ULTIMOVACS ASA

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

Initial public offering of 11,840,000 Shares at a fixed price of NOK 31.25 per Share

Admission to listing and trading of the Company's Shares on Oslo Børs, alternatively Oslo Axess

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This prospectus (the "**Prospectus**") has been prepared in connection with the initial public offering (the "**Offering**") of shares of Ultimovacs ASA (the "**Company**"), a public limited liability company incorporated under the laws of Norway (together with its consolidated subsidiaries, "**Ultimovacs**" or the "**Group**"), and the related listing (the "**Listing**") of the Company's shares, each with a nominal value of NOK 0.10 (the "**Shares**") on Oslo Børs, a stock exchange operated by Oslo Børs ASA, alternatively Oslo Axess, a regulated market place operated by Oslo Børs ASA (the "**Oslo Stock Exchange**"). The Offering comprises 11,840,000 new Shares (the "**Offer Shares**") to be issued by the Company to raise gross proceeds of approximately NOK 370 million.

The Offering consists of: (i) a private placement to (a) investors in Norway, (b) institutional investors outside Norway and the United States of America (the "**U.S.**" or the "**United States**"), subject to applicable exemptions from applicable prospectus requirements, and (c) "qualified institutional buyers" ("**QIBs**") in the United States as defined in, and in reliance on, Rule 144A ("**Rule 144A**") or another available exemption under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") (the "**Institutional Offering**") and (ii) a retail offering to the public in Norway (the "**Retail Offering**"). All offers and sales outside the United States will be made in offshore transactions in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**").

In connection with the Offering and in accordance with all applicable laws and rules, DNB Markets (the "**Stabilisation Manager**") acting for the account of the Managers, may (but will be under no obligation to) effect stabilisation transactions with a view to supporting the market price of the Shares during the Stabilisation Period at a level higher than that which might otherwise prevail.

The Offer Shares are offered at a price of NOK 31.25 per Offer Share (the "**Offer Price**"). The offer period in the Institutional Offering (the "**Bookbuilding Period**") will commence at 09:00 hours (Central European Summer Time, "**CEST**") on 21 May 2019 and close at 15:00 hours (CEST) on 29 May 2019. The application period in the Retail Offering (the "**Application Period**") will commence at 09:00 hours (CEST) on 21 May 2019 and close at 12:00 hours CEST on 29 May 2019. The Bookbuilding Period and the Application Period may, in the Company's sole discretion, in consultation with the Managers and for any reason, be shortened or extended beyond the set times, but will in no event be shortened to expire prior to 16:30 hours (CEST) on 28 May 2019 or extended beyond 15:00 hours (CEST) on 7 June 2019.

The Shares are, and the Offer Shares will be, registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form. All Shares rank in parity with one another and carry one vote. Except where the context otherwise requires, references in this Prospectus to the Shares will be deemed to include the Offer Shares.

Investing in the Offer 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.

The Offer 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 are being offered and sold: (i) in the United States only to persons who are QIBs in reliance on Rule 144A or another available exemption from registration requirements of the Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The distribution of this Prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. Accordingly, neither this Prospectus nor any advertisement or any other Offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required by the Company and the Managers to inform themselves about and to observe any such restrictions. Any failure to comply with these regulations may constitute a violation of the securities laws of any such jurisdictions. See Section 17 "Selling and Transfer Restrictions".

Prior to the Offering, the Shares have not been publicly traded. On or about 21 May 2019, the Company expects to apply for the Shares to be admitted for trading and listing on the Oslo Stock Exchange and completion of the Offering is subject to the approval of the listing application by the board of directors of the Oslo Stock Exchange, the satisfaction of the conditions for admission to listing set by the Oslo Stock Exchange and certain other conditions as set out in Section 16.15 "Conditions for completion of the Offering – Listing and trading of the Offer Shares". The Shares will be eligible for clearing through the facilities of the Oslo Stock Exchange.

The due date for the payment of the Offer Shares is expected to be on 3 June 2019 in the Retail Offering. Delivery of the Offer Shares is expected to take place on or about 4 June 2019 in the Retail Offering through the facilities of the VPS. Trading of the Shares on the Oslo Stock Exchange is expected to commence on or about 3 June 2019, under the ticker code "ULTIMO". If closing of the Offering does not take place on 7 June 2019 or at all, the Offering may be withdrawn, resulting in all applications for Offer Shares being disregarded, any allocations made being deemed not to have been made and any payments made will be returned without any interest or other compensation. All dealings in the Shares prior to settlement and delivery are at the sole risk of the parties concerned.

Joint Global Coordinators and Joint Bookrunners

ABG Sundal Collier DNB Markets

The date of this Prospectus is 20 May 2019

IMPORTANT INFORMATION

This Prospectus has been prepared by Ultimovacs ASA in connection with the Offering of the Offer Shares and the Listing of the Shares on the Oslo Stock Exchange.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**EU Prospectus Directive**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (Nw.Finanstilsynet) (the "**Norwegian FSA**") has reviewed and, on 20 May 2019, approved this Prospectus in accordance with Sections 7-7 and 7-8 of the Norwegian Securities Trading Act. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or referred to in this Prospectus.

For definitions of certain other terms used throughout this Prospectus, see Section 19 "Definitions and Glossary".

The Company has engaged ABG Sundal Collier ASA ("**ABGSC**") and DNB Markets, a part of DNB Bank ASA ("**DNB Markets**") as "**Joint Global Coordinators**" The Joint Global Coordinators are together also referred to herein as the "**Managers**".

The information contained in this Prospectus is current as at the date of this Prospectus and is subject to change without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors of the Offer Shares between the time of approval of this Prospectus by the Norwegian FSA and the Listing, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor the sale of any Offer Share, 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 authorised to give information or to make any representation concerning the Group or in connection with the Offering or the sale of the Offer 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 authorised by the Company or the Managers or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. In addition, the Offer 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 17 "Selling and Transfer Restrictions".

This Prospectus and the terms and conditions of the Offering as set out in this Prospectus and any sale and purchase of Offer Shares 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 Offering or this Prospectus.

In making an investment decision, prospective investors must rely on their own examination, analysis of, and enquiry into, the Group and the terms of the Offering, including the merits and risks involved. None of the Company or the Managers, or any of their respective representatives or advisers, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer 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 Offer Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General Information".

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

The Offer 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, sold, pledged or otherwise transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws.

Accordingly, the Offer Shares are being offered and sold: (i) in the United States only to QIBs in reliance upon Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S. For certain restrictions on the sale and transfer of the Offer Shares, see Section 17 "Selling and Transfer Restrictions".

Prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares, and are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act. See Section 17 "Selling and Transfer Restrictions".

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described in this Prospectus. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of the Company, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "**UK**") or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as the "**Relevant Persons**"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

NOTICE TO INVESTORS IN THE EEA

In any member state of the European Economic Area (the "**EEA**"), other than Norway (each, a "**Member State**"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the EU Prospectus Directive. The Prospectus has been prepared on the basis that all offers of Offer Shares outside Norway will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the Offering contemplated in this Prospectus within any EEA member state (other than Norway) should only do so in circumstances in which no obligation arises for the Company or any of the Managers to publish a prospectus or a supplement to a prospectus under the EU Prospectus Directive for such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by Managers which constitute the final placement of Offer Shares contemplated in this Prospectus.

Each person in a Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

a) it is a qualified investor as defined in the EU Prospectus Directive; and

b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) such Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the EU Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any of the Offer Shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State, and the expression "**EU Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in each Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

See Section 17 "Selling and Transfer Restrictions" for certain other notices to investors.

NOTICE TO INVESTORS IN CANADA

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II ("**the Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**" and, together with the Positive Target Market, the "**Target Market Assessment**").

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

STABILISATION

In connection with the Offering and in accordance with all applicable laws and rules, DNB Markets acting for the account of the Managers, may (but will be under no obligation to) effect stabilisation transactions with a view to supporting the market price of the Shares during the Stabilisation Period at a level higher than that which might otherwise prevail. However, stabilisation action may not necessarily occur and may cease at any time. Any stabilisation action may begin on or after the date of commencement of trading of the Shares on the Oslo Stock Exchange and, if begun, may be ended at any time, but it must end no later than 30 days after that date. Any stabilisation action must be conducted by the Stabilisation Manager in accordance with all applicable laws and rules and can be undertaken at the offices of the Stabilisation Manager and on the Oslo Stock Exchange. Stabilisation may result in an exchange or market price of the Shares that is higher than might otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis.

Any stabilisation activities will be conducted based on the same principles as set out in Section 3-12 of the Norwegian Securities Trading Act and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments.

ENFORCEMENT OF CIVIL LIABILITIES

Ultimovacs ASA 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 Ultimovacs ASA'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. The members of Ultimovacs ASA's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the senior management of Ultimovacs ASA (the "**Management**") are not residents of the United States. Virtually all of the Company's assets and the assets of the Board Members and members of Management are located outside the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process upon the Company, the Board Members and members of Management in the United States or to enforce against the Company or those persons judgments obtained in U.S. courts, whether predicated upon civil liability provisions of the federal securities laws or other laws of 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 Ultimovacs ASA or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or the 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.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act. The Company will also make available to each such holder or beneficial owner, all notices of shareholders' meetings and other reports and communications that are made generally available to the Company's shareholders.

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APPENDICES

1. SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and Warnings

A.1	**Warning**	This summary should be read as an introduction to the Prospectus; any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor; where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or 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.
A.2	**Warning**	Not applicable. No consent is granted by the Company for the use of the Prospectus for subsequent resale or final placement of the Shares.

Section B - Issuer

B.1	**Legal and commercial name**	Ultimovacs ASA.
B.2	**Domicile and legal form, legislation and country of incorporation**	Ultimovacs ASA is a public limited liability company organised and registered under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. Ultimovacs ASA was incorporated in Norway on 26 January 2011 as a private limited liability company, was converted to a public limited liability company on 2 May 2019 and changed its name from Ultimovacs AS to Ultimovacs ASA at the same time. Ultimovacs AS' registration number in the Norwegian Register of Business Enterprises is 996 713 008.
B.3	**Current operations, principal activities and markets**	Ultimovacs ASA is a research based pharmaceutical company focused on developing cancer vaccines. Ultimovacs' lead product candidate is UV1, a peptide based therapeutic cancer vaccine that activates the immune system to recognize human telomerase reverse transcriptase (hTERT). hTERT is expressed at high level in more than 85% of human tumors. UV1 is in clinical development in combination with checkpoint inhibitors. Further, Ultimovacs is aiming to develop a first-in-class cancer vaccine solution utilizing the proprietary TET-platform technology. This project is currently at the pre-clinical stage.
B.4a	**Significant recent trends**	The Group has not experienced any changes or trends that are significant to the Group between 31 December 2018 and the date of this Prospectus, nor is the Group aware of such changes or trends that may or are expected to be significant to the Group for the current financial year.

B.5	**Description of the Group**	Ultimovacs ASA is the ultimate parent company in the Group and is an operating entity. Ultimovacs ASA has one wholly owned subsidiary incorporated in Sweden, Ultimovacs AB.
B.6	**Interests in the Company and voting rights**	Shareholders owning 5% or more of the Shares have an interest in Ultimovacs ASA's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. As at the date of this Prospectus, the following shareholders hold more than 5% of the Shares of Ultimovacs ASA: **#** **Shareholders** **Number of Shares** **Percent** 1 Gjelsten Holding AS 4,885,450 30,50 % 2 Inven2 AS 2,021,775 12,62 % 3 Canica AS 1,397,150 8,72 % 4 Radiumhospitalets Forskningsstiftelse 1,395,875 8,71 % 5 Langøya Invest AS 906,325 5,66 % 6 Immuneed AB 866,400 5,41 % 7 Watrium AS 820,925 5,12 % There is only one class of Shares and accordingly there are no differences in voting rights between the Shares. The Company is not aware of any arrangements the operations of which may at a subsequent date result in a change of control of the Company.
B.7	**Selected historical key financial information**	The below selected financial information has been extracted from the Group's audited annual financial statements for the years ended 31 December 2018, 2017 and 2016 (the "**Financial Statements**"). The selected financial information included therein should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements included in Appendix B and C of this Prospectus and should be read together with Section 11 "Operating and Financial Review ". The Financial Statements as of and for the years ended 31 December 2018 and 2017 have been prepared in accordance with IFRS as adopted by the EU. The Financial Statements for the years ended 31 December 2018, 2017 and 2016 have been audited by Ernst & Young AS, as set forth in their auditor's reports included herein. The Company's auditor is Ernst & Young AS ("**EY**"), with business registration number 976 389 387, and registered address Dronning Eufemias gate 6, N-0191 Oslo, Norway. Ernst & Young AS is a State Authorized Public Accountants (Norway), and Ernst & Young AS' partners are members of The Norwegian Institute of Public Accountants (Nw.: Den Norske Revisorforening). EY has been the Company's auditor since the financial year 2015. The Financial Statements for the years ended 31 December 2018, 2017 and 2016 have been audited by Ernst & Young, and the auditor's reports are included together with the Financial Statements in Appendix B and C.

Statement of profit and loss and other comprehensive income

In TNOK	2018	2017	2016
Other revenue	0	0	0
Total revenue	**0**	**0**	**0**
Payroll and payroll related expenses	-27,078	-18,158	-15,400
Depreciation and amortisation	-601	-534	-489
Other operating expenses	-28,844	-14,700	-13,294
Total operating expenses	**-56,522**	**-33,391**	**-29,183**
Operation profit/loss (-)	**-56,522**	**-33,391**	**-29,183**
Financial income	1,376	631	245
Financial expenses	-134	-70	-43
Net financial items	**1,243**	**561**	**202**
Profit (loss) before tax	**-55,280**	**-32,830**	**-28,980**
Income tax expense	0	0	0
Profit (loss) for the period	**-55,280**	**-32,830**	**-28,980**
Other comprehensive income (loss) for the period	2,888	0	0
Total comprehensive income (loss) for the period	**-52,392**	**-32,830**	**-28,980**
Earnings/loss (-) per share			
Basic and dilutive earnings/loss (-) per share (NOK)	-89	-62	-62

Statement of financial position

In TNOK	As of 31 December		
	2018	2017	2016
Assets			
Property, plant and equipment	736	558	803
Goodwill	10,981	0	0
Licenses	53,307	0	0
Patents	3,111	3,378	3,644
Total non-current assets	**68,136**	**3,935**	**4,447**
Prepayments	475	421	204
Other receivables	5,709	4,661	4,973
Cash and cash equivalents	115,540	169,808	73,004
Total current assets	**121,724**	**174,890**	**78,181**
Total assets	**189,860**	**178,825**	**82,628**
Equity and liabilities			
Equity			
Share capital	641	606	511
Share premium	314,256	268,475	145,081

Total paid-in equity	**314,897**	**269,082**	**145,592**
Accumulated losses	-157,881	- 102,601	-69,771
Translation differences	2,888	0	0
Total equity	**159,904**	**166,480**	**75,821**
Share-based payments liability	0	0	1,593
Deferred tax	10,981	0	0
Total non-current liabilities	**10,981**	**0**	**1,593**
Accounts payable	2,978	3,033	1,508
Other current liabilities	15,996	9,312	3,707
Total current liabilities	**18,975**	**12,345**	**5,215**
Total liabilities	**29,956**	**12,345**	**6,807**
Total equity and liabilities	**189,860**	**178,825**	**82,628**

Statement of cash flows

In TNOK	Year ended 31 December		
	2018	**2017**	**2016**
Cash flows from operating activities			
Profit (loss) before tax for the period	-55,280	-32,830	-28,980
Depreciation and amortisation	601	534	489
Interest received incl. investing activities	-1,247	-564	-206
Net foreign exchange differences	10	2	4
Share-based payments reclassification	0	-1,593	1,593
Changes in prepayments and other receivables	-1,102	95	-681
Changes in payables and other current liabilities	6,630	7,130	3,3317
Net cash flows from operating activities	**-50,395**	**-27,225**	**-31,099**
Cash flows from investing activities			
Purchase of property, plant and equipment	-513	- 21	-788
Acquisition of subsidiary	-4,586	0	0
Interest received	1,247	564	206
Net cash flows from investing activities	**-3,851**	**542**	**-581**
Cash flows from financing activities			
Proceeds from issuance of equity	0	125,919	75,209
Share issue cost	0	-2,430	-1,352

Net cash flows from financing activities	**0**	**123,489**	**73,857**
Net change in cash and cash equivalents	-54,240	96,806	42,177
Effect of change in exchange rate	-28	-2	-4
Cash and cash equivalents, beginning of period	169,808	73,004	30,831
Cash and cash equivalents, end of period	**115,540**	**169,808**	**73,004**

Statement of changes in equity

In TNOK	**Share capital**	**Share premium**	**Total paid in capital**	**Accumulated losses**	**Translation differences**	**Total equity**
Balance as of 1 January 2016	**441**	**71,294**	**71,735**	**-40,791**	**0**	**30,944**
Profit (loss) for the period	0	0	**0**	-28,980	0	**-28,980**
Other comprehensive income (loss)	0	0	**0**	0	0	**0**
Profit (loss) for the year and other comprehensive income	**0**	**0**	**0**	**-28,980**	**0**	**-28,980**
Issue of share capital	70	75,139	**75,209**	0	0	**75,209**
Share-issue costs	0	-1,352	**-1,352**	0	0	**-1,352**
Balance as of 31 December 2016	**511**	**145,081**	**145,592**	**-69,771**	**0**	**75,821**
Profit (loss) for the period	0	0	**0**	-32,830	0	**-32,830**
Other comprehensive income (loss)	0	0	**0**	0	0	**0**
Profit (loss) for the year and other comprehensive income	**0**	**0**	**0**	**-32,830**	**0**	**-32,830**
Issue of share capital	95	125,824	**125,919**	0	0	**125,919**
Share-issue costs	0	-2,430	**-2,430**	0	0	**-2,430**
Balance as of 31 December 2017	**606**	**268,475**	**269,082**	**-102,601**	**0**	**166,480**
Profit (loss) for the period	0	0	**0**	-55,280	0	**-55,280**
Translation differences	0	0	**0**	0	2,888	**2,888**
Other comprehensive income (loss)	0	0	**0**	0	0	**0**
Profit (loss) for the period and other comprehensive income	**0**	**0**	**0**	**-55,280**	**2,888**	**-52,392**
Issue of share capital	35	45,781	**45,815**	0	0	**45,815**
Share-issue csosts	0	0	**0**	0	0	**0**
Balance as of 31 December 2018	**641**	**314,256**	**314,897**	**-157,881**	**2,888**	**159,904**

B.8	**Selected key pro forma financial information**	Not applicable. There is no pro forma financial information.
B.9	**Profit forecast or estimate**	Not applicable. No profit forecasts or estimates are made.
B.10	**Audit report qualifications**	Not applicable. There are no qualifications in the audit reports.
B.11	**Insufficient working capital**	Not applicable. 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.

Section C - Securities

C.1	**Type and class of securities admitted to trading and identification number**	The Company has one class of Shares in issue and all Shares provide equal rights in the Company. Each of the Shares carries one vote. The Shares have

		been created under the Norwegian Public Limited Liability Companies Act and are registered in book-entry form with the VPS under ISIN NO 001 0851603.
C.2	**Currency of issue**	The Shares are issued in NOK (as defined below).
C.3	**Number of shares in issue and nominal value**	As of the date of this Prospectus, the Company's share capital is NOK 1,602,040 divided amongst 16,020,400 Shares, each with a nominal value of NOK 0.10.
C.4	**Rights attaching to the securities**	The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Liability Companies Act, all Shares in that class provide equal rights in the Company. Each of the Shares carries one vote.
C.5	**Restrictions on transfer**	The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company's shareholders. Share transfers are not subject to approval by the Board of Directors.
C.6	**Admission to trading**	The Company will on or about 21 May 2019 apply for admission to trading of its Shares on the Oslo Stock Exchange. It is expected that the board of directors of the Oslo Stock Exchange will approve the listing application of the Company on or about 24 May 2019, subject to certain conditions being met. The Company currently expects commencement of trading in the Shares on the Oslo Stock Exchange on or around 3 June 2019. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.
C.7	**Dividend policy**	In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will comply with the legal restrictions set out in the Norwegian Public Limited Liabilities Companies Act of 13 June 1997 no. 45 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 is further subject to any restrictions in the Group's borrowing arrangements or other contractual arrangements in place at the time. The Company does not anticipate paying any dividends until a sustainable profitability is achieved.

Section D - Risks

D.1	**Key risks specific to the Company or its industry**	• The Group is in an early stage of development and the Group's clinical studies may not prove to be successful • The Group has incurred significant operating losses since inception and the Group expects to incur substantial and increasing losses in the foreseeable future • Obtaining regulatory approvals is required for commercialisation of the Group's products • Any significant delay or failure in the conduct of clinical studies may adversely impact the Company's ability to obtain regulatory

		approval for, and commercialise its current and future product candidates • The success of the Group is dependent on its ability to obtain acceptable prices and reimbursements on its product candidates • The Group relies, and will continue to rely, upon third-parties for clinical trials, product development and manufacturing • The Group is subject to a number of manufacturing and supply chain risks, any of which could substantially increase its costs and limit and/or delay the supply of its product candidates • The Group may be subject to litigation and disputes that could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects • The Group is exposed to risks related to regulatory processes and changes in regulatory environment • The Group will require additional financing in the future in order to execute the Group's strategy, which may not be available • Present or future debt levels could limit the Group's flexibility to obtain additional financing and pursue other business opportunities Should any of the risks materialize, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Company's shares, resulting in the loss of all or part of an investment in the Company's shares.
D.2	**Key risks specific to the securities**	• The price of the Shares could fluctuate significantly • There is no existing market for the Shares, and an active trading market may not develop • Future sales, or the possibility for future sales of substantial numbers of Shares could affect the Shares' market price • Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares • Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders • Investors could be unable to exercise their voting rights for Shares registered in a nominee account • The Company's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future • Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway • Norwegian law could limit shareholders' ability to bring an action against the Company • The Group will incur increased costs as a result of being a publicly traded company. • Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK

	• The limited free float of the Shares may have a negative impact on the liquidity of and market price for the Shares • The transfer of shares is subject to restrictions under the securities laws of the United States and other jurisdictions Should any of the risks materialize, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Company's shares, resulting in the loss of all or part of an investment in the Company's shares.

Section E - Offer

E.1	**Net proceeds and estimated expenses**	The gross proceeds from the sale of the Offer Shares in the Offering are expected to be approximately NOK 370 million with expected net proceeds of approximately NOK 338.3 million, based on estimated total transaction costs of approximately NOK 31.7 million related to the Offer Shares, and all other directly attributable costs in connection with the Listing and the Offering to be paid by the Company. The net proceeds and existing cash are anticipated to fund the Company into 2023, during which period the following activities will be financed: • completion of the ongoing Phase I trial of UV1 in combination with an anti-PD1 checkpoint inhibitor in Malignant Melanoma; • completion of an upcoming Phase II trial of UV1 in combination with both an anti-PD1 checkpoint inhibitor and an anti-CTLA4 checkpoint inhibitor in malignant melanoma; • CMC development in relation to the ongoing and planned trials; • continued follow-up (of survival and vaccine-specific immune response) of the patients treated with UV1 in the three completed phase I clinical trials (prostate cancer, non-small cell lung cancer and malignant melanoma); • CMC and pre-clinical development of UV2, as well as a phase I clinical trial testing a molecule based on the TET technology (clinical development of UV2 expected from 2021 depends on pre-clinical milestones and will require additional funding); • R&D activities related to the clinical pipeline; and • administrative activities including those undertaken for general corporate purposes. A high-level indicative breakdown of the intended use of proceeds plus current cash on hand is as follows: Costs related to the Phase II Proof of Concept study (incl. allocated G&A expenses): ~70%, other development costs (primarily preclinical development of UV2 and the TET platform technology): ~10%, general administrative activities: ~20%. At the date of this Prospectus, the Company cannot predict all of the uses of the net proceeds or the actual amounts that will be spent on the uses described above. The amounts and the timing of the use of the net proceeds

		will depend on numerous factors which include, amongst others, the progress, costs and respective results of the Company's preclinical and clinical development programs and other developments in the field of cancer treatment for malignant melanoma and other cancer types.
E.2a	**Reasons for the Offering and use of proceeds**	The Company believes that the Offering and the Listing will: (i) facilitate further studies for the Group's drug candidates; (ii) diversify and increase the shareholder base and enhance access to the capital markets; (iii) further improve the ability of Ultimovacs to attract and retain key management and employees; (iv) strengthen the working capital of the Group; and (v) strengthen Ultimovacs' profile with investors and business partners. The Listing on Oslo Stock Exchange will provide a regulated market for the Shares and give the Company improved access to capital markets for potential future equity funding. It also strengthens the Company's position in the biopharmaceutical drug industry.
E.3	**Terms and conditions of the Offering**	The Offering consists of an offer of 11,840,000 Offer Shares, each with a nominal value of NOK 0.10 to raise gross proceeds of NOK 370 million. The Offering consists of: • An Institutional Offering, in which Offer Shares are being offered to (a) institutional and professional investors in Norway, (b) to investors outside Norway and the United States, subject to applicable exemptions from prospectus and registration requirements, and (c) in the United States to investors who are QIBs in transactions exempt from registration requirements under the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 1,000,000. • A Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 999,999 for each investor. Investors who intend to place an order in excess of NOK 999,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit. All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in reliance on Regulation S. The Bookbuilding Period for the Institutional Offering will take place from 21 May 2019 at 09:00 hours (CEST) to 29 May 2019 at 15:00 hours (CEST). The Application Period for the Retail Offering will take place from 21 May 2019 at 09:00 hours (CEST) to 29 May 2019 at 12:00 hours (CEST). The Company, in consultation with the Managers, reserves the right to shorten or extend the Bookbuilding Period and Application Period at any time.

		The Managers expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 31 May 2019, by issuing contract notes to the applicants by mail or otherwise. Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares is expected to take place on or about 4 June 2019. DNB Markets, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 31 May 2019, by issuing allocation notes to the applicants by mail or otherwise. The due date for payment in the Retail Offering is on or about 3 June 2019. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 4 June 2019.
E.4	**Material and conflicting interests**	The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a management fee in connection with the Offering, which will be based on the amount of gross proceeds received from investors, and, as such, have an interest in the Offering. In addition, the Company may pay to the Managers an additional discretionary fee in connection with the Offering. Further, the Underwriters will receive a underwriting commission from the Company equal to 2.00 percent on their respective underwriting obligation. Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.
E.5	**Lock-up agreements**	The Company, all shareholders owning more than 1.6% of the Shares in the Company and certain shareholders owning less than 1.6% of the Shares in the Company, together with the Company's Board of Directors and the Management agree to be subject to restrictions, subject to certain exceptions, on their ability to sell or transfer their Shares. The Company, its Board of Directors and the Management are subject to such restrictions for a period of 12 months after the Institutional Closing Date. The aforementioned shareholders of the Company are subject to such restrictions for a period of 6 months after the Institutional Closing Date. The Managers may, in their sole discretion and at any time, waive such restrictions on sales or transfer during these periods. Additionally, following these periods respectively, all Shares owned by the Company, the aforementioned shareholders of the Company, the Board of Directors and the Management will be eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions.
E.6	**Dilution resulting from the Offering**	Following completion of the Offering, the immediate dilution from issuance of the Offer Shares for shareholders who do not participate in the Offering is expected to be approximately 42.5% assuming issuance of all the Offer Shares.
E.7	**Estimated expenses charged to investor**	Not applicable. No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

2. RISK FACTORS

An investment in the Offer Shares involves inherent risk. Before making an investment decision with respect to the Offer Shares, 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 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 Offer Shares. An investment in the Offer 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 absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the Offer Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and 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 Offer Shares, resulting in the loss of all or part of an investment in the Offer Shares.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, results of operations, cash flows, financial condition and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this Section 2 is as of the date of this Prospectus.

2.1. Risks related to the business of Ultimovacs and the industry in which Ultimovacs operates

2.1.1. The Group is in an early stage of development and the Group's clinical studies may not prove to be successful

Before obtaining regulatory approvals for the commercial sale of the Group's product candidates, the Group must demonstrate, through lengthy, complex and expensive preclinical testing and clinical trials that its product candidates are both safe and effective for use in each target indication. Clinical testing is expensive, can take many years to complete and its outcome is inherently uncertain. Drug development involves moving drug candidates through research and extensive testing of activity and side effects in preclinical models before authorisation is given for further testing in humans in the clinical stage. The clinical stage is divided into consecutive phases with the aim to reveal the safety and efficacy of a drug candidate before an application for marketing authorisation can be filed with the relevant health authorities. The Group's leading product candidate, UV1, is currently in an early phase of clinical development, which involves investigating side effects and indications of effectiveness in the relevant indications and combinations. The Group's potential new product candidate(s) which builds on the technology acquired from Immuneed in 2018 is in a pre-clinical development phase. Failure can occur at any time during the development of these product candidates. Each individual development step is associated with the risk of failure. As a result, early stage drug candidates are associated with considerably higher risks of failure than later stage candidates. Moreover, the commencement and completion of clinical trials may be delayed by several factors, including but not limited to unforeseen safety issues, issues related to determination of dose, lack of effectiveness during clinical trials, slower than expected patient enrolment in clinical studies, unforeseen requirements from the regulatory agencies relating to clinical studies, and inability or unwillingness of medical investigators to follow the proposed clinical protocols. On average, five out of 5,000 drugs make it through the preclinical phase and historically, only one out of these five is approved by the U.S. Food and Drug Administration (the "**FDA**") for marketing[1]. Moreover, only 2 of 10 marketed drugs return revenues that match or exceed R&D costs. It takes on average 12 years to develop a drug[2].

The Group has limited clinical data and the results of preclinical studies and early clinical trials of the Group's product candidates may not be predictive of the results of later-stage clinical trials. There is typically an extremely high rate of attrition from the failure of product candidates proceeding through clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy profile despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. The Group cannot be certain that it will not face similar setbacks. Most product candidates that commence clinical trials are never approved as commercial products. For a variety of reasons, most attempts by other companies to develop peptide based cancer vaccines in the past have not been successful and have not received marketing approval. Should the Group's clinical studies fail to

[1] http://www.medicinenet.com/script/main/art.asp?articlekey=9877 (accessed 10 July 2015)
[2] Vernon JA, Golec JH, DiMasi JA. Drug development costs when financial risk is measured using the fama-french three-factor model. Health Econ. 2010;19(8):1002-1005

adequately demonstrate the safety and efficacy of one or more of its product candidates, it could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.2. The Group has incurred significant operating losses since inception and the Group expects to incur substantial and increasing losses in the foreseeable future

The Company is a clinical-stage biopharmaceutical company. Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate adequate effect or an acceptable safety profile, gain regulatory approval and become commercially viable.

The Group has financed its operations primarily through the sale of equity securities and public grants . Since its inception, most of the Group's resources have been dedicated to the preclinical and clinical development of its product candidates. The size of the Group's future losses will depend, in part, on the Group's future expenses and its ability to generate revenue, if any. The Group has no products approved for commercial sale and has not generated any revenue from product sales to date and, it continues to incur significant research and development and other expenses related to its ongoing operations. As a result, the Group is not profitable and has incurred losses in each period since inception. In accordance with the Financial Statements, the Group had a total comprehensive loss of NOK 52.4 million in the financial year 2018 and a total comprehensive loss of NOK 32.8 million in the financial year 2017. The Group expects to continue to incur significant losses in the foreseeable future and it expects these losses to increase as it continues its research and development of, and seeks regulatory approvals for, its product candidates.

To become and remain profitable, the Group must succeed in developing and, eventually, commercialising products that generate revenues. This will require the Group to be successful in a range of challenging activities, including completing preclinical studies and clinical trials of the Group's products, discovering additional product candidates, obtaining regulatory approval for these product candidates and marketing and selling any products for which the Group may obtain regulatory approval. The Group may never succeed in these activities and, even if it does, may never generate revenue that is significant enough to achieve profitability. Should any of these risks materialise, it could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.3. Obtaining regulatory approvals is required for commercialisation of the Group's products

The Group does not have any products that have gained regulatory approval. Its business and future success depend on its ability to obtain regulatory approval of, and then successfully commercialise, its leading product candidate, UV1. This product is in an early stage of development. The Group's ability to develop, obtain regulatory approval for, and successfully commercialise UV1 effectively will depend on several factors, including but not limited to the following:

- successful completion of the clinical trials;
- receipt of marketing approvals;
- establishing commercial manufacturing and supply arrangements;
- establishing a commercial infrastructure;
- acceptance of the product by patients, the medical community and third-party payers;
- establishing fair market share while competing with other therapies;
- successfully executing the Group's pricing and reimbursement strategy;
- a continued acceptable safety and adverse event profile of the product following regulatory approval; and
- qualifying for, identifying, registering, maintaining, enforcing and defending intellectual property rights and claims covering the product.

The Group's product candidate will require additional clinical and nonclinical development, regulatory review and approval in multiple jurisdictions, substantial investment, access to sufficient commercial manufacturing capacity and significant marketing efforts before the Group can generate any revenue from product sales. The Group is not permitted to market or promote any of its product candidates before it receives regulatory approval from the FDA to market in the U.S., from the European Medicines Agency (the "**EMA**") to market in Europe, as well as from equivalent regulatory authorities in other foreign jurisdictions. The Group may never receive such regulatory approval for any of its product candidates. If the Group is unable to develop or receive marketing approval for UV1 in a timely manner or at all, the Group could experience significant delays or an inability to commercialise UV1, which could materially and adversely affect the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.4. Any significant delay or failure in the conduct of clinical studies may adversely impact the Company's ability to obtain regulatory approval for, and commercialise its current and future product candidates

The Group depends on collaboration with partners, medical institutions and laboratories to conduct clinical testing in compliance with requirements from appropriate regulatory authority in the country of use. The Group's ability to complete clinical studies in a timely fashion, or at all, depends on several factors, including but not limited to the following:

- delays in the planning of future clinical studies;
- delays in the CMC (chemistry, manufacturing, control) and QA work related to drug substance and drug product in present or future clinical studies;
- delays in, or inability of, attracting and retaining highly qualified managerial, scientific and medical personnel to assist with the clinical studies;
- delays in obtaining, or failure to obtain, regulatory approval to commence clinical studies because of safety concerns of regulators relating to the Group's product candidate or failure to follow regulatory guidelines regarding general safety issues;
- actions by regulators to place a proposed study on clinical hold or to temporarily or permanently stop a trial for a variety of reasons, principally due to safety concerns;
- delays in recruiting patients to participate in a clinical study and the rate of patient enrolment, which is itself a function of many factors, including size of the patients population, the proximity of patients to the clinical trial sites, the eligibility criteria for the study and the nature of the protocol;
- the inability to fully control experimental conditions;
- compliance of patients and investigators with the protocol and applicable regulations; failure of clinical studies and clinical investigators to be in compliance with relevant clinical protocol, or similar requirements in other countries;
- failure of third party clinical managers to satisfy their contractual duties, comply with regulations or meet expected deadlines;
- delays or failure in reaching agreement on acceptable terms with prospective study sites;
- the Group's partners in clinical studies, the performance of which the Group cannot control;
- availability of the adjuvant GM-CSF;
- changes in the standard of care from initiation to completion of a clinical study; and
- determination by regulators that the clinical design is not adequate.

Any significant delay or failure in the conduct of clinical studies may adversely impact the Group's ability to obtain regulatory approval for, and commercialise, its current and future product candidates, which again could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.5. The Group's product candidates may cause undesirable side effects that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, if approved, and result in other significant negative consequences

Undesirable side effects caused by the Group's product candidates could cause the Group or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, EMA or comparable foreign regulatory authorities. Results of the Group's clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics.

If unacceptable side effects arise in the development of the Group's product candidates, the Group could suspend or terminate its clinical trials or the FDA, EMA or comparable foreign regulatory authorities could order the Group to cease clinical trials or deny approval of the Group's product candidates for any or all targeted indications. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. In addition, side effects may not be appropriately recognized or managed by the treating medical staff.

Additionally, if one or more of the Group's product candidates receives marketing approval, and the Group or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label;
- the Group may be required to create a medication guide outlining the risks of such side effects for distribution to patients;
- health care professionals or patients may not accept the product and prefer competing alternatives;
- the Group could be sued and held liable for harm caused to patients;
- the regulators may require additional data from studies; and
- the Group's reputation may suffer.

Any of these events could prevent the Group from achieving or maintaining market acceptance of the particular product candidate, if approved, and could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.6. The success of the Group is dependent on its ability to obtain acceptable prices and reimbursements on its product candidates

In most markets, drug prices and reimbursement levels are regulated or influenced by authorities, other healthcare providers, insurance companies or health maintenance organisations. Furthermore, the overall healthcare costs to society have increased considerably over the last decades and governments all over the world are striving to control them. There can be no guarantee that the Group's final products, if any, will obtain the selling prices or reimbursement levels foreseen by the Group. If actual prices and reimbursement levels granted to the Group's products prove lower than anticipated, it might have a negative impact on such products' profitability and/or marketability, which again could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.7. The Group relies, and will continue to rely, upon third-parties for clinical trials, product development and manufacturing

The Group cannot be certain that it will be able to enter into or maintain satisfactory agreements with third-party suppliers, like contract research organisations ("**CROs**") for the conduct of clinical studies or manufacturers. The Group's need to amend or change providers for the conduct of clinical studies might impact the timelines of the conduct of such studies. The Group's failure to enter into agreements with such suppliers or manufacturers on reasonable terms, or at all, could have a

material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

The Group needs to ensure that the manufacturing process complies with applicable regulations and manufacturing practices as well as the Company's own high quality standards. Any product/product candidate, however, will require technically complex manufacturing processes or require a supply of specialised raw materials. As a result of these factors, the production of any product/product candidate may be disrupted from time to time. The Group may not be able to rapidly alter production volumes to respond to changes in future commercial sale or demand of a product candidate. Poor manufacturing performance of third party manufacturers, a disruption in the supply or the Group's failure to accurately predict the demand for any future commercial sale of a product could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects. In addition, given that the Group's products are intended to promote the health of patients, any supply disruption could lead to allegations that the public health has been endangered and could subject the Group to litigation.

2.1.8. The Group is subject to a number of manufacturing and supply chain risks, any of which could substantially increase its costs and limit and/or delay the supply of its product candidates

The process of manufacturing the Group's product candidates is complex, highly regulated and subject to several risks, including but not limited to:

- The manufacturing of drug products is subject to product loss due to contamination, equipment failure, improper installation or operation of equipment or vendor or operator fault. Minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If contaminations are discovered in the Group's product candidates or in the manufacturing facilities in which the products are made, these manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

- The manufacturing facilities in which the Group's product candidates are made could be materially and adversely affected by equipment failures, labor shortages, natural disasters, power failures and several other factors.

- In order to supply investigational medicinal products for clinical trials, the Group and the Group's contract manufactures need to comply with relevant EU and US good manufacturing practice ("GMP") guidelines. The Group and the contract manufactures will be subject to inspections by relevant authorities in order to confirm compliance with relevant GMP guidelines and other applicable regulatory requirements. Any failure to follow GMP or other regulatory requirements or delay, interruption or other issues that arise in the manufacture of the Group's investigational medicinal products as a result of a failure in the facilities or operations to comply with regulatory requirements or pass any inspection could significantly impair the Group's ability to develop and commercialise its candidates, including leading to delays in availability, imposition of sanctions, warning letters, failure to grant market approvals, delays, suspension or withdrawal of approvals, license revocation, recalls of products, operation restrictions, criminal prosecutions and damage of reputation and its business.

- Any failure in producing or supplying starting materials, raw materials, container-closure system, pharmaceutical products used in combination with UV1 or similar products supplied by third parties to appropriate quality standards set from time to time by regulatory authorities could significantly impair the Group's ability to develop and commercialise its candidates.

Any adverse developments affecting manufacturing operations of the Group's product candidates and/or damage that occurs during shipping may result in delays, inventory shortages, lot failures, withdrawals or recalls or other interruptions in the supply of the Group's drug substance and drug product. The Group may also have to write-off inventory, incur other charges and expenses for supply of drug products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Inability to meet the demand of any of its product candidates, if approved, could damage the Group's reputation and the reputation of its products among physicians, healthcare payers, patients or the medical community, which could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.9. The Group may not be able to enter into partnership agreements

The Group's business strategy is to retain marketing rights and actively participate in the commercialisation of its lead product candidates either directly or through collaborative agreements with pharmaceutical or biotechnology companies. The Group cannot give any assurance that such agreements will be obtained on acceptable terms, nor that the Company will be able to enter into any such agreements at all. Furthermore, should such agreements be executed, there can be no assurance that the cooperation will work in practice and that agreements are adhered to or not terminated by the other party.

2.1.10. The Group faces an inherent business risk of liability claims in the event that the use or misuse of the compounds results in personal injury or death

The Group faces an inherent risk of product liability as a result of the clinical testing of its product candidates and will face an even greater risk if it commercialises any products. For example, the Group may be sued if its product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. If the Group cannot successfully defend itself against product liability claims, it may incur substantial liabilities or be required to limit commercialisation of its product candidates. Even a successful defense would require significant financial and management resources.

The Group has not experienced any clinical trial liability claims to date, but it may experience such claims in the future. The Group currently maintains clinical trial liability insurance for each trial in each country . The insurance policy may not be sufficient to cover claims that may be made against the Group. Clinical trial liability insurance may not be available in the future on acceptable terms, or at all. Any claims against the Group, regardless of their merit, could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects because litigation related to these claims would strain the financial resources in addition to consuming the time and attention of the management.

2.1.11. The success, competitive position and future revenues will depend in part on the Group's ability to protect its intellectual property and know-how

The Group's commercial success will depend in part on its ability to obtain and maintain intellectual property protection with respect to its proprietary technology and products. 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. To date, the Group holds certain exclusive patent rights and has filed several patent applications, see Section 8.7. However, the Group cannot predict the degree and range of protection any patents will afford against competitors and competing technologies, including whether third parties will find ways to invalidate or otherwise circumvent the patents, if and when additional patents will be issued, whether or not others will obtain patents claiming aspects similar to those covered by the Group's patents and patents applications, whether the Group will need to initiate litigation or administrative proceedings, or whether such litigation or proceedings are initiated by third parties against the Group which may be costly or whether third parties will claim that the Group's technology infringes upon their rights. The Group does not know whether any of the pending patent applications will result in the issuance of patents that effectively protect its technology or products. Should the Group not be able to protect its intellectual property and know-how, it could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.12. Patent applications filed by others could limit the Group's freedom to operate

Competitors may claim that one or more of the Group's product candidates infringe upon their patents or other intellectual property. Resolving a patent or other intellectual property infringement claim can be costly and time consuming and may require the Group to enter into royalty or license agreements. If this should be necessary, the Group cannot guarantee that it would be possible to obtain royalty or license agreements on commercially advantageous terms. A successful claim for patent or other intellectual property infringement could subject the Group to significant damages or an injunction preventing the manufacture, sale or use of the Group's affected products or otherwise limit its freedom to operate. Any of these events could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.13. The Group may not be able to maintain sufficient insurance to cover all risks related to its operations

The Group's business is subject to a number of risks and hazards, including, but not limited to industrial accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to properties, personal injury, monetary losses and possible legal liability. Although the Group seeks to maintain insurance or contractual coverage to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with the Group's operations, which could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.14. The Group faces significant competition from other biotechnology and pharmaceutical companies

The biopharmaceutical industry is characterised by intense competition and rapid innovation. The Group's competitors may be able to develop other compounds or drugs that are able to achieve similar or better results. Many major multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical companies and universities and other research institutions continue to invest time and resources in developing novel approaches to immuno-oncology. Promising results have spurred significant competition from major pharmaceutical and biotechnology companies alike. In the telomerase based cancer vaccine area specifically, the Group's competitors include, among others, Asterias Biotherapeutics, Inc., Genovax S.r.l., Inovio Pharmaceuticals, Inc., Invectys SA and VAXON-Biotech.

Many of the Group's competitors and potential competitors have substantially greater financial, technical and other resources than the Group does, such as larger research and development staff and experienced marketing and manufacturing organisations and well-established sales forces. Developments by others may render the product candidates or technologies obsolete or non-competitive. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in the Group's competitors. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. The Group's competitors may succeed in developing, acquiring or licensing on an exclusive basis drug or biologic products that are more effective, safer, more easily commercialised or less costly than the Group's product candidates or may develop proprietary technologies or secure patent protection that the Group may need for the development of its technologies and products.

Even if the Group obtain regulatory approval of its product candidates, the availability and price of its competitors' products could limit the demand and the price the Group is able to charge for its product candidates. The Group may not be able to implement its business plan if the acceptance of its product candidates is inhibited by price competition or the reluctance of physicians to switch from existing methods of treatment to the Group's product candidates, or if physicians switch to other new drug or biologic products or choose to reserve the Group's product candidates for use in limited circumstances.

2.1.15. The Group may lose market exclusivity and face competition from low-cost generic products

The Group's product candidates and/or related technology are or are expected to be protected by patent rights that are expected to provide the Group with exclusive marketing rights in various countries. However, patent rights are of varying strengths and durations. Loss of market exclusivity and the introduction of a generic version of the same or a similar medicine typically results in a significant and sharp reduction in net sales for the relevant product, given that generic manufacturers typically offer their versions of the same medicine at lower prices. The Group's results may be affected by changes in public sentiment.

The pharmaceutical industry is under the close scrutiny of the public, governments and the media. In addition, there is significant pressure on the industry from certain nations to make the products available to their population at drastically lower costs. Any increase in such negative public sentiment or increase in public scrutiny or pressure from such nations could lead, among other things, to changes in legislation, to changes in the demand for the products, additional pricing pressures with respect to the products, or increased efforts to undercut intellectual property protections. Such changes could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.16. The Group relies, and will continue to rely, upon third-parties for development and commercialisation of its products

The Group cannot be certain that it will be able to enter into or maintain satisfactory agreements with third-party suppliers for the development and commercialisation of its products. Third-parties relied upon for development and commercialisation of its products include, but are not limited to:

Manufacturing and supply of UV1 is contracted to the Corden Pharma group. Failure to maintain satisfactory agreements with Corden Pharma or failure by Corden Pharma to timely manufacture and supply UV1 and provide documentation to appropriate standards set from time to time by regulatory authorities in relevant territories could significantly impair the Group's ability to develop and commercialise UV1.

UV1 is developed with GM-CSF in the form of sargramostim as an adjuvant, and clinical study conduct and commercial use of UV1 is depending on availability of GM-CSF. GM-CSF is not developed, manufactured and distributed by the Group and cannot be fully controlled by the Group. Failure by third party to timely deliver GM-CSF product and documentation to appropriate standards set from time to time by regulatory authorities in relevant territories could significantly impair the Group's ability to develop and commercialise UV1.

2.1.17. The Group may not be able to successfully implement its clinical, regulatory and commercial strategy

The Group's strategy as described in Section 8.3 is to develop, manufacture and deliver innovative cancer vaccines to address unmet medical need and advance cancer care. Achieving the Group's objectives involves inherent costs and uncertainties and there is no assurance that the Group will achieve its objectives or other anticipated benefits. Further, there is no assurance that the Group will be able to undertake its activities within their expected time frame, that the costs of any of the Group's objectives will be at expected levels or that the benefits of its objectives will be achieved within the expected timeframe or at all.

The Group's projections of the number of people who have the cancers it is targeting and who have the potential to benefit from treatment with the Group's product candidates, are based on the Group's beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations, or market research, and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these cancers. The number of patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for the Group's product candidates may be limited or may not be amenable to treatment with the Group's product candidates.

Further, the market for cancer products has to date shown itself to be relatively price insensitive to therapy costs. Healthcare budgets worldwide are however under severe stress. There is a risk that pricing of the kind experienced to date will become difficult to achieve. Once approval is obtained for a product, there is no certainty that the Group or its licencees will achieve commercial success since several factors will determine this including, clinical performance of the product, approved indication, competitive environment, pricing and reimbursement. There is no guarantee that after regulatory approval, reimbursement authorities will agree to cover the cost of the product. Delays in reimbursement or its denial will in turn delay or slow down adoption of the product in the market.

The Group's ability to successfully implement its strategy could also be affected by factors beyond its control, such as the economic development in the markets in which it operates and the availability of acquisition and development opportunities in each market. Any failures, material delays or unexpected costs related to implementation of the Group's strategy could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.18. The Group is highly dependent on its key personnel and the ability to attract new qualified personnel

The Group's ability to compete in the highly competitive biotechnology and pharmaceutical industries and its ability to comply with complex EU and US guidelines related to its development work depend upon its ability to attract and retain highly qualified managerial, scientific and medical personnel. The loss of a key employee might impede the achievement of scientific development and commercial objectives. Competition for key personnel with the experience that is required is intense and is expected to continue to increase. There is no assurance that the Group will be able to retain key personnel, nor can assurances be given that the Group will be able to recruit new key personnel in the future. Any failure to attract or retain such personnel could result in the Group not being able to successfully implement its business plan and could impact the

compliance of the Group's quality system and thereby the compliance of the Group's development work, which again could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.1.19. The Group may not be able to develop new product candidates

The Group's future success will depend to a large extent upon the Group's ability to develop its lead product candidate, UV1. The Group may not have the ability to invent, explore and develop product candidates that are of value to the medical market. Furthermore, the Group depends upon independent investigators and collaborators such as universities and medical institutions to do parts of the practical part of the chemical, pharmaceutical, analytical, preclinical and clinical research and development. These collaborators are not employees of the Group and the amount or timing of the resources they devote to the programmes cannot be fully controlled by the Group.

