforsk, which is focused on immunotherapies and precision medicines. He is an experienced investment and business development professional with broad experience from the life science industry covering management positions, strategy and business development, research collaborations, licensing deals, M&A and IPOs. He holds several chairman and non-executive director positions in Norwegian biotech companies. He holds an MBE degree.

Ingrid Alfheim

Ingrid Alfheim is former CEO of Bio-Medisinsk Innovasjon AS, a serial founder of biomedical companies, including Vaccibody AS. She has more than 20 years of experience in basic and applied research within toxicology and biomedicine. Past employments include Euromed AS, Axis-Shield ASA and the Research Council of Norway. She has held and holds various positions as chair and board member of a number of listed and unlisted young biotech/ biomedical companies. She holds a Ph.D. in environmental toxicology.

Einar J. Greve

Einar J. Greve works as a strategic advisor with Cipriano AS. He was previously a partner of Wikborg Rein & Co and a partner of Arctic Securities ASA. He has held and holds various positions as chairman and board member of both Norwegian and international listed and unlisted companies. He holds a master of law degree (cand.jur.) from the University of Oslo.

Jan Haudemann-Andersen

Jan Haudemann-Andersen is the sole owner of Datum AS and Datum Invest AS, and a major shareholder of Vaccibody. He has extensive investment experience from private and listed companies in Norway and abroad. He holds a business degree (siviløkonom) from the BI Norwegian Business School.

Continued on next page

Lars Lund-Roland

Lars Lund-Roland is a business and management consultant and has a background in pharmaceutical marketing and business. Past employments include managerial and marketing positions with Merck & Co. Inc., MSD Norway and Bringwell AB. He serves as chairman of the board of the Norwegian Life Science Cluster, Palion Medical AS, SonoClear AS and Nisonic AS. He holds a BSc degree in nursing and a graduate diploma in business and administration (Bedriftsøkonomisk Kandidat) from the BI Norwegian Business School.

Bernd R. Seizinger

Bernd R. Seizinger serves as chairman or board member of a number of public and private biotech companies in the U.S., Canada and Europe, including Oxford BioTherapeutics, Aprea, CryptoMedix and Oncolytics. In addition, he serves on the advisory board of Pureos Ventures (BB Biotech/Bank Bellevue, Zurich) and is senior advisor to Hadean Ventures (Stockholm and Oslo). Prior managerial positions include Opsona, GPC Biotech, Genome Therapeutics Corporation and Bristol-Myers Squibb. He is a medical doctor and holds a Ph.D. in neurobiology.

Susanne Stuffers

Susanne Stuffers is CEO and partner of P53 Invest AS, an investment company with a sole focus on healthcare investments. Her past employments and professional experience include equity research, consultancy, medical and commercial roles with Arctic Securities, EY, Novartis and OUS Ullevål. She holds a degree in medicine from Erasmus University Rotterdam (Netherlands) and a Ph.D. in cancer biomedicine from Oslo University Hospital (Radiumhospitalet).

Christian Åbyholm

Christian Åbyholm is a partner at Andenæsgruppen. His prior professional experience and past employments include M&A, business development and equity research with Norsk Hydro, Aker RGI, Morgan Stanley and Merrill Lynch. He is a CFA charterholder, has an MBA from IMD and a business degree (siviløkonom) from the Norwegian School of Economics and Business Administration. In addition, he completed the first two years of law school at the University of Oslo.

Executive Management

Michael Engsig
Chief Executive Officer

Michael Engsig joined Vaccibody in March 2017. He is a broadly anchored pharmaceutical professional with extensive experience from early-stage drug discovery to late-stage development and product launches in biotech and pharma and across all major geographical areas, e.g. with Takeda and Nycomed. He holds a civil engineering (MSc) degree in chemistry specializing in biotechnology from the Technical University of Denmark, and a Graduate Diploma in Business Administration (HD) in organization and leadership from Copenhagen Business School (CBS).

Agnete B. Fredriksen
President and Chief Scientific Officer

Agnete B. Fredriksen is a co-founder of Vaccibody. Her focus is on developing vaccines from idea to clinical development, having had prior roles at Affitech AS and Medinnova AS. She is the author of numerous scientific papers in the field of immunology, immunotherapy and vaccines, and has been awarded several patents in the field of immunotherapy. She is a board member of the Enabling Technologies portfolio of NRC, stimulating research in Norwegian industry. She holds an MSc and a Ph.D. from the Institute of Immunology, Rikshospitalet Medical Center in Oslo, where she designed and developed the first Vaccibody vaccine molecules. She received the King's Gold Medal of Merit for her Ph.D. thesis describing vaccibodies.

