Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	990 646 066
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	NYKODE THERAPEUTICS ASA
Forretningsadresse:	Gaustadalléen 21 0349 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Håkon Sandset
Dato for fastsettelse av årsregnskapet:	18.04.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 13.08.2024

Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		7 168 000	33 963 000
Annen driftsinntekt		1 861 000	1 803 000
Sum inntekter		**9 029 000**	**35 766 000**
Kostnader			
Lønnskostnad		11 771 000	14 459 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		1 666 000	711 000
Annen driftskostnad		47 740 000	30 512 000
Sum kostnader		**61 177 000**	**45 682 000**
Driftsresultat		**-52 148 000**	**-9 916 000**
Finansinntekter og finanskostnader			
Annen finansinntekt		8 646 000	4 059 000
Sum finansinntekter		**8 646 000**	**4 059 000**
Annen finanskostnad		6 498 000	4 471 000
Sum finanskostnader		**6 498 000**	**4 471 000**
Netto finans		**2 148 000**	**-412 000**
Ordinært resultat før skattekostnad		**-50 000 000**	**-10 328 000**
Skattekostnad på ordinært resultat		-8 320 000	-1 731 000
Ordinært resultat etter skattekostnad		**-41 680 000**	**-8 597 000**
Årsresultat		**-41 680 000**	**-8 597 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-41 680 000	-8 597 000
Sum overføringer og disponeringer		**-41 680 000**	**-8 597 000**

Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		32 000	32 000
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		6 000	490 000
Sum immaterielle eiendeler		**38 000**	**522 000**
Varige driftsmidler			
Property, Plant and Equipment		3 517 000	1 884 000
Bruksrettigheter		5 998 000	7 179 000
Sum varige driftsmidler		**9 515 000**	**9 063 000**
Finansielle anleggsmidler			
Investering i datterselskap		2 199 000	941 000
Lån til foretak i samme konsern		884 000	9 000
Sum finansielle anleggsmidler		**3 083 000**	**950 000**
Sum anleggsmidler		**12 636 000**	**10 535 000**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		2 544 000	23 750 000
Andre fordringer		2 830 000	4 587 000
Sum fordringer		**5 374 000**	**28 337 000**
Investeringer			
Andre finansielle instrumenter		0	12 169 000
Sum investeringer		**0**	**12 169 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		205 696 000	214 722 000
Sum bankinnskudd, kontanter og lignende		**205 696 000**	**214 722 000**

Balanse

Beløp i: USD	Note	2022	2021
Sum omløpsmidler		**211 070 000**	**255 228 000**
SUM EIENDELER		**223 706 000**	**265 763 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		338 000	333 000
Annen innskutt egenkapital		83 318 000	81 526 000
Sum innskutt egenkapital		**83 656 000**	**81 859 000**
Opptjent egenkapital			
Annen egenkapital		11 691 000	7 849 000
Annen egenkapital		-3 113 000	-3 113 000
Annen egenkapital		66 592 000	108 271 000
Sum opptjent egenkapital		**75 170 000**	**113 007 000**
Sum egenkapital		**158 826 000**	**194 866 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt		21 079 000	29 399 000
Andre avsetninger for forpliktelser		30 000	40 915 000
Non-current lease liability		4 365 000	5 820 000
Sum avsetninger for forpliktelser		**25 474 000**	**76 134 000**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**25 474 000**	**76 134 000**
Kortsiktig gjeld			
Leverandørgjeld		10 897 000	8 008 000
Annen kortsiktig gjeld		7 504 000	5 232 000
Government grants		133 000	219 000
Current lease liability		1 136 000	1 250 000
Current contract liability		19 736 000	16 044 000

Balanse

Beløp i: USD	Note	2022	2021
Sum kortsiktig gjeld		**39 406 000**	**30 753 000**
Sum gjeld		**64 880 000**	**106 887 000**
SUM EGENKAPITAL OG GJELD		**223 706 000**	**301 753 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		7 168 000	33 963 000
Annen driftsinntekt		1 861 000	1 803 000
Sum inntekter		**9 029 000**	**35 766 000**
Kostnader			
Lønnskostnad		18 047 000	16 846 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		1 813 000	735 000
Annen driftskostnad		42 325 000	28 960 000
Sum kostnader		**62 185 000**	**46 541 000**
Driftsresultat		**-53 156 000**	**-10 775 000**
Finansinntekter og finanskostnader			
Annen finansinntekt		8 637 000	4 133 000
Sum finansinntekter		**8 637 000**	**4 133 000**
Annen finanskostnad		6 464 000	4 476 000
Sum finanskostnader		**6 464 000**	**4 476 000**
Netto finans		**2 173 000**	**-343 000**
Ordinært resultat før skattekostnad		**-50 983 000**	**-11 118 000**
Skattekostnad på ordinært resultat		-8 240 000	-1 704 000
Ordinært resultat etter skattekostnad		**-42 743 000**	**-9 414 000**
Årsresultat		**-42 743 000**	**-9 414 000**
Andre resultatkomponenter for IFRS-foretak		78 000	-9 000
Sum resultatkomponenter for IFRS-foretak		78 000	-9 000
Totalresultat		**-42 665 000**	**-9 423 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-42 665 000	-9 423 000
Sum overføringer og disponeringer		**-42 665 000**	**-9 423 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021

Konsernets balanse

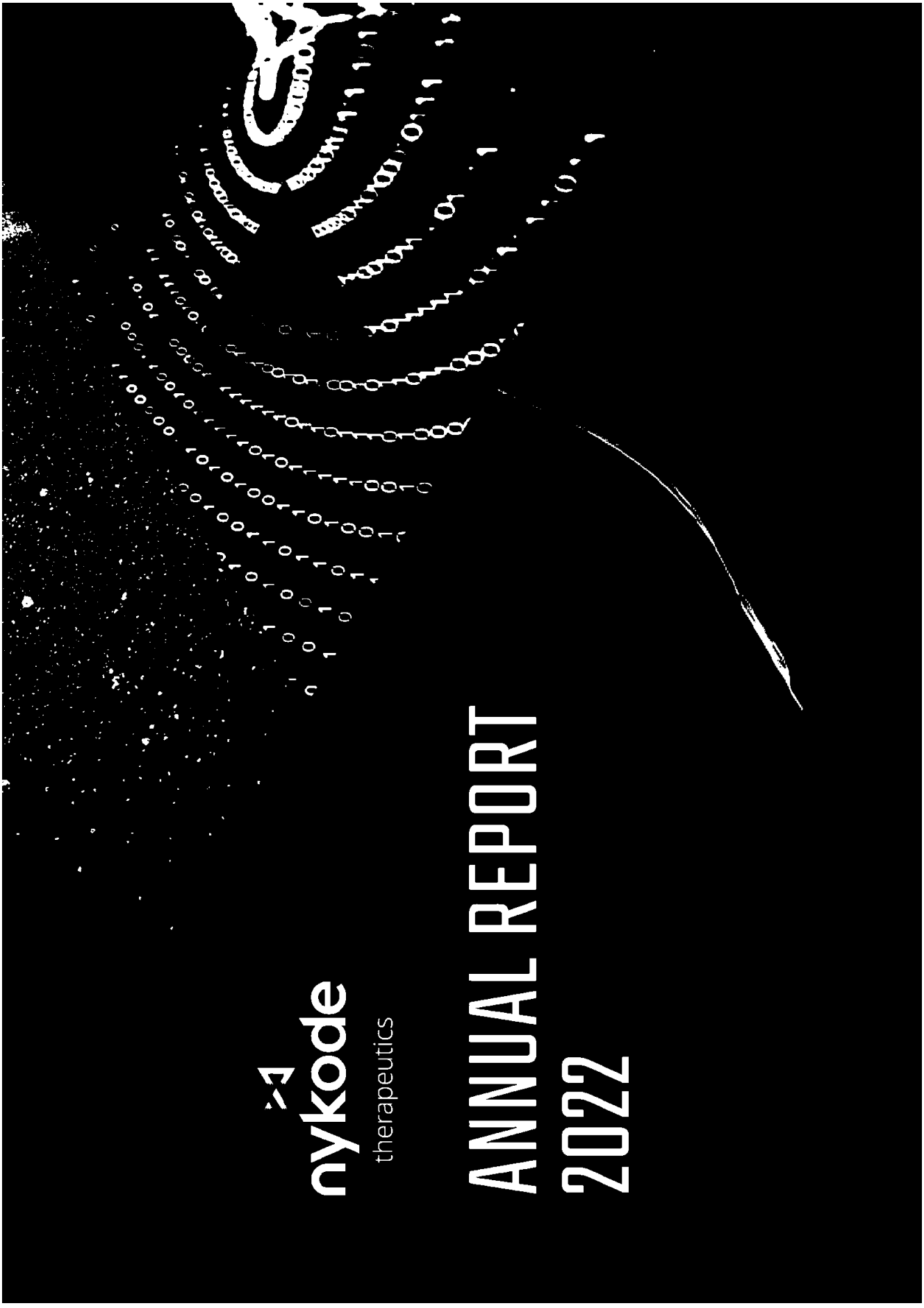
Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		32 000	32 000
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		46 000	501 000
Sum immaterielle eiendeler		**78 000**	**533 000**
Varige driftsmidler			
Property, Plant, Equipment		3 517 000	1 884 000
Bruksrettigheter		6 009 000	7 281 000
Sum varige driftsmidler		**9 526 000**	**9 165 000**
Sum anleggsmidler		**9 604 000**	**9 698 000**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		2 544 000	23 750 000
Andre fordringer		2 943 000	3 708 000
Sum fordringer		**5 487 000**	**27 458 000**
Investeringer			
Andre finansielle instrumenter		0	12 169 000
Sum investeringer		**0**	**12 169 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		206 386 000	216 231 000
Sum bankinnskudd, kontanter og lignende		**206 386 000**	**216 231 000**
Sum omløpsmidler		**211 873 000**	**255 858 000**
SUM EIENDELER		**221 477 000**	**265 556 000**

Konsernets balanse

Beløp i: USD	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		338 000	333 000
Annen innskutt egenkapital		83 318 000	81 526 000
Sum innskutt egenkapital		**83 656 000**	**81 859 000**
Opptjent egenkapital			
Annen egenkapital		11 693 000	7 863 000
Annen egenkapital		-3 044 000	-3 122 000
Annen egenkapital		64 713 000	107 455 000
Sum opptjent egenkapital		**73 362 000**	**112 196 000**
Sum egenkapital		**157 018 000**	**194 055 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt		21 079 000	28 400 000
Andre avsetninger for forpliktelser		30 000	4 915 000
Non-current lease liability		4 365 000	5 820 000
Sum avsetninger for forpliktelser		**25 474 000**	**39 135 000**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**25 474 000**	**39 135 000**
Kortsiktig gjeld			
Leverandørgjeld		10 175 000	8 494 000
Betalbar skatt		80 000	26 000
Government Grants		133 000	219 000
Current lease liability		1 149 000	1 350 000
Current provisions		7 714 000	5 233 000
Current contract liability		19 734 000	16 044 000
Sum kortsiktig gjeld		**38 985 000**	**31 366 000**
Sum gjeld		**64 459 000**	**70 501 000**

Konsernets balanse

Beløp i: USD	Note	2022	2021
SUM EGENKAPITAL OG GJELD		**221 477 000**	**264 556 000**


nykode
therapeutics
ANNUAL REPORT
2022

CONTENTS

NYKODE AT A GLANCE

OUR VISION

is to build a leading immunotherapy company developing game changing medicine across an expanding range of therapeutic areas

155

employees at the end of 2022. Nykode was founded in 2006 and with offices in Oslo (headquarter) and Copenhagen

PLATFORM

biotech company with proprietary immunotherapies targeting antigens to Antigen Presenting Cells and generating strong CD8 T cell responses correlated with clinical responses in solid tumors

MODULAR

and versatile technology which may easily incorporate new antigens and adapt to new diseases across oncology, infectious diseases and autoimmunity

STRATEGIC PARTNERSHIPS

to advance clinical programs and commercialize assets worldwide include Regeneron and Genentech, a member of the Roche Group

WELL-CAPITALIZED

with a cash position of USD 206 million at December 31, 2022

2022 HIGHLIGHTS

In 2022, Nykode made many prominent achievements and advances across the Company and its pipeline including the positive interim read out from the Phase 2 trial with its wholly owned lead candidate VB10.16 which is directed against HPV16-positive malignancies:

February
Completion of patient enrollment in its Phase 2 trial, VB-C-02, of VB10.16 in combination with immune check-point inhibitor atezolizumab for the treatment of HPV16+ advanced cervical cancer

May
Positive interim results from its Phase 2 trial, VB-C-02, with VB10.16 in advanced cervical cancer

June
Nykode Therapeutics AS converted to Nykode Therapeutics ASA, a public limited liability company, and listed its shares on the main list of the Oslo Stock Exchange

September
Positive results from its Phase 1/2 dose escalation trial of its T cell focused SARS-CoV-2 booster vaccine candidate

October
Positive immunogenicity results from a Phase 1/2a trial, VB-N-01, of VB10. NEO, an individualized therapeutic cancer vaccine

December
Clinical collaboration with MSD for the VB-C-03 trial. The trial will evaluate VB10.16 in combination with KEYTRUDA® (pembrolizumab) in patients with HPV16+ head and neck cancer

December
Strategic manufacturing partnership with Richter-Helm BioLogics

December
Expanded clinical development plan for the lead cancer vaccine VB10.16 in HPV16+ cancers, including a potentially registrational trial in advanced cervical cancer (VB-C-04)

2022 KEY FIGURES

USD 1000	2022	2021
Total revenue and other income	9,029	35,766
Total operating expenses	62,185	46,541
Operating profit (loss)	(53,156)	(10,775)
Net profit (loss) for the year	(42,743)	(9,414)
Net cash flow	(9,285)	32,350
Cash and cash equivalents, year-end	206,386	216,231
Outstanding shares, year-end	294,694,309	289,619,409
Cash and cash equivalents/ total assets	93%	81%
Equity ratio	71%	73%
Equity	157,018	194,055
Total assets	221,477	265,556
Employees, average	132	73
Employees, year-end	155	102

2023 OUTLOOK AND KEY PRIORITIES

The Company has developed clear priorities for the year ahead: A detailed overview of Nykode Therapeutics' key priorities for 2023 is provided in the table below.

Area	2023 key priorities	Program	Objectives
Oncology	Expand and mature oncology pipeline	VB10.16 and VB10.NEO	VB10.16 • VB-C-02 Phase 2 final safety and efficacy data • First patient dosed in VB-C-03 trial in head and neck cancer patients • Initiate potentially registrational VB-C-04 trial in the U.S. VB10.NEO • Execute on VB-N-02 Phase 1b trial and Genentech collaboration*
		Undisclosed internal- and external programs	Advance and expand early pipeline Execute on Regeneron oncology collaboration*
Infectious disease (ID)	Expand and mature ID pipeline	Undisclosed internal- and external programs	Advance and expand early pipeline Execute on Regeneron oncology collaboration*
Technology development	Leverage technology platform within new opportunities	Ag-specific immune tolerance platform	Preclinical data from technology development project to be presented

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

PIPELINE

Nykode's technology platform may potentially benefit the lives of patients across several disease areas. The ongoing trials cover:

Oncology
Nykode's lead candidate, wholly owned VB10.16 therapeutic cancer vaccine against HPV16-positive cancers is being evaluated in two trials, one in advanced cervical cancer and one in cancer of the head and neck.

VB10.NEO is an individualized neoantigen cancer vaccine exclusively licensed to Genentech, a member of the Roche Group. It is being being evaluated in two trials covering more than ten different cancer indications.

Infectious disease
Nykode is evaluating its technology platform in vaccine candidates against SARS-CoV-2.

Five different programs under the Nykode-Regeneron multi-target license and collaboration agreement to develop innovative vaccines against cancer and infectious diseases are currently in discovery.

Nykode's internal research pipeline covers the areas of oncology, infectious- and autoimmune diseases.

	Asset	Indication	Preclinical	Phase 1	Phase 2	Phase 3	Rights
Oncology							
Off-the-shelf	VB10.16	HPV16+ cervical cancer					Nykode[1]
	VB10.16	HPV16+ head and neck cancer					Nykode[2]
	Regeneron programs	Undisclosed					Nykode/Regeneron[3]
	Internal	Undisclosed					Nykode[4]
Individualized	VB10.NEO	Melanoma, lung, bladder, renal, head and neck cancer; locally advanced and metastatic tumors					Nykode/Genentech[5]
	VB10.NEO	Locally advanced and metastatic tumors					Nykode/Genentech[5]
Infectious Disease							
	VB10.COV2	Pan-variant COVID vaccine					Nykode/Adaptive[6]
	Regeneron programs	Undisclosed					Nykode/Regeneron[3]
	Internal	Undisclosed					Nykode[4]
Autoimmune							
	Internal	Undisclosed					Nykode[4]

[1] Wholly owned by Nykode. Roche supplies atezolizumab; [2] Wholly owned by Nykode. Merck (MSD) supplies pembrolizumab; [3] Collaboration with Regeneron; [4] Wholly owned by Nykode; [5] Genentech has an exclusive license to VB10.NEO; [6] Collaboration with Adaptive Biotechnologies on SARS-CoV-2 T cell vaccine

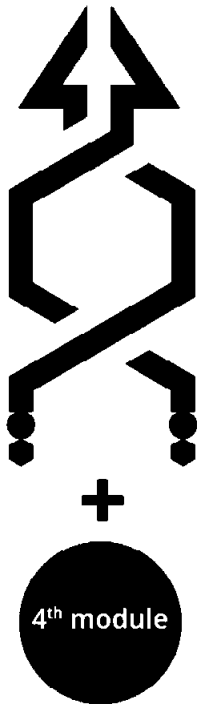
NYKODE THERAPEUTICS' VACCINE TECHNOLOGY PLATFORM

The Vaccibody molecule

Nykode Therapeutic's proprietary, targeted immunotherapy platform centers around the Vaccibody molecule format designed to induce potent, long-lasting and specific immune responses. The specificity of the targeting unit of the Vaccibody molecule determines to which subsets of Antigen Presenting Cells (APC) or cell type the antigen is delivered, which may critically influence the associated immune response.

CCL3L1, C-C motif chemokine ligand 3 like 1, is so far the most used targeting unit in Nykode's vaccine candidates and part of several vaccine candidates undergoing clinical development. CCL3L1 targeted immunotherapies have been shown to have a unique ability to attract and stimulate APC's capable of eliciting broad, strong and dominant CD8 T cell responses combined with supporting CD4 helper T cell responses. CD8 T cell responses are key to killing tumor cells but are also important for controlling infected cells in an infectious disease setting. The unique ability to induce broad and strong T cell responses distinguishes Nykode's platform from both conventional vaccines, including non-targeted DNA vaccines, RNA vaccines and peptide-based vaccines.

Vaccine candidates based on the modular Vaccibody molecule are well tolerated and therefore may have the potential to be used in combination with other therapeutic modalities such as immune check-point inhibitors.



The recombinant Vaccibody molecule consists of three core modules with the possibility of adding additional modules:

A

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

B

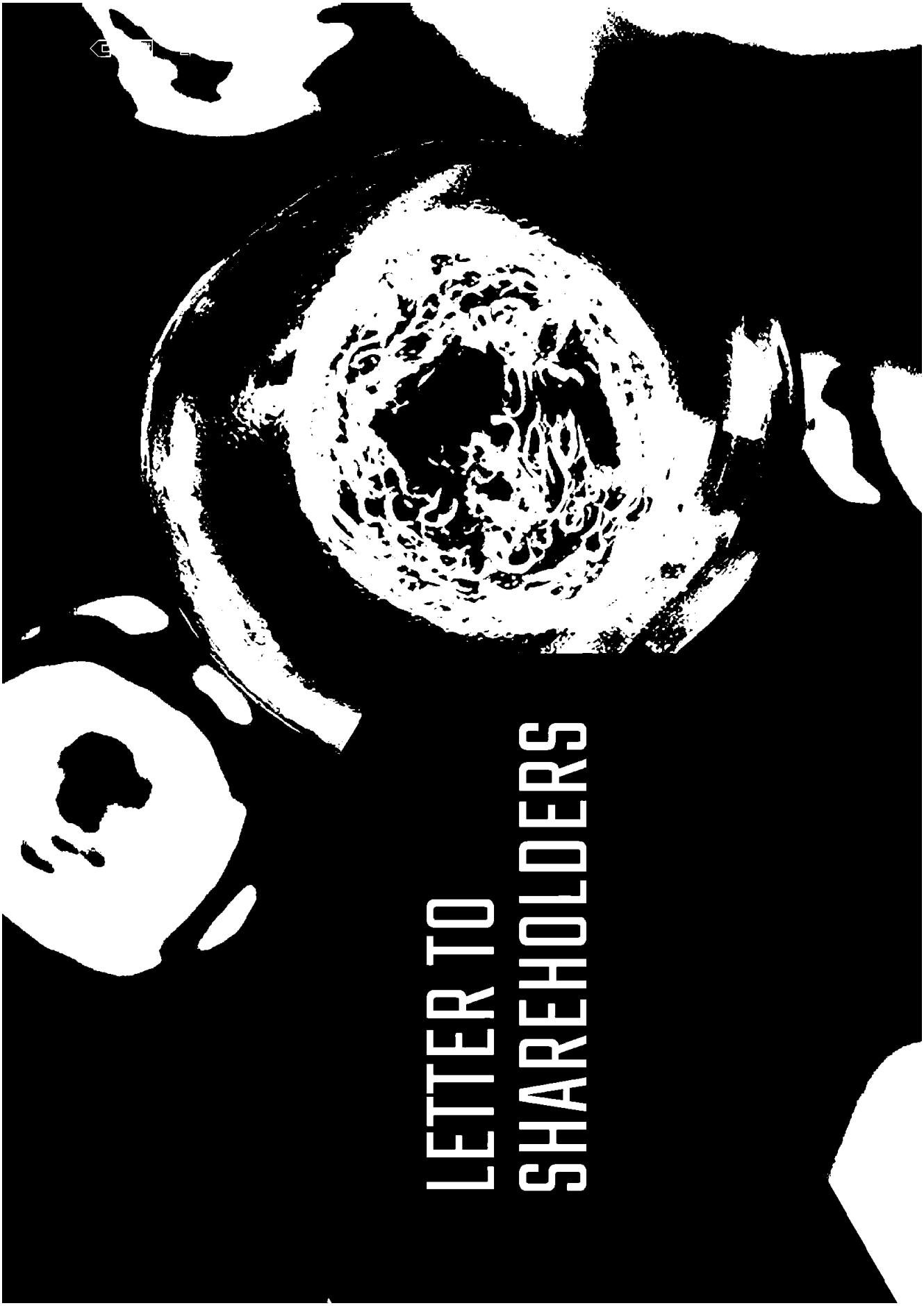
The dimerization unit joins the two protein chains into the dimeric Vaccibody format. The dimeric format is designed to facilitate attraction, activation and internalization into the APC by crosslinking receptors on the surface of the APC.

C

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

D

The 4th module is a concept where a 4th (or 5th etc.) module code is inserted into the DNA plasmid in order to co-express immune enhancing, immune inhibiting and/or immune guiding polypeptides. 4th module polypeptides have been shown in preclinical models to have a booster effect in both anti-tumor and infectious disease models.


LETTER TO
SHAREHOLDERS

LETTER TO OUR SHAREHOLDERS

Dear shareholder,

2022 was a transformational year for Nykode Therapeutics.

The year yielded the all-important positive interim safety efficacy and safety data from the Phase 2 trial, VB-C-02, of our wholly owned cancer vaccine VB10.16 in heavily pre-treated advanced cervical cancer patients. The trial is conducted in combination with the Roche Group's check point inhibitor, Tecentriq®[1].

The positive results from the VB-C-02 trial have given us the confidence to expand our clinical development plan for VB10.16 in our battle against HPV16-positive cancers. This includes a potentially registrational trial in recurrent or metastatic cervical cancer (VB-C-04) which has the potential for a fast-to-market entry. The trial will be run in tight collaboration with the GOG Foundation, Inc. which has five decades of expertise in bringing best-in-class new treatments to gynecologic cancer patients.

In addition, we entered into a supply agreement with MSD[2], a leader in immuno-oncology, to evaluate VB10.16 with their anti-PD-1 therapy KEYTRUDA®[3]. The trial (VB-C-03) is a Phase 1/2a trial in unresectable recurrent or metastatic head and neck cancer, the largest indication of the HPV16-positive cancers. The clinical trial application was submitted late 2022, another important development milestone, and it is anticipated to begin enrollment in Europe during the first half of 2023.

We reported positive immunogenicity results from our Phase 1/2a dose escalation trial (VB-N-02) of VB10.NEO in combination with immune check point inhibitor Tecentriq® in multiple solid tumor types. VB10.NEO is our individualized cancer vaccine project, which is exclusively licensed to Genentech, a leader in immunotherapy and member of the Roche Group. The results continue to substantiate our position as a key player within individualized cancer treatment. The field has seen a lot of enthusiasm lately and we believe individualized cancer vaccines have the potential to transform the treatment of cancer.