2.1.20. The Group's business involves use of hazardous materials, chemicals and biological compounds and is thus exposed to environmental risks

The Group believes that its safety procedures for handling and disposing of such materials comply with applicable regulations, however, there will always be a risk of accidental contamination or injury. If liable for an accident or subject to an extended facility shutdown, the Group could incur significant costs, damages or penalties that could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.2. Risks related to regulations and litigation

2.2.1. The Group may be subject to litigation and disputes that could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects

The Group may in the future be involved from time to time in litigation and disputes. The operating hazards inherent in the Group's business may expose the Group to, amongst other things, litigation, including personal injury litigation, intellectual property litigation, contractual litigation, environmental litigation, tax or securities litigation, as well as other litigation that arises in the ordinary course of business.

The Group is currently not involved in any litigation. However, it may in the future be involved in litigation matters from time to time. The Group cannot predict with certainty the outcome or effect of any claim or other litigation matter. The ultimate outcome of any litigation matter and the potential costs associated with prosecuting or defending such lawsuits, including the diversion of the Management's attention to these matters, could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.2.2. The Group is exposed to risks related to regulatory processes and changes in regulatory environment

The Group's operations could be affected by changes in intellectual property legal protections and remedies, trade regulations and 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 changes could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.2.3. Even if the Group obtains regulatory approval for a product candidate, the Group's products will remain subject to regulatory scrutiny

Any product candidate for whom the Group obtains marketing approval, along with the manufacturing processes, qualification testing, post-approval clinical data, labelling and promotional activities for such product, will be subject to continual and additional requirements of the different national and regional regulatory authorities. Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. The different regulatory authorities closely regulate the post-approval marketing and promotion of pharmaceutical and biological products to ensure such products are marketed only for the approved indications and in accordance with the provisions of the approved labelling.

In addition, late discovery of previously unknown problems with the Group's products, manufacturing processes, or failure to comply with regulatory requirements, may lead to various adverse results, including, but not limited to, restrictions on such products, manufacturers or manufacturing processes, requirements to conduct post-marketing clinical trials, withdrawal

of the products from the market, refusal to approve pending applications or supplements to approve applications that the Group submits and refusal to permit the import or export of the Group's products.

The regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of the Group's product candidates. If the Group is slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if the Group is not able to maintain regulatory compliance, it may lose any marketing approval that it may have obtained, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.2.4. The Group may experience a reduction in expected government grants (Skattefunn)

The Norwegian Tax Administration added a new section relating to Skattefunn in the latest publishing of Skatte-ABC (2018/2019) which states that 'companies where half of the equity is lost as a consequence of accumulated losses' is defined as a company in financial distress, and may no longer receive funding from Skattefunn. The Group is not as of 31 December 2018 defined as a company in financial distress under the definition in Skatte-ABC. However, an increase in accumulated losses in the future poses a risk for the Group of being defined as a company in financial distress under the definition, with the consequence that funding from Skattefunn will no longer be received. Funding that is received before companies are defined as financially distressed shall not be repaid.

2.3. Risks related to financing and market risk

2.3.1. The Group will require additional financing in the future in order to execute the Group's strategy, which may not be available

The Group's operations have consumed substantial amounts of cash since inception. The Group expects to continue to spend substantial amounts on the clinical development of its product candidates. The exact amounts needed are unknown. If the Group is able to gain regulatory approval for any of its product candidates, it will require significant additional amounts of cash in order to launch and commercialise any such product candidates. In addition, other unanticipated costs may arise. Because the design and outcome of the Group's planned and anticipated clinical trials is highly uncertain, the Group cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialisation of its product candidates.

The Group's future capital requirements depend on many factors, including but not limited to:

- the scope, progress, results and costs of researching and developing the Group's product candidates and conducting preclinical studies and clinical trials;
- the size of the organisation needed to take product candidates through clinical trials and potentially commercialisation;
- the timing of, and the costs involved in, obtaining regulatory approvals for the Group's product candidates if clinical trials are successful;
- the cost of commercialisation activities for the Group's product candidates, if any of its product candidates are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing the Group's product candidates for clinical trials in preparation for regulatory approval and in preparation for commercialisation;
- the Group's ability to establish and maintain strategic licensing or other arrangements and the financial terms of such agreements;
- the costs involved in preparing, filing, prosecuting, maintaining, expanding, defending and enforcing patent claims, including litigation costs and the outcome of such litigation;
- the timing, receipt and amount of sales of, or royalties on, the Group's future products, if any; and
- the emergence of competing cancer therapies and other adverse market developments.

Adequate sources of funding may not be available when needed or may not be available on favourable terms. The Group's ability to obtain such additional capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms. If the Group raises additional funds by issuing additional shares or other equity or equity-linked securities, it will result in a dilution of the holdings of existing shareholders. If the Group raises additional capital through debt financing, the Group may be subject to covenants limiting or restricting its ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If the Group is unable to obtain adequate financing when needed, it may have to delay, reduce the scope of or suspend one or more of its clinical trials or research and development programs or its commercialisation efforts, which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.3.2. Present or future debt levels could limit the Group's flexibility to obtain additional financing and pursue other business opportunities

The Group may incur additional indebtedness in the future. The current or future level of debt could have important consequences for the Group, including that:

- the Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may be unavailable on favorable terms;
- the Group's costs of borrowing could increase as it becomes more leveraged;
- the Group may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders;
- the Group's debt level could make it more vulnerable than its competitors with less debt to competitive pressures, a downturn in its business or the economy generally; and
- the Group's debt level may limit its flexibility in responding to changing business and economic conditions.

The Group's ability to service its current or future debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.3.3. Interest rate fluctuations could in the future materially and adversely affect the Group's business, financial condition, results of operations, cash flows, time to market and prospects

The Group may in the future be exposed to interest rate risk primarily in relation to any future interest bearing debt issued at floating interest rates and to variations in interest rates on bank deposits. Consequently, movements in interest rates could have material and adverse effects on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

2.3.4. Fluctuations in exchange rates could affect the Group's cash flow and financial condition

The Group has currency exposure to both transaction risk and translation risk related to its operating expenses. Transaction risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. The Group is mainly exposed to fluctuations in EUR, GBP and USD.

Translation risk arises due to the conversion of amounts denominated in foreign currencies to NOK, the Group's reporting and functional currency.

2.3.5. The Group may encounter financial reporting risk

As part of its responsibility to prevent and detect errors and fraud affecting its financial statements, the Group's management has set up specific accounting and reporting procedures in relation to, amongst other things, revenue recognition process, taxation and other complex accounting issues. Any failure to prevent and detect errors and fraud within the implementation of such procedures may affect its reputation, business, financial results as well as its ability to meet its objectives.

2.4. Risks related to the Listing and the Shares

2.4.1. The price of the Shares could fluctuate significantly

The trading volume and price of the Shares could fluctuate significantly and the market price of the Shares may decline such that the Shares trade at prices significantly below the Offer Price. Securities markets in general have been volatile in the past. 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 Group'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 strategy described in this Prospectus, 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 Group 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 based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Shares.

2.4.2. There is no existing market for the Shares, and an active trading market may not develop

Prior to the Listing, there was no public market for the Shares, and there is no assurance that an active trading market for the Shares will develop, or be sustained. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following the completion of this Offering. Investors may not be in a position to sell their Shares quickly or at market price if there is no active trading in the Shares.

2.4.3. Future sales, or the possibility for future sales of substantial numbers of Shares could affect the Shares' market price

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Offering or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares or the Company to sell equity securities in the future at a time and price that they deem appropriate. Although the Company, its Board of Directors and the Management agree to be subject to restrictions, subject to certain exceptions, on their ability to sell or transfer their Shares for a period of 12 months after the Institutional Closing Date, with all shareholders owning more than 1.6% of the Shares in the Company, together with certain shareholders owning less than 1.6% of the Shares in the Company, agreeing to be subject to such restrictions for a period of 6 months after the Institutional Closing Date, the Managers may, in their sole discretion and at any time, waive such restrictions on sales or transfer during these periods. Additionally, following these periods respectively, all Shares owned by the Company, the aforementioned shareholders of the Company, the Board of Directors and the Management will be eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions.

2.4.4. 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 additional 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 shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

2.4.5. 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 (the "**General Meeting**"), 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, and 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.

2.4.6. 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 such Shares unless their ownership is re-registered in their names with the VPS prior to any General Meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

2.4.7. The Company's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the General Meeting, or by the Board of Directors in accordance with an authorisation from the General Meeting. Dividends may only be declared to the extent that the Company has distributable equity and that the Company's equity and liquidity are sound in relation to the risk and scope of the Company's business. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. As a general rule, the General Meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

2.4.8. Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway

The Company is a public limited company organised under the laws of Norway. The majority of the members of the Board of Directors and 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.

2.4.9. 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 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 prioritised 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.

2.4.10. The Group will incur increased costs as a result of being a publicly traded company.

As a publicly traded company with its Shares listed on the Oslo Stock Exchange, the Group will be required to comply with the Oslo Stock Exchange's reporting and disclosure requirements and with its corporate governance requirements. The Group will incur additional legal, accounting and other expenses to comply with these and other applicable rules and regulations, including potentially hiring additional personnel. The Group anticipates that its incremental general and administrative expenses as a publicly traded company will include, among other things, costs associated with annual and quarterly reports

to shareholders, shareholders' meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. Any such increased costs, individually or in the aggregate, could have a material adverse effect on Ultimovacs's business, results of operations, financial condition and prospects.

2.4.11. Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK

The Shares will be priced and traded in NOK on the Oslo Stock Exchange and any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through DNB Bank ASA, being the Company's VPS registrar (the "**VPS Registrar**"). Shareholders registered in the VPS who have not supplied their VPS account operator with details of their bank account, will not receive payment of dividends unless they register their bank account details of their VPS account, and thereafter inform the VPS Registrar about said account. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

2.4.12. The transfer of shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws. See section 17 "Selling and Transfer Restrictions". In addition, there is no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

3. RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Offering and the Listing of the Shares on the Oslo Stock Exchange described herein.

The Board of Directors of Ultimovacs ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

20 May 2019

The Board of Directors of Ultimovacs ASA

Jonas Einarsson *Chairman*	Eva Dugstad *Board member*	Kristin Wilhelmsen *Board member*
Henrik Schüssler *Board member*		Kari Grønås *Board member*
Leiv Askvig *Board member*		Kjetil Fjerdingen *Board member*

4. GENERAL INFORMATION

4.1. Other important investor information

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

The Managers are acting exclusively for the Group and no-one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

None of in the Group, the Managers, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer 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 Offer Shares.

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

In connection with the Offering, each of the Managers and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Managers or any of their respective affiliates acting in such capacity. None of the Managers intends to disclose the extent of any such investment or transactions other than in accordance with legal or regulatory obligation to do so. In addition, certain of the Managers or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Managers (or their affiliates) may from time to time acquire, hold or dispose of Shares.

4.2. Presentation of financial and other information

4.2.1. Financial information

Ultimovacs has prepared audited financial statements as of and for the years ended 31 December 2018, 2017 and 2016 (the "**Financial Statements**"), included in Appendix B and C of this Prospectus. The financial statements for the years ended 31 December 2018 and 2017 have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**").

The Financial Statements as of and for the years ended 31 December 2018, 2017 and 2016 have been audited by Ernst & Young AS, as set forth in their auditor's reports included herein.

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

The Group presents its financial information in NOK (presentation currency).

4.2.2. Industry and market data

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 and 8 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 Groups' 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 unpredictive 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.

4.2.3. Other information

In this Prospectus, all references to "**NOK**" and "**Norwegian kroner**" are to the lawful currency of Norway, all references to "**USD**", "**$**" and "**U.S. dollars**" are to the lawful currency of the United States of America, all references to "**EUR**", "**€**" and "**euros**" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency. The Financial Statements are published in NOK.

4.2.4. 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.

4.3. 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 anticipated 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" and, in each case, their negative, or other variations or comparable terminology. 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 8 "Business of the Group" 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 Offer Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group 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. Important factors that could cause those differences include, but are not limited to:

- implementation of the Group's strategy and the Group's ability to further grow or develop;
- the development or approval of the Group's products candidates and whether and when regulatory approvals are obtained;
- the Group's ongoing clinical trials and expected trial results;
- technology changes and new products and services introduced into the Company's potential market and industry;
- the Group's ability to develop new products and enhance existing products;
- the competitive nature of the business the Group may operate in and the competitive pressure and changes to the competitive environment in general;
- earnings, cash flow and other expected financial results and conditions;
- fluctuations of exchange and interest rates;
- changes in general economic and industry conditions, including competition and pricing environments;
- political and governmental and social changes;
- changes in the legal and regulatory environment;
- environmental liabilities;
- access to funding; and
- legal proceedings.

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".

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Group's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Group.

These forward-looking statements speak only as at the date on which they are made. The Group 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 Group 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 OFFERING AND THE LISTING

The Company will apply for Listing of its Shares on the Oslo Stock Exchange. The Company believes that the Offering and the Listing will:

(i) facilitate further studies for the Group's drug candidates;

(ii) diversify and increase the shareholder base and enhance access to the capital markets;

(iii) further improve the ability of Ultimovacs to attract and retain key management and employees;

(iv) strengthen the working capital of the Group; and

(v) strengthen Ultimovacs' profile with investors and business partners.

The Listing on Oslo Stock Exchange will provide a regulated market for the Shares and give the Company improved access to capital markets for potential future equity funding. It also strengthens the Company's position in the biopharmaceutical drug industry.

The gross proceeds from the sale of the Offer Shares in the Offering are expected to be approximately NOK 370 million with expected net proceeds of approximately NOK 338.3 million, based on estimated total transaction costs of approximately NOK 31.7 million related to the Offer Shares, and all other directly attributable costs in connection with the Listing and the Offering to be paid by the Company.

The net proceeds and existing cash are anticipated to fund the Company into 2023, during which period the following activities will be financed:

- completion of the ongoing Phase I trial of UV1 in combination with an anti-PD1 checkpoint inhibitor in Malignant Melanoma;
- completion of an upcoming Phase II trial of UV1 in combination with both an anti-PD1 checkpoint inhibitor and an anti-CTLA4 checkpoint inhibitor in malignant melanoma;
- CMC development in relation to the ongoing and planned trials;
- continued follow-up (of survival and vaccine-specific immune response) of the patients treated with UV1 in the three completed phase I clinical trials (prostate cancer, non-small cell lung cancer and malignant melanoma);
- CMC and pre-clinical development of UV2, as well as a phase I clinical trial testing a molecule based on the TET technology (clinical development of UV2 expected from 2021 depends on pre-clinical milestones and will require additional funding);
- R&D activities related to the clinical pipeline; and
- administrative activities including those undertaken for general corporate purposes.

A high-level indicative breakdown of the intended use of proceeds plus current cash on hand is as follows: Costs related to the Phase II Proof of Concept study (incl. allocated G&A expenses): ~70%, other development costs (primarily preclinical development of UV2 and the TET platform technology): ~10%, general administrative activities: ~20%.

At the date of this Prospectus, the Company cannot predict all of the uses of the net proceeds or the actual amounts that will be spent on the uses described above. The amounts and the timing of the use of the net proceeds will depend on numerous factors which include, amongst others, the progress, costs and respective results of the Company's preclinical and clinical development programs and other developments in the field of cancer treatment for malignant melanoma and other cancer types.

See Section 16 "The Terms of the Offering" for more information on the Offering.

6. DIVIDENDS 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 restrictions set out in the Norwegian Public Limited Liabilities 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 Group's borrowing arrangements or other contractual arrangements in place at the time.

The Company does not anticipate paying any dividends until a sustainable profitability is achieved.

No dividends were distributed to the shareholders of the Company in the years 2018, 2017 and 2016.

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 unrealised 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 may also authorise 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 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.

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. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 15 "Taxation".

6.3. Manner of dividend payments

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder and will be paid to the shareholders through the VPS Registrar. Shareholders registered in the VPS who have not supplied their VPS account operator with details of their bank account will not receive payment of dividends unless they register their bank account details on their VPS account, and thereafter inform the VPS Registrar of the account details.

The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate 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, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividends will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

7. INDUSTRY AND MARKET OVERVIEW

This section provides information on the global oncology market generally and describes the most relevant segments for Ultimovacs' products under development in the shorter term. Ultimovacs does not currently have any commercial products and is engaged in clinical trials for its product candidates.

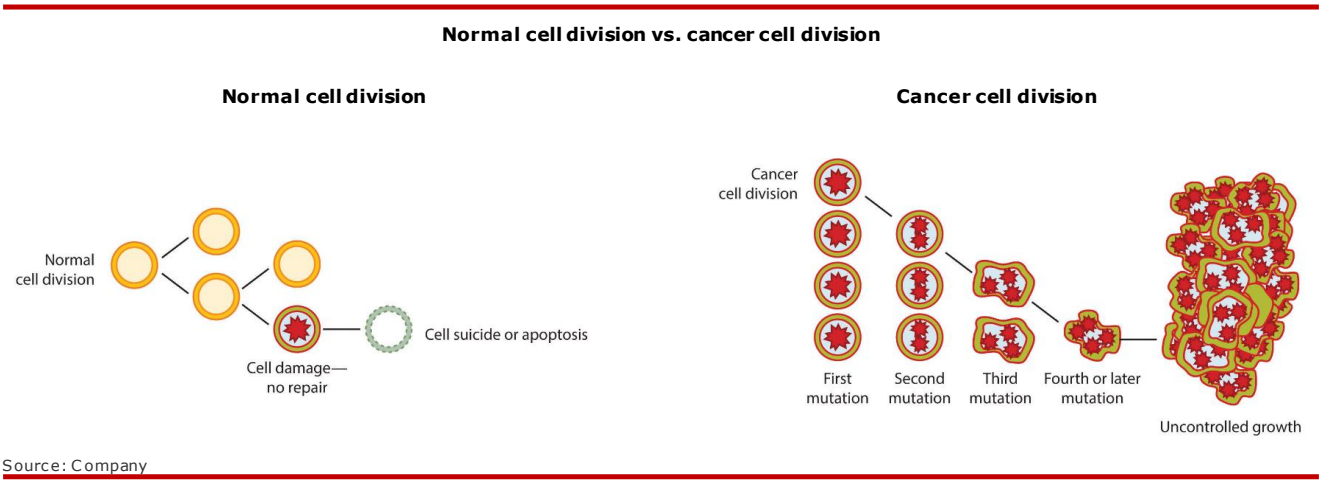
This section also details the regulatory product approval processes in the U.S. and Europe. Receiving regulatory approval is a necessity in order for products to be eligible for sale to patients. Further, this section examines the biopharmaceutical R&D process, focusing on recent shifts in industry standards relating to the phases of the clinical trial process.

7.1. Overview of the oncology market

Oncology focuses on the prevention, diagnosis and treatment of cancer. According to the WHO, cancer was the second leading cause of death in 2015, responsible for 8.8 million deaths globally[3]. Cancer is an umbrella term covering a range of genetic diseases, connected by the characteristic that they alter genes (oncogenes) that control cell growth and division. These alterations in a cell's growth and division characteristics occur when a cell divides and a mutation in the cell's DNA takes place. The change can also occur from damages to a cell's DNA from chemicals released as the cell burns fuel for energy, or from environmental substances like tobacco smoke, radiation and ultraviolet rays[4].

A cell has mechanisms in place to repair altered DNA. However, these mechanisms are imperfect and therefore not all altered DNA is repaired. For cells that are not repaired, all subsequent daughter cells resulting from cell division will carry the same DNA alteration. Some DNA alteration in cancer cells allows a cell to divide infinitely many times, in contrast to normal cells, which can only divide a limited number of times regulated by a cell's number of telomeres. This is illustrated in figure 7.1 below. Thus, cancer cells will divide uncontrollably and become invasive within tissue. The resulting tumour will at first remain within the confines of the normal tissue but, as growth continues, the tumour can spread into surrounding tissue. This is named advanced/metastatic disease (progression) and is associated with a poorer survival rate[5].

Figure 7.1: Illustration showing the regulated and limited division of normal cells versus the uncontrolled and rapid division of cancer cells



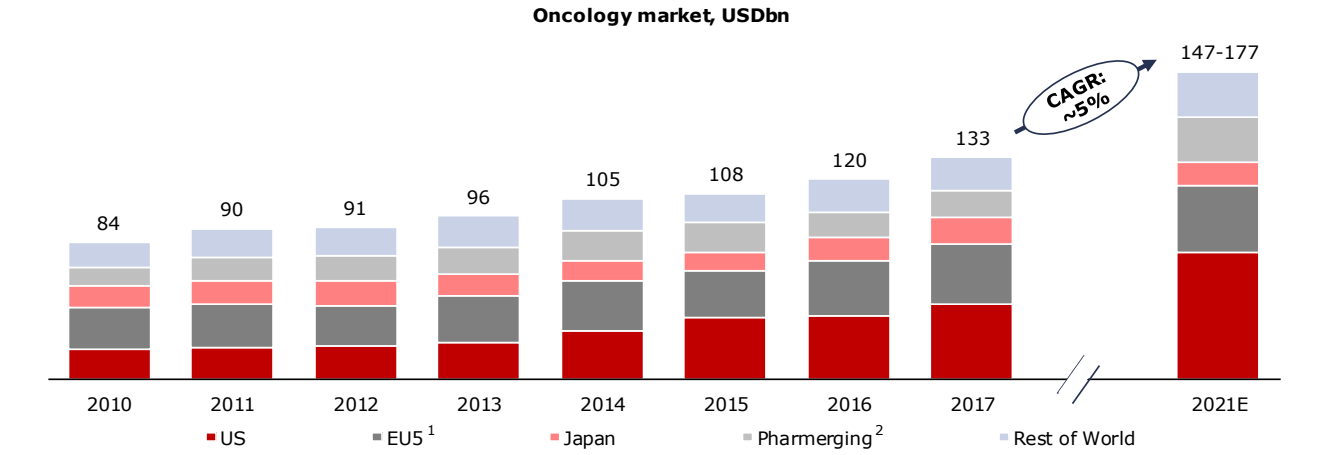
7.1.1. The oncology market size and growth

The discovery and launch of several novel treatments, combined with an increased focus on cancer prevention and early diagnosis, has led to improved outcomes and a reduction in mortality rates[6]. The high number of cancer diagnoses and cancer's severe consequences have turned oncology into one of the major therapeutic markets worldwide. Measured in sales, oncology represents the world's largest therapeutic market[7].

[3] http://www.who.int/news-room/fact-sheets/detail/cancer, 28 May 2018
[4] National Cancer Institute, What is cancer, 28 May 2018
[5] Cooper GM. The Cell: A Molecular Approach. 2nd edition. Sunderland (MA): Sinaeur Associates; 2000. The Development and Causes of Cancer, 28 May 2018
[6] https://www.cancer.org/latest-news/facts-and-figures-2018-rate-of-deaths-from-cancer-continues-decline.html, 13 June 2018
[7] QuintilesIMS Institute, Outlook for Global Medicines through 2021, Balancing Cost and Value (December 2016), 28 May 2018

In 2016, the global cost of oncology therapeutics and supportive care drugs reached USD 133 billion, up from USD 84 billion in 2010, representing a historical compound annual growth rate ("**CAGR**") of 6.8%. Going forward, the market is expected to grow to between USD 147-177 billion in 2021, representing a CAGR of between 3-7%[8]. Most of this growth is expected to be driven by development of the immune-oncology market and the introduction of several new combination treatments. The chart below shows the development in the global oncology market by region.

Chart 7.1.1 (a): Oncology market size development from 2010 with forecast to 2021E



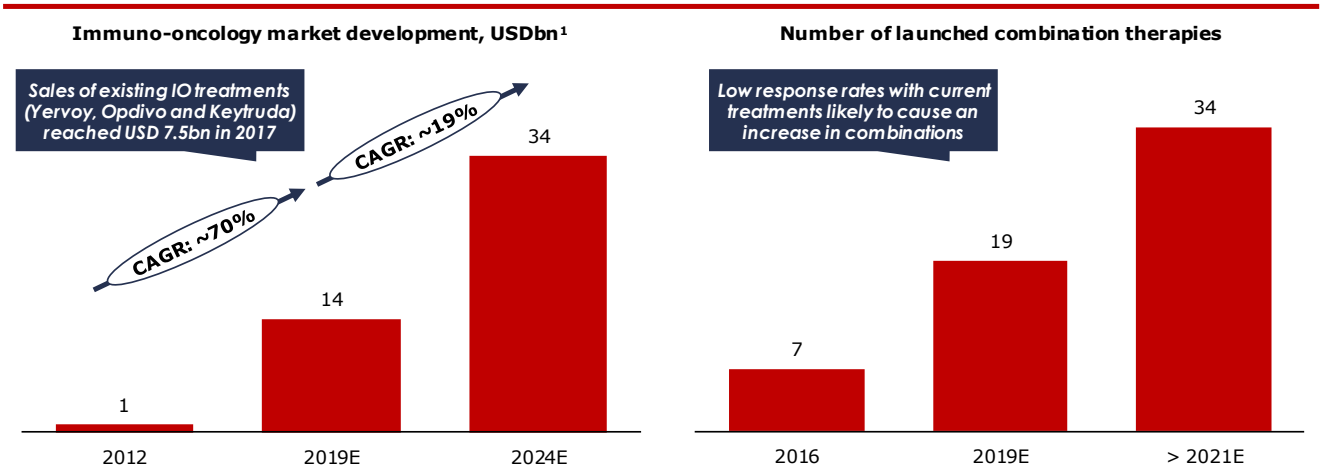
Source: IMS Institute, Global Oncology Trend Report: A Review of 2015 and Outlook to 2020, QuintilesIMS Institute, Global Oncology Trends 2017: Advances, Complexity and Cost, IQVIA Institute, Global Oncology Trends 2018: Innovation, Expansion and Disruption

1) EU5: Spain, Germany, Italy, France and the UK; 2) Pharmerging: China, India, Brazil, Russia, South Africa, Argentina, Mexico, Poland, Ukraine, Turkey, Saudi Arabia, Egypt, Algeria, Nigeria, Thailand, Indonesia and Pakistan

The growth of the oncology market is also apparent from the number of drugs that have been approved in recent years. In the period from 2011 to 2016, 68 different drugs were approved for 22 indications, with several being approved for more than one indication[9]. The growth of the oncology market has been supported by, among others, advances within the field of immuno-oncology ("**IO**")[10]. Substantial breakthroughs have been achieved in IO, mainly through the approval and commercial launch of checkpoint inhibitors ("**CPIs**"), especially displayed by the rapid uptake of PD-1 and PDL-1 inhibitors[11]. CPIs are a type of IO that block certain proteins from stopping the immune system in attacking cancer cells, some types of cancer cells generate high levels of these proteins.

[8] QuintilesIMS Institute, Global Oncology Trends 2017: Advances, Complexity and Cost (May 2017), 28 May 2018
[9] QuintilesIMS Institute, Global Oncology Trends 2017: Advances, Complexity and Cost (May 2017), 13 June 2018
[10] Including e.g. Radiant Insights (http://www.radiantinsights.com/research/global-cancer-immunotherapies-market-to-2022) and Research and Markets (http://www.prnewswire.com/news-releases/global--usa-cancer-immunotherapy-market-analysis-2015---forecasts-to-2020-300157219.html), 28 May 2018
[11] QuintilesIMS Institute, Global Oncology Trends 2017: Advances, Complexity and Cost (May 2017), 28 May 2018

Chart 7.1.1(b): Immuno-oncology market growth driven by IO products and indications, of which combination therapies will represent a meaningful share



Source: dcat.org, CenterWatch, FDA, clinicaltrials.gov, IMS R&D LifeCycle, IMSCG Analysis, Merck, Bristol-Myers Squibb
1) 7 main markets = US, France, Germany, Italy, Spain, UK and Japan

7.1.2. Different types of cancer

Cancer is used to describe more than 100 different diseases of which some are more common depending on sex, age and lifestyle. It is considered one of the leading causes of death worldwide with nearly one in six deaths linked to the disease[12]. Globally, lung cancer causes the highest rate of cancer related deaths with 1.69 million deaths in 2015, followed by liver cancer with 788,000 deaths and then colorectal cancer with 774,000 deaths[13]. In total, it is estimated that there were 8.8 million deaths related to cancer in 2015, expected to grow to 12.6 million by 2030[14].

Cancers are usually named after the tissue or organs from which cancer growth starts or by the type of cell that formed the cancer. According to the National Cancer Institute, cancers can be categorised according to the specific cell type it develops from: Carcinomas are the most common type of cancer which begins in the skin or in tissues that line or cover internal organs. Sarcoma is a type of cancer that is formed in the bone and soft tissue of the body such as muscle, fat, and blood vessels. Cancers that form in the blood-forming tissue of the bone marrow are called leukaemia. These cancers do not form solid tumours, but rather form large numbers of abnormal white blood cells that crowd out normal blood cells. This reduces the body's ability to provide oxygen to the tissue, control bleeding and fight infections. Another type of cancer is lymphoma. Lymphoma begins in the lymphocytes, which are disease fighting white blood cells (that are part of the immune system), building up abnormal lymphocytes in the lymph nodes and lymph vessels. Multiple myeloma is a cancer that begins in plasma cells, a type of white blood cell, which is part of the immune system that produces large amounts of a specific antibody[15]. The abnormal plasma cells build up in the bone marrow and form tumours all through the body. Melanoma is a skin cancer and begins in the cells that become melanocytes, which are the cells that make melanin, the pigment that gives skin its colour. Brain and spinal cord tumours can be divided into several different types depending on the type of cell in which they were formed and where the tumour first appeared in the nervous system[16] [17].

7.2. Development of cancer treatments

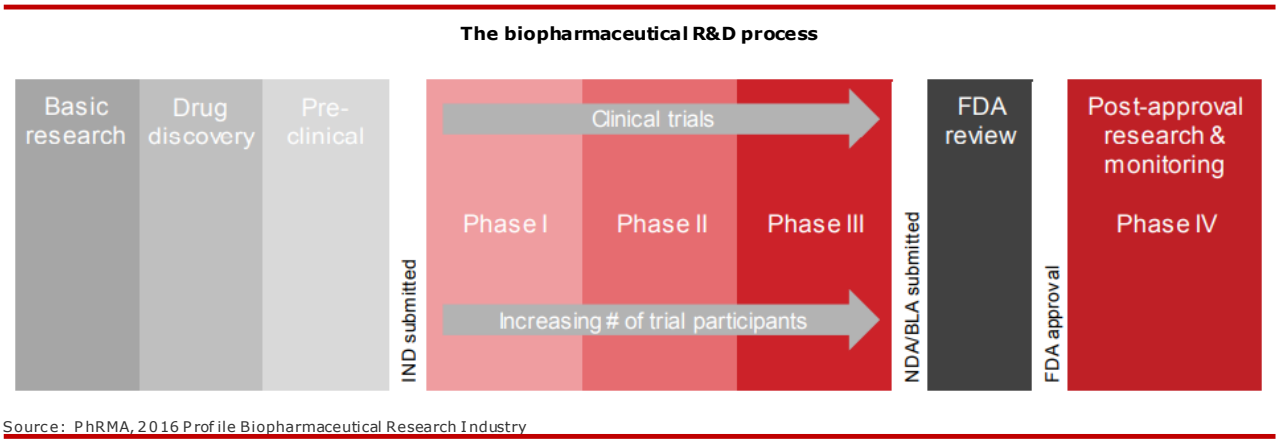
Developing a biopharmaceutical product is a risk-filled, time consuming and expensive process. The goal is to obtain approval to use the product commercially. However, provided that the drug receives commercial approval, there is potential for a high return on investment. Historically, only a fraction of drug candidates have been approved by the U.S. Food and Drug Administration ("**FDA**") for marketing[18]. Pharmaceutical Research and Manufacturers of America ("**PhRMA**") estimate that,

[12] http://www.who.int/news-room/fact-sheets/detail/cancer, 29 May 2018
[13] http://www.who.int/news-room/fact-sheets/detail/cancer, 29 May 2018
[14] http://www.who.int/healthinfo/global_burden_disease/projections/en/, 29 May 2018
[15] https://www.cancer.gov/publications/dictionaries/cancer-terms?cdrid=46230, 29 May 2018
[16] https://www.cancer.gov/about-cancer/understanding/what-is-cancer, 29 May 2018
[17] http://www.cancerresearchuk.org/about-cancer/what-is-cancer/how-cancer-starts/types-of-cancer, 29 May 2018
[18] Medicine Net, Drug Approvals – From Invention to Market… A 12- Year Trip, 29 May 2018

on average, it takes approximately ten years to progress a medicine from drug discovery through to FDA approval[19]. The average monthly drug cost has increased from USD 7,103 to USD 15,535 in the period from 2006 to 2015[20].

The development of a drug product candidate follows a process design comprising several phases. The figure below provides an overview of the process, including review and approval of the regulatory authorities. Preclinical and clinical development is usually conducted in close cooperation with regulatory authorities to ensure that the programme satisfies all regulatory requirements and that the documentation, if the drug is proven to be safe and effective, may form the basis for a marketing approval application.

Figure 7.2: The biopharmaceutical R&D and approval process in the U.S.



7.2.1. Preclinical testing

Initially, basic research and drug discovery is conducted to identify compounds that have promising activity against a particular biological target that is important in a disease and that may improve the outcome for specific illnesses. After discovering a drug compound, a determination must be made on whether the compound is suitable for further development. Promising candidates are selected for preclinical testing, which involves a series of laboratory and animal studies conducted to determine the preliminary efficacy and safety profile of the drug.

In parallel to preclinical testing, the physiochemical properties of the compound are established and the manufacturing process is optimised so that the drug can be produced in larger amounts. The manufacturing and control must satisfy strict criteria before the drug can be given to humans.

At the end of the process, which may take several years, only a few compounds move to human testing[21]. The clinical phase of drug development involves extensive testing of the drug's effect on humans and may be divided into early and late phase clinical development.

7.2.2. Clinical development

Early phase clinical studies (Phase 1) are the first time a drug or a drug combination is tested on humans. The aim of early phase studies is to prove that the new drug can safely be given to people[22], to determine a safe dose range and dosing schedule, identify side effects and detect early evidence of effectiveness. The aim may also involve demonstrating some biomarker, surrogate or clinical outcome that could be considered as "proof of concept" and the studies can be used to demonstrate safety when combining the study drug with another drug. The trials usually involve a small number of participants (10-30), either healthy volunteers or patients diagnosed with the relevant disease for which the drug is intended.

Provided that the safety profile is acceptable and that evidence of efficacy has been demonstrated, the drug may move into late phase studies. Late phase studies provide detailed information on the effect of the drug candidate and further granularity regarding the safety of the treatment. The drug is tested on the patient population in which it is intended for commercial

[19] PhRMA, 2015 Profile Biopharmaceutical Research Industry, 29 May 2018
[20] Journal of Oncology, Examining Trends in Cost and Clinical Benefit of Novel Anticancer Drugs Over Time, Kelvin Chan et al.
[21] http://www.fda.gov/ForPatients/Approvals/Drugs/ucm405658.htm, 29 May 2018
[22] http://www.cancer.net/navigating-cancer-care/how-cancer-treated/clinical-trials/phases-clinical-trials, 29 May 2018

use and the studies may involve a few hundred to several thousand patients. Assessment of efficacy in terms of delayed disease progression and improved survival may require long patient follow-up.

Late phase studies are usually randomised, meaning that patients are randomly assigned to treatment with the investigational drug or standard of care. Randomisation ensures that the two groups receiving investigational and standard treatment are balanced with respect to known and unknown factors. The effect of the new drug is assessed by comparing efficacy and safety in the two groups.

7.2.3. Regulatory approval

In the event of a successful trial, a company can submit a new drug application ("**NDA**") or biologics license application ("**BLA**") to the US FDA, or a marketing authorisation application ("**MAA**") to the European Medicines Agency ("**EMA**") requesting approval to market the drug. Regulatory approval is based on the preclinical, clinical and drug manufacturing documentation that the company submits. To ensure that all requirements are fulfilled, and to ensure that all elements of the clinical study design are adequate, companies communicate regularly with the regulatory authorities during the drug development process. Formal meetings with regulatory authorities may take place before the drug is tested in humans, before initiation of late phase studies and before the marketing approval application is submitted. Marketing approval is granted if the benefits outweigh the drug's known and potential risk for the intended population. The approval is specific for the patient population in which the drug has been tested in late phase studies and in the doses, dosing schedule and form that has been used in these studies.

Regulatory authority review time varies between countries and regions but may take up to a year from submission of the final documentation.

In some cases, the approval of a new drug may be expedited. This is the case for promising drugs intended to treat a serious condition and which fulfils an uncatered medical need. Expedited approval is used to give a larger patient population access to new drugs faster. The expedited approval pathways may allow approval of the drug based on "surrogate endpoints", i.e. other endpoints than survival, that are reasonably likely to predict clinical benefit or endpoints that occur earlier but may not be as robust as survival. This is especially useful for drugs intended to treat a long course disease and an extended period of time is needed to measure its effect. This approval will be temporary and the company in question is required to conduct post-marketing studies to verify the effect of the drug.

Other expedited approval approaches include extensive guidance throughout the process and shorter review time for the marketing application.

7.3. Treatment types and their evolution

The oncology market is highly diversified due to the high number and diversity of cancer types. An optimal treatment would be individualised depending on the type, stage and differentiation of the cancer as well as personal traits of the individual patient. For some patients the overall goal of treatment is cure, while for others it may be to relieve suffering and increase quality of life (palliative care). Traditionally, the most common treatments have been, among others, surgery, chemotherapy targeted therapy and radiation therapy depending on the situation. In recent years however, approaches such as targeted therapies and immunotherapy have become increasingly relevant[23]. Regulatory approval and commercial launch of several immunotherapies, as well as increased acceptance among physicians of various immunotherapies represents a change of significant importance for Ultimovacs.

7.3.1. Traditional cancer treatments

Surgery

Surgery is used to prevent, diagnose and cure cancer. It can also be used to relieve discomfort or other physical issues relating to the cancer. Surgery makes it possible to remove entire or parts of cancer tissue to test it and to clarify the stage of cancer and evaluate what measures should be taken to treat the patient. In some cases, this is the only way to know if a person has cancer and what type it is. In some cases, surgery can cure the patient. However, it requires that the cancer has not spread to vital parts of the body prior to surgery being performed and that the cancer can be resected entirely[24].

[23] http://www.cancer.org/latest-news/immunotherapy-disrupting-the-cancer-treatment-world.html, 29 May 2018
[24] http://www.cancer.org/treatment/treatmentsandsideeffects/treatmenttypes/surgery/surgery-treatment-toc, 30 May 2018

Chemotherapy

Chemotherapy is based on the use of cytotoxic drugs, of which more than 100 different types exist, and it is often used in combination with other treatments like surgery or radiation therapy to kill any remaining cancer cells or control the tumour[25]. The treatment commonly includes one drug or a combination of drugs, administered intravenously or orally. Given that chemotherapy drugs are cytotoxic (toxic to cells), they are toxic to both normal cells and cancer cells[26]. As such, patients may experience severe side-effects from some types of chemotherapy. This could significantly affect their quality of life and/or result in discontinuation of the therapy. Fortunately, targeted therapies that target oncogenic molecules more specifically and therefore have milder side effects are more commonly used these days, while chemotherapy may be used to control the cancer by slowing down its growth in cases where it is not possible to eliminate the cancer or reduce the risk of recurrence[27].

Radiation therapy

Radiation therapy is a cancer treatment that involves the use of different types of high-energy external beam radiation to irradiate and destroy cancer cells. It is a local treatment, meaning that it only affects the part of the body being treated[28]. However, side effects often occur because the radiation can also damage surrounding healthy cells and tissue. Major improvements in technology have led to more precise radiation treatment resulting in fewer side effects[29]. Radiation therapy can be used as part of a treatment plan with other treatments such as surgery or chemotherapy or as monotherapy.

Targeted therapies

Since the discovery and development of traditional cancer treatments, scientists have improved their understanding of what molecular mechanisms drive growth in cancer cells. This has allowed scientists to develop new treatments that target a specific aspect of the cancer cell's "broken machinery". Put simply, targeted therapies can sort out those characteristics that make cancer cells stand out from normal cells[30].

Dabrafenib and vemurafenib represent successful examples of targeted therapies aimed at treating malignant melanoma. These drugs are marketed under the brand names Tafinlar and Zelboraf by Novartis and Roche, respectively. Tafinlar generated sales of USD 873 million in 2017[31] and Zelboraf generated sales of CHF 213 million (approximately USD 220 million) in 2016[32]. The unique cancer cell characteristics targeted by these drugs are within one of the major intra cellular pathways regulating cell growth. When proteins in this pathway are mutated, the mentioned drugs are able to bind the mutated proteins so that they will not induce uncontrolled cell growth and division.

The success of dabrafenib and vemurafenib (and other targeted therapies), have resulted in a significantly increased focus on targeted therapies from both academic and commercial environments[33]. Overall, cancer treatment research has shifted away from drugs that indiscriminately target all rapidly dividing cells towards designing and developing drugs that specifically target cancer cells and leave normal cells relatively untouched.

7.3.2. Cancer immunotherapy

The premier feature of the immune system is its ability to differentiate foreign bodies or abnormal cells such as cancer cells from normal cells. The specific interaction between the immune system and cancer has been studied by researchers for several years, with promising results of cancer control on model animal systems demonstrating the theory's viability. However, it has proven challenging to translate the promising results into the human setting. Insight has improved dramatically in recent years, with specific knowledge of how the human immune system interacts with cancer cells. This has

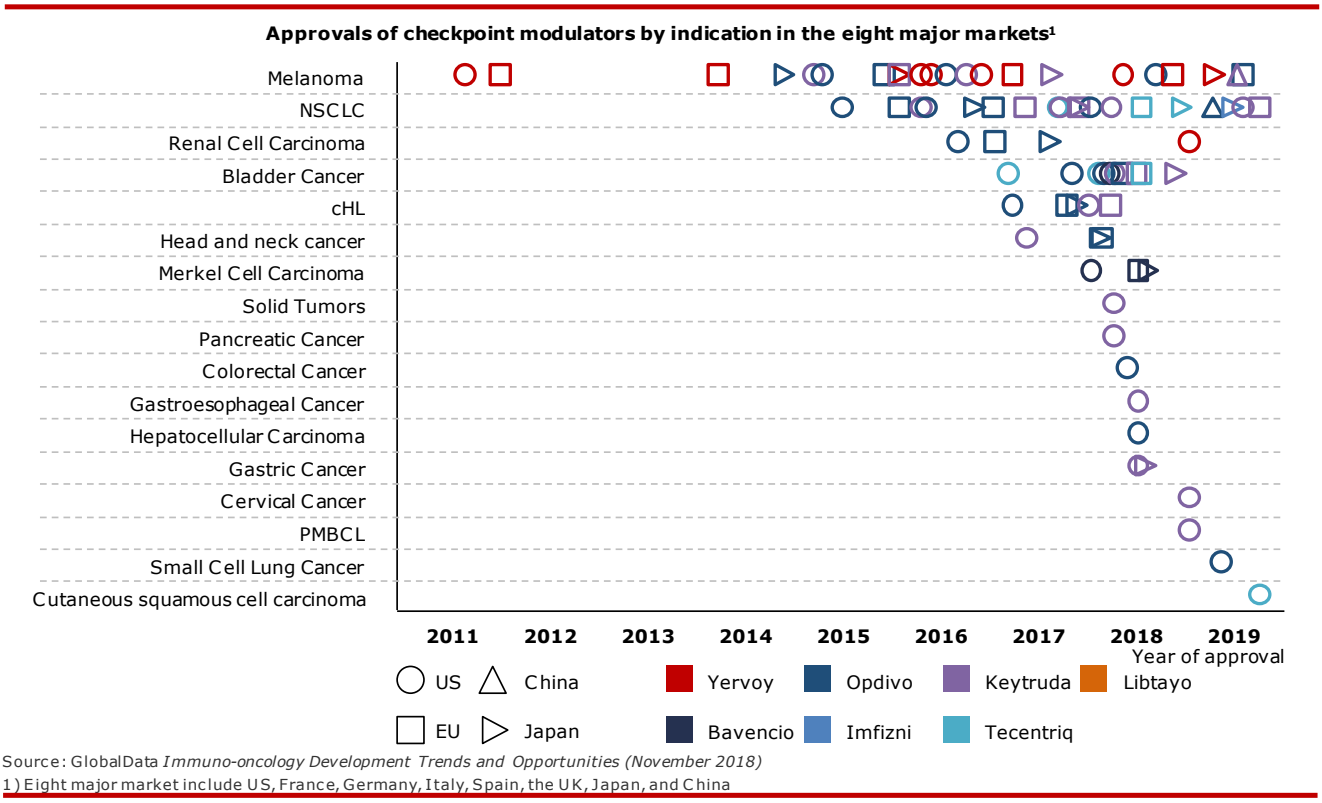
[25] http://www.macmillan.org.uk/information-and-support/treating/chemotherapy/chemotherapy-explained/what-is-chemotherapy.html, 30 May 2018
[26] http://www.macmillan.org.uk/Cancerinformation/Cancertreatment/Treatmenttypes/Chemotherapy/Chemotherapy.aspx 30 May 2018
[27] http://www.cancer.net/navigating-cancer-care/how-cancer-treated/chemotherapy/what-chemotherapy, 30 May 2018
[28] http://www.macmillan.org.uk/Cancerinformation/Cancertreatment/Treatmenttypes/Radiotherapy/Radiotherapy.aspx 30 May 2018
[29] http://www.cancer.net/navigating-cancer-care/how-cancer-treated/radiation-therapy 30 May 2018
[30] http://www.cancer.org/treatment/treatments-and-side-effects/treatment-types/targeted-therapy/what-is.html, 30 September 2018
[31] https://www.novartis.com/investors/financial-data/product-sales, 30 May 2018
[32] https://www.roche.com/dam/jcr:058da003-204c-41a6-a137-1c1bb9acd06c/en/inv-update-2017-02-01-e.pdf, 25 September 2018
[33] http://edcan.org.au/edcan-learning-resources/supporting-resources/targeted-therapies/overview-of-targeted-therapies, 30 May 2018

created the field of immunotherapy of cancer. While traditional cancer treatment is directly aimed at the cancer cell, immunotherapy enables the immune system to target cancer cells.

The scientific advances within the field of immunotherapy has enabled it to become a highly important treatment for some types of cancer[34]. The most developed class of immunotherapy drugs are checkpoint inhibitors. These are drugs that block certain proteins made by some types of immune system cells such as T cells and some cancer cells. These proteins help to maintain immune responses in check and prevent the immune system from attacking the body but they can also prevent T cells from killing cancer cells. When these proteins are blocked, the "brakes" on the immune system are released and T cells are able to kill cancer cells more effectively. Examples of checkpoint proteins found in T cells or cancer cells include PD-1/PD-L1 and CTLA-4. Simplified, PD-1 inhibitors remove the "brake" on activated T cells releasing their action, while CTLA-4 inhibitors remove the "brake" during T-cell proliferation allowing production of high numbers of specific T cells.

CPIs have recently become the standard of care within certain types of cancer, including malignant melanoma. PD-1 and PD-L1 checkpoint inhibitors have regulatory designations in a broad range of cancer types including solid tumours and haematological malignancies. Seven checkpoint inhibitors have been approved in eight major markets (US, France, Germany, Italy, Spain, the UK, and China), targeting PD-1, PD-L1 or CTLA4 with melanoma and NSCLC having most approvals. See figure 7.2.3(a) below.