Mette Husbyn
Chief Technical Officer

Mette Husbyn joined Vaccibody in 2017. Her professional experience spans CMC, drug development through all clinical stages from early research to NDA/MAA filings, including regulatory filings within both the antimicrobial and immune oncology programs, as well as diagnostic imaging. Past employments include Lytix Biopharma, Nycomed Pharma, Amersham Health and GE Healthcare. She holds a Ph.D. in peptide chemistry from the University of Oslo.

Siri Torhaug
Chief Medical Officer

Siri Torhaug joined Vaccibody as Chief Medical Officer in January 2020. She has broad experience in clinical development and translational research. Furthermore, she has extensive experience in scientific and medical affairs covering relevant tumor areas, R&D and general management of cancer drug development as well as product launches and life cycle management for several oncology products. Past employments include Oslo University Hospital (Radiumhospitalet), one of the premier oncology hospitals in Europe, as well as Novartis and AstraZeneca. She is a medical doctor and a certified clinical specialist in oncology.

Shareholder information

Vaccibody AS is a Norwegian limited liability company ("aksjeselskap") regulated by the Norwegian Private Limited Companies Act ("Lov om aksjeselskaper (aksjeloven)").

While being privately owned, the Company has adopted a provision in its Articles of Association to allow its shares to be freely traded. The acquisition of its shares is not subject to the consent of the Company, and shareholders do not have pre-emptive rights, which is otherwise a default provision of the Norwegian Private Limited Companies Act.

The Company's shares are registered with Verdipapirsentralen (VPS), Norway's central securities depository.

On January 27, 2020, the Company's shares were registered on the NOTC – a marketplace for unlisted shares managed by NOTC AS, which is wholly owned by Oslo Børs ASA.

As of December 31, 2019, one shareholder, Datum AS, held more than 10% of the shares and/or votes in Vaccibody. Datum AS is controlled by Jan Haudemann-Andersen (member of Vaccibody's Board of Directors) and holds 11.8% of the shares in the Company.

News releases made by the Company are always released through the NOTC information system at www.notc.no.

For further information about the Company's shares, reference is made to note 10 to the financial statements and to the corporate governance section.

News

- February 13, 2019
  Vaccibody AS launches a private placement of new shares of NOK 230 million
- February 13, 2019
  Vaccibody AS announces collaboration to study VB10.16 and atezolizumab (Tecentriq®) in advanced cervical cancer
- February 13, 2019
  Company presentation – February 2019
- February 14, 2019
  Vaccibody AS – NOK 230 million (EUR 23.6 million) private placement successfully placed
- February 27, 2019
  Vaccibody AS to present data on VB10.NEO and VB10.16 at upcoming American Association for Cancer Research annual meeting
- March 25, 2019
  Positive 12-month results from Phase IIa clinical study in high-grade cervical dysplasia provides proof of concept for Vaccibody's immunotherapy platform and lead candidate VB10.16
- April 1, 2019
  Vaccibody AS and Nektar Therapeutics present new preclinical data from their immuno-oncology collaboration at the American Association for Cancer Research (AACR) annual meeting 2019
- May 7, 2019
  Vaccibody AS calls an annual general meeting
- May 24, 2019
  Quarterly report – 2019 Q1
- June 26, 2019
  Vaccibody AS announces strong neoantigen-specific T cell responses induced in cancer patients with low mutational burden after VB10.NEO vaccination
- August 14, 2019
  Quarterly report – 2019 Q2
- August 15, 2019
  Organizational changes at Vaccibody AS:
  Vaccibody AS appoints Michael Engsig as Chief Operating Officer
- August 28, 2019
  Organizational changes at Vaccibody AS:
  Vaccibody AS announces Martin Bonde to step down as Chief Executive Officer, Michael Engsig to take over
- October 7, 2019
  Vaccibody AS to present data on VB10.NEO at upcoming Society for Immunotherapy of Cancer annual meeting 2019
- October 9, 2019
  Call for an extraordinary general meeting
- October 11, 2019
  Vaccibody AS appoints new Chief Medical Officer
- November 2, 2019
  Vaccibody AS to host capital markets day in Oslo on November 12, 2019
- November 5, 2019
  Vaccibody AS announces initial positive clinical responses in patients with locally advanced or metastatic cancer treated with VB10.NEO neoantigen cancer vaccine
- December 12, 2019
  Quarterly report – 2019 Q3
- December 13, 2019
  Call for an extraordinary general meeting

Statement by the Board of Directors and the Chief Executive Officer

Oslo, April 15, 2020

The Board of Directors and the Chief Executive Officer have today considered and approved the Annual Report of Vaccibody AS for the fiscal year January 1 – December 31, 2019.