The Phase 1/2 trial VB-D-01 trial under Nykode's COVID-19 program, VB10.COV2, marked the first infectious disease trial for Nykode and the fruition of a landmark development sprint of going from DNA sequence to first-in-man testing in less than a year. We reported positive results from the trial arm with VB10.2210, Nykode's T cell focused pan-SARS-CoV-2 booster vaccine candidate. This is an important strategic confirmation of the Vaccibody technology's potential as next generation infectious disease vaccines.

Michael Engsig
Chief Executive Officer

Martin Nicklasson
Chair of the Board

2022 was a transformational year for Nykode... The positive results from the VB-C-02 trial have given us the confidence to expand our clinical development plan for VB10.16 in our battle against HPV16-positive cancers

Our ambitious multi-target collaboration with Regeneron has gained great momentum during 2022. It combines our modular immunotherapy platform with their unique antigen selection expertise and covers three oncology programs and two infectious disease programs, respectively. The projects are advancing according to plan, and we look forward to continuing pursuing game changing medicines with such a strong and innovative pharma player.

The modular Vaccibody technology platform may be adapted for example by changing the specificity of the targeting unit. This feature potentially opens for a new strategic pillar within immune-tolerizing vaccines against autoimmune disorders and allergies. It is an area for further investment and demonstrates the incredible insight and innovation of our researchers, and Nykode's ability to stay in front. The commercial potential is significant, and we are excited to explore and define the first tolerizing vaccine projects.

We have continued to expand our organization during 2022, reaching 155 employees (up from 102 in 2021) at the year-end. We have added employees to both our Norwegian and Danish sites, and we have built an impressive and diverse organization and culture with high motivation and dedication, ready to pursue our vision. We have further internationalized and brought in additional expertise to the leadership both at the Board of Director's level and at the Senior Management team, preparing us in the best possible way for the priorities and road ahead.

In 2023, our main priorities include expanding and maturing our oncology pipeline. We are looking forward to move forward our wholly owned lead asset VB10.16. Firstly, to generate the final safety and efficacy results from the VB-C-02 cervical cancer trial. Secondly, we plan for the first patient being dosed in the head and neck cancer trial (VB-C-03). Thirdly, we aim to submit the IND[4] application for the potentially registrational VB-C-04 trial We look forward to advancing our key collaborations both in the clinic with respect to VB10.NEO and towards the clinic for the Regeneron multi-target collaboration, respectively. We have ambitious plans for accelerating and maturing our own development and research pipeline, including sharing preclinical data from the tolerizing vaccine project.

Finally, 2023 is the year where Nykode issues its first report on ESG (Environment, Social and Governance) and is a sign of our commitment to sustainability and the environment. Driving change is a journey and with this, we establish a baseline for the company to work from to drive permanent change in a responsible, focused and coherent manner.

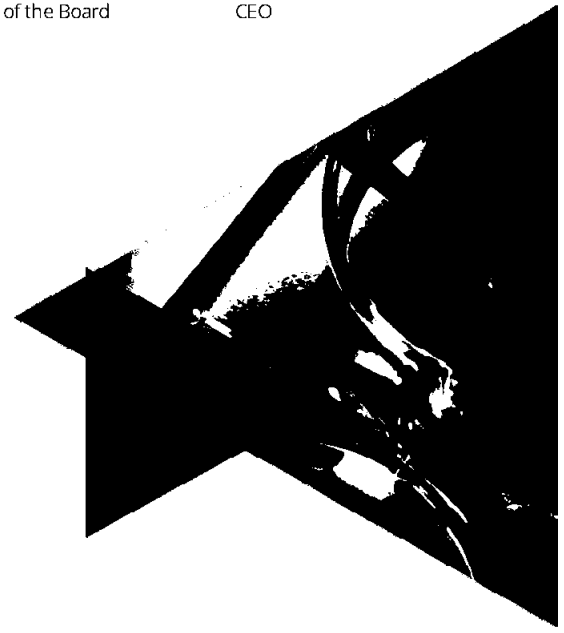
During June 2022, we successfully listed on the main list of Oslo Stock Exchange. For 2023, we continue to explore a potential listing on the Nasdaq Global Market which may give us access to a broader shareholder base including the important U.S. specialist investors. Through a diligent focus on financial management, we ended the year with USD 206 million in cash, thereby positioning us with continued strength and flexibility to pursue our ambition of unlocking the future of medicine.

On behalf of the Board, the Management and all our colleagues, we extend our thanks to our shareholders, patients and their families, employees and collaboration partners for taking part in our vision to develop game changing medicines across an expanding range of therapeutic areas.

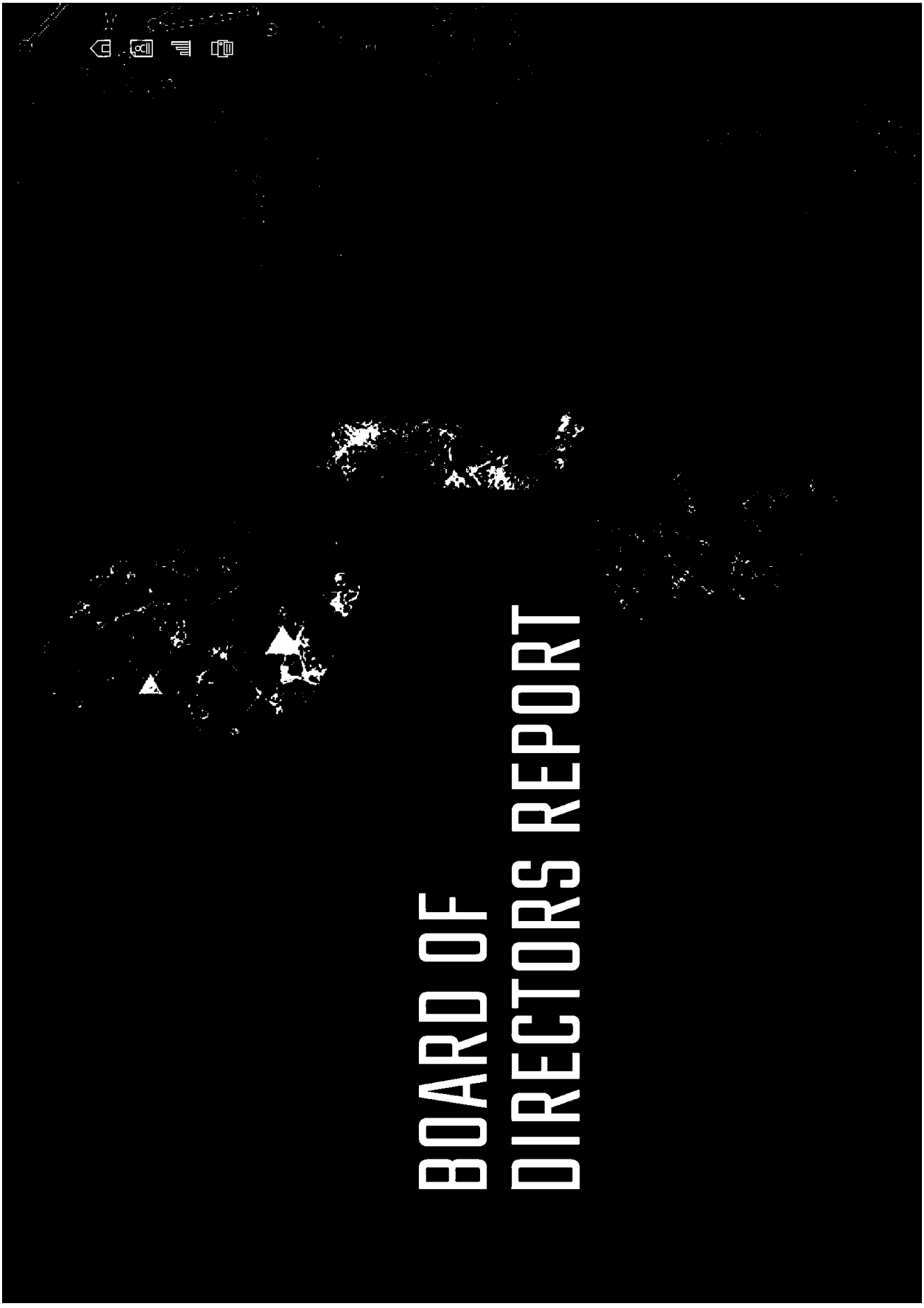
April 18, 2023

Martin Nicklasson
Chairman of the Board

Michael Engsig
CEO



[1] Tecentriq® is a registered trademark of the Roche Group.
[2] Merck & Co., Inc., Rahway, NJ, USA.
[3] KEYTRUDA® is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co., Inc., Rahway, NJ, USA.
[4] Investigational New Drug (IND) program with the United States Food and Drug Administration (FDA).


BOARD OF
DIRECTORS REPORT

BOARD OF DIRECTORS REPORT

In 2022, Nykode achieved a range of significant milestones that have positioned the company for future success. The Company's wholly owned therapeutic cancer vaccine, VB10.16, demonstrated positive interim efficacy and safety data in heavily pre-treated advanced cervical cancer patients in the Phase 2 trial VB-C-02. Nykode plans to expand the clinical development plans for VB10.16 to include a potentially registrational trial in recurrent or metastatic cervical cancer (VB-C-04) in tight collaboration with the GOG Foundation, Inc.

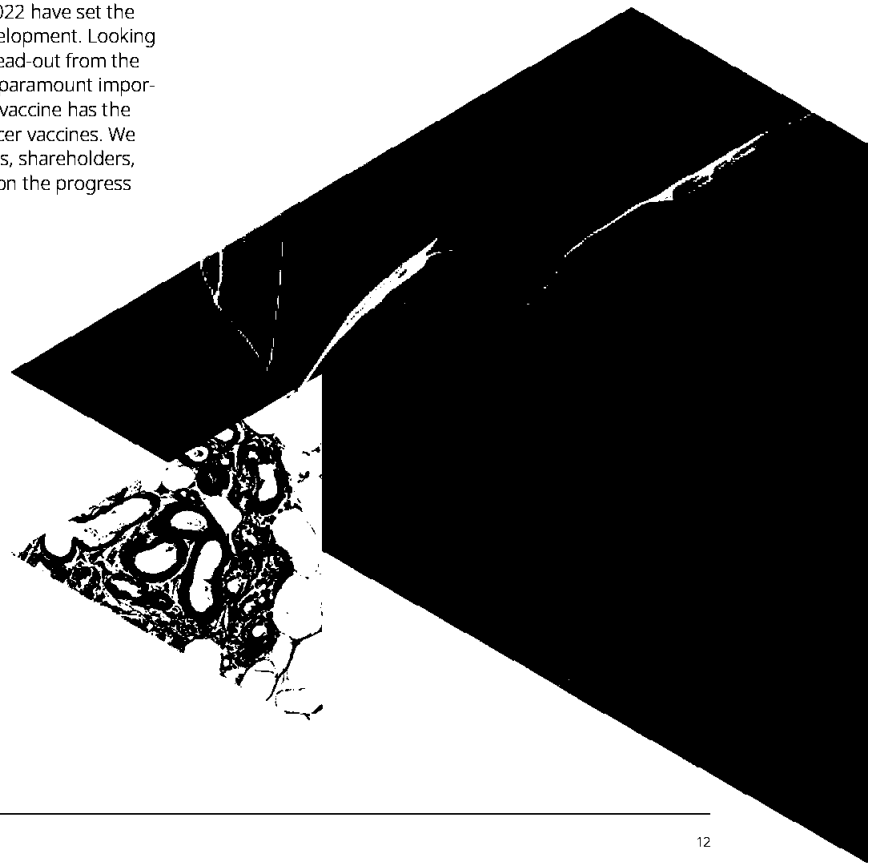
Nykode also entered into a supply agreement with MSD to evaluate VB10.16 with its anti-PD-1 therapy KEYTRUDA® in a Phase 1/2a trial in unresectable recurrent or metastatic head and neck cancer. Additionally, Nykode reported positive immunogenicity results from the Phase 1/2a dose escalation trial (VB-N-02) of VB10.NEO in combination with immune checkpoint inhibitor Tecentriq® in multiple solid tumor types.

In research, our programs both on the technology platform and on the discovery pipeline, saw good progress. The multi-target collaboration with Regeneron is progressing according to plans.

In 2022, Nykode continued to expand its organization, adding 53 employees to reach a total of 155 employees by the year-end.

On the capital markets side, Nykode converted in June to Nykode Therapeutics ASA, a public limited liability company and listed its shares on the main list of the Oslo Stock Exchange. The Company is well-capitalized with a cash position of USD 206 million at year-end 2022.

Overall, Nykode's achievements in 2022 have set the stage for continued growth and development. Looking ahead, the final safety and efficacy read-out from the VB-C-02 trial with VB10.16 will be of paramount importance. We believe Nykode's VB10.16 vaccine has the potential to redefine the field of cancer vaccines. We look forward to updating the patients, shareholders, employees, and other stakeholders on the progress during the year.



RESEARCH AND PRECLINICAL DEVELOPMENT

Nykode pursues a two-tiered research strategy:

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

During 2022, Nykode has seen its discovery-phase collaboration with Regeneron develop positively. The multi-target collaboration, covering five vaccine programs within oncology and infectious diseases, is off to a good start and is progressing according to plans.

In March, the Company opened state-of-the-art laboratory facilities at its headquarters in Oslo. The laboratories will provide an excellent work environment for the research, CMC and translational activities.

At the 2022 American Association for Cancer Research (AACR) Annual Meeting in April and at the Festival of Biologics in November, Nykode presented exciting data from its 4th module concept. In this concept a 4th module is inserted into the DNA plasmid so that the Vaccibody molecule with its three modules can be co-expressed with immune-stimulatory proteins from a single plasmid. These 4th modules may encode immune enhancing, immune inhibiting and/or immune guiding polypeptides. Compared to the Vaccibody molecule alone, the simultaneous expression of selected immune-stimulatory cytokines as 4th modules was shown to boost the overall immune response almost 3-fold and to drive potent anti-tumor responses. It is an area for further investment and demonstrates the incredible insight and expertise of Nykode's researchers.

Nykode's more than 20 patent families and its know-how are the foundation for creating long-term shareholder value. To keep innovating and filing new patents, Nykode invests significant time and resources in improving the technology platform. At the Capital Markets Day in May, Nykode presented its activities on tolerizing vaccines. Through specific targeting of disease causing epitopes to tolerizing Antigen Presenting Cells, Nykode's platform is uniquely positioned to induce tolerogenic T cell responses shifting the balance back towards normal. A potential disease area in which this technology can be applied is autoimmune disorders caused by unwanted immunogenicity to self-antigens. Antigen-specific tolerization for the treatment of autoimmune diseases has the potential to suppress autoimmunity without compromising normal immune function. Nykode has demonstrated the ability to increase antigen specific T regulatory cells and to shift the cytokine balance towards an immune-suppressive profile in preclinical models. Further validation of the concept is ongoing.

Nykode's researchers also play an important role in the selection and analysis of clinical biomarkers. In November, at Society for Immunotherapy of Cancer (SITC) Annual Meeting, the Company presented a poster on its use of HPV16 circulating tumor DNA detected in liquid biopsies to predict clinical response in patients with advanced HPV16-positive cervical cancer. Data was presented from its VB-C-02 trial in advanced cervical cancer patients, demonstrating that reduced HPV16 ctDNA levels were significantly correlated with clinical outcomes indicating that HPV16 ctDNA may be an early marker of treatment response.

NYKODE DEVELOPMENT PROJECTS

Nykode's development portfolio consists of three programs. These are the two oncology programs VB10.16 and VB10.NEO, and the infectious disease program, VB10.COV.2. The development candidates are designed based on Nykode's Vaccibody technology platform of targeting antigens to Antigen Presenting Cells.

VB10.16

VB10.16 is a potentially first-in-class off-the-shelf therapeutic cancer vaccine candidate in development for the treatment of human papillomavirus type 16 (HPV16)-positive cancers. VB10.16 is wholly owned by Nykode.

During 2022, the Company has shown significant progress in the development of VB10.16. Updated development plans were presented announcing ambitious trials including a U.S. trial in advanced cervical cancer with registrational potential.

In the first quarter 2022, the completion of patient enrollment was reached for the Phase 2 trial, VB-C-02, of VB10.16 in combination with immune checkpoint inhibitor atezolizumab for the treatment of advanced cervical cancer (NCT04405349). The trial enrolled patients having received multiple lines of prior systemic therapy in recurrent or metastatic setting.

Positive interim results from the trial were reported during the second quarter. The analysis demonstrated a favorable safety profile, with responses observed in both PD-L1 positive and negative patients (ORR 27% and 17%, respectively). The vaccine-induced significant HPV16-specific T cell responses were associated with clinical responses. Further analysis during the third quarter showed the most robust clinical benefit in patients treated with up to two prior lines of therapy and in patients with lower metastatic burden. A high Disease Control Rate (DCR) was observed across all patient groups.

The encouraging clinical efficacy and favorable safety profile that was observed with VB10.16 has led the Company to update the development strategy for VB10.16.

In the fourth quarter, a clinical collaboration with MSD for an open-label, dose-finding, single arm Phase 1/2a trial (VB-C-03) for VB10.16 in combination with KEYTRUDA®[1] (pembrolizumab) in patients with first line HPV16-postive, recurrent or metastatic squamous cell head and neck cancer (HNSCC) was announced. This is also a trial where the Company will be able to investigate how the higher 9 mg dose will perform. A clinical trial application was submitted before year-end and Nykode expects to enroll patients in Europe during the first half of 2023.

In addition, a trial in advanced cervical cancer, VB-C-04, was announced in the Company's development update in December 2022. It will focus on patients who failed first line treatment including checkpoint inhibitor treatment. It is a single arm trial with registrational intent and will be conducted in the United States. The first patient is expected to be dosed in the fourth quarter of 2023.

Info on cervical cancer

Cervical cancer is the fourth leading cause of cancer death in women worldwide and is most frequently diagnosed between the ages of 35 and 44. Each year around 600,000 women are diagnosed with cervical cancer worldwide. Almost all cases are caused by human papillomavirus (HPV) infection and HPV16 accounts for more than half of all cervical cancer cases. Cervical cancer is often curable when detected early and effectively managed, but treatment options are more limited in advanced disease stages or when the cancer has spread.

Source: HPV Information Centre; CDC.gov; Cancer.org; GLOBOCAN

Info on HNSCC

The number of patients with squamous cell head and neck cancer (HNSCC) has risen substantially during the last decades and around 660,000 patients globally are now diagnosed yearly. This rise in incidence in HNSCC is mainly attributed to Human Papilloma Virus (HPV) infections. HPV16 accounts for nearly 90% of such cases. HNSCC can be managed effectively in early stages, however, most patients are diagnosed at advanced stages where treatment outcomes are less favorable.

Source: HPV Information Centre; CDC.gov; Cancer.org; GLOBOCAN

[1] KEYTRUDA® is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co., Inc., Rahway, NJ, USA.

VB10.NEO

VB10.NEO is an individualized neoantigen vaccine in development for the treatment of locally advanced or metastatic solid tumors under an exclusive, worldwide clinical collaboration with Genentech, a member of the Roche Group. The vaccine is designed to be produced on-demand according to the neoantigen profile of an individual patient.

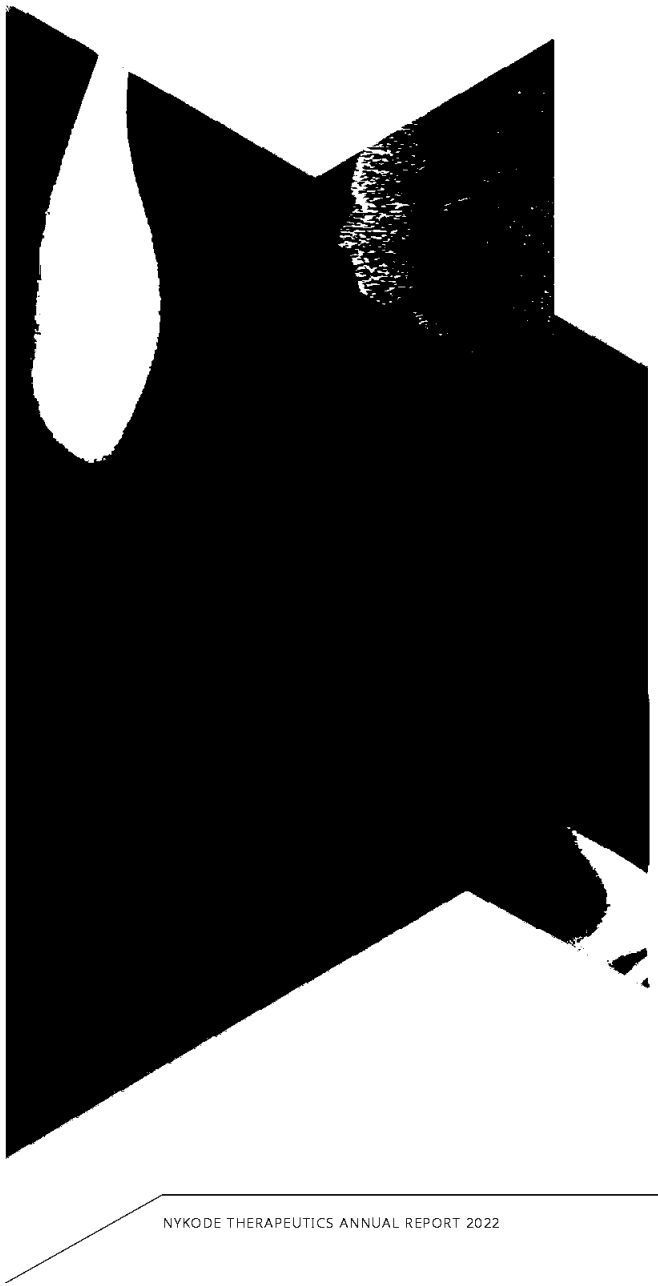
Neoantigens are proteins generated by tumor-specific mutations not present in normal tissues and are thus an attractive target for cancer immunotherapy as they may be recognized as foreign by the immune system.

Nykode is currently conducting two clinical trials evaluating VB10.NEO: VB-N-01 and VB-N-02.

VB-N-01 is an open-label Phase 1/2a basket study to evaluate the safety and efficacy of multiple dosing with VB10.NEO in patients with locally advanced or metastatic cancer (NCT03548467) and is fully enrolled.

VB-N-02 is an open-label Phase 1b, dose-escalation study of the safety- and antigen-specific immune responses elicited by VB10.NEO in combination with Roche's checkpoint inhibitor atezolizumab in patients with locally advanced and metastatic tumors across more than ten different tumor types (NCT05018273). The trial is the first Nykode trial to test the 9 mg dose and how it will perform in comparison with the 3 mg dose that was used in the earlier VB-N-01 trial. The dose-escalation is progressing well and patients are being recruited at sites in U.S., Germany and Spain.

During the third quarter, Nykode reported updated immunogenicity data from the VB-N-01 trial. The data showed that VB10.NEO induces a broad, strong and long-lasting CD8 T cell response against patient-specific tumors in 100% of the patients, including expansion of novel T cells in 95% of the patients. Multiple vaccinations boosted the breadth and magnitude of the immune responses, and most T cell responses were maintained for at least one year. VB10.NEO was generally safe and well-tolerated in patients with solid tumors and well-tolerated in combination with other cancer treatments. The data supports Nykode's APC-targeted technology platform's unique ability to induce broad and long-lasting immune response, including CD8 T cells with the desired profile known to kill tumor cells.



VB10.COV2

Nykode's VB10.COV2 program, covers the VB-D-01 open label, Phase 1/2 dose escalation trial (NCT05069623). The trial investigates the two SARS-CoV-2 vaccine candidates, VB10.2129 and VB10.2210, as a booster in previously vaccinated subjects.

VB10.2129 is encoding for the receptor-binding domain (RBD) of the spike glycoprotein of SARS-CoV-2 Beta variant of concern, B1.351, thereby addressing novel variants of concern (VOCs).

VB10.2210 is a T cell vaccine candidate against validated epitopes from multiple SARS-CoV-2 antigens. T cells appear central in maintaining the protection against severe disease and death across current VOCs. With an outset in the Vaccibody technology, Nykode is investigating if the vaccine can induce a broad T cell response against validated epitopes identified by Adaptive Biotechnologies Inc. from multiple SARS-CoV-2 antigens. The aim is to induce long-lasting protective immunity across all population groups and across current and future variants.

During the third quarter of 2022, Nykode presented positive interim data from the T cell vaccine (VB10.2210) trial-arm. VB10.2210 was found to boost Spike-specific T cell responses and induced de novo T cell responses to conserved non-Spike antigens found across SARS-CoV-2 variants, generating broad and CD8 dominated T cell responses post vaccination. Nykode's vaccine candidate was safe and well-tolerated at all three dose levels.

The last subject in the trial had its last dose in the fourth quarter and the evaluation of VB10.2129 evaluation is still ongoing. Nykode plans to guide on the future development strategy for the VB10.COV2 program during the first half of 2023.

PARTNERSHIPS AND COLLABORATIONS

At Nykode, collaboration is key to our success and our ambition of breaking the boundaries of medicine. In partners, we look for expertise which may accelerate our programs and for complimentary technologies which may strengthen our platform. The objective is to continuously develop the Company's strategic and competitive position and to optimize the utilization of its technology platform in order to offer better treatments to patients.