Figure 7.3.2(a): Timeline of checkpoint modulator approvals: Checkpoint modulators are approved in many oncology indications, with Melanoma and Non-Small Cell Lung Cancer holding the most approvals

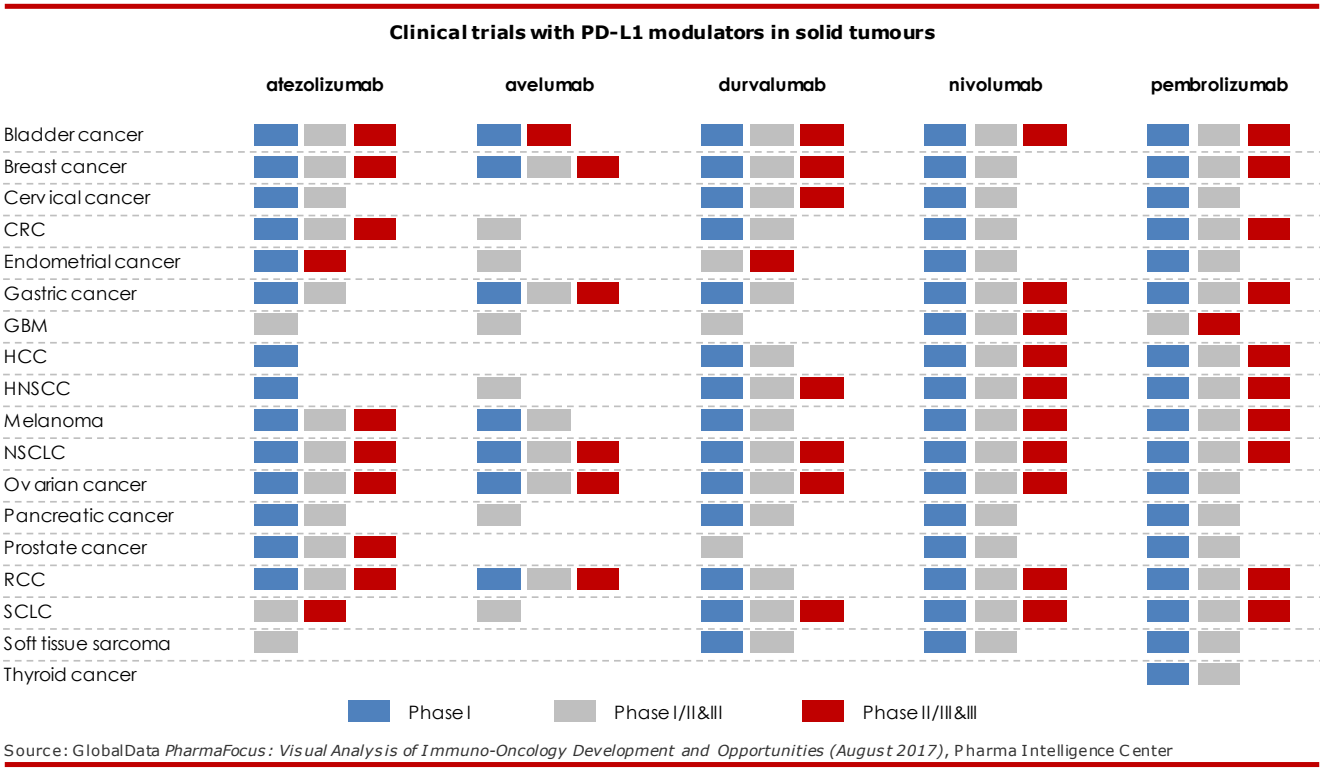


Source: GlobalData *Immuno-oncology Development Trends and Opportunities (November 2018)*
1) Eight major market include US, France, Germany, Italy, Spain, the UK, Japan, and China

Almost all solid tumour types are currently being investigated in a late stage clinical trial and regulatory approvals are expected in a number of indications over the next few years. Figure 7.3.2(b) illustrates the breadth of developments and cancer coverage for five of the marketed PD-(L)1 inhibitors.

[34]http://www.cancer.org/treatment/treatments-and-side-effects/treatment-types/immunotherapy/what-is-immunotherapy.html, 30 May 2018

Figure 7.3.2(b): Overview of clinical trials for checkpoint modulators



Source: GlobalData *PharmaFocus: Visual Analysis of Immuno-Oncology Development and Opportunities (August 2017)*, Pharma Intelligence Center

Releasing the brakes of the immune system by use of CPIs induce significant progression-free survival/overall survival ("**PFS/OS**") benefits in a number of patients compared to other targeted treatments and chemotherapies. With chemotherapy only, patients with metastatic malignant melanoma had a median survival of 10-12 months. Following the introduction of CPIs, the median survival is now above three years for first line patients treatment with pembrolizumab (38,7 months)[35]. However, a significant number of patients do not respond adequately to CPIs only and other immuno-oncology strategies are being investigated. While CPIs release the immune system's brakes, other therapies are being developed that aim to increase the number of relevant T cells that orchestrates and kills cancer cells. The most advanced of these treatments is CAR T-cell therapy. The therapy requires drawing blood from patients and separating out the T cells which are then genetically engineered to recognise and kill cancer cells. Hundreds of millions of the modified T cells are infused into the patient. As opposed to releasing the immune system's brakes, this type of immune-oncology corresponds to pushing the immune system's accelerator pedal.

CAR T-cell therapy has demonstrated strong clinical effects in selected blood cancers and is approved by the FDA for use in some types of leukaemia and lymphomas. Its effect in solid tumours is currently questionable and treatment with CAR-T requires an infrastructure and expertise which makes the treatment complicated, expensive and unavailable for large patient populations.

Therapeutic cancer vaccines ("**TCV**") is another "accelerator pedal" that is being investigated in clinical trials. As opposed to CAR T-cell therapy, TCVs can in general be manufactured without the need for individual adaption and can be administered without demanding logistics. Therapeutic cancer vaccines can help the immune system to recognise and mount an attack against cancer cells. Through vaccination, the immune system is activated to recognise cancer cells, in turn enabling it to fight the cancer cells. Specifically, the immune system's T-cells continuously search the blood stream and tissue for cancer cells. T-cells differentiate from other lymphocytes (type of white blood cell) as it has a T-cell receptor on its surface enabling it recognise antigens like peptides.

The antigen should either be unique to the cancer or be highly overexpressed in the cancer when compared to normal cells. Recent research has discovered new ways to identify specific cancer-associated antigens which can serve as the

[35] Keynote-006 Georgina V Long, et al, oral presentation ASCO, Chicago, US 2018

basis for development of cancer vaccines[36]. Therapeutic vaccines work by activating patients' immune systems to cancer cells expressing specific antigens.

One example of TCVs is peptide vaccines. These vaccines constitute peptides that are (fragments of) specific proteins (antigens) in cancer cells. The peptide vaccines can generally be made synthetically so they can be manufactured in large quantities.

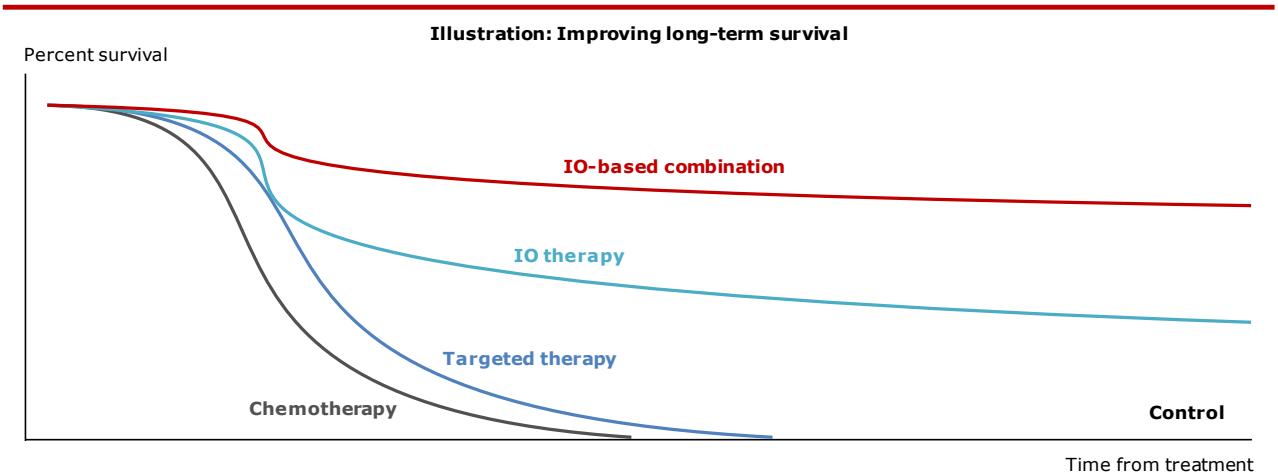
7.3.3. Combination treatment of cancer

The combination of different types of therapies are referred to as combination treatments, in contrast to monotherapies that involve the use of a single treatment. Several studies have proved that the combination of drugs within oncology has the potential to improve treatment response and minimise development of resistance with an acceptable adverse events profile[37]. The reasoning behind combining therapies is to target the cancer with different treatment mechanisms and thereby improve the likelihood of a successful outcome of treatment. In some instances there is a synergistic effect between the therapies being combined. For some cancers, a good approach is the combination of surgery, radiation therapy and chemotherapy[38]. Combining CPIs with existing cancer therapies, or combinations of CPIs with other active immunotherapies, is another strategy[39]. Combining CPIs and other IO improves clinical efficacy but the side effects are generally more severe. Hundreds of clinical studies have been initiated to investigate different CPI/IO combinations, however, most of these studies combine various treatments that release the immune system's brakes. For this combination to work, the body has to by itself produce sufficient T-cells to kill the tumour.

An alternative strategy is to combine established CPIs with therapies that are aimed at inducing production of specific T-cells, for example therapeutic cancer vaccines. In this combination, the vaccine delivers relevant immune cells able to recognise and kill cancer cells while the CPIs reduce the cancer cells' ability to hide from the immune system.

The aim is that the combination of IO agents with other IO agents, targeted therapies or chemotherapy regimens will lead to improved long-term survival outcomes for even more cancer patients.

Chart 7.3.3: Schematic Kaplan-Meier Plot for Chemotherapy, Targeted Therapy, IO, and IO-based Combinations



Source: Source: GlobalData, Pharma Intelligence Center, adapted from Sharma and Allison, 2015

[36] Antigen-specific vaccines for cancer treatment, Tagliamonte, M.
[37] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4361221/, 30 May 2018
[38] http://www.merckmanuals.com/home/cancer/prevention-and-treatment-of-cancer/combination-cancer-therapy, 30 May 2018
[39] https://www.citivelocity.com/citigps/OpArticleDetail.action?recordId=209, 30 May 2018

7.4. Addressable markets for Ultimovacs

As noted in section 7.3.2, CPIs have received market authorisation in several different indications. CPI treatment is well established in malignant melanoma and in other solid tumours.

7.4.1. Malignant melanoma

Malignant melanoma is a type of cancer that develops from the pigment-containing cells known as melanocytes. Melanomas typically occur in the skin but may also occur in the intestines, mouth or the eyes. Melanomas can also develop from moles and often resemble moles in appearance. However, the majority of melanomas are black or brown and not skin-coloured. The primary cause of melanoma is exposure to ultraviolet light, especially in those who are genetically predisposed to the disease.

Over the past decade (2008–2018) the number of new melanoma cases diagnosed annually has increased by 53%[40,41] and the number of melanoma cases diagnosed annually is increasing faster than for any other cancer. In 2015, melanoma caused 96,642 deaths globally and it is expected to grow to 136,175 deaths by 2030[42]. Early detection of melanoma is critical to improve survival rate. The estimated five year survival rate for patients whose melanoma is detected early is about 99% in the U.S. The survival rate falls to 63% when the disease reaches the lymphnodes and 20% when the disease metastasises to distant organs[43].

Melanoma incident cases are increasing. Across the eight major markets, the incidence of melanoma is expected to increase by an Annual Growth Rate ("**AGR**") of 3.0% from 2013–2023. GlobalData expects there to be nearly 87,900 cases in 2023, rising from just under 70,000 in 2013. This increase, coupled with an anticipated increase in branded therapy prescription, will drive the growth of the global melanoma market. By 2023, GlobalData projects melanoma sales to rise to USD 5.64 billion in the eight major markets, at a robust CAGR of 15.5%. In particular, GlobalData expects the 5EU (France, Germany, Italy, Spain and the UK) melanoma market to grow most rapidly, increasing to USD 2.01 billion (a 36% share) by 2023, at a robust CAGR of 18.3%.

Standard of care

The most common treatment of early stage melanoma is surgery, as the cancer is often easily accessible. Treatment of later stages of the disease (unresectable or metastatic malignant melanoma) usually involves drug treatments such as immunotherapy, targeted therapy or chemotherapy. Advances in the use of immunotherapy and targeted therapy have improved survival for many patients and are now the preferred choices for patients with metastatic malignant melanoma. Current options include CPIs (ipilimumab, nivolumab and pembrolizumab, or a combination of ipilimumab and nivolumab) and targeted therapies (vemurafenib, dabrafenib, trametinib and cobimetinib)

The choice of immunotherapy depends on the underlying driver mutation of the disease. Approximately one-half of metastatic melanomas contain a specific mutation in the BRAF gene. This mutation causes normal cells to become cancer cells. Dabrafenib and vemurafenib blocks this mechanism and makes the tumour shrink. For the remaining 50% of patients who do not have this mutation, chemotherapy has (until recently) been the standard of care as no targeted therapies have been available.

Recent development has shown that the clinical effect of CPIs is superior to both chemotherapy and targeted therapies. For patients with untreated metastatic malignant melanoma without the BRAF mutation, pembrolizumab, nivolumab and the combination of nivolumab and ipilimumab is standard of care in developed countries. These CPIs have entirely replaced chemotherapy for this patient group during the last years There is increased use of the combination ipilimumab and nivolumab because clinical effect is better than monotherapy treatment with anti-PD-1. Increased experience with the combination has led to earlier detection of safety signals which have made the safety profile of the combination more managable.

[40] Cancer Facts and Figures 2018. American Cancer Society. https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2018/cancer-facts-and-figures-2018.pdf, 31 May 2018
[41] Cancer Facts and Figures 2008. American Cancer Society. https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2008/cancer-facts-and-figures-2008.pdf, 31 May 2018
[42] http://www.who.int/news-room/fact-sheets/detail/cancer, 31 May 2018
[43] Cancer Facts and Figures 2018. American Cancer Society. https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2018/cancer-facts-and-figures-2018.pdf, 31 May 2018

For untreated patients with the BRAF mutation, both pembrolizumab, nivolumab and the combination of pembrolizumab and ipilimumab as well as personalised drugs targeting the driver mutation are standard of care. During the last few years, the number of patients treated with CPIs has increased. It is likely that most patients with untreated metastatic malignant melanoma will receive CPIs as standard of care in the next few years. For patients with BRAF mutation and fast growing tumor where fast tumor reduction is needed, it is likely that targeted therapy will be used for this group also in the future.

Despite introduction of CPIs in the treatment of melanoma, 50% of the patients with metastatic disease will progress and die within four years[44]. The large uncatered medical need and the increasing use of CPIs as standard of care makes metastatic melanoma a relevant indication for developing a therapeutic cancer vaccine.

7.4.2. Other tumors

Immunotherapy in cancer is intended to influence the immune system to control and/or kill tumour cells. At present, there are no good biomarkers for identification of patients where immunotherapy has long term effect. Results from finalised clinical trials indicate that within most cancer indications, there are subgroups of patients that experience a very positive effect from immunotherapy. There is also a large group of patients that have no or little effect from treatment and there is strong need for further clinical treatment options.

Given that immunotherapies intend to influence the immune system and not the tumour directly, there is now for the first time, an approved indication based on immune system relevant damages in the tumour cells (MSI-H/dMMR) in contrast to the tissue-based indications. The strategical direction for further development of immunotherapy against cancer as monotherapy and in combinations does however still seem to be in line with earlier principles of treatment indications based on the type of cancer (e.g. tissue specific). This opens for immunotherapy treatment in subgroups of patients across the oncology field, either as monotherapy or with different combination strategies. This way, a new treatment principle has been opened up with immunotherapy treatment due to a different mode of action and understanding of the impact of this is still unclear. Nevertheless, based on reported studies, it seems there is a large effect potential both in removing the breaks for the immune system and stimulating greater activity. The former can be achieved by agents such as check point inhibitors and the latter may be achieved with a therapeutic cancer vaccine.

[44] Keynote-006 Georgina V Long, et al, oral presentation ASCO, Chicago, US 2018

8. BUSINESS OF THE GROUP

8.1. Introduction

Ultimovacs is a research based pharmaceutical company, focused on developing cancer vaccines. Ultimovacs' lead product candidate is UV1, a peptide based therapeutic cancer vaccine that activates the immune system to recognize human telomerase reverse transcriptase ("**hTERT**"). hTERT is expressed at a high level in over 85% of human tumors. UV1 in clinical development is used in combination with checkpoint inhibitors.

Further, Ultimovacs is exploring the possible development of a first-in-class cancer vaccine solution utilizing the proprietary Tetanus-Epitope Targeting-platform ("**TET-platform**") technology. This project is currently in the pre-clinical stage.

8.2. Key strengths

Ultimovacs believes that a number of competitive strengths will enable successful commercialization of therapeutic cancer vaccines. These strengths include:

UV1 - universality and availability

- hTERT is expressed in more than 85% of cancer indications
- Long peptides with several epitopes allow presentation on multiple HLA alleles
- Promising clinical data from three completed Phase I/IIa clinical trials, including one combination trial with ipilimumab (anti CTLA-4) in malignant melanoma
- One ongoing phase I/IIa study in the US of UV1 in combination with anti-PD-1 in malignant melanoma
- Simple production, simple logistics, low manufacturing costs and easy administration

First-in-class product pipeline

- Proprietary TET technology represents new mechanism of action
- Immunization builds on the patients existing antibodies from common tetanus vaccination
- Allows incorporation of adjuvant and vaccine into one molecule

Proven, highly experienced management team

- Seasoned management team with a successful track record
- Industrial experience from research through to commercialization

8.3. Strategy

Ultimovacs is a pharmaceutical company developing cancer vaccines. Ultimovacs' mission is:

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

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

The lead product candidate, UV1, is a telomerase peptide cancer vaccine. Clinical studies have shown that the vaccine is able to induce long-lasting T cell responses against telomerase and has a favorable safety profile. Ultimovacs' strategy is to document the effect of UV1 in one or more randomized clinical trials in order to establish the basis for further development towards commercialization. Ultimovacs has chosen malignant melanoma as the lead indication for the further development of UV1. The following clinical trials are currently ongoing or under preparations:

- A study to document safety of the combination of UV1 and anti-PD-1 in metastatic malignant melanoma (ongoing)

- A randomized phase II clinical trial in first-line metastatic malignant melanoma to document the effect of UV1 in combination with anti-PD-1 and anti-CTLA-4 (under preparation)

Ultimovacs will pursue partnerships and clinical collaborations to evaluate UV1 in other indications and drug combinations. UV1's target antigen is expressed in most types of cancers. Over time, Ultimovacs will therefore seek to document clinical effect of the vaccine beyond malignant melanoma.

Beyond UV1, Ultimovacs is pursuing development of a first-in-class vaccine solution utilizing the proprietary Tetanus-Epitope Targeting-platform. A development program is initiated to take the pharmaceutical product to a decision point for clinical development.

8.4. History and important events

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

Year	Event
2010	Priority patent application filed. Innovation project started in Medinnova/Inven2.
2011	Company founded with Audun Tornes as CEO. Scientific advice meeting with the Swedish MPA supporting start of Phase 1. Manufacturing process developed for UV1 phase 1 study drug.
2012	Manufacture and documentation of study drug for clinical trials. Pre-clinical documentation. Compilation of documentation and filing of clinical trial applications. Øyvind Arnesen joined as CEO.
2013	Start of two phase I/IIa clinical trials (prostate cancer and non-small cell lung cancer). Filing of clinical trial application for phase I/IIa trial in malignant melanoma patients combining UV1 and ipilimumab.
2014	Recruitment Phase I/IIa trial in prostate cancer completed with 22 patients. Start of phase I/IIa trial in malignant melanoma combining UV1 and ipilimumab.
2015	Acquisition of UV1 patent application from Inven2. Phase I/II clinical trial in prostate cancer patients successfully completed with immune response in 82% of the patients. Recruitment Phase I/IIa trial in non-small cell lung cancer completed with 18 patients.
2016	Phase I/IIa clinical trial in non-small cell lung cancer successfully completed with immune response in 67% of patients. Recruitment of 12 patients in phase I/IIa in malignant melanoma trial combining UV1 and ipilimumab completed. Company moved to Oslo Cancer Cluster Incubator and established laboratory facilities. Patent application for UV1 in combination with an immune checkpoint inhibitor filed. Large scale GMP manufacture of UV1 established with Corden Pharma.
2017	Phase I/II clinical trial in malignant melanoma combining UV1 and ipilimumab successfully completed with immune response in 91% of patients. IND for clinical investigation UV1 in combination with pembrolizumab in patients with malignant melanoma opened in US. Results from prostate cancer trial published in Cancer Immunology and Immunotherapy. Results from clinical trials in non-small cell lung cancer and malignant melanoma presented at SITC and ESMO respectively. Manufacturing processes for UV1 peptides optimized towards commercial scale and efficiency.
2018	Start of phase I/IIa clinical trial in malignant melanoma patients with combination of UV1 and pembrolizumab. Acquisition of TET Pharma AB (located in Uppsala, Sweden) from Immuneed AB.

8.5. Overview of the Group's operations

8.5.1. Background to immune oncology and cancer vaccines

One of the major roles of the immune system is surveillance for cells that are in the process of becoming tumor cells, and the deletion of tumor cells that express molecules (antigens) that discriminate them from normal cells. Cancer occur when tumor cells acquire resistance mechanisms that allow them to avoid elimination by cells of the immune cells. A goal of cancer research has therefore been to find ways to enhance the immune system's ability to detect and destroy tumor cells, and

immunotherapy of cancer is now a clinical reality. Examples of cancer immunotherapies include cytokines, adoptive transfer of immune cells, oncolytic viruses, checkpoint inhibitors and anti-cancer vaccines.

Checkpoint inhibitors are the most established immune therapies used in the clinic today. The checkpoint inhibitors block resistance mechanisms that tumor cells develop to protect themselves from being eliminated by immune cells. These resistance mechanisms are the same mechanisms used by the body's normal tissues to maintain immune responses within an adequate physiologic range and to protect the tissues from autoimmunity. The way the immune checkpoint inhibitors block these regulatory mechanisms is by "releasing the breaks" on the immune system, thereby allowing tumor-specific immune cells to recognize and destroy cancer cells.

Many patients experience rapid and durable clinical benefit from therapy with checkpoint inhibitors, but the response rate varies between different types of cancer and among patients with the same type of cancer. One reason may be that response requires that cells of the immune system have encountered and been activated by tumor cells previously. In patients where the immune system has failed to respond to the tumor cells, or the induced immune response lacks certain characteristics, it is less likely that a benefit from checkpoint inhibition therapy will be achieved.

An alternative approach to "releasing the breaks" by immune checkpoint inhibition is to strengthen the ability of the immune system to mount a strong and durable immune response against tumor specific antigens. This can be achieved by e.g. cancer vaccines which amplify the pool of näive tumor-specific immune cells and re-activate existing tumor-specific immune cells. Different types of anti-cancer vaccines exist, including dendritic-cell vaccines, allogenic whole cell vaccines and protein- or peptide-based vaccines. Peptide based-cancer vaccines aims to strengthen the ability of the immune system to recognize and eliminate tumor cells by exposing immune cells to tumor antigens in the form of peptides. Specifically, these peptides activate tumor specific immune cells called T cells which have the capacity to induce long-term anti-tumor activity.

An important feature of a peptide vaccine is the source of the peptide used as antigen to stimulate the immune system. One approach is to use peptides from normal proteins that are overexpressed by cancer cells as antigens. Peptides derived from such proteins are applicable for multiple patients with the same cancer, and for several cancers of different types expressing the same proteins. There is then no need to screen for tumor or patient specific antigens before vaccination therapy is initiated.

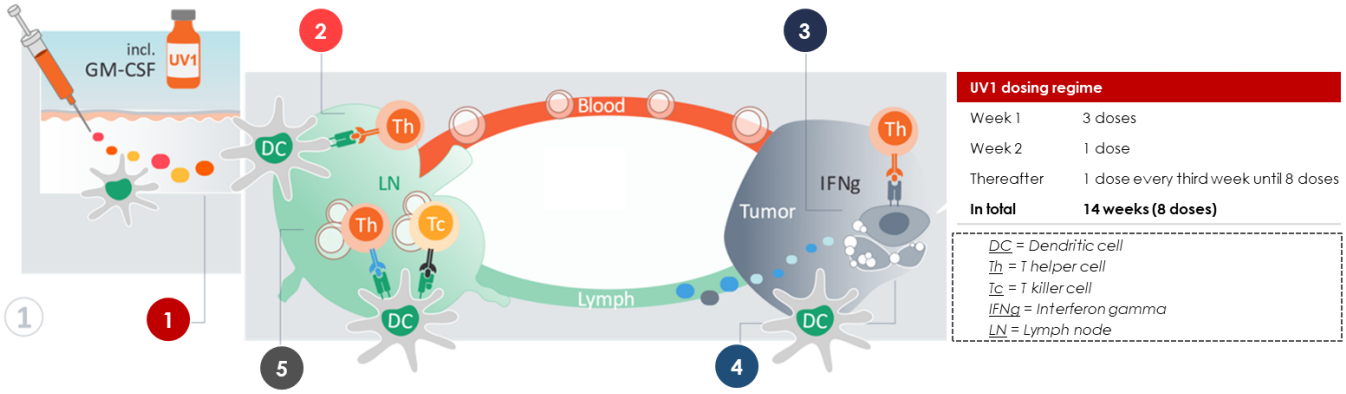
Cancer vaccines aim to amplify the pool of tumor-reactive T cells. Activation of CD8+ T cells was long regarded as the major antitumor mechanism of the immune system since CD8+ T cells can kill tumor cells. However, CD8+ T cell responses are usually weak because CD8+ T cells need help from CD4+ T cell to be activated, and to expand and generate immunological memory. This critical role of CD4+ T cells for induction of durable immune -mediated tumor control have only recently been truly appreciated. CD4+ T cells promote antitumor immunity by many different mechanisms, including co-stimulation, enhanced antigen presentation, T cell homing, and induction of CD8+ T cell anti-tumor response. CD4+ T cells also has the capacity to mediate direct tumor rejection through upregulation of MHC expression on tumor cells, and by direct cytotoxic effects. Hence, CD4+ T cells play a critical role in orchestrating an effective anti-tumor immune response, and activation of CD4+ T cells is now considered an essential feature of an effective cancer vaccine.

Cancer vaccines can amplify the pool of tumor-reactive T cells and trigger T cells specific for new tumor antigens. T cells induced by vaccination will, however, be affected by intrinsic immune suppression mechanisms that maintain immune responses within a adequate physiologic range. A vaccine induced T cell response will also be damped by resistance mechanisms developed by the tumor to protect themselves from elimination by the immune system. Immune checkpoint inhibitors can block both intrinsic immune suppression mechanisms and and tumor resistance mechanisms. Therefore, if used in combination, checkpoint inhibitors and cancer vaccines can mutually influence each other's mode of action and has the potential to provide synergistic immunological efficacy expected to transfer into clinical benefit.

8.5.2. The UV1 vaccine

UV1 is a second-generation peptide-based therapeutic cancer vaccine consisting of three synthetic peptides (one 30-mer and two 15-mer) representing fragments of the naturally occurring human telomerase reverse transcriptase subunit (hTERT). The mode of action of UV1 is to activate the immune system to induce T cells that recognize hTERT. The efficacy of the vaccine is mediated through these cells which have the potential to trigger a strong anti-tumor response, including activation of cytotoxic CD8+ T cells specific for a range of tumor antigens as well as other immune cells, and to kill tumor cells directly.

Figure 8.5.2: UV1 – Mode of of Action



1. UV1 is injected intradermally, taken up by dendritic cells and transported to lymph node
2. In the lymph node UV1 epitopes are presented to T-cells and T-cells are clonally expanded
3. T-cells migrate in blood to tumor and enter the tumor if microenvironment is acceptable. T-cells will kill cancer cells presenting UV1 epitopes. The UV1 T-cells produce several molecules (IFNg, IL-2 and TNF-alfa) generating an optimal environment for immune-mediated killing of cancer cells and formation of memory T-cells
4. Neoantigens from dead tumor cells are taken up by dendritic cells and transported to lymph node
5. T-cells recognizing neoantigen epitopes are clonally expanded and migrate to tumor

Source: Company

8.5.2.1 Key characteristics of the UV1 vaccine
Universal and essential antigen

UV1 consists of three peptides of the naturally occurring human telomerase reverse transcriptase (hTERT) which is expressed at high levels in more than 85% of human tumors, but only sparsely in normal tissues. TERT is one of two major components of the enzyme telomerase which maintains telomere length in dividing cells. Telomerase expression is fundamental for the ability of cancer cells to undergo the unlimited rounds of cell divisions and therefore essential for the immortality of cancer cells. Since telomerase is an essential enzyme and universally expressed by most tumor types, it represents a unique cancer antigen as a basis for immunotherapy.

Highly immunogenic vaccine peptides

The peptides of the UV1 vaccine have been selected based on clinical data and analyses of blood samples collected from patients treated with an unrelated first-generation hTERT vaccine. Amongst the patients that responded immunologically to this vaccine, the long-term survivors had T cells in their blood specific for several hTERT peptides that were not part of the vaccine given. T cell responses against these peptides were not seen in patients who responded immunologically to the vaccine but did not obtain clinical benefit from the vaccination. Based on this, three long peptides that were most frequently recognized by the immune system of the long-time survivors of cancer were selected for the UV1 vaccine. The fact that T-cell responses against these peptides were only observed in patients with an extraordinary clinical course indicates that they could be responsible for tumour eradication in these patients. It was hypothesized that active immunization with the peptides selected for the UV1 vaccine would be more likely to induce clinically relevant immune responses in a high number of patients and thus result in prolonged survival in a high proportion of patients. The clinical testing of UV1 has shown that vaccine specific immune responses occur in 78% of vaccinated patients across different cancer types.

Broad population coverage in HLA unselected patients

UV1 consists of three long peptides shown to contain multiple T cell epitopes, allowing the immune system to "select" and present the epitopes that fit with the HLA type of the vaccinated patient. Analyses of numerous patients' samples indicated that there is no HLA bias and that immune responses against the vaccine peptides occur across multiple HLA allele types, indicating that the peptides are promiscuous with respect to HLA. Thus, the long peptides comprising the UV1 vaccine

ensure broad population coverage in HLA-unselected patients, indicating that UV1 is universally applicable to the general population without prior HLA-screening.

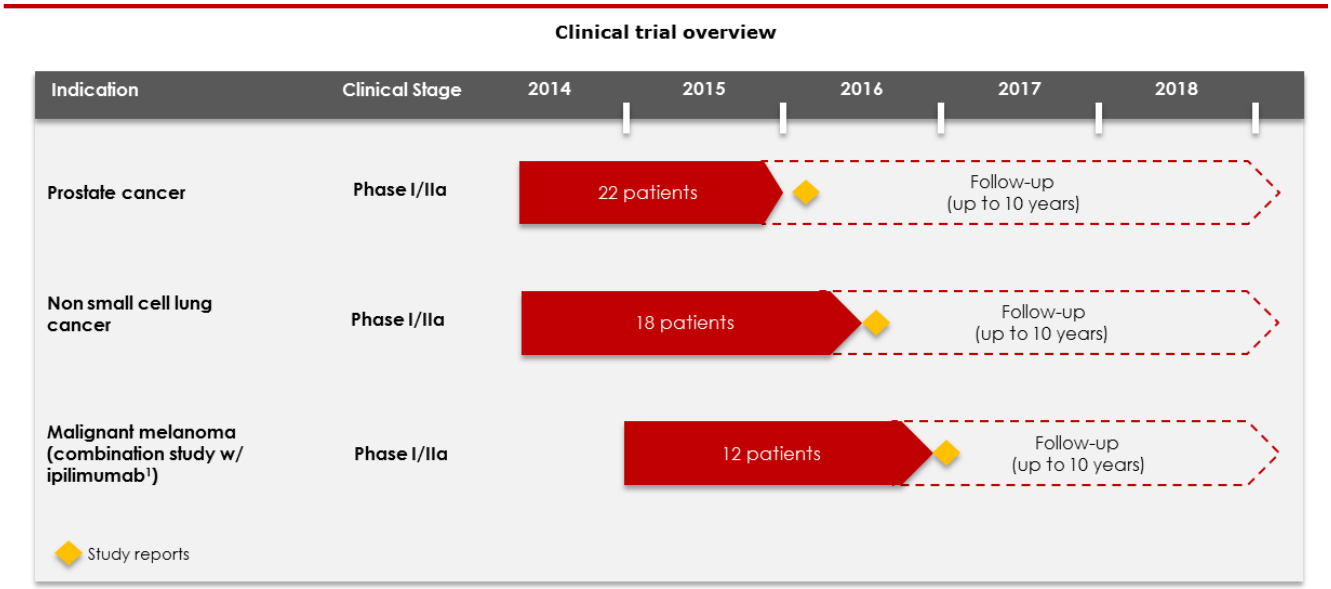
Induction of CD4+ T cells

UV1 contains three long peptides and consequently induce hTERT specific CD4+ T cells producing cytokines associated with T helper cell type 1 (Th1) immune responses (i.e. secretion of interferon gamma, tumor necrosis factor alpha and interleukin-2) necessary for triggering a strong anti-tumor immune response including expansion of secondary effector cells. CD4+ T cells promote anti-tumor immunity through several mechanisms, including co-stimulation, enhanced antigen presentation, T cell homing and induction of CD8+ anti-tumor T cell response. CD4+ T cells also have the capacity to mediate direct tumor rejection through upregulation of MHC expression on tumor cells and by direct cytotoxic effects on tumor cells. The important role of CD4+T cells in orchestrating an effective anti-tumor response have only recently been truly acknowledged and now, activation of CD4+ T cells is considered an essential feature of an effective cancer vaccine.

8.5.3. Clinical development of UV1 – Completed clinical trials

UV1 was brought into clinical development in April 2013. Fifty-two (52) patients have been treated with UV1 in three clinical trials in prostate cancer (N=22), non-small cell lung cancer (NSCLC) (N=18) and malignant melanoma (N=12).

Figure 8.5.3: UV1 clinical trials completed to date



Source: Company

8.5.3.1 Studies UV1/hTERT-2012-P, UV1/hTERT-2012-L and UV1/hTERT-MM

The primary objectives of study UV1/hTERT-2012-P (hormone-sensitive metastatic prostate cancer), study UV1/hTERT-2012-L (non small cell lung cancer (NSCLC)) and study UV1/hTERT-MM (malignant melanoma (MM)) were to assess the safety and tolerability of UV1 and to assess immunological response to the vaccine. A secondary objective of the studies was to select the dose of UV1 for further clinical development.

Three different dose levels of UV1 were investigated in the prostate cancer and NSCLC studies (100, 300 and 700 µg). In the malignant melanoma study, 300 µg UV1 was given in combination with ipilimumab. UV1 is being developed with GM-CSF as vaccine adjuvant. GM-CSF was given as a fixed dose at 75 ug per injection.

The study design and key study results of the three completed phase I studies with UV1 to date are illustrated in figures 8.5.3.1 a-c below.

Figure 8.5.3.1(a): Phase I/IIa Study in Metastatic Malignant Melanoma

Study design	Single arm / Single center (The Norwegian Radium Hospital)
Inclusion	12 Patients
Treatment	Ipilimumab / UV1 (dose 300 µg) + GM-CSF
Treatment period	Max 9 doses / 5 months
Endpoints	Safety, immune response, PFS, OS

Diagnosis → 8 patients 1st line / 4 patients 2nd line → UV1 / ipilimumab

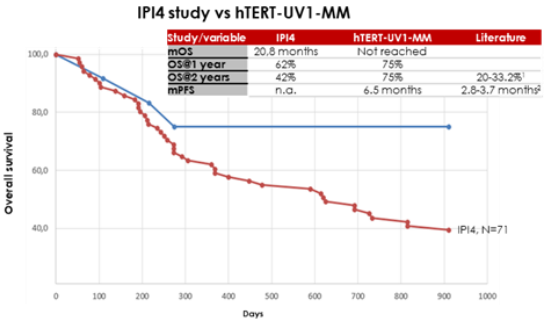
Inclusion

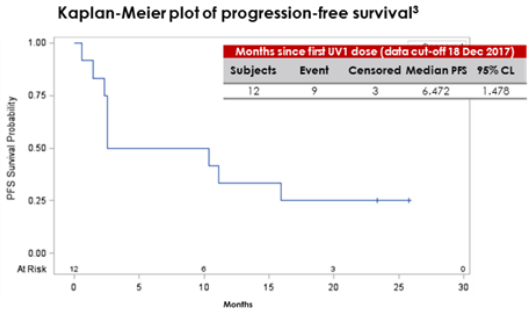
Endpoint readout

Immune response	91% of patients
Safety	The study treatment is safe and well tolerated
mPFS	6.5 months (historical control mPFS 3-4 months)
mOS	Not reached, 75% at 2 years (historical control 6-15 months) and 67% at 3 years

Conclusion

- The UV1 safety profile is beneficial, and the treatment is safe and well tolerated among patients receiving up to nine vaccinations.
- Overall survival showed promising results with 75% 2-year survival, indicating that median OS is higher than 30 months, albeit on a small sample size
- Median progression-free survival was 6.5 months
- Immune response was recorded in 10 of 11 patients (technically not possible to measure 12th patient)





8.5.3.1(b): Phase I/IIa Study in Non Small Cell Lung Cancer

Study design	Single arm / Single center (The Norwegian Radium Hospital)
Inclusion	18 Patients
Treatment	UV1 + GM-CSF, dose escalating: 100 / 300 / 700 µg
Treatment period	Max 18 doses / 1 year and 9 months
Endpoints	Safety, immune response, PFS, OS

Diagnosis → Earlier lines of chemo- and /or radiotherapy → SD > 4 weeks → UV1

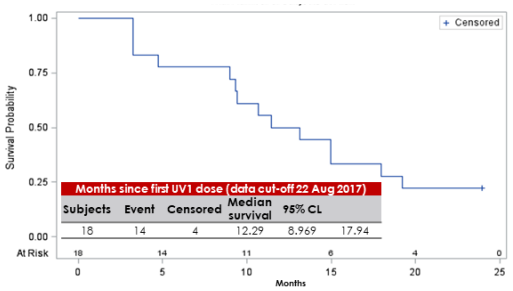
Inclusion

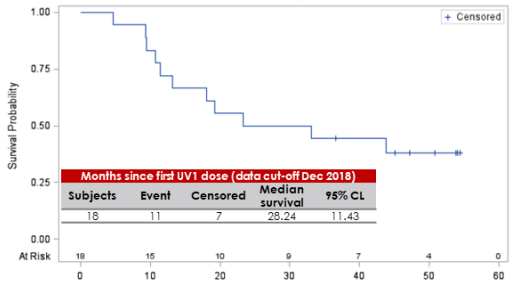
Endpoint readout

Immune response	67% of patients
Safety	The study treatment is safe and well tolerated
mPFS	12.3 months (PD-1 inhibitors mPFS 3.5-5.5 months[2])
mOS	28.2 months (PD-1 inhibitors mOS 10-14 months[2])

Conclusion

- The study treatment is safe and well tolerated in patients with NSCLC
- The immune response and survival results indicate that there may be a dose relationship of UV1 with 700 µg being the best dose





8.5.3.1(c): Phase I/IIa Study in Hormone-Sensitive Metastatic Prostate Cancer

Study design	Single arm / Single center (The Norwegian Radium Hospital)
Inclusion	22 Patients
Treatment	UV1 + GM-CSF, dose escalating: 100 / 300 / 700 µg
Treatment period	Max 18 doses / 2 years
Endpoints	Safety, immune response, OS

Endpoint readout

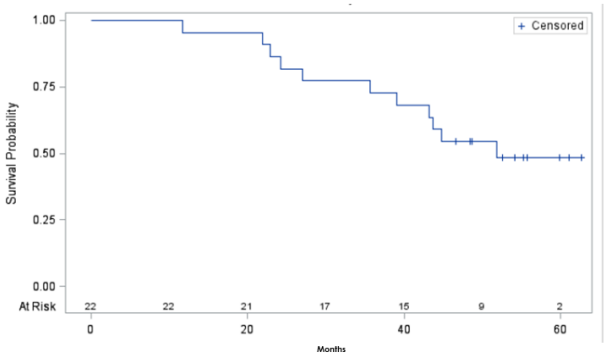
Immune response	82% of patients
Safety	Four SAEs, allergic reactions
mOS	Estimated 51.8 months

Conclusion

- The study treatment is safe and well tolerated
- 8 of 22 patients with normal PSA levels and no clinical signs of cancer after 4.5 years

Kaplan-Meier plot of overall survival[1]

Months since first UV1 dose (data cut-off May 2018)				
Subjects	Event	Censored	Median survival	95% CL
22	11	11	51.84	36.65

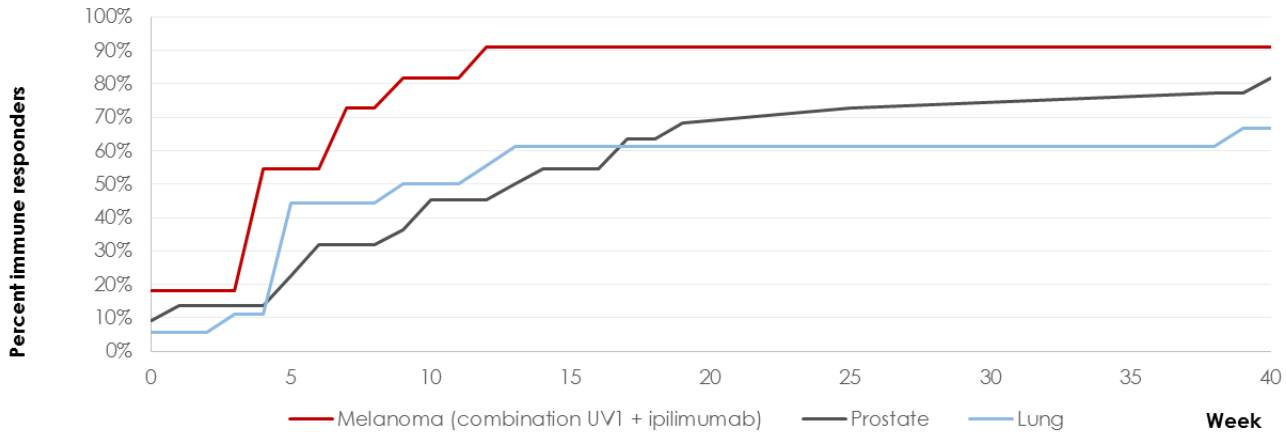


Summary of results from completed clinical studies with UV1

Vaccine specific immune response:
78% (range 67-91%) of patients across the three studies responded immunologically to the vaccine. UV1-specific immune response was measured in terms of T-cell proliferation and IFN-γ production by standard immune-monitoring protocols. 91% of malignant melanoma patients treated with UV1 and ipilimumab (CTLA-4 checkpoint inhibitor) responded immunologically to the vaccine. The responses appeared earlier and required fewer vaccinations compared to vaccination with UV1 alone (Figure 8.5.3.1.d). This data is compatible with a mechanism of action where blocking CTLA-4 checkpoints induce additional expansion of UV1 specific T-cells induced by UV1 vaccination.

Figure 8.5.3.1(d): Vaccine specific immune response

Response curves – fraction of T-helper cell immune responders[1]



1: Reflects accumulated immune responses over time, including patients with immune response at baseline
Source: Company

Clinical efficacy:
NSCLC: Median Progression free survival (PFS) =12 months. Median overall survival (OS) = 28.2 months. Historical control data (docetaxel) gives median OS = 9 months, median PFS = 4 months.

Prostate cancer: Median overall survival not reached. Survival at 2 years = 86% and at 3 years = 73%.

Malignant melanoma: Median PFS = 6.5 months. Median OS not reached. Survival rate at 2 years = 75% and survival rate at 3 years = 67%. Historical control data (Ipilimumab monotherapy): Median PFS = 3-4 months, Median OS = 6-15 months. Survival at 2 years = 15-25%.

Safety:

UV1 is generally well tolerated and no dose limiting toxicities have been observed.
Injection site events, including pruritus (54%) and erythema (19%), and injection site reaction, pain and rash (<10% for each event). Other common related adverse events were pruritus (23%), fatigue (15%) and diarrhea (12%). Six patients (12%) experienced six serious adverse events that were related to UV1 and/or GM-CSF. Five events in five patients (10%) were serious allergic reactions occurring within 3-30 minutes after UV1 injection following a minimum of 9 UV1 and GM-CSF doses. All events resolved without sequelae.

Dose of UV1:

There is no clear correlation between the immune response rate and the dose of UV1 across the three completed studies with UV1. There is no clear correlation between the rate of immune responses against UV1 and clinical response. Among patients reporting serious allergic reactions, three were in the 700 µg UV1 dose group and two were in the 300 µg dose group.

Patients treated with UV1 in the Phase I studies in NSCLC, prostate and malignant melanoma have been included in a follow-up study for registration of survival, presence of immune response and subsequent anticancer treatment for up to 10 years after receipt of first UV1 dose.

Conclusion drawn from completed studies with UV1

UV1 is safe, well tolerated and induces vaccine specific IR in a large proportion of patients across different types of cancer and HLA allele types, supporting the universality of the vaccine. Signals of clinical efficacy compare well with historical control data. When combining UV1 with the anti-CTLA-4 checkpoint inhibitor ipilimumab, 91% of malignant melanoma patients developed an immune response. The responses appeared earlier and required fewer vaccinations compared to what was seen in the prostate and NSCLC studies where UV1 was given as monotherapy. This data is compatible with a mechanism of action where blocking CTLA-4 checkpoint induces additional expansion of hTERT specific T-cells. Efficacy data from the melanoma study gave a median PFS of 6.5 months and a 3 year survival rate of 67%. These results compare favorably with historical control data with Ipilimumab monotherapy (Median OS = 6-15 months, median PFS = 3-4 months and a 2 year survival = 15-25%), and with results from the Ipi-4 study (18 months survival rate = 42%).

The totality of pre-clinical and clinical data from studies with UV1 were used as documentation for an application for an IND under FDA for malignant melanoma including a study protocol for phase I/II study of UV1 in combination with anti-PD-1 in advanced or metastatic malignant melanoma. The IND application was approved on 28 July 2017 (IND17546). The phase I/II a study UV1/hTERT-103 investigating UV1 in combination with anti-PD-1 was initiated in July 2018.

8.5.4. Acquisition of TET Pharma AB (renamed to Ultimovacs AB)

On 11 July 2018, the Company completed the acquisition of the immunotherapy technology business of Immuneed AB ("**Immuneed**" and the transaction is referred to as the "**Acquisition**").

Structure of the Acquisition

The Acquisition involved the transfer of Immuneed's immunotherapy technology business from Immuneed to a newly established Swedish limited liability company, TET Pharma AB ("**TET Pharma**"), pursuant to an asset transfer agreement dated 10 July 2018 and the subsequent purchase by the Company of 100% of the issued shares of TET Pharma from Immuneed pursuant to a share purchase agreement dated 10 July 2018 (the "**TET Pharma Shares**").

The total purchase price for the TET Pharma Shares was approximately NOK 50,446,732 and was a combination of cash and shares of the Company. SEK 5,000,000 (corresponding to NOK 4,631,500) was provided in cash and 34,656 new shares of the Company were issued to Immuneed (corresponding to a value of NOK 45,815,232).

TET Pharma, renamed Ultimovacs AB following the Acquisition, is now a wholly owned subsidiary of the Company incorporated in Sweden (the "**Subsidiary**").

The TET technology
The proprietary and patent-protected Tetanus-Epitope Targeting-platform (TET-platform) is based on a license agreement with the Leiden University Medical Centre. Ultimovacs believes that the TET-platform can complement the vaccine technology of Ultimovacs. The TET-platform technology offers a solution to the challenge of administering vaccine adjuvant and vaccine peptides separately.

The personnel of the Subsidiary
The Subsidiary currently has a Managing Director, Gunilla Ekström, and the Chief Development Officer for the entire Group, Sara Mangsbo.

8.6. Research and development

8.6.1. Introduction

Ultimovacs' projected development plan for UV1 aims to document the effect of UV1 in one or more randomized clinical trials in order to establish the basis for further development towards commercialization. The following clinical trials are currently ongoing or under preparations:

- A phase I study to document safety of the combination of UV1 and anti-PD-1 in metastatic malignant melanoma (ongoing)

- A randomized phase II clinical trial in first-line metastatic malignant melanoma to document the effect of UV1 in combination with anti-PD-1 and anti-CTLA-4 (under preparation)

The rationale for selection of metastatic malignant melanoma as the preferred indication for UV1 development is that metastatic melanoma has proven to harbor characteristics that make the tumor susceptible to immune therapy. Since the response to checkpoint inhibition in this indication is well established, it is expected that the introduction of a vaccine approach to this will produce discernible results which can be attributed to the vaccine. The projected development plan for UV1 aims to build on the signals of synergistic activity of UV1 and checkpoint therapy observed in the phase I study investigating the use of UV1 in combination with anti-CTLA-4 in patients with malignant metastatic melanoma. Although checkpoint inhibitors provide clinical benefit to many patients, the majority of patients with metastatic malignant melanoma do not obtain durable tumor control from the checkpoint therapy and there is therefore still a large unmet medical need in this indication. Presently, the drug horizon showcase does not foresee any rapidly projecting new drug expected to obtain marketing approval for metastatic malignant melanoma, meaning that for this patient group, the standard treatment will be anti-PD-1 monotherapy or anti-PD-1 plus anti-CTLA-4 combination therapy during the next years. From a business perspective, this optimizes the opportunity to execute and complete clinical studies in this indication with the objective of documenting the clinical benefit of UV1 vaccination.