In our opinion, Vaccibody's financial statements provide a fair presentation of the assets, liabilities and financial position at December 31, 2019, and of the results of operations and cash flows for the fiscal year January 1 – December 31, 2019.

In our opinion, the Annual Report provides a fair presentation of the development in the Company's operations and financial circumstances, the results for the year and the overall financial position of Vaccibody as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the financial statements be adopted at the Annual General Meeting on April 22, 2020.

The Board of Directors of Vaccibody AS

Anders Tuv
Chairman of the Board

Ingrid Alfheim
Board member

Jan Haudemann-Andersen
Board member

Lars Lund-Roland
Board member

Bernd R. Seizinger
Board member

Einar J. Greve
Board member

Susanne Stuffers
Board member

Christian Åbyholm
Board member

Michael Thyring Engsig
Chief Executive Officer

Financial statements

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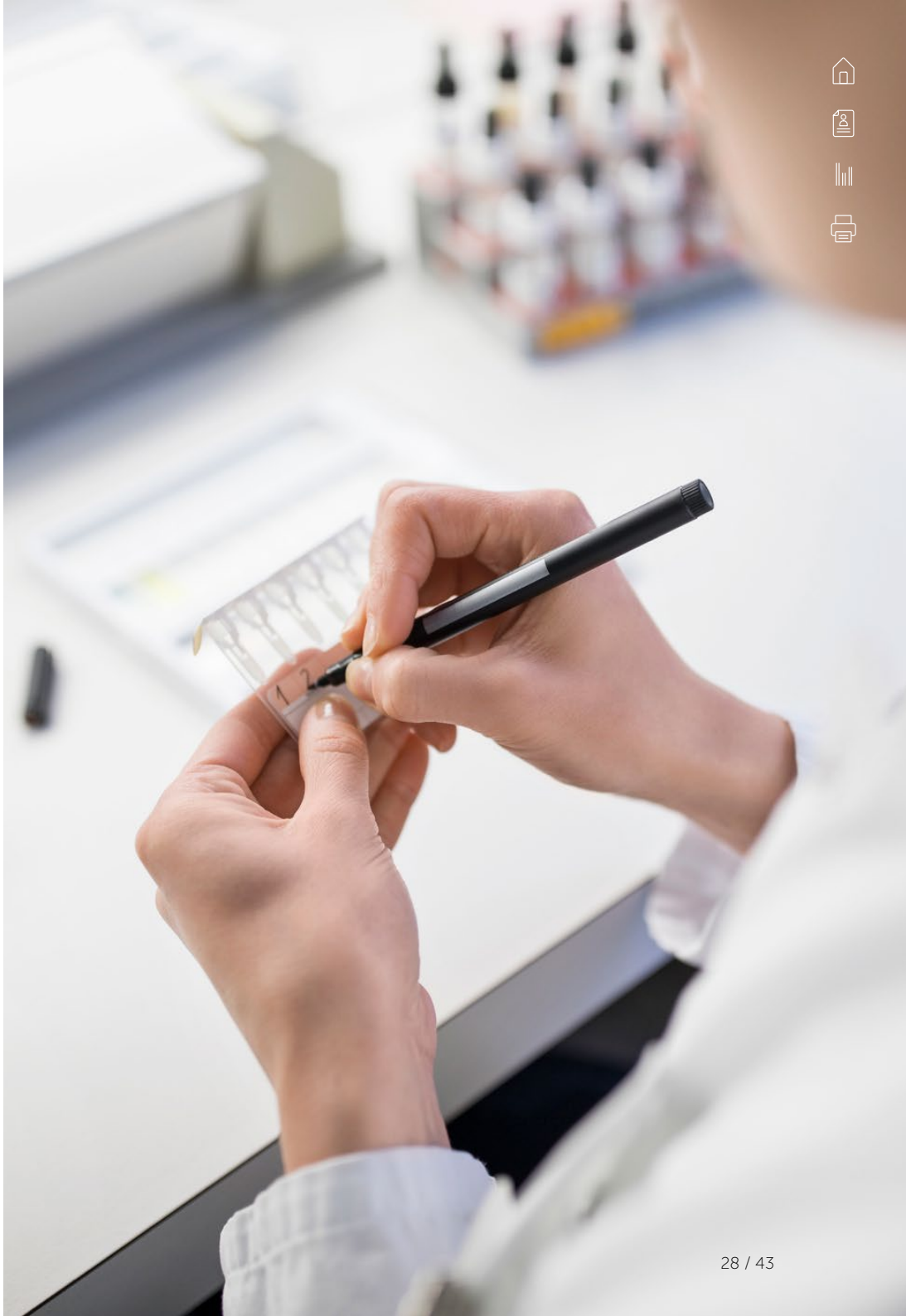

