vaccibody

# 2nd Quarter 2021 Report

**August 26, 2021**

vaccibody

# INTERIM REPORT FOR THE 2ND QUARTER OF 2021

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# REPORT 2ND QUARTER 2021

## HIGHLIGHTS:

- Vaccibody plans to initiate a Phase 1/2 trial to evaluate two next generation SARS-CoV-2 virus vaccine candidates to address emerging variants of concern

- The VB C-02 clinical trial with the therapeutic HPV 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 Mikkel Wandahl Pedersen as new Chief Scientific Officer and Agnete B. Fredriksen as Chief Innovation & Strategy Officer

- Vaccibody appointed Harald Gurvin as new Chief Financial Officer

- Dr. Birgitte Volck, M.D., Ph.D. appointed as new member of the Board of Directors, providing extensive global drug development and Nasdaq experience

## Highlights after June 30, 2021:

- Vaccibody entered into worldwide, exclusive license agreement with Adaptive Biotechnologies to access clinically validated SARS-CoV-2 T cell epitopes

- VB10.NEO – approval of the first US site initiation for the VB N-02, Phase 1b trial in collaboration with Genentech

- Vaccibody reached a headcount of more than 80 people

**Michael Engsig, Chief Executive Officer at Vaccibody, comments:**

*"Second quarter 2021 was yet another quarter with great advancement in our activities, in particular with our COVID vaccines. We will initiate a Phase 1/2 trial with two COVID vaccine candidates and expect the first subject to be dosed in early Q4 2021. The two vaccines are a 2nd generation RBD vaccine and a 3rd generation T cell focused vaccine, respectively."*

*Michael Engsig continues: "The RBD vaccine candidate retains strong neutralization across variants of concern in preclinical tests. The T cell focused vaccine is based on the clinically validated SARS-CoV-2 T cell epitopes that comes out of the exclusive collaboration and licensing agreement with Adaptive Biotechnologies, which was announced mid-July. The partnership is directly in line with our strategic pillar of seeking complimentary partnerships. It is truly a unique fit of technologies, and we are excited to have used Adaptive's data to inform the design and development of our T cell- based SARS-CoV-2 vaccine. This 3rd generation T cell focused vaccine candidate elicits T cell responses against conserved and immunogenic regions across a broad set of SARS-CoV-2 antigens and can be used as a universal booster."*

## KEY FINANCIAL FIGURES

| *Amount in USD '000* | 2nd Quarter 2021 | 2nd Quarter 2020 | 1st Half 2021 | 1st Half 2020 | Full year 2020 |
|---|---|---|---|---|---|
| Total revenue and other income | 1,898 | 117 | 2,679 | 252 | 215,695 |
| Total operating expenses | 9,582 | 6,477 | 17,835 | 10,637 | 37,430 |
| **Operating profit (loss)** | **-7,684** | **-6,360** | **-15,156** | **-10,385** | **178,265** |
| **Net profit (loss) for the period** | **-6,247** | **-6,559** | **-12,755** | **-9,423** | **149,774** |
| Net cash flow | -5,381 | -2,873 | -9,397 | -1,731 | 173,957 |
| Cash and cash equivalents, end of period | 174,378 | 6,588 | 174,378 | 6,588 | 183,851 |
| Outstanding shares, end of period (*) | 286,543,845 | 56,558,336 | 286,543,845 | 56,558,336 | 284,785,180 |
| Cash and cash equivalents/total assets | 82% | 29% | 82% | 29% | 80% |
| Equity ratio | 79% | 76% | 79% | 76% | 78% |
| Equity | 168,500 | 17,005 | 168,500 | 17,005 | 178,850 |
| Total assets | 212,052 | 22,441 | 212,052 | 22,441 | 230,028 |
| Employees, average | 70 | 30 | 64 | 29 | 33 |
| Employees, end of period | 75 | 30 | 75 | 30 | 51 |

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

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# 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 2
  - Indication: HPV16+ advanced, non-resectable cervical cancer
  - ClinicalTrials.gov Identifier: NCT04405349

Status and highlights

Investigational sites in six European countries are screening and enrolling patients. Per protocol interim safety analysis was conducted with no safety concerns and a recommendation to continue the trial as planned. The trial has enrolled more than half of the patients and is on track to have completed enrolment in Q4 2021. The trial plans to report interim clinical data in Q1 2022.