Ultimovacs aims to pursue academic and industrial partnerships for the evaluation of UV1 in new indications, new combinations and in earlier stage disease settings.

Further CMC development of the UV1 drug product is planned to run in parallel with the clinical development plan.

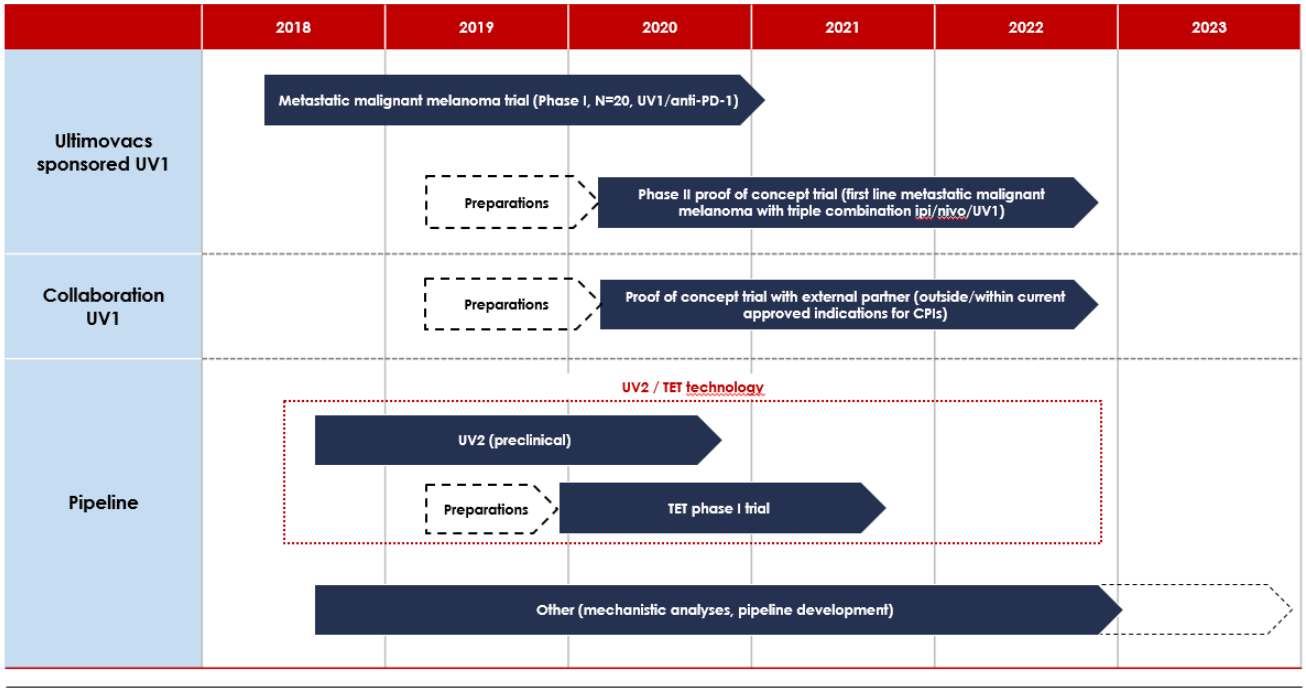
Planned research activities include preclinical development of the TET platform technology and pipeline development. The TET platform addresses the general challenge of so called "adjuvants" that enhance the desired response of the immune system to a vaccine. Design and development of new molecules that enable a combination of the adjuvant and peptides has started.

For information on the amount spent by the Company on research and development activities in the years ended 31 December 2018, 2017 and 2016, please refer to section 11.3.

8.6.2. Projected clinical development plan for UV1

The projected clinical development plan for UV1 is illustrated in figure 8.6.2 (a).

Figure 8.6.2 (a): Projected development plan



Ultimovacs intends to document the effect of UV1 based on data from the ongoing phase I study investigating the safety and tolerability of UV1 in combination with anti-PD-1 in metastatic malignant melanoma and a planned randomized phase II study investigating UV1 in combination with anti-PD-1 plus anti-CTLA-4 in the same indication (intended study initiation in Q1 2020).

The rationale for the combination of UV1 with anti-PD-1 and anti-PD-1 plus anti-CTLA-4 in metastatic malignant melanoma is that the current standard of care for patients with metastatic malignant melanoma without targetable genetic aberrations is anti-PD-1 (pembrolizumab/nivolumab) and anti-PD-1 plus anti-CTLA-4 (nivolimab plus ipilimumab). The approved use of pembrolizumab for this patient group is based on the result of the pivotal KEYNOTE-006 study where a statistically significant improvement in progression free survival (PFS) and overall survival (OS) were demonstrated with pembrolizumab when compared to ipilimumab in patients with metastatic malignant melanoma. The approved use of nivoluman plus ipilimumab for this patient group is based on the result of the pivotal CheckMate-067 study where a statistically significant improvement in progression free survival (PFS) and overall survival (OS) were demonstrated with nivolumab and nivolumab plus ipilimumab when compared to ipilimumab in patients with metastatic malignant melanoma.

Despite the developments in treatment of patients with malignant melanoma with immunotherapy, the majority of the patients will not become long term survivors. Many patients do not respond to the treatment and tumor escape mechanisms are a challenge. Anti-PD-1 and anti -CTLA-4 therapy are primarily effective in tumors with pre-existing T cells and responses may therefore be limited by the size of the pool and specificity of pre-existent T cells. There thus remains a need for development of new treatment options with the potential to provide extended progression free survival and overall survival in a larger proportion of malignant melanoma patients.

The studies on UV1 in combination with anti-PD-1 and anti-CTLA-4 will investigate the potential of UV1 to augment the size of the pool and the specificity of tumor specific T cells in patients with limited or insufficient numbers of T cell clones spontaneously primed by tumor antigens. UV1 can provide a broader repertoire of T cells for anti-PD-1 and anti-CTLA-4 to work on. When used in combination, UV1 and anti-CTLA-4 and/or anti-PD-1 have the potential to entail synergetic immunological activity expected to transefer into increased clinical benefit in a larger proportion of patients with metastatic malignant melanoma.

The objectives of the two studies on UV1 in combination with anti-CTLA-4 and/or anti-PD-1 in metastatic malignant melanoma include obtaining efficacy and safety data on the combination therapy. The experimental objective of these studies is to establish a relevant biobank of patient material for characterization of the immunological response and changes in the

tumor milieu promoted by UV1 induced T cells. The design, statistical considerations and endpoints of the ongoing phase I and planned phase II trial on UV1 are described below.

Ongoing phase I study of UV1 in combination with anti-PD-1 in patients with metastatic, malignant melanoma: This study is a phase I, open label, multicenter study investigating the tolerability and efficacy of the UV1 vaccine in first-line malignant melanoma patients planned for treatment with pembrolizumab.

The main objective of the study is to evaluate the safety and tolerability of the UV1 vaccine in patients receiving concurrent treatment with pembrolizumab.

The immune response to the UV1 peptides and the clinical effect of the combination treatment are also recorded. The clinical effect/tumour response will be measured by response rate, progression free survival and overall survival. In addition, exploratory assessments will be performed on the biobanked tissue and blood samples collected from the patients.

The study is currently conducted at four different university hospitals in the US:

- Huntsman Cancer Institute (HCI), Salt Lake City
- St. Luke's University Health Network, Bethlehem
- The University of Iowa Hospitals and Clinics, Iowa City
- John Wayne Cancer Institute, Santa Monica

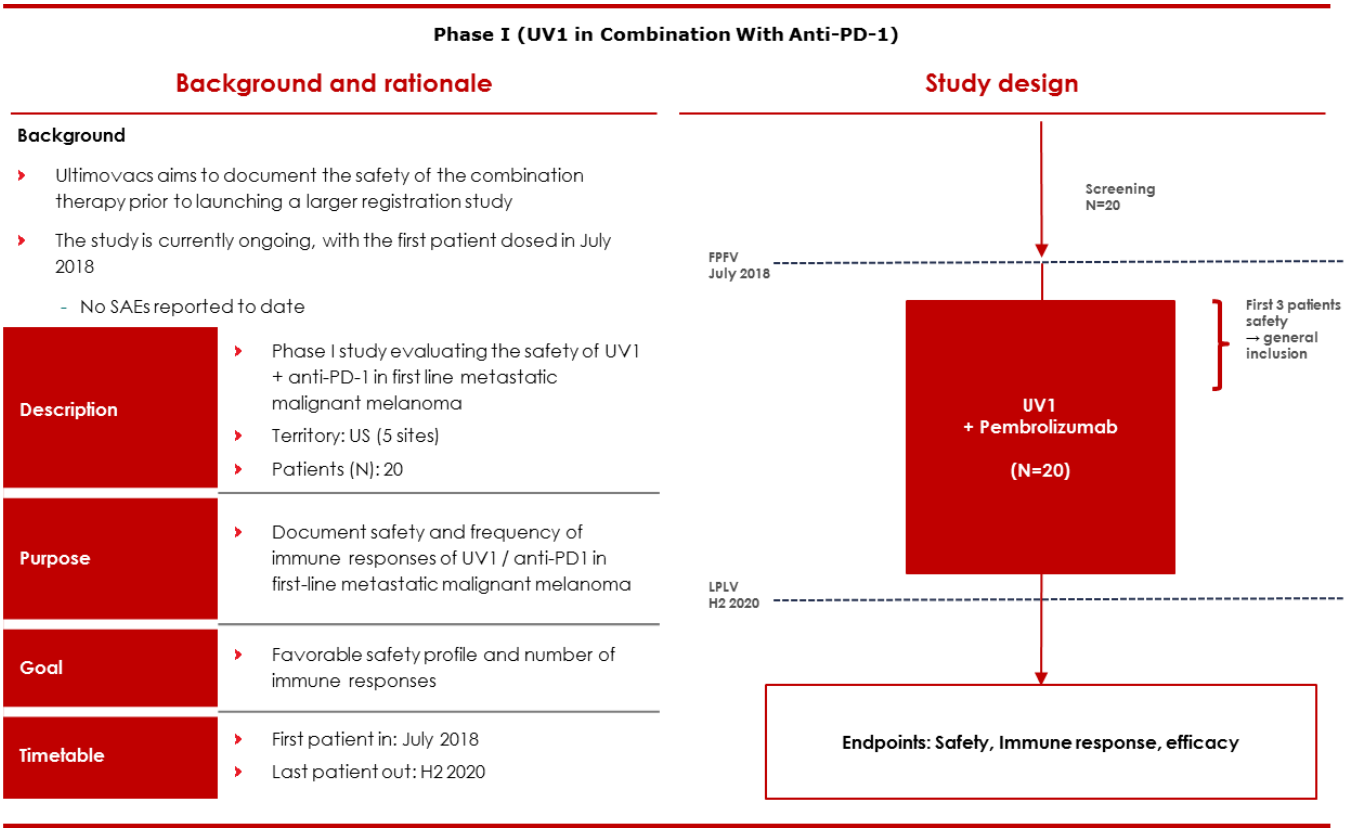
The Group is evaluating whether one or more sites should be added. It is planned to enroll 20 patients into the study. The FDA required a staggered enrollment of the first 3 patients, meaning that the first patient had to complete a full treatment of UV1 (8 doses/14 weeks) in combination with pembrolizumab without any safety issues arising following treatment before the next two patients were permitted to enroll in parallel and receive 5 doses of UV1 in combination with pembrolizumab. The study will be open for full enrollment if no safety issues are identified in these latter two patients.

The patients will continue on pembrolizumab treatment (according to the pembrolizumab label) after completion of UV1 dosing, subject to such determination by the treating physician. All patients will be followed up for approximately two years after the first UV1 dose. During the second year, patient follow-up may be performed through telephone communication.

The first patient was enrolled in July 2018 and the planned enrolment completion is by Q2 2019. As of 18 February 2019, the study was opened for full enrollment based on satisfactory safety observations of the first 3 patients. As of 14 May 2019, 11 patients have been enrolled in the study. Four out of these eleven patients have completed the UV1 treatment period. No safety issues related to UV1 have been reported in this study as of 14 May 2019.

This phase I trial will provide safety data on the UV1-pembrolizumab combination which will be a part of the basis for starting the planned randomized phase II clinical trial in malignant melanoma.

Figure 8.6.2(b): Study design – Phase I trial (UV1 in Combination With Anti-PD-1)



Planned phase II study of UV1 in combination with anti-PD-1 and anti-CTLA-4 in patients with unresectable or metastatic malignant melanoma

Study synopsis:

This study is an open-label, multicenter study comparing efficacy and safety of the vaccine UV1 in combination with anti-PD-1 (nivolumab) plus anti-CTLA-4 (ipilumamab) versus anti-PD-1 (nivolumab) plus anti-CTLA-4 (ipilimumab) as first-line treatment of patients with unresectable or metastatic melanoma.

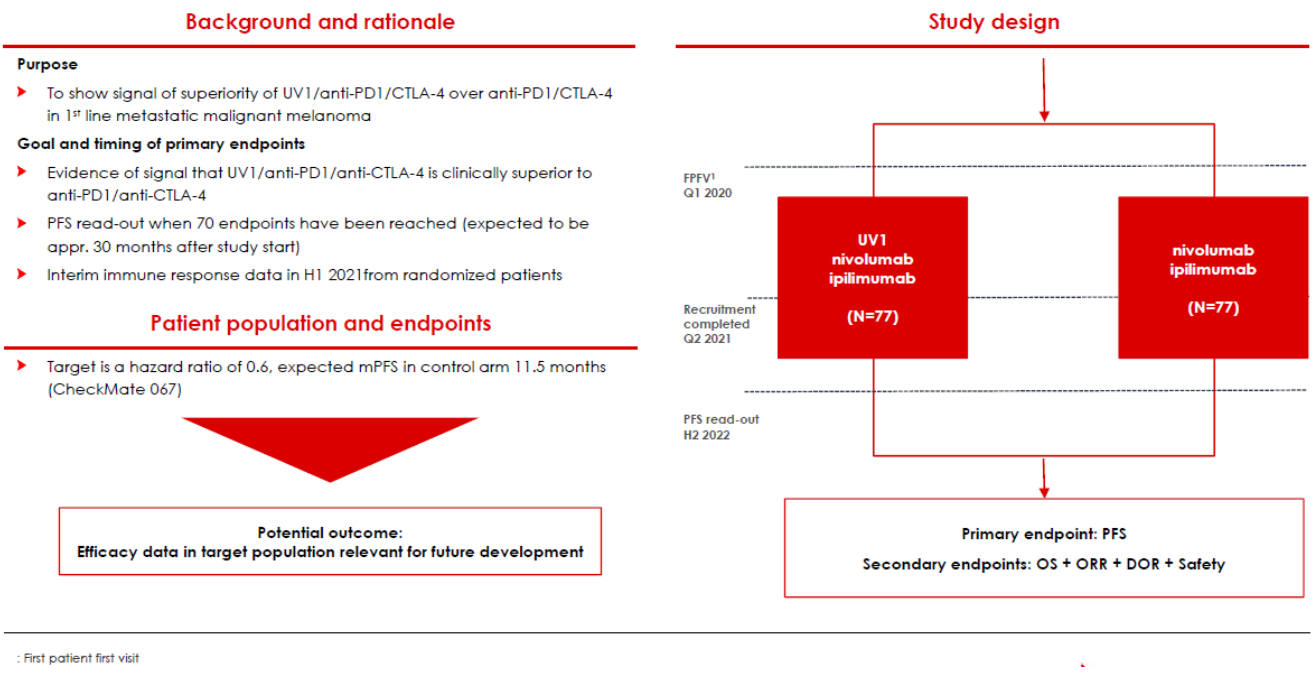
The main objective is to assess progression free survival (PFS).

Secondary endpoints are overall survival, objective response rate, duration of response and health related quality of life. Part of the study involves characterizing immunological mechanisms induced in blood and tumor and changes in the tumor following combined immune activation and check-point inhibition therapy.

The detailed study design is still under development. The current plan is to include 154 patients. The patients are planned to be randomized at 25 hospitals in the US and Europe. The planned inclusion of the first patient is during the first quarter of 2020 and the total duration of the study is planned with a duration of between 2.5 to 3 years.

Patients will be randomized to receive i.) UV1 in combination with nivolumab plus ipilimumab, or ii.) nivolumab plus ipilimumab for a period of approximately 3 months. Following the treatment period, patients will continue to receive nivolumab as maintenance therapy in both treatment arms at the investigator discretion. During this period, patients will be closely monitored for disease progression and survival.

Figure 8.6.2(c): Study design – Phase II trial in malignant melanoma



8.6.3. Projected CMC development for UV1

The Group has entered into contract-manufacturing agreements for UV1 with the Corden Pharma Group in Switzerland and Italy for development, manufacturing and quality control of active pharmaceutical ingredients and drug products, respectively. Through these agreements, the Group retains strategic control of the manufacturing processes. Further CMC development and documentation of the UV1 active pharmaceutical ingredients and drug product is planned to run in parallel with the clinical development plan. Synthesis of the active pharmaceutical ingredients that constitute UV1 is developed to commercial scale, while UV1 drug product manufacturing will be scaled up.

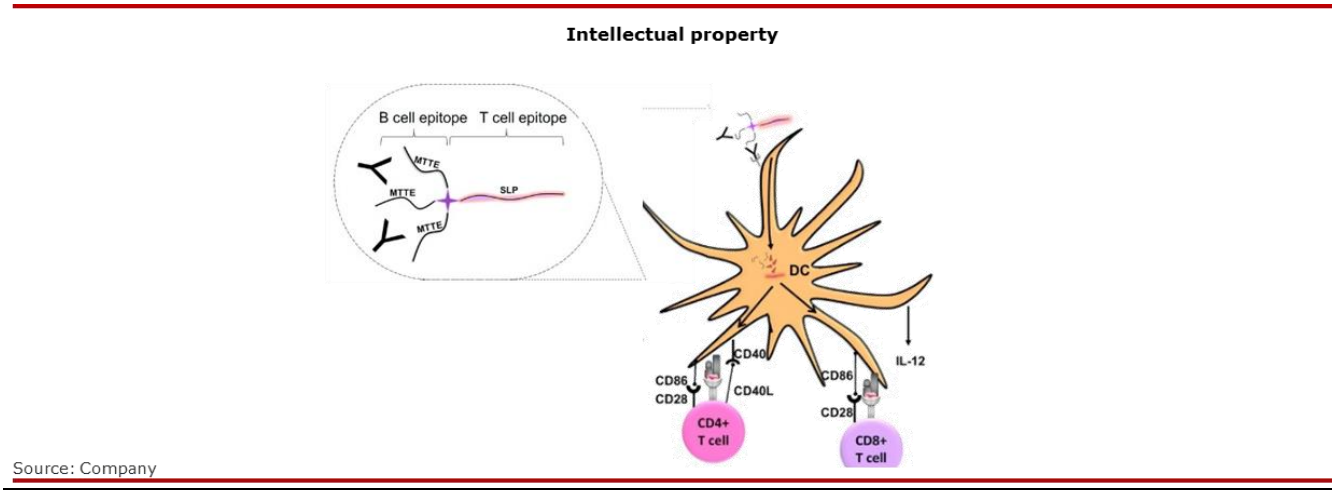
8.6.4. Research activities and pipeline development

Ultimovacs actively seeks to broaden its pipeline of drug/technology candidates. The pipeline R&D activities focus on development of the TET platform technology and on development of new molecules and technologies based on, for example, biobanked material from the ongoing and planned clinical studies conducted with UV1.

Development of the TET platform technology (UV2)

Ultimovacs is currently evaluating a novel strategy for improvement of therapeutic synthetic long peptide (SLP) vaccination based on the proprietary TET technology. The core element of the TET platform technology is a tetanus toxin peptide sequence containing a B cell epitope that mediates formation of immune complexes in the presence of circulating pre-existing antibodies against the common tetanus toxin. Immune complexes provide potent activation of cellular immune responses by facilitating the active uptake of antigens into antigen-presenting cells. Since the tetanus toxin epitope can be conjugated to synthetic long peptides, the TET platform technology offers a solution to the challenge of administering vaccine adjuvant and vaccine peptides separately. The project represents a novel mechanism of action and is currently in preclinical development.

Figure 8.6.4: TET platform technology illustration



New molecules and technologies

Ultimovacs is in the possession of a biobank containing blood samples and tumor tissue collected during the completed and ongoing clinical trials with UV1. The biobank will be extended to also include samples collected during the ongoing fhase I study on UV1 in combination with anti-PD-1, and the planned phase II study on UV1 in combination with anti-PD-1 plus anti-CTLA-4in malignant melanoma. An extensive research activity plan is linked to the clinical trials on UV1 with the objective to obtain mechanistic understanding of the mode of action of the vaccine induced T cells supporting decision-making regarding the further clinical development of UV1. By way of elucidating the mechanism of action of the UV1 induced immune response, the biobanked material may serve as a basis for IP on new T-cell based technologies to be developed within Ultimovacs or to be licensed out to other pharma partners. In this regard, Ultimovacs is one of seven partners in a EUROSTAR founded consortium aiming to develop a tool for immune response monitoring over time during treatment with cancer vaccines.

Ultimovacs actively searches for new, interesting drug candidates/technologies under development outside Ultimovacs and aims to broaden its pipeline by collaborating with academic and pharmaceutical partners on new development projects.

8.7. Intellectual property

Below is an overview of the Group's patents and patent applications.

	Patent / patent application	Priority date	Status	Area covered	Geographic area	Expiry date
1	EP10250265.5	16 Feb 2010	Granted/ pending	UV1 composition of matter, the nucleic acid sequences coding for the vaccine peptides, as well as use of the vaccine for treatment of cancer.	Patent granted in USA, Japan, Russia, and China and pending in EPO[1], South-Korea and India. Divisional applications are filed.	2031 (unextended)
2	EP16172760.7	2 June 2016	Pending	UV1 in combination with a immune checkpoint inhibitor, including combined treatment with UV1 and ipilimumab.	Filed in US, Europe, Japan, Australia, and Canada.	2037 (unextended)
3	EP10156505	15 March 2010	Granted/ pending	Composition of matter and method of use for an immunogen comprising a peptide derived from tetanus toxin.	Patent granted in USA and EPO[1], pending in Canada.	2031 (unextended)

[1] Member states of the European Patent Organisation.

The ownerships of the above mentioned patents and patent applications 1 and 2 related to UV1 are held by the Group. Patents and patent applications 3 related to certain potential pipeline products are licensed from Leiden University Medical Centre.

The Group's success will depend, to a large extent, on its ability to obtain, maintain and enforce patent and other proprietary protection for commercial technology. Inventions and expertise related to its business as well as defend and enforce its patents and other proprietary rights of third parties are equally important. Intellectual capitals is a key factor for continuing technological innovation as well as develop, strengthen and maintain the Group's proprietary position in the field of cancer vaccines. The Group is diligent in protecting all IP it develops that is regarded to be of significant importance to its business. This includes proprietary technologies, discoveries, inventions, data and methods. Protection of proprietary rights includes seeking and maintaining patent protection intended to cover the composition of matter and use for the Group's drug candidates.

The patent positions of biopharmaceutical companies 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.

8.8. Material contracts

Ultimovacs has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of the Prospectus or any other contract entered into outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement.

8.9. Environmental matters

The Group recognizes its environmental responsibility and strives to comply with and maintain high standards in order to reduce the environmental impact from its operations. There are currently no environmental issues that may affect the Group and the Group believes that the risk of liability related to emissions and contaminations is low.

8.10. Health and safety matters

The health and safety of the Group's employees is a key priority. The Group works actively to make employees aware of this goal and employees are at all times obligated to follow the Group's procedures and instructions based on the Group's governing documents.

8.11. Property

The Group does not own any property and has entered into commercial lease agreements for its office premises in Oslo, Norway and Uppsala, Sweden.

8.12. Insurance

Ultimovacs currently maintains insurance coverage of the type and in amounts that it believes to be customary in the industry, including patient insurance in all clinical studies, all subject to certain limitations, deductibles and caps. The CEO and Board of Directors are also covered by directors and officers liability insurance.

8.13. Legal proceedings

The Group may, from time to time, be involved in litigation, disputes and other legal proceedings arising in the normal course of its business.

Neither the Company nor the Subsidiary is, or has been, during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

9. CAPITALISATION AND INDEBTEDNESS

9.1. Introduction

The financial information presented below has been extracted from the Group's audited annual financial statement for the year ended 31 December 2018 and should be read in connection with the other parts of this Prospectus, in particular Section 10 "Selected Financial and Other Information and Section 11 "Operating and Financial Review and the Financial Statement included in Appendix B of this Prospectus.

The financial information presented below provides information about the Group's combined capitalisation and net financial indebtedness on an actual basis as at 31 December 2018 and, in the "As adjusted" column, the Group's capitalisation and net financial indebtedness as at 31 December 2018, on an adjusted basis to give effect to the material post-balance sheet events and effects of the Offering as if the Offering had happened on 31 December 2018 and the Company had raised NOK 370 million in new equity through the issuance of Offer Shares, and approximately NOK 31.7 million in transaction costs. As a result of the Offering, the Company's share capital will be NOK 2,786,040 consisting of 27,860,400 Shares, each with a nominal value of NOK 0.10. The "As adjusted" column does not present a certain outcome, it is included for illustrational purposes only, with the actual result of the Offering being unknown and with other non-significant changes also having occurred since 31 December 2018.

Other than as set forth above, there has been no material change to the Group's combined capitalisation and net financial indebtedness since 31 December 2018.

9.2. Capitalisation

The following table sets forth information about the Group's combined capitalisation as at 31 December 2018, derived from the Financial Statements:

	As at 31 December 2018	Adjustment amount*	As adjusted
In TNOK			
Total current debt:			
Guaranteed	-		
Secured	-		
Unguaranteed and unsecured	-18,975		-18,975
Total current debt:	**-18,975**		**-18,975**
Total non-current debt:			
Guaranteed	-		
Secured	-		
Unguaranteed and unsecured	-10,981		-10,981
Total non-current debt:	**-10,981**		**-10,981**
Total indebtedness	**-29,956**		**-29,956**
Shareholders' equity			
Share capital	641	2,145	2,786
Additional paid-in capital	314,256	336,155	650,411
Retained earnings	-157,881		-157,881
Translation differences	2,888		2,888
Total shareholders' equity	**159,904**	**338,300**	**498,204**
Total capitalisation	**189,860**	**338,300**	**528,160**

* Assuming capital increase of NOK 370 million offset by IPO and share-issue costs. NOK 961,000 of the share premium was converted to share capital in accordance with the resolution granted by the Company's extraordinary general meeting on 2 May 2019, in order to satisfy the ASA-requirements.

9.3. Net financial indebtedness

The following table set forth information about the Group's combined net financial indebtedness as at 31 December 2018, derived from the audited annual financial statement for the year ended 31 December 2018:

In TNOK	As at 31 December 2018	Adjustment amount	As adjusted
(A) Cash	115,540	338,300	453,840
(B) Cash equivalents	0	0	0
(C) Trading securities	0	0	0
(D) Liquidity (A)+(B)+(C)	**115,540**	**338,300**	**453,840**
(E) Current financial receivables	**6,184**	**0**	**6,184**
(F) Current bank debt	0	0	0
(G) Current portion of non-current debt	0	0	0
(H) Other current financial debt	18,975	0	18,975
(I) Current financial debt (F)+(G)+(H)	**18,975**	**0**	**18,975**
(J) Net current financial indebtedness (I)-(E)-(D)	**102,749**	**338,300**	**441,049**
(K) Non-current bank loans	0	0	0
(L) Bonds issued	0	0	0
(M) Other non-current loans	0	0	0
(N) Non-current financial indebtedness (K)+(L)+(M)[2]	**0**	**0**	**0**
(O) Net financial indebtedness (J)+(N)	**102,749**	**338,300**	**441,049**

1 The Offering will increase the share capital by NOK 1,184,000 from NOK 1,602,040 (after the share premium conversion of NOK 961,000) to NOK 2,786,040, the additional paid-in capital will increase by 336,155,000 (net proceeds from the Offering less the share capital increase) from NOK 314,256,000 to NOK 650,411,000 and cash by 338,300,000 (net proceeds of the Offering including the increase in share capital) from NOK 115,540,000 to NOK 453,840,000. See Section 16 "Terms of the offering" for more information on the Offering.

2 The deferred tax liability is not included in Net financial indebtness

9.4. Working capital statement

The Group 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

As of 31 December 2018 and as of the date of the Prospectus, the Group did not have any contingent or indirect indebtedness.

10. SELECTED FINANCIAL AND OTHER INFORMATION

10.1. Introduction and basis for preparation

The following selected financial information has been extracted from the Group's audited annual financial statements for the years ended 31 December 2018, 2017 and 2016. The selected financial information included therein should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements included in Appendix B and C of this Prospectus and should be read together with Section 11 "Operating and Financial Review ".

The financial statements as of and for the years ended 31 December 2018 and 2017 have been prepared in accordance with IFRS as adopted by the EU. The Financial Statements for the years ended 31 December 2018, 2017 and 2016 have been audited by Ernst & Young AS, as set forth in their auditor's report included herein.

The Company's financial statements for the year ended 31 December 2017 was the first to be prepared in accordance with IFRS. For a descprition on the transition from Norwegian accounting principles (NGAAP) to IFRS, please refer to note 19 of the financial statements for 2017, included in Appendix C of this Prospectus.

The Company's auditor is Ernst & Young AS ("**EY**"), with business registration number 976 389 387, and registered address Dronning Eufemias gate 6, N-0191 Oslo, Norway. Ernst & Young AS is a State Authorized Public Accountants (Norway), and Ernst & Young AS' partners are members of The Norwegian Institute of Public Accountants (Nw.: Den Norske Revisorforening). EY has been the Company's auditor since the financial year 2015. The Financial Statements for the years ended 31 December 2018, 2017 and 2016 have been audited by Ernst & Young, and the auditor's reports are included together with the Financial Statements in Appendix B and C.

Ernst & Young has not audited, reviewed or produced any report on any other information provided in this Prospectus.

10.2. Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgements, please refer to note 2 of the audited annual financial statement for the year ended 31 December 2018, included in this Prospectus as Appendix B. As at 31 December 2018, the financial statement of the Group comprise the financial statements of Ultimovacs AS and its 100% owned subsidiary, Ultimovacs AB, which was acquired 11 July 2018. Ultimovacs AB was not part of the Group prior to this date. As Ultimovacs AB was established as a separate company in March 2018, and had no operations until the company was acquired by Ultimovacs AS, it is not possible or relevant to create historical pro-forma accounts for comparative figure purposes. Please refer to the Financial statement, in Appendix B, for more information on the Acquisition.

10.3. Statement of profit and loss and other comprehensive income

The table below sets out selected data from the Group's statement of profit and loss and other comprehensive income for the years ended 31 December 2018, 2017 and 2016.

In TNOK

	2018	2017	2016
Other revenue	0	0	0
Total revenue	**0**	**0**	**0**
Payroll and payroll related expenses	-27,078	-18,158	-15,400
Depreciation and amortisation	-601	-534	-489
Other operating expenses	-28,844	-14,700	-13,294
Total operating expenses	**-56,522**	**-33,391**	**-29,183**
Operation profit/loss (-)	**-56,522**	**-33,391**	**-29,183**
Financial income	1,376	631	245
Financial expenses	-134	-70	-43
Net financial items	**1,243**	**561**	**202**

Profit (loss) before tax	**-55,280**	**-32,830**	**-28,980**
Income tax expense	0	0	0
Profit (loss) for the period	**-55,280**	**-32,830**	**-28,980**
Other comprehensive income (loss) for the period	2,888	0	0
Total comprehensive income (loss) for the period	**-52,392**	**-32,830**	**-28,980**
Earnings/loss (-) per share			
Basic and dilutive earnings/loss (-) per share (NOK)	-89	-62	-62

10.4. Statement of financial position

The table below sets out selected data from the Group's statement of financial position as at 31 December 2018, 2017 and 2016.

In TNOK	As of 31 December		
	2018	**2017**	**2016**
Assets			
Property, plant and equipment	736	558	803
Goodwill	10,981	0	0
Licenses	53,307	0	0
Patents	3,111	3,378	3,644
Total non-current assets	**68,136**	**3,935**	**4,447**
Prepayments	475	421	204
Other receivables	5,709	4,661	4,973
Cash and cash equivalents	115,540	169,808	73,004
Total current assets	**121,724**	**174,890**	**78,181**
Total assets	**189,860**	**178,825**	**82,628**
Equity and liabilities			
Equity			
Share capital	641	606	511
Share premium	314,256	268,475	145,081
Total paid-in equity	**314,897**	**269,082**	**145,592**
Accumulated losses	-157,881	- 102,601	-69,771
Translation differences	2,888	0	0
Total equity	**159,904**	**166,480**	**75,821**
Share-based payments liability	0	0	1,593
Deferred tax	10,981	0	0
Total non-current liabilities	**10,981**	**0**	**1,593**
Accounts payable	2,978	3,033	1,508
Other current liabilities	15,996	9,312	3,707
Total current liabilities	**18,975**	**12,345**	**5,215**
Total liabilities	**29,956**	**12,345**	**6,807**
Total equity and liabilities	**189,860**	**178,825**	**82,628**

10.5. Statement of cash flows

The table below sets out selected data from the Group's statement of cash flows for the years ended 31 December 2018, 2017 and 2016.

In TNOK	Year ended 31 December		
	2018	**2017**	**2016**
Cash flows from operating activities			
Profit (loss) before tax for the period	-55,280	-32,830	-28,980
Depreciation and amortisation	601	534	489
Interest received incl. investing activities	-1,247	-564	-206
Net foreign exchange differences	10	2	4
Share-based payments reclassification	0	-1,593	1,593
Changes in prepayments and other receivables	-1,102	95	-681
Changes in payables and other current liabilities	6,630	7,130	3,3317
Net cash flows from operating activities	**-50,395**	**-27,225**	**-31,099**
Cash flows from investing activities			
Purchase of property, plant and equipment	-513	- 21	-788
Acquisition of subsidiary	-4,586	0	0
Interest received	1,247	564	206
Net cash flows from investing activities	**-3,851**	**542**	**-581**
Cash flows from financing activities			
Proceeds from issuance of equity	0	125,919	75,209
Share issue cost	0	-2,430	-1,352
Net cash flows from financing activities	**0**	**123,489**	**73,857**
Net change in cash and cash equivalents	-54,240	96,806	42,177
Effect of change in exchange rate	-28	-2	-4
Cash and cash equivalents, beginning of period	169,808	73,004	30,831
Cash and cash equivalents, end of period	**115,540**	**169,808**	**73,004**

10.6. Statement of changes in equity

The table below sets out selected data from the Group's statement of changes in equity for the years ended 31 December 2018, 2017 and 2016.

In TNOK	**Share capital**	**Share premium**	**Total paid in capital**	**Accumulated losses**	**Translation differences**	**Total equity**
Balance as of 1 January 2016	**441**	**71,294**	**71,735**	**-40,791**	**0**	**30,944**
Profit (loss) for the period	0	0	**0**	-28,980	0	**-28,980**
Other comprehensive income (loss)	0	0	**0**	0	0	**0**
Profit (loss) for the year and other comprehensive income	**0**	**0**	**0**	**-28,980**	**0**	**-28,980**
Issue of share capital	70	75,139	**75,209**	0	0	**75,209**
Share-issue costs	0	-1,352	**-1,352**	0	0	**-1,352**
Balance as of 31 December 2016	**511**	**145,081**	**145,592**	**-69,771**	**0**	**75,821**
Profit (loss) for the period	0	0	**0**	-32,830	0	**-32,830**
Other comprehensive income (loss)	0	0	**0**	0	0	**0**
Profit (loss) for the year and other comprehensive income	**0**	**0**	**0**	**-32,830**	**0**	**-32,830**
Issue of share capital	95	125,824	**125,919**	0	0	**125,919**
Share-issue costs	0	-2,430	**-2,430**	0	0	**-2,430**
Balance as of 31 December 2017	**606**	**268,475**	**269,082**	**-102,601**	**0**	**166,480**
Profit (loss) for the period	0	0	**0**	-55,280	0	**-55,280**
Translation differences	0	0	**0**	0	2,888	**2,888**
Other comprehensive income (loss)	0	0	**0**	0	0	**0**
Profit (loss) for the period and other comprehensive income	**0**	**0**	**0**	**-55,280**	**2,888**	**-52,392**
Issue of share capital	35	45,781	**45,815**	0	0	**45,815**
Share-issue csosts	0	0	**0**	0	0	**0**
Balance as of 31 December 2018	**641**	**314,256**	**314,897**	**-157,881**	**2,888**	**159,904**

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 Financial Statements and related notes included in Appendix B and C 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 Factor" and Section 4.3 "Cautionary note regarding forward-looking statements" of this Prospectus, as well as other sections of this Prospectus.

11.1. Sales revenue by geographic area

The Group has not generated any revenues historically and is not expected to do so in the short term.

11.2. Liquidity and capital resources

11.2.1.Sources of liquidity

The Group's primary sources of liquidity are cash flows from equity issues and government grants. The Group does not have a formal funding policy but its informal funding policy is equity financing until the Group starts generating revenues. The Group primarily uses cash for development of the lead product candidate UV1 and necessary working capital. As of 31 December 2018, cash and cash equivalents amounted to NOK 115.5 million, of which NOK 1.0 million (SEK 1.0 million) in Ultimovacs AB on a Swedish bank account in SEK.

As at 30 April 2019, being the most recent closing date of monthly accounts prior to the publication of the Prospectus, cash and cash equivalents amount to NOK 95.7 million and the Group does not have reason to believe the liquidity position of the Group will differ significantly as at the date of the Prospectus.

Based on the Group's current estimate, it believes that the cash balance as of 31 December 2018 together with the proceeds of the Offering, will at a minimum be sufficient to cover the Group's activities throughout the twelve month-period after the Listing.

Furthermore, the Group will continually evaluate strategic business development initiatives and partnering opportunities by way of potential licensing of the Group's assets to third parties.

11.2.2.Restrictions on use of capital

There are currently no restrictions on the use of the Group's capital resources that have materially affected or could materially affect, directly or indirectly, the Group's operations. The Group does not have any debt covenants, and is therefore not in breach and does not expect to be in breach of such covenants. The Group has received various grants from the government, directed towards defined projects. Generally, in order to receive the grants, funding reports shall be submitted at defined milestones, such as project accounting reports, progress reports and final reports. The criteria for the grants are defined by the objective of the project and include also a description and summary of the project. Project funding is based on an agreed project plan for a defined period with defined costs, on which the Group on a continual basis reports. The projects which Ultimovacs has received grants for are, as of the date of this Prospectus, progressing in accordance with the project plans for the projects. Please refer to 11.11.9 regarding risk of no longer being applicable to receive Skattefunn grants if the Group in the future should be classifed as a Group in financial distress.

11.2.3.Summarized cash flow information

The following table presents the Group's historical cash flows for the years ended 31 December 2018, 2017 and 2016. The figures are extracted from the Financial Statements.

In TNOK	Year ended 31 December		
	2018	**2017**	**2016**
Cash from/(used in) operating activities	-50,389	-27,225	-31,099
Cash from/(used in) investing activities	-3.851	542	-581
Cash from/(used in) financing activities	0	123,489	73,857

In TNOK	Year ended 31 December		
	2018	**2017**	**2016**
Net change in bank deposits, cash and equivalents	-54,240	96,806	42,177
Cash and cash equivalents at end of period	115,540	169,808	73,004

11.2.4.Cash flow from operating activities

Net cash outflow from operating activities for the year ended 31 December 2017 was NOK 27.2 million compared to NOK 31.1 million for the year ended 31 December 2016, a decrease of NOK 3.9 million. The net cash outflow from operating activities is primarily related to the Group's R&D activities in addition to employee payroll, payroll related expenses and general administrative costs. The numbers of employees and R&D activity was aproximately at the same level in 2017 as in 2016.

Net cash outflow from operating activities for the year ended 31 December 2018 was NOK 50.4 million compared to NOK 27.2 million for the year ended 31 December 2017, an increase of NOK 23.2 million due to a higher headcount and increased R&D activity. The increased R&D activity relates to the commencement of the phase I-study in metastic malignant melanoma in 2018 including 20 pasients as well as the expected commencement of a phase II study in metastic malignant melanoma in 2020 involving a higher number of patients. These studies also require additional employees for planning and administration as well as additional external costs related to planning, production and administration, which reflects the increase in employee payroll described above.

The results of operations for each year highly correlates to the cash flow from operating activites, and the explanations provided for the cash flow from operating activities also applies to the Group's results of operations.

11.2.5.Cash flow from investing activites

Net cash inflow from investing activities for the year ended 31 December 2017 was NOK 0.5 million compared to NOK 0.6 million outflow for the year ended 31 December 2016. Cash outflow from investing activities in 2017 and 2016 primarily relates to purchase of laboratory equipment used for research. Cash inflow from investing activities comprise interest received from bank deposits.

Net cash outflow from investing activities for the year ended 2018 was NOK 3.9 million, whereas NOK 4.6 million relate to the acquisition of Ultimovacs AB NOK 0.5 million to purchase of lab and office equipment and cash inflow of NOK 1.2 million in interest received.

11.2.6.Cash flow from financing activities

Net cash inflow from financing activities for the year ended 31 December 2017 was NOK 123.5 million compared to NOK 73.9 million for the year ended 31 December 2016, an increase of NOK 49.6 million. The cash inflows from financing activities are fully attributable to net proceeds from private placements from new and existing shareholders.

There was no cash flow related to financing activities for the year ended 31 December 2018.

11.2.7.Financing arrangements

The Group does not have any interest bearing debt.

Funds from equity issues and government grants have been received by Ultimovacs AS, which finances running operations and projects in Ultimovacs AB through unconditional shareholder contributions. As at 31 December 2018, Ultimovacs AS has contributed with a total of NOK 2.5 million in unconditional shareholder contributions to Ultimovaca AB.

11.3. Investments

The Group has not had any significant historical capital expenditures as substantially all costs incurred are research and development costs that are considered not to meet the asset recognition criteria of IAS 38 Intangible assets and thus expensed as incurred. There are no significant capital expenditure investments in progress. Costs associated with the further testing and development of the Group's product UV1 are ordinary research and development costs, expensed as they are

incurred. The costs are not capitalized in the financial position and not included as investments, however, it will be assessed if the costs should be capitalized as the R&D process of UV1 meets requirements of technical and commercial feasibility to signal that the intangible investment is likely to either be brought to market or sold. Due to uncertainties regarding patents, regulations, ongoing clinical trials etc., the asset recognition criteria of IAS 38 "Intangible Assets" are not met as at 31 December 2018.

Total expenses related to R&D, including other operating expenses, payroll and payroll related expenses, less government grants, amounted to NOK 16.9 million in 2016 and NOK 20.1 million in 2017. In 2018, total expenses related to R&D amounted to NOK 31.2 million.

The Group has estimated that the net proceeds of the Offering of NOK 338.3 million and the cash held by the Group as of 31 December 2018 is expected to finance the Group into 2023, which is beyond the expected completion of the randomized phase II study to document efficacy of UV1 in combination with anti-PD-1 and anti-CTLA-4 in treatment of metastatic malignant melanoma. Pre-clinical development of UV2 until the second half of 2020 will be funded through existing funds and the Offering. Further clinical development of UV2 beyond 2020 is not intended to be financed by the Offering, and the Group's intention is to finance such costs primarily through a future share issue if certain development milestones are met.

Based on an Offering of approximately NOK 370 million, a high-level indicative breakdown of the intended use of proceeds plus current cash on hand is as follows: Costs related to the Phase II Proof of Concept study (incl. allocated G&A expenses): ~70%, other development costs (primarily preclinical development of UV2 and the TET platform technology): ~10%, general administrative activities: ~20%. The Group expects that the cost profile for the financed activities will be front-loaded. Due to the planned increase in R&D activity the next years, total R&D costs will significantly increase compared to previous years as the net proceeds of the Offering primarily will be spent on R&D.

Please refer to Section 5 and Section 8.6 for a more detailed overview and explanation of future R&D plans and activities. For information on goodwill and deferred tax liability arising from the Purchase Price Allocation, in connection with the acquisition of Tet Pharma AB (now Ultimovacs AB) in 2018, please refer to section 11.7.

The Group does not have any other investment plans, firm commitments or obligations to make significant future investments in tangible or intangible assets. However, the Group may modify its plans in the future to address, among others, changes in market conditions for its products and changes in the competitive conditions.

11.4. Contractual cash obligations and other commitments

In 2015, the Group acquired all rights to the patents and technology from Inven2 AS, which is one of the Group's main shareholders. The purchase of these rights implies that the Group no longer has to pay future royalties to Inven2 AS from potential commercial sales of products related to the patents/patent applications. According to the purchase agreement, Inven2 AS is entitled to two milestone payments of NOK 5.0 million and NOK 6.0 million at the commencement of a clinical phase IIb and phase III study (or another registration study) respectively. The first of these milestone payments is expected to materialize at the commencement of a planned phase II study late 2019 or early 2020. Ultimovacs has assessed whether this amount should be recognised as a liability in the statement of financial position, with the conclusion that the recognition shall occur when the milestone has been achieved.

The Group does not have any other significant contractual cash obligations or other commitments as of the date of this Prospectus.

Apart from this, the Group has not entered into and is not part of any off-balance sheet arrangements.

11.5. Related party transactions

As explained in 11.4, in 2015 Ultimovacs acquired the patent rights for the core UV1 technology from Inven2 AS, a major shareholder in the Group. The price for the patent was NOK 4.0 million and was based on a purchase option in the license agreement entered into with Inven2 AS in 2011. Based on the agreements, Inven2 AS is entitled to two milestone payments of NOK 5.0 million and NOK 6.0 million at the commencement of a clinical phase IIb and phase III study (or another registration study) respectively.

As part of ordinary business and at market price, Ultimovacs purchases services related to clinical trials and laboratory services from Oslo University Hospital through Inven2 AS. Invoicing from Inven2 AS amounted to NOK 2.9 million and NOK 2.0 million in 2017 and 2016 respectively (incl. VAT). As per 31 December 2018, Ultimovacs had NOK 0 in outstanding

payables to Inven2 AS (NOK 1.7 million at 31 December 2017 and NOK 0 at 31 December 2016). Invoicing from Inven2 AS amounted to NOK 1.2 million (incl. VAT) in 2018.

The Group is also purchasing certain analytical services from Immuneed AB, which is a shareholder in the Group. Invoicing from Immuneed AB amounted to SEK 0.3 million in 2018.

As per the date of this Prospectus, the Group has not entered into any other related party transactions with other parties.

11.6. Deferred tax assets

Ultimovacs has not recognised a deferred tax asset in the statement of financial position related to its previous losses, as the Group does not expect taxable income to be generated in the short-term to support the use of the deferred tax asset. Total tax losses carried forward as per 31 December 2017 were NOK 119.7 million. Total tax losses carried forward as per 31 December 2018 were NOK 171.9 million, of which NOK 2.2 million in Ultimovacs AB. Total tax losses carried forward and temporary differences as per 31 December 2018 were MNOK 128.7, of which MNOK 2.2 in Ultimovacs AB.

In relation to purchase price allocation conducted of Ultimovacs AB, acquired in July 2018, all excess value has been allocated to the license agreement which gives access to the TET-technology. A deferred tax liability of MNOK 10.4 has been calculated on the excess values utilizing the tax rate in Sweden of 20.6% (effective from 2021).

11.7. Goodwill and deferred tax liability arising from the Purchase Price Allocation

On the 10 July 2018, Ultimovacs AS acquired the Swedish biotech company Tet Pharma AB, now Ultimovacs AB, from Immuneed AB at a consideration of SEK 55.0 million. Ultimovacs AS has conducted a preliminary Purchase Price Allocation («PPA») in the context of International Financial Reporting Standards No. 3 (IFRS 3), Business Combinations. In the purchase price allocation conducted of Ultimovacs AB, all excess value has been allocated to the license agreement which gives access to the Tet-technology. Deferred taxes of NOK 10.4 million have been calculated on the excess values utilizing the tax rate in Sweden of 20.6%. Goodwill related to the step up of deferred tax amounts to NOK 10.4 million. The goodwill comprises the value of expected synergies arising from the acquisition, assembled workforce and deferred tax on excess values. The valuation date for the preliminary purchase price allocation is 11 July 2018, which also is the date of the transaction.

11.8. Critical accounting policies and estimates

The preparation of the financial statements according to IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and judgments are evaluated on a continually basis and are based on historical experiences and other factors that are believed to be reasonable under the circumstances. Ultimovacs makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual outcome.