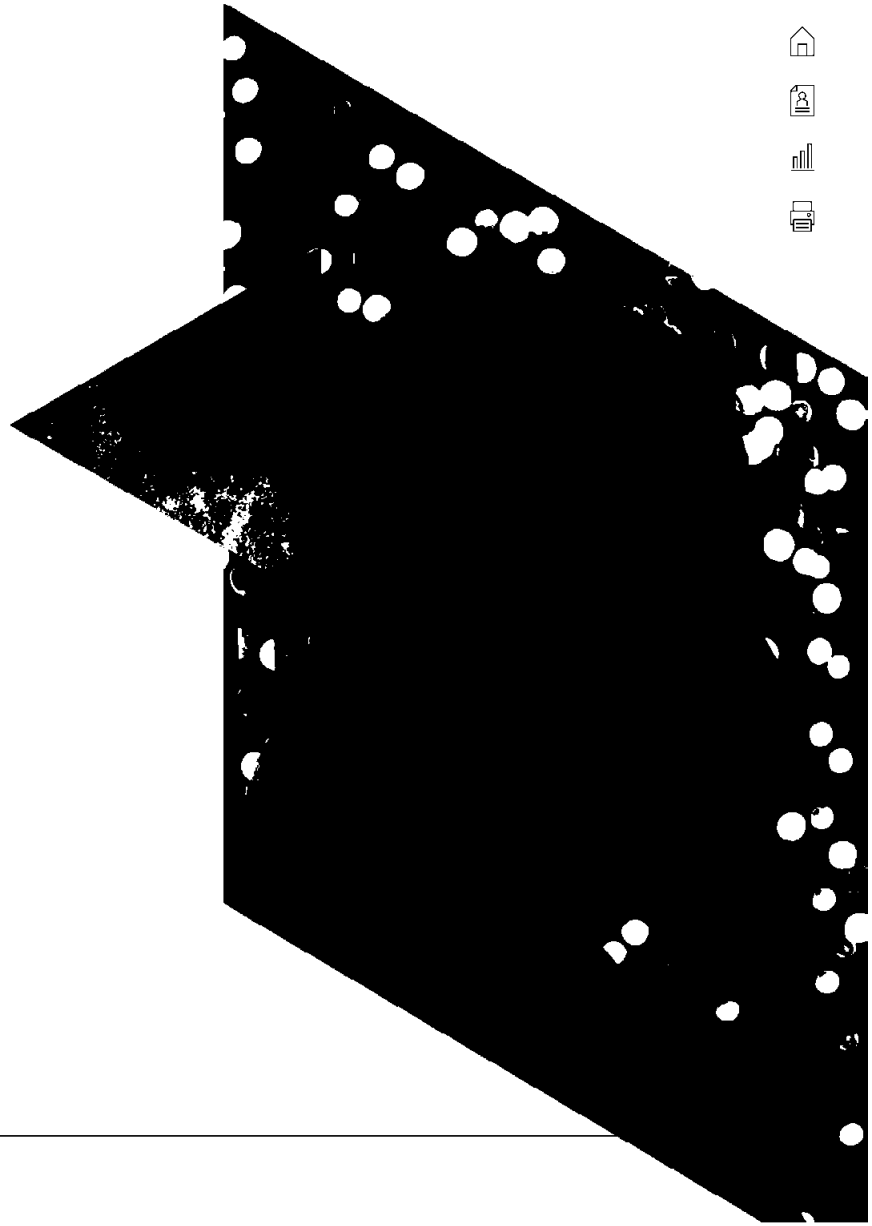
In December 2022, Nykode entered into a clinical supply agreement with MSD (Merck & Co., Inc., Rahway, NJ, USA) to evaluate VB10.16 in combination with KEYTRUDA® (pembrolizumab) in patients with HPV16-positive head and neck cancer. Under the terms of the agreement, MSD will supply KEYTRUDA. Nykode retains all commercial rights to VB10.16 worldwide.

Nykode's external collaborations and drug combinations include:

Company	Year	Agreement type	Nykode program & trial	Indication	Partner compound
Adaptive Biotechnologies	2021	In-license	VB10.2226 & VB10.2210 / VB-D-01	T cell focused SARS-CoV-2 booster vaccine	-
Genentech	2020	Out-license and collaboration	VB10.NEO / VB-N-01 / VB-N-02	Multiple cancer indications (individualized cancer vaccines)	-
MSD	2022	Product supply	VB10.16 / VB-C-03	Advanced HPV16+ head & neck cancer	Pembrolizumab (KEYTRUDA®)
Nektar Therapeutics	2018	Collaboration and product supply	VB10.NEO / VB-N-01	Advanced head & neck cancer	Bempegaldesleukin (NKTR-214)
Regeneron	2021	Out-license and collaboration		Oncology and Infectious Disease (multitarget, off-the-shelf vaccines)	-
Roche	2019	Product supply	VB10.16 / VB-C-02	Advanced HPV16+ cervical cancer	Atezolizumab (Tecentriq®)

FINANCIAL REVIEW

The financial statements of the Company for the year ended December 31, 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements of the Company represent the third year of stating financial statements in accordance with IFRS.



Income statement

The net result for 2022 was a net loss of USD 42.7 million compared to a net loss of USD 9.4 million in 2021.

Operating income
Total revenue and other income amounted to USD 9.0 million compared to USD 35.8 million in 2021. The decrease was mainly due to the Regeneron transaction in 2021.

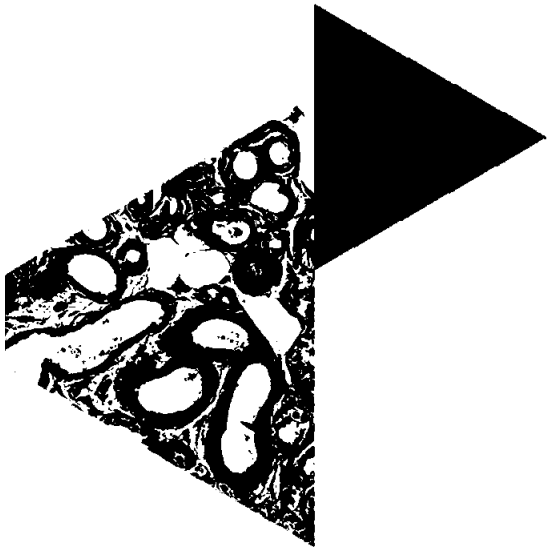
Operating expenses
Total operating expenses amounted to USD 62.2 million compared to USD 46.5 million in 2021. Other operating expenses increased from USD 29.0 million in 2021 to USD 42.3 million in 2022, driven by increased operating activity as well as recognition of a net loss of USD 5.3 million related to an onerous contract for R&D services in 2022. Employee benefit expenses were USD 18.0 million in 2022, compared to USD 16.8 million in 2021. The increase in the employee benefit expenses is due to the increased number of employees, partly offset by a decrease of the social security cost accrual related to share-based payments. As the share price decreased during the period the accrual is also reduced. The corresponding reduction in 2022 is USD 8.0 million (USD 0.5 million decrease in 2021).

Net financial income and expenses
Net financial income and expenses was positive USD 2.2 million in 2022 (USD 0.3 million negative in 2021). Finance income and finance expense mainly relate to interest income, movements in foreign currency exchange rates, fair value adjustments of financial instruments and gain/loss on sale of financial instruments.

Income tax expenses
The Group recognized tax income of USD 8.2 million compared to USD 1.7 million in the same period of 2021. The income tax expense is primarily related to movement in deferred tax.

Statement of financial position

Cash
Cash and cash equivalents amounted to USD 206.4 million at December 31, 2022 compared to USD 216.2 million at December 31, 2021. The decrease in cash is mainly a result from operating and investing activities, partly offset by the sale of money market funds.



Other current financial assets
Total other current financial assets amounted to USD 0 at December 31, 2022 compared to USD 12.2 million at December 31, 2021. The reduction is due to sale of money market funds during 2022.

Equity
Total equity amounted to USD 157.0 million at December 31, 2022, compared to USD 194.1 million at December 31, 2021. The change mainly reflects the net loss for the period of USD 42.7 million, the exercise of warrants and options and recognition of share-based payments.

Trade receivables
Trade receivables amounted to USD 2.5 million at December 31, 2022, compared to USD 23.8 million at December 31, 2021. The decrease is mainly due to the receipt of a USD 20 million milestone payment from Genentech in the first quarter of 2022.

Trade and other payables
Trade and other payables amounted to USD 10.2 million at December 31, 2022, compared to USD 8.5 million at December 31, 2021. The increase is mainly due to increased activity.

Contract liabilities
At December 31, 2022, total contract liability amounted to USD 19.7 million, compared to a contract liability of USD 16.0 million at December 31, 2021. The contract liability is mainly due to timing of invoicing to Genentech as well as recognition of the service component under the Genentech agreement.

Cash flow

Net change in cash and cash equivalents was negative USD 9.3 million in 2022, compared to USD 32.4 million positive in 2021.

Cash flow from operating activities
Net cash flow from operating activities was negative USD 20.7 million in 2022, compared to USD 1.2 million positive in 2021. This was primarily driven by the decrease in trade receivables due to the receipt of a milestone payment from Genentech, offset by a negative profit before tax.

Cash flow from investing activities
Cash flow from investing activities was positive USD 11.1 million in 2022, compared to USD 10.8 million positive in 2021. The amounts mainly relate to the sale of money market funds and interest received, offset by the purchase of property, plant and equipment.

Cash flow from financing activities
Cash flow from financing activities was positive USD 0.4 million in 2022, compared to USD 20.4 million positive in 2021. The amounts primarily relate to proceeds from equity issuance, offset by payments of lease liabilities.

WORKING ENVIRONMENT

People & Organization
Nykode is a company driven by the goal to pioneer and unlock the future of medicine. Being aware of the impact diversity has on financial performance and level of innovation, diversity is naturally a part of our strategic focus and is deeply rooted in our values. Our values are courage, integrity, collaboration, respect and flexibility. These values are a guide to how we work to promote equality in our company.

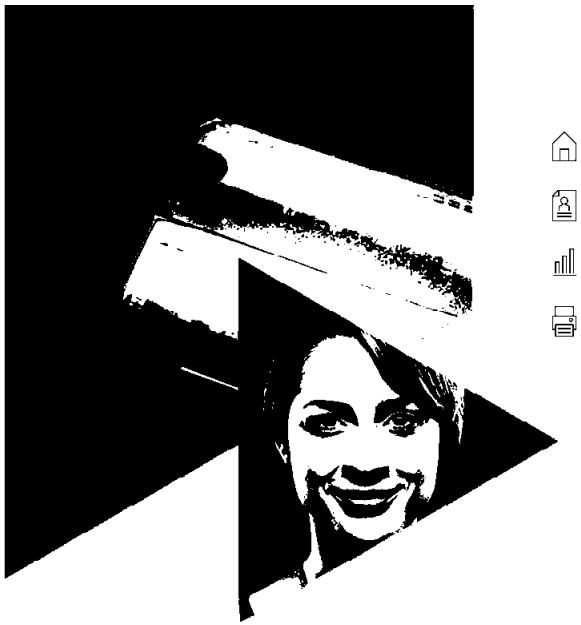
Nykode welcomes diversity and strives to create an environment of mutual respect which builds trust, safety and wellbeing. We accept everyone's perspective, accept everyone without judgment and show understanding of the importance of each other's jobs. This is also apparent in our project-driven organization, where team members from various backgrounds and expertise join forces to deliver the best possible outcome. The diversity of our Company is an integral part of establishing a high-performance company culture.

Nykode's people and organization are essential to the Company's ability to deliver on strategic priorities. Therefore, Nykode aspires to attract, develop, and retain the best people in the biotechnology sector worldwide. Nykode attracts people from broad areas of expertise, including scientist from the field of biotechnology and immunology, as well as skilled business developers. The organization has been growing with 52% during 2022, reaching 155 employees in Norway and Denmark as of December 31, 2022.

Equality and anti-discrimination
Nykode prides itself in its people. Nykode is committed to ensuring that all of our employees experience inclusion and equality in their daily working life. We work proactively and systematically to promote equality, prevent discrimination on the basis of gender, pregnancy, leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, belief, disability, sexual orientation, gender identity, gender expression or combinations of these grounds, and also seek to prevent harassment, sexual harassment and gender-based violence. The Company's personnel handbook describes how it nurtures a positive culture built on diversity and mutual trust where everyone thrives. Further, the Company's values include the value of Respect, which is a demonstration of the commitment to nurture a caring and diverse culture. As seen in the Global statistics on other Key HR indicators table, the composition of the Board of Directors satisfies the legal requirements for a Norwegian Limited Liability Company and its Nomination Committee- and Corporate Governance Charters. With the 2022 ESG report, Nykode has established a baseline for its work with diversity.

The Company has taken initiative to form specific guidelines on equality and diversity in a Diversity, Equity and Inclusion" (DE&I) strategy. A DE&I Sounding Board has been formed to guide and improve Nykode's work on DE&I.

31.12.2022	Norway			Denmark			Group total		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees working full time	82	39	121	17	11	28	99	50	149
Employees working part time	1	1	2	0	0	0	1	1	2
Employees on temporary engagements	4	0	4	0	0	0	4	0	4
Total	87	40	127	17	11	28	104	51	155
	69 %	31 %	100 %	61 %	39 %	100 %	67 %	33 %	100 %



The Norwegian Equality and Anti-Discrimination Act Section 26 establishes a duty of activity for employers to promote equality and prevent discrimination. On the background of these rules, Nykode is obliged to report on the actual status of gender equality in the company and what the company is doing to comply with the activity duty pursuant to Section 26. Nykode is obliged to carry out a a gender pay gap review every second year. Additionally, it is mandatory to map potential involuntary part-time work. The latest review was published in the 2021 annual report, and a new review will be conducted for the 2023 annual report.

In the table below, is a presentation of statistics on the status of gender equality in the Norwegian part of Nykode as per December 31, 2022.

The average number of weeks of parental leave in 2022 was 28 weeks for women, and 14 weeks for men.

The work related to the duty of activity
Nykode has a global code of conduct which focuses on employees' health and safety. Nykode has established safe whistleblowing procedures, which is mandatory by law in Norway, where employees may report incidents related to e.g., discrimination, sexual harassment or other forms of harassment. All employees are informed of the possibility to report incidents, available in the employee handbook which is posted on the intranet. Other routines, guidelines and policies which affect equality and diversity may be found in our employee handbook. The employee handbook is digital and easily accessible to all employees. The employee handbook was updated during 2022 for Norway and Denmark respectively and will continue to include measures which contribute to a working environment that maintains and increases diversity and inclusion.

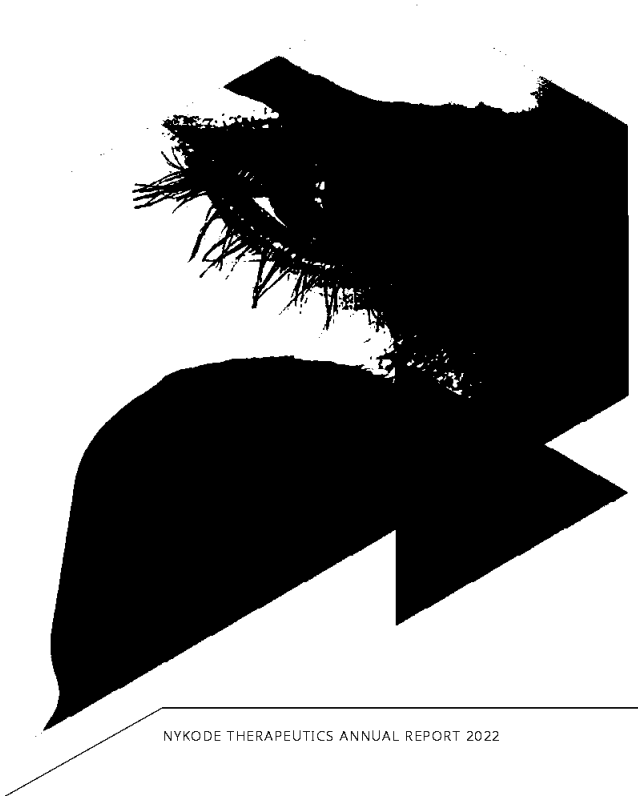
Companies in Norway shall implement the four-step model in the Equality and Anti-Discrimination Act Section 26, second paragraph. During 2022, Nykode has worked to incorporate the equality and prevent discrimination in the organization on all discrimination grounds included in Section 26 and in the HR-processes on recruitment, promotion, salary and working condition, development opportunities, accommodation and the opportunity to combine work and family life. The board will regularly consider the work on gender equality and inclusion. Nykode is a company which continuously develops policies related to recruitment, promotions and other activities with the aim to promote equality. Diversity and inclusion remain important parts of our high-performance culture.

Global statistics on other Key HR indicators per 31.12.2022

	2022	2021
Employees	155	102
Gender Diversity, M/F	33% / 67%	34% / 66%
Employee turn over	8%	14%
Gender diversity Board of Directors, M/F	62% / 38%	87% / 13%

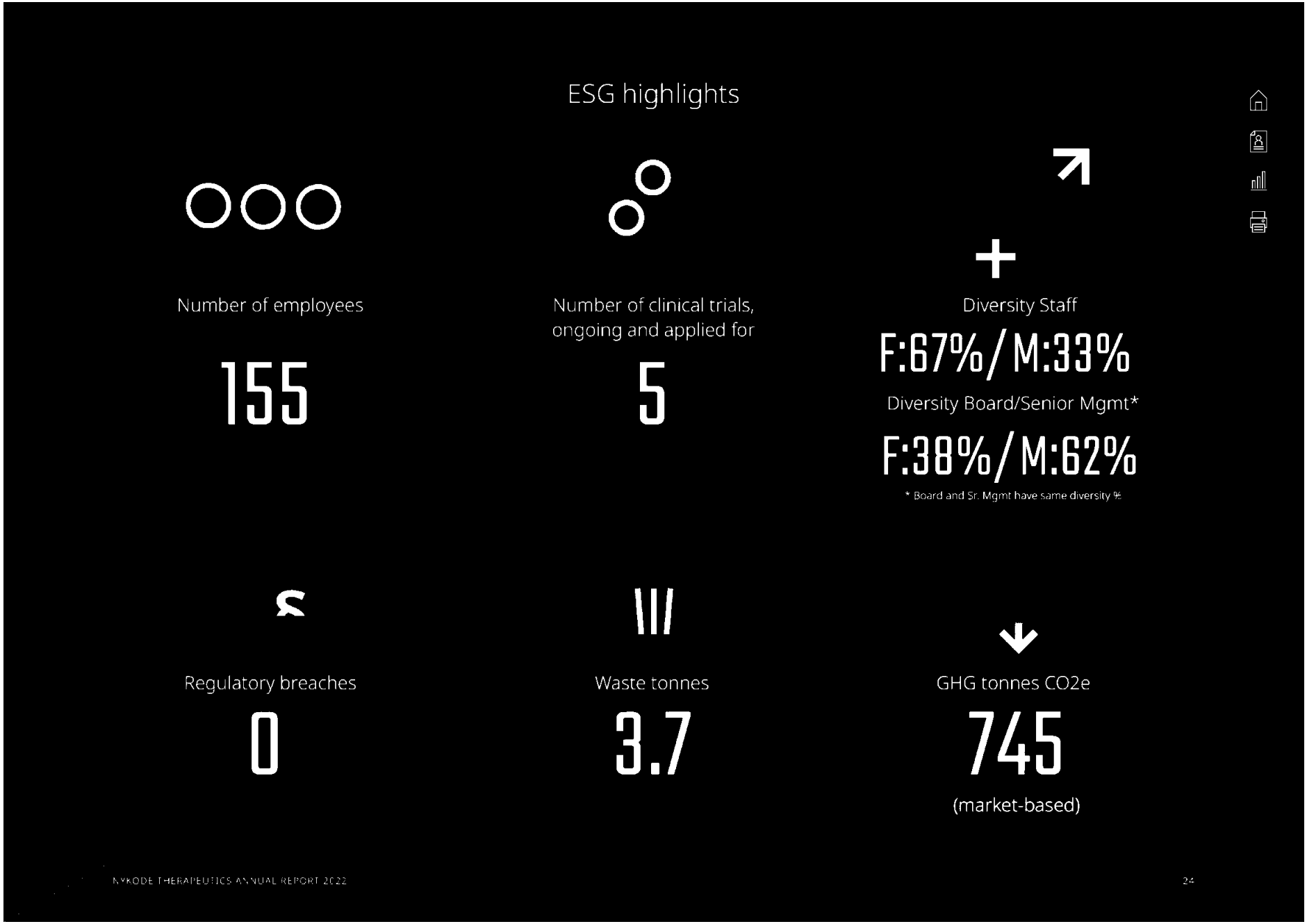
CORPORATE SOCIAL RESPONSIBILITY

Employees
A primary focus of Nykode Therapeutics' corporate social responsibility (CSR) efforts is its employees. The Company has no formal policy on CSR but adheres to a set of guidelines in its Code of Conduct regarding employee health and safety, and conduct towards healthcare professionals, vendors and competitors. The Company has a focus on promoting an overall healthy working environment. For 2022, there were no accidents or work-related injuries reported which resulted in sick-leave. The sick-leave ratio of absence for 2022 was 1.5%, down from 2.9% in 2021.



Environmental, social and governance
Nykode has published its inaugural environmental, social and governance (ESG) report covering the period January 1 to December 31, 2022. In 2022, the Company established baseline measures for energy use and waste, and work to identify areas where our impact may be reduced. Nykode is reviewing its value chain and business partners to identify where human rights risks may exist in response to the Norwegian Transparency Act. Nykode has partnered with an external independent third party to identify its potential salient human rights issues. These include:Health and safety; Ethical clinical trials; Right to privacy; Public health influence; Environmental risks; and Supply chain. Overall, disclosures in the ESG report have been made following the Sustainability Accounting Standards Board (SASB) Biotechnology & Pharmaceuticals Standard (2018). In determination of material ESG topics to include in the report, Nykode referenced the Global Reporting Initiative (GRI) Standards' (2021) Materiality Standard (GRI 3), the opinions of its stakeholders, the reporting of industry peers, and internal and independent expert opinions. The ESG disclosures contained within this report have not been independently assured. Reports and results may be found at the Company's website.

Business ethics
Nykode Therapeutics, in collaboration with its partners, conducts preclinical experiments in animals as well as clinical trials. The animal experiments are approved by the Norwegian Food Safety Authority (Mattilsynet). Nykode only uses R&D vendors and laboratories that are approved and have documented high standards and expertise in animal research. The clinical trials are performed in accordance with the ethical and scientific principles governing clinical research on human subjects, as set out in the Declaration of Helsinki and the International Conference on Harmonization (ICH) guidelines on Good Clinical Practice. Nykode collaborates with international, competent service providers that specialize in these types of studies and consults with leading experts on trial design to optimize trial conduct. The Company has a continuous focus and monitoring of its internal routines and the Company's compliance with relevant legislation. Nykode is subject to the GDPR, incorporated in the Norwegian Personal Data Act (2018). The GDPR requires the Company to have e.g. records of processing activities, privacy statements, data protection policies, risk assessments and data processing agreements. The Company conducts regular assessments of its GDPR compliance level as well GDPR awareness training. The Company has no reported personal data breaches, no pending cases with data protection authorities and no claims from third parties regarding GDPR non-compliance. Nykode is committed to maintaining the highest standards of ethical conduct and will not tolerate the use of bribery or corruption to achieve its business objectives. The Company has established anti-corruption policies according to which all employees must decline any expensive gifts, money, trips or other such offerings from business contacts. The Company is working to apply these guidelines with its suppliers. No incidents of bribery or whistleblowing were reported in 2022.


ESG highlights
Number of employees
155
Number of clinical trials, ongoing and applied for
5
Diversity Staff
F:67% / M:33%
Diversity Board/Senior Mgmt*
F:38% / M:62%
* Board and Sr. Mgmt have same diversity %
Regulatory breaches
0
Waste tonnes
3.7
GHG tonnes CO2e
745
(market-based)
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RISK AND UNCERTAINTY

Research and development
Developing novel pharmaceutical products inherently involves high risk. In research and development, such risks include patent protection, clinical trials and regulatory approvals. Nykode seeks to mitigate risk through appropriate measures. The Company focuses on ensuring sufficient patent protection and works closely with external patent counsels to minimize the risk of patent infringement claims as well as to prepare any patent defense should this be necessary. Nykode's medical department works closely with external regulatory consultants and regulatory agents to develop regulatory strategies and frequently interacts with regulatory agencies. The Company carefully selects its clinical candidates and has a pipeline of candidates and clinical studies in various indications. It designs its clinical trials according to best practice and in compliance with international regulations to minimize risk. Specialized Clinical Research Organizations (CRO) are contracted to help in these efforts. The clinical trials are carried out in collaboration with world-class international partners with solid experience in conducting such trials and are conducted according to all applicable quality standards.

Commercial risk
The Group's commercial risks are related to the research and development, manufacturing, and commercialization of our products, as well as the competitive landscape in which we operate. These risks include:

Competition from other companies in the same field, including those developing alternative or similar therapies, which may impact the Company's ability to conduct clinical trials, apply for regulatory approval, and achieve future sales.

