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3rd Quarter 2021 Report

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INTERIM REPORT FOR THE THIRD QUARTER OF 2021

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REPORT 3RD QUARTER 2021

HIGHLIGHTS:

- Initiated the Phase 1b clinical trial in patients with locally advanced and metastatic tumors (VB N-02) in collaboration with Genentech (VB10.NEO individualized vaccine). First site opened in the USA

- Entered into worldwide license agreement with Adaptive Biotechnologies for clinically validated SARS-CoV-2 T cell epitopes

Highlights after September 30, 2021:

- First subject dosed in a two-arm phase 1/2 clinical trial with a second generation and a third generation SARS-CoV-2 vaccine candidate

- Reached a headcount of more than 100 people

- Continues to explore a potential listing of the company's shares on Nasdaq and expects during 2022 to apply for a transfer of the listing of its shares to the main market of Oslo Stock Exchange

Michael Engsig, Chief Executive Officer at Vaccibody, comments:

"Like third quarter last year, we had the pleasure of announcing a strategically significant collaboration agreement. Last year, we partnered up with Genentech regarding exclusively outlicensing our individualized cancer vaccine, VB10.NEO. This July, Vaccibody inlicensed clinically validated SARS-CoV-2 T cell epitopes from Adaptive Biotechnologies. In the beginning of November, we managed to dose the first subject in our two-armed Phase 1/2 COVID vaccine trial testing two vaccine candidates. The Adaptive epitopes are used in the second vaccine arm. It took only 267 days from the first vaccine was designed to dosing the first subject. This remarkable achievement speaks to the incredible flexibility and fast turn-around of our modular, vaccine technology platform and the fantastically skilled members of our teams and dedicated collaboration partners."

KEY FINANCIAL FIGURES

Amount in USD '000	3rd Quarter 2021	3rd Quarter 2020	9 months 2021	9 months 2020	Full year 2020
Total revenue and other income	1,314	142	3,992	395	215,695
Total operating expenses	11,638	7,855	29,473	18,739	37,430
Operating profit (loss)	**-10,324**	**-7,713**	**-25,480**	**-18,344**	**178,265**
Net profit (loss) for the period	**-7,447**	**-7,697**	**-20,183**	**-17,120**	**149,774**
Net cash flow	-1,436	-1,849	-10,474	-4,072	173,957
Cash and cash equivalents, end of period	172,645	5,043	172,645	5,043	183,851
Outstanding shares, end of period	287,011,709	283,627,680	287,011,709	283,627,680	284,785,180
Cash and cash equivalents/total assets	85%	27%	85%	27%	80%
Equity ratio	80%	59%	80%	59%	78%
Equity	162,175	11,040	162,175	11,040	178,850
Total assets	202,650	18,788	202,650	18,788	230,028
Employees, average	79	35	64	33	33
Employees, end of period	87	36	87	36	51

R&D UPDATE

Vaccibody's modular technology platform is very versatile and may be adapted to generate the desired immune response profile. Hence, Vaccibody's platform may be applied across a broad range of immunotherapy areas as innovative solutions to an unmet medical need. Vaccibody continues to increase the headcount across all functions including R&D to continue to build competencies and support the strategy execution.

Please find below an update on Vaccibody's current research and development activities.

Oncology

VB10.16

VB10.16 is a therapeutic HPV vaccine directed against HPV16+ induced malignancies:

- Clinical trial VB C-02:
  - Clinical stage: Phase II
  - Indication: HPV16+ advanced, non-resectable cervical cancer
  - Up to 50 patients
  - ClinicalTrials.gov Identifier: NCT04405349

Status and highlights

Investigational sites in 6 European countries are screening and enrolling patients. The trial is on track to complete enrolment during fourth quarter 2021. Vaccibody plans to report interim clinical data by the end of Q1 2022.

The commercial potential in other HPV16 driven cancer indications such as HNSCC (Head and neck squamous cell carcinoma) is being explored. A development strategy update for VB10.16 will follow in 1H 2022.