11.9. Trend information

The Group has not experienced any changes or trends that are significant to the Group between 31 December 2018 and the date of this Prospectus, nor is the Group aware of such changes or trends that may or are expected to be significant to the Group for the current financial year.

11.10. Significant changes

There has been no significant change in the Group's financial or trading position since 31 December 2018.

11.11. Significant factors affecting the Group's results of operations and financial condition

The Group's development, results of operations and operational progress have been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control. For a complete overview of all identified risk factors, please see Section 2 "Risk Factors". The main factors that the Management believes have had a material effect on the Group's results of operations, as well as those considered likely to have a material effect on its results of operations in the future, are described below:

11.11.1. Legislative and regulatory environment

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

11.11.2. Competitive environment

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

11.11.3. Financing of pharmaceutical products and medical treatment

Changes in public/governmental reimbursements of pharmaceutical products and medical treatment, as well as financing of such products and services by insurance companies and other sources, may impact pricing and sales of such products.

11.11.4. Financing of the standard of care

The Group expects that UV1, in the core Ultimovacs sponsored clinical trials, will be a complement to the standard of care in the regions the Group will conduct its clinical studies. Ultimovacs may potentially in some countries or regions have to finance the standard of care treatment in order to recruit patients in these regions for the studies. If such arrangements should be needed to recruit a sufficient number of patients, the total costs of the study will increase. No such arrangements have currently been determined.

11.11.5. Patents and intellectual property rights

Patents and intellectual property rights are key to any pharmaceutical company's ability to develop and sell its products.

11.11.6. Foreign exchange rate exposure

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

11.11.7. Tax rate related to taxable loss

Total tax losses carried forward as per 31 December 2018 was NOK 171.9 million, of which NOK 2.2 million in Ultimovacs AB, which allows the Group as a tax payer to carry over the tax loss to future years to offset potential profits. The total tax loss will increase significantly over the next years as the new clinical trials commence and other development activities are carried out. Any future reduction in the Norwegian corporate tax rate for Ultimovacs AS and the Swedish corporate tax rate for Ultimovacs AB will decrease the value of the total amount utilized for future potential tax deductions.

11.11.8. Possible writedown of assets related to the Tet Pharma AB (Ultimovacs AB) acquisition

Beyond the Group's core product, UV1, Ultimovacs is pursuing development of a first-in-class vaccine solution utilizing the proprietary Tetanus-Epitope Targeting-platform (TET-platform). A preclinical program has been initiated to take the pharmaceutical product to a decision point for further clinical development, given that the results from the preclinical program are positive. The first significant milestone in terms of impairment testing of the value of the TET technology, is the decision point to take the next step for further clinical development, which will be both capital intensive and time consuming. If Ultimovacs decides not to go further in the development of the TET technology, it would be difficult to justify the value in the balance-sheet, and a substantial part of the booked value is subject for impairment. The value of the intangible asset related to this technology, specified as licenses in the balance sheet, had a value of NOK 53.3 million as per 31 December 2018. A write-down of this intangible asset will not have any cash/liquidity effect, nor will it influence the further development of UV1.

11.11.9. Possible reduction in expected government grants (Skattefunn)

The Norwegian Tax Administration added a new section relating to Skattefunn in the latest publishing of Skatte-ABC (2018/2019) which states that 'companies where half of the equity is lost as a consequence of accumulated losses' is defined as a company in financial distress, and may no longer receive funding from Skattefunn. The Group is not as of 31 December 2018 defined as a company in financial distress under the definition in Skatte-ABC. However, an increase in

accumulated losses in the future poses a risk for the Group of being defined as a company in financial distress under the definition. Funding that are received before companies are defined as financially distressed shall not be repaid.

12. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

12.1. Introduction

The General Meeting is the highest authority of the Company. All shareholders of the Company are entitled to attend 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 Group is vested in the Board of Directors and the Group's 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 Group's business, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the Group's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board of Directors has a nomination committee and the Board of Directors has determined that it will have an audit committee, see Section 12.9 "Nomination committee" and Section 12.10 "Audit committee".

Management is responsible for the day-to-day management of the Group's operations in accordance with Norwegian law and instructions prepared by the Board of Directors. Among other responsibilities, the Group's chief executive officer (the "**CEO**") is responsible for keeping the Group's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Group's assets in a responsible manner. In addition, the CEO must, pursuant to Norwegian law, brief the Board of Directors about the Group's activities, financial position and operating results at least once per month.

12.2. The Board of Directors

12.2.1. Overview of the Board of Directors

The Articles of Association provide that the Board of Directors shall consist of a minimum of 3 and a maximum of 9 Board Members elected by the Company's shareholders. The names, positions and current term of office of the Board Members as at the date of this Prospectus are set out in the table below.

Name	Position	Served since	Term expires
Jonas Einarsson MD	Chairman of the Board	2011	2020
Kristin Louise Abrahamsen Wilhelmsen	Board member	2016	2020
Leiv Askvig	Board member	2015	2020
Henrik Schüssler	Board member	2015	2020
Ketil Fjerdingen	Board member	2012	2020
Eva Dugstad	Board member	2019	2021
Kari Grønås	Board member	2019	2021

The composition of the Board of Directors is in compliance with the independence requirements of the Corporate Governance Code (as defined below), meaning that (i) the majority of the shareholder elected members of the Board of Directors are independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder elected Board Members are independent of the Company's main shareholders (shareholders holding more than 10% of the Shares of the Company), and (iii) no member of the Company's Management serves on the Board of Directors.

The Company's registered business address, Ullernchausséen 64, 0379 Oslo, Norway, serves as c/o address for the Board Members in relation to their directorship of the Company.

The Shares that are held by the Board Members as at the date of this Prospectus are set out in Section 12.4.3 "Shareholdings of Board Members and Management in the Company". There are no issued options to acquire shares of the Company or other similar rights. See Section 12.5 "Bonus programme and share incentive scheme" for a description of the Company's long term share incentive programme adopted by the Board of Directors.

12.2.2. Brief biographies of the Board Members

Set out below are brief biographies of the Board Members who will constitute the Board of Directors, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the

Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative management or supervisory bodies or partner in the five years prior to the date of this Prospectus.

Jonas Einarsson MD, Chairman

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

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

Current directorships and senior management positions....	OCC Innovasjonspark AS, board member Biomolex AS, board member Oncoinvent AS, board member Nucligen AS, board member Radium Hospital Research Foundation, CEO Occi Holding AS, board member
Previous directorships and senior management positions - last five years.....	Nordic Nanovector ASA, board member Oslo Cancer Cluster Sa, CEO Targovax ASA, board member

Kristin Louise Abrahamsen Wilhelmsen, Board Member

Kristin Louise Abrahamsen Wilhelmsen has served as a Board Member since 2016. Ms Wilhelmsen has over 25 years of entrepreneurial experience, in particular within the healthcare industry. She is currently CFO of WAK Family Office AS, which position she has held since 2015 and general manager of Flexiteek International AS, which position she has held since 2011. Ms Wilhelmsen was an independent director at First Fondene AS from 2012 until 2016, Agasti Holding ASA from 2014 until 2015 and Weifa ASA from 2015 until 2017.

Ms Wilhelmsen holds a Bachelor of Art from Lund University, Sweden.

Current directorships and senior management positions....	Nordic and Europe Health Invest AS, board member WAK Family Office AS, board member Watrium AS, board member Wally AS, board member Kriswil AS, board member Wavi Holding AS, board member Flexiteek International AS, general manager Fornebu Gateway AS, alternate board member Fornebuporten Næring 2 AS, alternate board member Fornebuporten Næring 3 AS, alternate board member Fornebuporten Næring 1 AS, alternate board member
Previous directorships and senior management positions - last five years.....	First Fondene AS, board member Weifa ASA, board member Agasti Holding ASA, board member

Leiv Askvig, Board Member

Leiv Askvig has served as a Board Member since 2015. Mr Askvig is the CEO of Sundt AS, which position he has held since 2003. Mr Askvig has vast experience within the financial industry. He was CEO/CFO at Opticore AB from 2001 until 2002, CFO at StudentUniverse, Inc. from 1999 until 2001 and has held various positions within investment banking at Sundal Collier & Co ASA (now "ABG Sundal Collier ASA").

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

Current directorships and senior management positions....	Verdane Capital IV AS, Oslo, board member
	Pandox AB, Stockholm, board member
	Alfarveg AS, Oslo, board member
	Orkla ASA, nomination committee member
	Skips AS Tudor, board member
	Toluma AS, board member
	Eiendomsspar AS, board member
	Victoria Eiendom AS, board member
	Grønli AS, board member
	Holmen Industri Invest 1 AS, board member
	Sundt AS, CEO
	Skagen AS, alternate board member
	Oncoinvent AS, board member
	The Prostate Cancer Foundation Of Norway, board member
	Basen Gimle AS, board member
	Energeia Asset Management AS, board member
	Civita AS, board member (chairman)
	Storebrand ASA, nomination committee member
Previous directorships and senior management positions - last five years.....	Skagenfondene AS, board member
	Aurora LPG Holding ASA, board member
	Agder OPS Vegselskap AS, board member
	Astrup Fearnley AS, board member
	Oslo Børs VPS Holding ASA, board member
	Verdipapirsentralen - VPS ASA, board member
	Oslo Børs ASA, board member
	Cornelia-stiftelsen, board member

Henrik Schüssler, Board Member

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

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

Current directorships and senior management positions....	Gjelsten Holding AS, CEO and board member
	G&A Air AS, board member
	Stiftelsen Molde Fotball, alternate board member
	Kid ASA, board member
	Brg Management KS, CEO
	Gjelsten Invest II AS, CEO
	Brg Air KS, CEO and board member
	Profier Gruppen AS, board member
	Sport 1 Gruppen AS, board member
	Brg Air AS, board member
	Gjelsten Interiør AS, alternate board member
	Fabritius Gruppen AS, board member
	Fireh AS, board member
	Noah AS, board member
	Samelet Lunnstaden Leiligheter, board member
	Zita Shipping Limited, board member
	Pellestova Hotell AS, board member
	GSS Eiendom AS, board member
Previous directorships and senior management positions - last five years.....	Solist AS, board member
	Solist Investor AS, board member
	Angvik Areal AS, alternate board member
	Gjelsten Miljø AS, CEO

Ketil Fjerdingen, Board Member

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

Mr Fjerdingen holds a Bachelor of Economics and Business Administration from the Trondheim College of Economics and is an authorised auditor and state authorised auditor. He has also completed several courses in management development.

Current directorships and senior management positions....	Langøye Invest AS, chairman of the board Vågar Havn AS, chairman of the board Blekkan Eiendom AS, board member Overvik T1 AS, chairman of the board K-to AS, board member Vågar Eiendom AS, chairman of the board Vågar AS, chairman of the board
Previous directorships and senior management positions - last five years.....	

Eva Dugstad, Board Member

Eva Dugstad has served as a Board Member since 2019. Dugstad is also Director of Business Development at Radforsk, and has previously held a number of executive positisons within the industry. Her experience include, inter alia, being President at the Institute for Energy Technology in Kjeller, Norway, and Research Director at Nuclear Technology and Physics, at the Institute for Energy Technology.

Eva Dugstad is Cand. Pharm. from the University of Oslo.

Current directorships and senior management positions....	Radforsk, Director of Business Norce research Institute, board member NMBU Realtek, board member Norwegian Research Council, board member Regionalt forskningsfond Hovedstaden, board member
Previous directorships and senior management positions - last five years.....	Giamag, board member NEL ASA, board member IFE Venture, chair of the board

Kari Grønås, Board Member

Kari Grønås has served as a Board Member since 2019. Grønås is the General Manager of her own consultancy firm, and has previously held management positions with Algeta/Bayer, PhotoCure, Nycomed Imaging/Amersham Health (now GE Healthcare).

Grønås is a Cand. Pharm. from the University of Oslo (M. Sci. Pharm (EU term), RPh (US term))

Current directorships and senior management positions	Spago Nanomedical AB, board member SoftOx AS, board member K og K AS, board member and managing director The Norwegian Lung Cancer Society, board member
Previous directorships and senior management positions - last five years.....	Lytix Biopharma AS, board member BerGenBio AS, board member Norwegian Pharmaceutical Society, board member

12.3. Management

12.3.1. Overview

Ultimovacs's Management team consists of eight individuals and was composed in 2017 (and extended with one person in 2018). It comprises the CEO, Chief Financial Officer (the "**CFO**") and the managers of each department of the Company. The Shares that are held by members of the Management as at the date of this Prospectus are set out in Section 12.4.3 "Shareholdings of Board Members and Management in the Company" and there are no outstanding options or other rights to acquire shares of the Company. See Section 12.5 "Bonus programme and share incentive scheme" for a description of the Company's long term share incentive programme adopted by the Board of Directors.

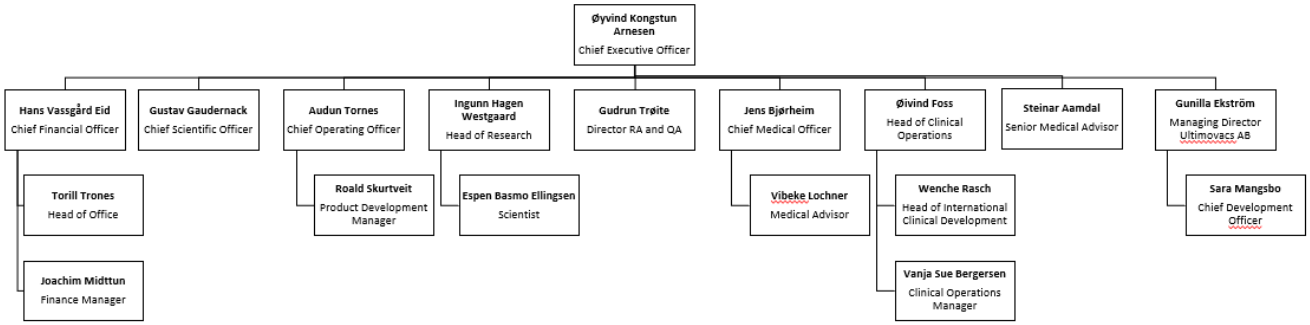
All members of Management are eligible to and may participate in the Retail Offering.

The names of the members of Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Current position within the group	Employed with the Group since
Øyvind Kongstun Arnesen MD	CEO	August 2012
Hans Vassgård Eid	CFO	November 2015
Audun Tornes	COO	January 2014
Gudrun Trøite PhD	Director Regulatory Affairs and Quality Assurance	August 2017
Jens Bjørheim MD and PhD	Chief Medical Officer	June 2016
Øivind Foss PhD	Head of Clinical Operations	August 2017
Ingunn Hagen Westgaard PhD	Head of Research	February 2015
Gunilla Ekström MD and PhD	Managing Director Ultimovacs AB	July 2018

The Company's registered business address, Ullernchausséen 64, 0379 Oslo, Norway, serves as c/o address for the members of the Management in relation to their employment with the Group.

The following chart sets out the Management's organisational structure:



12.3.2. Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Group and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner during the previous five years.

Øyvind Kongstun Arnesen MD, CEO

Øyvind Kongstun Arnesen MD is the CEO of the Company, which position he has held since August 2012. Dr Arnesen has over 15 years of management experience within the pharmaceutical industry including positions as Medical Director and Head of Clinical Operations Nordic at Boehringer Ingelheim (Norway) from 2007 until 2012, Medical Director at Bristol-Myers Squibb (Norway) from 2004 until 2007 and Clinical Trial Manager at AstraZeneca AS from 1995 until 1996.

Dr Arnesen holds a Medical Doctor (MD) from the University of Oslo, Norway.

Current directorships and senior management positions....	The Norwegian Pharmaceutical Product Compendium, board member Oslo Cancer Cluster, board member (chairman) Vitmed AS, CEO and board member
Previous directorships and senior management positions - last five years.....	Nedre Bygdølund Sameie, alternate board member The Norwegian Pharmaceutical Industry Association, board member

Hans Vassgård Eid, CFO

Hans Vassgård Eid is the CFO of the Company, which position he has held since November 2015. Mr Eid has extensive management experience including as Director of Strategic Business Development at PHARMAQ AS from 2012 until 2015, Investment Analyst at Orkla ASA from 2007 until 2012, Investment Director at Foinco Invest AS/Altaria AS from 2002 until 2007 and Senior Vice President - Business Development at Storebrand ASA from 1998 until 2001. He also has over five years of experience in management consulting from McKinsey & Company.

Mr Eid holds a Master of Science in Business Administration (Norwegian: 'Siviløkonom') from the Norwegian School of Economics and Business Administration.

Current directorships and senior management positions....	Snøtind AS, chairman of the board of directors
Previous directorships and senior management positions - last five years.....	PHARMAQ Analytiq AS, chairman of the board of directors

Audun Tornes, COO

Audun Tornes is the COO of the Company, which position he has held since 2014. Mr Tornes has over 25 years of experience in the pharmaceutical industry including as Technology Strategy Manager at Inven2 from 2010 until 2013 (during which time he was seconded to the Company as its CEO from May 2011 until August 2012), Director of Innovation at Medinnova Project from 2008 until 2010, Global Project Manager Discovery and Global Department Manager at GE Healthcare from 2003 until 2008 and Project Manager and Senior Scientist – Research at Nycomed Amersham from 1996 until 2003.

Mr Tornes holds a Master of Science in Applied Physical and Electrical Engineering from the Univeristy of Linköping.

Mr Tornes is on the board of directors of Aeolus AS, his privately held investment company, as at the date of this Prospectus.

Gudrun Trøite PhD, Director of Regulatory Affairs and Quality Assurance

Gudrun Trøite is the Director of Regulatory Affairs and Quality Assurance of the Company, which position she has held since August 2017. Ms Trøite has extensive experience in the pharmaceutical industry, has held positions of Clinical Operations Director and Clinical Trial Manager at Photocure ASA in the period from 2010 until 2017 and was Clinical Development Manager at Biotec Pharmacon from 2006 until 2010.

Ms Trøite holds a Master of Science in Physics and a PhD in Physics from the University of Oslo, Norway.

Ms Trøite is not a director or in a senior management position of any company (other than the Company). In the last five years from the date of the Prospectus, she was a director at Photocure ASA.

Jens Bjørheim MD and PhD, Chief Medical Officer

Jens Bjørheim is the Chief Medical Officer of the Company, which position he has held since 2016. Mr Bjørheim has extensive experience in the pharmaceutical industry, including clinical oncology experience and scientific merits within immunology and cancer genetics. Prior to his employment with the Company, Mr Bjørheim was Senior Medical Advisor/Medical Director of Oncology at AstraZeneca AS (Nordic and Baltic region) from 2013 until 2016, Medical Director at Pronova Biopharma (now BASF) from 2006 until 2008, Nordic Medical Advisor at Novartis from 2008 until 2011 and Medical Advisor at Clavis Pharma from 2011 until 2013.

Mr Bjørheim was a medical editor of the Journal of the Norwegian Medical Association for a period of seven years.

Mr Bjørheim holds a Medical Doctor (MD) from the University of Oslo (1999) and holds a PhD in cancer genetics and immunology from 2003.

Mr Bjørheim is not at present a director or in a senior management position of any company (other than the Company). In the last five years from the date of this Prospectus, he was a Medical Director of Oncology at AstraZeneca AS.

Øivind Foss PhD, Head of Clinical Operations

Øivind Foss is the Head of Clinical Operations of the Company, which position he has held since 2017. Mr Foss has over 10 years of experience within clinical research and development as Clinical Research Associate at Astra Zeneca from 2004 until 2009, as Clinical Research Manager at Clavis Pharma from 2009 until 2013 and as Director of Clinical Operations at Calliditas Therapeutics from 2014 until 2017.

Mr Foss holds a Dr. Scient degree in Sport Science from the Norwegian University of Sport and Physical Education.

Mr Foss is not, and has not been in the last five years from the date of this Prospectus, a director or in a senior management position of any company (other than the Company).

Ingunn Hagen Westgaard PhD, Head of Research

Ingunn Hagen Westgaard is the Head of Research at the Company, which position she has held since 2015. Ms Westgaard has over 10 years of consulting, R&D and regulatory experience from the biotech industry within oncology, including experience with regulatory authorities. Ms Westgaard was the Norwegian delegate to the Committee for Medicinal Products for Human Use (CHMP) at the European Medicines Agency (EMA) from 2012 until 2015, Senior Advisor at The Norwegian Medicines Agency from 2012 until 2015, Clinical Assessor Oncology at The Norwegian Medicines Agency from 2010 until 2012, Medical Writer at LINK Medical Reseach AS from 2007 until 2010 and a post-doctor fellow funded by the Norwegian Cancer Society at the Faculty of Medicine, Univeristy of Oslo.

Ms Westgaard holds a PhD in Immunology and Cell Biology from the Faculty of Natural Sciences, University of Oslo.

Ms Westgaard is not, and has not been in the last five years, a director or in a senior management position of any company (other than the Company).

Gunilla Ekström MD and Phd, Managing Director of the Subsidiary

Gunilla Ekström is the Managing Director of the Subsidiary. Ms Ekström has extensive experience with managing advanced pre-clinical and clinical pharmaceutical development projects and organizations. Ekström has approximately 25 years of experience in the pharmaceuticals industry, including positions at Astra Zeneca, Orexo, Karolinska Development and Immuneed.

Ms Ekström holds a Medical Doctor (MD) degree and a PhD from the Karolinska Institutet in Sweden.

At the date of the Prospectus, Ms Ekström is at the board of Corline Biomedical AB, Disruptive Materials AB, Emplicure AB and Gabather AB. Ms Ekström has previously been on the board of Gesynta Pharma AB, SP Process Development, Inhalation Sciences AB, NovaSAID AB, Lipidor AB, Pharmanest AB and Athera AB. Further, in the last five years, Ms Ekström has been CEO of Biosergen AS, VP of Operations at Karolinska Development AB and CEO of Immuneed AB.

12.4. Remuneration and benefits

12.4.1.Remuneration of the Board of Directors

Remuneration allocated to the Board Members for their service on the Board of Directors in 2018 amounted to a total of NOK 1,100,000. The distribution of this amount amongst the Board Members is set out in the table below. The payments were made in 2019 following the General Meeting held on 4 April 2019

Name and position	Remuneration for year 2018 (NOK)
Jonas Einarsson MD, chairman	275,000
Bjørn Rune Gjelsten, board member	137,500
Ketil Fjerdingen, board member	137,500
Leiv Askvig, board member	137,500
Henrik Schüssler, board member	137,500
Ole Kristian Hjelstuen, board member	137,500
Kristin Louise Abrahamsen Wilhelmsen, board member	137,500

12.4.2. Remuneration of the Management

Ultimovacs offers competitive remuneration to members of Management based on current market standards and company performance. In addition to the basic salary, Management also participates in the bonus program as set out in Section 12.5 "Bonus programme and share incentive scheme".

The table below sets out the remuneration paid to the CEO and total remuneration paid to the Management team (excluding CEO) in 2018 (in NOK):

Name	Salary	Benefits in kind	Pensions costs	Total remuneration
Øyvind Kongstun Arnesen MD (CEO)	2,410,000[45]	198,000	91,000	2,699,000
Management team (excluding CEO)	9,037,000[46]	715,000	632,000	10,385,000

12.4.3. Shareholdings of Board Members and Management in the Company

The members of Management and Board Members that hold Shares of the Company are set out below.[47]

Name and position	No# Shares
Leiv Askvig, Board Member, through privately held investment company, Basen Kapital AS	47,500
Kristin Louise Abrahamsen Wilhelmsen, Board Member, through partially owned privately held investment company, Watrium AS	820,925
Øyvind Kongstun Arnesen MD, CEO, through privately held investment company, Vitmed AS	160,000
Hans Vassgård Eid, CFO, through privately held investment company, Snøtind AS	50,000
Audun Tornes, COO, through privately held investment company, Aeolus AS	87,500

12.5. Bonus programme and share incentive scheme

Share value based bonus program ("phantom shares")

On 13 April 2016, the Company's General Meeting approved a program for the issue of phantom shares as part of an employee incentive scheme. Pursuant to the incentive scheme, a total number of 550,000 phantom shares of the Company may be issued to employees of the Company, of which 432,650 have already been issued and 117,350 may be issued at a later time. According to the signed agreements, each phantom share entitles its owner to receive an amount equal to the value of an ordinary share of the Company on 18 May 2021, being the end date (or possibly before the end date upon an acquisition of more than 90% of the shares of the Company by a third party or in the sole discretion of the Board of Directors) less the strike value of NOK 45.32 but the amount payable can not exceed NOK 181.28 per share. The phantom shares will be deemed forfeited in the event of termination of employment for any reason other than death, disability or retirement during the performance period.

Of the 432,650 issued phantom shares, 310,000 phantom shares are issued to members of the Management team. The table below sets out the distribution of these phantom shares.

[45] Includes holiday pay
[46] Includes holiday pay
[47] The Company has been informed that Immuneed AB, currently holding 5.41% of the shares in the Company, is contemplating distribution of its shares in the Company to shareholders of Immuneed AB. Following the completion of such distribution, Gunilla Ekström, Managing Director of the Subsidiary, is expected to hold 5,050 shares in the Company through a personal investment company.

Name	Current position within the group	Number of phantom shares
Øyvind Kongstun Arnesen MD	CEO	75,000
Hans Vassgård Eid	CFO	42,500
Audun Tornes	COO	42,500
Gudrun Trøite PhD	Director Regulatory Affairs and Quality Assurance	32,500
Jens Bjørheim MD and PhD	Chief Medical Officer	42,500
Øivind Foss PhD	Head of Clinical Operations	32,500
Ingunn Hagen Westgaard, PhD	Head of Research	42,500
Total		**310,000**

As at the date of this Prospectus, no options, or similar rights, to acquire shares in the Company have been granted to any members of Management.

On 12 February 2019, the Board of Directors resolved to terminate the share value based bonus program on and from the date of the Listing and replace it with an employee option program which was approved by the General Meeting on 2 May 2019. This new option program will be based on the following principles:

(i) All employees of the Group shall be covered by the option program, although subject to board resolution and only to the extent that particitipation in the option program is not prevented or complicated by applicable law where the employee is resident.

(ii) The amount of options issued, with corresponding shares, shall at no time supersede the equivalent of 10 % of the Company's share capital.

(iii) Options can be exercised over a period of three years. The options must be exercised within five years after allocation of the options.

(iv) At the allocation of options in 2019, the exercise price for the options shall be equal to the subscription price set out in the Offering. In future allocations, the exercise price will be based on the volume weighted average price of the Shares in the five-day period of trading prior to allocation of the options.

(v) Further conditions will be determined by the Board of Directors

The intention of the Board of Directors is to grant a number of options at the time of the IPO corresponding to up to 2% of outstanding shares.

12.6. Benefits upon termination

The CEO is entitled to 12 months' severance pay as compensation for waiving his rights to employment protection ensuing from Chapter 15 of the Working Environment Act.

In the event of either an IPO, a minimum of 67% of the Company's shares being acquired, or a merger/demerger plan being signed, the CFO, Hans Vassgård Eid, will be entitled to receive severance pay upon termination of his employment with the Company equal to 9 months' base salary in addition to payment of his salary during his 3 month notice period. There are no similar arrangements for any of the other employees of the Company with respect to termination of their employment.

None of the Board Members or the members of the nomination committee have service contracts with the issuer or its subsidiary and none will be entitled to any benefits upon termination of office.

12.7. Pension and retirement benefits

For the year ended 31 December 2018, the pension cost for members of the Management employed in the Group was NOK 723,000.

The Company has in place a defined contribution pension scheme which complies with the Norwegian law on mandatory employeee pension (Norwegian "lov om obligatorisk tjenestepensjon"). All employees of the Company that have agreements to provide service to the Company involving working hours of more than 20% of a full-time position (37.5 hours), are

included in the Company's pension program. Each employee of the Company receives an annual pension contribution comprising of 6% of his/her salary up to 7.1 G and 10% of his/her salary between 7.1 G and 12 G. There is no pension contribution for salary above 12 G. 'G'= Basic amount in the National Insurance scheme in Norway (Norwegian G = 'Grunnbeløpet').

As at 31 December 2018, fourteen of the Group's employees were covered by the pension scheme.

The two employees in Ultimovacs AB in Sweden receives an annual pension contribution comprising of 35% of his/her salary.

Other than the general pension scheme described above, there are no specific pension arrangements made for any member of the Management team. For more information regarding pension and retirement benefits, see note 4 to the Financial Statement for the year ended 31 December 2018, included as Appendix B of this Prospectus.

The Group has no pension or retirement benefits for its Board Members.

12.8. Employees

As at the date of this Prospectus, the Group has eighteen employees, of which fourteen are full-time employees and four part time employees. Additionally, the Group has hired one more full-time employee that will start working in the Group as of 1 June 2019.

The Group had eight full time employees and two part time employees as at 31 December 2017 and as at 31 December 2016.

12.9. Nomination committee

Pursuant to the Articles of Association, the Company shall have a nomination committee. The nomination committee will, with effect from Listing, consist of Ole Kristian Hjelstuen (leader of the comittee), Hans Peter Bøhn and Jakob Asif Iqbal.

Subject to section 6 of the Articles of Association, the nomination committee shall give recommendations for the General Meeting on (i) the election of chairman for the Board of Directors, Board Members and potential deputy board members and (ii) the election of members for the nomination committee of the Company. Further, the nomination committee shal give recommendations for the General Meeting on remuneration for the Board of Directors and the nomination committee. Regulations for the nomination committee, and the remuneration for the nomination committee, is set out by the General Meeting.

12.10. Audit committee

The Board of Directors has determined that they will establish an audit committee which will have effect on and from such resolution by the Board of Directors.

12.11. Corporate governance

The Company has, with effect from the Listing, adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance, dated 17 October 2018 (the "**Corporate Governance Code**").

12.12. Conflict of interests etc.

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 indictable offences or convictions in relation to fraudulent offences
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company, or

- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, director or senior manager of a company.

To the Company's knowledge, 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 SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Articles of Association and applicable Norwegian law in effect as at the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association, included in Appendix A of this Prospectus, and applicable laws.

13.1. Company corporate information

The Company's registered name is Ultimovacs ASA. The Company is a public limited liability company organised and registered under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The Company's registered office is in the municipality of Oslo, Norway. The Company was incorporated in Norway on 26 January 2011 as a private limited liability company, was converted to a public limited liability company on 2 May 2019 and changed its name from Ultimovacs AS to Ultimovacs ASA at the same time. The Company's registration number in the Norwegian Register of Business Enterprises is 996 713 008.

The Shares, including the Offer Shares, have been created under the Norwegian Public Limited Liability Companies Act. The Offer Shares are registered in book-entry form with the VPS under ISIN NO 001 0851603. The Company's register of shareholders in the VPS is administrated by the VPS Registrar.

The Company's registered office is located at Ullernchausséen 64, N-0379 Oslo, Norway and the Company's main telephone number at that address is +47 413 80 080. The Company's website can be found at www.ultimovacs.com. The content of www.ultimovacs.com is not incorporated by reference into, or otherwise form part of, this Prospectus.

13.2. Legal structure

Ultimovacs is the ultimate parent company in the Group. Ultimovacs is an operating entity. The following table sets out information about the Company's subsidiary:

Company	Country of incorporation	% holding
Ultimovacs AB (company registration number 559144-3162)	Sweden	100%

13.3. Share capital and share capital history

As at the date of this Prospectus, the Company's share capital is NOK 1,602,040 divided amongst 16,020,400 Shares, each Share with a nominal value of NOK 0.10. All Shares have been created under the Norwegian Public Limited Liability Companies Act, are validly issued and fully paid.

The Company has one class of shares. As at the date of this Prospectus, there are no share options or other rights to subscribe or acquire Shares issued by the Company. See Section 12.5 "Bonus programme and share incentive scheme" for a description of the Company's new employee option program.

Neither the Company nor its Subsidiary directly or indirectly owns shares in the Company.

Refer to Section 13.6 "Authorisations to increase the share capital and to issue Shares" and section 16.3 "Resolution relating to the Offering and the issue of Offer Shares" for the authorisations granted to the Board of Directors to increase the share capital of the Company.

The table below shows the development in the Company's share capital for the period covered by the historical financial information, i.e. from 1 January 2016 up to the date of this Prospectus:

Date of registration	Type of change	Change in share capital (NOK)	Subscription price (NOK)	Nominal value (NOK)	New number of Shares	New share capital (NOK)
1 January 2016	-	-	-	1	-	*441,079.00*

7 September 2016	Share capital increase	69,832.00	1,077	1	510,911.00	510,911.00
10 November 2017	Share capital increase	95,249.00	1,322	1	606,160.00	606,160.00
24 July 2018	Share capital increase	34,656.00	1,322	1	640,816.00	640,816.00
31 December 2018	Closing balance	-	-	1	640,816.00	640,816.00
2 May 2019	Bonus issue	961,224.00	-	2.50	640,816.00	1,602,040.00
2 May 2019	Share split	-	-	0.10	16,020,400.00	1,602,040.00
Date of prospectus		-	-	0.10	16,020,400.00	1,602,040.00

Other than as set out above, there have been no changes to the Company's share capital or the number of Shares of the Company from the start of the period covered by the historical financial information up to the date of this Prospectus.

13.4. Admission to trading

The Company expects to apply for admission to trading of its Shares on the Oslo Stock Exchange on 21 May 2019. It is expected that the board of directors of the Oslo Stock Exchange will approve the listing application of the Company on or about 24 May 2019, subject to certain conditions being met. See Section 16.15 "Conditions for completion of the Offering – Listing and trading of the Offer Shares".

The Company currently expects commencement of trading in the Shares on the Oslo Stock Exchange on or around 3 June 2019. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

13.5. Ownership structure

As at the date of this Prospectus, the Company has 41 shareholders. An overview of shareholders holding 5% or more of the Shares of the Company as at the date of this Prospectus is set out below:

#	Shareholders	Number of Shares	Percent
1	Gjelsten Holding AS	4,885,450	30,50 %
2	Inven2 AS	2,021,775	12,62 %
3	Canica AS	1,397,150	8,72 %
4	Radiumhospitalets Forskningsstiftelse	1,395,875	8,71 %
5	Langøya Invest AS	906,325	5,66 %
6	Immuneed AB	866,400	5,41 %
7	Watrium AS	820,925	5,12 %

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 14.7 "Disclosure obligations" for a description of the disclosure obligations pursuant to the Norwegian Securities Trading Act.

Following the completion of the Offering, 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 13.10.2 "Certain aspects of Norwegian corporate law" and 14.10 "Compulsory acquisition" for further information.

13.6. Authorisations to increase the share capital and to issue Shares

In the Extraordinary General Meeting held on 2 May 2019, the Board of Directors was granted authorisation to increase the share capital within a total nominal amount of up to NOK 260,000 by issuing Offer Shares. The subscription price is to be set by the Board of Directors in connection with each issuance. The authorisation is valid until the date of the annual General Meeting of 2020, but expires 30 June 2020 at the latest. The pre-emptive rights of the existing shareholders to subscribe for and to be allocated Shares can be waived cf. sections 10-4 and 10-5 of the Norwegian Public Limited Liability Companies Act. The authorisation can be used in connection with (i) raising of share capital to fund the Company's activity and (ii) mergers and acquisitions. The authorisation covers increases in share capital both by cash contribution and by contribution in other assets, and can also be used in situations as described in the Norwegian Securities Trading Act section 6-17 (1) cf. 6-17 (2).

13.7. Authorisation to acquire treasury Shares

At the Extraordinary General Meeting held on 2 May 2019, the Board of Directors was granted an authorisation to repurchase the Company's own shares within a total nominal value of up to NOK 160,204.00. The authorisation can be used multiple times, provided that the total nominal value of the Company's own shares does not supercede NOK 160,204.00 at any point in time. The maximum amount that can be paid for each share is NOK 100 and the minimum amount is NOK 0.10. The authorisation is valid until the date of the annual General Meeting of 2020, but expires 30 June 2020 at the latest. The authorisation can be used to acquire shares as the Board of Directors deems appropriate.

13.8. Other financial instruments

Neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company or, in the case of joint venture companies, by it and its partners.

13.9. 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. Each of the Company's Shares carries one vote. The rights attaching to the Shares are described in Section 13.10 "The articles of association and certain aspects of Norwegian law".

13.10. The articles of association and certain aspects of Norwegian law

13.10.1. The Articles of Association

The 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.

Company name

Pursuant to section 1 of the Aricles of Association, the Company's name is Ultimovacs ASA, a public limited liability company.

Objective of the Company

Pursuant to section 3 of the Articles of Association, the objective of the Company is to develop, produce and sell medicine for the treating of cancer.

Registered office

Pursuant to section 2 of the Articles of Association, the Company's registered office is in the municipality of Oslo, Norway.

Share capital and nominal value

Pursuant to section 4 of the Articles of Association, the Company's share capital is NOK 1,602,040 divided into 16,020,400 Shares, each Share with a nominal value of NOK 0.10.

Board of Directors

Pursuant to section 5 of the Articles of Association, The Board of Directors shall consist of a minimum of 3 and a maximum of 9 members, elected by the Company's General Meeting.

Restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board of Directors.

General meetings

Pursuant to section 7 of the Articles of Association, the General Meeting shall be held every year within six months after the end of the financial year. The General Meeting shall consider and decide the following matters:

- Adoption of the annual accounts and the annual report, including the question of declaration of dividends.
- Approval of the statement from the Board of Directors regarding salary and other remuneration to the executive management.
- Election of Board Members.
- Any other matters which under the law or these Articles of Association pertain to the General Meeting.

As set out in section 7 of the Articles of Association, 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 General Meeting. Shareholders, who have failed to give such notice within the time limit, can be denied admission to the General Meeting.

Further, it is set out in section 7 of the Articles of Association that when documents pertaining to matters which shall be handled at the 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.

Nomination committee

Pursuant to section 6 of the Articles of Association, the Company shall have a nomination committee, elected by the General Meeting. The nomination committee shall give recommendations for the General Meeting on (i) the election of chairman for the Board of Directors, Board Members and potential deputy board members and (ii) the election of members for the nomination committee of the Company. Further, the nomination committee shal give recommendations for the General Meeting on remuneration for the Board of Directors and the nomination committee. Regulations for the nomination committee, and the remuneration for the nomination committee, is decided by the General Meeting.

13.10.2. Certain aspects of Norwegian corporate law

General meetings

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. Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. 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.

Voting rights – amendments to the Articles of Association

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 favour 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.

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.

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.

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 authorisation by the General Meeting of the Company cannot be granted for a period exceeding 24 months.

Shareholder vote on certain reorganisations

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.

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 wilfully 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.

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.

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.

13.11. Shareholder agreements

There are no shareholders' agreements related to the Shares.

14. SECURITIES TRADING IN NORWAY

14.1. Introduction

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As at April 2019, the total capitalisation of companies listed on the Oslo Stock Exchange amounted to approximately NOK 2,760,236.00 million. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation amounted to approximately 38.62%.

The Oslo Stock Exchange has entered into a strategic cooperation with the London Stock Exchange group with regards to, inter alia, trading systems for equities, fixed income and derivatives.

14.2. Trading and settlement

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange, including the Borsa Italiana, as well as by the Johannesburg Stock Exchange.

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

The settlement period for trading on the Oslo Stock Exchange 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.

Oslo Clearing ASA, a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX group, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on the Oslo Stock Exchange.

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.

14.3. Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange 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. The Oslo Stock Exchange may levy fines on companies violating these requirements.

14.4. 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. The VPS and the Oslo Stock Exchange are both wholly-owned by Oslo Børs VPS Holding ASA.

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 relevant 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.

14.5. Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. 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.

14.6. Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

14.7. 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 the Oslo Stock Exchange 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.

14.8. 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 Section 3-2 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.

14.9. 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 the Oslo Stock Exchange 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 the Oslo Stock Exchange 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 the Oslo Stock Exchange 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 authorised 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, the Oslo Stock Exchange 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, the Oslo Stock Exchange 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.

14.10. 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.

14.11. 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. TAXATION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on the laws in force in Norway as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The statements in the summary only apply to shareholders who are beneficial owners of the Shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

15.1. Norwegian taxation

15.1.1.Taxation of dividends

Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals residing in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders currently at an effective tax rate of 31.68% (for 2019) to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.44 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 31.68%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (Nw.: statskasseveksler) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share (but may not be set off against taxable dividends or capital gains on other Shares). Furthermore, excess allowance can be added to the cost price of the share and included in basis for calculating the allowance on the same share the following year.

Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of currently 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of currently 22% for 2019).

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.

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 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.

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.

From 1 January 2019, new rules apply with respect to the documentation of the applicability of reduced withholding tax rates. Inter alia, 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. Such documentation must be provided to either the nominee or the account operator (VPS).

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.

15.1.2. Taxation of capital gains on realisation of shares

Norwegian 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 31.68 % (for 2019); i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.44 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% (2019), increasing the effective tax rate on gains/losses realized by Norwegian Personal Shareholders to 31.68%.

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 15.1.1 "Taxation of dividends" 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 realisation 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.

Norwegian Personal Shareholders may hold the Shares through a Norwegian share saving account (Nw.: aksjesparekonto). Gains derived upon the realization of Shares held through a share saving account will be exempt from Norwegian taxation and losses will not be tax deductible. 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 31.68% (for 2019). 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 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.

Non-Norwegian Personal Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Non-Norwegian Corporate Shareholders

Capital gains derived by the sale or other realization of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

15.1.3.Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to 75% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly.

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

15.1.4.VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

15.1.5.Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

16. THE TERMS OF THE OFFERING

16.1. Overview of the Offering

The Offering consists of an offer of 11,840,000 Offer Shares, each with a nominal value of NOK 0.10, at an Offer Price of NOK 31.25 per Offer Share to raise gross proceeds of NOK 370 million.

The Offering consists of:

- An Institutional Offering, in which Offer Shares are being offered (a) to institutional and professional investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from prospectus and registration requirements, and (c) in the United States to QIBs, as defined in, and in reliance on Rule 144A of the U.S. Securities Act or another available exemption from registration under the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 1,000,000.

- A Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 999,999 for each investor. Investors who intend to place an order in excess of NOK 999,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit.

All offers and sales outside the United States will be made in compliance with Regulation S of the U.S. Securities Act.

This Prospectus does not constitute an offer of, or an invitation to purchase, Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "Important Information" and Section 17 "Selling and Transfer Restrictions".

The Bookbuilding Period in the Institutional Offering will take place from 21 May 2019 at 09:00 hours (CEST) until 29 May 2019 at 15:00 hours (CEST). The Application Period in the Retail Offering will take place from 21 May 2019 at 09:00 hours (CEST) to 29 May 2019 at 12:00 hours (CEST). The Company, in consultation with the Managers, reserves the right to shorten or extend the Bookbuilding Period and Application Period at any time and in their sole discretion. Any shortening of the Bookbuilding Period and/or the Application Period will be announced through the Oslo Stock Exchange's information system on or before 09:00 hours (CEST) on the prevailing expiration date of the Bookbuilding Period, provided, however, that in no event will the Bookbuilding Period and/or Application Period expire prior to 16:30 hours (CEST) on 28 May 2019. Any extension of the Bookbuilding Period and/or the Application Period will be announced through the Oslo Stock Exchange's information system on or before 09:00 hours (CEST) on the first business day following the then prevailing expiration date of the Bookbuilding Period. An extension of the Bookbuilding Period and/or the Application Period can be made one or several times provided that in no event will the Bookbuilding Period and/or Application Period be extended beyond 15:00 hours (CEST) on 7 June 2019. In the event of a shortening or an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on the Oslo Stock Exchange may not necessarily be changed.

Delivery of the Offer Shares to investors being allocated Offer Shares in the Offering is expected to take place on or about 4 June 2019 in the Retail Offering and subject to due payment for the allocated Offer Shares having been received from investors, and 4 June 2019 in the Institutional Offering (on a delivery versus payment basis).

Completion of the Offering is conditional upon, among other conditions, the Company satisfying the listing conditions and being listed on the Oslo Stock Exchange, see Section 16.15 "Conditions for completion of the Offering – Listing and trading of the Offer Shares".

See Section 16.18 "Expenses of the Offering and the Listing" for information regarding fees expected to be paid to the Managers and costs expected to be paid by the Company in connection with the Offering. The Company has undertaken, subject to certain conditions and limitations, to indemnify the Managers against certain losses and liabilities arising out of or in connection with the Offering.

16.2. Timetable

The timetable set out below provides certain indicative key dates for the Offering (subject to shortening or extensions):

Bookbuilding Period commences	21 May 2019 at 09:00 hours (CEST)
Bookbuilding Period expires	29 May 2019 at 15:00 hours (CEST)
Application Period (Retail Offering) commences	21 May 2019 at 09:00 hours (CEST)
Application Period (Retail Offering) ends	29 May 2019 at 12:00 hours (CEST)
Allocation of the Offer Shares	29 May 2019
Allocation of the Offer Shares	On or about 29 May 2019
Publication of the results of the Offering	On or about 29 May 2019
Distribution of allocation notes/contract notes	On or about 31 May 2019
Registration of the Company's new share capital in the Norwegian Register of Business Enterprises	On or about 31 May 2019
Accounts from which payment will be debited in the Retail Offering to be sufficiently funded	31 May 2019
First day of Listing of the Shares	3 June 2019
Payment date in the Retail Offering	3 June 2019
Delivery of the Offer Shares in the Retail Offering	On or about 4 June 2019
Payment date and delivery of Offer Shares in the Institutional Offering	On or about 4 June 2019

16.3. Resolution relating to the Offering and the issue of Offer Shares

The Offer Shares will be issued pursuant to a resolution passed by an extraordinary General Meeting of the Company on 2 May 2019.

Following the expiry of the Bookbuilding Period and the Application Period, the Company will consider on or about 29 May 2019 and, if thought fit, approve completion of the Offering and, in consultation with the Managers, allocation of the Offer Shares. If the Company determines that the Offering shall be completed, then the Board of Directors will proceed with the increase of the share capital of the Company by allocation of Offer Shares. The Offer Shares are expected to be issued on or about 31 May 2019.

16.4. The Institutional Offering

16.4.1.Bookbuilding Period

The Bookbuilding Period in the Institutional Offering will be from 21 May 2019 at 09:00 hours (CEST) to 29 May 2019 at 15:00 hours (CEST), unless shortened or extended.

The Company, in consultation with the Managers, may shorten or extend the Bookbuilding Period at any time and for any reason, and extension may be made on one or several occasions. The Bookbuilding Period may in no event expire prior to 16:30 hours (CEST) on 28 May 2019 or be extended beyond 15:00 hours (CEST) on 7 June 2019. In the event of a shortening or an extension of the Bookbuilding Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on the Oslo Stock Exchange may not necessarily be changed.

16.4.2.Minimum application

The Institutional Offering is subject to a minimum application of NOK 1,000,000 per application. Investors in Norway who intend to place an application for less than NOK 1,000,000 must do so in the Retail Offering.

16.4.3.Application procedure

Applications for Offer Shares in the Institutional Offering must be made during the Bookbuilding Period by informing one of the Managers shown below of the number of Offer Shares that the investor wishes to order, and the price that the investor is offering to pay per Offer Share.

ABG Sundal Collier
Munkedamsveien 45A
P.O. Box 1444 Vika
N-0115 Oslo
Norway

DNB Markets
Dronning Eufemias gate 30
P.O. Box 1600 Sentrum
N-0021 Oslo
Norway

All applications in the Institutional Offering will be treated in the same manner regardless of which Manager the applicant chooses to place the application with. Any orally placed application in the Institutional Offering will be binding upon the investor and subject to the same terms and conditions as a written application. The Managers may, at any time and in their sole discretion, require the investor to confirm any orally placed application in writing. Applications made may be withdrawn or amended by the investor at any time up to the expiry of the Bookbuilding Period. At the close of the Bookbuilding Period, all applications in the Institutional Offering that have not been withdrawn or amended are irrevocable and binding upon the investor.

16.4.4. Allocation, payment for and delivery of Offer Shares

The Managers expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 31 May 2019, by issuing contract notes to the applicants by mail or otherwise.

Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares is expected to take place on or about 4 June 2019 (the "**Institutional Closing Date**") through the facilities of the VPS.

For late payment, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Overdue Payment of 17 December 1976 no. 100 (the "**Norwegian Act on Overdue Payment**"), which, at the date of this Prospectus, is 8.75% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicants, and the Managers reserve the right, at the risk and cost of the applicant, to cancel the application and to re-allot or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit there from). The original applicant remains liable for payment for the Offer Shares allocated to the applicant, together with any interest, cost, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the share capital increase in the Company relating to the issuance of the Offer Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, subscribe for and pre-fund payment for the Offer Shares allocated in the Offering at a total subscription amount equal to the Offer Price multiplied by the number of Offer Shares; and by placing an application, the applicant irrevocably authorises and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. Irrespective of any such subscription and payment for Offer Shares, the original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding. The subscription and pre-funding by the Managers of the Offer Shares as described above constitute an integrated sales process where the investors subscribe for Offer Shares from the Company based on this Prospectus, which has been prepared by the Company. The investors will not have any rights or claims against any of the Managers.