Partnerships and collaborations with key companies, such as Genentech, Regeneron, Adaptive Biotechnologies, and MSD, may be impacted by factors such as their ability to provide R&D support and willingness to develop and promote products, and overall market conditions.

Any adverse event that affects the Company's products, such as safety concerns or negative publicity, could have a significant impact on the Company's results and cash flows.

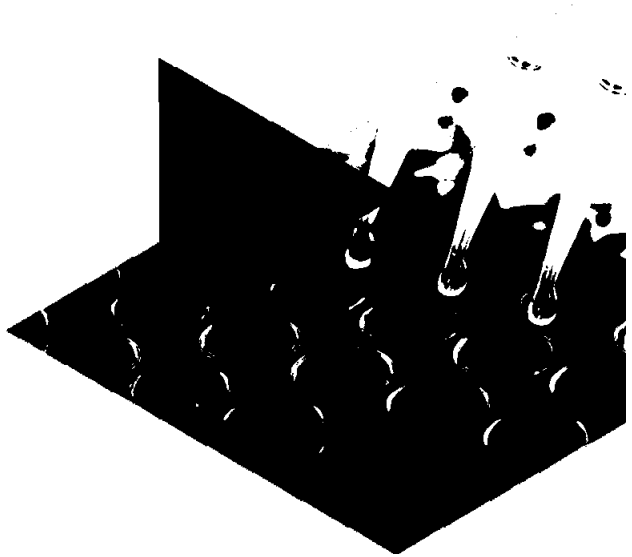
The expiration or loss of patent protection, as well as challenges or invalidation of patents or patent applications, may adversely affect the Company's future results and cash flows.

Despite these risks, we are actively addressing them through ongoing risk assessments, strategic planning, and close collaboration with our partners to leverage their expertise and minimize potential negative impacts.

Market risk
The long-term financial success of the Company requires obtaining marketing authorizations and achieving acceptable reimbursement for its drugs. There can be no assurance that the Company's drugs will obtain cost-effective selling prices or reimbursement rates. The Company's products are subject to approvals from regulatory authorities, such as the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA), to market its products in their respective regions, as well as equivalent regulatory authorities in other jurisdictions worldwide to commercialize products in those regions.

Successful launches and sales for pipeline products may not be achieved due to changes in market dynamics or competition, unsuccessful marketing, and/or pricing pressure due to limitations on healthcare budgets. Any such adverse events could have a material impact on the Company's financial results and cash flows.

As with any drug intended for diagnostic or therapeutic use, adverse clinical reactions are always a possibility. This could have a significant impact on the Company's reputation and financial position.



Financial risk
Nykode is exposed to financial risk factors, including risks associated with cash management, the short-term liquidity profile of development programs, liquidity from partnerships and the ability to attract capital from financial markets. The Company has not entered into any hedging agreements to reduce financial risk as of December 31, 2022.

The expected main sources of capital to secure future funding are the capital markets, the license and collaboration agreements with Genentech and Regeneron, potential new collaboration agreements with partners and potential soft funding from grant applications.

The Company is exposed to currency risk as employee expenses are primarily in Norwegian Kroner (NOK) and Danish Kroner (DKK), and much of its operating expenses for the clinical trials are paid in foreign currency, primarily in Euro (EUR). The Company keeps bank deposits in NOK, DKK, GBP, EUR and USD for operational purposes, and to reduce its currency risk. The Company regularly considers its current risk management of foreign exchange rates and will adjust it if deemed appropriate.

Nykode has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and the CEO. The insurance also covers any employee acting in a managerial capacity and includes controlled subsidiaries. The insurance policy is issued by reputable insurers with an appropriate rating.

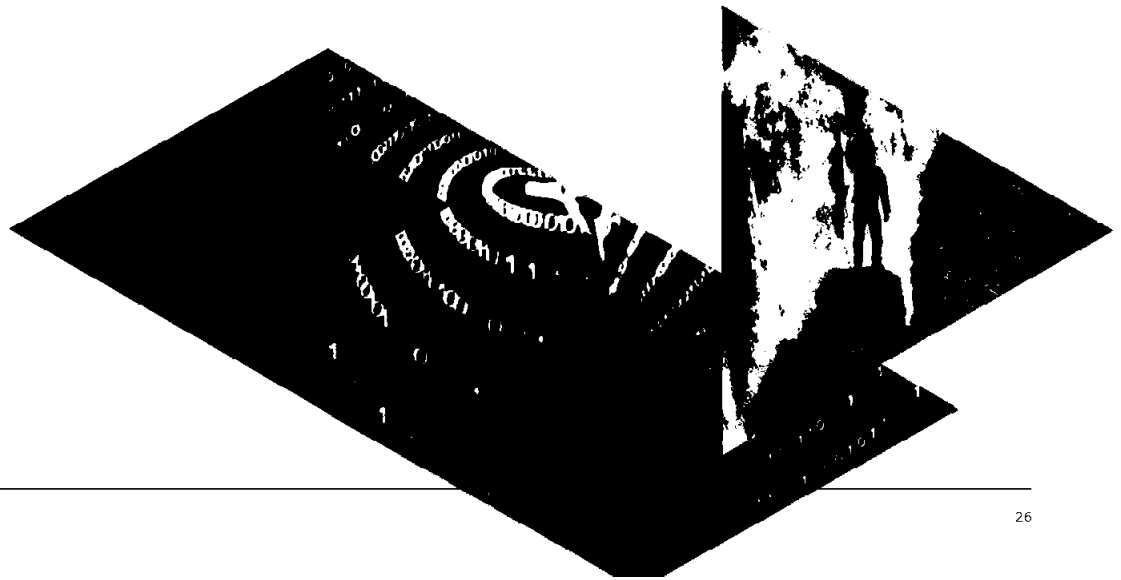
IT-related risk
Nykode uses external assistance from qualified vendors to provide advice on cybersecurity and systems security where relevant. Its IT systems use authentication systems to reduce the risk of unauthorized access into its systems. The Company has appropriate protection from viruses and malware. Nykode has implemented procedures for IT security and data management via its IT vendors. Server back-ups are run automatically at regular intervals.

Going Concern

Pursuant to § 3.3 (a) of the Norwegian Accounting Act, it is confirmed that the conditions for assuming that the Group is a going concern are present, and that the financial statements have been prepared on the basis of this assumption. No events have occurred since the end of 2022, except those which are stated in this report that are of major significance for the assessment of the Company's financial position and results.

Events after balance sheet date

Non-adjusting events
There have been no other significant non-adjusting events after the reporting date, December 31, 2022.



RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, that the financial statements for the period from January 1 to December 1, 2022 have been prepared in accordance with IFRS adopted by EU and gives a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company together with a description of the key risks and uncertainty factors that the Company is facing.

Oslo, April 18, 2023

Board of Directors, Nykode Therapeutics ASA

Martin Nicklasson
Chair of the Board

Anders Tuv
Board Member

Bernd Robert Seizinger
Board Member

Jan Haudemann-Andersen
Board Member

Birgitte Volck
Board Member

Christian Åbyholm
Board Member

Anne Whitaker
Board Member

Elaine Sullivan
Board Member

Michael Thyrring Engsig
CEO

SENIOR MANAGEMENT

Michael Engsig

Chief Executive Officer

Michael Engsig joined Nykode in 2017. He is a broadly anchored pharmaceutical professional with extensive experience, from early-stage drug discovery to late-stage development and product launches in biotech and pharma and across all major geographical areas. His career history includes specialist and managerial roles at Takeda and Nycomed. Michael holds a civil engineering (MSc) degree in chemistry specializing in biotechnology from the Technical University of Denmark, and a Graduate Diploma in Business Administration (HD) in organization and leadership from the Copenhagen Business School (CBS).

Klaus Edvardsen

Chief Development Officer

Klaus Edvardsen joined Nykode in 2022. He has extensive experience from leading drug development programs within oncology, hematology and infectious diseases in both biotech and pharma companies. His previous roles include Chief Development Officer of CureVac, and Senior Vice President and Head of Global Oncology Development of Merck KGaA, where he led early- and late-stage global oncology development. Prior to these roles, he served as Senior Vice President and Head of Global Medicines Development Oncology at AstraZeneca and various leadership roles at both GlaxoSmithKline and Genmab. Klaus holds a M.D. degree as well as a Ph.D. in cancer biology from University of Copenhagen.

Agnete B. Fredriksen

Chief Business Officer and Co-founder

Agnete Fredriksen is co-founder of Nykode and served as its chief scientific officer from 2007-2021, leading our scientific strategy. Her previous employers include Affitech AS and Medinnova AS. She is the author of numerous scientific papers in the field of immunology, immunotherapy and vaccines, and has been awarded several patents in the field of immunotherapy. Agnete holds an MSc and a Ph.D. from the Institute of Immunology, Rikshospitalet Medical Center in Oslo, where she designed and developed the first Vaccibody vaccine molecules. She received the King's Gold Medal of Merit for her Ph.D. thesis describing the Vaccibody molecule. Agnete is a board member of Molecular Partners AG.

Harald Gurvin

Chief Financial Officer

With a long career in the field of finance, Harald Gurvin joined Nykode in 2021 as CFO. Most recently, he served as CFO at Flex LNG, a company owning and operating LNG carriers and listed on both the New York and Oslo Stock Exchanges. Previously, he was CFO of SFL Corporation Limited, a leading international ship-owning company listed on the New York Stock Exchange. Harald holds an MSc in Shipping, Trade and Finance from CASS Business School and a MSc in Marine Engineering and Naval Architecture from the Norwegian University of Science and Technology.

Mikkel W. Pedersen

Chief Scientific Officer

Mikkel W. Pedersen joined Nykode as Chief Scientific Officer (CSO) in June 2021, bringing over 15 years of experience in the pharmaceutical and biotechnology industries across all phases of early drug discovery and development. Most recently, he served as SVP and Head of Biologics Drug Design at Servier leading the antibody discovery efforts of the Company. His previous roles include CSO of the Danish Biotech Company Symphogen, where he also held the positions VP of Antibody Discovery and Research and Director of Cancer Biology and Immunology. Before joining Symphogen, Mikkel headed up the receptor tyrosine kinase group at the Department of Radiation Biology at Copenhagen University Hospital. Mikkel holds a Ph.D. from the University of Copenhagen and has authored over 40 peer-reviewed publications.

Louise Stubbe

Chief Legal Officer

Louise Stubbe joined Nykode in 2022. She brings over a decade of life sciences industry experience from both private and listed companies, where she in her previous role has built the global legal department. Louise's career industry experience includes roles within the Biotech, MedTech and Pharma industry and most recently she served as VP, Group General Counsel, at KemPharm and Orphazyme. Prior to these roles, she served as Senior Corporate Legal Counsel at Ambu and LEO Pharma in various capacities within the law department. Louise holds a law degree (cand.jur.) from the University of Copenhagen in Denmark.

Peter Fatum

VP, Head of QA

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

BOARD OF DIRECTORS

Martin Nicklasson

(Chair of the Board of Directors)

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

Anders Tuv

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

Jan Haudemann-Andersen

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

Bernd R. Seizinger

Bernd R. Seizinger, M.D., Ph.D. serves as chair or board member of a number of public and private biotech companies in the U.S., Europe, including Aprea, Aptose, BioInvent, CryptoMedix, Oncolytics and Oxford BioTherapeutics. In addition, he serves on the advisory board of Pureos BioVentures (Zurich) and is senior advisor to Hadean Ventures (Stockholm and Oslo). Prior CEO/ Senior Executive positions include GPC Biotech, Genome Therapeutics Corporation and Bristol-Myers Squibb. Prior to his biotech and pharma industry positions, he was a Senior Faculty Member of Harvard Medical School/Massachusetts General Hospital and Princeton University. He is a medical doctor and holds a Ph.D. in neurobiology.

Elaine Sullivan

Elaine Sullivan has over 25 years of international experience working in the pharmaceutical industry and was a member of the senior R&D management teams in Eli Lilly and AstraZeneca. She has developed new molecules in therapy areas including virology, cancer, ophthalmology, respiratory and inflammation. Other former positions include co-founder and CEO of Carrick Therapeutics which developed a novel oncology pipeline rapidly transitioning from a preclinical start-up to a clinical stage oncology company. She sits on several international boards for companies in the biotech, services and adjacent areas including Evotec AG and Active Biotech AB. She holds a Ph.D. in Molecular Virology from the University of Edinburgh, Scotland.

Birgitte Volck

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

Anne Whitaker

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

Christian Åbyholm

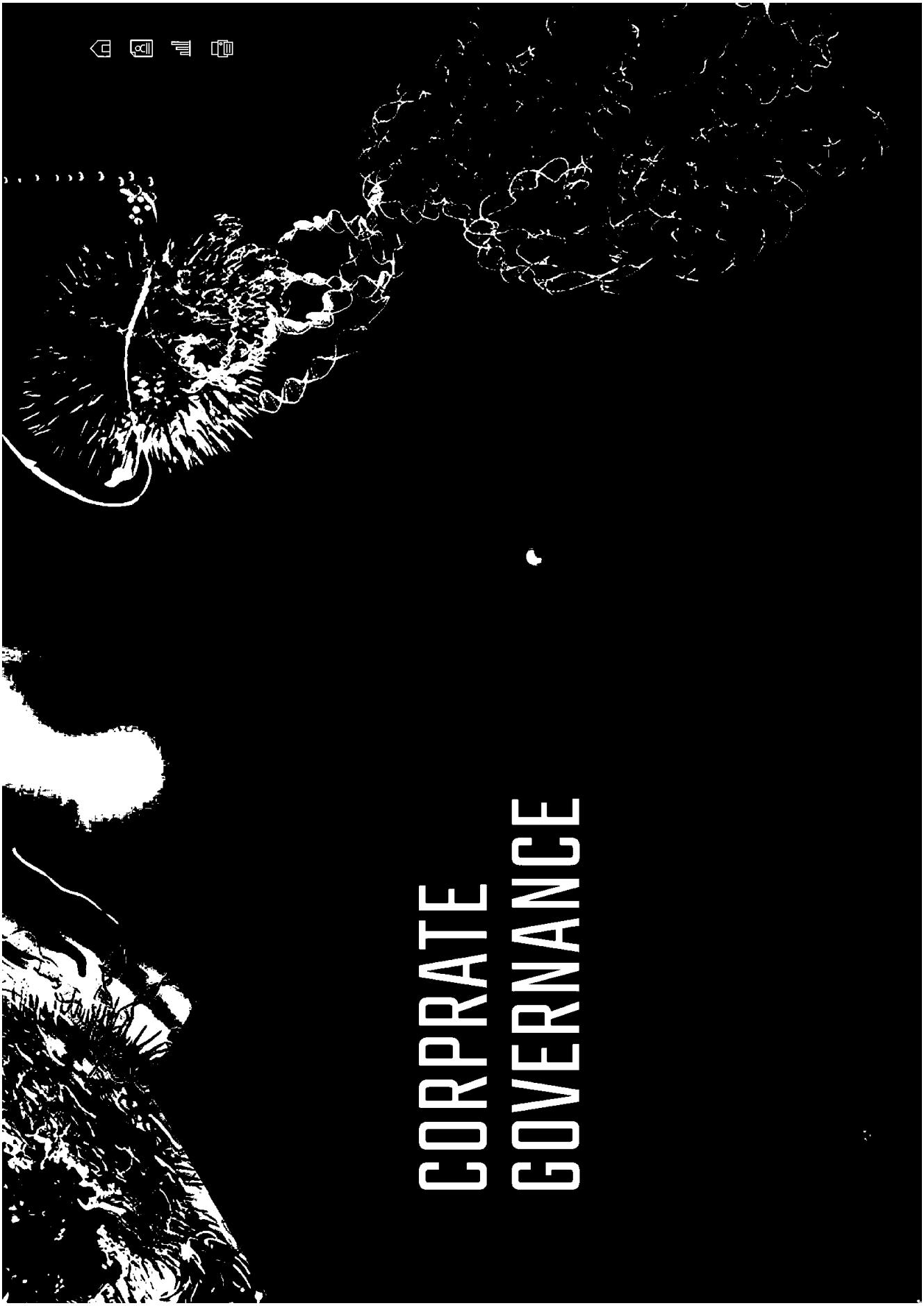
Christian Åbyholm is a partner at Kvantia AS. His prior professional experience and past employments include M&A, business development and equity research with Norsk Hydro, Aker RGI, Morgan Stanley and Merrill Lynch. He is a CFA Charterholder, has an MBA from IMD and a business degree (siviløkonom) from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

Einar J. Greve (Deputy Board Member)

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

Trygve Lauvdal (Observer to the Board)

Trygve Lauvdal is an Investment Director with RASMUSSENGRUPPEN AS, a major shareholder of Nykode Therapeutics. Prior to joining RASMUSSENGRUPPEN AS, he worked as an equity analyst with DNB Markets and as product manager with ABB. He has held several board positions with Norwegian companies. He holds a Ph.D. in Engineering Cybernetics from the Norwegian University of Science and Technology (NTNU).


CORPRATE
GOVERNANCE

CORPORATE GOVERNANCE

1. Implementation and reporting on corporate governance
Nykode will seek to comply with the Norwegian Code of Practice for Corporate Governance (the "Code"). The Board shall include a report on the Company's corporate governance in its annual report, including an explanation of any deviations from the Code.

Deviations from the Code: None

2. Business
Nykode's business is clearly defined in the Company's Articles of Association as follows: "to develop biomedical products and services". The business of the Company's and subsidiaries is conducted in compliance with the objective set forth in the Company's articles of association.

The Board defines clear objectives, strategies and risk profiles for the Company's business activities such that the Company creates value for shareholders in a sustainable manner. When carrying out this work, the Board takes into account financial, social and environmental considerations. The Board evaluates the objectives, strategies and risk profiles at least once a year.

Deviations from the Code: None

3. Equity and dividends
The Board will ensure that the Company has a capital structure that is appropriate to the Company's objective, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board will continuously assess the Company's capital requirements related to the Company's objective, strategy and risk profile.

The Company is committed to create long-term value for its shareholders. The Board may resolve to establish and disclose a clear and predictable dividend policy, or alternatively, if the Board considers the Company to be in a phase of growth, the Board may decide not to establish and disclose a dividend policy or to pay dividends. The background for any proposal to grant the Board an authorization to approve distribution of dividends will be explained.

General authorizations for the Board to increase the share capital and buy own shares will normally be restricted to defined purposes and will, in general, be limited in time to no later than the date of the next annual general meeting of the Company.

At the Company annual general meeting on May 12, 2022, the Board was granted authorization to increase the share capital by a maximum amount of NOK 290,069, equal to 10% increase in outstanding shares at the time of the general meeting. The authorization is valid until the annual general meeting in 2023, however no longer than until June 30, 2023. Existing shareholders' pre-emptive rights to subscribe for and to be allocated shares may be derogated from. The authorization may be used in connection with (i) capital raisings for the financing of the company's business; (ii) in connection with acquisitions and mergers, or (iii) to increase the spread of ownership in the shares. The Board was also granted authorization to increase the share capital by a maximum amount of NOK 50,000 in one or more share capital increases through issuance of new shares in connection with incentive programs.

The Company has historically not distributed dividends and is not expected to do so in the near future.

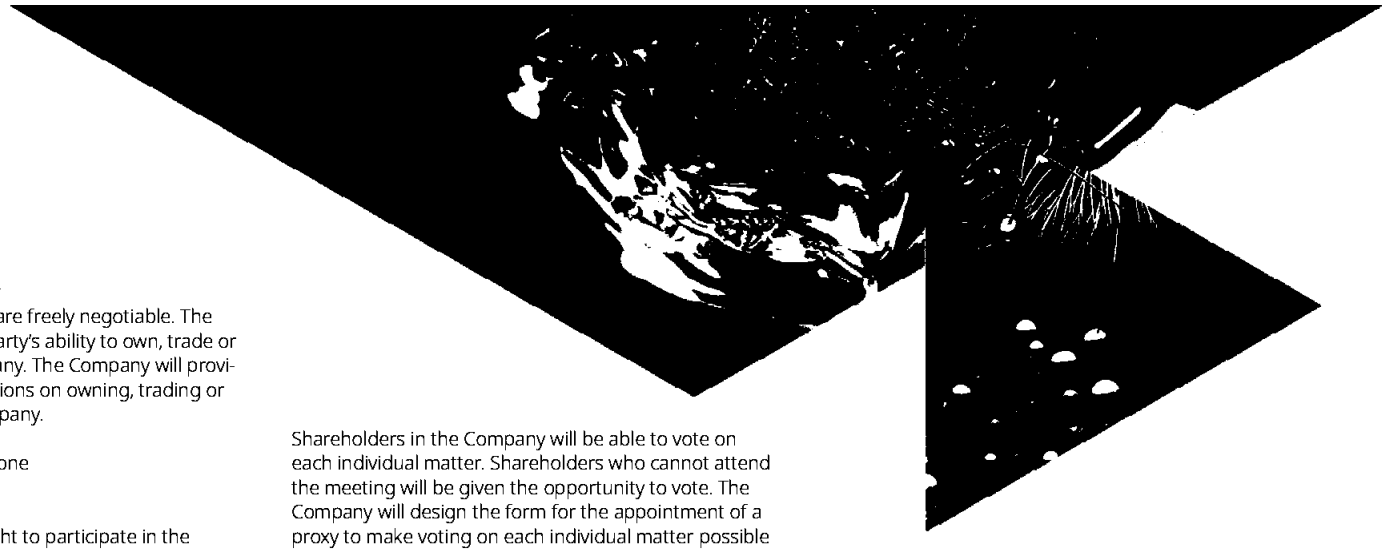
Deviations from the Code: None

4. Equal treatment of shareholders
There is only one class of shares in the Company and all of the Company's shares carry equal rights.

All shareholders will be treated on an equal basis, unless there is a just cause for treating them differently in accordance with applicable laws and regulations. In the event of an increase in share capital of the Company through issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares will be justified. If the Board resolves to issue new shares and waive the pre-emptive rights of existing shareholders pursuant to a Board authorization granted by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issue. The reasons for any deviation from equal treatment of all shareholders in capital transactions will be included in the stock exchange announcement made in connection with the transaction.

Any transactions carried out by the Company in the Company's own shares will be carried out through the Oslo Stock Exchange and in any case at prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of shareholders. Any transactions in own shares will be evaluated in relation to the rules on the duty of disclosure, as well as in relation to the prohibition against illegal insider trading and market manipulation, the requirement for equal treatment of all shareholders, and the prohibition of unreasonable business methods.

Deviations from the Code: None



5. Shares and negotiability
The shares of the Company are freely negotiable. The Company will not limit any party's ability to own, trade or vote for shares in the Company. The Company will provide an account of any restrictions on owning, trading or voting for shares in the Company.

Deviations from the Code: None

6. General meetings
All shareholders have the right to participate in the general meetings of the Company, which exercise the highest authority of the Company. The annual general meeting will normally be held before 30 June each year.

The Board will ensure that:

i. the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting;
ii. any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible;
iii. members of the Board and the chair of the nomination committee have the possibility to attend the general meeting. The Company will, however, normally not have the entire Board attend the general meeting as this is considered unnecessary; and
iv. the general meeting will normally be chaired by the Chair of the Board or an individual appointed by the Chair of the Board. Having the Chair of the Board or a person appointed by him/her chairing the general meetings simplifies the preparations for the general meetings significantly. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory.

Shareholders in the Company will be able to vote on each individual matter. Shareholders who cannot attend the meeting will be given the opportunity to vote. The Company will design the form for the appointment of a proxy to make voting on each individual matter possible and will nominate a person who can act as a proxy for shareholders

Deviations from the Code: None

7. Nomination committee
Nykode has established a nomination committee as laid down in the Company's articles of association. The general meeting has stipulated guidelines for the duties of the nomination committee. The guidelines were latest amended at the Company's annual general meeting on May 12, 2022.

The nomination committee shall consist of two or three members. The Company's general meeting elects the members of the nomination committee and determines their remuneration. Members are elected for two years at a time, unless otherwise has been resolved by the general meeting.

The nomination committee shall have contact with shareholders, the Board and the Company's executive personnel as part of its work on proposing candidates for election to the Board.

The members of the nomination committee shall be selected to take into account the interests of shareholders in general. The majority of the committee will be independent of the Company's Board and the executive personnel. The nomination committee shall not include any of the Company's executive personnel or any member of the Board.

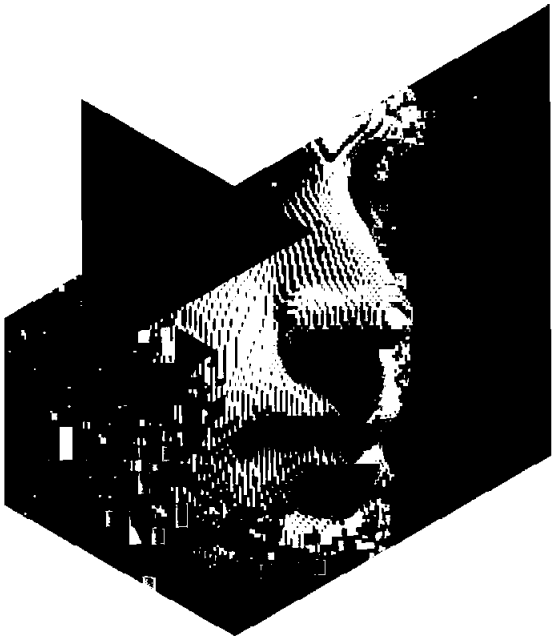
The nomination committee's duties will be to propose candidates for election to the Board and nomination committee and to propose the fees to be paid to members of these bodies.

