vaccibody

vaccibody

1st Quarter 2021 Report

vaccibody

Report 1st quarter 2021

Highlights:

- Vaccibody adopted IFRS and is exploring a potential listing of its shares on the Nasdaq Global Market

Highlights after March 31st, 2021:

- Vaccibody published its Annual Report 2020
- VB C-02 clinical trial with the therapeutic cancer vaccine VB10.16 and immune checkpoint inhibitor atezolizumab (Tecentriq®) is on track to finalize enrollment during fourth quarter 2021. Per protocol interim safety analysis was conducted with no safety concerns and a recommendation to continue the trial as planned
- Vaccibody appointed Harald Gurvin as new Chief Financial Officer, starting May 1st
- Dr. Birgitte Volck, M.D., Ph.D. appointed as new member of the Board of Directors, providing extensive global drug development and Nasdaq experience
- Vaccibody appointed Mikkel Wandahl Pedersen as new Chief Scientific Officer and Agnete B. Fredriksen as Chief Innovation & Strategy Officer, commencing June 1, 2021. Mikkel Wandahl Pedersen comes to Vaccibody from a position as CSO of Symphogen, a subsidiary of Servier. In her role as Chief Innovation & Strategy Officer, Agnete B. Fredriksen's responsibilities will include both the Strategy and Business Development areas. In addition, Agnete B. Fredriksen will prioritize maintaining Vaccibody's external scientific relations as well as the dialogue with international specialist investors and equity analysts

Michael Engsig, Chief Executive Officer at Vaccibody, comments:
"First quarter 2021 was a good quarter for Vaccibody. VB C-02 interim safety analysis was conducted with no safety concerns and we will continue the trial as planned. We expect to report interim clinical data during 2H this year. On the research side, Vaccibody is focusing its Infectious disease efforts on developing candidates for a second generation COVID vaccines to combat the new variants of concern, and we are excited by the good momentum. We doubled the organization compared to last year and plan to continue to ramp up in order to deliver on our ambitions. We changed the accounting standards from NGAAP (Norwegian Generally Accepted Accounting Principles) and adopted IFRS (International Financial Reporting Standards) as the new accounting standard. Further, as a natural step in our capital markets strategy, we have initiated a process to explore a possible listing of Vaccibody on the Nasdaq Global Market in the United States."

Key financial figures

Key figures *Amounts in USD '000*	1st Quarter 2021	 2020	Full year 2020
Total revenue and other income	780	136	215,695
Total operating expenses	8,252	4,161	37,430
Operating profit (loss)	**-7,472**	**-4,025**	**178,265**
Net profit (loss) for the period	**-6,507**	**-2,915**	**149,774**
Net cash flow	-4,070	-1,067	173,957
Cash and cash equivalents, end of period	179,738	9,064	183,851
Outstanding shares, end of period (*)	285,613,845	56,351,676	284,785,180
Cash and cash equivalents/total assets	80%	35%	80%
Equity ratio	78%	84%	78%
Equity	173,612	21,496	178,850
Total assets	223,854	25,720	230,028
Employees, average	59	30	38
Employees, end of period	61	31	52

(*) The share was split 1:5 in July 2020

R&D update

Please find below an update on Vaccibody's 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
  - ClinicalTrials.gov Identifier: NCT04405349

Status and highlights

Investigational sites in 6 European countries are screening and enrolling patients. Per protocol interim safety analysis has been conducted with no safety concerns and a recommendation to continue the trial as planned. The trial is expected to end the enrolment period in fourth quarter 2021 and plans to report interim clinical data around year-end.

VB10.NEO

VB10.NEO is an individualized neoantigen cancer vaccine:

- 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)
  - ClinicalTrials.gov Identifier: NCT03548467

Status and highlights

As announced on October 1, 2020, Vaccibody and Genentech entered into an agreement for the development and commercialization of DNA-based individualized neoantigen vaccines. Vaccibody and Genentech plans to initiate the VB N-02, Phase 1b trial with VB10.NEO during 1H 2021. Going forward, Vaccibody will be reporting on its receipt of financial milestones whereas the clinical progress of VB10.NEO will be communicated at the discretion of Genentech.

Infectious Diseases

Vaccibody's infectious disease initiative continues to explore and evaluate pathogens as potential clinical vaccine targets.