16.5. The Retail Offering

16.5.1. Application Period

The Application Period during which applications for Offer Shares in the Retail Offering will be accepted will last from 21 May 2019 at 09:00 hours (CEST) to 29 May 2019 at 12:00 hours (CEST), unless shortened or extended. The Company, in consultation with the Managers, may shorten or extend the Application Period at any time and for any reason, and extension may be made on one or several occasions. The Application Period may in no event expire prior to 16:30 hours (CEST) on 28 May 2019 or be extended beyond 15:00 hours (CEST) on 7 June 2019. In the event of a shortening or an extension of the Application Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on the Oslo Stock Exchange may not necessarily be changed.

16.5.2.Minimum and maximum application

The Retail Offering is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 999,999 for each applicant.

Multiple applications are allowed. One or multiple applications from the same applicant in the Retail Offering with a total application amount in excess of NOK 999,999 will be adjusted downwards to an application amount of NOK 999,999. If two or more identical application forms are received from the same investor, the application form will only be counted once unless otherwise explicitly stated on one of the application forms. In the case of multiple applications through the online application system or applications made both on a physical application form and through the online application system, all applications will be counted. Investors who intend to place an order in excess of NOK 999,999 must do so in the Institutional Offering.

16.5.3.Application procedures and application offices

Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: www.abgsc.no and www.dnb.no/emisjoner.

Applicants in the Retail Offering not having access to the VPS online application system must apply for Offer Shares using the retail application form attached to this Prospectus as Appendix D "Application Form for the Retail Offering" (the "**Retail Application Form**"). Retail Application Forms, together with this Prospectus, may be obtained from the Company, the Company's website www.ultimovacs.com, the Managers' websites or the application offices listed below. Applications made through the VPS online application system must be duly registered during the Application Period.

The application offices for physical applications in the Retail Offering are:

ABG Sundal Collier
Munkedamsveien 45A
P.O. Box 1444 Vika
N-0115 Oslo
Norway
Tel: +47 22 01 60 00
E-mail: subscription@abgsc.no
www.abgsc.no

DNB Markets
Dronning Eufemias gate 30
P.O. Box 1600 Sentrum
N-0021 Oslo
Norway
Tel: +47 23 26 80 20
E-mail: retail@dnb.no
www.dnb.no/emisjoner

All applications in the Retail Offering will be treated in the same manner regardless of which of the above Managers the applications are placed with. Further, all applications in the Retail Offering will be treated in the same manner regardless of whether they are submitted by delivery of a Retail Application Form or through the VPS online application system.

Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, may be disregarded without further notice to the applicant. Properly completed Retail Application Forms must be received by one of the application offices listed above or registered electronically through the VPS application system by 12:00 hours (CEST) on 29 May 2019, unless the Application Period is being shortened or extended. None of the Company or any of the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any application office.

All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

16.5.4.Allocation, payment and delivery of Offer Shares

DNB Markets, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 31 May 2019, by issuing allocation notes to the applicants by mail or otherwise. Any

applicant wishing to know the precise number of Offer Shares allocated to it, may contact one of the application offices listed above on or about 31 May 2019 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 31 May 2019.

In registering an application through the VPS online application system or completing a Retail Application Form, each applicant in the Retail Offering will authorise DNB Markets (on behalf of the Managers) to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 3 June 2019 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 31 May 2019. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (3 June 2019).

Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 31 May 2019, or can be obtained by contacting DNB Markets at +47 23 26 81 01.

Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 8.75% per annum. DNB Markets (on behalf of the Managers) reserves the right (but has no obligation) to make up to three debit attempts through 11 June 2019 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and that the applicant will not be entitled to any profit there from). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the share capital increase in the Company relating to the issuance of the Offer Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, subscribe for and pre-fund payment for the Offer Shares allocated in the Offering at a total subscription amount equal to the Offer Price multiplied by the number of Offer Shares; and by placing an application, the applicant irrevocably authorises and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. Irrespective of any such subscription and payment for Offer Shares, the original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding. The subscription and pre-funding by the Managers of the Offer Shares as described above constitute an integrated sales process where the investors subscribe for Offer Shares from the Company based on this Prospectus, which has been prepared by the Company. The investors will not have any rights or claims against any of the Managers.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 4 June 2019 through the facilities of the VPS.

16.6. Mechanism of allocation

It has been provisionally assumed that approximately 85%-95% of the Offering will be allocated in the Institutional Offering and approximately 5%-15% of the Offering will be allocated in the Retail Offering. The final determination of the number of Offer Shares allocated to the Institutional Offering and the Retail Offering will only be decided, however, by the Company, in consultation with the Managers, following the completion of the bookbuilding process for the Institutional Offering, based on among other things the level of orders or applications received from each of the categories of investors relative to the level of applications or orders received in the Retail Offering. The Company and the Managers reserve the right to deviate from the provisionally assumed allocation between tranches without further notice and at their sole discretion.

No Offer Shares have been reserved for any specific national market.

In the Institutional Offering, the Company, in consultation with the Managers, will determine the allocation of Offer Shares. An important aspect of the allocation principles is the desire to create an appropriate long-term shareholder structure for

the Company. The allocation principles will, in accordance with normal practice for institutional placements, include factors such as premarketing and management road-show participation and feedback, timeliness of the order, price level, relative order size, sector knowledge, investment history, perceived investor quality and investment horizon. The Company and the Managers further reserve the right, at their sole discretion, to take into account the creditworthiness of any applicant. The Company and the Managers may also set a maximum allocation, or decide to make no allocation to any applicant.

In the Retail Offering, no allocations will be made for a number of Offer Shares representing an aggregate value of less than NOK 10,500 per applicant, however, all allocations will be rounded down to the nearest number of whole Offer Shares and the payable amount will hence be adjusted accordingly. One or multiple orders from the same applicant in the Retail Offering with a total application amount in excess of NOK 999,999 will be adjusted downwards to an application amount of NOK 999,999. In the Retail Offering, allocation will be made solely on a pro rata basis using the VPS' automated simulation procedures. The Company and the Managers reserve the right to limit the total number of applicants to whom Offer Shares are allocated if the Company and the Managers deem this to be necessary in order to keep the number of shareholders in the Company at an appropriate level and such limitation does not have the effect that any conditions for the Listing regarding the number of shareholders will not be satisfied. If the Company and the Managers should decide to limit the total number of applicants to whom Offer Shares are allocated, the applicants to whom Offer Shares are allocated will be determined on a random basis by using the VPS' automated simulation procedures and/or other random allocation mechanism.

16.7. VPS account

To participate in the Offering, each applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Retail Application Form for the Retail Offering. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of VPS accounts requires verification of identification by the relevant VPS registrar in accordance with Norwegian anti-money laundering legislation (see Section 16.10 "Mandatory anti-money laundering procedures").

16.8. Product governance

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (MiFID II); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (the MiFID II Product Governance Requirements), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the Positive Target Market); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the Appropriate Channels for Distribution).

Notwithstanding the Target Market Assessment, Distributors should note that: the price of Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

Investors should, however, note that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, it is the assessment of the manufacturers that an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the Negative Target Market, and, together with the Positive Target Market, the Target Market Assessment).

16.9. National Client Identifier and Legal Entity Identifier

In order to participate in the Offering, applicants will need a global identification code. Physical persons will need a so called National Client Identifier ("**NCI**") and legal entities will need a so called Legal Entity Identifier ("**LEI**").

16.9.1.NCI code for physical persons

As of 3 January 2018, physical persons will need a NCI code to participate in a financial market transaction, i.e. a global identification code for physical persons. For physical persons with only a Norwegian citizenship, the NCI code is the 11 digit personal ID (Nw.: Fødselsnummer). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NCI code can be used. Investors are encouraged to contact their bank for further information.

16.9.2.LEI code for legal entities

As of 3 January 2018, legal entities will need a LEI code to participate in a financial market transaction. A LEI code must be obtained from an authorised LEI issuer, which can take some time. Investors should obtain a LEI code in time for the application. For more information visit www.gleif.org.

16.10. Mandatory anti-money laundering procedures

The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Applicants who are not registered as existing customers of any of the Managers must verify their identity to the Manager in which the order is placed in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form, or when registering an application through the VPS online application system, are exempted, unless verification of identity is requested by any of the Managers. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period may not be allocated Offer Shares.

16.11. Stabilisation activities

The Stabilisation Manager, DNB Markets, may, during the period commencing on the first day of trading of the Shares on Oslo Børs and ending at the close of trading on the 30th calendar day following such day (the "**Stabilisation Period**"), effect transactions with a view to support the market price of the Shares at a level higher than what might otherwise prevail, through (on behalf of the Managers) buying Shares in the secondary market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest at the end of the Stabilisation Period. It should be noted that stabilisation activities might result in market prices that are higher than what might otherwise prevail.

Any stabilisation activities will be conducted based on the same principles as set out in Section 3-12 of the Norwegian Securities Trading Act and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments. The Stabilisation Manager will comply with all disclosure requirements toward Oslo Børs.

Within one week after the expiry of the 30 calendar day period of price stabilisation, the Stabilisation Manager will publish information as to whether or not price stabilisation activities were undertaken. If stabilisation activities were undertaken, the statement will also include information about: (i) the total amount of Shares sold and purchased; (ii) the dates on which the stabilisation period began and ended; (iii) the price range between which stabilisation was carried out, as well as the

highest, lowest and average price paid during the stabilisation period; and (iv) the date at which stabilisation activities last occurred.

The Company's shareholders Canica AS, Gjelsten Holding AS, Helene Sundt AS and CGS Holding AS have granted the Stabilisation Manager, on behalf of the Managers, a put option pursuant to which the Stabilisation Manager may require such shareholders to purchase from the Stabilisation Manager, on behalf of the Managers, up to the number of Shares set out opposite to such shareholder's name below (the "**Option**"):

Shareholder	**Number of Shares**
Gjelsten Holding AS	448,000
Canica AS	256,000
Helene Sundt AS	128,000
CGS Holding AS	128,000

The aggregate number of Shares to be sold under the Option may not exceed the number of Shares acquired by the Stabilisation Manager as part of stabilisation activities as set out above. If the number of Shares to be sold pursuant to the Option is less than the aggregate number of Shares set out in the above table, the number of Shares to be acquired by each of the shareholders comprised by the Option shall be reduced on a pro rata basis. The exercise price payable per Share upon an exercise of the Option shall be equal to the volume weighted average purchase price of all Shares acquired by the Stabilisation Manager in stabilisation activities as set out above.

The Option must be exercised by written notice to the shareholders comprised by the Option no later than the end of the third business day after the end of the Stabilisation Period. No consideration will be paid for the Option. Settlement of any sale of Shares pursuant to the Option shall take place as soon as practicable in such a manner as the Stabilisation Manger instructs.

16.12. Publication of information in respect of the Offering

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange's information system to publish information relating to the Offering, such as amendments to the Bookbuilding Period and Application Period (if any), the final Offer Price, number of Offer Shares and total amount of the Offering, allotment percentages, and first day of trading at the Oslo Stock Exchange.

16.13. The rights conferred by the Offer Shares

The Offer Shares will in all respects carry full shareholders' rights in the Company on an equal basis as any other Shares in the Company, including the right to any dividends, from the date of registration of the share capital increase pertaining to the Offering in the Norwegian Register of Business Enterprises (see Section 16.2 "Timetable").

For a description of rights attached to the Shares in the Company, see Section 13 "Corporate Information and Description of the Share Capital".

16.14. VPS registration

The Shares, including the Offer Shares, have been created under the Norwegian Public Limited Liability Companies Act. The Offer Shares are registered in book-entry form with the VPS and have ISIN NO 001 0851603. The Company's register of shareholders with the VPS is administrated by DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway.

16.15. Conditions for completion of the Offering – Listing and trading of the Offer Shares

The Company expects to apply for Listing of its Shares on the Oslo Stock Exchange on or about 21 May 2019. It is expected that the board of directors of the Oslo Stock Exchange will approve the Listing application of the Company on or about 24 May 2019, conditional upon the Company obtaining a minimum of 500 shareholders for a listing on Oslo Børs and a minimum

of 100 shareholders for a listing on Oslo Axess, each holding Shares with a value of more than NOK 10,000 and there being a minimum free float of the Shares of 25%. The Company expects that these conditions will be fulfilled through the Offering.

Completion of the Offering on the terms set forth in this Prospectus is expressly conditioned upon the board of directors of the Oslo Stock Exchange approving the application for Listing of the Shares in its meeting to be held on or about 24 May 2019, on conditions acceptable to the Company and that any such conditions are satisfied by the Company. The Offering will be cancelled in the event that the conditions are not satisfied. There can be no assurance that the board of directors of the Oslo Stock Exchange will give such approval or that the Company will satisfy these conditions.

Completion of the Offering on the terms set forth in this Prospectus is otherwise only conditional on (i) the Board of Directors having resolved to issue the Offer Shares in the Offering, (ii) the Company, in consultation with the Managers, having approved the allocation of the Offer Shares to eligible investors following the bookbuilding process, and (iii) the Managers, not prior to the registration of the share capital increase relating to the issuance of the Offer Shares having terminated their commitments to pre-fund the subscription amount for the Offer Shares. There can be no assurance that these conditions will be satisfied. If the conditions are not satisfied, the Offering may be revoked or suspended.

Assuming that the conditions are satisfied, the first day of trading of the Shares, including the Offer Shares, on the Oslo Stock Exchange is expected to be on or about 3 June 2019. The Shares are expected to trade under the ticker code "ULTIMO".

Applicants in the Retail Offering selling Offer Shares prior to delivery must ensure that payment for such Offer Shares is made on or prior to the Payment Date, by ensuring that the stated bank account is sufficiently funded from and including 31 May 2019. Applicants in the Institutional Offering selling Offer Shares prior to delivery must ensure that payment for such Offer Shares is made on or prior to the Institutional Closing Date. Accordingly, an applicant who wishes to sell its Offer Shares, following confirmed allocation of Offer Shares, but before delivery, must ensure that payment is made in order for such Offer Shares to be delivered in time to the applicant.

Prior to the Listing and the Offering, the Shares are not listed on any stock exchange or authorised market place, and no application has been filed for listing on any other stock exchanges or regulated market places other than the Oslo Stock Exchange.

16.16. Dilution

Following completion of the Offering, the immediate dilution for the for the existing shareholders who do not participate in the Offering is estimated to be 42.5%.

16.17. Underwriting and pre-subscription

The Offering has been underwritten on certain terms and conditions by an underwriting syndicate consisting of the companies listed in the below table (the "**Underwriters**"). Each Underwriter has undertaken to subscribe for up to the number of Offer Shares set out opposite to the name of each Underwriter in the below table, at the Offer Price (the ("**Underwriting Commitment**").

Name	**Number of shares underwritten**	**Percentage of Offer Shares underwritten**
Gjelsten Holding AS	4,160,000	35.14
Canica AS	2,560,000	21.62
Helene Sundt AS	1,280,000	10.81
CGS Holding AS	1,280,000	10.81
Watrium AS	1,120,000	9.46
Langøya Invest AS	960,000	8.11

Radiumhospitalets Forskningsstiftelse	480,000	4.05

Any Offer Shares not allocated to subscribers in the Offering, will be allocated to the above Underwriters as far as possible pro rata to the size of the Underwriting Commitment of each Underwriter. If an Underwriter has subscribed for and been allotted Offer Shares, its obligation to subscribe for Offer Shares pursuant to its Underwriting Commitment will be reduced correspondingly. Each Underwriter has authorized the Managers to subscribe on its behalf for any Offer Shares allocated to it pursuant to this section.

Canica AS, Gjelsten Holding AS, Helene Sundt AS, CGS Holding AS and Watrium AS has pre-subscribed for, and will be allocated, the number of Offer Shares set out opposite to the name of each company in the below table, at the Offer Price in the Offering:

Name	**Number of shares pre-subscribed**
Canica AS	800,000
Gjelsten Holding AS	800,000
Watrium AS	800,000
Helene Sundt AS	400,000
CGS Holding AS	400,000

The obligations for the Underwriters are conditional on i) The Company obtaining approval from the Oslo Stock Exchange for listing of the Company's Shares on Oslo Børs or Oslo Axess, ii) satisfaction of all conditions set by the Oslo Stock Exchange for the listing of the Company on Oslo Børs or Oslo Axess, and iii) the Major Shareholders and Management Shareholders not controlling in the aggregate more than 75% of the total number of shares in the Company immediately following completion of the Offering. The Underwriters can on their sole discretion waive iii) above subject to all requirements for a listing being met.

The "**Major Shareholders and Management Shareholders**" means Gjelsten Holding AS, Canica AS, Watrium AS, Sundt AS, Inven2 AS, Radiumshospitalets Forskningsstiftelse, Langøya Invest AS, Haracon AB, CGS Holding AS, Helene Sundt AS, Vitmed AS, Aeolus AS, Snøtind AS and Basen Kapital AS.

16.18. Expenses of the Offering and the Listing

The net proceeds to the Company will be approximately NOK 338.3 million, based on estimated total transaction costs of, and incidental to, the Listing and the Offering of approximately NOK 31.7 million to be paid by the Company.

In consideration of the Managers commitments under the Underwriting Agreement, the Company will pay the Managers a commission calculated on basis of 3.5% gross proceeds of the Offering. For gross proceeds relating to the participation of existing shareholders in the Offering, the Managers' commission will be calculated on basis of 1.75% of such proceeds. The Company will also pay the Managers a discretionary fee of up to 1.5% of gross proceeds of the Offering.

No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

16.19. Lock-up

The Company, all shareholders owning more than 1.6% of the Shares in the Company and certain shareholders owning less than 1.6% of the Shares in the Company, together with the Company's Board of Directors and the Management agree to be subject to restrictions, subject to certain exceptions, on their ability to sell or transfer their Shares. The Company, its Board of Directors and the Management are subject to such restrictions for a period of 12 months after the Institutional Closing

Date. The aforementioned shareholders of the Company are subject to such restrictions for a period of 6 months after the Institutional Closing Date. The Managers may, in their sole discretion and at any time, waive such restrictions on sales or transfer during these periods. Additionally, following these periods respectively, all Shares owned by the Company, the aforementioned shareholders of the Company, the Board of Directors and the Management will be eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions.

16.20. Interest of natural and legal persons involved in the Offering

The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a management fee in connection with the Offering, which will be based on the amount of gross proceeds received from investors, and, as such, have an interest in the Offering. In addition, the Company may pay to the Managers an additional discretionary fee in connection with the Offering. See Section 16.18 "Expenses of the Offering and the Listing" for information on fees to the Managers in connection with the Offering.

Further, the Underwriters will receive a underwriting commission from the Company equal to 2.00 percent on their respective underwriting obligation.

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.

16.21. Participation of major existing shareholders and members of the Management, supervisory and administrative bodies in the Offering

None of the members of the Board of Directors and Management have indicated an intention to apply for Offer Shares and are expected to consider any possible applications during the application period.

Other than disclosed in section 16.17 above, the Company is not aware of whether any major shareholders of the Company or members of the Management, supervisory or administrative bodies intend to apply for Offer Shares in the Offering, or whether any person intends to apply for more than 5% of the Offer Shares.

16.22. Governing law and jurisdiction

This Prospectus, the Retail Application Form and the terms and conditions of the Offering shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus, the Retail Application Form or the Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with the Oslo District Court as the legal venue.

17. SELLING AND TRANSFER RESTRICTIONS

17.1. General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

17.2. Selling restrictions

17.2.1. United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares as part of its allocation at any time other than to QIBs in the United States in accordance with Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 17.3.1 "United States".

Any offer or sale in the United States will be made solely by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and in connection with any applicable state securities laws.

17.2.2. United Kingdom

Each Manager has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Offer Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

17.2.3. European Economic Area

In relation to each Member State, with effect from and including the date on which the EU Prospectus Directive is implemented in that Member State (the "**Relevant Implementation Date**"), an offer to the public of any Offer Shares which are the subject of the offering contemplated by this Prospectus may not be made in that Member State, other than the offering in Norway as described in this Prospectus, once the Prospectus has been approved by the competent authority in Norway and published in accordance with the EU Prospectus Directive (as implemented in Norway), except that an offer to the public in that Member State of any Offer Shares may be made at any time with effect from and including the Relevant

Implementation Date under the following exemptions under the EU Prospectus Directive, if they have been implemented in that Member State:

- to legal entities which are qualified investors as defined in the EU Prospectus Directive;
- to fewer than 100, or, if the Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer, or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;

provided that no such offer of Offer Shares shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive or supplement a prospectus pursuant to Article 16 of the EU Prospectus Directive. Each person in a Member State who initially acquires any Offer Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the Managers that it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in each Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

17.2.4.Additional jurisdictions

Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which

are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Other jurisdictions

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan, Australia or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

17.3. Transfer restrictions

17.3.1. United States

The Offer 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 Offer 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 authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer 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 of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares 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 Offer 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 Offer Shares pursuant to Regulation S described in this Prospectus.
- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.

- The purchaser acknowledges that these representations are required in connection with the securities laws of the United States and 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 Offer Shares within the United States pursuant to Rule 144A or another available exemption under the 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 authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Offer 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 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 may be made in reliance on Rule 144A and (iii) is acquiring such Offer 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 Offer Shares, as the case may be.

- The purchaser is aware that the Offer 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 Offer Shares, as the case may be, such Shares 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 Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The Offer 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 Offer Shares, as the case may be.

- The Company shall not recognise any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

17.3.2. European Economic Area

Each person in a Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Manager and the Company that:

- it is a qualified investor as defined in the EU Prospectus Directive; and

- in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) the Offer Shares acquired by it in the 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 Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an "offer" in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

18. ADDITIONAL INFORMATION

18.1. Independent auditor

The Company's independent auditor is Ernst & Young AS, with business registration number 976 389 387, and registered address at Dronning Eufemias gate 6, N-0191 Oslo, Norway. The partners of Ernst & Young AS are members of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants). Ernst & Young AS has been the Company's auditor since the 2015 financial year.

18.2. Advisors

ABG Sundal Collier (Munkedamsveien 45, N-0250 Oslo, Norway) and DNB Markets (Dronning Eufemias gate 30, N-0191 Oslo, Norway) are acting as Joint Global Coordinators and Joint Bookrunners for the Offering.

Advokatfirmaet Schjødt AS (Ruseløkkveien 14-16, N-0251 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

Advokatfirmaet Wiersholm AS (Dokkveien 1, floor 6, N-0250 Oslo, Norway) is acting as Norwegian legal counsel to the Managers.

18.3. Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Ullernchausséen 64, N-0379 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;
- the historical financial information of the Company and its Subsidiary for each of the three financial years preceding the publication of this Prospectus; and
- this Prospectus.

18.4. Confirmation regarding sources

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and as far as the Company is aware of and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified wherever used. This Prospectus contains market data, industry forecasts and other information published by third parties, including information related to the sizes of markets in which the Company operates. The information has been extracted from a number of sources. The Company has estimated certain market share statistics using both its internal data and industry data from other sources. Although the Company regards these sources as reliable, the information contained in them has not been independently verified. Therefore, the Company does not guarantee or assume any responsibility for the accuracy of the data, estimates, forecasts or other information taken from the sources in the public domain. This Prospectus also contains assessments of market data and information derived therefrom that could not be obtained from any independent sources. Such information is based on the Company's own internal assessments and may therefore deviate from the assessments of competitors of the Company or future statistics by independent sources.

19. DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

2010 PD Amending Directive	Directive 2010/73/EU amending the EU Prospectus Directive.
ABGSC	ABG Sundal Collier ASA.
Adjuvant	A substance that is formulated as part of a vaccine to enchange its ability to induce protection against infection.
AGR	Annual Growth Rate.
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324, collectively.
Annual General Meeting	The Company's annual general meeting
APMs	Alternative performance measures.
Application Period	The application period for the Retail Offering which will take place from 09:00 hours (CEST) on 21 May 2019 to 12:00 hours (CEST) on 29 May 2019, unless shortened or extended.
Articles of Association	The Company's articles of association.
Acquistion	The Company's acquisition of Immuneed.
BLA	Biologic license application.
Board of Directors	The board of directors of the Company.
Board Members	The members of the Board of Directors.
Bookbuilding Period	The bookbuilding period for the Institutional Offering which will take place from 09:00 hours (CEST) on 21 May 2019 to 15:00 hours (CEST) on 29 May 2019, unless shortened or extended.
BRAF gene	A protein that is involved in sending signals inside cells which are involved in directing cell growht.
Bribery Act	The United Kingdom Bribery Act of 2010.
CAGR	Compound annual growth rate.
CD4+ T cells	Cells of the immune system that contribute to the body's adaptive immune response. The cells help the activity of other immune cells by releasing T cells cytokines.
CD8+ T cells	Cells of the immune system that contribute to the body's adaptive immune response.
CEO	Chief Executive Officer.
CEST	Central European Summer Time.
CFO	Chief Financial Officer.
CMC	Chemistry, Manufacturing and Controls
Cobimetinib	The medical name for Cotellic (commercial name). An oral MEK kinase inhabitor.
Company	Ultimovacs ASA (company registration number 996 713 008).
COO	Chief Operations Officer.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance, dated 17 October 2018.
CPI	Checkpoint inhibitors.
CROs	Contract research organisations.
CTLA4	A protein receptor, functioning as an immune checkpoint, that downregulates immune responses.
Cytokine	Small proteins that are important in cell signaling. Cytokines interact with cells of the immune system in order to regulate the body's response to disease and infection, as well as mediate normal cellular processes in the body.
Dabrafenib	A drug for the treatment of cancers assoicated with a BRAF mutated metastatic melanoma.
DNB Markets	DNB Markets, a part of DNB Bank ASA.
Operating EBITDA margin	Gross operating profit (loss) divided by total operating income.
EEA	The European Economic Area.
EMA	European Medicines Agency.
Eptiope	Also called antigenic determinant. A part of the antigen that is reqognized by the immune system through an antibody (a B cell or a T cell).

ESMA	The European Securities and Markets Authority.
ESMO	The European Society for Medical Oncology.
EUR, euros or €	The lawful common currency of the EU member states who have adopted the Euro as their sole national currency.
EU Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Member State.
FCPA	The U.S. Foreign Corrupt Practices Act of 1977.
FDA	U.S. Food and Drug Administration.
Financial Statements	The audited annual financial statements as of and for the years ended 31 December 2018, 2017 and 2016.
FPFV	First patient, first visit.
Forward-looking statements	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.
FSMA	UK Financial Services and Markets Act 2000.
GDP	Gross domestic product.
General Meeting	The Company's general meeting of shareholders.
GM-CSF	Granulocyte-macrophage colony-stimulating factor: a monomeric glycoprotein secreted by, inter alia, T cells.
GMP	Good manufacturing practice.
Group	The Company together with its consolidated subsidiaries.
Hazard ratio	Hazard ratio is defined as the ratio between hazards (events), in the randomized phase II study this is PFS (Progression Free Survival), measured in the intervention group relative to the control group. A priori, a hazard ratio is set with statistical considerations to test if the hypothetical hazard ratio is valid or should be rejected. A hazard ratio of e.g. 0.6 means that the ratio of events in the intervention group relative to the control group is 0.6, however, with a statistical confidence interval around the 0.6 estimate. The randomized phase II study is an end-point driven study, meaning that a predefined number of events have to materialize before the statistical analysis is done.
HLA	Human leukocyte antigen.
hTERT	Human telomerase reverse transcriptase.
IAS 34	International Accounting Standard 34 "Interim Financial Reporting".
IAS 39	International Accounting Standard 39 "Financial Instruments".
IFN-γ	Interferon gamma. A cytokine that plays an important role in inducing and modulating an array of immune responses.
IFRS	International Financial Reporting Standards, as adopted by the EU.
IL-2	Interleukin-2. A type of cytokine signaling molecule in the immune system.
Immuneed	Immuneed AB (company registration number 556974-4807).
Immune checkpoint	Key regulators of the immune system that stimulate or inhibit its actions.
IND	Investigational New Drug application.
Institutional Closing Date	Delivery and payment for the Offer Shares by the applicants in the Institutional Offering is expected to take place on or about 4 June 2019.
Institutional Offering	An institutional offering, in which Offer Shares are being offered to (a) investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from any applicable prospectus requirements, and (c) investors in the United States who are QIBs in transactions exempt from registration requirements under the U.S. Securities Act, subject to a lower limit per application of NOK 1,000,000.
IO	Immuno-oncology.

Ipilimumab	The medical name for Yervoy (commercial name). A CLTA4 inhibitor used as treatment of melanoma.
IP	Intellectual property.
IRS	The U.S. Internal Revenue Service.
Joint Global Coordinators and Joint Bookrunners	ABGSC and DNB Markets, collectively.
Keytruda	The commercial name of Pembrolizumab (medical name) produced by Merck.
LPVP	Last patient, last visit.
Listing	The listing of the Shares on the Oslo Stock Exchange.
MAA	Marketing authorisation application.
Major Shareholders and Management Shareholders	Gjelsten Holding AS, Canica AS, Watrium AS, Sundt AS, Inven2 AS, Radiumshospitalets Forskningsstiftelse, Langøya Invest AS, Haracon AB, CGS Holding AS, Helene Sundt AS, Vitmed AS, Aeolus AS, Snøtind AS and Basen Kapital AS.
Management	The senior management team of the Company.
Managers	The Joint Global Coordinators and Joint Bookrunners.
Market Abuse Regulation or MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse.
MHC	Major histocompability complex. Essential for the T cells to recognise foreign molecules in the body.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and together with local implementing measures.
NDA	New drug application.
Nivolumab	The medical name for Opdivo (commercial name). A PD-1 inhibitor as treatment of metastatic melanoma.
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian Corporate Shareholder	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Act on Overdue Payment	The Norwegian Act on Overdue Payment of 17 December 1976 no. 100.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian FSA	The Norwegian Financial Supervisory Authority (*Nw.: Finanstilsynet*).
Norwegian kroner	The lawful currency of Norway.
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Liability Companies Act	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (*Nw.: allmennaksjeloven*).
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (*Nw.: verdipapirhandelloven*).
NSCLC	Non-small cell lung cancer.
Offering	The initial public offering including the Institutional Offering and the Retail Offering taken together.
Offer Price	NOK 31.25 per Offer Share.
Offer Shares	New shares to be issued by the Company in the Offering to raise gross proceeds of NOK 370 million.
Option	A put option granted by the Company's shareholders Canica AS, Gjelsten Holding AS, Helene Sundt AS and CGS Holding AS to the Stabilisation Manager, on behalf of the Managers, pursuant to which the Stabilisation Manager may require such shareholders to purchase from the Stabilisation Manager, on behalf of the Managers, up to a number of Shares as set out in section 16.11 of this Prospectus.
Order	The UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Oslo Stock Exchange	Oslo Børs ASA, or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA or Oslo Axess, a Norwegian regulated market place operated by Oslo Børs ASA.
Payment Date	The payment date for the Offer Shares under the Retail Offering, expected to be on 3 June 2019.
PD-1	A checkpoint inhibitor. A protein found on T cells, that helps the T cells from attacking other cells in the body.
PD-L1	A checkpoint inhibitor. A protein found on some normal (and cancer) cells.
Pembrolizumab	The medical name for Keytruda (commercial name) produced by Merck.
Peptide	Short chains of amino acid monomers linked by peptide bonds.
PFIC	A passive foreign investment company for U.S. federal income tax purposes.
PFS/OS	Progression-free survival/overall survival.
Prospectus	This Prospectus, dated 20 May 2019.
QIBs	Qualified institutional buyers as defined in Rule 144A.
Regulation S	Regulation S under the U.S. Securities Act.
Implementation Date	In relation to each Member State, with effect from and including the date on which the EU Prospectus Directive is implemented in that Member State.
Member State	Each Member State of the EEA which has implemented the EU Prospectus Directive.
Relevant Persons	Persons in the UK that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
Retail Application Form	Application form to be used to apply for Offer Shares in the Retail Offering, attached to this Prospectus as Appendix D.
Retail Offering	A retail offering, in which Offer Shares are being offered to the public in Norway, subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 999,999 for each investor.
Rule 144A	Rule 144A under the U.S. Securities Act.
SAE	Serious adverse events. Defined by FDA as any adverse drug event (experience) occurring at any dose that in the opinion of either the investigator or sponsor results in case of (i) death, (ii) life-threatening adverse drug experience, (iii) inpatient hospitalization or prolongation of existing hospitalization (for > 24 hours), (iv) persistent or significant incapacity or substantial disruption of the ability to conduct normal life functions, (v) congenital anomaly/birth defect or (vi) important Medical Event (IME) that may not result in death, be life threatening, or require hospitalization may be considered a serious adverse drug experience when, based upon medical judgment, it may jeopardize the patient or subject and may require medical or surgical intervention to prevent one of the outcomes listed in this definition.
Shares	Shares in the share capital of the Company, each with a nominal value of NOK 0.10, or any one of them.
SITC	Society for Immunotherapy of Cancer.
SSRE	Sample Size Re-Estimation.
Stabilisation Manager	DNB Markets.
Stabilisation Period	The period commencing on the first day of trading of the Shares on Oslo Børs and ending at the close of trading on the 30th calendar day following such day.
Subsidiary	Ultimovacs AB (company registration number 559144-3162).
T cell	Also called T lymphocyte, a white blood cell, that is an essential part of the immune system.
TCV	Therapeutic cancer vaccines.
TET	Tetanus-Epitope Targeting.
TET Pharma	TET Pharma AB (company registration number 559144-3162).
TET Pharma Shares	100% of the issued shares of TET Pharma.
TET-platform	Tetanus-Epitope Targeting-platform.
TNFα	Tumor necrosis factor alpha. A cell cytokine involved in systemic inflammation.
Trametinib	The medical name for Mekinist (commercial name). A MEK inhibitor drug as treatment of metastatic melanoma carrying the BRAF mutation.

UK	The United Kingdom.
Underwriters	Canica AS, Gjelsten Holding AS, Helene Sundt AS, CGS Holding AS, Watrium AS, Langøya Invest AS and Radiumhospitalets Forskningsstiftelse
Underwriting Commitment	The commitment of the Underwriters to subscribe for up to a number of Offer Shares at the Offer Price as set out in section 16.17
Ultimovacs	The Company together with its consolidated subsidiaries.
U.S. dollars, USD or $	The lawful currency of the United States of America.
U.S. or United States	The United States of America.
U.S. Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.
U.S. Holder	A beneficial owner of Offer Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
UV1	A therapeutic cancer vaccine developed by the Groupfor use as monotherapy, and as a platform for other immuno-oncology drugs which require an ongoing T cell response for their mode of action.
UV2	A new medical entity based on the TET-technology with potential for vaccination of patients with a universal cancer antigen.
Vemurafenib	A BRAF enzyme inhibitor for the treatment of late-stage melanoma.
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS account	An account with the VPS for the registration of holdings of securities.
VPS Registrar	DNB Bank ASA .

APPENDIX A:

ARTICLES OF ASSOCIATION OF ULTIMOVACS ASA

Articles of Association
for
Ultimovacs ASA[1]

2 May 2019

1 The company's name

The company's name is Ultimovacs ASA. The company is a public limited liability company.

2 Registered office

The company's registered office is in Oslo.

3 The company's purpose

The company's purpose is to develop, produce and sell medical products for cancer treatment.

4 The company's share capital

The company's share capital is NOK 1,602,040, divided into 16,020,400 shares, each with a par value of NOK 0.10.

5 The company's Board of Directors

The company's Board of Directors shall consist of a minimum of three and a maximum of nine board members elected by the General Meeting.

The Chair of the Board and one board member jointly shall have the authorization to sign on behalf of the company.

6 Nomination Committee

The company shall have a Nomination Committee, which is elected by the General Meeting.

The Nomination Committee submits proposals to the General Meeting regarding (i) election of the Chair of the Board, board members and any deputy members of the Board of Directors, and (ii) election of members to the Nomination Committee. The Nomination Committee also submits proposals to the General Meeting regarding remuneration to the Board of Directors and the Nomination Committee.

The General Meeting determines the instruction for the Nomination Committee and determines the remuneration of the Nomination Committee's members.

7 Holding General Meetings

Shareholders who wish to participate in a General Meeting of the company, shall notify this to the company within a deadline set out in the notice of the General Meeting, and which cannot expire earlier than five days prior to the General Meeting. Shareholders who have not notified the company within the expiry of the deadline may be denied access.

[1] Office translation from Norwegian original

When documents which pertain to matters to be resolved on the General Meeting have been made available to the shareholders on the company's web site, the statutory requirement of distributing documents to the shareholders does not apply. This also applies to documents which pursuant to statutory law shall be included in or appended to the notice of the General Meeting. A shareholder may nonetheless demand to be provided with such documents.

The Annual General Meeting is held each year not later than six months after expiry of the previous financial year. The following matters shall be discussed and resolved at the Annual General Meeting:

i. Approval of the annual accounts and annual report, including distribution of dividends
ii. Approval of the Board of Directors' statement on salary and other remuneration to the executive management
iii. Election of board members
iv. Other matters which according to statutory law or the Articles of Association pertain to the Annual General Meeting

* * *

APPENDIX B:

FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL STATEMENTS 2018

Ultimovacs

Table of contents

About Ultimovacs

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

Ultimovacs was established in 2011. The company and its proprietary technology is based on pre-clinical and clinical research on immunotherapies conducted at the Oslo University Hospital. The company is privately held, mainly by Norwegian private investors/family offices.

Ultimovacs is headquartered at the Oslo Cancer Cluster Innovation Park in Oslo, Norway, and also has an office in Uppsala, Sweden. Ultimovacs is an active member of Oslo Cancer Cluster.

Three Phase I studies have been completed at the Oslo University Hospital. The patients have been followed up for survival, immune response and new anti-cancer treatment. 52 patients were enrolled in these studies; 22 in a prostate cancer study, 18 in a non-small cell lung cancer study and 12 patients in a malignant melanoma study. In the malignant melanoma study, UV1 was given in combination with ipilimumab. Safety and tolerability were primary endpoints in all three studies, while immune response towards any of the UV1 peptides and efficacy were secondary endpoints.

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

UV1 induced an immune response (hTERT specific T-cells) in 82% of patients across the three studies (range 67-91%). When combining UV1 with ipilimumab, a CTLA-4 checkpoint inhibitor, 91% of malignant melanoma patients developed an immune response. The responses appeared earlier, required fewer vaccinations, and were stronger and more long lasting compared to vaccination with UV1 alone. These data are compatible with a mechanism of action where blocking CTLA-4 checkpoints induce additional expansion of UV1 specific T cells induced by UV1 vaccination.

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

- Prostate cancer: 73% of patients were alive after 3 years
- Non-small cell lung cancer (NSCLC): Median progression free survival (mPFS) was reached at 12 months and median overall survival was reached at 28 months
- Malignant melanoma: Median progression free survival (mPFS) was reached at 6.5 months and 67% of patients were alive after 3 years

All patients are followed for overall survival up to ten years and overall survival status will be updated regularly. Ultimovacs believes that the effect of the UV1 vaccine will be most beneficial when combined with agents improving immune cells' ability to attack tumor cells.

Ultimovacs is currently the sponsor of one ongoing clinical study which is run in the US. In this phase 1 study the safety and tolerability of treatment with the combination of pembrolizumab (PD1 inhibitor) and UV1 in 20 patients with metastatic malignant melanoma is investigated. Ultimovacs is currently planning for one or more randomized trials to further document the clinical effect of UV1, most likely in combination checkpoint inhibitor(s).

Patent for UV1 is granted in the USA, China, Japan and Russia. The patent processes in Europe and other markets are still ongoing.

Statement of the CEO

Immunotherapy represents a true revolution in cancer treatment where the key is to boost the patient's immune system to fight cancer. Ultimovacs has developed a universal cancer vaccine that has the potential to give patients clinical benefits across most cancer types.

1. *Immunotherapy represents a new paradigm in cancer treatment*

During the last decades, immunotherapy has been a central area of cancer research and is now an established treatment option in many types of cancer. As compared with conventional treatments, immunotherapy utilizes a different approach to killing cancer cells. Instead of treating with toxic substances, strategies applied in immunotherapy are aimed at boosting the patient's immune system to fight cancer.

Recent successes in this field have provided significant impact on survival for cancer patients, most notably with the introduction of checkpoint inhibition.

Researchers found that even though some immune cells could recognize and potentially kill malignant cells, they were left inactivated through what is called immune checkpoint molecules. Immune checkpoints are defense mechanisms exploited by the tumor to avoid the immune system which are otherwise utilized by the body's tissue to prevent auto-immunity. Checkpoint inhibitor monoclonal antibodies were developed to block this defense mechanism, allowing the otherwise inactivated immune cells to kill cancer cells expressing their cognate antigen. Though many patients experience extraordinary response to checkpoint inhibition, unfortunately the majority of patients do not. Fundamental for a clinical benefit of this therapy is a pre-existing immune response against the tumor. It is believed that a lack of effect can be attributed to a non-existing recognition of cancer cells by the immune system.

2. *Ultimovacs has developed a universal cancer vaccine that may play a major role in treatment and possibly prevention of cancer across most types of cancer*

Ultimovacs aims to increase the pool of immune cells able to recognize and engage the cancer cells, thereby creating an inflammatory response ultimately leading to death of the tumor. To achieve this goal, we have developed a vaccine consisting of a known tumor-associated antigen, found to be almost universal to all cancer types. By combining our vaccine with a checkpoint inhibitor, we aim to mount a strong immune response against the tumor while simultaneously eliminating the tumors ability to diminish this response, opening for a possible synergistic relationship between these two treatment modalities.

We believe that our vaccine is well positioned to play a major role in future cancer treatment and possibly prevention. Manipulating the immune system to kill cancer cells and clear tumors will save many lives that earlier cancer treatments could not. It is important to remember that no matter how you manipulate the immune system, the effect of the treatment comes from cells in the immune system that are able to recognize and kill the cancer cells. The vast majority of immunotherapy treatments used today rely on these cells being made spontaneously by the immune system. These treatments make it possible for immune cells to do their job by removing some of the obstacles preventing them from attacking the tumor. If patients do not have enough

cells with the capability to kill the cancer cells, the present therapies simply cannot work. Our vaccine can supply these patients with activated cells able to fire up the immune system against the tumor. How do we know this? We know this because we have documented it in the trials we already have done. This, and the changes we see in some patients, is the very reason why we think it is right to take the next step and document the effect of the vaccine in one of more randomized trials.

If we can document a clinical benefit in one cancer type, we will over time seek to document the effect of the universal cancer vaccine in many different types of cancer and in different stages of disease, right up to where we possibly can prevent cancer from occurring in persons with very high risk. This will also be the future for cancer treatments in general. New technology will make it possible to diagnose cancer much earlier than we do now. The biology will be very different in a small, newly established tumor as compared to an older tumor with metastasis (i.e disease spread to other organs). What they will have in common is the possibility to be killed by an activated immune system. It is likely that a small “inexperienced” tumor is easier to eliminate than the tumors we are treating today. The best might be to make the immune system fit and ready to attack if the cancer appears. We believe that our vaccine can do that.

In 2018 we have taken one more step on this way, where a phase I trial study in malignant melanoma in which UV1 is given in combination with the PD-1 checkpoint inhibitor pembrolizumab was commenced. The acquisition of Tet Pharma AB (renamed to Ultimovacs AB) also strengthens our team as well as adding new technology to our R&D pipeline. I would like to convey sincere appreciation to our hard-working team and our gratitude for the continued support of our shareholders and board. We all are looking forward to a new exciting year in 2019.

Øyvind Kongstun Arnesen, CEO

DIRECTORS REPORT

Overview of 2018

2018 was an eventful year with increased activities and new projects. Preparations for and the commencement of the phase I trial study in malignant melanoma, in which UV1 is given in combination with the PD-1 checkpoint inhibitor pembrolizumab, was a milestone for the development of our core product UV1. The planning of a larger randomized study to document the clinical effect of UV1 was a main focus in 2018 and will be so also in the coming year.

The organization also became a group of two legal entities during the year, with the acquisition of the Swedish company Tet Pharma AB, renamed Ultimovacs AB, including two employees. This acquisition provides technology that may enable the development of a new version of Ultimovacs' cancer vaccine. A new vaccine solution may strengthen the effect of the vaccine, simplify administration of the vaccine in use with patients, and potentially enhance the chances of using the vaccine in very early phases of cancer treatment, possibly up to prevention.

Six new employees, of which two in the acquisition, joined Ultimovacs during the year in order for us to execute projects and processes in the years to come.

- **Patient enrollment:** In July 2018, the first patient was enrolled in the US based phase I trial study in malignant melanoma. In this study UV1 is given in combination with the PD-1 checkpoint inhibitor pembrolizumab. Following treatment of the first three patients, the trial opened for full enrolment as of 18 February 2019 (please see the section 'Subsequent events' below for further information). A total of 20 patients are planned to be enrolled. Pembrolizumab is a therapy improving immune cells' ability to attack tumor cells.
- **Site enrollment:** The following sites were opened for future patient enrollment in the period April – November 2018:
    - Huntsman Cancer Institute (HCI), Salt Lake City
    - St. Luke's University Health Network, Bethlehem
    - The University of Iowa Hospitals and Clinics, Iowa City
    - John Wayne Cancer Institute, Santa Monica
- **Tet Pharma AB acquisition:** On 11 July 2018, Ultimovacs AS completed the acquisition of TET Pharma AB, the former immunotherapy technology business of Immuneed AB. The acquired business is now established as a fully-owned Swedish subsidiary of Ultimovacs (renamed to Ultimovacs AB), based in Uppsala, Sweden. Based on an exclusive license agreement with the Leiden University Medical Centre, Immuneed has developed the proprietary and patent-protected Tetanus-Epitope Targeting-platform (the 'TET-platform') that Ultimovacs believes can attractively complement the vaccine technology of Ultimovacs. Ultimovacs considers the TET-platform technology as a promising and general strategy to strengthen and increase T cell responses against cancer peptides. In parallel with the continued development of the therapeutic cancer vaccine UV1, Ultimovacs will therefore pursue the development of a new first-in-class cancer vaccine solution based on the proprietary TET platform technology.
- **The observation time** in all three completed studies have been extended to 10 years for overall survival. The follow-up activities are organised in a new trial across the three patient groups.
- **Survival data:** 3-year survival data are now available for all patients still alive in the phase I malignant melanoma study conducted at the Oslo University Hospital where UV1 was combined with the CTLA4

checkpoint inhibitor Ipilimumab. 67% of patients were alive after 3 years, and median progression free survival (mPFS) was reached at 6.5 months.

- **Funding preparations:** Ultimovacs is preparing funding of the activities needed to further document the clinical effect of UV1 and the pre-clinical development of a new vaccine solution. Ultimovacs will during 2019 carefully consider whether an IPO on the Oslo Stock Exchange or continued private funding represents the best model for financing Ultimovacs during the next development phase.

Financial overview 2018

Financial results

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

Payroll and payroll related expenses increased in 2018 (MNOK 27.1) compared to 2017 (MNOK 18.2) primarily as a result of a higher headcount (3.2 additional FTEs), of which 1 FTE (2 employees) in the Swedish company, as well as an increase in the share-based compensation scheme liability of MNOK 5.4 to a total liability of MNOK 10.2 at year end 2018. In comparison, the increase of this liability was MNOK 3.2 in 2017.

Other operating expenses amounted to MNOK 28.8 in 2018 compared to MNOK 14.7 in 2017, primarily a result of increased R&D activity in 2018 as well as preparations for a possible IPO (i.e. listing of the company). MNOK 17.0 of the other operating expense was directly related to external R&D expenses, compared to MNOK 12.8 in 2017. During the last year, significant resources have also been spent on preparing the next financing round. Several corporate, legal and financial advisors have been involved in the process in 2018.

The Company has in 2018 received or was entitled to receive government grants totaling MNOK 5.8, which in the statement of profit and loss and other comprehensive income has been treated as a reduction of payroll and payroll related expenses and other opening income. Grants received or entitled to be received the following year was MNOK 5.8 in 2017.

Loss for the period amounted to MNOK 55.3 in 2018, compared to MNOK 32.8 in 2017. The Board of Directors propose that the loss is transferred to accumulated loss.

NOK (000)	FY18	FY17
Total revenues	-	-
Total operating expenses	56 522	33 391
Operating profit (loss)	**(56 522)**	**(33 391)**
Profit (loss) for the peiod	**(55 280)**	**(32 830)**
Diluted and undiluted earnings / (loss) per share (NOK)	(89)	(62)
Net increase/(decrease) in cash and cash equivalents	(54 240)	96 806
Cash and cash equivalents at end of period	**115 540**	**169 808**

Financial position

Total assets per 31 December 2018 was MNOK 189.9, an increase of MNOK 11.0 from 31 December 2017 as result of the purchase of TET Pharma AB with newly issued shares, partly offset by the operating loss. Total liabilities as of 31 December 2018 amounted to MNOK 30.0, and total equity equaled MNOK 159.9.