**VB10.NEO**

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

- Clinical trial VB N-01:
  - Clinical stage: Phase 1/2a
  - Cancer indications: Melanoma, non-small cell lung cancer, clear renal cell carcinoma, urothelial cancer or squamous cell carcinoma of the head and neck
  - ClinicalTrials.gov Identifier: NCT03548467

- Clinical trial VB N-02:
  - Clinical stage: Phase 1b
  - Cancer indications: Locally advanced and metastatic tumors
  - ClinicalTrials.gov Identifier: NCT05018273

Status and highlights

In collaboration with Genentech, the site initiation for VB N-02 has started in the USA to support enrollment of 40 patients at 10 sites across three countries: USA, Germany and Spain. Approval has been achieved for the first US site and CTA (Clinical Trial Applications) were done for Germany and Spain where approvals are expected in the 2nd half of 2021.

## Infectious Diseases

Vaccibody's infectious disease initiative continues to generate supportive data and explore and evaluate a diverse set of pathogens as potential next future clinical vaccine targets.

**VB10.COV2**

Vaccibody has chosen a 2-arm strategy for its VB10.COV2 project to fight SARS-CoV2 variants of concern (VoC*). VB10.2129 and VB10.2210 are two vaccines designed using Vaccibody's modular and Antigen Presenting Cell (APC) targeted technology. :

- Clinical trial VB-D-01, investigating the two vaccine candidates, VB10.2129 and VB10.2210, in both naïve as well as previously vaccinated healthy volunteers
    - Clinical stage: Phase 1/2
    - Pathogen: SARS-CoV-2
    - ClinicalTrials.gov Identifier: TBD

**VB10.2129 – 2nd generation vaccine addressing novel variants of concern***

VB10.2129 contains the RBD domain of the Beta (i.e. South African) variant of concern B1.351. Importantly, preclinical data demonstrate induction of rapid, strong and persistent neutralizing antibody responses in animal models by VB10.2129 not only against the South African variant, but also across several other major variants of concern. Vaccibody's RBD vaccine has the potential to induce rapid and strong levels of neutralizing antibody responses addressing both existing and emerging variants of concern

**VB10.2210 – 3rd generation universal broadly protective T cell vaccine**

Increasing evidence highlight the importance of broad T cell responses in providing rapid as well as long-term memory responses against COVID-19 with limited sensitivity to viral mutations.

In July, Vaccibody and Adaptive Biotechnologies entered into an exclusive agreement for use of Adaptive's validated SARS-CoV-2 T cell epitopes. Adaptive is our partner of choice and has applied its immune medicine platform to identify and validate immuno-dominant T cell epitopes across the viral genome using sequence information from more than 6,500 patients impacted by COVID-19. Further, it has launched T-Detect™ COVID, which is the first-in-class T cell based clinical test for COVID-19 with FDA Emergency Use Authorization.

Vaccibody will use a selected set of these SARS-CoV-2 T cell epitopes in its VB10.2210 vaccine. Vaccibody aims to boost and broaden the most clinically relevant and conserved T cell responses against a broad set of SARS-CoV-2 epitopes identified by Adaptive. Preclinical data confirm induction of strong T cell responses against multiple SARS-CoV-2 antigens in several mouse models. The aim is to induce long-lasting protective immunity across all population groups and across current and future variants.

**VB-D-01 trial**

The VB-D-01 trial is a Phase 1/2, open label, dose escalation trial to determine safety and immunogenicity of two SARS-CoV-2 vaccine candidates. The clinical trial application is planned for Q3 2021 and first subject dosed is planned for early Q4 2021. The trial will enroll up to 200 patients in Norway.