Vaccibody has chosen a 2-arm strategy for its VB10.COV2 project to fight SARS-CoV2 variants of concern:

1) Rapid development of novel vaccines specifically targeting variants of concern. Candidate 1 harbors K417N, E484K and N501Y mutations matching the South African variant of concern.

2) A T cell-based candidate less sensitive to spike mutation.
Candidate 2 harbors multiple selected, immunogenic and conserved T cell epitopes spanning several SARS-CoV2 antigens. The vaccine candidate may be used alone or in combination with RBD/Spike vaccines such as those in the market today. The candidate may also have prophylactic and therapeutic potential. Preclinical testing is ongoing to identify a lead candidate.

Financial review

Income statement
The net result for the 1st quarter of 2021 was a net loss of USD 6.5 million compared to a loss of USD 2.9 million in the 1st quarter of 2020. The increased loss in 2021 is mainly a result of the increase in R&D and operating activities as well as planned headcount.

Operating income
Total operating income amounted to USD 0.8 million in the 1st quarter of 2021 (USD 0.1 million in 2020). The Group recognized USD 0.4 million according to the development of underlying research activities related to the Genentech agreement announced in October 2020. The Group also had a total of USD 0.3 million (USD 0.1 million in 2020) in other income, primarily government grants.

Operating expenses
Total operating expenses amounted to USD 8.3 million in the 1st quarter of 2021 compared to USD 4.2 million in same period 2020. Employee expenses increased to USD 3.9 million (USD 0.5 million in 2020). The increase was primarily caused by the planned increase in headcount from 31 to 61 and expenses related to the Group's share option plan and recruitment. Other operating expenses amounted to USD 4.3 million (USD 3.6 million in 2020). The increase was primarily related to consulting and legal services.

Net financial income and expenses

Net financial income and expenses decreased to a net loss of USD 0.8 million in the 1st quarter of 2021 compared to a net gain of USD 1.1 million in the same period 2020. The decrease was mainly related to net foreign currency gain in 2020, compared to net loss in 2021. This was partly offset by fair value adjustments of financial instruments.

Income tax expenses

The Group recognized tax income of USD 1.7 million in the 1st quarter of 2021 compared to USD 0 million in same period 2020, which primarily relates to movement in deferred tax.

Statement of financial position

Cash

At March 31, 2021, Vaccibody had a cash position of USD 179.7 million compared to USD 183.9 million at December 31, 2020. The decrease in cash is mainly a result from operating activities.

Equity

At March 31, 2021, total equity amounted to USD 173.6 million, compared to USD 178.9 million at December 31, 2020. The change mainly reflects the net loss of the period of USD 6.5 million and the exercise of warrants.

Trade receivables

At March 31, 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 March 31, 2021, trade and other payables amounted to USD 9.0 million, compared to USD 9.2 million at December 31, 2020. The decrease is mainly related to withholding payroll taxes and social security payables, offset by increase in trade payables and accrued expenses.

Contract assets

At March 31, 2021, total contract assets amounted to USD 11.7 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 March 31, 2021, total other current financial assets amounted to USD 23.7 million compared to USD 24.9 million in 2020. The decrease primarily relates to the sales of part of shares in money market funds and fair value adjustments.

Cash flow

Net change in cash and cash equivalents was negative USD 4.0 million in the 1st quarter of 2021, including foreign exchange effects. Cash and cash equivalents decreased to USD 179.7 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 5.0 million in the 1st quarter of 2021, compared to negative USD 2.4 million in the same period 2020. This was primarily driven by the increase in research and development expenses and employee benefit expense due to the planned increase in headcount.

Cash flow from investing activities

Cash flow from investing activities was USD 0.6 million in the 1st quarter of 2021, compared to USD 0.6 million in the same period 2020. The amount mainly relates to the proceeds from sales of market based financial instruments.

Cash flow from financing activities

Cash flow from financing activities was USD 0.3 million in the 1st quarter of 2021, compared to USD 0.8 million in the same period 2020. The amount primarily relates to the proceeds from equity issuance.