Income statement

Year ending December 31

Note	NOK 1,000	2019	2018
	OPERATING REVENUE AND EXPENSES		
	Operating revenue		
1	Revenue	489	129
2	Other operating income	11,957	11,913
	Total operating revenue	**12,446**	**12,042**
	Operating expenses		
5	Employee expenses	29,355	20,882
6	Depreciation and amortization expenses	136	58
5	Other operating expenses	81,847	56,939
	Total operating expenses	**111,338**	**77,879**
	OPERATING PROFIT (LOSS)	-98,892	-65,837
	FINANCIAL INCOME AND EXPENSES		
	Financial income		
	Change in market value of financial current assets	215	0
3	Other interest	3,502	1,809
8	Other financial income	568	2,597
	Total financial income	**4,284**	**4,406**
	Financial expenses		
	Change in market value of financial current assets	0	335
	Other interest	212	80
8	Other financial expenses	1,137	1,947
	Total financial expenses	**1,349**	**2,363**
	NET FINANCIAL INCOME AND EXPENSES	2,936	2,044
	PROFIT (LOSS) FROM ORDINARY OPERATIONS BEFORE TAX	-95,956	-63,793
9	Tax	0	0
	Net profit (loss) for the year	-95,956	-63,793
	APPLICATION AND ALLOCATION		
10	Uncovered loss	-95,956	-63,793
	TOTAL APPLICATION AND ALLOCATION	-95,956	-63,793

Statement of financial position

At December 31

Note	NOK 1,000	2019	2018
	ASSETS		
	FIXED ASSETS		
	Intangible assets		
7	Concessions, patents, licenses, trademarks	300	300
	Total intangible assets	**300**	**300**
	Tangible assets		
6	Plant and machinery	519	4
6	Fixtures, office equipment, etc.	122	107
	Total tangible assets	**641**	**110**
	Financial fixed assets		
	Other long-term receivables	36	75
	Total financial fixed assets	**36**	**75**
	TOTAL FIXED ASSETS	**976**	**485**
	CURRENT ASSETS		
	Receivables		
2	Other short-term receivables	11,653	8,306
	Total receivables	**11,653**	**8,306**
	Investments		
3	Other quoted financial instruments	190,369	112,106
	Total investments	**190,369**	**112,106**
4	Bank deposits, cash in hand, etc.	89,256	32,441
	TOTAL CURRENT ASSETS	291,277	152,854
	TOTAL ASSETS	292,254	153,338

Statement of financial position

At December 31

Note	NOK 1,000	2019	2018
	EQUITY AND LIABILITIES		
	EQUITY		
	Paid-in equity		
10	Share capital	2,749	2,424
10	Share premium reserve	511,731	287,775
10	Other paid-in equity	41	0
	Total paid-in equity	514,521	290,199
10	Uncovered loss	-246,082	-150,126
	Total retained earnings	**-246,082**	**-150,126**
	TOTAL EQUITY	268,439	140,072
	LIABILITIES		
	CURRENT LIABILITIES		
	Accounts payable	13,362	5,521
	Public duties payable	1,559	1,217
	Other current liabilities	8,894	6,529
	TOTAL CURRENT LIABILITIES	23,815	13,266
	TOTAL LIABILITIES	23,815	13,266
	TOTAL EQUITY AND LIABILITIES	292,254	153,338