Cash flow

Total net decrease in cash and cash equivalents in 2018 was MNOK 54.2, a result of operating activities and the purchase of TET Pharma AB for MNOK 4.6 in cash in addition to shares in Ultimovacs AS. In 2017, the increase in cash and cash equivalents was MNOK 96.8 (a decrease of MNOK 26.7 if excluding net cash flow from the 2017 share issue).

Net cash outflow from operating activities for the year ended 31 December 2018 was NOK 50.4 million compared to NOK 27.2 million for the year ended 31 December 2017, an increase of NOK 23.2 million due to higher headcount and increased R&D activity. The increased R&D activity relates to the commencement of the phase I-study in metastatic malignant melanoma in 2018 including 20 patients as well as the planning of a larger randomized study and the proof of concept study in the same indication in 2019 involving a higher number of patients. These studies also require additional employees for planning and administration as well as additional external costs related to planning, production and administration, which reflects the increase in employee payroll described above.

Net cash outflow from investing activities for the twelve months ended 31 December 2018 was NOK 3.9 million, of which NOK 4.6 million relate to the acquisition of Ultimovacs AB, NOK 0.5 million to purchase of lab and office equipment, as well as a cash inflow of NOK 1.2 million in interest received. Net cash inflow from investing activities for the year ended 31 December 2017 was NOK 0.5 million, comprising interest received from bank deposits.

There was no cash flow related to financing activities for the year ended 31 December 2018. Net cash inflow from financing activities for the year ended 31 December 2017 was NOK 123.5 million, fully attributable to net proceeds from private placements from new and existing shareholders.

Total cash and cash equivalents per 31 December 2018 amount to MNOK 115.5.

Organization

As per 31 December 2018, the Group had 16 employees, 14 in Ultimovacs AS in Oslo, and 2 in Ultimovacs AB in Uppsala, Sweden. Of the 16 employees, four were part time employees with a 50% position. 10 employees were male and 6 were female. A total of 11.8 full time employee equivalents were employed in the financial year of 2018. Absence due to sickness was 0.1% in 2018, down from 2.8% in 2017.

Ultimovacs does not accept discrimination against employees, shareholders, board members and suppliers on the basis of ethnicity, nationality, age, gender or religion. Salary and terms of employment for comparable positions, as well as recruitment, promotion and development of the employees are the same for women and men.

No work-related accidents or accidents were recorded in Ultimovacs in 2018, and the company does not pollute or harm the environment.

Risks and uncertainties

Ultimovacs is an early-stage research and development biotech/pharmaceutical company. Thus, Ultimovacs is exposed to the same generic risks as other companies within this sector. These risks include, but are not limited to, the following factors:

- The Company has not generated any revenues historically and is not expected to do so in the short term.
- Research and development up to approved registration is subject to risk and is a capital-intensive process. The R&D processes may be delayed and/or incur higher costs than expected. Competing pharmaceuticals can be more competitive and/or reach the market faster than Ultimovacs.
- The operations may be impacted negatively by changes in laws and regulations. In addition, the Company is dependent on intellectual property rights.

The primary financial risks are foreign exchange risks and financing risks. The company is affected by foreign exchange risk as the research and development costs are mainly paid in USD and EUR. In addition, the Company has investment in foreign operations, whose net assets are exposed to currency translation risk. The Company is dependent on additional funding/financing until sufficient revenues are generated. Ultimovacs' financial risk exposures are described in more detail in note 17 in this financial statement.

Outlook

Ultimovacs' vaccine technology is universal in the sense that it may have effect across most types of cancer and may be used in combination with different types of cancer treatment. The cancer vaccine is expected to generate immune responses across major population sub-groups (i.e. be independent of HLA type). The vaccine is simple to manufacture and requires no sophisticated infrastructure in use. If the further clinical development/testing of Ultimovacs' cancer vaccine demonstrates that the vaccine gives clinical benefit to cancer patients, the potential will consequently be very high.

In the phase I study in malignant melanoma where UV1 is combined with pembrolizumab (PD1 inhibitor), Ultimovacs aims to have all 20 patients recruited by Q2 2019, and all safety data available shortly thereafter.

Ultimovacs intends to do one or more randomized trials to document the clinical effect of UV1, most likely in combination with checkpoint inhibitor(s). The experimental objective across all Ultimovacs studies is to establish a relevant biobank of patient material for characterization of the immunological response and changes in the tumor milieu promoted by UV1 vaccination.

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

The Company will also continue to work with technology and product development, as well as optimization and documentation of the production processes for UV1.

Going concern

Ultimovacs does not yet generate any revenues and is dependent on new share issues in order to continue its research and development operations. A share issue was completed in 2017, and another one is planned to be completed in 2019 with participation from both existing and new shareholders.

The financial statements are prepared on a going concern basis.

Subsequent events

A Safety Review Committee (SCR) meeting was held on the 15 February 2019, as part of the staggered enrolment plan for the phase I trial study in malignant melanoma, in which UV1 is given in combination with the PD-1 checkpoint inhibitor pembrolizumab. As patient number 2 and 3 have not experienced any drug-related adverse events during their first 5 treatments with study medication, the SRC concluded that it is safe to let the study proceed with full enrollment. All sites may therefore start screening patients for the study, where 20 patients are planned to be enrolled in total. As of 21 March 2019, 7 patients were enrolled in the trial.

No other significant subsequent events have occurred after 31 December 2018.

The Board of Directors and CEO of Ultimovacs AS

Oslo, 21 March 2019

Jonas Einarsson
Chairman of the Board

Bjørn Rune Gjelsten
Board member

Ole Kristian Hjelstuen
Board member

Henrik Schüssler
Board member

Ketil Fjerdingen
Board member

Leiv Askvig
Board member

Kristin L. A. Wilhelmsen
Board member

Øyvind Kongstun Arnesen
CEO

Responsibility statement from the Board of Directors and CEO

We confirm that the financial statements for the period 1 January to 31 December 2018, to the best of our knowledge, have been prepared in accordance with IFRS and that the accounts give a true and fair view of the assets, liabilities, financial position and profit or loss, and that the information in the report includes a fair review of the development, performance and position of the Company and the Group, together with a description of the principal risks and uncertainties facing the company and the group.

The Board of Directors and CEO of Ultimovacs AS

Oslo, 21 March 2019

Jonas Einarsson
Chairman of the Board

Bjørn Rune Gjelsten
Board member

Ole Kristian Hjelstuen
Board member

Henrik Schüssler
Board member

Ketil Fjerdingen
Board member

Leiv Askvig
Board member

Kristin L. A. Wilhelmsen
Board member

Øyvind Kongstun Arnesen
CEO

Consolidated statement of profit and loss and other comprehensive income

(NOK 1000) except per share data	Notes	2018	2017
Other operating income		-	-
Total revenues		**-**	**-**
Payroll and payroll related expenses	3, 4, 15	-27 078	-18 158
Depreciation and amortisation	9	-601	-534
Other operating expenses	3, 5	-28 844	-14 700
Total operating expenses		**-56 522**	**-33 391**
Operating profit (loss)		**-56 522**	**-33 391**
Financial income	6	1 376	631
Financial expenses	6	-134	-70
Net financial items		**1 243**	**561**
Profit (loss) before tax		**-55 280**	**-32 830**
Income tax expense	7	-	-
Profit (loss) for the year		**-55 280**	**-32 830**
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		2 888	
Other comprehensive income (loss) for the year		-	-
Total comprehensive income (loss) for the year		**-52 392**	**-32 830**
Basic and diluted earnings (loss) per share (NOK per share)	8	-88,7	-62,3

Consolidated statement of financial position

(NOK 1000)	Notes	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Goodwill	9, 18	10 981	-
Licenses	9, 18	53 307	-
Patents	9	3 111	3 378
Property, plant and equipment	9	736	558
Total non-current assets		**68 136**	**3 935**
Current assets			
Prepayments		475	421
Other receivables	3, 10	5 709	4 661
Cash and cash equivalents	11	115 540	169 808
Total current assets		**121 724**	**174 890**
TOTAL ASSETS		**189 860**	**178 825**
EQUITY AND LIABILITIES			
Equity			
Share capital		641	606
Share premium		314 256	268 475
Total paid-in equity		**314 897**	**269 082**
Accumulated losses		-157 881	-102 601
Translation differences		2 888	-
TOTAL EQUITY	12	**159 904**	**166 480**
Deferred tax	18	10 981	-
Total non-current liabilities		**10 981**	**-**
Current liabilities			
Accounts payable		2 978	3 033
Other current liabilities	15, 16	15 996	9 312
Total current liabilities		**18 975**	**12 345**
TOTAL LIABILITIES		**29 956**	**12 345**
TOTAL EQUITY AND LIABILITIES		**189 860**	**178 825**

Board of Directors and CEO of Ultimovacs AS
Oslo, 21 March 2019

Jonas Einarsson
Chairman of the Board

Bjørn Rune Gjelsten
Board member

Ole Kristian Hjelstuen
Board member

Henrik Schüssler
Board member

Ketil Fjerdingen
Board member

Leiv Askvig
Board member

Kristin L. A. Wilhelmsen
Board member

Øyvind Kongstun Arnesen
CEO

Consolidated statement of cash flows

(NOK 1000)	Notes	2018	2017
Cash flows from operating activities			
Profit (loss) before tax		**-55 280**	**-32 830**
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation	9	601	534
Interest received incl. investing activities	6	-1 247	-564
Net foreign exchange differences	6	10	2
Working capital adjustment:			
Changes in prepayments and other receivables	10	-1 102	95
Changes in payables and other current liabilities	16	6 630	5 538
Net cash flows from operating activities		**-50 389**	**-27 225**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	-513	-21
Acquisition of subsidiary		-4 586	-
Interest received	6	1 247	564
Net cash flow from investing activities		**-3 851**	**542**
Cash flow from financing activities			
Proceeds from issuance of equity	12	-	125 919
Share issue cost	12	-	-2 430
Net cash flow from financing activities		**-**	**123 489**
Net change in cash and cash equivalents	11	-54 240	96 806
Effect of change in exchange rate	6	-28	-2
Cash and cash equivalents, beginning of period	11	169 808	73 004
Cash and cash equivalents, end of period		**115 540**	**169 808**

Consolidated statement of changes in equity

(NOK 1000)	Notes	Share capital	Share premium	Total paid in capital	Accumulated losses	Translation differences	Total equity
Balance as of 1 January 2017		**511**	**145 081**	**145 592**	**-69 771**		**75 821**
Profit (loss) for the year				-	-32 830		**-32 830**
Other comprehensive income (loss)				-			-
Translation differences				-			-
Issue of share capital	12	95	125 824	**125 919**			**125 919**
Share-issue costs	12		-2 430	**-2 430**			**-2 430**
Balance as of 31 December 2017		**606**	**268 475**	**269 082**	**-102 601**	-	**166 480**
Profit (loss) for the year				-	-55 280		**-55 280**
Other comprehensive income (loss)				-			-
Translation differences				-		2 888	**2 888**
Issue of share capital	12	35	45 781	**45 815**			**45 815**
Share-issue costs				-			-
Balance as of 31 December 2018		**641**	**314 256**	**314 897**	**-157 881**	**2 888**	**159 904**

Note 1 : General information

Ultimovacs AS (the Company or Ultimovacs) and its subsidiaries (jointly the Group) is a pharmaceutical company developing novel immunotherapies against cancer. The lead product candidate is UV1, a peptide-based vaccine inducing a specific T cell response against the universal cancer antigen telomerase.

UV1 is being developed as a therapeutic cancer vaccine which may serve as a platform for use in combination with other immuno-oncology drugs which require an ongoing T cell response for their mode of action. The Group is performing a broad clinical development program with clinical trials in Europe and the USA.

Ultimovacs AS was established in 2011. The company and its proprietary technology is based on pre-clinical and clinical research on immunotherapies conducted at the Oslo University Hospital. The Company is privately held, mainly by Norwegian private investors/family offices.

Ultimovacs is headquartered at the Oslo Cancer Cluster Innovation Park in Oslo, Norway, and also has an office in Uppsala, Sweden. Ultimovacs is an active member of Oslo Cancer Cluster.

The financial statements were approved by the Board of Directors on 21 March 2019.

Note 2 : Accounting principles

I. Basis for preparation

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

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

II. Going concern

The financial statements for 2018 have been prepared under the going concern assumption, pursuant to Section 3.3a of the Norwegian Accounting Act.

III. Accounting principles

i. Cash and cash equivalents

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

ii. Cash Flow statement

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

iii. Financial instruments

The Group has adopted IFRS 9 which was effective from 1 January 2018. There has been no impact on the balance sheet and equity when applying the requirements of IFRS 9. The adoption of IFRS 9 has changed the Group’s accounting for impairment losses for finacial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

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

- Subsequent measurement

The measurement of financial liabilities depends on their classification.

- Loans and borrowings

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

iv. Current vs non-current classification

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

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

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

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

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

v. Foreign currencies

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

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

vi. Impairment:

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

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

vii. Business combination and consolidation

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.
At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

viii. Contingent liabilities

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

ix. Interest income

Interest income is recognised using the effective interest method.

x. Earnings per share

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

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

xi. Government grants

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

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

xii. Leases

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

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

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

xiii. Share-based payments

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

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

- Equity-settled transactions

The cost of equity-settled transactions is recognised in payroll and other payroll related expenses, together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the 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 and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

xiv. Intangible assets

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

xv. Property, plant and equipment

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

xvi. Tax assets

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

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

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

xvii. Segments

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

IV. Estimates and judgements

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

i. Share-based payments

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

ii. Taxes

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

V. Standards and interpretations issued but not yet adopted

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

i. IFRS 16 Leases

IFRS 16 was issued in January 2016 and is effective for annual periods beginning 1 January 2019. The Group has analysed the potential impact of implementing IFRS 16 Leases. The standard will require the Group to recognise a liability to make lease payment (lease liability) and an asset representing the right to use the underlying assets during the lease term (the right-of-use asset) and separately recognise the interest expense on the lease liability and the depreciation expense of the right-to-use asset. The Group has chosen to apply the modified retrospective approach, and measure the lease liability at the date of initial application at the present value of the remaining lease payments based on the lessee's incremental borrowing rate over the remaining lease term. The right-of-use asset recognised on transition will be measured at an amount equal to the lease liability (less any accruals or prepayments).

The Group does currently not expect that the new standard will significantly impact the Group's Statement of profit and loss and other comprehensive income or statement of financial position, but will

Note 3 - Government grants

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

(NOK 1000)	2018	2017
Skattefunn	4 946	4 182
BIA grants from The Research Council of Norway (Forskningsrådet)	496	1 243
Eurostars	285	0
Innovation Norway (Innovasjon Norge)	60	400
Total grants	**5 787**	**5 825**

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

(NOK 1000)	2018	2017
Payroll and related expenses	1 860	1 613
Other operating expenses	3 927	4 212
Total costs deducted	**5 787**	**5 825**

Grants receivable as per 31 December are detailed as follows:

(NOK 1000)	2018	2017
Skattefunn	4 946	4 182
Eurostars	285	0
BIA grants from The Research Council of Norway (Forskningsrådet)	0	47
Total receivables from government grants	**5 231**	**4 229**

Skattefunn:
The Skattefunn R&D tax incentive scheme is a government program designed to stimulate research and development in Norwegian. Grants from Skattefunn were received for four different projects in 2017, of which three expired during the year. Two more projects were applied for and approved during 2018. As of 31 December 2018, Skattefunn-grants for the following projects have been approved (*project period*):
- Combination therapy with a hTERT vaccine and anti-PD1 therapy in melanoma (2017 to 2020)
- Combination therapy against advanced melanoma (2018 - 2021)
- Long term effects of immuntherapy against cancer (2018 - 2021)

The Research Council of Norway (Forskningsrådet):
Ultimovacs was awarded BIA grants from the Research Council of Norway for the project "A novel immunotherapy against cancer" in the period February 2014 to its completion in June 2018.

Innovation Norway (Innovasjon Norge):
Innovation Norway is a state-owned company and a national development bank with the goal to promote innovation and development of Norwegian enterprises and industry. Ultimovacs was awarded MNOK 0.4 for the project "Re-targeting T-cells against cancer – development of T-cell receptors directed against telomerase" in 2017. In 2017 and 2018, Ultimovacs was part of a project with PCI Biotech AS called "Exploration of possible synergies between PCI Biotech's firmaVACC technology and Ultimovac's UV1 cancer vaccine". The project was completed in 2018.

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

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

Note 4: Salary and personnel expenses and management remuneration

(NOK 1000)	2018	2017
Salaries and holiday pay	18 740	13 364
Duties payable	2 919	2 139
Share-based payments	5 416	3 199
Pension costs defined contribution plans	1 448	899
Other personnel costs	415	170
Less government grants	-1 860	-1 613
Total payroll and payroll related expenses	**27 078**	**18 158**
The number of FTEs employed during the financial year:	11,8	8,5
Number of employees at end of year	16	11

Management remuneration

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

Management remuneration 2018

(NOK 1000)	Salary / Board remuneration	Benefits in kind	Pension cost	Total remuneration
Management				
Øyvind Arnesen (CEO)	2 410	198	91	**2 699**
Management team (excl CEO)	9 037	715	632	**10 385**
Members of the Board				
Ketil Fjerdingen (Chairman of the Board)	275			**275**
Bjørn Rune Gjelsten (Board member)	138			**138**
Jonas Einarsson (Board member)	138			**138**
Leiv Askvig (Board member)	138			**138**
Henrik Schüssler (Board member)	138			**138**
Ole Kristian Hjelstuen (Board member)	138			**138**
Kristin Wilhelmsen (Board member)	138			**138**
Total remuneration	**12 547**	**914**	**723**	**14 184**

Management remuneration 2017

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

A total of 17.306 synthetic shares (described in the share-based payment note 15) have been allocated to employees in the Group. 3,000 synthetic shares were allocated to the CEO in 2016, and 9,400 synthetic shares to the rest of the management team during 2016 and 2017.

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

The CEO is entitled to 12 months' severance pay as compensation for waiving his rights to employment protection ensuing from Chapter 15 of the Working Environment Act.

In the event of either an IPO, a minimum of 67% of the Group's shares being acquired, or a merger/demerger plan being signed, the CFO, Hans Vassgård Eid, will be entitled to receive severance pay upon termination of his employment with the Group equal to 9 months' base salary in addition to payment of his salary during his 3 month notice period. There are no similar arrangements for any of the other employees of the Group with respect to termination of their employment.

There were no outstanding loans or guarantees made to the Board of Directors or the Management Team as of 31 December 2018 or as of 31 December 2017.

Pensions

Ultimovacs AS is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company has a defined contribution pension scheme which complies with the Act on Mandatory company pensions.

As at 31 December 2018, all fourteen of the Ultimovacs AS's employees were covered by the pension scheme. A similar pension scheme is in place for the two employees in Ultimovacs AB in Sweden.

Other than the general pension schemes described above, there are no specific pension arrangements made for any member of the Management team.

The Group has no pension or retirement benefits for its Board Members.

The pension contributions recognised as expenses equalled TNOK 899 and TNOK 1,448 in 2017 and 2018 respectively.

Note 5 - Other operating expenses

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

Other operating expenses

(NOK 1000)	2018	2017
External R&D expenses	16 957	12 829
Clinical studies	7 876	8 013
Manufacturing costs	6 793	3 691
Other R&D expenses	2 289	1 125
Rent, office and IT	2 729	1 856
Patent related expenses	2 444	1 240
Accounting, audit, legal, consulting	6 641	397
Other operating expenses	4 000	2 589
Less government grants	-3 927	-4 212
Total operating expenses	**28 844**	**14 700**

Specification auditor's fee

(NOK 1000)	2018	2017
Statutory audit	173	45
Audit related services	135	0
Tax related services	38	0
Other	433	0
Total	**780**	**45**

VAT is not included in the fees specified above.

Total expenses related to R&D, including other operating expenses, payroll and payroll related expenses, less government grants, amounted to MNOK 20.1 in 2017 and MNOK 31.2 in 2018.

Note 6: Financial items

Financial income

(NOK 1000)	2018	2017
Interest income	1 257	564
Foreign exchange gains	119	67
Total financial income	**1 376**	**631**

Financial expenses

(NOK 1000)	2018	2017
Foreign exchange losses	0	70
Other financial expenses	133	0
Total financial expenses	**134**	**70**

Note 7: Income tax

Income tax expense:

(NOK 1000)	2018	2017
Profit (loss) before tax	-55 280	-32 830
Non-deductible income	54	61
Non-deductible expenses and other items	-2 393	-6 620
Change in temporary differences	5 447	3 253
Basis for tax calculation	**-52 171**	**-36 136**
Tax expense	**0**	**0**

(NOK 1000)	2018	2017
Expected tax expense	12 692	7 879
Non-deductible income	-12	-15
Non-deductible expenses and other items*	550	1 006
Change in deferred tax assets not recognised	-11 433	-7 627
Effect from changes in tax rate	-1 797	-1 243
Income tax expense	**0**	**0**

* The share issue cost of MNOK 2.4 in 2017 was deducted directly from equity, have been deducted from non-deductable expenses as the tax-effect is charged directly to equity.

The corporate tax rate in Norway was 24 per cent in 2017 and 23 per cent in 2018. As of 1 January 2019, the tax rate in Norway was reduced to 22%. The corparate tax rate in Sweden was 22% in 2017 and 2018, and will be reduced to 20.6% as of 2021, which is the basis of the deferred tax calculation for Ultimovacs AB.

Deferred tax assets

(NOK 1000)	2018	2017
Tax losses carried forward	171 860	119 689
Temporary differences - share based payment liability	10 207	4 791
Temporary differences - licenses	-53 307	0
Temporary differences - PP&E	-108	-140
Temporary differences and tax loss carry forward	**128 651**	**124 340**
Deferred tax assets - not recognised in statement of financial position	**40 000**	**28 598**
Deferred tax assets per 31 December	**-10 981**	**0**
	22%/20,6%	23 %

Ultimovacs has not recognised a deferred tax asset in the statement of financial position related to its previous losses, as the Group does not expect taxable income to be generated in the short-term to support the use of the deferred tax asset. Total tax losses carried forward was as per 31 December 2017 MNOK 119.7. Total tax losses carried forward and temporary differences as per 31 December 2018 is MNOK 128.7, of which MNOK 2.2 in Ultimovacs AB.

In relation to purchase price allocation conducted of Ultimovacs AB, acquired in July 2018, all excess value has been allocated to the license agreement which gives access to the Tet-technology. A deferred tax liability of MNOK 10.4 has been calculated on the excess values utilizing the tax rate in Sweden of 20.6%, which is effective from 2021. See note 9 and 18 for more information.

Note 8: Earnings per share

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

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

Earnings per share

	2018	2017
Profit (loss) for the year	-55 280	-32 830
Average number of outstanding shares during the year	623 488	526 786
EPS - basic and diluted (NOK per share)	**-88,7**	**-62,3**

Note 9: Non-current assets

Year ended 31 December 2018

(NOK 1000)	Office and lab equipent	Patents	Licenses	Goodwill	Total
Accumulated cost 1 January 2018	1 097	4 000	0	0	5 097
Additions	513	0	53 307	10 981	64 801
Cost at 31 December 2018	**1 610**	**4 000**	**53 307**	**10 981**	**69 898**
Accumulated depreciation and amortisation at 1 January 2018	-539	-622	0	0	-1 162
Depreciations in the year	-334	-267	0	0	-601
Accumulated depreciation and amortisation at 31 December 2018	**-873**	**-889**	**0**	**0**	**-1 762**
Carrying value at 31 December 2018	**736**	**3 111**	**53 307**	**10 981**	**68 136**

Year ended 31 December 2017

(NOK 1000)	Office and lab equipent	Patents	Licenses	Goodwill	Total
Accumulated cost 1 January 2017	1 076	4 000	0	0	5 076
Additions	21	0	0	0	21
Cost at 31 December 2017	**1 097**	**4 000**	**0**	**0**	**5 097**
Accumulated depreciation and amortisation at 1 January 2017	-273	-356	0	0	-628
Depreciations in the year	-267	-267	0	0	-534
Accumulated depreciation and amortisation at 31 December 2017	**-539**	**-622**	**0**	**0**	**-1 162**
Carrying value at 31 December 2017	**558**	**3 378**	**0**	**0**	**3 935**
Economic life	3 years	15 years	indefinite	indefinite	
Depreciation method	linear	linear	impairment	impairment	

Patents

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

According to the purchase agreement, Inven2 AS is entitled to two milestone payments of MNOK 5.0 and MNOK 6.0 at the commencement of a clinical phase IIb and phase III study (or another registration study) respectively.

The patent period spans over 15 years and expires in 2030.

Licenses and goodwill

Beyond the Group's core product, UV1, Ultimovacs is pursuing development of a first-in-class vaccine solution utilizing the proprietary Tetanus-Epitope Targeting-platform (TET-platform). A preclinical program has been initiated in 2018/2019 to take the pharmaceutical product to a decision point for further clinical development, given that the results from the preclinical program are satisfactory. The first significant milestone in terms of impairment testing of the value of the TET technology is the decision point to take the next step for further clinical development, which will be both capital intensive and time consuming. This decision point is expected to be in 2020. If Ultimovacs decides not to go further in the development of the TET technology, it would be difficult to justify the value in the balance-sheet, and a substantial part of the booked value would be subject to impairment.

As the preclinical program has commenced, although still in an early phase, Management assesses that the current value in the statement of financial position reflects the fair value of the intangible assets related to the investment in Ultimovacs AB. The intangible assets were purchased at arm's length from an independent third party 8 months ago (July 2018). Since the acquisition, no significant events have influenced the value. The R&D activities related to these assets are progressing according to plan, but no significant milestones have yet been reached. As a result, no impairment of these intangible assets has been identified as per 31 December 2018.

Note 10: Other receivables

(NOK 1000)	2018	2017
Government grants receivables (ref note 3)	5 231	4 229
VAT receivables	468	431
Other receivables	10	-
Total other receivables	**5 709**	**4 661**

Note 11: Cash and cash equivalents

(NOK 1000)	2018	2017
Employee withholding tax	978	807
Cash at bank	114 562	169 001
Cash and cash equivalents	**115 540**	**169 808**

As of 31 December 2018, cash and cash equivalents amounted to MNOK 115.5, of which MNOK 1.0 (MSEK 1.0) in Ultimovacs AB on a Swedish bank account in SEK.

Note 12: Share capital, shareholder information and dividend

The share capital as at 31 December 2018 comprised 640,816 shares (606,160 as at 31 December 2017), all with a nominal value of NOK 1 per share.

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

In the third quarter 2018, an Extraordinary General meeting approved an increase of the number of shares by 34,656 to new and existing shareholders at a share-price of NOK 1,322.

Changes to share capital

	2018	2017
Ordinary shares at 01 January	606 160	510 911
Issuance of ordinary shares*	34 656	95 249
Ordinary shares at 31 December	**640 816**	**606 160**

* Shares issued in July 2018 and November 2017.

Transaction costs related to the share-issues amounted to MNOK 2.4 and NOK 0 in 2017 and 2018 respectively, and have been recognised against share premium. For computation of earnings per share and diluted earnings per share see Note 8.

The 20 main shareholders at 31 December 2018:

	Number of shares:	Ownership interest:
Gjelsten Holding AS	195 418	30,5 %
Inven2 AS	80 871	12,6 %
Canica AS	55 886	8,7 %
Radiumhospitalets Forskningsstiftelse	55 835	8,7 %
Langøya Invest AS	36 253	5,7 %
Imuneed AB	34 656	5,4 %
Watrium AS	32 837	5,1 %
Sundt AS	24 686	3,9 %
Prieta AS	19 407	3,0 %
CGS Holding AS	14 575	2,3 %
Helene Sundt AS	14 575	2,3 %
Wiarom AS	10 000	1,6 %
Annemvax AS	9 876	1,5 %
Holmetjern Invest AS	9 142	1,4 %
Månebakken AS	7 560	1,2 %
Vitmed AS	6 400	1,0 %
K-TO AS	4 767	0,7 %
Asteroidebakken AS	3 780	0,6 %
Aeolus AS	3 500	0,5 %
Jakob Hatteland Holding AS	2 500	0,4 %
20 Largest shareholders	**622 524**	**97,1 %**
Other shareholders (21)	18 292	2,9 %
Sum	**640 816**	**100,0 %**

Four members of the Management team in the Group holds a total of 12,101 ordinary shares in Ultimovacs AS.

Number of shares held by CEO and the Board of Directors as at 31 December 2018

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

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

The 20 main shareholders at 31 December 2017:

	Number of shares:	Ownership interest:
Gjelsten Holding AS	195 418	32,2 %
Inven2 AS	90 871	15,0 %
Canica AS	55 886	9,2 %
Radiumhospitalets Forskningsstiftelse	55 835	9,2 %
Langøya Invest AS	36 253	6,0 %
Watrium AS	32 837	5,4 %
Sundt AS	24 686	4,1 %
Prieta AS	19 407	3,2 %
CGS Holding AS	14 575	2,4 %
Helene Sundt AS	14 575	2,4 %
Annemvax AS	9 876	1,6 %
Holmetjern Invest AS	9 142	1,5 %
Månebakken AS	7 560	1,2 %
Vitmed AS	6 400	1,1 %
K-TO AS	4 767	0,8 %
Asteroidebakken AS	3 780	0,6 %
Aeolus AS	3 500	0,6 %
Jakob Hatteland Holding AS	2 500	0,4 %
Løren Holding AS	2 000	0,3 %
Snøtind AS	2 000	0,3 %
20 Largest shareholders	**591 868**	**97,6 %**
Other shareholders (19)	14 292	2,4 %
Sum	**606 160**	**100,0 %**

Three members of the Management team held a total of 11,900 ordinary shares in Ultimovacs AS as at 31 December 2017.

Number of shares held by CEO and the Board of Directors as at 31 December 2017

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

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

Note 13: Transactions with related parties

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

As part of ordinary business and at market price, Ultimovacs purchases services related to clinical trials and laboratory services from Oslo University Hospital through Inven2 AS. Invoicing from Inven2 AS amounted to MNOK 2.9 and MNOK 1.2 in 2017 and 2018 respectively (incl. VAT). As per 31 December 2018, Ultimovacs had NOK 0 in outstanding payables to Inven2 AS (MNOK 1.7 at 31 December 2017).

Ultimovacs AS finances running operations and projects in Ultimovacs AB through unconditional shareholder contributions. As at 31 December 2018, Ultimovacs AS has contributed with a total of MNOK 2.5 in unconditional shareholder contributions to Ultimovacs AB.

Note 14: Leases and commitments

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

(NOK 1000)	2018	2017
Within 1 year	0	0,4
1 to 5 years	3,8	0
After 5 years	0	0
Sum	**3,8**	**0,4**

The Group has not entered into any finance lease arrangements. The only significant agreement classified as operating lease is the rental agreement for office and lab premises in Oslo. The rental agreement was renewed with effect from 1 February 2018 for a 5 year period. The implementation effect as per 1 January 2019 is estimated to be MNOK 3.8, based on net present value of future minimum rents related to non-cancellable leases for these premise. The amount is to be capitalized as a liability and asset in the balance sheet as per 1 January 2019.

The effects in the statement of profit and loss and other comprehensive income would have been immaterial, as depreciation and interest cost would have been approximately the same amount as the total rental costs recognized in FY18. IFRS 16 is effective for annual periods beginning 1 January 2019.

Total expenses related to the rental agreements amounted to MNOK 1.0 in 2018 and MNOK 1.0 in 2017.

Note 15: Share based payment

At the Annual General Meeting in April 2016 the Board was authorized to introduce a new incentive scheme for employees (Synthetic share plan), based on the value development of the Group's shares. In total twelve employees have been granted synthetic shares, which are not physically held by the owner. The employees are entitled, upon exercise, to receive a cash amount corresponding to the increase in the value of the underlying share in the period from the option was assigned to the exercise, and holiday pay on the same amount. According to the agreement, the Board of Directors of the Group may, at its discretion and subject to applicable authorisations from the general meeting, elect to settle any bonus-amounts payable in shares rather than cash payments. The Employee will then be required to subscribe for such new ordinary shares or take delivery of ordinary treasury shares in the Group as settlement. The Board of Directors has made a decision to propose to the General Assembly a new option program to be initiated immediately when/if the Group is listed on the Oslo Stock Exchange. The intention of the Board is to settle in cash and terminate the Phantom stock plan simultaneously. The compensation scheme has therefore been treated as a cash-settled share-based payment.

The Board does not presently have the authority from the General Meeting to issue new shares for the purpose of the bonus-compensation payment. The bonus scheme has therefore been treated as a cash-settled share-based payments.

The vesting period for all synthetic shares in all of the individual employee-contracts is up to the expiration date 18 May 2021, regardless of when the synthetic shares were allocated. However, the date at which a third-party, or several third-parties acting in concert, completes an acquisition of shares in the Group by which such third-party obtains an ownership of more than 90% of the shares and votes in the Group, the incentive scheme is terminated. This will trigger the option-strike, resulting in a cash pay-out for all synthetic shares that the holders/employees are entitled to. Due to a possible listing on the Oslo Stock exchange in H1-2019, the share based payment is expected to be settled in cash to the synthetic-shareholders shortly after the listing. The vesting period is therefore set to throughout H1-2019 when calculating the share based payment liability.

The share-based payment liability is classified as a short-term liability in the statement of financial position per 31 December 2018. The liability is measured at the end of each reporting period until it is settled, with a corresponding expense-movement recognised in personnel expenses.

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

MNOK 3.2 and MNOK 5.4 was recognised as personnel expenses in the statement of profit and loss and other comprehensive income in 2017 and 2018 respectively. The liability increased from MNOK 1.6 MNOK 4.7 in 2017, and from MNOK 4.7 to MNOK 10.2 in 2018.

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

	2018	2017
Weighted average fair value at the measurement date (NOK)	567	453
Expected volatility (%)	69,5 %	65,0 %
Dividend yield (%)	0,0 %	0,0 %
Risk free interest rate (%)	1,1 %	1,1 %
Vesting period (years)	0,4	1,0
Weighted average shares price (NOK)	1 649	1 365
Strike price (NOK)	1 133	1 133
Model used	Black-Scholes	Black-Scholes

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

Movements during the year

# synthetic shares	2018	2017
Outstanding at 1 January	15 600	15 825
Granted during the year	1 706	2 600
Forfeited during the year	0	-2 825
Outstanding at 31 December	**17 306**	**15 600**

Due to the possible listing on the Oslo Stock exchange in H1-19, the compensation is expected to be settled in cash to the phantom-shareholders shortly after the listing, and the compensation-liability is therefore classified as a short-term liability in the consolidated statement of financial position. A new option program is expected to be presented for approval by the General Assembly in connection with the planned IPO.

Note 16: Other current liabilities

(NOK 1000)	2018	2017
Public duties payable	1 708	1 347
Holiday pay payable	1 784	1 349
Share-based payment liability (incl. holiday pay and social security taxes)	10 207	4 791
Accrued expenses	2 298	1 825
SUM	**15 996**	**9 312**

Note 17: Financial instruments

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

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

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

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

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

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

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

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

Foreign currency sensitivity

(NOK 1000)	Change in foreign currency	2018	2017
EUR	+10%	673	259
	-10%	-673	-259
GBP	+10%	305	156
	-10%	-305	-156
USD	+10%	643	191
	-10%	-643	-191
SEK	+10%	300	0
	-10%	-300	0

Interest rate risk on bank deposits

(NOK 1000)	Change in interest rate	2018	2017
Bank deposits	+2%	2 787	3 396
	-2%	-2 787	-3 396
	+5%	6 968	8 490
	-5%	-6 968	-8 490

Fair value

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

Capital management

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

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

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

Note 18: Acquisition of Tet Pharma AB

On 11 July 2018, Ultimovacs AS completed the acquisition of Tet Pharma AB, the immunotherapy technology business of Immuneed AB. The acquired business is now established as a fully-owned Swedish subsidiary of Ultimovacs, based in Uppsala, Sweden, and has been renamed to Ultimovacs AB.

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

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

Following the acquisition of the business from Immuneed AB, Ultimovacs AB has two employees as of 31 December 2018, bringing the total number of employees in Ultimovacs Group by the end of 2018 to 16 (totaling 14 FTEs).

Ultimovacs AB is consolidated into Ultimovacs' consolidated financial statements from 11 July 2018. From 11 July to 31 December 2018, Ultimovacs AB had no revenues, and a negative loss before tax for the period of MNOK 2.2. The company had not revenues or costs prior to the acquisition on 11 July 2018. Total transactions costs related to the acquisition amounts to MNOK 2.6.

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

Based on the preliminary purchase price allocation (PPA), the gross purchase price is NOKk 50,447. Book value of the equity is NOKk 46, which gives an excess value of NOKk 50,401. All the excess value identified in the PPA process has been allocated to the patented TET-technology which is available through an exclusive license, classified as an intangible asset in the balance sheet. The intangible asset will be tested for impairment loss whenever circumstances indicate that an intangible asset's carrying amount may not be recoverable, or at least once a year. When it is assessed that the probability of expected future economic benefits using reasonable and supportable assumptions, amortization of the intangible asset shall begin by the straight-line method over the estimated useful life of the asset.

Deferred taxes of NOKk 10,383 have been calculated on the excess values utilizing the tax rate in Sweden of 20.6%. Goodwill related to the step up of deferred tax amounts to NOKk 10,383. The goodwill comprises the value of expected synergies arising from the acquisition, assembled workforce and deferred tax on excess values.

The valuation date for the preliminary purchase price allocation is 11 July 2018, which also is the date of the transaction. The PPA is preliminary, as we have not yet obtained all of the information related to the fair value of the acquired assets and liabilities related to the acquisition to finalize the purchase price allocation. Accordingly, these preliminary estimates may be subject to change during the measurement period, which is up to one year from the acquisition date. The preliminary purchase price allocation has identified the following fair values of identifiable assets and liabilities in Ultimovacs AB as at the date of the acquisition:

(NOK 1000)	SEK	NOK
Goodwill related to step up/deferred tax	11 320	10 383
Intangible asset (licensed technology)	54 950	50 401
Total non-current assets	**66 270**	**60 783**
Cash and cash equivalents	50	46
Total current assets	**50**	**46**
TOTAL ASSETS	**66 320**	**60 829**
Deferred tax	-11 320	-10 383
TOTAL LIABILITIES	**(11 320)**	**(10 383)**
TOTAL CONSIDERATION (PURCHASE PRICE)	**55 000**	**50 447**

Note that the SEK-amounts in the above table have been converted to NOK using the currency rate as at the valuation date (transaction date), while the amounts in the balance sheet are converted with the exchange rate per reporting date. The amounts in the above table will therefore not reconcile with the balance sheet. The difference is reported as other comprehensive income (loss) in the P&L.

Note 19: Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Statement of profit and loss and other comprehensive income Ultimovacs AS

(NOK 1000) except per share data	Notes	2018	2017
Other operating income		-	-
Total revenues		**-**	**-**
Payroll and payroll related expenses	3, 4, 15	-26 143	-18 158
Depreciation and amortisation	9	-601	-534
Other operating expenses	3, 5	-25 002	-14 700
Total operating expenses		**-51 746**	**-33 391**
Operating profit (loss)		**-51 746**	**-33 391**
Financial income	6	1 376	631
Financial expenses	6	-129	-70
Net financial items		**1 247**	**561**
Profit (loss) before tax		**-50 499**	**-32 830**
Income tax expense	7	-	-
Profit (loss) for the year		**-50 499**	**-32 830**
Other comprehensive income (loss) for the year		-	-
Total comprehensive income (loss) for the year		**-50 499**	**-32 830**
Basic and diluted earnings (loss) per share (NOK per share)	8	-81,0	-62,3

Statement of financial position Ultimovacs AS

(NOK 1000)	Notes	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Investment in subsidiary	18	55 512	-
Patents	9	3 111	3 378
Property, plant and equipment	9	736	558
Total non-current assets		**59 359**	**3 935**
Current assets			
Prepayments		436	421
Other receivables	3, 10	5 549	4 661
Cash and cash equivalents	11	114 539	169 808
Total current assets		**120 524**	**174 890**
TOTAL ASSETS		**179 884**	**178 825**
EQUITY AND LIABILITIES			
Equity			
Share capital		641	606
Share premium		314 256	268 475
Total paid-in equity		**314 897**	**269 082**
Accumulated losses		-153 100	-102 601
TOTAL EQUITY	12	**161 797**	**166 480**
Current liabilities			
Accounts payable		2 475	3 033
Other current liabilities	15, 16	15 612	9 312
Total current liabilities		**18 087**	**12 345**
TOTAL LIABILITIES		**18 087**	**12 345**
TOTAL EQUITY AND LIABILITIES		**179 884**	**178 825**

Board of Directors and CEO of Ultimovacs AS
Oslo, 21 March 2019

Jonas Einarsson
Chairman of the Board

Bjørn Rune Gjelsten
Board member

Ole Kristian Hjelstuen
Board member

Henrik Schüssler
Board member

Ketil Fjerdingen
Board member

Leiv Askvig
Board member

Kristin L. A. Wilhelmsen
Board member

Øyvind Kongstun Arnesen
CEO

Statement of cash flows Ultimovacs AS

(NOK 1000)	Notes	2018	2017
Cash flows from operating activities			
Profit (loss) before tax		**-50 499**	**-32 830**
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation	9	601	534
Interest received incl. investing activities	6	-1 247	-564
Net foreign exchange differences	6	10	2
		-	
Working capital adjustment:		-	
Changes in prepayments and other receivables	10	-903	95
Changes in payables and other current liabilities	16	5 742	5 538
Net cash flows from operating activities		**-46 297**	**-27 225**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	-513	-21
Acquisition of subsidiary		-7 197	-
Shareholder contribution to subsidiary		-2 500	
Interest received	6	1 247	564
Net cash flow from investing activities		**-8 962**	**542**
Cash flow from financing activities			
Proceeds from issuance of equity	12	-	125 919
Share issue cost	12	-	-2 430
Net cash flow from financing activities		**-**	**123 489**
Net change in cash and cash equivalents	11	-55 259	96 806
Effect of change in exchange rate	6	-10	-2
Cash and cash equivalents, beginning of period	11	169 808	73 004
Cash and cash equivalents, end of period		**114 539**	**169 808**

Statement of changes in equity Ultimovacs AS

(NOK 1000)	Notes	Share capital	Share premium	Total paid in capital	Accumulated losses	Total equity
Balance as of 1 January 2017		**511**	**145 081**	**145 592**	**-69 771**	**75 821**
Profit (loss) for the year				**-**	-32 830	**-32 830**
Other comprehensive income (loss)				**-**		**-**
Issue of share capital	12	95	125 824	**125 919**		**125 919**
Share-issue costs	12		-2 430	**-2 430**		**-2 430**
Balance as of 31 December 2017		**606**	**268 475**	**269 082**	**-102 601**	**166 480**
Profit (loss) for the year				-	-50 499	**-50 499**
Other comprehensive income (loss)				-	-	**-**
Issue of share capital	12	35	45 781	45 815		**45 815**
Share-issue costs	12			-		-
Balance as of 31 December 2018		**641**	**314 256**	**314 897**	**-153 100**	**161 797**

Note 1 : General information

Ultimovacs AS (the Company or Ultimovacs) is a pharmaceutical company developing novel immunotherapies against cancer. The lead product candidate is UV1, a peptide-based vaccine inducing a specific T cell response against the universal cancer antigen telomerase.

UV1 is being developed as a therapeutic cancer vaccine which may serve as a platform for use in combination with other immuno-oncology drugs which require an ongoing T cell response for their mode of action. Ultimovacs is performing a broad clinical development program with clinical trials in Europe and the USA.

Ultimovacs was established in 2011. The company and its proprietary technology is based on pre-clinical and clinical research on immunotherapies conducted at the Oslo University Hospital. The company is privately held, mainly by Norwegian private investors/family offices.

Ultimovacs is headquartered at the Oslo Cancer Cluster Innovation Park in Oslo, Norway, and also has an office in Uppsala, Sweden. Ultimovacs is an active member of Oslo Cancer Cluster.

The financial statements were approved by the Board of Directors on 21 March 2019.

Note 2 : Accounting principles

I. Basis for preparation

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

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

II. Going concern

The financial statements for 2018 have been prepared under the going concern assumption, pursuant to Section 3.3a of the Norwegian Accounting Act.

III. Accounting principles

i. Cash and cash equivalents

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

ii. Cash Flow statement

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

iii. Financial instruments

The Company has adopted IFRS 9 which was effective from 1 January 2018. There has been no impact on the balance sheet and equity when applying the requirements of IFRS 9. The adoption of IFRS 9 has changed the Group's accounting for impairment losses for finacial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

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

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

- Subsequent measurement

The measurement of financial liabilities depends on their classification.

- Loans and borrowings

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

iv. Current vs non-current classification

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

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

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

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

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

v. Foreign currencies

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

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

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

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

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

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

vi. Impairment

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

vii. Investments in subsidiaries

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

viii. Contingent liabilities

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

ix. Interest income

Interest income is recognised using the effective interest method.

x. Earnings per share

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

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

xi. Government grants

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

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

xii. Leases

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

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

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

xiii. Share-based payments

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

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

- **Equity-settled transactions**

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

xiv. Intangible assets

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

xv. Property, plant and equipment

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

xvi. Tax assets

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

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

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

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

xvii. Segments

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

IV. Estimates and judgements

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

i. Share-based payments

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

ii. Taxes

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

V. Standards and interpretations issued but not yet adopted

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

i. IFRS 16 Leases

IFRS 16 was issued in January 2016 and is effective for annual periods beginning 1 January 2019. The Company has analysed the potential impact of implementing IFRS 16 Leases. The standard will require the Company to recognise a liability to make lease payment (lease liability) and an asset representing the right to use the underlying assets during the lease term (the right-of-use asset) and separately recognise the interest expense on the lease liability and the depreciation expense of the right-to-use asset. The Company has chosen to apply the modified retrospective approach, and measure the lease liability at the date of initial application at the present value of the remaining lease payments based on the lessee's incremental borrowing rate over the remaining lease term. The right-of-use asset recognised on transition will be measured at an amount equal to the lease liability (less any accruals or prepayments).

Note 3 - Government grants

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

(NOK 1000)	2018	2017
Skattefunn	4 946	4 182
BIA grants from The Research Council of Norway (Forskningsrådet)	496	1 243
Eurostars	285	0
Innovation Norway (Innovasjon Norge)	60	400
Total grants	**5 787**	**5 825**

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

(NOK 1000)	2018	2017
Payroll and related expenses	1 860	1 613
Other operating expenses	3 927	4 212
Total costs deducted	**5 787**	**5 825**

Grants receivable as per 31 December are detailed as follows:

(NOK 1000)	2018	2017
Skattefunn	4 946	4 182
Eurostars	285	0
BIA grants from The Research Council of Norway (Forskningsrådet)	0	47
Total receivables from government grants	**5 231**	**4 229**

Skattefunn:
The Skattefunn R&D tax incentive scheme is a government program designed to stimulate research and development in Norwegian. Grants from Skattefunn were received for four different projects in 2017, of which three expired during the year. Two more projects were applied for and approved during 2018. As of 31 December 2018, Skattefunn-grants for the following projects have been approved (*project period*):
- Combination therapy with a hTERT vaccine and anti-PD1 therapy in melanoma (2017 to 2020)
- Combination therapy against advanced melanoma (2018 - 2021)
- Long term effects of immuntherapy against cancer (2018 - 2021)

The Research Council of Norway (Forskningsrådet):
Ultimovacs was awarded BIA grants from the Research Council of Norway for the project "A novel immunotherapy against cancer" in the period February 2014 to its completion in June 2018.

Innovation Norway (Innovasjon Norge):
Innovation Norway is a state-owned company and a national development bank with the goal to promote innovation and development of Norwegian enterprises and industry. Ultimovacs was awarded MNOK 0.4 for the project "Re-targeting T-cells against cancer – development of T-cell receptors directed against telomerase" in 2017. In 2017 and 2018, Ultimovacs was part of a project with PCI Biotech AS called "Exploration of possible synergies between PCI Biotech's firmaVACC technology and Ultimovac's UV1 cancer vaccine". The project was completed in 2018.