Outlook

The first major clinical objective for 2021 has been reached, namely:

- 30 April: 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

Expected 2021 outlook and news flow regarding Vaccibody's clinical trial pipeline:

1H 2021	VB10.NEO – Initiation of VB N-02, Phase 1b trial
1H 2021	VB10.COV2 – Update on clinical development plans
2H 2021	VB10.16 – Fully enrolled VB C-02 trial in cervical cancer
2H 2021	VB10.16 – Interim clinical data for first patients from VB C-02 trial in cervical cancer

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

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

The COVID-19 pandemic 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 AS, is a clinical-stage biopharmaceutical company, dedicated to the discovery and development of vaccines and novel immunotherapies. The Company develops vaccines for the treatment cancer and infectious diseases. Vaccibody's 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 include VB10.NEO, a cancer neoantigen vaccine, which is exclusively outlicensed to Genentech and is in phase I/IIa clinical trial for the treatment of melanoma, lung-, head and neck, renal-, and bladder cancer; and VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies, such as cervical cancer and cancer of the head & neck. Further, the Company has collaborations with Roche and Nektar Therapeutics within oncology.

Additionally, Vaccibody intends to leverage the potential of its platform in infectious disease indications, including its second-generation COVID-19 vaccine program, VB10.COV2.

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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Condensed consolidated interim statement of comprehensive income

Amounts in USD '000	Notes	Q1 2021	Q1 2020
Revenue from contracts with customers	4	446	-
Other income	5	334	136
Total revenue and other income		**780**	**136**
Employee benefit expenses		-3 862	-456
Other operating expenses	6	-4 288	-3 636
Depreciation		-102	-69
Operating profit (loss)		**-7 472**	**-4 025**
Finance income		215	1 248
Finance costs		-969	-138
Profit (loss) before tax		**-8 226**	**-2 915**
Income tax expense		1 719	-
Profit (loss) for the period		**-6 507**	**-2 915**
Other comprehensive income:			
Items that subsequently may be reclassified to profit or loss:			
Foreign currency translation effects		1	-4 743
Total items that may be reclassified to profit or loss		1	-4 743
Total other comprehensive income for the period		**1**	**-4 743**
Total comprehensive income for the period		**-6 506**	**-7 658**
Earnings per share ("EPS"):			
Basic EPS - profit or loss attributable to equity holders		-0,02	-0,01
Diluted EPS - profit or loss attributable to equity holders		-0,02	-0,01

Condensed consolidated interim statement of financial position

Amounts in USD '000	Notes	31.03.2021	31.12.2020
ASSETS			
Non-current assets			
Property, plant and equipment		135	131
Right-of-use assets		188	277
Intangible assets		32	32
Other long-term receivables		551	556
Total non-current assets		**906**	**996**
Current assets			
Trade receivables		3 750	3 750
Other receivables		4 016	1 487
Contract assets	4	11 696	15 000
Other current financial assets		23 748	24 944
Cash and cash equivalents		179 738	183 851
Total current assets		**222 948**	**229 032**
TOTAL ASSETS		**223 854**	**230 028**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	328	327
Share premium		60 783	60 348
Other capital reserves		5 251	4 419
Other components of equity		-3 112	-3 113
Retained earnings		110 362	116 869
Total equity		**173 612**	**178 850**
Non-current liabilities			
Non-current lease liabilities		8	8
Non-current provisions		7 124	6 859
Deferred tax liabilities		29 364	31 130
Total non-current liabilities		**36 496**	**37 997**
Current liabilities			
Current lease liabilities		188	276
Trade and other payables		8 984	9 183
Income tax payable		47	-
Current provisions		4 527	3 722
Total current liabilities		**13 746**	**13 181**
Total liabilities		**50 242**	**51 178**
TOTAL EQUITY AND LIABILITIES		**223 854**	**230 028**

Oslo, 11 May 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

Condensed consolidated interim statement of cash flows

Cash flows from operating activities (USD '000)	Notes	Q1 2021	Q1 2020
Profit (loss) before tax		**-8 226**	**-2 915**
Adjustments to reconcile profit before tax to net cash flows:			
Net financial income/expense included in financing activities		754	-1 110
Depreciation of property, plant and equipment		12	5
Depreciation of Right-of-use assets		90	63
Share-based payment expense		832	675
Net foreign exchange differences		-78	158
Working capital adjustments:			
Changes in trade receivables and other receivables		-2 529	262
Changes in contract assets and other long-term receivables	4	3 304	-
Changes in trade and other payables		-199	1 217
Changes in current provisions and other liabilities		806	-1 020
Changes in non-current provisions		265	260
Net cash flows from operating activities		**-4 969**	**-2 405**
Cash flows from investing activities (USD '000)			
Purchase of property, plant and equipment		-16	-11
Purchase of financial instruments		-	-
Proceeds from sale of market based financial instruments		592	569
Interest received		-	-
Net cash flows from investing activities		**576**	**558**
Cash flow from financing activities (USD '000)			
Proceeds from issuance of equity		436	848
Payments of the principal portion of the lease liability		-91	-54
Payments of the interest portion of the lease liability		-2	-2
Interest paid		-20	-12
Net cash flows from financing activities		**323**	**780**
Net increase/(decrease) in cash and cash equivalents		**-4 070**	**-1 067**
Cash and cash equivalents at beginning of the period		183 851	10 166
Net foreign exchange difference		-43	-35
Cash and cash equivalents, end of period		**179 738**	**9 064**