Signed by the Board of Directors of Vaccibody AS

Oslo, April 3, 2020

Anders Tuv
Chairman of the Board

Ingrid Alfheim
Board member

Jan Haudemann-Andersen
Board member

Lars Lund-Roland
Board member

Bernd R. Seizinger
Board member

Einar J. Greve
Board member

Susanne Stuffers
Board member

Christian Åbyholm
Board member

Michael Thyring Engsig
Chief Executive Officer

Cash flow statement

Year ending December 31

Note	NOK 1,000	2019	2018
	Loss for the year	**-95,956**	**-63,793**
	Adjustments for:		
6	Depreciation	136	58
2	Change in receivables	-3,346	-1,348
	Change in trade payables	7,841	-564
	Change in other long-term receivables	39	-29
	Change in other current liabilities	2,708	2,892
	Net cash flow from operating activities	**-88,578**	**-62,783**
6	Purchase of tangible fixed assets	-667	-79
	Net cash flow from investing activities	**-667**	**-79**
10	Proceeds from equity issues	224,322	337
	Net cash flow from financing activities	**224,322**	**337**
	Net change in cash and cash equivalents	**135,077**	**-62,525**
	Cash and cash equivalents at January 1	144,547	207,073
	Cash and cash equivalents at December 31	**279,625**	**144,547**

Notes to the financial statements

Note 1 | Accounting policies

The financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small enterprises in Norway.

Revenue

Revenue from sale of goods is recognized at the time of delivery. Services are recognized as the services are provided. All work performed has been invoiced at December 31. Public support income is recognized as it accrues. Governmental grants are recorded gross as other operating income.

Current assets / Current liabilities

Current assets and current liabilities include items that are due for payment within one year after the balance sheet date, and items related to the business cycle. Current assets are valued at the lower of nominal cost and estimated fair value. Current liabilities are recognized at their nominal value.

Fixed assets

Fixed assets are assets intended for permanent ownership and use. Fixed assets are stated at cost. Tangible assets are depreciated over the remaining useful life. Tangible assets are written down to fair value if impairment is not expected to be temporary. Impairment is reversed when the impairment situation no longer exists.

Intangible assets

Expenses related to the development of intangible assets are expensed directly. Purchased intangible assets are capitalized at cost. Intangible assets acquired through acquisition of a business are capitalized at cost when the criteria for capitalization are met. Intangible assets with finite useful life are amortized systematically. Intangible assets are written down to the recoverable amount if the expected financial benefits do not cover the carrying amount and any outstanding production costs.

Receivables

Trade receivables and other receivables are recognized at face value less provision for bad debts. Provision for bad debts is made on the basis of an individual assessment of each receivable.

Financial instruments

Financial instruments, including units in money market funds that are classified as current assets, are valued at fair value at the balance sheet date. Other investments are recognized at the lower of average cost and fair value at the balance sheet date.

Tax

Tax in the income statement comprises tax payable for the period, tax becoming payable in the next period, and the change in deferred tax. Deferred tax is calculated at the prevailing tax rate at the end of the fiscal year (22%), based on the temporary differences that exist between the book values and the tax-related values, together with cumulative tax losses carried forward at the end of the fiscal year. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount. Deferred tax assets are recognized in the statement of financial position if future utilization is likely.

Share-based compensation

In accordance with generally accepted accounting principles for small enterprises in Norway, share-based compensation is not expensed except for the payroll tax accrued on the taxable benefit to personnel from purchase of shares at less than market value, e.g. in the event of an exercise of warrants.

Note 2 | Public grants

Vaccibody AS receives grants from various public sources:

NOK 1,000 Grant sources	2019	2018
SkatteFUNN[1]	5,080	5,092
BIA, Research Council of Norway (Norges Forskningsråd)	6,766	6,461
Other grants:	75	238
SAPHIR (EU)	-	158
NRC, other	75	80
Total grants	**11,921**	**11,790**

1. SkatteFUNN project no. 266518	2019	2018
Amounts granted	5,080	5,092

Note 3 | Market-based financial assets

NOK 1,000	2019	2018
Nordea Likviditet III, acq. cost + reinvested interest	157,224	64,332
Net unrealized gains	306	554
KLP Pengemarked, acq. cost + reinvested interest	32,947	47,457
Net unrealized gains	-108	-238
TOTAL	**190,369**	**112,106**

The Company has a credit line at Nordea for entering into currency risk-hedging instruments. The Company's holding of money market funds in Nordea Likviditet III has been pledged as collateral for this credit line at Nordea.

Note 4 | Restricted bank deposits

NOK 1,000	2019	2018
Restricted bank account for employees' withheld taxes at Dec. 31	2,237	945

Note 5 | Employees, salaries, auditor, share warrants

The Company had an equivalent of 23 full-time employees during the fiscal year.
The Company is subject to the rules for mandatory occupational pension plans, and the Company's (OTP) pension scheme meets the statutory requirements.