*Note: All viruses, including SARS-CoV-2, mutate and change over time. Most changes have limited impact on the virus' properties. However, some changes may affect the virus' properties, e.g. as how easily it spreads, the associated disease severity, or the performance of vaccines, diagnostic tools and so forth. The emergence of variants that poses an increased risk to global public health has prompted the characterization of specific variants of concern, in order to prioritize global monitoring and research, and ultimately to inform the ongoing response to the COVID-19 pandemic. Source: Tracking SARS-CoV-2 variants (who.int)

## Autoimmune disorders

Autoimmune disorders are caused by unwanted immunogenicity to autoantigens. Vaccibody has initiated research to take advantage of the platform's unique APC targeting approach to induce antigen-specific immune tolerance. Initial focus is screening and identifying the constructs that induce the optimal immune response profile for future product development in the field.

# FINANCIAL REVIEW

## Income statement

The net result for the 2nd quarter of 2021 was a net loss of USD 6.2 million compared to a net loss of USD 6.6 million in the 2nd quarter of 2020. The reduced net loss is mainly due to increased revenue and movement in deferred tax. The operating loss in the 2nd quarter of 2021 was USD 7.7 million compared to a loss of USD 6.4 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 1st half of 2021 was a loss of USD 12.8 million compared to a loss of USD 9.4 million in the 1st half of 2020, driven by the increase in R&D and operating activities, planned headcount and finance costs, offset by movement in deferred tax.

*Revenue and other income*

Total revenue and other income amounted to USD 1.9 million in the 2nd quarter of 2021 (Q2 2020: USD 0.1 million) and USD 2.7 million for the 1st half of 2021 (1H 2020: USD 0.3 million).

The Group recognized revenues of USD 1.6 million in the 2nd quarter of 2021 and USD 2.1 million for the 1st half of 2021 according to the development of underlying research activities related to the Genentech agreement announced in October 2020. The Group also had other income of USD 0.3 million in the 2nd quarter (Q2 2020: USD 0.1 million) and USD 0.6 million in the 1st half (1H 2020: USD 0.3 million), primarily government grants.

*Operating expenses*

Total operating expenses amounted to USD 9.6 million in the 2nd quarter of 2021 (Q2 2020: USD 6.5 million) and USD 17.8 million for the 1st half 2021 (1H 2020: USD 10.6 million). Employee benefit expenses were USD 2.7 million in the 2nd quarter (Q2 2020: USD 2.5 million) and USD 6.6 million for the 1st half (1H 2020: USD 3.0 million). The increase in employee benefit expenses in 2021 is primarily due to the planned increase in headcount, expenses related to the Group's share option program and recruitment. Employee benefit expenses in the 2nd quarter 2020 were impacted by accrued social security tax on the share option program. Other operating expenses amounted to USD 6.8 million in the 2nd quarter (Q2 2020: USD 3.9 million) and USD 11.1 million for the 1st half (1H 2020: USD 7.5 million). The increase in 2021 was driven by the N-02 Phase 1b study initiation as well as consulting and legal services.

*Net financial income and expenses*

Net financial income and expenses were USD 0.1 million in the 2nd quarter of 2021 (Q2 2020: USD 0.2 million loss) and a net loss of USD 0.6 million in the 1st half 2021 (1H 2020: USD 1.0 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 Group recognized tax income of USD 1.3 million in the 2nd quarter of 2021 and USD 3.0 million in the 1st half 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 June 30, 2021, Vaccibody had a cash position of USD 174.4 million compared to USD 183.9 million at December 31, 2020. The decrease in cash is mainly a result from operating activities.

*Equity*

At June 30, 2021, total equity amounted to USD 168.5 million, compared to USD 178.9 million at December 31, 2020. The change mainly reflects the net loss of the period of USD 12.8 million, the exercise of warrants and recognition of share-based payments.

*Trade receivables*

At June 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 June 30, 2021, trade and other payables amounted to USD 5.6 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 accrued expenses related to the N-02 Phase 1b study initiation.

*Contract assets*

At June 30, 2021, total contract assets amounted to USD 9.6 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 June 30, 2021, total other current financial assets amounted to USD 20.8 million compared to USD 24.9 million at December 31, 2020. The decrease primarily relates to the sales of market based financial instruments and fair value adjustments.