The nomination committee has guidelines to address the company's need for competence and diversity, as outlined in the corporate governance charter as well as the nomination committee charter. The purpose is to ensure a reasonable representation in terms of gender and background.

At the Company's annual general meeting held on May 12, 2022, Harald Arnet was elected chair and Lars Erik Larsson and Jan Fikkan as members of the nomination committee.

Deviations from the Code: None

8. Board of Directors, composition and independence
The Company's articles of association stipulate that the Board shall consist of two to eight members elected by the shareholders. The Chair of the Board is elected by the general meeting.



The composition of the Board shall ensure that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity.

The composition of the Board shall ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board shall be independent of the Company's executive personnel and material business contacts. At least two of the members of the Board elected by shareholders shall be independent of the Company's main shareholder(s).

The Board shall not include members of the Company's executive personnel. If the Board does include executive personnel, the Company will provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of board committees to help ensure more independent preparation of matters for discussion by the Board, cf. Section 9 of the Code.

The current Board was elected at the annual general meeting on May 12, 2022. The biographies of the individual board members are described in the annual report and on Nykode's website. The composition of the Board satisfies the independence requirements set forth in the Code.

An overview of the number of shares in the Company owned by board members as of December 31, 2022 is included in the notes to the financial statements (Note 6.1 Remuneration to Executive Management and the Board of Directors).

Deviations from the Code: None

9. The work of the Board of Directors
The Board will issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties, and in line with the established practice of the Company.

The Board will present any agreements with related parties, either of the Board or the executive management in their annual directors' report.

The Board will also ensure that members of the Board and the Company's executive personnel make the Company aware of any material interests that they may have in items to be considered by the board of directors.

In order to ensure a more independent consideration of matters of a material character in which the Chair of the Board is, or has been, personally involved, the Board's consideration of such matters will be chaired by some other member of the Board.

The Board will provide details in the annual report of any board committees appointed.

The Board will evaluate its performance and expertise annually.

Committees
The Board has established three sub-committees in the form of the Audit Committee, Remuneration Committee and Research and Development Committee. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are made, however, by the full Board.

The Audit Committee is a preparatory and advisory select committee for the board of directors of the Company. The committee shall prepare the Board's supervision of the Company's financial reporting process and monitor the systems for internal control and risk management. The committee shall have continuous contact with the Company's auditor regarding the audit of the annual accounts and review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The Remuneration Committee shall recommend the Company's remuneration policy for the executive management for final approval by the Board prior to approval by the general meeting. The committee will make proposals to the Board on remuneration of the executive management and to the Nomination Committee on remuneration for Board members. This is to ensure that the remuneration for the above-mentioned stakeholders is following the Company's remuneration policy. The committee will review the executive managements' annual business performance achievements against predefined annual corporate goals.

The Research and Development Committee shall oversee matters relating to the Company's scientific and technological capabilities and development programs and report to the Board regarding such matters to help facilitate Board oversight of (1) the Company's investment in research and development, product improvements and technology and (2) the Company's strategy and processes regarding engagement of the scientific community, support of research and clinical studies and development of scientific data generated by the Company's products. The committee will also monitor and evaluate significant emerging trends and issues in science and technology relevant to the Company and assist the Board and management in implementing appropriate advisory and thought-leader interactions.

Deviations from the Code: None

10. Risk management and internal control

As a listed company, the Company is committed to maintaining a sound system of risk management and internal control that is appropriate for the size, complexity, and risk profile of our business. The Board will carry out an annual review of the Company's most important areas of exposure to risk and internal control arrangements.

The Company has established clear policies and procedures for identifying, assessing, and managing risks, and regularly evaluates and updates these practices to ensure their effectiveness. Significant risks, including strategic, financial, liquidity, and operational risks, are assessed on an ongoing basis and at least once a year by the Board.

The finance function is responsible for the preparation of the Company's financial statements and reports, ensuring compliance with IFRS and other applicable laws and regulations. The annual financial statements are reviewed by the Company's auditor, and the main features of our internal control and risk management systems as they relate to financial reporting are provided in the annual report.

The Company has also established mechanisms to prevent and address corruption, fraud, bribery, and other irregularities, including internal channels for reporting that protect the identity of the reporter if required.

Deviations from the Code: None

11. Remuneration of the Board of Directors

The annual general meeting determines the Board's remuneration annually on the basis of the recommendations of the Nomination Committee. The remuneration of the Board shall reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. Work in sub-committees may be compensated in addition to the remuneration received for Board membership. Members of the Board, and/or companies with which they are associated with, shall not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments, this shall be disclosed to the full Board. The remuneration for such additional duties shall be approved by the Board.

In line with the internationalization of the Company and its board composition over the last years, the Company has chosen to deviate from the recommendation that the Board should not receive options. The remuneration to the Board approved at the general meeting in 2022 consists both of cash and share options, as is common in the international market.

Deviations from the Code: The Company has granted share options to members of the Board

12. Salary and other remuneration for executive personnel
The Board decides the structure of the remuneration to executive management in the Company. As the Company converted to a public limited liability company following the annual general meeting in 2022, the annual general meeting in May 2023 will adopt guidelines for the Group going forward. The structure of the remuneration has been designed to ensure that the Company is able to recruit, develop and retain executive management with relevant competence, expertise and advanced leadership skills in order to successfully implement the Company's strategy and safeguard the long-term interests of the Company. It is therefore important that the Company offers its executive management terms that provide motivation and are in line with the market level, and that are also well balanced and based on the executive management's competence, responsibility and performance. The remuneration of executive management shall be competitive but not leading, motivational and flexible, and may consist of the following components: base salary, short term incentive plan, long term incentive plan, pension benefits, and other benefits.

The base salary is the main element of the remuneration. The base salary of executive management is, as a main rule, reviewed annually by the Remuneration Committee and the Board. In determining the base salary, and the adjustment thereof, factors taken into consideration include the individual's skills, experience and performance, the general responsibility of the role, general salary adjustment in the Company, market data for comparable roles in the industry and the financial situation of the Company.

The compensation package for executive management for 2022 includes a short term incentive plan by way of an annual bonus payment of up to 25% of fixed annual salary. The bonus payment amount is determined by the Board, based on an assessment the achievement of the board approved corporate goals.

The Company has also implemented a long-term incentive plan by way of a share-option program for executive management and eligible employees from associate director level and above as decided by the Board. As a main rule, the Company grants options annually shortly after the annual general meeting, however the Company may in its sole discretion decide to grant options on an ad hoc basis, including for onboarding of new hires. The number of outstanding options shall not exceed 7.5 % of the Company's total outstanding shares at any point in time and annual grants shall not exceed 1.5% of the outstanding shares. The number of options granted by the Board will depend on amongst other the seniority level, base salary and share price at the time of grant.

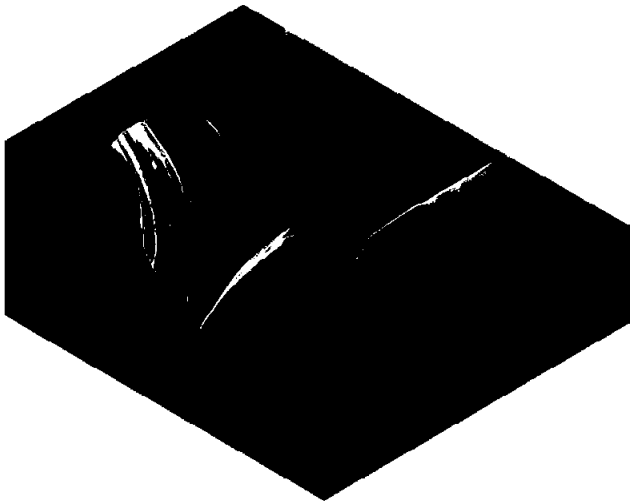
More detailed information about the remuneration of executive management may be found in the report on remuneration to executive management, which is available on the Company's website.

Deviations from the Code: None

13. Information and communications
The Board will issue guidelines for the Company's reporting of financial and other information and for contact with shareholders other than through general meetings, in line with the established practice and investor relations policy of the Company. The Company ensures that relevant, accurate and timely information is made available to the market as a basis for fair pricing and regular trading of the Company's shares, and that the Company is perceived as a visible, accessible, reliable and professional company by the capital market, while at the same time always observing the rules and legislation for listed companies on the Oslo Stock Exchange. The guidelines will include policy on who is entitled to speak on behalf of the company on various subjects, in line with the investor relations policy.

Deviations from the Code: None

14. Take-overs
The Board has prepared guidelines for how to act in the event of a possible takeover bid for the Company. The purpose of the guidelines is to safeguard the interests of the shareholders in respect to a possible rumored or actual offer for the outstanding shares in the Company. The Board shall not seek to hinder or obstruct any take-over bid unless there are justifiable grounds for doing so based on the Company's and the shareholder' collective



interests. The board will ensure that all shareholders are treated equally in a takeover process and shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders. The Board will generally seek to ensure that the values and interests of the shareholders are protected and that shareholder value is maximized. The Board will evaluate any bid and issue a statement on the Board's opinion of the bid, in addition to obtaining a valuation from an independent expert.

Deviations from the Code: None

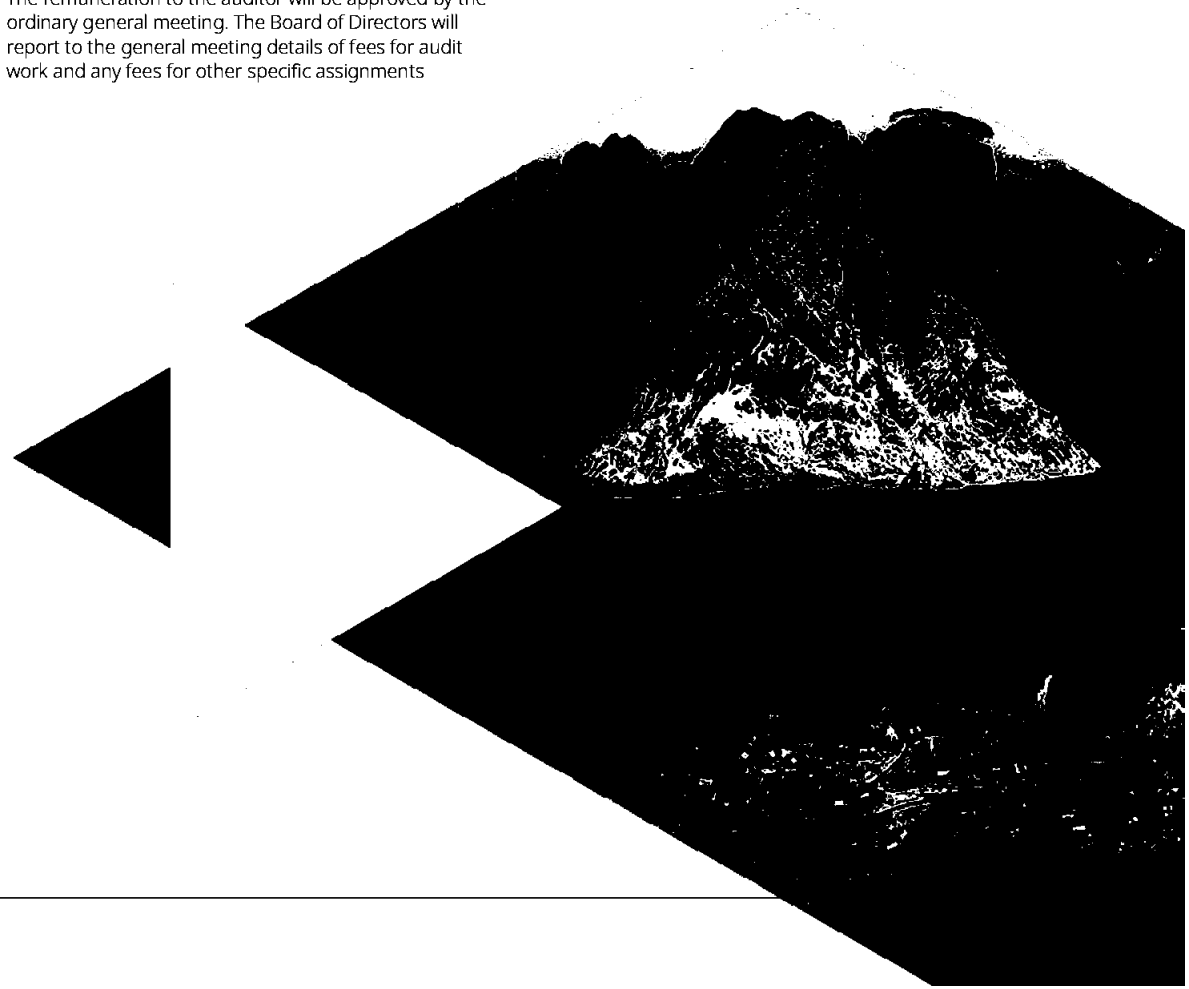
15. Auditors

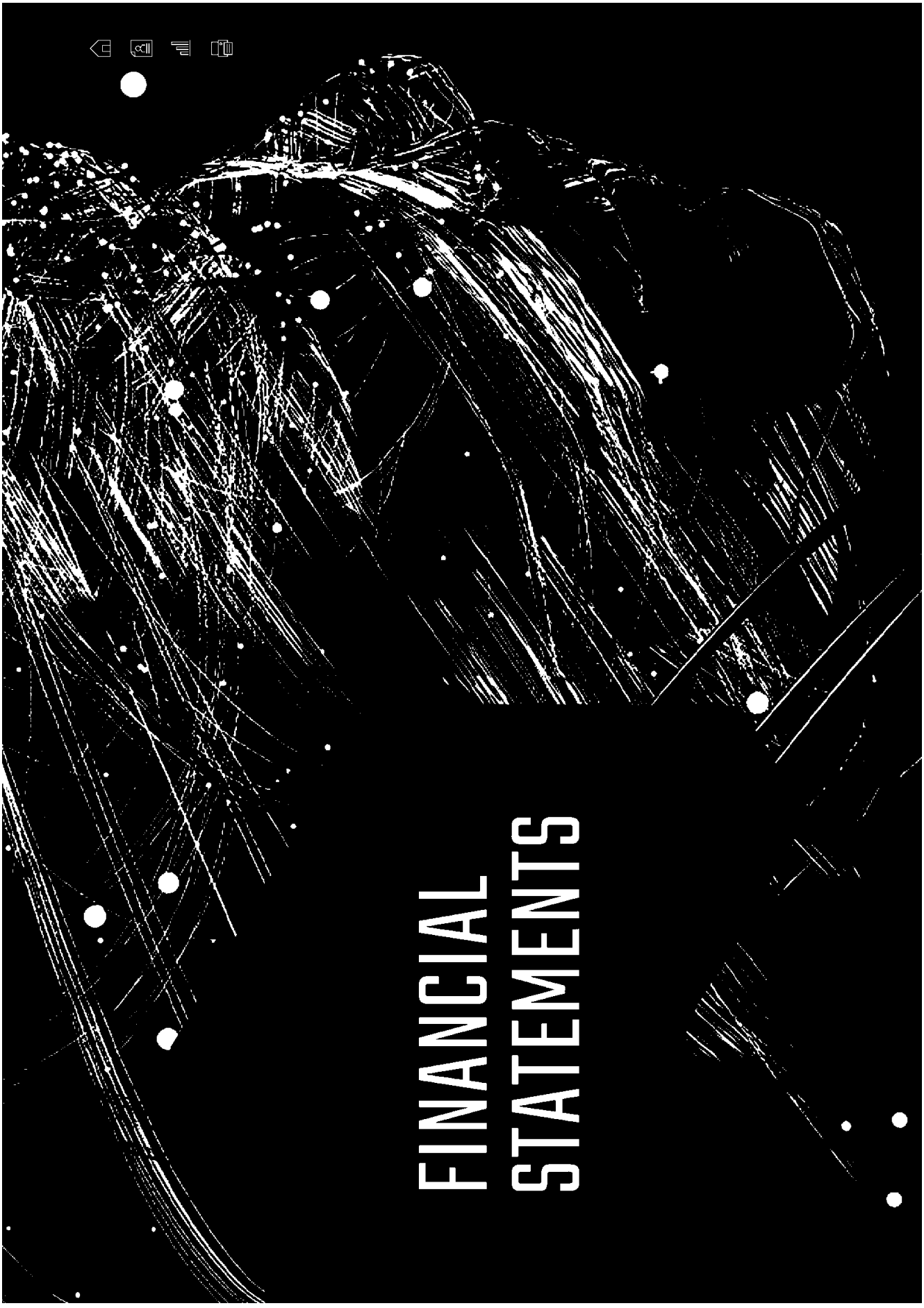
The Company's external auditor is Deloitte AS. On an annual basis, the Board reviews with the auditor the Company's internal control procedures, including identified risk areas and proposals for improvement, as well as the main features of the plan for the audit of the Company. The auditor must annually present to the Board a plan of the audit work and a written confirmation that the auditor satisfies established requirements as to independence and objectivity.

Furthermore, the auditor participates in meetings of the Board that deal with the annual accounts and, at least once a year, carries out a review of the Company's procedures for internal control in collaboration with the audit committee. At least one Board meeting with the auditor shall be held each year in which no member of the senior management is present.

The Board has established guidelines in respect of the use of the auditor by the senior management for services other than the audit, to ensure that the auditor's independence and objectivity as an auditor is not compromised. Only the Company's CEO and/or CFO shall have the authority to enter into agreements in respect of such counselling assignments.

The remuneration to the auditor will be approved by the ordinary general meeting. The Board of Directors will report to the general meeting details of fees for audit work and any fees for other specific assignments




FINANCIAL
STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group			For the years ended December 31	Parent		
2022	2021	Notes	Amounts in USD '000	Notes	2022	2021
7,168	33,963	2.2	Revenue from contracts with customers	2.2	7,168	33,963
1,861	1,803	2.3	Other income	2.3	1,861	1,803
9,029	**35,766**		**Total revenue and other income**		**9,029**	**35,766**
18,047	16,846	2.4	Employee benefit expenses	2.4	11,771	14,459
42,325	28,960	2.5	Other operating expenses	2.5	47,740	30,512
1,813	735	3.1, 3.2	Depreciation	3.1, 3.2	1,666	711
(53,156)	**(10,775)**		**Operating profit or loss**		**(52,148)**	**(9,916)**
8,637	4,133	4.7	Finance income	4.7	8,646	4,059
6,464	4,476	4.7	Finance costs	4.7	6,498	4,471
(50,983)	**(11,118)**		**Profit or loss before tax**		**(50,000)**	**(10,329)**
(8,240)	(1,704)	5.1	Income tax expense	5.1	(8,320)	(1,731)
(42,743)	**(9,414)**		**Profit or loss for the year**		**(41,680)**	**(8,598)**
			Other comprehensive income:			
			Items that subsequently may be reclassified to profit or loss:			
78	(9)		Foreign currency translation effects		—	—
78	(9)		Total items that may be reclassified to profit or loss		—	—
78	**(9)**		**Total other comprehensive income for the year**		**—**	**—**
(42,665)	**(9,422)**		**Total comprehensive income for the year**		**(41,680)**	**(8,598)**
			Earnings per share ("EPS"):			
(0.15)	(0.03)	4.9	Basic EPS - profit or loss attributable to equity holders	4.9	(0.14)	(0.03)
(0.15)	(0.03)	4.9	Diluted EPS - profit or loss attributable to equity holders	4.9	(0.14)	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Group				Parent		
31.12.2022	31.12.2021	Notes	Amounts in USD '000	Notes	31.12.2022	31.12.2021
			ASSETS			
			Non-current assets			
3,517	1,884	3.1	Property, plant and equipment	3.1	3,517	1,884
6,009	7,281	3.2	Right-of-use assets	3.2	5,998	7,179
32	32	3.3	Intangible assets	3.3	32	32
46	501	2.10	Other long-term receivables	2.10	6	490
9,604	**9,698**		**Total non-current assets**		**9,553**	**9,585**
—	—	4.10	Investments in subsidiaries	4.10	2,199	941
—	—	4.10	Loans to subsidiaries	4.10	884	—
—	**—**		**Total financial non-current assets**		**3,083**	**941**
			Current assets		—	—
2,544	23,750	2.6	Trade receivables	2.6	2,544	23,750
2,943	3,708	2.6	Other receivables	2.6	2,830	4,587
—	12,169	4.1, 4.4	Other current financial assets	4.1, 4.4	—	12,169
206,386	216,231	4.6	Cash and cash equivalents	4.6	205,696	214,722
211,873	**255,858**		**Total current assets**		211,070	255,228
221,477	**265,556**		**TOTAL ASSETS**		**223,706**	**265,754**
			EQUITY AND LIABILITIES			
			Equity			
338	333	4.5	Share capital	4.5	338	333
83,318	81,526		Share premium		83,318	81,526
11,694	7,863		Other capital reserves		11,691	7,849
(3,044)	(3,122)		Other components of equity		(3,113)	(3,113)
64,713	107,455		Retained earnings		66,592	108,271
157,018	**194,055**		**Total equity**		**158,826**	**194,866**
			Non-current liabilities			
4,365	5,820	3.2	Non-current lease liabilities	3.2	4,365	5,820
30	4,915	2.8	Non-current provisions	2.8	30	4,915
21,079	29,400	5.1	Deferred tax liabilities	5.1	21,079	29,399
25,474	**40,134**		**Total non-current liabilities**		**25,474**	**40,134**
			Current liabilities			
133	219	2.3	Government grants	2.3	133	219
1,147	1,350	3.2	Current lease liabilities	3.2	1,136	1,250
10,175	8,494	2.7	Trade and other payables	2.7	10,897	8,008
7,714	5,233	2.8	Current provisions	2.8	7,504	5,232
19,736	16,044	2.9	Current contract liabilities	2.9	19,736	16,044
80	26	5.1	Income tax payable	5.1	—	—
38,985	**31,367**		**Total current liabilities**		**39,406**	**30,754**
64,459	**71,501**		**Total liabilities**		**64,881**	**70,888**
221,477	**265,556**		**TOTAL EQUITY AND LIABILITIES**		**223,706**	**265,754**

Oslo, April 18, 2023

Board of Directors, Nykode Therapeutics ASA

Martin Nicklasson
Chair of the Board

Anders Tuv
Board Member

Bernd Robert Seizinger
Board Member

Jan Haudemann-Andersen
Board Member

Birgitte Volck
Board Member

Christian Åbyholm
Board Member

Anne Whitaker
Board Member

Elaine Sullivan
Board Member

Michael Thyrring Engsig
CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

Group			For the years ended December 31	Parent		
2022	2021	Notes	Cash flows from operating activities (USD '000)	Notes	2022	2021
(50,983)	**(11,118)**		**Profit or loss before tax**		(50,000)	(10,329)
			Adjustments to reconcile profit before tax to net cash flows:			
(1,264)	84	4.7	Net financial income/expense	4.7	(1,419)	83
415	85	3.1	Depreciation of property, plant and equipment	3.1	407	85
1,399	649	3.2	Depreciation of Right-of use assets	3.2	1,259	625
3,832	3,444	4.8	Share-based payment expense	4.8	2,584	2,554
			Working capital adjustments:			
21,972	(22,220)	2.6	Changes in trade receivables and other receivables	2.6	22,963	(23,099)
455	15,055	2.9, 2.10	Changes in contract assets and other long-term receivables	2.9, 2.10	483	15,066
2,281	(656)	2.7	Changes in trade and other payables	2.7	3,517	(1,142)
6,085	17,776	2.3, 2.8	Changes in contract liabilities, current provisions and government grants	2.3, 2.8	5,878	17,774
—	—		Changes in contract liabilities		—	—
(4,885)	(1,944)	2.3, 2.8	Changes in non-current provisions	2.3, 2.8	(4,879)	(1,944)
(20,693)	**1,155**		**Net cash flows from/(used in) operating activities**		**(19,207)**	**(327)**
			Cash flows from investing activities (USD '000)			
(2,675)	(871)	3.1	Purchase of property, plant and equipment*	3.1	(2,675)	(872)
—	—	4.1	Acquisitions/investments in subsidiaries	4.1	—	(66)
	(999)	4.1	Purchase of Money Market Funds	4.1	—	(999)
10,042	12,353	4.1	Proceeds from sale of Money Market Funds	4.1	10,042	12,353
3,683	270	4.7	Interest received	4.7	3,673	270
—	—		Payment of loan to subsidiaries		(884)	—
11,050	**10,753**		**Net cash flows from investing activities**		**10,156**	**10,687**
			Cash flows from financing activities (USD '000)			
1,797	21,182	4.5	Proceeds from issuance of equity	4.5	1,797	21,184
(1,197)	(611)	3.2	Payments for the principal portion of the lease liability	3.2	(984)	(587)
(207)	(66)	3.2	Payments for the interest portion of the lease liability	3.2	(207)	(66)
(33)	(64)	4.7	Interest paid	4.7	(21)	(61)
360	**20,441**		**Net cash flows from financing activities**		**585**	**20,469**
(9,285)	32,350		**Net increase/(decrease) in cash and cash equivalents**		(8,466)	30,829
216,231	183,851	4.6	Cash and cash equivalents at beginning of the year/period	4.6	214,722	183,851
(560)	30		Net foreign exchange difference		(560)	42
206,386	**216,231**		**Cash and cash equivalents, end of year**		**205,696**	**214,722**

* Purchase of PPE is adjusted for non-cash items due to timing of payment.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at January 1, 2021	**327**	**60,348**	**4,419**	**(3,113)**	**116,869**	**178,850**
Profit or loss for the year	—	—	—	—	(9,414)	(9,414)
Other comprehensive income	—	—	—	(9)	—	(9)
Issue of share capital (Note 4.5)	6	21,178	—	—	—	21,184
Share-based payments (Note 4.8)	—	—	3,444	—	—	3,444
Balance at December 31, 2021	**333**	**81,526**	**7,863**	**(3,122)**	**107,455**	**194,055**
Profit or loss for the year	—	—	—	—	(42,743)	(42,743)
Other comprehensive income	—	—	—	78	—	78
Issue of share capital (Note 4.5)	5	1,792	—	—	—	1,797
Share-based payments (Note 4.8)	—	—	3,831	—	—	3,831
Balance at December 31, 2022	**338**	**83,318**	**11,694**	**(3,044)**	**64,712**	**157,018**

Parent

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at January 1, 2021	**327**	**60,348**	**4,419**	**(3,113)**	**116,869**	**178,850**
Profit or loss for the year	—	—	—	—	(8,598)	(8,598)
Issue of share capital (Note 4.5)	6	21,178	—	—	—	21,184
Share-based payments (Note 4.8)	—	—	3,430	—	—	3,430
Balance at December 31, 2021	**333**	**81,526**	**7,849**	**(3,113)**	**108,271**	**194,866**
Profit or loss for the year	—	—	—	—	(41,680)	(41,680)
Issue of share capital (Note 4.5)	5	1,792	—	—	—	1,797
Share-based payments (Note 4.8)	—	—	3,843	—	—	3,843
Balance at December 31, 2022	**338**	**83,318**	**11,692**	**(3,113)**	**66,591**	**158,826**

1.1 General information

Corporate information
The financial statements of Nykode Therapeutics ASA and its subsidiaries ("Nykode" or "the Group") for the year ended December 31, 2022 were authorized for issue in accordance with a Board resolution on April 18, 2022. Nykode Therapeutics ASA ("Parent Company" or "Parent") has shares traded on the Oslo Stock Exchange, with the ticker symbol NYKD. Nykode Therapeutics ASA is incorporated and domiciled in Norway, and the address of its registered office is Gaustadalléen 21, 0349 Oslo, Norway.