NOK 1,000

Specification of employee expenses	2019	2018
Salaries	26,247	17,413
Employer's social security contributions	2,075	2,717
Pension costs	500	346
Other employee expenses	533	405
Total	**29,355**	**20,882**

Remuneration to directors and auditor	2019	2018
Chief Executive Officer, up to Sept. 1, 2019:	5,538	2,831
Chief Executive Officer, from Sept. 1, 2019:	940	0
Remuneration to the Board of Directors	731	613
Remuneration to auditor (excl. VAT), consisting of:		
Audit fee	141	89
Services relating to VAT	109	0
Other services rendered	59	42
Total remuneration to auditor	**309**	**131**

The CEO has a compensation package that includes an annual bonus payment of up to 25% of the fixed annual salary. The bonus is determined by the Board of Directors, based on assessment of target achievement.

Warrants:
The warrants listed below have been issued as of December 31, 2019:

Employees

Warrant holder	Issued	Maturity	Strike (NOK)	Number
Agnete B. Fredriksen	06/21/2016	12/31/2020	4,000	49,500
Agnete B. Fredriksen	05/02/2017	12/31/2021	12,500	41,580
Agnete B. Fredriksen	05/02/2017	12/31/2021	12,500	243,000
Agnete B. Fredriksen	12/20/2017	12/20/2022	1,696	176,800
Agnete B. Fredriksen	12/20/2017	12/20/2022	2,500	55,200
Agnete B. Fredriksen	12/20/2017	12/20/2022	2,625	32,800
Agnete B. Fredriksen	12/20/2017	12/20/2022	12,500	217,600
Agnete B. Fredriksen	05/13/2019	05/13/2021	3,235	66,000
Caspar Foghsgaard	05/13/2019	12/31/2022	35,000	77,600
Elisabeth Stubsrud	06/21/2016	12/31/2020	4,000	61,000
Hedda Wold	04/10/2018	12/31/2022	20,000	68,000
Karoline Schjetne	05/02/2017	12/31/2021	12,500	93,573
Mette Husbyn	12/20/2017	12/20/2022	12,500	51,000
Mette Husbyn	04/10/2018	12/31/2022	20,000	187,000
Michael Engsig	10/16/2019	12/31/2023	44,000	582,000
Siri Torhaug	10/16/2019	12/31/2023	47,000	250,000
Stine Granum	06/21/2016	12/31/2020	4,000	61,000
SUBTOTAL				**2,313,653**

Note 5 | Employees, salaries, auditor, share warrants

Board of Directors

Warrant holder	Issued	Maturity	Strike (NOK)	Number
Anders Tuv	05/02/2017	12/31/2021	12,500	20,000
Anders Tuv	05/02/2017	12/31/2021	12,500	60,000
Bernd R. Seizinger	06/21/2016	12/31/2020	4,000	20,000
Bernd R. Seizinger	05/02/2017	12/31/2021	12,500	20,000
Bernd R. Seizinger	05/02/2017	12/31/2021	12,500	60,000
Bernd R. Seizinger	05/13/2019	05/13/2021	3,235	20,000
Erlend Skagseth	05/02/2017	12/31/2021	12,500	20,000
Erlend Skagseth	05/02/2017	12/31/2021	12,500	60,000
Ingrid Alfheim	06/21/2016	12/31/2020	4,000	20,000
Ingrid Alfheim	05/02/2017	12/31/2021	12,500	20,000
Ingrid Alfheim	05/02/2017	12/31/2021	12,500	60,000
Ingrid Alfheim	05/13/2019	05/13/2021	3,235	20,000
Jan Haudemann-Andersen	12/20/2017	12/31/2021	12,500	46,660
Lars Lund-Roland	06/21/2016	12/31/2020	4,000	20,000
Lars Lund-Roland	05/02/2017	12/31/2021	12,500	20,000
Lars Lund-Roland	05/02/2017	12/31/2021	12,500	60,000
Susanne Stuffers	05/13/2019	12/31/2021	40,000	23,333
SUBTOTAL				**569,993**

Other

Warrant holder	Issued	Maturity	Strike (NOK)	Number
Martin Bonde (former CEO)	10/23/2015	08/10/2020	4,000	13,200
Martin Bonde (former CEO)	05/02/2017	08/28/2020	12,500	354,000
Tom Pike (former Chairman)	05/02/2017	12/31/2021	12,500	168,000
Tom Pike (former Chairman)	05/13/2019	05/13/2021	3,235	66,000
SUBTOTAL				**601,200**
TOTAL				**3,484,846**

The Company and the individual warrant holders have entered into separate warrant agreements to regulate plans for the vesting of the warrants issued, etc.