VB10.NEO

VB10.NEO is an individualized neoantigen cancer vaccine, exclusively licensed to Genentech:

- Clinical trial VB N-01:
  - Clinical stage: Phase I/IIa
  - Cancer indications: Melanoma, non-small cell lung cancer (NSCLC), clear renal cell carcinoma, urothelial cancer or squamous cell carcinoma of the head and neck (SCCHN)
  - Fully enrolled
  - ClinicalTrials.gov Identifier: NCT03548467

- Clinical trial VB N-02:
  - Clinical stage: Phase Ib
  - Cancer indications: Locally advanced and metastatic tumors
  - Up to 40 patients
  - ClinicalTrials.gov Identifier: NCT05018273

Status and highlights

The first clinical site in the USA has been opened. The work on further site initiations in the USA and Europe continues.

Infectious Diseases

Vaccibody's infectious disease initiatives spans both pre-clinical and clinical activities.

VB10.COV2

Vaccibody has selected a 2-arm strategy for the VB10.COV2 project to fight SARS-CoV-2 variants of concern. VB10.2129 and VB10.2210 are two vaccine candidates designed based on Vaccibody's modular and APC targeted technology:

- In clinical trial VB-D-01, the two vaccine candidates, VB10.2129 and VB10.2210, are being investigated in previously vaccinated healthy volunteers.
  - VB10.2129 - 2nd generation vaccine addressing novel CoV-2 variants of concern

- VB10.2210 - 3rd generation universal broadly protective T cell vaccine, including T cell epitopes validated by Adaptive Biotechnologies
  - Clinical stage: Phase 1/2
  - Pathogen: SARS CoV-2
  - Up to 160 patients
  - ClinicalTrials.gov Identifier: NCT05069623

Status and highlights

Vaccibody reached the internal milestone of dosing the first subject with VB10.2129 in early November 2021. With Vaccibody's flexible and modular technology platform, it took only 267 days from design to first subject dosed.

OTHER INFECTIOUS DISEASES

Vaccibody has over the last years generated promising pre-clinical data in other infectious disease models. The Company has therefore initiated research discovery programs to explore and evaluate a focused set of pathogens as potential future clinical vaccine targets.

Autoimmune disorders

Autoimmune disorders are caused by unwanted immunogenicity to autoantigens. Vaccibody continues to explore the modular technology platform and unique APC targeting approach to generate pre-clinical proof-of-concept for the ability to induce meaningful antigen-specific immune tolerance. The Company is investing significantly in the research area and is hiring to build further capacity and know-how.

OTHER

Capital market considerations

Vaccibody continues to explore a potential listing of the company's shares on the Nasdaq Global Market in the United States as first communicated in 1H 2021.

Furthermore, the Company expects during 2022 to apply for a transfer of the listing of its shares on the Oslo Stock Exchange from Euronext Growth Oslo to Oslo Børs, the main market of the Oslo Stock Exchange.

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FINANCIAL REVIEW

Income statement

The net result for the 3rd quarter of 2021 was a net loss of USD 7.4 million compared to a net loss of USD 7.7 million in the 3rd quarter of 2020. The reduced net loss is mainly due to increased revenue and movement in deferred tax. The operating loss in the 3rd quarter of 2021 was USD 10.3 million compared to a loss of USD 7.7 million in the same period in 2020, driven by increased R&D and operating activities and planned increase in headcount.

The net result for the first nine months of 2021 was a net loss of USD 20.2 million compared to a net loss of USD 17.1 million in the same period of 2020, driven by the increase in R&D and operating activities, planned increased in headcount and finance costs, offset by movement in deferred tax.

Revenue and other income

Total revenue and other income amounted to USD 1.3 million in the 3rd quarter of 2021 (Q3 2020: USD 0.1 million) and USD 4.0 million for the first nine months of 2021 (9M 2020: USD 0.4 million). The Company recognized revenues of USD 1.0 million in the 3rd quarter of 2021 and USD 3.1 million for the first nine months of 2021 according to the development of underlying research activities related to the Genentech Agreement announced in October 2020. The Company also had other income of USD 0.3 million in the 3rd quarter (Q3 2020: USD 0.1 million) and USD 0.9 million in the first nine months (9M 2020: USD 0.4 million), from government grants.