The Group consists of clinical-stage biopharmaceutical companies, dedicated to the discovery and development of novel immunotherapies for the treatment of cancer and infectious diseases. Nykode's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which have been shown to induce rapid, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses. Nykode's lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which demonstrated positive interim efficacy and safety results from its Phase 2 trial for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which is exclusively out licensed to Genentech Inc. ("Genentech"), a member of the Roche Group. Additionally, Nykode is running a Phase 1/2 trial with next-generation COVID-19 vaccine candidates. The Group has collaborations with Genentech within oncology, a multi-target collaboration with Regeneron Pharmaceuticals Inc. ("Regeneron") within oncology and infectious diseases and a collaboration with Adaptive Biotechnologies for COVID-19 T cell vaccine development.

1.2 Basis of preparation

The financial statements of the Group and Parent Company comprise statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and related notes. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The financial statements are prepared based on the going concern assumption.

Comparative financial information is provided for the preceding period in the statement of comprehensive income, statement of financial position, statement of equity and statement of cash flows.

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Presentation currency and functional currency
The financial statements are presented in US dollars ("USD"), which is the functional currency of the Parent Company. All USD amounts are rounded to the nearest thousand, unless otherwise noted. The financial statements of consolidated foreign subsidiaries whose functional currency is not USD are translated into USD for statement of financial position items at the closing exchange rate at the date of the statement of financial position and for the statement of total comprehensive income at the average rate for the period presented.

1.3 Significant accounting policies

Nykode's accounting policies are described in each of the individual notes to the consolidated financial statements. Accounting policies listed below are regarded as the principal accounting policies applied by Management:

- Revenue from contracts with customers (note 2.2)
- Right-of-use assets and lease liabilities (note 3.2)
- Taxes (note 6.1)

1.4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognized in the financial statements, are summarized below:

Accounting judgements:
- Determining the performance obligations under the Regeneron Agreement (note 2.2)
- Determining whether deferred tax assets should be recognized (note 5.1)

A detailed description of the significant accounting judgements is included in the individual note where applicable.

Estimates and assumptions:
- Identification of performance obligations (note 2.2)
- Measurement of deferred tax liability (note 5.1)

Nykode based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

2.1 Operating segment

ACCOUNTING POLICIES

An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incur expenses,

b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

c) for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") for segment performance and resource allocation. This is reported as one segment as the nature of the activities are similar across the Group. Nykode has identified the Board of Directors as the CODM

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

Group			Parent	
31.12.2022	**31.12.2021**	**Non-current assets**	**31.12.2022**	**31.12.2021**
9,553	9,585	Norway	9,553	9,585
51	113	Denmark	–	–
9,604	**9,698**	**Total non-current assets**	**9,553**	**9,585**

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

Revenue from contracts with customers that amounted to more than 10% of the Groups revenue in 2022 and 2021 is as follows:.

Group			Parent	
2022	**2021**	**Revenue from contracts with customers**	**2022**	**2021**
6,308	3,956	Revenue from Customer 1	6,308	3,956
860	30,007	Revenue from Customer 2	860	30,007
7,168	**33,963**	**Total revenue from contracts with customers**	**7,168**	**33,963**

2.2 Revenue from contracts with customers

ACCOUNTING POLICIES

Revenue from contracts with customers is recognized when the control of a good or service is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of licenses

Revenue from sale of licenses relates to the sale of intellectual property. For licenses of intellectual property that are distinct (or represent the predominant item of a combined performance obligation), the Group assesses whether the license provides the customer with a right to access the Nykode IP as it exists throughout the license period ("a right to access") or a right to use the Nykode IP as it exists at the point in time in which the license is granted ("a right to use"). Revenue from licenses that provide the customer with "a right to access" is accounted for over time as the performance occurs. Revenue from licenses with "a right to use" is recognized at the time when the license is granted to the customer and when the customer is able to use and benefit from the license.

Revenue from R&D services

Revenue from conduction of R&D services relates to Nykode's delivery of R&D activities. Revenue from sale of services is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual incurred costs relative to the total expected costs.

Variable consideration

If the consideration in a contract includes a variable amount, Nykode estimates the amount of consideration to which it will be entitled in exchange for transferring the goods and services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Amounts of variable consideration of sale-based royalties promised in the exchange for a license of intellectual property are not included in the transaction price or recognized as revenue until the subsequent sale occurs.

Transaction price

Nykode allocates the total transaction price in proportion to the stand-alone selling price of each promised good or service in a contract. If a stand-alone selling price is not directly observable, Nykode estimates the stand-alone selling price that best depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the goods or services to the customer.

Group			Parent	
2022	**2021**	**Revenue from contracts with customers**	**2022**	**2021**
		Major products and services		
—	30,000	License of Nykode IP	—	30,000
7,168	3,963	R&D services	7,168	3,963
7,168	**33,963**	**Total revenue**	**7,168**	**33,963**

Group			Parent	
2022	**2021**	**Geographical distribution**	**2022**	**2021**
7,168	33,963	United States of America	7,168	33,963
7,168	**33,963**	**Total revenue**	**7,168**	**33,963**

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

Group			Parent	
2022	**2021**	**Timing of revenue recognition**	**2022**	**2021**
860	30,000	Goods/services transferred at a point in time	860	30,000
6,308	3,963	Services transferred over time	6,308	3,963
7,168	**33,963**	**Total revenue**	7,168	33,963

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

2.2 Revenue from contracts with customers (Continued)

Group			Parent	
2022	**2021**		**2022**	**2021**
15,486	15,197	Within one year	15,486	15,197
6,019	10,847	More than one year	6,019	10,847
21,505	**26,044**	**Total**	**21,505**	**26,044**

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

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant accounting judgements and estimates related to the Regeneron Agreement and the Genentech Agreement are listed below.

Determining the performance obligations

Regeneron Agreement

Based on an overall assessment of the agreement and the nature of the deliverables it has been determined that the license of intellectual property, the R&D activities and the manufacturing services do not significantly modify each other. It has further been assessed that Nykode is not providing a significant service of integrating these deliverables into one combined output. Also, the use of the license is not highly dependent on, or highly interrelated with, the R&D activities or the manufacturing services. In making these assessments, emphasis has been put on the standardized nature of the R&D services and the manufacturing services and the fact that a third-party Clinical Research Organization or Contract Manufacturing Organization could have provided these services to Regeneron under their supervision.

Estimates of variable consideration

The assessment of amounts included in the transaction price upon inception of a contract in 2021 is subject to judgement as there may be significant uncertainty related to the total consideration to be paid under the agreement.

Contract balances

Contract assets and contract liabilities relate to revenue earned from ongoing services. As such, the balances of these accounts vary and depend on the number of ongoing projects at the end of the year. The Group presents its trade receivables arising from contracts with customers separately from contract assets and contract liabilities. Accounting policies and balances for trade receivables are presented in note 2.6 and contract assets and contract liabilities are presented in note 2.9.

Cost to obtain a contract

Incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Group expects to recover them either directly through reimbursement or indirectly through the margin inherent in the contract. Contract costs recognized as an asset are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Reference is made to note 2.9 for an overview of the Group's contract cost assets.

2.3 Government grants and other income

ACCOUNTING POLICIES

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Other income

Other operating income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Other income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Government grants in the income statement	2022	2021
Grant from SkatteFUNN	482	564
Grant from the Research Council of Norway	982	1,239
Grant from Innovation Norway	397	—
Total government grants	**1,861**	**1,803**

Only grants recognized as income are presented in the table above.

Grants from SkatteFUNN

Nykode currently has two approved projects for SkatteFUNN (a Norwegian government R&D tax incentive program designed to encourage R&D in Norwegian trade and industry). The first R&D project has been approved for the period from 2020 until the end of 2022. The Group recognized USD 0.2 million in 2022 (USD 0.3 million in 2021).

Another R&D project was approved for the period from 2021 until the end of 2023. The Group recognized USD 0.3 million in 2022 (USD 0.3 million in 2021).

Grants from the Research council of Norway

Nykode currently has two grants from the Research Council, programs for user managed innovation area (BIA). The first BIA grant ("Development of a highly efficient and robust manufacturing process for personalized DNA vaccines") amounts to a total of USD 1.5 million and covers the period from January 2020 to March 2024. The Group has recognized USD 0.7 million in 2022 (USD 0.3 million in 2021), classified as other income.

The second BIA grant ("Second generation COVID-19 vaccine on the Vaccibody platform") amounts to a total of USD 1.7 million and covers the period from January 2021 to March 2023. The Group has recognized USD 0.3 million in 2022 (USD 1.0 million in 2021), classified as other income.

Grant from Innovation Norway

Nykode had a grant from Innovation Norway for 'VB-NKT Combo Trial Stage 1 conducted by Nykode' covering the period from September 2018 to April 2022. The Group has recognized USD 0.4 million in 2022, classified as other income.

Government grants in the statement of financial position

Government grants liabilities	2022	2021
At January 1	219	–
Received during the year	220	498
Released to the statement of profit or loss	(290)	(287)
Currency translation effect	(16)	8
At December 31	**133**	**219**

Government grants receivables	31/12/2022	31/12/2021
Grant from SkatteFUNN	482	539
Grant from the Research Council of Norway	366	952
Total government grants receivables	**848**	**1,491**

Government grant receivables are included as other receivables in the statement of financial position and included in the specification in note 2.6.

Other income	2022	2021
Government grant income	1,861	1,803
Total other income	**1,861**	**1,803**

2.4 Employee benefit expenses

ACCOUNTING POLICIES

Employee benefit expenses comprise all types of remuneration to personnel employed by the Group (i.e. not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and are earned and paid periodically. Holiday pay follows local laws in the jurisdictions the Group operates in. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pensions contributions are earned on a monthly basis. Other employee expenses consist of other benefits such as insurance and telephone.

Pensions

The Group has a defined contribution pension plan for its employees which satisfies the statutory requirements under the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). For the Group's employees in Denmark, the Group has established a pension scheme which satisfies the requirements under Danish law.

The schemes are defined contribution plans. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Due to the decrease in Nykode's share price and the exercise of warrants during the year, there is a corresponding decrease in the accrual for social security tax related to share-based payments. For the year 2022 this resulted in a decrease of employee benefit expenses of USD 8.0 million.

Group			Parent	
2022	**2021**	**Employee benefit expenses**	**2022**	**2021**
15,644	8,677	Salaries	11,312	7,377
3,862	3,486	Social security costs	3,851	3,485
1,574	812	Pension costs	925	616
3,843	3,444	Share-based payment expense	2,584	2,554
(8,002)	(480)	Social security cost on share-based payments	(8,002)	(480)
1,126	907	Other employee expenses	1,101	907
18,047	**16,846**	**Total employee benefit expenses**	**11,771**	**14,459**
132	73	Average number of full-time employees (FTEs)	109	66

At the end of the reporting period, members of the Board of Directors and Executive Management held shares and warrants/options in Nykode Therapeutics ASA. For information on remuneration to Executive Management and the Board of Directors, including disclosures on shares and warrants/options held, see note 6.1.

2.5 Other operating expenses

ACCOUNTING POLICIES

Other operating expenses are recognized when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortization.

Group			Parent	
2022	**2021**	**Other operating expenses**	**2022**	**2021**
26,774	16,300	Research and development expenses	26,676	16,300
4,744	5,019	Consulting fees	4,634	5,018
2,492	3,050	Legal expenses	2,171	3,050
2,359	1,047	Operating materials	2,359	1,046
1,656	1,214	Audit and accounting fees	1,511	1,188
753	665	Lease expenses	678	635
472	262	Duty and handling costs	472	262
751	185	Travel expenses	483	120
–	–	Purchase of services from subsidiaries	6,576	1,726
2,324	1,218	Other operating expenses	2,180	1,167
42,325	**28,960**	**Total other operating expenses**	**47,740**	**30,512**

Total research and development expenses for 2022 was USD 47.9 million (USD 24.2 million for 2021), of which USD 26.8 million (USD 16.3 million) was recognized as other operating expenses, with the remainder recognized as employee benefit expenses in the statement of comprehensive income.

Group			Parent	
2022	**2021**	**Auditor fees**	**2022**	**2021**
1,240	819	Audit fee	1,223	799
32	44	Assurance services	32	44
57	8	Tax services	57	8
5	–	Other services	5	–
1,334	**870**	**Total remuneration to the auditor**	**1,317**	**850**

Audit fee:
The amounts above are excluding VAT.

2.6 Trade and other receivables

ACCUNTING POLICIES

Trade and other receivables

The Group's trade receivables consist solely of amounts receivable from revenue from contracts with customers. Trade receivables are generally on terms of 30 to 90 days. Other receivables consist mainly of government grant receivables and prepaid expenses which are expected to be realized or consumed within twelve months after the reporting period.

Trade and other receivables are financial assets initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Trade and other receivables are subject to impairment by recognizing an allowance for expected credit losses.

Expected credit losses

The Group recognizes an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the cash flows that the Group expects to receive. For trade receivables, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group bases the allowance of its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Policies for expected credit losses are further described in note 4.1.

Group			Parent	
31.12.2022	**31.12.2021**	**Trade receivables**	**31.12.2022**	**31.12.2021**
2,544	23,750	Trade receivables from customers at nominal value	2,544	23,750
2,544	**23,750**	**Total trade receivables**	**2,544**	**23,750**

31.12.2022	**31.12.2021**	**Other receivables**	**31.12.2022**	**31.12.2021**
525	856	VAT receivable	442	827
848	1,491	Government grants receivables	848	1,491
1,154	1,303	Prepaid expenses	1,093	1,286
416	58	Other receivables	405	70
–	–	Receivables from group companies	42	913
2,943	**3,708**	**Total other receivables**	**2,830**	**4,587**

The credit risk of financial assets has not increased significantly from initial recognition.

No credit losses allowance are recognized at year end 2022 or 2021.

	Trade receivables				
		Past due but not impaired			
Ageing analysis of trade receivables	**Not due days**	**< 30 days**	**31-60 days**	**> 60 days**	**Total**
Trade receivables at December 31, 2022	2,533	–	–	11	2,544
Trade receivables at December 31, 2021	23,750	–	–	–	23,750

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.3.

2.7 Trade and other payables

ACCOUNTING POLICIES

Trade and other payables are liabilities, i.e. present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment). Trade payables consist of invoices for goods and services where the Group has received the significant risks and rewards of ownership as of 31 December. Other payables mainly consist of withholding payroll and social security tax.

Trade and other payables are measured at fair value upon initial recognition and subsequently at amortized cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

Group			Parent	
31/12/2022	**31/12/2021**	**Trade and other payables**	**31/12/2022**	**31/12/2021**
2,313	2,746	Trade payables	2,485	2,747
2,765	1,686	Withholding payroll taxes and social security	2,764	1,362
689	546	Accruals for payroll, bonus and board remuneration	364	512
4,408	3,516	Other accrued expenses	4,059	3,387
–	–	Payables to group companies	1,225	–
10,175	**8,494**	**Total trade and other payables**	**10,897**	**8,008**

For trade and other payables aging analysis, see note 4.2.

2.8 Provisions

ACCOUNTING POLICIES
Provisions are liabilities with uncertain timing or amount and are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

The Group classifies provisions in the following categories:
- Salary related costs: Contains a provision for accrued holiday pay.
- Social security for share-based payments: Contains a provision for the accrued social security on share options and restrictive share units which will be paid when the options are exercised/fully vested.
- Onerous contract: Contains the recognition of an onerous contract for R&D services to a customer.

A provision is made and calculated based on management assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of the financial year.

Other commitments and contingencies
Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognized in the annual accounts but are disclosed when an inflow of economic benefits is considered probable. The Group has no contingent assets or liabilities that meet the criteria for disclosure.

Other commitments
The Group did not provide guarantees to or on behalf of third parties or related parties. The Group has no other significant commitments to disclose.

Onerous contracts
Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.8 Provisions (Continued)

Reconciliation of provisions:

	Group			
Amounts in USD '000	**Salary related costs**	**Social security for share based payments**	**Onerous contract**	**Total**
At January 1, 2021	**443**	**10,138**	**—**	**10,581**
Additional provisions made	**812**	**1,650**	**—**	**2,462**
Amounts used	**(443)**	**(2,450)**	**—**	**(2,893)**
Unused amounts reversed	**—**	**—**	**—**	**—**
At December 31, 2021	**812**	**9,338**	**—**	**10,150**
Current provisions	*812*	*4,423*	*—*	*5,235*
Non-current provisions	*—*	*4,915*	*—*	*4,915*
At January 1, 2022	**812**	**9,338**	**—**	**10,150**
Additional provisions made	**1,648**	**—**	**8,280**	**9,928**
Amounts used	**(695)**	**(1,894)**	**(3,051)**	**(5,639)**
Unused amounts reversed	**(112)**	**(6,583)**	**—**	**(6,695)**
At December 31, 2022	**1,653**	**861**	**5,230**	**7,744**
Current provisions	*1,653*	*831*	*5,230*	*7,714*
Non-current provisions	*—*	*30*	*—*	*30*

	Parent			
Amounts in USD '000	**Salary related costs**	**Social security for share based payments**	**Onerous contract**	**Total**
At January 1, 2021	**443**	**10,138**	**—**	**10,581**
Additional provisions made	**809**	**1,650**	**—**	**2,459**
Amounts used	**(443)**	**(2,450)**	**—**	**(2,893)**
Unused amounts reversed	—	—	—	**—**
At December 31, 2021	**809**	**9,338**	**—**	**10,147**
Current provisions	*(809)*	*(4,423)*	*—*	*(5,232)*
Non-current provisions	*—*	*(4,915)*	*—*	*(4,915)*
At January 1, 2022	**809**	**9,338**	**—**	**10,147**
Additional provisions made	**1,444**	**—**	**8,280**	**9,724**
Amounts used	**(697)**	**(1,894)**	**(3,051)**	**(5,642)**
Unused amounts reversed	**(112)**	**(6,583)**	**—**	**(6,695)**
At December 31, 2022	**1,444**	**861**	**5,230**	**7,534**
Current provisions	*1,444*	*831*	*5,230*	*7,504*
Non-current provisions	*—*	*30*	*—*	*30*

2.9 Contract assets and liabilities

ACCOUNTING POLICIES

Contract assets

A contract asset is initially recognized for revenue earned from rendering of services because the receipt of consideration is conditional on successful completion of the services. Upon completion of the services and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment, similarly to trade receivables as described in 2.6 and 4.1.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract asset or contract liability positions are presented on a net basis for each contract.

Contract assets/liabilities (-)

Group			Parent	
2022	2021	Contract assets/liabilities (-)	2022	2021
(16,044)	**15,000**	**At January 1**	**(16,044)**	**15,000**
(10,000)	—	Additions	(10,000)	—
—	(15,000)	Reclassified to trade receivables	—	(15,000)
—	(20,000)	Milestone payment from customers	—	(20,000)
6,308	3,956	Rendering of service in the period	6,308	3,956
(19,736)	**(16,044)**	**Total contract assets/liabilities (-) at December 31**	**(19,736)**	**(16,044)**

Contract assets/liabilities are recognized when fulfilling performance obligations, mainly from the recognition of the service component in the Genentech Agreement where progress is measured over time (See note 2.2). When the consideration becomes unconditional, the contract assets will be reclassified to trade receivables. The main part of the changes to contract assets/liabilities in the period are related to milestone payments received, and reclassification to trade receivables

The Group expects to realise USD 15.5 million of the contract liability in 2023. The contract liability is classified as a current liability as it will be realized in the entity's normal operating cycle

2.10 Other long-term receivables

ACCOUNTING POLICIES

Other long-term receivables consist of deposits and contract cost assets which are subject to impairment assessment, similarly to trade and other receivables as described in note 2.6 and 4.1. Other long-term receivables are financial assets initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

Contract cost assets

Nykode recognizes incremental costs of obtaining a contract with a customer as an asset, provided that the costs are expected to be recovered throughout the contract. The costs are amortized on a systematic basis that is consistent with the transfer of the related goods or services to the customer and subsequently re-assessed at the end of each reporting period.

Group			Parent	
31.12.2022	**31.12.2021**	**Other long-term receivables**	**31.12.2022**	**31.12.2021**
46	23	Deposits	6	12
–	478	Contract costs assets	–	478
46	**501**	**Total other long-term receivables**	**6**	**490**

Nykode's contract cost assets are mainly related to sale commissions for the Genentech Agreement in 2020. The contract cost asset was impaired in 2022

Group			Parent	
2022	**2021**	**Contract costs assets**	**2022**	**2021**
478	**551**	**At January 1**	**478**	**551**
105	73	Amortization recognized in the period	105	73
373	–	Impairment losses recognized in the period	373	–
–	**478**	**Total contract cost assets at December 31**	**–**	**478**

3.1 Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

No indicators for impairment of property, plant and equipment were identified in the current or prior period.

At December 31, 2022, all fixed assets in the Group are located in the Parent Company. The table below is for both Group and Parent.

	Machinery and plant	Fixtures, office machinery etc.	Lab facility	Total
Cost as at January 1, 2021	**99**	**103**	**—**	**202**
Additions	1,014	245	580	1,839
Cost as at December 31, 2021	**1,113**	**348**	**580**	**2,041**
Additions	1,863	333	19	2,215
Reclassification	(107)	107	—	—
Disposals and write-offs	(158)	(57)	—	(215)
Cost as at December 31, 2022	**2,711**	**731**	**599**	**4,041**
Depreciation as at January 1, 2021	**45**	**26**	**—**	**71**
Depreciation	45	41	—	86
Depreciation as at December 31, 2021	**90**	**67**	**—**	**157**
Depreciation	118	135	114	367
Depreciation as at December 31, 2022	**208**	**202**	**114**	**524**
Net book value:				
At January 1, 2021	**54**	**77**	**—**	**131**
At December 31, 2021	**1,023**	**281**	**580**	**1,884**
At December 31, 2022	**2,503**	**529**	**485**	**3,517**
Economic life (years)	10	3-5	6	
Depreciation plan	Straight-line method			

3.2 Right-of-use assets and lease liabilities

ACCOUNTING POLICIES

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

The Group as a lessee

At the commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognizes the lease payments as operating expenses in the statement of comprehensive income.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group presents its lease liabilities as separate line items in the statement of financial position. Cash flows related to payments for the principal portion of the lease liability are classified within financing activities.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (note 3.1). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The Group presents its right-of-use assets as separate line items in the statement of financial position. Non-cash changes are included in the "Reconciliation of changes in liabilities incurred as a result of financing activities" in Note 4.2

The Group's leased assets

Nykode leases several assets, mainly office facilities and laboratories at Forskningsparken in Oslo, Norway. Nykode also leases office space in Denmark and office equipment in Norway. Leases of office space generally have lease terms up to six years. The Group also leases some office space and office equipment that are expensed as incurred as they are either considered short term or of low value.