## Cash flow

Net change in cash and cash equivalents was negative USD 5.4 million in the 2nd quarter of 2021 (Q2 2020: USD 2.9 million negative) and negative USD 9.4 million in the 1st half of 2021 (1H 2020: USD 1.7 million negative). Cash and cash equivalents decreased to USD 174.4 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 9.4 million in the 2nd quarter of 2021 (Q2 2020: USD 5.1 million negative) and negative USD 14.4 million in the 1st half 2021 (1H 2020: USD 7.9 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.

*Cash flow from investing activities*

Cash flow from investing activities was USD 3.7 million in the 2nd quarter of 2021 (Q2 2020: USD 2.3 million) and USD 4.3 million for the 1st half 2021 (1H 2020: USD 5.4 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 0.3 million in the 2nd quarter of 2021 (Q2 2020: USD 0.06 million negative) and USD 0.7 million for the 1st half 2021 (1H 2020: USD 0.7 million). The amounts primarily relate to the proceeds from equity issuance, offset by payment of lease liabilities.

## OUTLOOK

The two major clinical objectives for 2021 have already been reached, namely:

1. VB10.16 - 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 in collaboration with Genentech

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

| | |
|---|---|
| 2H 2021 | Update on COVID-19 vaccine trial, VB-D-01 |
| 2H 2021 | VB10.16 – Fully enrolled VB C-02 trial in cervical cancer |
| Q1 2022 (earlier 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 for the treatment 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 include 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; and 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.

Additionally, Vaccibody is planning to initiate a Phase 1/2 trial in 2021 with its two next-generation COVID-19 vaccine candidates.

The Company has collaborations with Roche, Genentech and Nektar Therapeutics within oncology and Adaptive Biotechnologies within COVID-19 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

CEO Michael Engsig

Vaccibody AS

info@vaccibody.com

www.vaccibody.com

# INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| Amounts in USD '000 | Notes | Q2 2021 | Q2 2020 | YTD 2021 | YTD 2020 |
|---|---|---|---|---|---|
| Revenue from contracts with customers | 4 | 1,607 | - | 2,054 | - |
| Other income | 5 | 291 | 117 | 625 | 252 |
| **Total revenue and other income** | | **1,898** | **117** | **2,679** | **252** |
| Employee benefit expenses | | 2,714 | 2,509 | 6,576 | 2,964 |
| Other operating expenses | 6 | 6,765 | 3,906 | 11,054 | 7,542 |
| Depreciation | | 103 | 62 | 205 | 131 |
| **Operating profit (loss)** | | **-7,684** | **-6,360** | **-15,156** | **-10,385** |
| Finance income | | 379 | 118 | 595 | 1,514 |
| Finance costs | | 272 | 317 | 1,242 | 552 |
| **Profit (loss) before tax** | | **-7,577** | **-6,559** | **-15,803** | **-9,423** |
| Income tax expense | | -1,330 | - | -3,048 | - |
| **Profit (loss) for the period** | | **-6,247** | **-6,559** | **-12,755** | **-9,423** |
| | | | | | |
| ***Other comprehensive income:*** | | | | | |
| *Items that subsequently may be reclassified to profit or loss:* | | | | | |
| Foreign currency translation effects | | - | -1,580 | 1 | -3,163 |
| Total items that may be reclassified to profit or loss | | - | -1,580 | 1 | -3,163 |
| **Total other comprehensive income for the period** | | **-** | **-1,580** | **1** | **-3,163** |
| | | | | | |
| **Total comprehensive income for the period** | | **-6,247** | **-8,139** | **-12,754** | **-12,586** |
| | | | | | |
| **Earnings per share ("EPS"):** | | | | | |
| Basic EPS - profit or loss attributable to equity holders | | -0.02 | -0.02 | -0.04 | -0.03 |
| Diluted EPS - profit or loss attributable to equity holders | | -0.02 | -0.02 | -0.04 | -0.03 |