Note 6 | Tangible fixed assets

NOK 1,000	Plant and machinery	Fixtures, office equipment, etc.	Total
Acquisition cost at Jan. 1, 2019	223	153	376
+ Additions	599	68	667
Acquisition cost at Dec. 31, 2019	**822**	**221**	**1,043**
Cumulative depreciation at Jan. 1, 2019	219	47	266
+ Ordinary depreciation	83	53	136
Cumulative depreciation at Dec. 31, 2019	**303**	**99**	**402**
Net book value at Dec. 31, 2019	**519**	**122**	**641**
Annual depreciation rates (%)	20-33	20-33	

Note 7 | Intangible assets

The item "Concessions, patents, licenses, trademarks" in the statement of financial position consists of acquired patents and project rights. Book value equals acquisition value.

The Board of Directors' view is that the Company will succeed in developing products based on these assets, or otherwise realize their value. Ongoing operational costs for patents are expensed directly, due to uncertainty as to whether and when products based on these assets can be launched for sale.

Note 8 | Other financial items

NOK 1,000 Specification of other financial income	2019	2018
Currency gains	568	2,553
Other financial income	0	44
TOTAL	**568**	**2,597**

NOK 1,000 Specification of other financial expenses	2019	2018
Currency losses	1,083	1,926
Other financial expenses	53	21
TOTAL	**1,137**	**1,947**

Note 9 | Taxes

NOK 1,000 Tax base	2019
Profit (loss) before tax	-95,956
Permanent and other differences	-15,722
Change in temporary differences	-48
Tax base for the year	**-111,725**

Tax cost for the year	**2019**	**2018**
Tax payable	0	0
Total ordinary tax costs	**0**	**0**

Temporary differences and deferred tax (asset)	**2019**	**2018**
+ Fixed assets incl. goodwill	-6	-53
- Tax losses carried forward	297,956	186,231
Total negative tax-decreasing differences	**297,962**	**186,284**
Differences not included in calculation of deferred tax	297,962	186,284

Due to uncertainty as to whether tax losses carried forward will be utilized in future years, the deferred tax asset is not recognized in the statement of financial position.

Note 10 | Equity / shareholders

NOK 1,000	Share capital	Share premium	Other equity	Total equity
At Jan. 1, 2019	**2,424**	**287,775**	**-150,126**	**140,072**
Net profit (loss) for the year	0	0	-95,956	-95,956
Share issue	288	219,133	0	219,420
Exercise of warrants	37	4,824	0	4,861
Share issue to Inven2*	0	0	41	41
At Dec. 31, 2019	**2,749**	**511,731**	**-246,041**	**268,439**

** Paid December 2019, but entered in the Register of Business Enterprises (Foretaksregisteret) on January 17, 2020.*

The share capital consists of 54,973,080 shares with a face value of NOK 0.05. The total share capital is NOK 2,748,654.

Note 10 | Equity / shareholders

Largest 20 shareholders at December 31, 2019

Name	Shares	%
DATUM AS	6,484,500	11.80
SARSIA SEED AS	4,874,800	8.90
RADFORSK	4,811,400	8.80
AS TANJA	2,290,000	4.20
PORTIA AS	1,850,000	3.40
NORRON SICAV – TARGET FUND	1,739,700	3.20
SKØIEN AS	1,670,800	3.00
OM HOLDING AS	1,652,000	3.00
NORDA ASA	1,633,956	3.00
VERDIPAPIRFONDET NORGE SELEKTIV	1,606,408	2.90
VATNE EQUITY AS	1,550,000	2.80
ARCTIC FUNDS PLC	1,100,075	2.00
JOH JOHANNSON EIENDOM AS	875,000	1.60
CRESSIDA AS	840,000	1.50
DUKAT AS	813,700	1.50
HORTULAN AS	796,239	1.40
ADRIAN AS	794,020	1.40
ALTITUDE CAPITAL AS	793,570	1.40
SKIPS AS TUDOR	725,000	1.30
CHRISTIANIA SKIBS AS	720,000	1.30
Other	17 351 912	31.60
Total	**54,973,080**	**100.00**

The company had 317 shareholders at December 31, 2019.