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

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

Note 4: Salary and personnel expenses and management remuneration

(NOK 1000)	2018	2017
Salaries and holiday pay	18 248	13 364
Duties payable	2 690	2 139
Share-based payments	5 416	3 199
Pension costs defined contribution plans	1 254	899
Other personnel costs	395	170
Less government grants	-1 860	-1 613
Total payroll and payroll related expenses	**26 143**	**18 158**
The number of FTEs employed during the financial year:	11,4	8,5
Number of employees at end of year	14	11

Management remuneration

The Company's Management team was established during 2017 and consists of the Company's CEO, CFO and the managers of each department. There were six employees (incl. CEO) in the management team by the end of 2017. In 2018, two new department managers were added to the management team (of which one from Ultimovacs AB) bringing the total number of management team members to eight. Seven in the team were employed the whole year of 2018, while one was employed from July 2018. For 2017, five of the management team members were employed the whole year and two members were employed from August 2017. The amounts below is excluding the member from Ultimovacs AB:

Management remuneration 2018

(NOK 1000)	Salary / Board remuneration	Benefits in kind	Pension cost	Total remuneration
Management				
Øyvind Arnesen (CEO)	2 410	198	91	**2 699**
Management team (excl CEO)	8 777	715	531	**10 024**
Members of the Board				
Ketil Fjerdingen (Chairman of the Board)	275			**275**
Bjørn Rune Gjelsten (Board member)	138			**138**
Jonas Einarsson (Board member)	138			**138**
Leiv Askvig (Board member)	138			**138**
Henrik Schüssler (Board member)	138			**138**
Ole Kristian Hjelstuen (Board member)	138			**138**
Kristin Wilhelmsen (Board member)	138			**138**
Total remuneration	**12 287**	**914**	**622**	**13 823**

Management remuneration 2017

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

A total of 17.306 synthetic shares (described in the share-based payment note 15) have been allocated to employees in the Company. 3,000 synthetic shares were allocated to the CEO in 2016, and 9,400 synthetic shares to the rest of the management team during 2016 and 2017.

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

The CEO is entitled to 12 months' severance pay as compensation for waiving his rights to employment protection ensuing from Chapter 15 of the Working Environment Act.

In the event of either an IPO, a minimum of 67% of the Company's shares being acquired, or a merger/demerger plan being signed, the CFO, Hans Vassgård Eid, will be entitled to receive severance pay upon termination of his employment with the Company equal to 9 months' base salary in addition to payment of his salary during his 3 month notice period. There are no similar arrangements for any of the other employees of the Company with respect to termination of their employment.

There were no outstanding loans or guarantees made to the Board of Directors or the Management Team as of 31 December 2018 or as of 31 December 2017.

Pensions

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Company has a defined contribution pension scheme which complies with the Act on Mandatory company pensions.

As at 31 December 2018, all fourteen of the Ultimovacs AS's employees were covered by the pension scheme. A similar pension scheme is in place for the two employees in Ultimovacs AB in Sweden.

Other than the general pension schemes described above, there are no specific pension arrangements made for any member of the Management team.

The Company has no pension or retirement benefits for its Board Members.

The pernsion contributions recognised as expenses equalled TNOK 899 and TNOK 1,448 in 2017 and 2018 respectively.

Note 5 - Other operating expenses

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

Other operating expenses

(NOK 1000)	2018	2017
External R&D expenses	16 957	12 829
Clinical studies	7 876	8 013
Manufacturing costs	6 793	3 691
Other R&D expenses	2 289	1 125
Rent, office and IT	2 618	1 856
Patent related expenses	2 253	1 240
Accounting, audit, legal, consulting	3 548	397
Other operating expenses	3 552	2 589
Less government grants	-3 927	-4 212
Total operating expenses	**25 002**	**14 700**

Specification auditor's fee

(NOK 1000)	2018	2017
Statutory audit	173	45
Audit related services	135	-
Tax related services	38	-
Other	433	-
Total	**780**	**45**

VAT is not included in the fees specified above.

Total expenses related to R&D, including other operating expenses, payroll and payroll related expenses, less government grants, amounted to MNOK 20.1 in 2017 and MNOK 30.4 in 2018.

Note 6: Financial items

Financial income

(NOK 1000)	2018	2017
Interest income	1 257	564
Foreign exchange gains	119	67
Total financial income	**1 376**	**631**

Financial expenses

(NOK 1000)	2018	2017
Foreign exchange losses	0	70
Other financial expenses	129	0
Total financial expenses	**129**	**70**

Note 7: Income tax

Income tax expense:

(NOK 1000)	2018	2017
Profit (loss) before tax	-50 499	-32 830
Non-deductible income	54	61
Non-deductible expenses and other items	-4 956	-6 620
Change in temporary differences	5 447	3 253
Basis for tax calculation	**-49 953**	**-36 136**
Tax expense	**0**	**0**

(NOK 1000)	2018	2017
Expected tax expense	-11 615	-7 879
Non-deductible income	12	15
Non-deductible expenses and other items*	-1 140	-1 006
Change in deferred tax assets not recognised	10 945	7 627
Effect from changes in tax rate	1 797	1 243
Income tax expense	**0**	**0**

* The share issue cost of MNOK 2.4 in 2017 was deducted directly from equity, have been deducted from non-deductable expenses as the tax-effect is charged directly to equity.

The corporate tax rate in Norway was 24 per cent in 2017 and 23 per cent in 2018. As of 1 January 2019, the tax rate in Norway was reduced to 22%.

Deferred tax assets

(NOK 1000)	2018	2017
Tax losses carried forward	169 642	119 689
Temporary diff. - share based payment liability	10 207	4 791
Temporary differences - PPE	-108	-140
Temporary differences and tax loss carry forward	**179 740**	**124 340**
Deferred tax assets - not recognised in statement of financial position	**39 543**	**28 598**
Deferred tax assets per 31 December	**0**	**0**
	22 %	23 %

Note 8: Earnings per share

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

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

Earnings per share

	2018	2017
Profit (loss) for the year	-50 499	-32 830
Average number of outstanding shares during the year	623 488	526 786
EPS - basic and diluted (NOK per share)	**-81,0**	**-62,3**

Note 9: Non-current assets

Year ended 31 December 2018

(NOK 1000)	Laboratory equipment	Office and IT equipment	Patents	Total
Accumulated cost 1 January 2018	852	245	4 000	5 097
Additions	0	513	0	513
Cost at 31 December 2018	**852**	**758**	**4 000**	**5 610**
Accumulated depreciation and amortisation at 1 January 2018	-352	-188	-622	-1 162
Depreciations in the year	-177	-157	-267	-601
Accumulated depreciation and amortisation at 31 December 2018	**-528**	**-345**	**-889**	**-1 762**
Carrying value at 31 December 2018	**323**	**413**	**3 111**	**3 847**

Year ended 31 December 2017

(NOK 1000)	Laboratory equipment	Office and IT equipmemt	Patents	Total
Accumulated cost 1 January 2017	852	224	4 000	5 076
Additions	0	21	0	21
Cost at 31 December 2017	**852**	**245**	**4 000**	**5 097**
Accumulated depreciation and amortisation at 1 January 2017	-163	-109	-356	-628
Depreciations in the year	-189	-78	-267	-534
Accumulated depreciation and amortisation at 31 December 2017	**-352**	**-188**	**-622**	**-1 162**
Carrying value at 31 December 2017	**500**	**58**	**3 378**	**3 935**
Economic life	3 years	3 years	15 years	
Depreciation method	linear	linear	linear	

Patents

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

According to the purchase agreement, Inven2 AS is entitled to two milestone payments of MNOK 5.0 and MNOK 6.0 at the commencement of a clinical phase IIb and phase III study (or another registration study) respectively.

The patent period spans over 15 years and expires in 2030.

Note 10: Other receivables

(NOK 1000)	2018	2017
Government grants receivables (ref note 3)	5 231	4 229
VAT receivables	318	431
Other receivables	-	-
Total other receivables	**5 549**	**4 661**

Note 11: Cash and cash equivalents

(NOK 1000)	2018	2017
Employee withholding tax	978	807
Cash at bank	113 561	169 001
Cash and cash equivalents	**114 539**	**169 808**

Note 12: Share capital, shareholder information and dividend

The share capital as at 31 December 2018 comprised 640,816 shares (606,160 as at 31 December 2017), all with a nominal value of NOK 1 per share.

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

In the third quarter 2018, an Extraordinary General meeting approved an increase of the number of shares by 34,656 to new and existing shareholders at a share-price of NOK 1,322.

Changes to share capital

	2018	2017
Ordinary shares at 01 January	606 160	510 911
Issuance of ordinary shares*	34 656	95 249
Ordinary shares at 31 December	**640 816**	**606 160**

* Shares issued in July 2018 and November 2017.

Transaction costs related to the share-issues amounted to MNOK 2.4 and NOK 0 in 2017 and 2018 respectively, and have been recognised against share premium. For computation of earnings per share and diluted earnings per share see Note 8.

The 20 main shareholders at 31 December 2018:

	Number of shares:	Ownership interest:
Gjelsten Holding AS	195 418	30,5 %
Inven2 AS	80 871	12,6 %
Canica AS	55 886	8,7 %
Radiumhospitalets Forskningsstiftelse	55 835	8,7 %
Langøya Invest AS	36 253	5,7 %
Imuneed AB	34 656	5,4 %
Watrium AS	32 837	5,1 %
Sundt AS	24 686	3,9 %
Prieta AS	19 407	3,0 %
CGS Holding AS	14 575	2,3 %
Helene Sundt AS	14 575	2,3 %
Wiarom AS	10 000	1,6 %
Annemvax AS	9 876	1,5 %
Holmetjern Invest AS	9 142	1,4 %
Månebakken AS	7 560	1,2 %
Vitmed AS	6 400	1,0 %
K-TO AS	4 767	0,7 %
Asteroidebakken AS	3 780	0,6 %
Aeolus AS	3 500	0,5 %
Jakob Hatteland Holding AS	2 500	0,4 %
20 Largest shareholders	**622 524**	**97,1 %**
Other shareholders (21)	18 292	2,9 %
Sum	**640 816**	**100,0 %**

Three members of the Management team held a total of 11,900 ordinary shares in the Company as at 31 December 2018.

Number of shares held by CEO and the Board of Directors as at 31 December 2018

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

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

The 20 main shareholders at 31 December 2017:

	Number of shares:	Ownership interest:
Gjelsten Holding AS	195 418	32,2 %
Inven2 AS	90 871	15,0 %
Canica AS	55 886	9,2 %
Radiumhospitalets Forskningsstiftelse	55 835	9,2 %
Langøya Invest AS	36 253	6,0 %
Watrium AS	32 837	5,4 %
Sundt AS	24 686	4,1 %
Prieta AS	19 407	3,2 %
CGS Holding AS	14 575	2,4 %
Helene Sundt AS	14 575	2,4 %
Annemvax AS	9 876	1,6 %
Holmetjern Invest AS	9 142	1,5 %
Månebakken AS	7 560	1,2 %
Vitmed AS	6 400	1,1 %
K-TO AS	4 767	0,8 %
Asteroidebakken AS	3 780	0,6 %
Aeolus AS	3 500	0,6 %
Jakob Hatteland Holding AS	2 500	0,4 %
Løren Holding AS	2 000	0,3 %
Snøtind AS	2 000	0,3 %
20 Largest shareholders	**591 868**	**97,6 %**
Other shareholders (19)	14 292	2,4 %
Sum	**606 160**	**100,0 %**

Three members of the Management team held a total of 11,900 ordinary shares in the Company as at 31 December 2017.

Number of shares held by CEO and the Board of Directors as at 31 December 2017

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

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

Note 13: Transactions with related parties

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

As part of ordinary business and at market price, Ultimovacs purchases services related to clinical trials and laboratory services from Oslo University Hospital through Inven2 AS. Invoicing from Inven2 AS amounted to MNOK 2.9 and MNOK 1.2 in 2017 and 2018 respectively (incl. VAT). As per 31 December 2018, Ultimovacs had NOK 0 in outstanding payables to Inven2 AS (MNOK 1.7 at 31 December 2017).

Ultimovacs AS finances running operations and projects in Ultimovacs AB through unconditional shareholder contributions. As at 31 December 2018, Ultimovacs AS has contributed with a total of MNOK 2.5 in unconditional shareholder contributions to Ultimovacs AB.

Note 14: Leases and commitments

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

(NOK 1000)	2018	2017
Within 1 year	0	0,4
1 to 5 years	3,8	0
After 5 years	0	0
Sum	**3,8**	**0,4**

The Company has not entered into any finance lease arrangements. The only significant agreement classified as operating lease is the rental agreement for office and lab premises in Oslo. The rental agreement was renewed with effect from 1 February 2018 for a 5 year period. The net present value of future minimum rents related to non-cancellable leases for these premises is estimated to be MNOK 3.8 as per 31 December 2018. If IFRS 16 had been implemented before 1 January 2019, this amount would have been capitalized as a liability and asset in the balance sheet. The effects in the statement of profit and loss and other comprehensive income would have been immaterial, as depreciation and interest cost would have been approximately the same amount as the total rental costs recognized in FY18. IFRS 16 is effective for annual periods beginning 1 January 2019.

Total expenses related to the rental agreements amounted to MNOK 1.0 in 2018 and MNOK 1.0 in 2017.

Note 15: Share based payment

At the Annual General Meeting in April 2016 the Board was authorized to introduce a new incentive scheme for employees (Synthetic share plan), based on the value development of the Company's shares. In total twelve employees have been granted synthetic shares, which are not physically held by the owner. The employees are entitled, upon exercise, to receive a cash amount corresponding to the increase in the value of the underlying share in the period from the option was assigned to the exercise, and holiday pay on the same amount. According to the agreement, the Board of Directors of the Company may, at its discretion and subject to applicable authorisations from the general meeting, elect to settle any bonus-amounts payable in shares rather than cash payments. The Employee will then be required to subscribe for such new ordinary shares or take delivery of ordinary treasury shares in the Company as settlement. The Board of Directors has made a decision to propose to the General Assembly a new option program to be initiated immediately when/if the Company is listed on the Oslo Stock Exchange. The intention of the Board is to settle in cash and terminate the Phantom stock plan simultaneously. The compensation scheme has therefore been treated as a cash-settled share-based payment.

The Board does not presently have the authority from the General Meeting to issue new shares for the purpose of the bonus-compensation payment. The bonus scheme has therefore been treated as a cash-settled share-based payments.

The vesting period for all synthetic shares in all of the individual employee-contracts is up to the expiration date 18 May 2021, regardless of when the synthetic shares were allocated. However, the date at which a third-party, or several third-parties acting in concert, completes an acquisition of shares in the Company by which such third-party obtains an ownership of more than 90% of the shares and votes in the Company, the incentive scheme is terminated. This will trigger the option-strike, resulting in a cash pay-out for all synthetic shares that the holders/employees are entitled to. Due to a possible listing on the Oslo Stock exchange in H1-2019, the share based payment is expected to be settled in cash to the synthetic-shareholders shortly after the listing. The vesting period is therefore set to throughout H1-2019 when calculating the share based payment liability.

The share-based payment liability is classified as a short-term liability in the statement of financial position per 31 December 2018. The liability is measured at the end of each reporting period until it is settled, with a corresponding expense-movement recognised in personnel expenses.

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

MNOK 3.2 and MNOK 5.4 was recognised as personnel expenses in the statement of profit and loss and other comprehensive income in 2017 and 2018 respectively. The liability increased from MNOK 1.6 MNOK 4.7 in 2017, and from MNOK 4.7 to MNOK 10.2 in 2018.

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

	2018	2017
Weighted average fair value at the measurement date (NOK)	567	453
Expected volatility (%)	69,5 %	65,0 %
Dividend yield (%)	0,0 %	0,0 %
Risk free interest rate (%)	1,1 %	1,1 %
Vesting period (years)	0,4	1,0
Weighted average shares price (NOK)	1 649	1 365
Strike price (NOK)	1 133	1 133
Model used	Black-Scholes	Black-Scholes

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

Movements during the year

# synthetic shares	2018	2017
Outstanding at 1 January	15 600	15 825
Granted during the year	1 706	2 600
Forfeited during the year	0	-2 825
Outstanding at 31 December	**17 306**	**15 600**

Due to the possible listing on the Oslo Stock exchange in H1-19, the compensation is expected to be settled in cash to the phantom-shareholders shortly after the listing, and the compensation-liability is therefore classified as a short-term liability in the statement of financial position. A new option program is expected to be presented for approval by the General Assembly in connection with the planned IPO.

Note 16: Other current liabilities

(NOK 1000)	2018	2017
Public duties payable	1 653	1 347
Holiday pay payable	1 763	1 349
Share-based payment liability (excl. holiday pay and social security taxes)	10 207	4 791
Accrued expenses	1 989	1 825
SUM	**15 612**	**9 312**

Note 17: Financial instruments

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

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

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

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

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

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

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

Foreign currency sensitivity

(NOK 1000)	Change in foreign currency	2018	2017
EUR	+10%	662	259
	-10%	-662	-259
GBP	+10%	304	156
	-10%	-304	-156
USD	+10%	641	191
	-10%	-641	-191
SEK	+10%	78	0
	-10%	-78	0

Interest rate risk on bank deposits

(NOK 1000)	Change in interest rate	2018	2017
Bank deposits	+2%	2 783	3 396
	-2%	-2 783	-3 396
	+5%	6 958	8 490
	-5%	-6 958	-8 490

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

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

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

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

Note 18: Investment in subsidiary

(NOK 1000)	2018	2017
Investment in Ultimovacs AB	50 447	-
Unconditional shareholder contribution to Ultimovacs AB	2 500	-
Transaction costs	2 565	-
SUM	**55 512**	**-**

On the 10.07.18, Ultimovacs AS acquired 100% of the shares in the Swedish biotech company Tet Pharma AB, now Ultimovacs AB, from Immuneed AB at a consideration of MNOK 50.5 (MSEK 55.0). The business is located in Uppsala, Sweden and has two employees. The share capital in Ultimovacs AB is SEKk 50.

Ultimovacs AS finances running operations and projects in Ultimovacs AB through unconditional shareholder contributions. As at 31 December 2018, Ultimovacs AS has contributed with a total of MNOK 2.5 in unconditional shareholder contributions to Ultimovacs AB.

In addition to the unconditional shareholder contribution, the transaction costs for the acquisition have been added to the total subsidiary investment in the statement of financial position.

The impairment test performed as of December 31 2018 did not result in any impairment of book value of the investment in Ultiovacs AB. The impairment test was based on the same assumptions as used in the impairment test of "goodwill" and "licenses" in the group accounts.

Note 20: Events after the balance sheet date

No significant events have occurred after the balance sheet date.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Ultimovacs AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ultimovacs AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2018, the statements of other comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

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

Other information

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

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

Responsibilities of management for the financial statements

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

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

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

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Opinion on registration and documentation

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

Oslo, 25th March 2019

ERNST & YOUNG AS

Tommy Romskaug
State Authorized Public Accountant (Norway)

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About Ultimovacs

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

Ultimovacs was established in 2011. The company and its proprietary technology is based on pre-clinical and clinical research on immunotherapies conducted at the Oslo University Hospital. The company is privately held, mainly by Norwegian private investors/family offices.

Ultimovacs is headquartered at the Oslo Cancer Cluster Innovation Park in Oslo, Norway, and also has an office in Uppsala, Sweden. Ultimovacs is an active member of Oslo Cancer Cluster.

APPENDIX C:

FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

FINANCIAL STATEMENTS 2017

Ultimovacs AS

Statement of profit and loss and other comprehensive income

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

Statement of financial position

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

Board of Directors and CEO of Ultimovacs AS

Oslo, 26 June 2018

Jonas Einarsson
Chairman of the Board

Bjørn Rune Gjelsten
Board member

Ole Kristian Hjelstuen
Board member

Henrik Schüssler
Board member

Ketil Fjerdingen
Board member

Leiv Askvig
Board member

Kristin L. A. Wilhelmsen
Board member

Øyvind Kongstun Arnesen
CEO

Statement of cash flows

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

Statement of changes in equity

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

Note 1 : General information

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

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

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

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

Note 2 : Accounting principles

I. Basis for preparation

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

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

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

II. Going concern

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

III. Accounting principles

i. Cash and cash equivalents

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

ii. Cash Flow statement

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

iii. Loans and receivables

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

iv. Current vs non-current classification

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

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

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

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

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

v. Foreign currencies

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

vi. Impairment:

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

vii. Financial liabilities

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

- Subsequent measurement

The measurement of financial liabilities depends on their classification.

- Loans and borrowings

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

viii. Contingent liabilities

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

ix. Interest income

Interest income is recognised using the effective interest method.

x. Earnings per share

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

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

xi. Government grants

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

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

xii. Leases

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

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

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

xiii. Share-based payments

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

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

- **Equity-settled transactions**

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

xiv. Intangible assets

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

xv. Property, plant and equipment

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

xvi. Tax assets

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

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

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

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

xvii. Segments

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

IV. Estimates and judgements

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

i. Share-based payments

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

ii. Taxes

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

V. Standards and interpretations issued but not yet adopted

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

i. IFRS 16 Leases

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

ii. IFRS 9 Financial instruments

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

Note 3 - Government grants

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

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

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

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

Grants receivable as per 31 December are detailed as follows:

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

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

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

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

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

Note 4: Salary and personnel expenses and management remuneration

(NOK 1000)	2017	2016
Salaries and holiday pay	13,364	11,315
Duties payable	2,139	2,181
Bonus	0	1,193
Share-based payments	3,199	1,593
Pension costs defined contribution plans	899	820
Other personnel costs	170	221
Less government grants	-1,613	-1,923
Total payroll and payroll related expenses	**18,158**	**15,400**
The number of FTEs employed during the financial year:	8.5	8.9
Number of employees at end of year	11	11

Management remuneration

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

Management remuneration 2017

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

Management remuneration 2016

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

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

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

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

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

Pensions
The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").
The Company has a defined contribution pension scheme which complies with the Act on Mandatory company pensions.
As of 31 December 2017, there were 11 members covered by the scheme.

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

Note 5 - Other Operating Expenses

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

Other operating expenses

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

Specification auditor's fee

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

VAT is not included in the fees specified above.

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

Note 6: Financial income and expenses

Financial income

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

Financial expenses

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

Note 7: Income tax

Income tax expense:

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

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

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

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

Deferred tax assets

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

Note 8: Earnings per share

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

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

Earnings per share

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

Note 9: Property, plant and equipment and Patents

Year ended 31 December 2017

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

Year ended 31 December 2016

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

Patents

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

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

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

Note 10: Receivables

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

Note 11: Cash and cash equivalents

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

Note 12: Share capital, shareholder information and dividend

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

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

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

Changes to share capital

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

* Shares issued in September 2016 and November 2017.

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

The 20 main shareholders at 31 December 2017 are:

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

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

Number of shares held by CEO and the Board of Directors

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

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

Note 13: Transactions with related parties

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

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

Note 14: Leases and commitments

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

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

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

Note 15: Share based payment

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

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

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

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

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

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

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

Movements during the year

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

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

Note 16: Other current liabilities

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

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

Note 17: Financial instruments

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

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

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

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

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

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

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

Foreign currency sensitivity

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

Interest rate risk on bank deposits

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

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

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

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

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

Note 18: Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Note 19 - Transition to IFRS

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

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

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

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

Reconciliation of results for 2016

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

Notes

A) Government grants

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

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

B) Share-based payments

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

C) Property, plant and equipment

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

D) Leases

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ultimovacs AS

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Oslo, 3 July 2018
ERNST & YOUNG AS

Tommy Romskaug
State Authorised Public Accountant (Norway)

Contact us

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About Ultimovacs

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

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

ÅRSBERETNING 2016

Ultimovacs AS

Ultimovacs AS' formål er å utvikle, produsere og selge legemiddel for kreftbehandling. Selskapet har forretningsadresse Ullernchausséen 64, 0379 Oslo.

Ultimovacs' første produkt under utvikling, UV1, er en terapeutisk og universell peptidbasert kreftvaksine. Slik kreftbehandling er ikke knyttet til en bestemt kreftdiagnose, men har potensial til å utløse en generell immunologisk reaksjon mot kreftceller, uansett krefttype. Det å stimulere immunsystemet til å angripe kreftceller er en banebrytende måte å behandle kreft på og et behandlingsprinsipp i sterk internasjonal utvikling.

Selskapet har gjennomført to kliniske fase I/IIa-studier som viste hvordan immunsystemet blir aktivert av UV1. Disse studiene har vært innenfor prostatakreft og ikke-småcellet lungekreft. I prostatastudien fikk 18 av 22 pasienter (80%) immunrespons mot UV1-vaksinen. I lungekreftstudien fikk 12 av 18 pasienter (67%) immunrespons.

Ultimovacs har også gjennomført en tredje klinisk fase I/IIa-studie. Denne studien undersøker sikkerhet, immunrespons og potensiell effekt av UV1 i kombinasjon med et annet godkjent legemiddel (Yervoy®) som også stimulerer immunsystemet til å angripe kreftceller. Indikasjonen for denne studien er malignant melanom (føflekkreft). I denne studien fikk 10 av 12 pasienter (83%) immunrespons.

Samlet sett fikk 77% av pasientene i de tre studiene immunrespons. Pasientene har blitt fulgt videre også etter behandlingsslutt og foreløpig gir oppfølgingen positive signaler om klinisk effekt hos pasientene og forholdet mellom mulig effekt og bivirkninger synes å kunne være attraktivt. UV1 må og vil testes på større pasientgrupper for å få et bedre bilde av effekt og sikkerhet. Effekten av UV1 antas å være aller best når UV1 kombineres med andre former for immunterapi med en komplementerende virkemåte.

Ultimovacs har i 2016 fortsatt arbeidet med utvikling av en produksjonsprosess for UV1 som er oppskalerbar til kommersielle volumer. En batch UV1 for bruk i kliniske studier er produsert med slik oppskalerbar produksjonsprosess.

Finansiell situasjon og resultat 2016

Selskapet hadde driftsinntekter på NOK 5.778.072 i 2016 mot NOK 8.429.010 i 2015. Alle inntektene er fra tilskuddsordninger hos Norges Forskningsråd og SkatteFUNN. Årets driftsunderskudd er NOK -27.590.296 mot NOK -21.109.607 i 2015.

Styret foreslår at årets resultat på NOK -27.387.833 føres mot egenkapital. Selskapets egenkapital er per 31.12.2016 NOK 77.413.451 mot NOK 30.943.807 per 31.12.2015.

Det ble i august 2016 gjennomført en emisjon på NOK 75 millioner i ny egenkapital. Selskapet planlegger en ny emisjon mot slutten av 2017 og dette er en nødvendig forutsetning for å finansiere videre drift og utvikling gjennom 2018 herunder gjennomføring av videre kliniske studier.

Styret bekrefter at forutsetningen for fortsatt drift er tilstede og at dette er lagt til grunn for årsregnskapet. Det er som for andre bioteknologiselskaper i tilsvarende fase betydelig teknologisk,

finansiell og annen risiko knyttet til selskapet. Utover dette kjenner styret ikke til spesifikke forhold som er viktige for bedømmelsen av selskapets stilling som ikke fremkommer av årsregnskapet eller denne beretningen.

Organisasjon

Selskapet hadde per 31.12.2016 ti ansatte, fem kvinner og fem menn, som til sammen utgjorde 8,9 årsverk i 2016.

Det har ikke forekommet noen arbeidsulykker i perioden. Sykefraværet i 2016 var 1,9%. Arbeidsmiljøet anses som godt og selskapet har ikke iverksatt spesielle tiltak i forhold til dette. Styret består av seks menn og en kvinne. Selskapet praktiserer full likestilling. Selskapet forurenser ikke det ytre miljøet.

Fremtidsutsikter

Ultimovacs vil i 2017 fortsette oppfølgingen av pasientene i de tre gjennomførte kliniske studiene. Selskapet vil i 2017 i tillegg iverksette en ny studie hvor UV1 kombineres med et annet legemiddel innenfor immunterapi, dvs. at man vil se på synergistiske effekter av å kombinere UV1 med et godkjent immunmodulerende middel (check point inhibitor). Ultimovacs vil i 2017 søke amerikanske legemiddelmyndigheter (FDA) om at UV1 blir godkjent som Investigational New Drug (IND) for å kunne gjennomføre hele eller deler av en slik studie i USA.

Selskapet vil også arbeide videre med teknologi-/produktutvikling, herunder optimalisering og dokumentasjon av produksjonsprosessen for UV1.

20. mars 2017

Ketil Fjerdingen
styreleder

Bjørn Rune Gjelsten
styremedlem

Ole Kristian Hjelstuen
styremedlem

Henrik Schüssler
styremedlem

Jonas Einarsson
styremedlem

Leiv Askvig
styremedlem

Kristin L. A. Wilhelmsen
styremedlem

Øyvind Kongstun Arnesen
daglig leder

Ultimovacs AS
Org. nr. 996713008

Resultatregnskap	Note	2016	2015
Driftsinntekter			
Annen driftsinntekt	7	5 778 072	8 429 010
Sum driftsinntekter		**5 778 072**	**8 429 010**
Driftskostnader			
Lønnskostnad	2	15 730 182	9 072 800
Avskrivning	9	489 040	139 138
Annen driftskostnad		17 149 146	20 326 679
Sum driftskostnader		**33 368 368**	**29 538 617**
DRIFTSRESULTAT		**-27 590 296**	**-21 109 607**
Finansinntekter og finanskostnader			
Annen renteinntekt		206 221	430 518
Annen finansinntekt		39 050	77 067
Sum finansinntekter	**8**	**245 271**	**507 585**
Annen rentekostnad		158	831
Annen finanskostnad		42 650	82 437
Sum finanskostnader	**8**	**42 808**	**83 268**
Netto finansposter		**202 463**	**424 317**
Ordinært resultat før skattekostnad	4	-27 387 833	-20 685 290
ÅRSRESULTAT		**-27 387 833**	**-20 685 290**
Overføringer og disponeringer			
Udekket tap		27 387 833	20 685 290
Sum overføringer og disponeringer		**27 387 833**	**20 685 290**

Ultimovacs AS
Org. nr: 996713008

Balanse pr. 31.12	Note	2016	2015
EIENDELER			
ANLEGGSMIDLER			
Immaterielle eiendeler			
Patenter	9	3 644 444	3 911 108
Varige driftsmidler			
Inventar, kontormaskiner	9	803 032	237 864
Sum anleggsmidler		**4 447 476**	**4 148 972**
OMLØPSMIDLER			
Fordringer			
Andre fordringer	7	5 176 727	4 495 614
Bankinnskudd, kontanter og lignende	6	73 003 899	30 830 766
Sum omløpsmidler		**78 180 626**	**35 326 380**
SUM EIENDELER		**82 628 102**	**39 475 352**

Ultimovacs AS
Org. nr: 996713008

Balanse pr. 31.12	Note	2016	2015
EGENKAPITAL OG GJELD			
EGENKAPITAL			
Innskutt egenkapital			
Aksjekapital	3,5	510 911	441 079
Overkurs	5	145 081 165	71 293 520
Udekket tap			
Udekket tap	5	68 178 625	40 790 792
Sum egenkapital		**77 413 451**	**30 943 807**
GJELD			
Kortsiktig gjeld			
Leverandørgjeld		1 507 801	5 327 904
Skyldige offentlige avgifter		1 062 785	680 276
Annen kortsiktig gjeld		2 644 065	2 523 365
Sum gjeld		**5 214 651**	**8 531 545**
SUM EGENKAPITAL OG GJELD		**82 628 102**	**39 475 352**

OSLO, 20. MARS 2017

Ketil Fjerdingen
Styreleder

Henrik Schüssler
Styremedlem

Bjørn Rune Gjelsten
Styremedlem

Jonas Einarsson
Styremedlem

Ole Kristian Hjelstuen
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Leiv Askvig
Styremedlem

Kristin L A Wilhelmsen
Styremedlem

Øyvind Kongstun Arnesen
Daglig leder

Noter til årsregnskapet for 2016

Note 1 - Regnskapsprinsipper og virkning av prinsippendringer

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk for små foretak (SMB).

Driften
Selskapet har som forretningsgrunnlag å utvikle legemidler. Selskapet har hittil ingen inntekter fra kommersielt salg og derfor er driften finansiert primært med egenkapital og offentlige tilskudd. Selskapets utgifter er utover lønninger i all vesentlighet knyttet opp mot forskning og utvikling, herunder utgifter til gjennomføringen av kliniske studier samt løpende sikring av patentbeskyttelse. Utgiftene til dette kostnadsføres løpende.

Driftsinntekter
Driftsinntekter inntektsføres etter hvert som de opptjenes. Det samme gjelder offentlige tilskudd, som føres som andre driftsinntekter.

Forsknings- og utviklingskostnader
Kostnader til forskning og utvikling blir i sin helhet kostnadsført. Det er ikke balanseført slike kostnader.

Omløpsmidler/kortsiktig gjeld
Omløpsmidler og kortsiktig gjeld omfatter normalt poster som forfaller til betaling innen et år etter balansedagen, samt poster som knytter seg til varekretsløpet. Omløpsmidler vurderes til laveste verdi av anskaffelseskost og antatt virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Anleggsmidler
Anleggsmidler er vurdert til anskaffelseskost, men nedskrives til virkelig verdi når verdifallet ikke ventes å bli forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives etter en fornuftig avskrivningsplan.

Fordringer
Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene.

Skatt
Skatter kostnadsføres når de påløper, det vil si at skattekostnaden er knyttet til det regnskapsmessige resultat før skatt. Skattekostnaden består av betalbar skatt (skatt på årets skattepliktige inntekt) og endring i netto utsatt skatt.

Selskapet har besluttet å ikke balanseføre utsatt skattefordel.

Pensjoner
Selskapet benytter innskuddsbasert pensjonsordning for sine ansatte i samsvar med lovens krav til pensjonsordninger. Årlig pensjonskostnad tilsvarer årets premie.

Valuta
Pengeposter i utenlandsk valuta er vurdert til kursen ved regnskapsårets slutt.

Note 2 - Ansatte, godtgjørelser, lån til ansatte mv

2.1 Spesifikasjon av lønnskostnad	**2016**	**2015**
Lønninger	12 508 253	7 121 085
Arbeidsgiveravgift	2 181 084	1 020 825
Pensjonskostnader	820 275	342 372
Annen personalkostnad	220 570	588 518
Sum lønnskostnad	15 730 182	9 072 800
Antall årsverk	8,9	5,0

Noter til årsregnskapet for 2016

2.2 Spesifikasjon av godtgjørelser til ledelsen og styret		2016	2015
Daglig leder	Lønn	2 657 699	2 135 711
	Pensjon	68 399	65 336
	annen godtgjørelse	184 513	181 639
Sum daglig leder		2 910 611	2 382 686

Selskapet etablerte i 2016 en bonusordning hvor visse ansatte får rett til fremtidig bonus knyttet til utviklingen i verdien på selskapets aksjer. Avtalen løper i inntil 5 år. Bonus kommer potensielt til utbetaling,forutsatt at ansettelsesforholdet består, i.) på spesifikk dato i 2021, eller ii.) dersom mer enn 90% av utstedte aksjer i Ultimovacs AS skifter eier i form av et samlet salg, eller iii.) dersom styret beslutter at bonusordningen skal komme til utbetaling. En slik bonus vil beregnes for et definert antall 'fiktive aksjer' for den enkelte ansatte. For hver 'fiktive aksje' vil bonusen beregnes som differansen mellom virkelig verdi pr. utstedt aksje på tidspunktet for bonusberegning og en kalkulatorisk inngangsverdi på kr. 1.133 pr. aksje. Maksimal bonus er dog begrenset til fire ganger inngangsverdien. Pr. 31.12.2016 er det totalt allokert 15.825 slike bonusenheter ('fiktive aksjer') til ansatte, hvorav daglig leder er tildelt 3.000. Ordningen regnskapsføres ikke før ved eventuell utbetaling av slik bonus eller når bonusrettigheten er ubetinget opptjent.

Styrehonorar har totalt blitt utbetalt med kr 875.000.

2.3 Spesifikasjon av honorar til revisor	2016	2015
Lovpålagt revisjon	84 079	52 444
Andre attestasjonstjenester	9 550	6 900
Sum honorar til revisor	93 629	59 344

Note 3 - Aksjer og aksjonærer mv

Aksjonærer per 31.12.16	Aksjer	Eierandel
Gjelsten Holding AS	180 289	35,29 %
Inven2 AS	89 358	17,49 %
Radiumhospitalets Forskningsstiftelse	54 335	10,63 %
Langøya Invest AS	33 227	6,50 %
Canica AS	40 756	7,98 %
Sundt AS	24 686	4,83 %
Prieta AS	18 407	3,60 %
Watrium AS	13 927	2,73 %
Annemvax AS	9 800	1,92 %
Helene Sundt AS	6 975	1,37 %
CGS Holding AS	6 975	1,37 %
Vitmed AS	6 400	1,25 %
Holmetjern Invest AS	5 392	1,06 %
K-TO AS	4 000	0,78 %
Aeolus AS	3 500	0,69 %
Snøtind AS	1 900	0,37 %
Pongo AS	1 900	0,37 %
Kuppelvik AS	1 858	0,36 %
Ringnes Holding AS	1 340	0,26 %
Basen Kapital AS	1 550	0,30 %
Nian AS	635	0,12 %
Pals Eiendom AS	1 100	0,22 %
Jakob Iqbal	620	0,12 %
Lars Bjune	464	0,09 %
Erik Løftingbakken	417	0,08 %
Jonm Holding AS	352	0,07 %
Øystein Aarvold	330	0,06 %
Norsk Zinkvalseverk AS	280	0,05 %
Veronique Cruciani	46	0,01 %
Wenche Rasch	46	0,01 %
Gerd Helgheim Slemdal	46	0,01 %
Sum	**510 911**	**100,0 %**

Noter til årsregnskapet for 2016

Note 4 - skatt

4.1 spesifikasjon av midlertidige forskjeller

	2016	2015	Endring
Underskudd til fremføring	83 552 492	51 190 590	32 361 902
Utsatt skattefordel 24% (25%)	20 052 598	12 797 648	7 254 951

Selskapet har valgt ikke å balanseføre utsatt skattefordel.

4.2 spesifikasjon av grunnlag betalbar skatt	2016	2015
Regnskapsmessig resultat	(27 387 833)	(20 685 290)
Permanente forskjeller	(4 902 398)	(4 631 995)
Endring i midlertidige forskjeller	(71 671)	(110 074)
Beregningsgrunnlag for betalbar skatt	(32 361 902)	(25 427 359)
Betalbar skatt	-	-

Note 5 - Egenkapital	Aksjekapital	Overkursfond	Udekket tap	Sum egenkapital
Egenkapital 1. januar 2016	441 079	71 293 520	(40 790 792)	30 943 807
Emisjoner	69 832	75 139 232		75 209 064
Emisjonskostnader		(1 351 586)		(1 351 586)
Årets resultat			(27 387 833)	(27 387 833)
Egenkapital 31.desember 2016	510 911	145 081 166	(68 178 625)	77 413 452

Det ble i 2016 innhentet ca. NOK 75 millioner i ny egenkapital.

Note 6 - Bundne midler	2016	2015
Bundne midler - Skattetrekk 31.desember	721 485	467 842
Skyldig 6. termin	*720 643*	*467 442*

Note 7 - Offentlige tilskudd

Andre driftsinntekter består av mottatte offentlige tilskudd. Sett i forhold til selskapets aktivitet anses størrelsen på de mottatte tilskuddene for å være så vesentlige at en inntektsføring gir bedre informasjon enn en kostnadsreduksjon mot FoU.

Mottatte tilskudd	2016	2015
SkatteFUNN	3 580 259	3 649 785
Innovasjon Norge - OFU	-	644 085
Norges Forskningsråd - BIA	2 197 813	4 135 140
Sum	**5 778 072**	**8 429 010**

Fordringer	2016	2015
SkatteFUNN	3 580 259	3 649 785
Norges Forskningsråd - BIA	934 613	169 807

Note 8 Valutagevinster og -tap

Selskapets resultatførte gevinster og tap på valuta relaterer seg hovedsakelig til kjøp av FoU-tjenester fra utlandet.

Note 9 Driftsmidler

	Maskiner/utstyr	Patenter	Sum
Inngående saldo	288 110	4 000 000	4 288 110
Tilgang	787 544		787 544
Avgang			
Sum	**1 075 654**	**4 000 000**	**5 075 654**
Akkumulert avskr	(272 622)	(355 556)	(628 178)
Sum	**803 032**	**3 644 444**	**4 447 476**
Årets avskr	(222 376)	(266 664)	(489 040)
Levetid	3 år	15 år	
Avskrivningssats	30 %	6,67 %	

Selskapet overtok i 2015 alle rettigheter til teknologi/patenter fra Inven2 AS som er en av selskapets aksjonærer. Prisen for patentet var NOK 4,0 millioner og var fastsatt som en kjøpsopsjon i lisensavtale med Inven2 AS inngått i 2011. Kjøpet av disse rettighetene innebærer at selskapet ikke lenger har plikt til å betale løpende royalty til Inven2 AS i forbindelse med fremtidig kommersielt salg av produkter tilknyttet de angjeldende patentsøknadene. Inven2 AS har fremdeles rett til milepælsbetalinger på henholdsvis NOK 5,0 millioner og NOK 6,0 millioner ved oppstart av kliniske fase IIb-studier og fase III-studier. Alle selskapets hovedaksjonærer er representert i styret i selskapet som har godkjent avtalen og er vel kjent med avtalens innhold. Styret i selskapet har vurdert avtalen med Inven2 AS opp mot aksjelovens §3-8 og konkludert at avtalen ikke krever godkjennelse av generalforsamling.Avtalen er inngått som ledd i selskapets vanlige virksomhet og betingelsene i avtalen anses av styret å være vanlige for denne type avtaler.

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 24 01
www.ey.no
Medlemmer av den norske revisorforening

UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i Ultimovacs AS

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert årsregnskapet for Ultimovacs AS som består av balanse per 31. desember 2016 og resultatregnskap for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2016, og av dets resultater for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i avsnittet *Revisors oppgaver og plikter ved revisjon av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med de relevante etiske kravene i Norge knyttet til revisjon slik det kreves i lov og forskrift. Vi har også overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for øvrig informasjon. Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den ellers viser seg å inneholde vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon, er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe annet realistisk alternativ.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll;
- opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll;
- vurderer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige;
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det foreligger vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet. Hvis slike tilleggsopplysninger ikke er tilstrekkelige, må vi modifisere vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapets evne til fortsatt drift ikke lenger er til stede;
- vurderer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen, tidspunktet for vårt revisjonsarbeid og eventuelle vesentlige funn i vår revisjon, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom vårt arbeid.

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til disponering av resultatet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendige i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 20. mars 2017
ERNST & YOUNG AS

Tommy Romskaug
statsautorisert revisor

APPENDIX D:

APPLICATION FORM FOR THE RETAIL OFFERING

APPLICATION FORM FOR THE RETAIL OFFERING

General information: The terms and conditions for the Retail Offering are set out in the prospectus dated 20 May 2019 (the "**Prospectus**"), which has been issued by Ultimovacs ASA ("**Ultimovacs**" or the "**Company**") in connection with the initial public offering (the "**Offering**") of new shares to be issued by the Company and the listing of the Company's Shares on the Oslo Stock Exchange. All capitalised terms not defined herein shall have the meaning as assigned to them in the Prospectus.

Application procedure: Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number may apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: www.abgsc.no, and www.dnb.no/emisjoner. Applications in the Retail Offering can also be made by using this Retail Application Form. Retail Application Forms must be correctly completed and submitted by the expiry of the Application Period to one of the following application offices:

ABG Sundal Collier Munkedamsveien 45A P.O. Box 1444 Vika N-0115 Oslo Norway Tel: + 47 22 01 60 00 E-mail: subscription@abgsc.no www.abgsc.no	**DNB Markets** Dronning Eufemias gate 30 P.O. Box 1600 Sentrum N-0021 Oslo Norway Tel: +47 23 26 81 01 E-mail: retail@dnb.no www.dnb.no/emisjoner

The applicant is responsible for the of the information filled in on this Retail Application Form. Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, and any application that may be unlawful, may be disregarded without further notice to the applicant. **Subject to any shortening or extension of the Application Period, applications made through the VPS online application system must be duly registered, and applications made on Retail Application Forms must be received, by one of the application offices by 12:00 hours (CEST) on 29 May 2019**. None of the Company or any of the Managers may be held responsible for postal delays, unavailable internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any of the application offices. All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any shortening or extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

Price of Offer Shares: NOK 31.25 per Offer Share

Allocation, payment and delivery of Offer Shares: DNB Markets, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 31 May 2019, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact one of the application offices listed above from on or about 31 May 2019 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 31 May 2019. In registering an application through the VPS online application system or by completing a Retail Application Form, each applicant in the Retail Offering will grant DNB Markets (on behalf of the Managers) an irrevocable authorisation to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 3 June 2019 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 31 May 2019. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date. Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 31 May 2019, or can be obtained by contacting the Managers. DNB Markets (on behalf of the Managers) reserves the right (but has no obligation) to make up to three debit attempts through 11 June 2019 if there are insufficient funds on the account on the Payment Date. Should any applicant have insufficient funds on its account, or should payment be delayed for any reason, or if it is not possible to debit the account, overdue interest will accrue and other terms will apply as set out under the heading "Overdue and missing payment" below. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 4 June 2019 (or such later date upon the successful debit of the relevant account).

Guidelines for the applicant: Please refer to the second page of this Retail Application Form for further application guidelines.

Applicant's VPS account (12 digits):	**I/we apply for Offer Shares for a total of NOK (minimum NOK 10,500 and maximum NOK 999,999:**	**Applicant's bank account to be debited (11 digits):**

I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Offer Price, up to the aggregate application amount as specified above subject to the terms and conditions set out in this Retail Application Form and in the Prospectus, (ii) authorise and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Retail Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, (iii) authorise DNB Markets to debit my/our bank account as set out in this Retail Application Form for the amount payable for the Offer Shares allocated to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth therein.

Date and place*:	**Binding signature****:

* Must be dated during the Application Period.

** The applicant must be of legal age. If the Retail Application Form is signed by proxy, documentary evidence of authority to sign must be attached in the form of a power of attorney or company registration certificate.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED	
First name	Surname/Family name/Company name
Home address (for companies: registered business address)	Zip code and town
Identity number (11 digits) / business registration number (9 digits)	Nationality
Telephone number (daytime)	E-mail address

Please note: If the application form is sent to the Managers by e-mail, the e-mail will be unsecured unless the applicant takes measures to secure it. The Managers recommend the applicant to secure all e-mails with application forms attached.

GUIDELINES FOR THE APPLICANT

THIS RETAIL APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, SWITZERLAND, CANADA, HONG KONG, SINGAPORE OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.

Regulatory issues: Legislation passed throughout the European Economic Area (the "**EEA**") pursuant to the Markets and Financial Instruments Directive ("**MiFID**") implemented in the Norwegian Securities Trading Act, imposes requirements in relation to business investment. In this respect, the Managers must categorise all new clients in one of three categories: Eligible counterparties, Professional clients and Non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Managers will be categorised as Non-professional clients. The applicant can by written request to the Managers request to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act and ancillary regulations. For further information about the categorisation, the applicant may contact one of the Managers. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

Execution only: As the Managers are not in the position to determine whether the application for Offer Shares is suitable for the applicant, the Managers will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The applicant acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Financial Undertakings Act and foreign legislation applicable to the Managers, there is a duty of secrecy between the different units of the Managers as well as between the Managers and the other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber, but which the Managers will not have access to in their capacity as Managers for the Retail Offering.

Information barriers: The Managers are securities firms offering a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Managers' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

VPS account and anti-money laundering procedures: The Retail Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulation of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of one of the Managers must verify their identity to one of the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form are exempted, unless verification of identity is requested by a Manager. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Retail Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the Retail Application Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance.

Selling restrictions: The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 17 "Selling and Transfer Restrictions" in the Prospectus. The Company does not assume any responsibility in the event there is a violation by any person of such restrictions. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States. The Offer Shares will, and may, not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any jurisdiction where the offer or sale of the Offer Shares is not permitted, or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any jurisdiction where the offer or sale is not permitted, except pursuant to an applicable exemption. In the Retail Offering, the Offer Shares are being offered and sold to certain persons outside the United States in offshore transactions within the meaning of and in compliance with Rule 903 of Regulation S under the U.S. Securities Act.

The Company has not authorised any offer to the public of its securities in any Member State of the EEA other than Norway. With respect to each Member State of the EEA other than Norway which has implemented the EU Prospectus Directive (each, a "**Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the Offer Shares requiring a publication of a prospectus in any Member State. Any offers outside Norway will only be made in circumstances where there is no obligation to publish a prospectus.

Stabilisation: In connection with the Offering, DNB Markets (as the "**Stabilisation Manager**"), or its agents, on behalf of the Managers, may, during the period commencing on the first day of trading of the Shares on Oslo Børs and ending at the close of trading on the 30th calendar day following such day (the "**Stabilisation Period**"), engage in transactions that stabilise, maintain or otherwise affect the price of the Shares. Specifically, the Stabilisation Manager may effect transactions with a view to supporting the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the secondary market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager and its agents to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilisation activities, if commenced, may be discontinued at any time, and will be brought to an end at the end of the Stabilisation Period.

Investment decisions based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

Terms and conditions for payment by direct debiting - securities trading: Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply.

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.

2. Costs related to the use of "Payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.

3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.

4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Financial Contracts Act, the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.

5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.

6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.

7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Financial Contracts Act.

Overdue and missing payments: Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which at the date of the Prospectus is 8.75% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or, from the third day after the Payment Date, otherwise dispose of or assume ownership to the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the Offer Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, pre-fund payment for Offer Shares allocated in the Offering at a total subscription price equal to the Offer Price multiplied by the aggregate number of allocated Offer Shares.

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