The Group's right-of-use assets recognized in the statement of financial position are presented in the table below:

3.2 Right-of-use assets and lease liabilities (Continued)

Group			Right-of-use assets	Parent		
Fixtures, Office machinery etc.	Office buildings	Total		Fixtures, Office machinery etc.	Office buildings	Total
13	**682**	**695**	**Acquisition cost at January 1, 2021**	**13**	**682**	**695**
16	7,613	7,629	Additions of Right-of-use assets	16	7,503	7,519
(23)	47	24	Adjustment of Right-of-use assets	(23)	32	9
6	**8,342**	**8,348**	**Acquisition cost at December 31, 2021**	**6**	**8,217**	**8,223**
22	132	154	Additions of Right-of-use assets	22	69	92
—	(5)	(5)	Adjustment of Right-of-use assets	—	—	—
28	**8,469**	**8,497**	**Acquisition cost at December 31, 2022**	**28**	**8,286**	**8,314**
2	**416**	**418**	**Depreciation and impairment at January 1, 2021**	**2**	**416**	**418**
4	645	649	Depreciation of right-of-use assets	4	621	625
6	**1,061**	**1,067**	**Depreciation and impairment at December 31, 2021**	**6**	**1,037**	**1,043**
7	1,392	1,399	Depreciation of right-of-use assets	7	1,244	1,251
13	**2,453**	**2,466**	**Depreciation and impairment at December 31, 2022**	**13**	**2,281**	**2,294**
—	**—**	**—**	**Terminations of right-of use assets at December 31, 2021**	**—**	**—**	**—**
—	**22**	**22**	Terminations of right-of use assets	**—**	**22**	**22**
—	**22**	**22**	**Terminations of right-of use assets at December 31, 2022**	**—**	**22**	**22**
—	**7,281**	**7,281**	**Carrying amount at December 31, 2021**	**—**	**7,180**	**7,180**
15	**5,994**	**6,009**	**Carrying amount at December 31, 2022**	**15**	**5,983**	**5,998**
1	1 - 6		Remaining lease term or remaining useful life	1	1 - 6	
Straight-line method			Depreciation plan	Straight-line method		

2022	2021	Expenses in the period related to practical expedients and variable payments	2022	2021
37	194	Short-term lease expenses	12	187
3	7	Low-value assets lease expenses	3	7
—	—	Variable lease expenses in the period (not included in the lease liabilities)	—	—
40	**201**	**Total lease expenses in the period**	**15**	**194**

The lease expenses in the period related to short-term leases, low-value assets and variable lease payments are included in other operating expenses in the statement of comprehensive income, and the payments are presented in the Group's operating activities in the statement of cash flows.

3.2 Right-of-use assets and lease liabilities (Continued)

Group			Parent	
31.12.2022	31.12.2021	**Undiscounted lease liabilities and maturity of cash outflows**	31.12.2022	31.12.2021
1,105	1,372	Less than one year	1,094	1,271
1,111	1,251	One to two years	1,111	1,251
1,112	1,283	Two to three years	1,112	1,283
1,142	1,317	Three to four years	1,142	1,317
1,172	1,351	Four to five years	1,172	1,351
–	1,387	More than five years	–	1,387
5,643	**7,961**	**Total undiscounted lease liabilities**	**5,632**	**7,860**

Group			Parent	
2022	2021	**Changes in the lease liabilities**	2022	2021
7,170	**285**	**At January 1**	**7,070**	**285**
154	7,629	New leases recognized during the period	92	7,519
(1,197)	(611)	Cash payments for the principal portion of the lease liability	(984)	(587)
(207)	(66)	Cash payments for the interest portion of the lease liability	(207)	(66)
207	66	Interest expense on lease liabilities	207	66
(5)	23	Adjustment of lease liabilities	—	8
(15)	—	Terminations	—	—
(596)	(156)	Currency translation effects	(663)	(155)
5,511	**7,170**	**Total lease liabilities at December 31**	**5,500**	**7,070**
1,147	1,350	Current lease liabilities in the statement of financial position	1,136	1,136
4,365	5,820	Non-current lease liabilities in the statement of financial position	4,365	4,365

Lease commitments not included in the lease liabilities

Inflation adjustments

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office space, mainly related to future inflation adjustments which is estimated in the initial calculation of lease liabilities. The lease liability and right-of-use asset will be adjusted when the inflation adjustment has a cash flow effect.

Extension and termination options

The Group has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the Groups business needs. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Other matters

The Group's leases do not contain provisions or restrictions that impacts the Group's dividend policies or financing possibilities. Further, the Group does not have significant residual value guarantees related to its leases.

3.3 Intangible assets

ACCOUNTING POLICIES

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives are recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Other costs are classified as research and are expensed as incurred. These expenses are included in the statement of comprehensive income as other operating expenses and specified in note 2.5.

Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone, such as regulatory approval.

Patents and project rights are assessed as having an indefinite useful life.

No indicators for impairment of intangible asset were identified in the current or prior year. No additions for patents and project rights were made in the year 2022.

	Patents and project rights	Total
Cost as of December 31,2021	**32**	**32**
Additions	–	–
Cost as at December 31, 2022	**32**	**32**
Net book value:		
At December 31, 2021	**32**	**32**
At December 31, 2022	**32**	**32**

4.1 Financial instruments

ACCOUNTING POLICIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments

The Group's financial instruments are grouped in the following categories:

Financial Assets

- Financial assets measured subsequently at amortized cost: Includes mainly trade and other receivables, contract assets, contract cost assets and cash and cash equivalents
- Financial assets measured subsequently at fair value through profit or loss: Includes other current financial assets (money market funds) and includes currency derivatives when the fair value is positive.

With the exception of other current financial assets, the Group's financial assets are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortized cost.

Financial Liabilities

- Financial liabilities measured subsequently at amortized cost: Represent the Group's non-interest bearing liabilities such as trade payables, contract liabilities and government grants.
- Financial liabilities measured at fair value through profit or loss: Includes currency derivatives when the fair value is negative.

Initial recognition and subsequent measurement

Financial assets and liabilities at amortized cost

The Group's financial assets and liabilities are initially recognized at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in profit or loss upon impairment, when the instruments are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortization is included as finance costs in the statement of comprehensive income.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are recognized at fair value are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Group did not hold any derivative financial instruments at December 31, 2021 or December 31, 2022. The Group does no to apply hedge accounting.

Impairment of financial assets

Financial assets measured at amortized cost are considered for impairment by recognising an allowance for expected credit losses (ECLs). The Group applies a simplified approach in calculating ECLs, where the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment. See note 4.3 for further information related to management of credit risk.

The Group considers a financial asset in default when contractual payments are more than 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.1 Financial instruments (Continued)

ACCOUNTING POLICIES (Continued)

Derecognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or the Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The Group's financial instruments are presented in the tables below:

Group

As at December 31, 2022	Notes	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other long-term receivables	2.10	46	–	**46**
Trade receivables	2.6	2,544	–	**2,544**
Other receivables	2.6	2,943	–	**2,943**
Other current financial assets				
Money market funds		–	–	**–**
Cash and cash equivalents	4.6	206,386	–	**206,386**
Total financial assets		**211,919**	**–**	**211,919**
Liabilities				
Trade and other payables	2.7	(10,175)	—	**(10,175)**
Non-current lease liabilities	3.2	(4,365)	—	**(4,365)**
Current lease liabilities	3.2	(1,147)	—	**(1,147)**
Total financial liabilities		**(15,688)**	**—**	**(15,688)**

Parent

As at December 31, 2022	Notes	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other long-term receivables	2.10	6	–	**6**
Trade receivables	2.6	2,544	–	**2,544**
Other receivables	2.6	2,830	–	**2,830**
Other current financial assets				
Money market funds		–	–	**–**
Cash and cash equivalents	4.6	205,696	–	**205,696**
Total financial assets		**211,076**	**–**	**211,076**
Liabilities				
Trade and other payables	2.7	(10,897)	—	**(10,897)**
Non-current lease liabilities	3.2	(4,365)	—	**(4,365)**
Current lease liabilities	3.2	(1,136)	—	**(1,136)**
Total financial liabilities		**(16,398)**	**—**	**(16,398)**

4.1 Financial instruments (Continued)

Group

As at December 31, 2021	Notes	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other long-term receivables	2.10	501	–	**501**
Trade receivables	2.6	23,750	–	**23,750**
Other receivables	2.6	3,708	–	**3,708**
Other current financial assets				
Money market funds		–	12,169	**12,169**
Cash and cash equivalents	4.6	216,231	–	**216,231**
Total financial assets		**244,190**	**12,169**	**256,359**
Liabilities				
Trade and other payables	2.7	(8,494)	—	**(8,494)**
Non-current lease liabilities	3.2	(5,820)	—	**(5,820)**
Current lease liabilities	3.2	(1,350)	—	**(1,350)**
Total financial liabilities		**(15,663)**	**—**	**(15,663)**

4.1 Financial instruments (Continued)

Parent

As at December 31, 2021	Notes	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other long-term receivables	2.10	490	–	**490**
Trade receivables	2.6	23,750	–	**23,750**
Other receivables	2.6	4,587	–	**4,587**
Contract assets	2.9	–	–	**–**
Other current financial assets				
Money market funds		–	12,169	**12,169**
Cash and cash equivalents	4.6	214,722	–	**214,722**
Total financial assets		**243,549**	**12,169**	**255,718**
Liabilities				
Trade and other payables	2.7	8,008	–	**8,008**
Non-current lease liabilities	3.2	5,820	–	**5,820**
Current lease liabilities	3.2	1,250	–	**1,250**
Total financial liabilities		**15,078**	**–**	**15,078**

There are no changes in classification and measurement for the Group's financial assets and liabilities.
Finance income and finance costs arising from the Group's financial instruments are disclosed separately in note 4.7.

Government grants and contract liabilities were part of the table above in the 2021 Annual Report, however these have been removed in 2022 as they are not considered financial instruments.

4.2 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities are presented below:

Group

As at December 31, 2022	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Financial liabilities							
Trade and other payables	10,175	—	—	—	—	—	**10,175**
Non-current lease liabilities	—	1,121	1,122	1,152	1,182	—	**4,577**
Current lease liabilities	1,113	—	—	—	—	—	**1,113**
Total financial liabilities	**11,288**	**1,121**	**1,122**	**1,152**	**1,182**	**—**	**15,865**

Parent

As at December 31, 2022	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Financial liabilities							
Trade and other payables	10,898	—	—	—	—	—	**10,898**
Non-current lease liabilities	—	1,121	1,122	1,152	1,182	—	**4,577**
Current lease liabilities	1,102	—	—	—	—	—	**1,102**
Total financial liabilities	**12,000**	**1,121**	**1,122**	**1,152**	**1,182**	**—**	**16,577**

Group

As at December 31, 2021	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Financial liabilities							
Trade and other payables	8,494	—	—	—	—	—	**8,494**
Non-current lease liabilities	—	1,251	1,283	1,317	1,351	1,387	**6,589**
Current lease liabilities	1,372	—	—	—	—	—	**1,372**
Total financial liabilities	**9,866**	**1,251**	**1,283**	**1,317**	**1,351**	**1,387**	**16,455**

Parent

As at December 31, 2021	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Financial liabilities							
Trade and other payables	8,008	—	—	—	—	—	**8,008**
Non-current lease liabilities	—	1,251	1,283	1,317	1,351	1,387	**6,589**
Current lease liabilities	1,271	—	—	—	—	—	**1,271**
Total financial liabilities	**9,279**	**1,251**	**1,283**	**1,317**	**1,351**	**1,387**	**15,868**

4.2 Ageing of financial liabilities (Continued)

Reconciliation of changes in liabilities incurred as a result of financing activities:

Group		Non-cash changes			
2022	January 1	Cash flow effect	New leases	Foreign exchange movement	Other changes	December 31
Non-current lease liabilities	5,820	—	27	(523)	(959)	**4,365**
Current lease liabilities	1,350	(1,119)	127	(151)	940	**1,147**
Total liabilities from financing	**7,170**	**(1,119)**	**154**	**(674)**	**(19)**	**5,512**

Parent		Non-cash changes			
2022	January 1	Cash flow effect	New leases	Foreign exchange movement	Other changes	December 31
Non-current lease liabilities	5,820	—	28	(523)	(960)	**4,365**
Current lease liabilities	1,250	(961)	64	(139)	922	**1,136**
Total liabilities from financing	**7,070**	**(961)**	**92**	**(662)**	**(38)**	**5,501**

Group		Non-cash changes			
2021	January 1	Cash flow effect	New leases	Foreign exchange movement	Other changes	December 31
Non-current lease liabilities	8	(229)	6,176	(152)	17	**5,820**
Current lease liabilities	276	(382)	1,453	(5)	8	**1,350**
Total liabilities from financing	**284**	**(611)**	**7,629**	**(157)**	**25**	**7,170**

Parent		Non-cash changes			
2021	January 1	Cash flow effect	New leases	Foreign exchange movement	Other changes	December 31
Non-current lease liabilities	8	(229)	6,176	(152)	17	**5,820**
Current lease liabilities	276	(358)	1,343	(2)	(9)	**1,250**
Total liabilities from financing	**284**	**(587)**	**7,519**	**(154)**	**8**	**7,070**

4.3 Financial risk management

Overview
The Group's principal financial liabilities, comprise lease liabilities, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include other current financial assets, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimise potential adverse effects of such risks through sound business practice, risk management and hedging.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include other current financial assets, cash and cash and cash equivalents, lease liabilities and trade and other payables.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has a limited exposure to the risk of changes in market interest rates for its financial liabilities as it has no interest bearing debt. The fair value of other current financial assets comprised of money market funds are dependent on market interest rates. Nykode does not hedge interest risk exposure with the use of financial instruments at the current time, but may enter into contracts to offset some of the risk depending on the future expected interest rates.

Interest rate sensitivity
The sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

Interest rate sensitivity	Increase / decrease in basis points	Effect on loss before tax	Effect on equity
December 31, 2022	+/- 50	1,032	1,032
December 31, 2021	+/- 50	1,142	1,142

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (income and expenses denominated in a foreign currency). The Group's income is denominated in USD while operating expenses are mainly denominated in USD, EUR, NOK and DKK. The Group's assets and liabilities at the end of the reporting period are mainly denominated in USD with some exposure to NOK (cash and cash equivalents) as well as EUR and DKK (cash and cash equivalents).

The Group does not hedge currency exposure with the use of financial instruments at the current time, but monitors the net exposure over time.

Foreign currency sensitivity
The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates in the period, holding all other variables constant:

Foreign currency sensitivity	Date	Change in FX rate	Effect on loss before tax	Effect on equity
Increase / decrease in NOK/USD	31/12/2022	+/- 10%	2,814	3,016
Increase / decrease in EUR/USD	31/12/2022	+/- 10%	1,169	1,170
Increase / decrease in DKK/USD	31/12/2022	+/- 10%	254	923
Increase / decrease in NOK/USD	31/12/2021	+/- 10%	5,191	5,191
Increase / decrease in EUR/USD	31/12/2021	+/- 10%	1,494	1,494

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss.

The Group is exposed to credit risk related to trade and other receivables, other long-term receivables, contract assets, cash and cash equivalents and other current financial assets. However, the credit risk is assessed to be low as the counterparty to these assets are mainly Genentech, Regeneron and Nordea (the Group's bank) whose credit risks are low.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its working capital and securing sufficient funding.

The Group's objective is to secure funding for its working capital, including mainly the research and development of vaccines. The Group has a significant balance of cash and cash equivalents and the liquidity risk is assessed as low. An overview of the maturity profile of the Group's financial liabilities with corresponding cash flow effect is presented in note 4.2.

4.4 Fair value measurement

ACCOUNTING POLICIES
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures
Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, contract assets and contract liabilities, government grants and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk-free interest rates.

4.4 Fair value measurement (Continued)

Fair value of financial assets and liabilities

Money market funds

The money market funds are measured at quoted prices in an active market at the balance sheet date.

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

Group	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities and assets disclosed at fair value						
Assets						
Other current financial assets (Note 4.1)						
Money market funds	31/12/2022	—	—	X		
Total other current financial assets	**31/12/2022**	**—**	**—**			
Other current financial assets (Note 4.1)						
Money market funds	31/12/2021	12,169	12,169	X		
Total other current financial assets	**31/12/2021**	**12,169**	**12,169**			

Parent	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities and assets disclosed at fair value						
Assets						
Other current financial assets (Note 4.1)						
Money market funds	12/31/2022	—	—	X		
Total other current financial assets	**12/31/2022**	**—**	**—**			
Other current financial assets (Note 4.1)						
Money market funds	12/31/2021	12,169	12,169	X		
Total other current financial assets	**12/31/2021**	**12,169**	**12,169**			

4.5 Equity and shareholders

Capital management
The Group's goal is to secure its shareholders a best possible long-term return on capital employed, measured as the aggregate of dividends and appreciation of the share value.

Nykode manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment, if any, to shareholders, return capital to shareholders, issue new shares or issue debt. Nykode monitors its capital using an equity ratio, which is 'total equity' divided by 'total assets'.

	31.12.2022	31.12.2021
Equity	157,018	194,055
Total assets	221,477	265,556
Equity ratio	**71%**	**73%**

ACCOUNTING POLICIES
Costs related to equity transactions
Transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders
Nykode recognizes a liability to make distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of Nykode. As per the corporate laws of Norway, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

No distributions were made to shareholders in the current or prior period.

Issued capital and reserves:

Share capital in Nykode Therapeutics AS	Number of shares authorized and fully paid	Par value per share (NOK)	Financial Position (USD '000)
At January 1, 2021	**284,785,180**	**0.01**	**327**
Share capital increase			
March 17, 2021	828,665	0.01	1
May 10, 2021	530,000	0.01	1
June 29, 2021	400,000	0.01	—
September 7, 2021	467,864	0.01	1
October 28, 2021	170,001	0.01	—
November 1, 2021	66,000	0.01	—
December 7, 2021	2,255,034	0.01	2
December 10, 2021	116,665	0.01	—
At December 31, 2021	**289,619,409**	**0.01**	**333**
Share capital increase			
February 24, 2022	300,000	0.01	—
April 8, 2022	150,000	0.01	—
December 20, 2022	3,834,900	0.01	4
December 22, 2022	790,000	0.01	1
At December 31, 2022	**294,694,309**	**0.01**	**338**

The share capital increase registered at December 7, 2021 is related to the agreement with Regeneron. Under the terms of the agreement, Regeneron made a USD 20 million equity investment at a premium of 20%.

All other share capital increases in the periods are related to the exercise of warrants and options, see additional information in note 4.8.

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

4.5 Equity and shareholders (Continued)

Reconciliation of the Group's equity is presented in the statement of changes in equity.

Nykode Therapeutics' shareholders:

At December 31, 2022	Total shares	Ownership/ Voting rights
RASMUSSENGRUPPEN AS	30,180,750	10.2%
Datum Opportunity AS	26,000,000	8.8%
Radforsk Investeringsstiftelse	24,057,000	8.2%
Victoria India Fund AS	17,255,175	5.9%
Datum AS	12,060,250	4.1%
Norda ASA	7,996,755	2.7%
Vatne Equity AS	7,375,000	2.5%
Joh Johannson Eiendom AS	6,937,641	2.4%
Om Holding AS	6,519,525	2.2%
Skøien AS	5,487,514	1.9%
Hortulan AS	5,187,508	1.8%
Portia AS	4,500,000	1.5%
Krag Invest AS	4,470,100	1.5%
Alden AS	3,607,500	1.2%
Skips AS Tudor	3,075,000	1.0%
Borgano AS	3,000,000	1.0%
Lani invest AS	2,674,225	0.9%
Datum Finans AS	2,395,500	0.8%
The Northern Trust Comp, London Br	2,335,274	0.8%
Sarsia Seed AS	2,100,000	0.7%
Other shareholders	117,479,592	39.9%
Total	**294,694,309**	**100.0%**

At December 31, 2021	Total shares	Ownership/ Voting rights
RASMUSSENGRUPPEN AS	28,180,750	9.7%
Datum Opportunity AS	26,000,000	9.0%
Radforsk Investeringsstiftelse	24,057,000	8.3%
Victoria India Fund AS	17,255,175	6.0%
Datum AS	12,060,250	4.2%
DnB NOR Bank ASA	9,721,509	3.4%
Skøien AS	9,485,000	3.3%
Om Holding AS	8,144,004	2.8%
Norda ASA	7,996,755	2.8%
Vatne Equity AS	7,712,500	2.7%
Joh Johannson Eiendom AS	5,363,425	1.9%
DNB Markets Aksjehandel/-analyse	4,696,500	1.6%
Portia AS	4,500,000	1.6%
Krag Invest AS	4,470,100	1.5%
Hortulan AS	4,010,000	1.4%
Alden AS	3,345,000	1.2%
Skips AS Tudor	3,075,000	1.1%
Borgano AS	3,000,000	1.0%
Lani Invest AS	2,700,000	0.9%
Skandinaviska Enskilda Banken Ab	2,500,000	0.9%
Other shareholders	101,346,441	35.0%
Total	**289,619,409**	**100.0%**

Shares held by Executive Management or the Board of Directors at the end of the reporting periods are summarized in note 6.1.

4.6 Cash and cash equivalents

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less from when they were acquired, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

Group			Parent	
31/12/2022	**31/12/2021**	**Cash and cash equivalents**	**31/12/2022**	**31/12/2021**
205,843	215,759	Bank deposits, unrestricted	205,153	214,250
543	472	Bank deposits, restricted	543	472
206,386	**216,231**	**Total cash and cash equivalents**	**205,696**	**214,722**

4.7 Financial income and costs

ACCOUNTING POLICIES

Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within in finance income or finance costs, except for translation effects from functional currency to presentation currency which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 4.1.

Interest expense on lease liabilities represents the interest rate implicit in the lease, or the incremental borrowing rate used to measure the lease liabilities recognized in the statement of financial position, for further disclosures see note 3.2.

Group			Parent	
2022	**2021**	**Finance income**	**2022**	**2021**
4,808	3,720	Gain on foreign exchange	4,788	3,646
3,687	270	Interest income	3,716	270
142	115	Fair value gain on other current financial assets	142	115
0	27	Other finance income	0	28
8,637	**4,132**	**Total finance income**	**8,646**	**4,059**

Group			Parent	
2022	**2021**	**Finance costs**	**2022**	**2021**
6,046	4,345	Loss on foreign exchange	6,092	4,345
34	64	Interest expenses	22	61
207	66	Interest expense on lease liabilities	207	64
40	—	Realized loss on sales of money market fund	40	—
137	1	Other finance costs	137	1
6,464	**4,476**	**Total finance costs**	**6,498**	**4,471**

Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on overdue payables, measured and classified at amortized cost in the statement of financial position.

Other finance income and other finance costs are mostly related to realized gains and losses on money market funds.

Fair value gain- and fair value loss on other current financial assets is related to change in market value of money market funds.

4.8 Share based payments

ACCOUNTING POLICIES
Employees (including members of the Board of Directors and management) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (the Black-Scholes-Merton Model).

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in note 4.9).

Cash-settled transactions
A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model (the Black-Scholes-Merton Model). The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Transactions where the Group has a choice of settlement in equity or in cash
Where the Group has choice of settlement, the accounting treatment is binary – in other words the whole transaction is treated either as cash-settled or as equity-settled, depending on whether or not the entity has a present obligation to settle in cash.

IFRS 2 requires a transaction to be treated as a liability (and accounted for using the rules for cash-settled transactions) if:

- the choice of settlement has no commercial substance (for example, because the entity is legally prohibited from issuing shares);
- the entity has a past practice or stated policy of settling in cash; or
- the entity generally settles in cash whenever the counterparty asks for cash settlement.

Warrant and share option plan - Description
Nykode Therapeutics ASA has historically issued both warrants and options (hereafter referred to as "options") to the Board of Directors, executive management and key employees of the Group under option agreements. In December 2020, the Board of Directors approved the 2020 share option rules (the "2020 Rules") for employees of the Group. The options give the holder the right to purchase Nykode Therapeutics ASA` stock at a specific price. The options have generally been granted in tranches that vest over 0-3 years, with grants under the 2020 Rules vesting over 4 years, subject to employment in the Group.

The options can be exercised on average 4-5 years after the grant date. The Group accounts for the options as equity-settled transactions, measured by applying the Black-Scholes-Merton option-pricing model for European options ("BSM"). Options held by members of the Board of Directors and management at the end of the reporting period are summarized in note 6.1.

The fair value of the options was determined at the grant dates and expensed over the vesting period. For the Group, USD 3.8 million was expensed as employee benefit expenses in the period (USD 3.4 million in 2021). USD 2.6 million was expensed as employment benefit expenses in the period for the Parent Company (USD 2.6 million in 2021). The expected future social security tax on share-based payments are recorded as a liability and disclosed in note 2.8.