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## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| Amounts in USD '000 | Notes | 30/06/2021 | 31/12/2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 132 | 131 |
| Right-of-use assets | | 98 | 277 |
| Intangible assets | | 32 | 32 |
| Other long-term receivables | | 530 | 556 |
| **Total non-current assets** | | **792** | **996** |
| | | | |
| **Current assets** | | | |
| Trade receivables | | 3,750 | 3,750 |
| Other receivables | | 2,804 | 1,487 |
| Contract assets | 4 | 9,554 | 15,000 |
| Other current financial assets | | 20,774 | 24,944 |
| Cash and cash equivalents | | 174,378 | 183,851 |
| **Total current assets** | | **211,260** | **229,032** |
| **TOTAL ASSETS** | | **212,052** | **230,028** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 7 | 329 | 327 |
| Share premium | | 61,224 | 60,348 |
| Other capital reserves | | 5,945 | 4,419 |
| Other components of equity | | -3,112 | -3,113 |
| Retained earnings | | 104,114 | 116,869 |
| **Total equity** | | **168,500** | **178,850** |
| | | | |
| **Non-current liabilities** | | | |
| Non-current lease liabilities | | 7 | 8 |
| Non-current provisions | | 5,950 | 6,859 |
| Deferred tax liabilities | | 27,993 | 31,130 |
| **Total non-current liabilities** | | **33,950** | **37,997** |

| Amounts in USD '000 | Notes | 30/06/2021 | 31/12/2020 |
|---|---|---|---|
| **Current liabilities** | | | |
| Government grants | 5 | 161 | - |
| Current lease liabilities | | 96 | 276 |
| Trade and other payables | | 5,564 | 9,183 |
| Income tax payable | | - | - |
| Current provisions | | 3,781 | 3,722 |
| **Total current liabilities** | | 9,602 | 13,181 |
| **Total liabilities** | | **43,552** | **51,178** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **212,052** | **230,028** |

**Oslo, August 25, 2021**

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

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## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

| Amounts in USD '000 | Notes | Q2 2021 | Q2 2020 | YTD 2021 | YTD 2020 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| **Profit (loss) before tax** | | -7,577 | -6,559 | -15,803 | -9,423 |
| *Adjustments to reconcile profit before tax to net cash flows:* | | | | | |
| Net financial items | | -67 | -201 | -131 | -91 |
| Depreciation of property, plant and equipment | | 13 | 6 | 25 | 12 |
| Depreciation of Right-of-use assets | | 90 | 56 | 180 | 119 |
| Share-based payment expense | | 693 | 439 | 1,526 | 1,109 |
| Net unrealized currency translation losses/(gains) | | 69 | - | -10 | - |
| *Working capital adjustments:* | | | | | |
| Changes in trade receivables and other receivables | | 508 | -67 | -1,318 | 14 |
| Changes in contract assets and other long-term receivables | 4 | 2,163 | - | 5,472 | - |
| Changes in trade and other payables | | -3,420 | -868 | -3,619 | -342 |
| Changes in current provisions and other liabilities | | -747 | 1,230 | 220 | -688 |
| Changes in non-current provisions | | -1,174 | 879 | -908 | 1,432 |
| **Net cash flows from operating activities** | | **-9,449** | **-5,085** | **-14,366** | **-7,858** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | | -10 | -17 | -26 | -28 |
| Proceeds from sale of market based financial instruments | | 3,693 | 2,291 | 4,285 | 5,434 |
| Interest received | | 55 | - | 55 | - |
| **Net cash flows from investing activities** | | **3,738** | **2,274** | **4,314** | **5,406** |
| **Cash flow from financing activities** | | | | | |
| Proceeds from issuance of equity | | 440 | - | 878 | 848 |
| Payments of the principal portion of the lease liability | | -89 | -48 | -180 | -102 |
| Payments of the interest portion of the lease liability | | -1 | -2 | -3 | -4 |
| Interest paid | | -20 | -12 | -40 | -21 |
| **Net cash flows from financing activities** | | **330** | **-62** | **655** | **721** |
| **Net increase/(decrease) in cash and cash equivalents** | | **-5,381** | **-2,873** | **-9,397** | **-1,731** |
| Cash and cash equivalents at beginning of the period | | 179,738 | 8,273 | 183,851 | 10,166 |
| Net foreign exchange difference | | 21 | 1,188 | -76 | -1,847 |
| **Cash and cash equivalents, end of period** | | **174,378** | **6,588** | **174,378** | **6,588** |

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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 | - | - | - | - | -12,755 | **-12,755** |
| Other comprehensive income | - | - | - | 1 | - | **1** |
| Issue of share capital | 2 | 876 | - | - | - | **878** |
| Share based payments | - | - | 1,526 | - | - | **1,526** |
| **Balance at June 30, 2021** | **329** | **61,224** | **5,945** | **-3,112** | **104,114** | **168,500** |

| 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 | - | - | - | - | -9,423 | **-9,423** |
| Other comprehensive income | - | - | - | -3,163 | - | **-3,163** |
| Issue of share capital | 9 | 838 | - | - | - | **847** |
| Share based payments | **-** | **-** | 1,114 | - | - | **1,114** |
| **Balance at June 30, 2020** | **325** | **59,971** | **2,935** | **-3,898** | **-42,328** | **17,005** |

# 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 June 30, 2021 were authorized by the Board of Directors on August 25, 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 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 include VB10.NEO, a cancer neoantigen vaccine, which is exclusively outlicensed to Genentech Inc. ("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; and 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.

Additionally, Vaccibody is planning to initiate a Phase 1/2 trial in 2021 with its two next-generation COVID-19 vaccine candidates.

The Company has collaborations with Roche, Genentech and Nektar Therapeutics within oncology and Adaptive Biotechnologies within COVID-19 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** | **30/06/2021** | **31/12/2020** |
|---|---|---|
| Norway | 792 | 996 |
| **Total non-current assets** | **792** | **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 cancer 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 Q2 2021, Vaccibody recognized USD 1.6 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 recognized USD 217.05 million as revenue.

Vaccibody did not have any other revenue contracts in Q2 2021.

As of June 30, 2021, USD 207.5 million has been invoiced under the agreement of which USD 203.75 million has been paid. The unpaid amount will be received during Q3 2021. The remaining USD 17.5 million will be received in 2021 (USD 7.5 million) and 2022 (USD 10 million).

| **Revenue from contracts with customers** | **Q2 2021** | **Q2 2020** | **YTD 2021** | **YTD 2020** |
|---|---|---|---|---|
| **Major products and services** | | | | |
| License of Vaccibody IP | - | - | - | - |
| R&D commitments | 1,607 | - | 2,054 | - |
| **Total revenue** | **1,607** | **-** | **2,054** | **-** |

| **Geographical distribution** | **Q2 2021** | **Q2 2020** | **YTD 2021** | **YTD 2020** |
|---|---|---|---|---|
| Norway | - | - | - | - |
| United States of America | 1,607 | - | 2,054 | - |
| Other | - | - | - | - |
| **Total revenue** | **1,607** | **-** | **2,054** | **-** |

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

| Timing of revenue recognition | Q2 2021 | Q2 2020 | YTD 2021 | YTD 2020 |
|---|---|---|---|---|
| Goods/services transferred at a point in time | - | - | - | - |
| Services transferred over time | 1,607 | - | 2,054 | - |
| **Total revenue** | **1,607** | **-** | **2,054** | **-** |

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

| | Q2 2021 | Q2 2020 |
|---|---|---|
| Within one year | 10,550 | - |
| More than one year | 17,397 | - |
| **Total** | **27,946** | **-** |

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 | 30/06/2021 | 31/12/2020 |
|---|---|---|
| **At January 1,** | **551** | **-** |
| Cost to obtain a contract recognized in the period | - | 4,500 |
| Amortization recognized in the period | 37 | 3,949 |
| Impairment losses recognized in the period | - | - |
| **Total contract cost assets** | **514** | **551** |

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

| Contract assets | 30/06/2021 | 31/12/2020 |
|---|---|---|
| **At January 1,** | **15,000** | **-** |
| Additions | 2,054 | 215,000 |
| Transferred to trade receivables | -7,500 | -200,000 |
| Impairment and write-down for expected credit losses | - | - |
| **Total contract assets** | **9,554** | **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 0.2 million in Q2 2021 (USD 0.5 million YTD 2021) and USD 0.1 million in Q2 2020 (USD 0.3 million YTD 2020) classified as other income.