Operating expenses

Total operating expenses amounted to USD 11.6 million in the 3rd quarter of 2021 (Q3 2020: USD 7.9 million) and USD 29.5 million for the first nine months of 2021 (9M 2020: USD 18.7 million). Employee benefit expenses were USD 3.0 million in the 3rd quarter (Q3 2020: USD 3.4 million) and USD 9.6 million for the first nine months (9M 2020: USD 6.6 million). The increase in employee benefit expenses in 2021 is primarily due to the planned increase in headcount, expenses related to the Company's share option program and recruitment. The increase in payroll cost from 2020 to 2021 is offset by changes in accrued social security on the share option program. Other operating expenses amounted to USD 8.5 million in the 3rd quarter (Q3 2020: USD 4.4 million) and USD 19.6 million for the first nine months (9M 2020: USD 12.0 million). The increase in 2021 was driven by the N-02 Phase 1b and D-01 study initiation as well as consulting and legal services.

Net financial income and expenses

Net financial income and expenses were a net loss of USD 0.3 million in the 3rd quarter of 2021 (Q3 2020: USD 0.02 million gain) and a net loss of USD 0.9 million in the first nine months of 2021 (9M 2020: USD 1.2 million gain). Finance income and finance costs mainly relate to

movements in foreign currency exchange rates and fair value adjustments of financial instruments.

Income tax expenses

The Company recognized tax income of USD 3.2 million in the 3rd quarter and USD 6.2 million in the first nine months of 2021, which primarily relates to movement in deferred tax. There was no income tax in the same periods of 2020.

Statement of financial position

Cash

At September 30, 2021, Vaccibody had a cash position of USD 172.6 million compared to USD 183.9 million at December 31, 2020. The decrease in cash is due to negative cash flow from operating activities. The negative effects from operating activities are partly offset by sale of financial instruments during the period.

Equity

At September 30, 2021, total equity amounted to USD 162.2 million, compared to USD 178.9 million at December 31, 2020. The change mainly reflects the net loss of the period of USD 20.2 million and exercise of warrants.

Trade receivables

At September 30, 2021, trade receivables amounted to USD 3.8 million, compared to USD 3.8 million at December 31, 2020. The amount is related to the partial invoiced amount payable under the Genentech Agreement.

Trade and other payables

At September 30, 2021, trade and other payables amounted to USD 7.0 million, compared to USD 9.2 million at December 31, 2020. The decrease is mainly from the outstanding one-off advisory cost related to the Genentech Agreement in 2020, offset with increase in costs related to the N-02 Phase 1b and D-01 study initiation, consulting and legal services and construction of new lab facility.

Contract assets

At September 30, 2021, total contract assets amounted to USD 6.8 million, compared to USD 15.0 million at December 31, 2020. The contract assets relate to earned revenue not invoiced under the Genentech Agreement. The changes in the period are related to fulfilling the performance obligations under the Genentech Agreement and transferring to trade receivables.

Other current financial assets

At September 30, 2021, total other current financial assets amounted to USD 16.3 million compared to USD 24.9 million at December 31, 2020. The decrease primarily relates to the sales of market based financial instruments.

Cash flow

Net change in cash and cash equivalents was negative USD 1.4 million in the 3rd quarter of 2021 (Q3 2020: USD 1.8 million negative) and negative USD 10.5 million in the first nine months of 2021 (9M 2020: USD 4.1 million negative). Cash and cash equivalents decreased to USD 172.6 million at the end of the period, compared to USD 183.9 million at the end of 2020.

Cash flow from operating activities

Net cash flow from operating activities was negative USD 5.4 million in the 3rd quarter of 2021 (Q3 2020: USD 4.8 million negative) and negative USD 19.4 million in the first nine months 2021 (9M 2020: USD 13.1 million negative). This was primarily driven by the increase in research and development expenses and employee benefit expenses due to the planned increase in headcount. The negative effect from increased expenses, are partly offset by a positive working capital adjustment.

Cash flow from investing activities

Cash flow from investing activities was USD 3.8 million in the 3rd quarter of 2021 (Q3 2020: USD 2.7 million) and USD 8.1 million for the first nine months of 2021 (9M 2020: USD 8.1 million). The amounts mainly relate to the proceeds from sales of market based financial instruments.

Cash flow from financing activities

Cash flow from financing activities was USD 0.1 million in the 3rd quarter of 2021 (Q3 2020: USD 0.2 million) and USD 0.8 million for the first nine months of 2021 (9M 2020: USD 0.9 million). The amounts primarily relate to the proceeds from equity issuance, offset by payment of lease liabilities.