Direct or indirect shareholdings among the Board of Directors at December 31, 2019

Name:	Position	Shares	%
Ingrid Alfheim	Board member	50,200	0.09
Einar J. Greve	Board member	250,000	0.45
Jan Haudemann-Andersen	Board member	6,863,600	12.49
Susanne Stuffers	Board member	12,000	0.02
Christian Åbyholm	Board member	336,944	0.61

Note 11 | Significant events after the reporting date

Subsequent to the reporting date, the COVID-19 pandemic has occurred. This may affect the Company's operations in the following ways:

- The Company has ongoing and planned clinical trials at several European hospitals. The COVID-19 pandemic may cause the clinical sites to reprioritize in ways that delay the recruitment of patients to the Company's clinical trials.
- The Company's clinical trials are dependent on timely supply of the vaccines to be given to the patients in the clinical trials. The COVID-19 pandemic may adversely affect the supply chains for these vaccines and thereby the progress of the trials.
- The Company has research activities ongoing in its own laboratories. Restrictions on access to facilities and working procedures in general may adversely affect the Company's ability to maintain progress in these research activities.

The Company is in a development stage, involving negative cash flow. General conditions in the capital markets have been adversely affected by the COVID-19 pandemic, which may adversely affect the Company's ability to attract financing of its operations in the intermediate and long term.

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vaccibody AS showing a loss of NOK 95,956,000. The financial statements comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities 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.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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 the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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

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

Report on Other Legal and Regulatory Requirements

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 produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 3 April 2020
Deloitte AS

Sylvi Bjørnslett
State Authorised Public Accountant (Norway)

Corporate information

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Annual General Meeting
The Annual General Meeting will be held on April 22, 2020, at Oslo Research Park, Gaustadalleen 21, 0349 Oslo, Norway

Glossary

Antigen
An antigen is a molecule recognized by the immune system. "Non-self" antigens are identified as intruders and attacked by the immune system.

APC
Antigen Presenting Cells (APC) are part of the immune system and are cells that display antigens on their surfaces and present them to T cells.

CD4+ T cells
Immune cells able to activate and help other immune cells by releasing signaling molecules, thereby orchestrating an optimal immune response, also known as helper T cells.

CD8+ T cells
Immune cells able to kill cancer or virus-infected cells, also known as cytotoxic T cells.

CIN
Cervical Intraepithelial Neoplasia (CIN) is the premalignant transformation and dysplasia of squamous cells on the surface of the cervix caused by HPV infection.

DNA
Deoxyribonucleic acid (DNA) is the hereditary material found in every cell and is unique for each individual. DNA consists of genes that encode for proteins.

DNA vaccine
Vaccines are made to induce an immune response to an antigen, to boost the immune system. When the antigen is delivered as a DNA molecule (plasmid), it is called a DNA vaccine.

HPV
Human papillomavirus. There are several strains, and HPV16 is the strain that is most associated with cancer.

HSIL
High-grade squamous intraepithelial lesions of the cervix. This corresponds to cervical intraepithelial neoplasia grade 2/3 (CIN 2/3).

Immuno-oncology
Cancer immunotherapy, also called immuno-oncology, is a type of cancer treatment that helps the immune system fight cancer.

IP
Intellectual property such as patents and know-how.

MIP-1α
A chemokine that attracts APC and ensures binding to receptors on the surface of APC. It is used as a targeting module in Vaccibody vaccines.

Mutation
A change or alteration that occurs in the DNA. Mutations may lead to cancer, and these mutations may be identified and recognized by the immune system.

Neoantigen
Novel tumor-specific antigens derived from somatic gene mutations in cancer cells that are solely expressed on a patient's tumor. These mutations may be regarded as truly foreign by the immune system.

NKTR-214
NKTR-214, or bempegaldesleukin, is an immunotherapeutic drug in clinical development by Nektar Therapeutics.

Off-the-shelf vaccine
Ready-made vaccine that may be used to treat larger patient groups.

Personalized vaccine
On-demand vaccine designed and manufactured specifically for each individual patient.

Plasmid
A small DNA molecule carrying genes that can be expressed as proteins within a host cell.

Phase I/IIa
Early-phase clinical trials intended to evaluate safety/tolerability and initial clinical effect.

R&D
Research and development.

RNA
Ribonucleic acid (RNA) is a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes. All of the RNA in a natural cell is made by DNA transcription.

T cell
Immune cells of key importance to the immune system to tailor the immune response to specific pathogens or cancer.

Vaccibody technology platform
A proprietary vaccine delivery platform intended to make more efficacious vaccines by targeting the antigen to APC.

VB10.16
Vaccibody drug candidate targeting HPV16-induced malignancies such as cervical cancer.

VB10.NEO
Vaccibody drug candidate where each vaccine is personalized and designed by identifying each patient's specific gene alterations (mutations).

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