The Group had government grant receivables related to SkatteFUNN of USD 1.1 million as at June 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 DNA vaccines") of USD 2.7 million covers the period from January 2020 to July 2022. The Group has recognized USD 0.03 million in Q2 2021 (USD 0.1 million YTD 2021) classified as other income. No income was recognized in Q2 2020.

The Group had unearned income related to grant from the Research Council of Norway of USD 0.2 million as at June 30, 2021 and USD 0.1 million as at December 31, 2020.

## 6 – Other operating expenses

In Q2 2021 and Q2 2020 other operating expenses consisted mainly of research and development expenses, consulting fees and legal expenses. Total research and development expenses were USD 3.9 million in Q2 2021 (USD 6.6 million YTD 2021) and USD 3.0 million in Q2 2020 (USD 5.9 million YTD 2020), recognized 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 |
| **At June 30, 2020** | **56,558,336** | **0.05** | **324** |
| 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 | - |
| 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 | - |
| **At June 30, 2021** | **286,543,845** | **0.01** | **329** |

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 June 30, 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 % |
| Kvantia AS | 10,866,325 | 3.8 % |
| Skøien AS | 9,545,000 | 3.3 % |
| Om Holding AS | 8,144,004 | 2.8 % |
| Norda ASA | 7,996,755 | 2.8 % |
| Vatne Equity AS | 7,812,500 | 2.7 % |
| Dnb Nor Bank ASA | 7,604,630 | 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 | 1.7 % |
| Portia AS | 4,500,000 | 1.6 % |
| Adrian AS | 4,470,100 | 1.6 % |
| Dnb Markets Aksjehandel/-Analyse | 3,950,000 | 1.4 % |
| Alden AS | 3,275,315 | 1.1 % |
| Skips AS Tudor | 3,075,000 | 1.1 % |
| Borgano AS | 3,000,000 | 1.0 % |
| Hortulan AS | 2,982,486 | 1.0 % |
| Sparebank 1 Markets AS | 2,916,700 | 1.0 % |
| Other shareholders | 104,959,355 | 36.6 % |
| **Total** | **286,543,845** | **100%** |

At June 30, 2021, the Company had 13,804,443 active warrants 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 June 30, 2021 and December 31, 2020:

| | Financial instruments at amortized cost | Financial instruments at fair value through profit or loss | Total |
|---|---|---|---|
| **As at June 30, 2021** | | | |
| **Assets** | | | |
| Other long-term receivables | 530 | - | 530 |
| Trade receivables | 3,750 | - | 3,750 |
| Other receivables | 2,804 | - | 2,804 |
| Contract assets | 9,554 | - | 9,554 |
| *Other current financial assets* | | | |
| Money market funds | - | 20,774 | 20,774 |
| Cash and cash equivalents | 174,378 | - | 174,378 |
| **Total financial assets** | **191,017** | **20,774** | **211,790** |
| **Liabilities** | | | |
| Government grants | 161 | - | 161 |
| Trade and other payables | 5,564 | - | 5,564 |
| **Total financial liabilities** | **5,725** | **-** | **5,725** |
| | | | |
| **As at December 31, 2020** | | | |
| **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:

| | | | | Level | | |
|---|---|---|---|---|---|---|
| | **Date** | **Carrying amount** | **Fair value** | **1** | **2** | **3** |
| **Liabilities and assets disclosed at fair value** | | | | | | |
| **Assets** | | | | | | |
| *Other current financial assets* | | | | | | |
| Money market funds | 30/06/2021 | 20,774 | 20,774 | | X | |
| **Total other current financial assets** | **30/06/2021** | **20,774** | **20,774** | | | |
| *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 six months ended June 30, 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 events subsequent to the reporting date.

vaccibody