OUTLOOK

Three major clinical objectives for 2021 have been reached:

1. VB C-02 clinical trial, per protocol interim safety analysis has been conducted with no safety concerns and a recommendation to continue the trial as planned
2. VB10.NEO – Initiation of VB N-02, Phase 1b trial
3. COVID-19 clinical trial, VB-D-01 - First patient dosed

Expected 2021 and 1H 2022 news flow, and outlook regarding Vaccibody's current clinical trial pipeline:

2H 2021	VB10.16 – Fully enrolled VB C-02 trial in cervical cancer
1H 2022	VB10.16 – Interim clinical data for initial patients from VB C-02 trial in cervical cancer
1H 2022	VB10.16 – Update on the development strategy
1H 2022	VB-D-01 – Interim clinical data for initial patients from COVID-19 clinical trial
1H 2022	Update on Vaccibody's manufacturing strategy

Vaccibody also continues to explore pre-clinical proof-of-concept for the ability to induce meaningful antigen-specific immune tolerance for autoimmune disorders.

The Company has a strong cash position and no debt following the upfront and near-term payments from the Genentech Agreement.

Vaccibody is in continuous dialogue with academic and industrial entities and will announce new key collaborations and partnerships if or when they may occur.

The COVID-19 pandemic may impact timelines and operations.

Disclaimer

This announcement and any materials distributed in connection with this announcement may contain certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect the company's current expectations and assumptions as to future events and circumstances that may not prove accurate.

A number of material factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

About Vaccibody

Vaccibody, is a clinical-stage biopharmaceutical company, dedicated to the discovery and development of vaccines and novel immunotherapies for the treatment of cancer and infectious diseases. Vaccibody's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which are essential for inducing rapid, strong and long-lasting antigen specific immune responses and elicit efficacious clinical responses.

Its lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which is in Phase 2 for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which is exclusively outlicensed to Genentech and is in Phase 1b for the treatment of locally advanced and metastatic tumors and Phase 1/2a for the treatment of melanoma, lung-, head and neck, renal-, and bladder cancer. Additionally, Vaccibody has initiated a Phase 1/2 trial with its two next-generation COVID-19 vaccine candidates.

The Company has collaborations with Roche, Genentech and Nektar Therapeutics within oncology; and collaborate with Adaptive Biotechnologies for COVID-19 T cell vaccine development.

Vaccibody's shares are traded on Euronext Growth (Oslo), a trading platform operated by Euronext, the leading Pan-European market infrastructure. The ticker code is VACC. Further information about Vaccibody may be found at http://www.vaccibody.com

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Contact for Vaccibody

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Vaccibody AS

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www.vaccibody.com

INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD '000	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Revenue from contracts with customers	4	1,001	-	3,055	-
Other income	5	313	142	938	395
Total revenue and other income		**1,314**	**142**	**3,992**	**395**
Employee benefit expenses		3,003	3,371	9,579	6,582
Other operating expenses	6	8,529	4,412	19,583	11,954
Depreciation		106	72	311	203
Operating profit (loss)		**-10,324**	**-7,713**	**-25,480**	**-18,344**
Finance income		865	166	1,493	1,717
Finance costs		1,157	151	2,414	493
Profit (loss) before tax		**-10,616**	**-7,697**	**-26,401**	**-17,120**
Income tax expense		-3,169	-	-6,218	-
Profit (loss) for the period		**-7,447**	**-7,697**	**-20,183**	**-17,120**
Other comprehensive income:					
Items that subsequently may be reclassified to profit or loss:					
Foreign currency translation effects	2	-2,261	3	-2,407	
Total items that may be reclassified to profit or loss	2	-2,261	3	-2,407	
Total other comprehensive income for the period	**2**	**-2,261**	**3**	**-2,407**	
Total comprehensive income for the period	**-7,445**	**-9,958**	**-20,180**	**-19,527**	
Earnings per share ("EPS"):					
Basic EPS - profit or loss attributable to equity holders	-0.03	-0.03	-0.07	-0.06	
Diluted EPS - profit or loss attributable to equity holders	-0.03	-0.03	-0.07	-0.06	

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Amounts in USD '000	Notes	30/09/2021	31/12/2020
ASSETS			
Non-current assets			
Property, plant and equipment		309	131
Right-of-use assets		65	277
Intangible assets		32	32
Other long-term receivables		511	556
Total non-current assets		**917**	**996**
Current assets			
Trade receivables		3,750	3,750
Other receivables		2,215	1,487
Contract assets	4	6,805	15,000
Other current financial assets		16,319	24,944
Cash and cash equivalents		172,645	183,851
Total current assets		**201,734**	**229,032**
TOTAL ASSETS		**202,650**	**230,028**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	330	327
Share premium		61,356	60,348
Other capital reserves		6,834	4,419
Other components of equity		-3,031	-3,113
Retained earnings		96,686	116,869
Total equity		**162,175**	**178,850**
Non-current liabilities			
Non-current lease liabilities		10	8
Non-current provisions		4,779	6,859
Deferred tax liabilities		24,763	31,130
Total non-current liabilities		**29,552**	**37,997**

Amounts in USD '000	Notes	30/09/2021	31/12/2020
Current liabilities			
Government grants	5	349	-
Current lease liabilities		55	276
Trade and other payables		7,037	9,183
Income tax payable		145	-
Current provisions		3,336	3,722
Total current liabilities		**10,923**	13,181
Total liabilities		**40,475**	**51,178**
TOTAL EQUITY AND LIABILITIES		**202,650**	**230,028**

Oslo, November 16, 2021

Anders Tuv Chairman of the Board	Lars Lund-Roland Board Member	Bernd Robert Seizinger Board Member
Jan Haudemann-Andersen Board Member	Birgitte Volck Board Member	Christian Åbyholm Board Member
Einar Jørgen Greve Board Member	Trygve Lauvdal Board Member	Michael Thyrring Engsig CEO

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Amounts in USD '000	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Cash flows from operating activities					
Profit (loss) before tax		-10,616	-7,697	-26,401	-17,120
Adjustments to reconcile profit before tax to net cash flows:					
Net financial items		-31	-48	-176	-136
Depreciation of property, plant and equipment		15	7	40	19
Depreciation of Right-of-use assets		91	65	271	184
Share-based payment expense		911	672	2,437	1,778
Net unrealized currency translation losses/(gains)		782	-	1,203	-
Working capital adjustments:					
Changes in trade receivables and other receivables		589	116	-728	-111
Changes in contract assets and other long-term receivables	4	2,768	-5	8,240	-5
Changes in trade and other payables		1,560	938	-2,146	506
Changes in current provisions and other liabilities		-256	-32	-36	281
Changes in non-current provisions		-1,171	1,203	-2,079	1,486
Net cash flows from operating activities		**-5,357**	**-4,781**	**-19,376**	**-13,117**
Cash flows from investing activities					
Purchase of property, plant and equipment		-192	-33	-218	-61
Proceeds from sale of market based financial instruments		3,993	2,737	8,278	8,178
Interest received		4	-	66	-
Net cash flows from investing activities		**3,805**	**2,704**	**8,126**	**8,118**
Cash flow from financing activities					
Proceeds from issuance of equity		211	299	1,090	1,128
Payments of the principal portion of the lease liability		-81	-62	-257	-168
Payments of the interest portion of the lease liability		-	-2	-3	-6
Interest paid		-14	-6	-54	-27
Net cash flows from financing activities		**115**	**228**	**776**	**927**
Net increase/(decrease) in cash and cash equivalents		**-1,436**	**-1,849**	**-10,474**	**-4,072**
Cash and cash equivalents at beginning of the period		174,378	6,587	183,851	10,166
Net foreign exchange difference		-297	304	-732	-1,050
Cash and cash equivalents, end of period		**172,645**	**5,043**	**172,645**	**5,043**

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at December 31, 2020	**327**	**60,348**	**4,419**	**-3,113**	**116,869**	**178,850**
Profit (loss) for the period	-	-	-	-	-20,183	**-20,155**
Other comprehensive income	-	-	-	3	-	**3**
Issue of share capital	3	1,008	-	-	-	**1,011**
Unregistered shared issue	-	-	-	79	-	**79**
Share based payments	-	-	2,415	-	-	**2,415**
Balance at September 30, 2021	**330**	**61,356**	**6,834**	**-3,031**	**96,686**	**162,175**

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at December 31, 2019	**316**	**59,133**	**1,821**	**-735**	**-32,905**	**27,630**
Profit (loss) for the period	-	-	-	-	-17,120	**-17,120**
Other comprehensive income	-	-	-	-2,407	-	**-2,407**
Issue of share capital	10	1,063	-	-	-	**1,073**
Unregistered shared issue	-	-	-	78	-	**78**
Share based payments	-	-	1,786	-	-	**1,786**
Balance at September 30, 2020	**326**	**60,196**	**3,607**	**-3,065**	**-50,025**	**11,040**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 – General Information

The condensed consolidated interim financial statements of Vaccibody AS and its subsidiary ("Vaccibody" or "the Group") for the period ended September 30, 2021 were authorized by the Board of Directors on November 16, 2021. Vaccibody has shares traded on Euronext Growth, with the ticker symbol VACC. Vaccibody AS is incorporated and domiciled in Norway, and the address of its registered office is Gaustadalléen 21, 0349 Oslo, Norway.

Vaccibody AS, is a clinical-stage biopharmaceutical company, dedicated to the discovery and development of vaccines and novel immunotherapies for the treatment of cancer and infectious diseases. Vaccibody's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which are essential for inducing rapid, strong and long-lasting antigen-specific immune responses and elicit efficacious clinical responses. The lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which is in Phase 2 for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which is exclusively outlicensed to Genentech ("Genentech") and is in Phase 1b for the treatment of locally advanced and metastatic tumors and Phase 1/2a for the treatment of melanoma, lung-, head and neck, renal-, and bladder cancer. Additionally, Vaccibody has initiated a Phase 1/2 trial with one of the two next-generation COVID-19 vaccine candidates.

The Company has collaborations with Roche, Genentech and Nektar Therapeutics within oncology; and collaborates with Adaptive Biotechnologies for COVID-19 T cell vaccine development.

On January 8, 2021 Vaccibody Denmark A/S was registered as a limited liability company, wholly owned by Vaccibody AS. Vaccibody Denmark A/S is incorporated in Denmark with the objective to perform business consulting and other management consulting activities to Vaccibody AS.

2 – Basis of preparation and significant account policies

The condensed consolidated interim financial statements of the Group comprise statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and selected explanatory notes. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("EU"). The condensed consolidated interim financial statements are unaudited.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Vaccibody's annual financial statements as at December 31, 2020. The accounting policies adopted in the preparation of the condensed consolidated interim financial

statements are consistent with those followed in the preparation of Vaccibody's annual financial statements for the year ended December 31, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The interim financial statements are presented in United States dollar (USD) which is also the functional currency of the parent company. Amounts are reported in whole thousands (USD '000) except when otherwise stated. Further, the interim financial statements are prepared based on the going concern assumption.

3 – Significant accounting judgements, estimates and assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

In preparing the condensed consolidated interim financial statements, the significant judgments estimates and assumptions made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to Vaccibody's annual financial statements for the year ended December 31, 2020.

4 - Operating segment and Revenue from contracts with customers

The Group is organized as one operating segment.

In the table below non-current assets are broken down by geographical areas based on the location of the operations:

Non-current assets	**30/09/2021**	**31/12/2020**
Norway	917	996
Total non-current assets	**917**	**996**

Non-current assets for this purpose consist of property, plant and equipment, intangible assets, right-of-use assets and other long-term receivables.

On September 29, 2020, Vaccibody AS entered into an exclusive worldwide license and collaboration agreement with Genentech, a member of the Roche Group, for the development and commercialization of DNA-based individualized neoantigen vaccines for the treatment of cancers. As part of the Genentech Agreement, Vaccibody AS has granted to Genentech a license which is limited to "Collaboration Products", i.e. any individualized Therapy DNA vaccine i) that includes a Chimera Structure within Vaccibody IP or joint IP and ii) that incorporates one or more neoantigen DNAs. In addition to granting an exclusive license to

Genentech, Vaccibody will also sponsor R&D commitments which are mainly related to the conduction of a Phase 1b trial at Vaccibody's sole cost and expense. Following completion of the Phase 1b trial, Genentech will have responsibility and bear all costs for clinical, regulatory, manufacturing and commercialization activities.

Under the terms of the agreement, Vaccibody is entitled to USD 185 million in initial upfront and USD 40 million in near-term payments. Additionally, Vaccibody will be eligible to receive up to a further USD 490 million in potential milestone payments, plus low double-digit tiered royalties on sales of commercialized products arising from the partnership. With the exception of an amount of USD 20 million related to the initiation of the Phase 1b trial, no variable amounts have been included in the transaction price which was estimated to be USD 245 million at contract inception.

In Q3 2021, Vaccibody recognized USD 1.0 million of revenue related to R&D Commitments which is recognized over the duration of the services. Progress to determine the satisfaction of performance obligations is measured on a "cost to cost" basis.

Since contract inception, Vaccibody has recognised USD 218.05 million as revenue.

Vaccibody did not have any other revenue contracts in Q3 2021.

As of September 30, 2021, USD 211.25 million has been invoiced under the agreement of which USD 207.5 million has been paid. The unpaid amount will be received during Q4 2021. The remaining USD 13.75 million will be invoiced in 2021 (USD 3.75 million) and 2022 (USD 10 million).

Revenue from contracts with customers	**Q3 2021**	**Q3 2020**	**YTD 2021**	**YTD 2020**
Major products and services				
License of Vaccibody IP	-	-	-	-
R&D commitments	1,001	-	3,055	-
Total revenue	**1,001**	**-**	**3,055**	**-**

Geographical distribution	**Q3 2021**	**Q3 2020**	**YTD 2021**	**YTD 2020**
Norway	-	-	-	-
United States of America	1,001	-	3,055	-
Other	-	-	-	-
Total revenue	**1,001**	**-**	**3,055**	**-**

The revenue information above is based on the location of the customers.

Timing of revenue recognition	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Goods/services transferred at a point in time	-	-	-	-
Services transferred over time	1,001	-	3,055	-
Total revenue	**1,001**	**-**	**3,055**	**-**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at September 30 are, as follows:

	Q3 2021	Q3 2020
Within one year	11,948	-
More than one year	14,997	-
Total	**26,945**	**-**

The remaining performance obligations expected to be recognized within one year and in more than one year relates to the R&D commitments under the Genentech Agreement.

Contract cost assets	30/09/2021	31/12/2020
At 1 January	**551**	**-**
Cost to obtain a contract recognized in the period	-	4,500
Amortisation recognized in the period	56	3,949
Impairment losses recognized in the period	-	-
Total contract cost assets	**495**	**551**

The Group's contract cost assets are related to sale commissions for the Genentech Agreement.

Contract assets	30/09/2021	31/12/2020
At 1 January	**15,000**	**-**
Additions	3,055	215,000
Transferred to trade receivables	-11,250	-200,000
Impairment and write-down for expected credit losses	-	-
Total contract assets	**6,805**	**15,000**

The changes to contract assets in the period are related to fulfilling the performance obligation related to the service component in the Genentech Agreement, less the amount transferred to trade receivables.

5 – Government grants

Grant from SkatteFUNN

The Group currently has two R&D projects approved by SkatteFUNN (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry). One project has been approved for the period from 2020 until the end of 2022. The other project has been approved for the period from 2020 until the end of 2023. Vaccibody has recognized USD 0.3 million in Q3 2021 (USD 0.8 million YTD 2021) and USD 0.1 million in Q3 2020 (USD 0.4 million YTD 2020) classified as other income.

The Group had government grant receivables related to SkatteFUNN of USD 0.8 million as at September 30, 2021 and USD 0.6 million as at December 31, 2020.

Grant from the Research Council of Norway

Vaccibody currently has one grant from the Research Council of Norway, programs for user-managed innovation area (BIA). The grant ("Development of a highly efficient and robust manufacturing process for personalised and general DNA vaccines") of USD 2.7 million covers the period from January 2020 to July 2022. The Group has recognized USD 0.1 million in Q3 2021 (USD 0.2 million YTD 2021) classified as other income. No income was recognized in Q3 2020.

The Group had unearned income related to grant from the Research Council of Norway of USD 0.3 million as at September 30, 2021 and USD 0.1 million as at December 31, 2020.

6 – Other operating expenses

In Q3 2021 and Q3 2020 other operating expenses consisted mainly of research and development expenses, consulting fees and legal expenses. Total research and development expenses were USD 5.2 million in Q3 2021 (USD 11.8 million YTD 2021) and USD 2.3 million in Q3 2020 (USD 8.2 million YTD 2020), recognised as employee benefit expenses and other operating expenses in the statement of comprehensive income.

7 – Equity and Shareholders

Issued capital and reserves:

Share capital in Vaccibody AS	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position (USD '000)
At January 1, 2020	**54,973,080**	**0.05**	**316**
Share capital increase			
17 January 2020	824,596	0.05	5
4 March 2020	554,000	0.05	3
1 April 2020	206,660	0.05	1
Share split 1:5 - 14 July 2020	226,233,344	0.01	-
Share capital increase			
9 September 2020	750,000	0.01	1
16 September 2020	86,000	0.01	-
At September 30, 2020	**283,627,680**	**0.01**	**326**
Share capital increase			
21 October 2020	910,000	0.01	1
29 December 2020	247,500	0.01	-
At December 31, 2020	**284,785,180**	**0.01**	**327**
Share capital increase			
17 March 2021	828,665	0.01	1
10 May 2021	530,000	0.01	1
29 June 2021	400,000	0.01	-
7 September 2021	467,864	0.01	1
At September 30, 2021	**287,011,709**	**0.01**	**330**

The share capital increases in the periods are all related to the exercise of warrants.

All shares are ordinary and have the same voting rights and rights to dividends.

Vaccibody's shareholders:

Shareholders in Vaccibody AS at September 30, 2021	Total Shares	Ownership / Voting Rights
Rasmussengruppen AS	28,086,750	9.8%
Datum Opportunity AS	26,000,000	9.1%
Radforsk Investeringsstiftelse	24,057,000	8.4%
Datum AS	11,634,250	4.1%
Kvantia AS	10,866,325	3.8%
Dnb Nor Bank ASA	10,404,644	3.6%
Skøien AS	8,977,500	3.1%
Om Holding AS	8,144,004	2.8%
Norda ASA	7,996,755	2.8%
Vatne Equity AS	7,712,500	2.7%
Christiania Skibs AS	6,304,250	2.2%
Joh Johannson Eiendom AS	5,363,425	1.9%
Portia AS	4,500,000	1.6%
Krag Invest AS	4,470,100	1.6%
Dnb Markets Aksjehandel/-Analyse	4,368,500	1.5%
Alden AS	3,275,315	1.1%
Hortulan AS	3,080,000	1.1%
Skips AS Tudor	3,075,000	1.1%
Borgano AS	3,000,000	1.0%
SP Capital 22 AS	2,500,000	0.9%
SKANDINAVISKA ENSKILDA BANKEN AB	2,500,000	0.9%
Other shareholders	100,695,391	35.1%
Total	**287,011,709**	**100%**

At September 30, 2021, the Company had 13,204,955 active warrants and options outstanding to key employees and members of the board.

8 – Financial instruments

Set out below is an overview of financial assets and liabilities held by the Group as at September 30, 2021 and December 31, 2020:

	Financial instruments at amortised cost	Financial instruments at fair value through profit or loss	Total
As at September 30, 2021			
Assets			
Other long-term receivables	511	-	511
Trade receivables	3,750	-	3,750
Other receivables	2,215	-	2,215
Contract assets	6,805	-	6,805
Other current financial assets			
Money market funds	-	16,319	16,319
Cash and cash equivalents	172,645	-	172,645
Total financial assets	**185,926**	**16,319**	**202,245**
Liabilities			
Government grants	349	-	349
Trade and other payables	7,037	-	7,037
Total financial liabilities	**7,386**	**-**	**7,386**
As at December 31, 2020			
Assets			
Other long-term receivables	556	-	556
Trade receivables	3,750	-	3,750
Other receivables	1,488	-	1,487
Contract assets	15,000	-	15,000
Other current financial assets			
Money market funds	-	24,944	24,944
Cash and cash equivalents	183,851	-	183,851
Total financial assets	**204,645**	**24,944**	**229,588**
Liabilities			
Government grants	-	-	-
Trade and other payables	9,183	-	9,183
Total financial liabilities	**9,183**	**-**	**9,183**

There are no changes in the classification and measurement of Vaccibody's financial assets and liabilities.

9 – Fair value measurement

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

				Level		
	Date	Carrying amount	Fair value	1	2	3
Liabilities and assets disclosed at fair value						
Assets						
Other current financial assets						
Money market funds	30/09/2021	16,319	16,319	X		
Total other current financial assets	**30/09/2021**	**16,319**	**16,319**			
Other current financial assets						
Money market funds	31/12/2020	24,944	24,944	X		
Total other current financial assets	**31/12/2020**	**24,944**	**24,944**			

Based on information identified during Q3 2021, Vaccibody has transferred the money market funds from level 2 to level 1. There were no changes in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurements during the period.

10 – Events after the reporting date

There are no significant events after the reporting date.

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