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 31 December 2020	**327**	**60 348**	**4 419**	**-3 113**	**116 869**	**178 850**
Profit (loss) for the period	-	-	-	-	-6 507	**-6 507**
Other comprehensive income	-	-	-	1	-	**1**
Issue of share capital	1	435	-	-	-	**436**
Share based payments	-	-	832	-	-	**832**
Balance at 31 March 2021	**328**	**60 783**	**5 251**	**-3 112**	**110 362**	**173 612**

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at 31 December 2019	**316**	**59 133**	**1 821**	**-735**	**-32 905**	**27 630**
Profit (loss) for the period	-	-	-	-	-2 915	**-2 915**
Other comprehensive income	-	-	-	-4 743	-	**-4 743**
Issue of share capital	8	644	-	-	-	**652**
Unregistered shared issue	-	-	-	196	-	**196**
Share based payments	-	-	675	-	-	**675**
Balance at 31 March 2020	**324**	**59 777**	**2 496**	**-5 282**	**-35 820**	**21 495**

1 General information

The condensed consolidated interim financial statements of Vaccibody AS and its subsidiary ("Vaccibody" or "the Group") for the period ended 31 March 2021 were authorised by the Board of Directors on 11 May 2021. Vaccibody has shares traded on Euronext Growth, with the ticker symbol VACC. Vaccibody is incorporated and domiciled in Norway, and the address of its registered office is Gaustadalléen 21, 0349 Oslo, Norway.

Vaccibody is a clinical-stage biopharmaceutical company, dedicated to the discovery and development of novel immunotherapies. The Group develops vaccines for the treatment of cancer and infectious diseases. Vaccibody's 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 include VB10.NEO, a cancer neoantigen vaccine, which is exclusively out-licensed to Genentech Inc. ("Genentech") and is in phase I/IIa clinical trial for the treatment of melanoma, lung- , head and neck, renal-, and bladder cancer; and VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies, such as cervical cancer and cancer of the head & neck. Further, the company has collaborations with Roche and Nektar Therapeutics within oncology.

On 8 January 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 accounting 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 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 31 December 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 31 December 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 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 financial statements are prepared based on the going concern assumption.

3 Significant accounting judgments, 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 31 December 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	31.03.2021	31.12.2020
Norway	906	996
Total non-current assets	**906**	**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 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 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 Study at Vaccibody’s sole cost and expense. Following completion of the Phase 1b Study, 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 Study, no variable amounts have been included in the transaction price which was estimated to be USD 245 million at contract inception.

In Q1 2021, the Group recognized USD 0.4 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, the Group has recognised USD 215.4 million as revenue.

The Group did not have any other revenue contracts in Q1 2021.

As of 31 March 2021 USD 204 million has been invoiced under the agreement of which USD 200 million has been paid. The unpaid amount will be received during Q2 2021. The remaining USD 21 million will be received in 2021 (USD 11 million) and 2022 (USD 10 million).

Revenue from contracts with customers	Q1 2021	Q1 2020
Major products and services		
License of Vaccibody IP	-	-
R&D commitments	446	-
Total revenue	**446**	**-**

Geographical distribution	Q1 2021	Q1 2020
Norway	-	-
United States of America	446	-
Other	-	-
Total revenue	**446**	**-**

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

Timing of revenue recognition	Q1 2021	Q1 2020
Goods/services transferred at a point in time	-	-
Services transferred over time	446	-
Total revenue	**446**	**-**

4 Operating segment and Revenue from contracts with customers (continued)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows:

	Q1 2021	Q1 2020
Within one year	8 624	-
More than one year	20 930	-
Total	**29 554**	**-**

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

Contract cost assets	**31.03.2021**	**31.12.2020**
At 1 January	**551**	-
Cost to obtain a contract recognised in the period	-	4 500
Amortisation recognised in the period	8	3 949
Impairment losses recognised in the period	-	-
Total contract cost assets	**543**	**551**

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

Contract assets	**31.03.2021**	**31.12.2020**
At 1 January	**15 000**	**-**
Additions	446	215 000
Transferred to trade receivables	-3 750	-200 000
Impairment and write-down for expected credit losses	-	-
Total contract assets	**11 696**	**15 000**

The changes to contract assets in the period is 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 Q1 2021 and USD 0.1 million in Q1 2020 classified as other income.

The Group had government grant receivables related to SkatteFUNN of USD 0.9 million as at 31 March 2021 and USD 0.6 million as at 31 December 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 DNA vaccines") of USD 2.7 million covers the period from January 2020 to July 2022. The Group has recognized USD 0.07 million in Q1 2021 classified as other income. No income was recognized in Q1 2020.

The Group had receivables related to grant from the Research Council of Norway of USD 0.07 million as at 31 March 2021 and USD 0.09 million as at 31 December 2020.

6 Other operating expenses

In Q1 2021 and Q1 2020 other operating expenses consisted mainly of research and development expenses, consulting fees and legal expenses. Total research and development expenses were USD 2.5 million in Q1 2021 and USD 2.9 million in Q1 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 1 January 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
At 31 March 2020	**56 351 676**	**0,05**	**324**
Share capital increase			
1 April 2020	206 660	0,05	1
Share split 1:5 - 14 July 2020	226 233 344	0,01	-
9 September 2020	750 000	0,01	1
16 September 2020	86 000	0,01	-
21 October 2020	910 000	0,01	1
29 December 2020	247 500	0,01	-
At 31 December 2020	**284 785 180**	**0,01**	**327**
Share capital increase			
17 March 2021	828 665	0,01	1
At 31 March 2021	**285 613 845**	0,01	**328**

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 31 March 2021	Total shares	Ownership/ Voting rights
Datum AS	32 634 250	11,4 %
Rasmussengruppen AS	28 086 750	9,8 %
Radforsk investeringsstiftelse	24 057 000	8,4 %
DNB Markets Aksjehandel/-analyse	14 104 630	4,9 %
AS Tanja	11 566 325	4,1 %
Skøien AS	9 100 000	3,2 %
Om Holding AS	8 144 004	2,9 %
Norda ASA	7 996 755	2,8 %
Vatne Equity AS	7 812 500	2,7 %
Christiania Skibs AS	6 304 250	2,2 %
Joh Johannson Eiendom AS	5 363 425	1,9 %
Datum Invest AS	5 000 000	1,8 %
Portia AS	4 500 000	1,6 %
Adrian AS	4 470 100	1,6 %
Alden AS	3 275 315	1,2 %
Skips AS Tudor	3 075 000	1,1 %
Borgano AS	3 000 000	1,1 %
Hortulan AS	2 850 000	1,0 %
Verdipapirfondet Norge Selektiv	2 814 374	1,0 %
Lani Invest AS	2 702 101	1,0 %
Other shareholders	98 757 066	33,6 %
Total	**285 613 845**	**100 %**

8 Financial instruments

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

As at 31 March 2021	Financial instruments at amortised cost	Financial instruments at fair value through profit or loss	Total
Assets			
Other long-term receivables	551	-	551
Trade receivables	3 750	-	3 750
Other receivables	4 016	-	4 016
Contract assets	11 696	-	11 696
Other current financial assets			
Money market funds	-	23 748	23 748
Cash and cash equivalents	179 738	-	179 738
Total financial assets	**199 751**	**23 748**	**223 499**
Liabilities			
Government grants	-	-	-
Trade and other payables	8 984	-	8 984
Total financial liabilities	**8 984**	**-**	**8 984**

As at 31 December 2020	Financial instruments at amortised cost	Financial instruments at fair value through profit or loss	Total
Assets			
Other long-term receivables	556	-	556
Trade receivables	3 750	-	3 750
Other receivables	1 488	-	1 488
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**	**229 589**
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:

	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities and assets disclosed at fair value						
Assets						
Other current financial assets						
Money market funds	31.03.2021	23 748	23 748		X	
Total other current financial assets	**31.03.2021**	**23 748**	**23 748**			
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**			

There were no transfers between the levels during the three months ended 31 March 2021. 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 have been no significant adjusting or no non- adjusting events subsequent to the reporting date.

vaccibody