4.8 Share based payments (Continued)

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022 WAEP (NOK)	2022 Number	2021 WAEP (NOK)	2021 Number
Outstanding options January 1	18.20	13,507,698	8.52	14,381,430
Options granted	34.39	2,639,383	79.68	1,705,463
Options forfeited	39.38	(561,123)	–	—
Options exercised*	3.33	(5,074,900)	4.89	(2,579,195)
Options expired	–	—	–	—
Outstanding options December 31	28.52	10,511,058	18.20	13,507,698
Exercisable at December 31	**15.33**	**5,688,153**	**6.24**	**8,108,896**

* The weighted average share price at the date of exercise of these options was NOK 32.91 in 2022, and NOK 79.4 in 2021.

The weighted average remaining contractual life for the options outstanding as at December 31, 2022 was 2.17 years (2021: 2.00 years).

The weighted average fair value of options granted during the year was NOK 11.47 (2021: NOK 30.40).

4.8 Share based payments (Continued)

Overview of outstanding options at December 31, 2022:

Exercise price (NOK)	Number of outstanding options	Weighted Average remaining contractual life	Number of options exercisable
0.01	4,674	2.35	4,674
2.50	400,000	0.08	400,000
7.00	133,335	1.00	133,335
8.80	2,910,000	1.00	2,910,000
9.40	1,250,000	1.00	830,000
12.20	200,000	1.00	—
18.00	400,000	0.08	400,000
25.20	500,000	2.42	333,330
25.77	123,018	4.81	—
29.44	139,086	4.59	—
30.50	500,000	2.59	333,333
31.11	302,251	4.50	—
31.90	425,000	2.47	—
34.99	1,369,016	4.38	—
36.72	44,656	4.67	—
39.75	84,385	4.34	—
61.10	40,000	4.10	—
64.70	6,095	3.59	6,095
69.58	177,000	3.09	44,250
70.78	45,000	3.78	11,250
72.82	80,000	3.67	20,000
75.05	47,542	3.75	11,886
76.77	800,000	3.34	200,000
78.10	30,000	4.00	—
81.14	200,000	3.43	50,000
100.00	300,000	2.25	—
Total outstanding options	**10,511,058**		**5,688,153**

Overview of outstanding options at December 31, 2021:

Exercise price (NOK)	Number of outstanding options	Weighted Average remaining contractual life	Number of options exercisable
0.01	4,674	3.35	—
0.34	884,000	0.97	884,000
0.50	276,000	0.97	276,000
0.53	164,000	0.97	164,000
2.50	2,910,900	1.04	2,910,900
4.00	790,000	1.00	790,000
7.00	133,335	2.00	—
8.80	2,910,000	2.00	1,910,000
9.40	1,250,000	2.00	415,000
12.20	400,000	2.00	—
18.00	650,000	0.76	325,000
25.20	500,000	3.42	166,665
30.50	500,000	3.59	166,665
37.50	434,000	3.67	100,666
64.70	24,380	4.59	—
65.89	26,867	4.84	—
69.58	177,000	4.09	—
70.78	45,000	4.79	—
72.82	80,000	4.67	—
75.05	47,542	4.75	—
76.77	800,000	4.34	—
81.14	200,000	4.42	—
100.00	300,000	3.25	—
Total outstanding options	**13,507,698**		**8,108,896**

4.8 Share based payments (Continued)

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the options, volatility and dividend yield and making assumptions about them. Due to limited historical data and liquidity these assumptions include significant estimates by management.

Assumptions used to determine fair value of option grants:

The following table lists the inputs to the model used for the plans for the years ended December 31, 2022 and 2021, respectively:

	2022	2021
Weighted average fair values at the measurement date (NOK)	11.47	30.48
Dividend yield (%)	0%	0%
Expected volatility (%)	56.62%	56.62%
Risk–free interest rate (%)	2.60%	0.86%
Expected life of share options (years)	3.32	3.41
Weighted average share price (NOK)	30.40	77.45
Weighted average exercise price (NOK)	34.39	79.90
Model used	**BSM**	**BSM**

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

4.9 Earnings per share

ACCOUNTING POLICIES

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the EPS calculations:

Group	2022	2021
Profit or loss attributable to ordinary equity holders - for basic EPS	(42,743)	(9,414)
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	(42,743)	(9,414)
Weighted average number of ordinary shares - for basic EPS	290,118,981	286,344,833
Weighted average number of ordinary shares adjusted for the effect of dilution	290,118,981	286,344,833
Basic EPS - profit or loss attributable to equity holders of the Group	**(0.15)**	**(0.03)**
Diluted EPS - profit or loss attributable to equity holders of the Group *	**(0.15)**	**(0.03)**

Parent	2022	2021
Profit or loss attributable to ordinary equity holders - for basic EPS	(41,680)	(8,598)
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	(41,680)	(8,598)
Weighted average number of ordinary shares - for basic EPS	290,118,981	286,344,833
Weighted average number of ordinary shares adjusted for the effect of dilution	290,118,981	286,344,833
Basic EPS - profit or loss attributable to equity holders of the Parent Company	**(0.14)**	**(0.03)**
Diluted EPS - profit or loss attributable to equity holders of the Parent Company *	**(0.14)**	**(0.03)**

*The ordinary shares are not adjusted for the effect of dilution as the effect of including the additional shares is antidilutive.

Since the Company was in a net loss position for the years ended December 31, 2022 and 2021 there is no difference between the number of shares used to calculate basic and diluted earnings per share. The potential shares of common stock were excluded from the computation of diluted net loss per share attributable to equity holders of the Parent Company for the period presented because including them would have been anti-dilutive are as follows:

	2022	2021
Options and warrants	8,495,206	13,729,478

4.10 Investments in subsidiaries

The following subsidiaries have been included in the financial statements:

Subsidiaries as of December 31, 2022	Established year	Location	Share ownership	Voting Rights
Nykode Therapeutics Denmark A/S	2021	Denmark	100%	100%

All intellectual property (IP) is owned Nykode Therapeutics ASA. Nykode Therapeutics ASA is the ultimate parent company of the Group. All subsidiaries invoice Nykode Therapeutics ASA according to the Group's transfer pricing policy.

Investments in subsidiaries are accounted for at cost

In addition, the parent has made a loan of USD 0,9 million to Nykode Therapeutics Denmark A/S (2021: USD 0). The loan has a 5-year maturity.

5.1 Taxes

ACCOUNTING POLICIES

Current income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity (OCI) and not in the statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.
Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has USD 16.2 million as at December 31, 2022 (USD 25.9million as at December 31, 2021) of tax losses carried forward. Tax losses carried forward for the Parent Company are USD 16.2 million in 2022 (USD 25.9 million in 2021). These losses relate to historical losses in the Parent Company. The tax loss carried forward from Norwegian entities may be offset against future taxable income and will not expire.

5.1 Taxes (Continued)

Group		
Current income tax expense:	**2022**	**2021**
Income tax payable	80	26
Change deferred tax/deferred tax assets (ex. OCI effects)	(8,321)	(1,730)
Adjustments for current tax of prior periods	1	—
Total income tax expense	**(8,240)**	**(1,704)**

Deferred tax relates to the following:	**12/31/2022**	**12/31/2021**
Property, plant and equipment	380	325
Other current assets	135,634	193,858
Other liabilities	(24,004)	(35,265)
Losses carried forward	(16,198)	(25,916)
Currency effects	—	647
Basis for deferred tax	**95,812**	**133,648**
Deferred tax liabilities in the statement of financial position	**21,079**	**29,400**

Reconciliation of income tax expense	**2022**	**2021**
Profit or loss before tax	**(50,983)**	**(11,117)**
Tax expense 22% (Norwegian tax rate)	(11,216)	(2,446)
Permanent differences*	406	605
Currency effects	2,570	137
Recognized income tax expense	**(8,240)**	**(1,704)**

Parent		
Current income tax expense:	**2022**	**2021**
Income tax payable	—	—
Change deferred tax/deferred tax assets (ex. OCI effects)	(8,320)	(1,731)
Total income tax expense	**(8,320)**	**(1,731)**

Deferred tax relates to the following:	**12/31/2022**	**12/31/2021**
Property, plant and equipment	380	325
Other current assets	135,634	193,858
Other liabilities	(24,004)	(35,265)
Losses carried forward	(16,198)	(25,916)
Currency effects	—	633
Basis for deferred tax	**95,812**	**133,634**
Deferred tax liabilities in the statement of financial position	**21,079**	**29,400**

The Parent Company's operations are subject to income tax in Norway. The statutory income tax rate is 22% for both periods.

A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

5.1 Taxes (Continued)

Reconciliation of income tax expense	2022	2021
Profit or loss before tax	**(50,000)**	**(10,328)**
Tax expense 22% (Norwegian tax rate)	(11,000)	(2,272)
Permanent differences*	406	401
Currency effects	2,273	140
Recognized income tax expense	**(8,320)**	**(1,731)**

The Norwegian Tax Authorities (NTA) have questioned the Groups' use of taxable gain/loss account (i.e. deferred income recognition) for up-front payments under a license agreement entered into in 2020, and if the payments should be treated as taxable income in full in 2020. The effect of any change would be a reclassification of deferred tax to tax payable in the financial statements, estimated to USD 31 million. Nykode, and their external advisors, believe the use of taxable gain/loss account is the appropriate treatment. It is uncertain when the NTA will make their final decision. If the NTA conclude that the payments should be treated as taxable income in full in 2020, Nykode will settle the tax payable, but will appeal such decision.

6.1 Remuneration to Executive Management and the Board of Directors

Remuneration to the Board of Directors
Remuneration for the members of the Board of Directors is determined by the Annual General Meeting (AGM). The remuneration is not linked to the Group's performance but reflects the Board of Director's responsibilities, expertise, time and commitment.

The Board members also receive compensation for their services through options. The conditions for these grants and the terms are determined by the Annual General Meeting. The Board members holdings of options are summarized further below.

Remuneration to Executive Management
The Board of Directors of Nykode Therapeutics ASA determines the principles applicable to the Group's policy for compensation to the Executive Management team.

Loans and guarantees
No loans have been granted and no guarantees have been issued to the executive management or any member of the Board of Directors.

6.1 Remuneration to Executive Management and the Board of Directors (Continued)

Remuneration to Executive Management for the year ended December 31, 2022:

Name	Salary	Bonus	Pension	Other compensation	Total remuneration
Executive Management	1,195	276	105	6	1,581

Remuneration to Executive Management for the year ended December 31, 2021:

Name	Salary	Bonus	Pension	Other compensation	Total remuneration
Executive Management	920	462	71	4	1,457

Remuneration to the Board of Directors:

Name	Title	2022	2021
Martin Nicklasson	Chair of the Board	78	2
Anders Tuv	Board member and former chair of the board	80	82
Bernd Robert Seizinger	Board member	71	53
Jan Haudemann-Andersen	Board member	46	33
Christian Åbyholm	Board member	46	33
Birgitte Volck	Board member	71	29
Anne Clem Whitaker	Board member	25	–
Elaine Sullivan	Board member	30	–
Einar Jørgen Greve	Deputy board member and former board member	43	33
Trygve Lauvdal	Observer to the Board and former board member	13	32
Lars Lund-Roland	Former board member	–	33
Susanne Stuffers	Former board member	–	18
Total compensation to Board of Directors		**503**	**348**

6.1 Remuneration to Executive Management and the Board of Directors (Continued)

Shares held by the Board of Directors:

Name	Title	31.12.2022	31.12.2021
Martin Nicklasson	Chair of the Board	32,000	12,000
Anders Tuv	Board member and former chair of the board	–	–
Bernd Robert Seizinger	Board member	600,000	600,000
Jan Haudemann-Andersen*	Board member	40,689,050	40,689,050
Christian Åbyholm	Board member	2,105,295	2,005,295
Birgitte Volck	Board member	–	–
Anne Clem Whitaker	Board member	–	–
Elaine Sullivan	Board member	–	–
Einar Jørgen Greve	Deputy board member and former board member	1,775,000	1,625,000
Trygve Lauvdal	Observer to the Board and former board member	–	–
Total		**44,948,045**	**44,931,345**

*) 40 455 750 of the shares are held through Datum Opportunity AS, Datum AS and Datum Finans AS

Warrants and options held by Executive Management:

Name	12/31/2022	12/31/2021
Warrants and options held by Executive Management	4,837,486	9,977,442
Total	**4,837,486**	**9,977,442**

Warrants and options held by the Board of Directors:

Name	Title	12/31/2022	12/31/2021
Martin Nicklasson	Chair of the Board	500,000	300,000
Anders Tuv	Board member and former chair of the board	845,000	800,000
Bernd Robert Seizinger	Board member	45,000	—
Jan Haudemann-Andersen	Board member	—	—
Christian Åbyholm	Board member	—	100,000
Birgitte Volck	Board member	49,674	4,674
Anne Clem Whitaker	Board member	45,000	—
Elaine Sullivan	Board member	45,000	—
Einar Jørgen Greve	Deputy board member and former board member	—	150,000
Trygve Lauvdal	Observer to the Board and former board member	—	—
Total		**1,529,674**	**1,354,674**

6.2 Related party transactions

Related parties are major shareholders, members of the Board of Directors and Executive Management in the Group. Note 4.5 provides information on the major shareholders. Significant agreements and remuneration paid to Executive Management and the Board of Directors for the current and prior period is presented in note 6.1. All transactions with related parties are based on the principle of arm's length.

The payments to related parties consist of salary, bonus, pension, other compensation and board remuneration paid to Executive management and Board members. The Executive management and the Board members also held shares and options in the Parent Company at the end of the period as presented in note 6.1.

During 2021, Nykode has also purchased services from Cipriano AS for USD 0.1 million. No such transactions occured in 2022 . Cipriano AS is a company wholly owned by the Deputy board member.

The Group had no related party balances at 31 December 2022 or 31 December 2021.

In 2022, the Parent Company has purchased services from subsidiaries for USD 6.6 million (2021: USD 1.7 million) and on December 31, 2022 the parent company had a net payable to its subsidiaries of USD 0.3 million (2021: USD 0).

6.3 Events after the reporting period

ACCOUNTING POLICIES

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognizes in the Group's financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Adjusting events

There have been no significant adjusting events subsequent to the reporting date.

Non-adjusting events

There have been no significant non-adjusting events subsequent to the reporting date.

7.1 Changes in IFRS and new standards

New and amended IFRS Accounting Standards that are effective for the current year
In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

New and revised IFRS Accounting Standards in issue but not yet effecctive
New or amended standards and interpretations which are effective for annual periods beginning on or after 1 January 2023 and which the Group believes are relevant and may impact the Group's financial statements and/or disclosures are discussed below. The Group has not early adopted any standards or amendments that have been issued, but are not yet effective. The Directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Group in future periods, except if indicated.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality judgements – Disclosure of Accounting Policies
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

To the General Meeting of Nykode Therapeutics ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nykode Therapeutics ASA, which comprise:

- The financial statements of the parent company Nykode Therapeutics ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Nykode Therapeutics ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

The Company was listed in June 2022. We were the independent auditor of the Company prior to the listing. We have been the independent auditor of the Company for 1 year after the listing, including the year of listing.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Nykode Therapeutics ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name nykode-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 18 April 2023
Deloitte AS

Reidar Ludvigsen
State Authorised Public Accountant (Norway)

This document is signed electronically.

GLOSSARY

Antigen
An antigen is a molecule recognized by the immune system. "Non-self" antigens are identified as intruders and attacked by the immune system.

APC
Antigen Presenting Cells (APC) are part of the immune system and are cells that display antigens on their surfaces and present them to T cells.

B cell
Immune cells, also known as B lymphocytes, are responsible for mediating the production of antigen-specific antibodies.

CD4+ T cells
Immune cells able to activate and help other immune cells by releasing signaling molecules, thereby orchestrating an optimal immune response, also known as helper T cells.

CD8+ T cells
Immune cells able to kill cancer or virus-infected cells, also known as cytotoxic or killer T cells.

Checkpoint inhibitor
Checkpoint inhibitors, also known as immune checkpoint inhibitors, is a type of drug that activates the immune system to fight cancer. The drug prevents the "off" signal, which then enables the immune system to become activated.

CMC
Chemistry, Manufacturing and Controls.

DNA
Deoxyribonucleic acid (DNA) is the hereditary material found in every cell and is unique for each individual. DNA consists of genes that encode for proteins.

DNA vaccine
Vaccines are made to induce an immune response to an antigen, to boost the immune system. When the antigen is delivered as a DNA molecule (plasmid), it is called a DNA vaccine.

COVID-19
Coronavirus disease 2019, COVID-19, is a contagious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The first known case was identified in December 2019. The disease has since spread worldwide, leading to pandemic.

ctDNA
Circulating tumor DNA (ctDNA) is tumor-derived fragmented DNA in the bloodstream that is not associated with cells. ctDNA may be an early marker of response to cancer treatment.

Epitope
An epitope is the part of an antigen that is recognized by the immune system, specifically by antibodies, B cells, or T cells. For example, the epitope is the specific piece of the antigen to which a T cell binds.

HPV
Human papillomavirus. There are several strains, and HPV16 is the strain most associated with cancer.

Immuno-oncology
Cancer immunotherapy, also called immuno-oncology, is a type of cancer treatment that helps the immune system fight cancer.

Individualized vaccine
On-demand vaccine designed and manufactured specifically for each individual patient.

IP
Intellectual property such as patents and know-how.

CCL3L1
CCL3L1, C-C motif chemokine ligand 3 like 1, a chemokine that attracts APC and ensures binding to receptors on the surface of APC. It is used as a targeting module in many Vaccibody vaccines.

Mutation
A change or alteration that occurs in the DNA. Mutations may lead to cancer, and these mutations may be identified and recognized by the immune system.

Neoantigen
Novel tumor-specific antigens derived from somatic gene mutations in cancer cells that are solely expressed on a patient's tumor. These mutations may be regarded as truly foreign by the immune system.

NKTR-214
NKTR-214, or bempegaldesleukin, is an experimental immunotherapeutic drug..

Off-the-shelf vaccine
Vaccine that can be manufactured, stored and may be used to treat large patient groups.

Plasmid
A small DNA molecule carrying genes that can be expressed as proteins within a host cell.

Prophylactic vaccines
Prophylactic vaccines are vaccines that may prevent disease before it occurs, whereas therapeutic vaccines are administered after an individual has already been affected by the disease or infection.

R&D
Research and development.

RNA
Ribonucleic acid (RNA) is a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes. All of the RNA in a natural cell is made by DNA transcription.

SARS-CoV-2
SARS-CoV-2, severe acute respiratory syndrome coronavirus 2, is the virus that causes COVID-19. See also COVID-19.

T cell
Immune cells of key importance to the immune system recognizing and fighting specific pathogens or cancer antigens. See also CD4+ T cells and CD8+ T cells.

Vaccibody™ technology platform
A proprietary vaccine delivery platform intended to make more efficacious vaccines by targeting the antigen to APC.

VB10.16
Nykode Therapeutics' off-the-shelf drug candidate targeting HPV16-induced malignancies such as cervical cancer.

VB10.COV2
Nykode Therapeutics' COVID-19 vaccine program. It covers two vaccine candidates: VB10.2210, a T cell focused candidate designed to induce broadly protective T cell responses; and VB10.2129, a RBD vaccine candidate tailored to generate RBD-specific antibody and T cell immunity.

VB10.NEO
A Vaccibody individualized drug candidate where each vaccine is designed based on each patient's cancer-specific gene alterations (mutations). VB10.NEO is exclusively licensed to Genentech.

VB10.2129
A COVID-19 vaccine candidate encoding the receptor-binding domain (RBD) derived from the B1.351 (Beta) variant of concern of SARS-CoV-2. The aim is to generate RBD-specific antibody and T cell immunity.

VB10.2210
A T cell-focused COVID-19 vaccine candidate, encoding multiple validated immunodominant, conserved T-cell epitopes spanning multiple antigens across the SARS-CoV-2 genome. The aim is to induce broadly protective T cell responses.

CORPORATE INFORMATION

Nykode Therapeutics AS

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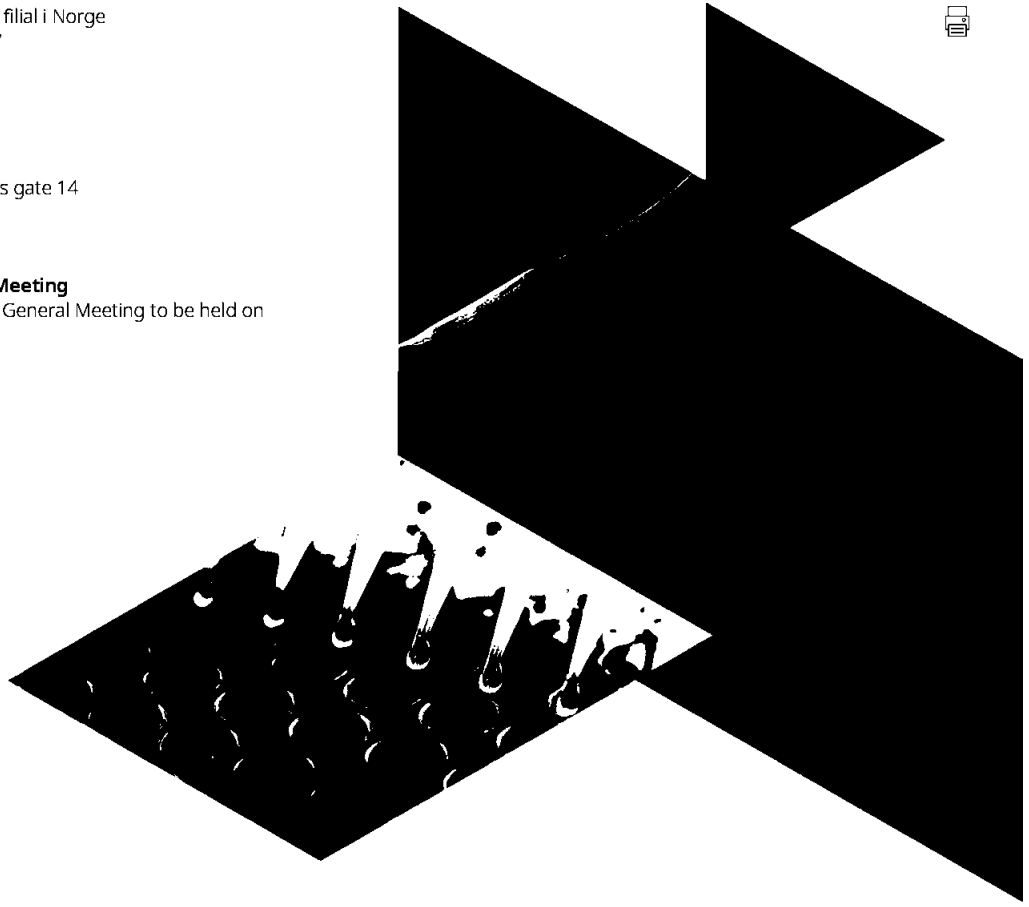
Organization number: N-990 646 066 MVA

www.nykode.com

Commercial bank
Nordea Bank Abp, filial i Norge
Essendrops gate 7
0107 Oslo
Norway

Auditor
Deloitte AS
Dronning Eufemias gate 14
0191 Oslo
Norway

Annual General Meeting
This year's Annual General Meeting to be held on May 11, 2023.

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Organization number: N-990 646 066 MVA
www.nykode.com
April 2023

Deloitte.

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NO-0103 Oslo
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To the General Meeting of Nykode Therapeutics ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nykode Therapeutics ASA, which comprise:

- The financial statements of the parent company Nykode Therapeutics ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Nykode Therapeutics ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

The Company was listed in June 2022. We were the independent auditor of the Company prior to the listing. We have been the independent auditor of the Company for 1 year after the listing, including the year of listing.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Nykode Therapeutics ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name nykode-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance

Deloitte.

engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 18 April 2023
Deloitte AS

Reidar Ludvigsen
State Authorised Public Accountant (Norway)

This document is signed electronically.

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Reidar Ludvigsen
Statsautorisert revisor
Serienummer: 9578-5997-4-1501479
IP: 217.173.xxx.xxx
2023-04-18 08:35:50 UTC

bankID

Penneo Dokumentnøkkel: OPJDX-YUCZS-23K1X-PJOSC-V2EDI-GUMAH

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	14.11.2016	17.11.2016
Telefon	Deres referanse	Vår referanse
22078139	Hans Petter Tjeldflaat	2016/1125049

VACCIBODY AS
Gaustadalléen 21
0349 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Vaccibody AS, org. nr. 990 646 066

Vi viser til deres brev av 14. november 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Vaccibody AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Vaccibody AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Vaccibody AS har p.t. ca. 60 aksjonærer, hovedsakelig norske, profesjonelle investorer. Vaccibody AS er et bioteknologiselskap med en patentert, proprietær teknologiplattform for utvikling av vaksiner. Selskapet er fortsatt i en utviklingsfase og har ennå ingen godkjente produkter i salg i markedet. Selskapet opererer innen et felt der det er påkrevet å innrette virksomheten globalt med tanke på produktene selskapet skal utvikle (legemidler), men også i øvrige sammenhenger som eksterne tjenesteleverandører og akademiske samarbeidsparter, personell, investorer, offentlige tilskudd (EU) og industrielle samarbeidsparter og lisenstakere. Arbeidsspråket er engelsk. Alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk.* Departementet kan ved ... *enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

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Telefaks
22 17 08 60

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra *til "informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eid av profesjonelle investorer. Arbeidsspråket er engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer