UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO SECTION 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2021

Commission File Number: 001-39950

Evaxion Biotech A/S
(Exact Name of Registrant as Specified in Its Charter)

Dr. Neergaards Vej 5f
DK-2970 Hoersholm
Denmark
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

INCORPORATION BY REFERENCE

Exhibits 99.1 and 99.2 of this report on Form 6-K shall be deemed to be incorporated by reference into the registration statement on Form S-8 (Registration Number 333-255064) of Evaxion Biotech A/S (the “Company”) (including any prospectus forming a part of such registration statement) and to be a part thereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

Furnished as Exhibits to this Report on Form 6-K is information regarding the Company’s financial results for the fiscal quarter ended September 30, 2021.

Exhibits

Exhibit No.	Description
99.1	Unaudited Condensed Consolidated Interim Financial Statements.
99.2	Management’s Discussion and Analysis of Financial Condition and Results of Operations.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Evaxion Biotech A/S

Date: November 10, 2021

By:/s/ Niels Iversen Møller, M.D.
Niels Iversen Møller, M.D.
Interim Chief Financial Officer

Exhibit 99.1

EVAXION BIOTECH A/S

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EVAXION BIOTECH A/S

Unaudited Condensed Consolidated Interim Statements of Comprehensive Loss

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(USD in thousands, except per share amounts)			
Operating expenses:				
Research and development	$ 4,417	$ 2,966	$ 13,429	$ 8,046
General and administrative	1,495	1,719	4,684	3,872
Total operating expenses	5,912	4,685	18,113	11,918
Operating loss	**(5,912)**	**(4,685)**	**(18,113)**	**(11,918)**
Finance income	288	100	1,293	122
Finance expenses	(51)	(3)	(843)	(7)
Net loss before tax	**(5,675)**	**(4,588)**	**(17,663)**	**(11,803)**
Income tax benefit	425	578	1,501	1,054
Net loss for the period	**$ (5,250)**	**$ (4,010)**	**$ (16,162)**	**$ (10,749)**
Net loss attributable to shareholders of Evaxion Biotech A/S	**$ (5,250)**	**$ (4,010)**	**$ (16,162)**	**$ (10,749)**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(32)	4	(60)	(6)
Tax on other comprehensive income	4	—	4	—
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Exchange differences on currency translation to presentation currency	(482)	84	(766)	13
Other comprehensive loss for the period, net of tax	**$ (510)**	**$ 88**	**$ (822)**	**$ 7**
Total comprehensive loss	**$ (5,760)**	**$ (3,922)**	**$ (16,984)**	**$ (10,742)**
Total comprehensive loss attributable to shareholders of Evaxion Biotech A/S	**$ (5,760)**	**$ (3,922)**	**$ (16,984)**	**$ (10,742)**
Loss per share – basic and diluted	$ (0.27)	$ (0.26)	$ (0.86)	$ (0.71)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

EVAXION BIOTECH A/S

Unaudited Condensed Consolidated Interim Statements of Financial Position

	Note	September 30, 2021	December 31, 2020
		(USD in thousands)	
ASSETS			
Non-current assets			
Intangible assets		$ 95	$ 100
Deferred tax assets		133	262
Property and equipment	*2*	5,156	221
Government grants receivable		668	194
Tax receivables		1,553	—
Leasehold deposits		194	238
Total non-current assets		**7,799**	**1,015**
Current assets			
Prepayments and other receivables		2,197	1,553
Deferred offering costs		457	1,729
Government grants receivable		386	418
Tax receivables		1,333	1,416
Cash and cash equivalents		11,944	5,834
Total current assets		**16,317**	**10,950**
TOTAL ASSETS		**$ 24,116**	**$ 11,965**
EQUITY AND LIABILITIES			
Share capital	*6*	$ 3,132	$ 2,648
Other reserves		55,658	31,669
Accumulated deficit		(42,140)	(27,279)
Total equity		**16,650**	**7,038**
Non-current liabilities			
Lease liabilities		2,287	—
Loan from lessor, non-current	*7*	1,100	—
Provisions		157	—
Total non-current liabilities		**3,544**	**—**
Current liabilities			
Lease liabilities		319	20
Loan from lessor, current	*7*	159	—
Trade payables		538	2,646
Other payables		2,906	2,261
Total current liabilities		**3,922**	**4,927**
Total liabilities		**7,466**	**4,927**
TOTAL EQUITY AND LIABILITIES		**$ 24,116**	**$ 11,965**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

EVAXION BIOTECH A/S

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

	Note	Share capital	Share premium	Other reserves Foreign currency translation reserve	Accumulated Deficit	Total equity
				(USD in thousands)		
Equity at December 31, 2020		$ 2,648	$ 31,443	$ 226	$ (27,279)	$ 7,038
Net loss for the period		—	—	—	(4,093)	(4,093)
Other comprehensive income		—	—	(729)	—	(729)
Tax effects on other comprehensive income		—	—	(6)	—	(6)
Share-based compensation	*5*	—	—	—	294	294
Issuance of shares for cash		484	29,516	—	—	30,000
Transaction costs		—	(4,705)	—	—	(4,705)
Equity at March 31, 2021		$ 3,132	$ 56,254	$ (509)	$ (31,078)	$ 27,799
Net loss for the period		—	—	—	(6,819)	(6,819)
Other comprehensive income		—	—	417	—	417
Tax effects on other comprehensive income		—	—	6	—	6
Share-based compensation	*5*	—	—	—	426	426
Equity at June 30, 2021		$ 3,132	$ 56,254	$ (86)	$ (37,471)	$ 21,829
Net loss for the period		—	—	—	(5,250)	(5,250)
Other comprehensive income		—	—	(514)	—	(514)
Tax effects on other comprehensive income		—	—	4	—	4
Share-based compensation	*5*	—	—	—	581	581
Equity at September 30, 2021		$ 3,132	$ 56,254	$ (596)	$ (42,140)	$ 16,650

	Note	Share capital	Share premium	Other reserves Foreign currency translation reserve	Accumulated Deficit	Total equity
				(USD in thousands)		
Equity at December 31, 2019		$ 2,481	$ 22,862	$ (169)	$ (15,812)	$ 9,362
Net loss for the period		—	—	—	(3,099)	(3,099)
Other comprehensive income		—	—	(180)	—	(180)
Share-based compensation	*5*	—	—	—	680	680
Equity at March 31, 2020		$ 2,481	$ 22,862	$ (349)	$ (18,231)	$ 6,763
Net loss for the period		—	—	—	(3,640)	(3,640)
Other comprehensive income		—	—	99	—	99
Share-based compensation	*5*	—	—	—	495	495
Equity at June 30, 2020		$ 2,481	$ 22,862	$ (250)	$ (21,376)	$ 3,717
Net loss for the period		—	—	—	(4,010)	(4,010)
Other comprehensive income		—	—	88	—	88
Share-based compensation		—	—	—	1,608	1,608
Issuance of shares for cash		122	6,504	—	—	6,626
Transaction costs	*5*	—	(144)	—	16	(128)
Equity at September 30, 2020		$ 2,603	$ 29,222	$ (162)	$ (23,762)	$ 7,901

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

EVAXION BIOTECH A/S

Unaudited Condensed Consolidated Interim Statements of Cash Flows

	Nine Months Ended September 30,	
	2021	2020
	(USD in thousands)	
Operating activities:		
Net loss for the period	$ (16,162)	$ (10,749)
Adjustments for non-cash items	(1,046)	1,814
Income taxes received	—	812
Interest received	—	1
Interest paid	(4)	(1)
Cash flow from operating activities before changes in working capital	(17,212)	(8,123)
Cash flow from changes in working capital:		
Changes in net working capital	(606)	105
Net cash used in operating activities	**(17,818)**	**(8,018)**
Investing activities:		
Investment in intangible assets	(60)	(35)
Purchase of property, plant and equipment	(1,124)	(76)
Receipt (payment) of non-current financial assets – leasehold deposits	31	(20)
Net cash used in investing activities	**(1,153)**	**(131)**
Financing activities:		
Proceeds from issuance of shares and exercise of warrants	27,901	6,626
Transaction costs related to issuance of shares	(2,604)	(128)
Leasing installments	(145)	(55)
Net cash provided by financing activities	**25,152**	**6,443**
Net increase/ (decrease) in cash and cash equivalents	6,181	(1,706)
Cash and cash equivalents at January 1	5,834	9,559
Exchange rate adjustments on cash and cash equivalents	(71)	22
Cash and cash equivalents at September 30	**$ 11,944**	**$ 7,875**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 1. General Company Information

Evaxion Biotech A/S (the "Company" or "Evaxion") is an artificial intelligence ("AI")-immunology platform company that uses its proprietary AI technology, engineering expertise and drug development know-how to simulate the human immune system and generate predictive models to identify and develop immunotherapies for patients in the global market. Unless the context otherwise requires, references to the "Company," "we," "us," and "our", refer to Evaxion Biotech A/S and its subsidiaries.

Evaxion is a public limited liability company incorporated and domiciled in Denmark with its registered office located at Dr. Neergaards Vej 5f, DK-2970 Hørsholm, Denmark.

On February 5, 2021, the Company completed an initial public offering which resulted in the listing of American Depositary Shares, or ADSs, representing the Company's ordinary shares, under the symbol "EVAX" in the United States on The Nasdaq Capital Market.

The unaudited condensed consolidated interim financial statements of Evaxion Biotech and its subsidiary (collectively, the "Group") for the three and nine months ended September 30, 2021 and 2020, were approved, and authorized for issuance, by the Audit Committee of the board of directors on November 9, 2021.

Liquidity

We anticipate incurring additional losses until such time, if ever, we can complete our research and development ("R&D") activities and obtain an out-licensing partnership for our product candidates and generate revenues from such product candidates. Substantial additional financing will be needed by us to fund our operations and to continue development of our product candidates.

We expect to finance cash needs through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. On November 9, 2021, the Company completed a follow-on public offering through which it issued and sold 3,942,856 ADSs, each of which represents one ordinary share, at a price to the public of $7.00 per ADS. See Note 8 below for additional information regarding the follow-on public offering.

We may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of current shareholders could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of the current shareholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, licenses and other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable and/or may reduce the value of our ordinary shares. Failure to raise capital or enter into such other arrangements when needed could have a negative impact on financial conditions and our ability to pursue our business plans and strategies. If we are unable to raise additional capital when needed, we could be forced to delay, limit, reduce or terminate our product candidate development or grant rights to develop and market our product candidates.

Note 2. Summary of Significant Accounting Policies

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Company are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year

ended December 31, 2020 and accompanying notes, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The accounting policies applied are consistent with the accounting policies as outlined in the basis of presentation section included in Note 2 of the audited financial statements as of and for the year ended December 31, 2020. As of January 1, 2021, the following accounting policy in respect of foreign currency translation is now relevant:

Intragroup receivables to foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future are treated as part of the net investment, and the gain or loss on foreign currency translation of such receivables is recognized in other comprehensive income and classified as part of the foreign currency translation reserve.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated interim financial statements are disclosed in Note 3.

Right-of-use assets

The Company recognizes a right-of-use asset at the lease commencement date (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred, and restoration costs.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the right-of-use asset using the straight-line method. In addition, right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements.

The Company's right-of-use assets are presented within property and equipment.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets, as follows:

Assets	Useful life
Properties	Shorter of lease term and useful life of the asset
Leasehold improvements	11 years
Other equipment	5 – 10 years

Leasehold improvements and Loan from lessor

Our lease contract comprises funding for the customization of the premises to our specific needs. The payment is determined based on the actual costs incurred for the customization, a repayment period of 8 years and an interest rate of 6% per annum.

We have assessed whether this is a lease component, or a leasehold improvement funded by the lessor. We have considered the following factors:

1. Which party designed the customization
2. Which party had the right to direct changes to the work
3. Who is taking on the economic risk of the cost price of the work

A third party has designed the project according to our instructions, and we had the right to direct changes to the work during the construction period. Further, we have the full economic risk of the work due to 1:1 linkage between construction costs and payments to the lessor. Consequently, we have assessed that the customization is a leasehold improvement funded by the lessor and accordingly presented a leasehold improvement and a corresponding liability for the loan from the lessor.

Reclassifications of prior period presentation

Certain items in prior year condensed consolidated financial statements have been reclassified to conform to the current period's presentation.

Standards issued but not yet effective

There were a number of standards and interpretations which were issued but were not yet effective at September 30, 2021 and have not been adopted for these financial statements, including:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (January 1, 2023)
- Amendment to IAS 37 Provisions, contingent liabilities and contingent assets, Onerous Contracts— Cost of Fulfilling a Contract (January 1, 2022)
- Amendments to IAS 16 Property, Plant and Equipment, proceeds before intended use (January 1, 2022)
- Annual Improvements 2018-2020 (January 1, 2022)
- Amendment to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies (January 1, 2023)
- Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (January 1, 2023)
- Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond June 30, 2021 (April 1, 2021)

The Company expects to adopt these standards, updates and interpretations when they become mandatory. These standards are not expected to have a significant impact on disclosures or amounts reported in the Company's financial statements in the period of initial application and future reporting periods.

Note 3. Significant Accounting Judgements, Estimates, and Assumptions

In the application of our accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The unaudited condensed consolidated interim financial statements do not include all disclosures for critical accounting judgments and estimation uncertainties that are required in the annual consolidated financial statements, and therefore, should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2020.

Significant accounting estimates that have the most significant effect on the amounts recognized in our unaudited condensed consolidated interim financial statements relate to share-based compensation. See Note 5 below for additional information regarding stock-based compensation.

Significant judgment was made in respect of determining whether customization of leased premises forms part of the lease or is a leasehold improvement funded by the lessor. See the section “Leasehold improvements and Loan from lessor” in Note 1.

There have been no other changes to the application of critical accounting judgments, or estimation uncertainties regarding accounting estimates.

Note 4. Significant Events in the Reporting Period

Impact from COVID-19

The Company is closely monitoring the potential impact of COVID-19 on the 2021 financial results and cash flows and beyond. The Company’s top priority remains the health and safety of its staff and the patients in the studies. The Company maintains compliance with government and health authorities. Additionally, we have adapted the way in which we work to ensure we are doing our part in reducing transmission of COVID-19.

The Company has worked closely with laboratories and investigators to ensure safe continuation and working requirements of our ongoing research activities and human clinical trials. The Company has not experienced a materially negative impact from COVID-19. As of September 30, 2021, the impact of the COVID-19 pandemic continues to unfold. As events continue to evolve and additional information becomes available, our estimates may change materially in the future.

While business travel has been suspended, the Company has remained active and effective in the process of raising capital with institutional investors by conducting key meetings on a virtual basis.

Note 5. Share-Based Payments

Warrant Program and Amendments

The Company’s Articles of Association allow for the granting of equity compensation, in the form of equity settled warrants, to employees, consultants and Scientific Advisory Board members who provide services similar to employees, members of executive management, and the board of directors. The warrants granted in 2018 or prior become exercisable upon an exit event, which triggers an immediate vesting, or at any time as determined by the board of directors in accordance with the terms of the plan. The warrants granted in 2020 vest either gradually over 36 months or vest immediately. Vested warrants granted in 2020 are exercisable in certain exercise windows beginning in the second half of the year of 2021. Warrants granted up until 2019 expire on December 31, 2036. Warrants granted in 2020 expire on December 31, 2031. For the nine months ended September 30, 2021 and 2020, the number of warrants as a percentage of outstanding ordinary shares was 11.8% and 11.7%, respectively.

On January 4, 2021, the Company effected its Stock Split which also resulted in a reduction of the nominal value of the Company’s ordinary shares from DKK 2 to DKK 1. In accordance with the anti-dilution provisions of the warrant agreements, the number of warrants was increased by a ratio of 36 to 1 and the exercise price was decreased from DKK 2 to 1 DKK. Accordingly, information related to the Company’s warrants, have been retroactively adjusted to reflect the stock split and the bonus shares for all periods presented.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

The following schedule specifies the granted warrants:

	Number of warrants	Weighted Average Exercise Price/Share (DKK)
Warrants granted as at December 31, 2020	2,228,076	1
Warrants granted	63,802	1
Warrants forfeited	(7,874)	1
Warrants cancelled	(10,397)	1
Warrants granted as at September 30, 2021	2,273,607	1
Warrants exercisable as at September 30, 2021	—	—

	Number of warrants	Weighted Average Exercise Price/Share (DKK)
Warrants granted as at December 31, 2019	1,932,156	1
Warrants granted	—	1
Warrants forfeited	(45,216)	1
Warrants cancelled	(22,032)	1
Warrants granted as at September 30, 2020	1,864,908	1
Warrants exercisable as at September 30, 2020	—	—

Employees will be entitled to receive a number of warrants based on the individual employee's grade and performance for 2021. The warrants will be granted in December 2021 at the share price equal to the fair market value thereof on the date of grant and will vest monthly over 36 months beginning January 1, 2022.

For the three months ended September 30, 2021 and 2020, a service cost of $0.6 million and $1.6 million has been recognized in this period for warrants that were granted in previous periods and not fully vested as of the beginning of this period, and a proportion of the cost related to warrants expected to be granted in December 2021 and 2020, respectively.

For the nine months ended September 30, 2021 and 2020, a service cost of $1.3 million and $2.8 million has been recognized in this period for warrants that were granted in previous periods and not fully vested as of the beginning of this period, and a proportion of the cost related to warrants expected to be granted in December 2021 and 2020, respectively.

Subsequent to the Company's initial public offering completed in February 2021 ("IPO"), determining the initial fair value and subsequent accounting for equity awards require significant judgment regarding expected life and volatility of an equity award; however, as a public listed company there is objective evidence of the fair value of an ordinary share on the date an equity award is granted. Due to the fact that as of 2021, warrants will be granted at the share price on the date of grant, fair value comprises a time value which is significantly affected by the expected life and estimated volatility. The expected life of a warrant is based on the assumption that the holder will not exercise until after the equity award is fully vested. Actual exercise patterns may differ from the assumption used herein. The estimated volatility is based on peer group data and reflects the assumption that the historical volatility over a period similar to the life of the warrant is indicative of future trends, which may not necessarily be the actual outcome. The peer group consists of listed companies that management believes are similar to the Company in respect to industry and stage of development. Even with objective evidence of the fair value of an ordinary share, small changes in any other individual assumption or in combination with other assumptions could have resulted in significantly different valuations.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 6. Capital Structure and Financial Matters

Share Capital – Ordinary Shares

The following are changes in the Company's share capital for the nine-month period ended September 30, 2021:

	Number of Ordinary Shares	Share Capital (DKK in thousands)
Share capital, December 31, 2020	16,198,668	16,198
Capital increase at February 9, 2021 for initial public offering	3,000,000	3,000
Share capital, September 30, 2021	19,198,668	19,198

Note 7. Loan from Lessor

In October 2020, the Company entered into a lease for approximately 1,356 square meters, which is allocated on 839 square meters of office space, and 518 square meters of laboratory space in Hørsholm, Denmark. In addition to the ordinary lease payments, the Company obtained financing from DTU Science Park A/S ("DTU") for rebuilding the laboratory facility and engineering building to match the Company's needs. The Company will repay the $1.3 million financing at a fixed interest rate of 6% over 8 years. If the lease is terminated due to default by the Company before the outstanding balance, including interest accrued, has been repaid, the remaining balance is due immediately. The finance liability is recorded at costs, which approximates fair value at the time of issuance. As of September 30, 2021, the Company is still in discussions with DTU on the actual costs incurred. Consequently, no payments have been made to date and the Company continues to accrue interests on the outstanding balance.

As a result of the finance structure this amount is not included as *Purchase of property, plant and equipment* within the condensed consolidated interim statements of cash flows. The leasehold improvements recognized will be subject for adjustment when the actual costs incurred are made available from DTU.

The following table sets forth the finance liability (in thousands):

	September 30, 2021
Loan from lessor	1,259
Total Loan from lessor	1,259
Less: Loan from lessor, current portion	(159)
Total Loan from lessor, net of current portion	1,100

Note 8. Events After the Reporting Period

Merck Collaboration

On October 25, 2021, the Company entered into a Clinical Trial Collaboration and Supply Agreement, or the Merck CTCSA, with MSD International GmbH and MSD International Business GmbH, subsidiaries of Merck & Co., Inc. to evaluate the combination of the Company's cancer immunotherapy EVX-01 with MSD's KEYTRUDA in a new phase 2b clinical trial. The Company anticipates initiating the trial during the second half of 2021. As part of the agreement, the Company expects Merck CTCSA to provide additional resources as the Company continues the clinical trial.

Follow-on Public Offering

On November 9, 2021, the Company completed a follow-on public offering through which we issued and sold 3,942,856 ADSs, each of which represents one ordinary share, at a price to the public of $7.00 per ADS. The shares issued were inclusive of the 514,285 ADSs issued to the underwriters pursuant to the full exercise of their option to purchase additional shares on November 5, 2021. The Company received aggregate net proceeds of $24.9 million from the follow-on public

offering, which includes the funds received for the additional shares issued to the underwriters, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. Upon the completion of the follow-on public offering, the Company's registered, issued, and outstanding share capital was nominal DKK 23,141,524.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed consolidated interim financial statements, including the notes thereto, included with this report and the section contained in our Annual Report on Form 20-F for the year ended December 31, 2020 – "Item 5. Operating and Financial Review and Prospects". The following discussion is based on our financial information prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. IFRS as issued by the International Accounting Standards Board, and as adopted by the European Union, might differ in material respects from generally accepted accounting principles in other jurisdictions.

Our financial information is presented in our presentation currency, United States Dollar, or USD. Our functional currency is the Danish Krone, or DKK. Some Danish Krone amounts in this discussion and analysis have been translated solely for convenience into USD at an assumed exchange rate of DKK 6.4220 per $1.00, which was the official exchange rate of such currencies as of September 30, 2021 rounded to four decimal places.

Special Note Regarding Forward-Looking Statements

This interim report contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Many of the forward-looking statements contained in this interim report can be identified by the use of forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "should," "target," "would" and other similar expressions that are predictions of or indicate future events and future trends, although not all forward-looking statements contain these identifying words. These forward-looking statements include, but are not limited to, statements about:

- the initiation, timing, progress, results, and cost of our research and development programs and our current and future pre-clinical studies and clinical trials, including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available and our research and development programs;
- the timing of and our ability to obtain and maintain regulatory approval for our product candidates;
- our ability to identify research opportunities and discover and develop investigational medicines;
- the ability and willingness of our third-party collaborators to continue research and development activities relating to the development of our product candidates and investigational medicines;
- our estimates of the size of the patient populations for products derived from our product candidates, if approved;
- our estimates of our expenses, ongoing losses, future revenue and capital requirements and our needs for or ability to obtain additional financing;
- our ability to identify, recruit and retain key personnel;
- our and our collaborators' ability to protect and enforce our intellectual property protection for our proprietary and collaborative product candidates, and the scope of such protection;
- the development of and projections relating to our competitors or our industry;
- our ability to commercialize our product candidates, if approved;
- the pricing and reimbursement of our investigational medicines, if approved;
- the rate and degree of market acceptance of our investigational medicines, if approved;

- the amount of and our ability to use our net operating losses, or NOLs, and research and development credits to offset future taxable income;
- our ability to manage our development and expansion;
- regulatory developments in the United States and foreign countries;
- adverse effects on our business condition and results for operation from the global COVID-19 pandemic, including the pace of global economic recovery from the pandemic;
- our ability to manufacture our product candidates with advantages in turnaround times or manufacturing cost;
- our ability to implement, maintain and improve effective internal controls;
- our expectations regarding the time during which we will be an emerging growth company under the JOBS Act and a foreign private issuer; and
- other risk factors.

These forward-looking statements are based on senior management's current expectations, estimates, forecasts and projections about our business and the industry in which we operate and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this report may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under the section in our Annual Report on Form 20-F for the year ended December 31, 2020 — "Item 3. Key Information—D. Risk Factors". You are urged to consider these factors carefully in evaluating the forward-looking statements. These forward-looking statements speak only as of the date of this report. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. Given these risks and uncertainties, you are cautioned not to rely on such forward-looking statements as predictions of future events.

You should read this report and the documents that we reference in this report and have filed as exhibits to this report completely and with the understanding that our actual future results may be materially different from what we expect. You should also review the factors and risks we describe in the reports we will file or submit from time to time with the U.S. Securities and Exchange Commission, or the SEC, after the date of this report. We qualify all of our forward-looking statements by these cautionary statements.

Significant Risks and Uncertainties

As a biotech company, we face a number of risks and uncertainties. These are common for the biopharmaceutical industry and relate to operations, research and development, commercial and financial activities. For further information about risks and uncertainties the Company faces, we refer to our Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on April 7, 2021. At the date of this interim report, there have been no significant changes to our overall risk profile since the publication of the Form 20-F.

Overview

We are a clinical-stage AI-immunology platform company using our proprietary artificial intelligence, or AI, technology, engineering expertise and drug development know-how to simulate the human immune system and generate predictive models to identify and develop novel immunotherapies for the treatment of various cancers, bacterial diseases and viral infections. Drug discovery and clinical development using historically prevailing techniques is a long, costly process with a high attrition rate. We believe our proprietary AI-immunology platforms, trained to translate vast amounts of data into a deep understanding of biological processes in the human body, can be harnessed to rapidly and cost effectively design and develop unique immunotherapies, thereby potentially revolutionizing the process of drug discovery and development. In an effort to validate the predictive power and scalability of our AI technology platforms, we have identified and are developing a pipeline of clinical product candidates initially focused in the areas of immuno- oncology and infectious diseases. We are currently in the clinic with our two lead product candidates, EVX-01 and EVX-02 for the treatment of various cancers.

Recent Developments

On October 21, 2021, we entered into a Clinical Trial Collaboration and Supply Agreement, or the Merck CTCSA, with MSD International GmbH and MSD International Business GmbH, subsidiaries of Merck & Co., Inc., (known collectively as MSD outside the United States and Canada), to evaluate in a new Phase 2b clinical trial, the combination of our patient-specific neoepitope cancer immunotherapy compound, EVX-01, with MSD's anti-PD-1 therapy KEYTRUDA® (pembrolizumab) compound, a humanized anti-human PD-1 monoclonal antibody.

We will act as the sponsor of the clinical trial under our own IND with the right of reference to the IND of MSD's compound. The planned multi-center Phase 2b clinical trial will enroll patients with Stage III and IV advanced or metastatic unresectable melanoma and will investigate EVX-01 in combination with KEYTRUDA®. We expect to initiate the trial during the second half of 2021. Under terms of the Merck CTCSA, we will be responsible for the conduct of the study. MSD will be responsible for the supply of all of the necessary KEYTRUDA® and we will continue to collaborate with MSD as the data mature.

We will own all data (including raw data) and results generated from the clinical trial other than data related to Sample Testing Results, Joint Clinical Data or MSD Clinical Data, as those terms are defined in the Merck CTCSA.

Under the terms of the Merck CTCSA, MSD may terminate the agreement in the event it believes that its compound is being used unsafely. Either we or MSD may terminate the agreement if either of us determines (i) that there has been a material breach thereof by the other party, (ii) that the clinical trial may adversely affect patient safety or (iii) to withdraw the development of its compound for medical, scientific or legal reasons. In addition, either we or MSD may terminate the agreement if any regulatory authority takes any action or raises any objection that prevents the terminating party from supplying its compound.

Additionally, in July 2021, we reported results from the Phase 1/2a clinical trial of our EVX-01 cancer immunotherapy in Stage III and IV advanced or metastatic unresectable melanoma and interim results from the Phase 1/2a clinical trial of our EVX-02 cancer immunotherapy in Stage III and IV adjuvant resectable melanoma.

EVX-01: Phase 1/2a Clinical Trial in Metastatic Melanoma

The initial data readout from our EVX-01 Phase 1/2a clinical trial of nine patients demonstrated an overall response rate, or ORR, of 67% across all nine patients compared with a historical ORR of 40% with anti-PD-1 treatment alone. The study also demonstrated a complete response rate, or CR, of 22%, compared with a historical CR of 7% with anti-PD-1 treatment alone. Among the four patients on the highest two doses, there was an ORR of 75%. Three patients with stable disease, or SD, for 10, 8 and 9 months on anti-PD-1 treatment alone, achieved CR, CR and PR, respectively, following EVX-01 administration. In addition, the data showed induction of neoepitope-specific T cells in 100% of patients and 76.2% of the administered neoepitopes induced reactive T cells in patients, of which 83.3% were de novo responses. Data from the trial also showed that EVX-01 appeared to be well tolerated with only Grade 1 and 2 adverse events such as fatigue and fever.

The results also demonstrated that our novel proprietary AI-Immunogenetic Drug Response Platform, or AI-DeeP™, which seeks to infer which patients benefit from our cancer immunotherapies based on immunogenetic expression signatures in the tumor microenvironment, is able to identify patients responding to therapy with high precision.

We believe that the data support progressing the development of EVX-01 into a subsequent randomized Phase 2b trial, which we expect to initiate in second half of 2021.

EVX-02: Phase 1/2a clinical trial in adjuvant melanoma

Preliminary data from the first two patients treated in our Phase 1/2a clinical trial showed activation of neoepitope-specific T cells with tumor killing potential. In addition, EVX-02 appeared to be well-tolerated.

We believe preliminary clinical immune and safety data from the Phase 1/2a trial of EVX-02 together with pre-clinical data from both our DNA-based patient-specific cancer immunotherapies, EVX-02 and EVX-03, support moving into a combined Phase 2b trial for which we intend to submit a regulatory filing in the first half of 2022. The ongoing Phase 1/2a trial will continue to recruit patients to generate data until initiation of the Phase 2b trial.

Our AI Platforms

Our three proprietary platforms include (i) PIONEER, our immuno-oncology platform, (ii) EDEN, our bacterial disease platform, and (iii) RAVEN, our viral disease platform. Currently, we are focused on using PIONEER for the development of patient-specific immunotherapies for various cancers and using EDEN to develop immunotherapies for bacterial diseases. We plan to use our RAVEN platform to discover and develop vaccines against future coronaviruses as well as other viral infections. We may, in the future, develop additional platforms to address other conditions known to have a large immunological component, examples of which could include autoimmune diseases, microbiome dysbiosis, allergies and parasites.

Results of Operations

Impact from COVID-19 Pandemic

In December 2019, a novel strain of coronavirus was reported in Wuhan, China and on March 11, 2020 the World Health Organization, or the WHO, declared COVID-19 a pandemic. To date, COVID-19 has surfaced in nearly all regions around the world and resulted in travel restrictions and business slowdowns and/or shutdowns in affected areas. Denmark, all U.S. states, and many local jurisdictions and countries around the world have, at times during the pandemic, issued "shelter-in-place" orders, quarantines, executive orders and similar government orders, restrictions, and recommendations for their residents to control the spread of COVID-19. Such orders, restrictions and/or recommendations, and/or the perception that additional orders, restrictions or recommendations could occur, have, at times during the pandemic, resulted in widespread closures of businesses, including healthcare systems, work stoppages, slowdowns and/or delays, work-from-home policies and travel restrictions, among other effects.

The full extent to which the COVID-19 outbreak will impact our business, results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID-19 and the actions to contain it or treat its impact and the economic impact on local, regional, national and international markets. As the COVID-19 pandemic continues, our results of operations, financial condition, and cash flows may be adversely affected, and may differ from current projections.

These uncertainties include, among others, the ultimate severity and duration of the pandemic; the emergence and prevalence of COVID-19 variants, such as the recent emergence of the Delta variant; governmental, business or other actions that have been, are being or will be, taken in response to the pandemic, including restrictions on travel and mobility, business closures and operating restrictions, and imposition of social distancing measures; impacts of the pandemic on our employees, the vendors or distribution channels in our supply chain and on the our ability to continue to manufacture its products; impacts of the pandemic on the conduct of our clinical trials, including with respect to enrollment rates, availability of investigators and clinical trial sites, and monitoring of data; impacts of the pandemic on healthcare systems, impacts of the pandemic on the regulatory agencies with which we interact in the development, review, approval and commercialization of products derived from our product candidates, if any; impacts of the pandemic on reimbursement for products derived from our product candidates, if any, and for services related to the use of products derived from our product candidates, if any; and impacts of the pandemic on the Danish, U.S. and global economies more broadly.

In addition, we rely upon third parties for many aspects of our business, including the provision of goods and services related to the manufacture of our clinical products and the conduct of our clinical trials. Any prolonged material disruption to the third parties on which we rely could negatively impact our ability to conduct business in the manner and on the timelines presently planned, which could have a material adverse impact on our business, results of operations and financial condition.

COVID-19 or other public health epidemics, pandemics or outbreaks, and the resulting business or economic disruptions resulting therefrom, may adversely impact our business as well as our ability to raise capital. While we continue to conduct research and development, or R&D, activities, including our ongoing clinical trials, the COVID-19 pandemic has, at times, impacted the timelines of certain of our early-stage discovery efforts and clinical trials, and may continue to impact such timelines while the pandemic persists. We work closely with our internal teams, our clinical investigators, R&D vendors and critical supply chain vendors to continually assess, and mitigate, any potential adverse impacts of COVID-19 on our R&D activities. We are closely monitoring the potential impact of COVID-19 on our 2021 business and operations, financial results and cash flows. Our top priority remains the health and safety of our staff and the patients in our studies.

Comparison of the three months ended September 30, 2021 and 2020

The following table summarizes our statements of profit or loss for the periods indicated (unaudited):

	Three Months Ended September 30,		
	2021	2020	Change
	(USD in thousands)		
Operating expenses:			
Research and development	$ 4,417	$ 2,966	$ 1,451
General and administrative	1,495	1,719	(224)
Total operating expenses	5,912	4,685	1,227
Operating loss	**(5,912)**	**(4,685)**	**(1,227)**
Finance income	288	100	188
Finance expenses	(51)	(3)	(48)
Net loss before tax	**(5,675)**	**(4,588)**	**(1,087)**
Income tax benefit	425	578	(153)
Net loss for the period	**$ (5,250)**	**$ (4,010)**	**$ (1,240)**

Research and Development

Research and development expenses were $4.4 million for the three months ended September 30, 2021 as compared to $3.0 million for the three months ended September 30, 2020. The increase in research and development expenses was primarily due to increased spending of $0.9 million for ongoing development of our AI platforms, pre-clinical product candidates, and clinical trials. In addition, employee-related costs increased by $0.5 million due to higher headcount.

General and Administrative

General and administrative expenses were $1.5 million for the three months ended September 30, 2021 as compared to $1.7 million for the three months ended September 30, 2020. The slight decrease in general and administrative expenses was primarily due to a $0.4 million decrease in employee-related costs mainly attributable to decreases in share-based compensation expenses, offset by a $0.2 million increase in overhead and professional fees related to the expansion of our corporate function.

Finance Income

Finance income was primarily related to foreign exchange gains on the receipts of the proceeds from our initial public offering, or IPO, completed in February 2021, which were in USD while the functional currency is DKK, recognized during the three months ended September 30, 2021.

Finance Expenses

Finance expenses were primarily related to interest expense from our lease liabilities recognized during the three months ended September 30, 2021.

Income Taxes

The benefit from income tax was $0.4 million for the three months ended September 30, 2021 as compared to $0.6 million for the three months ended September 30, 2020. The $0.2 million decrease is the result of changes in prepayments and accruals resulting in a lower deferred tax asset and tax receivable than in the prior year period.

Comparison of the nine months ended September 30, 2021 and 2020

The following table summarizes our statements of profit or loss for the periods indicated (unaudited):

	Nine Months Ended September 30,		
	2021	2020	Change
	(USD in thousands)		
Operating expenses:			
Research and development	$ 13,429	$ 8,046	$ 5,383
General and administrative	4,684	3,872	812
Total operating expenses	18,113	11,918	6,195
Operating loss	**(18,113)**	**(11,918)**	**(6,195)**
Finance income	1,293	122	1,171
Finance expenses	(843)	(7)	(836)
Net loss before tax	(17,663)	(11,803)	(5,860)
Income tax benefit	1,501	1,054	447
Net loss for the period	**$ (16,162)**	**$ (10,749)**	**$ (5,413)**

Research and Development

Research and development expenses were $13.4 million for the nine months ended September 30, 2021 as compared to $8.0 million for the nine months ended September 30, 2020. The increase in research and development expenses was primarily due to increased spending of $3.5 million for ongoing development of our AI platforms, pre-clinical product candidates, and clinical trials. In addition, employee-related costs increased by $1.8 million due to higher headcount.

General and Administrative

General and administrative expenses were $4.7 million for the nine months ended September 30, 2021 as compared to $3.9 million for the nine months ended September 30, 2020. The increase in general and administrative expenses was primarily due to a $1.2 million increase in overhead and professional fees related to the expansion of our corporate function for our IPO, partially offset by a decrease of $0.4 million in employee-related costs.

Finance Income

Finance income was primarily related to foreign exchange gains on the receipts of our IPO proceeds, which were in USD while the functional currency is DKK, recognized during the nine months ended September 30, 2021.

Finance Expenses

Finance expenses were primarily related to foreign exchange losses recognized during the nine months ended September 30, 2021.

Income Taxes

The benefit from income tax was $1.5 million for the nine months ended September 30, 2021 as compared to $1.0 million for the nine months ended September 30, 2020. Our effective tax rates for the nine months ended September 30, 2021 and 2020 were different from the Danish effective statutory tax rate of 22% since we only recognize deferred tax assets on temporary differences to the extent the requirements for capitalization are met. Taxable income is mainly related to expected tax receivable from R&D Tax Schemes in Denmark and Australia based on tax losses incurred in the current financial year. In connection with our IPO, we incurred non-deductible expenses which resulted in differences in our effective tax rates.

Liquidity and Capital Resources

Overview

We are a clinical stage AI-immunology platform company that has not generated revenues during the reporting periods. We are exposed to a variety of financial risks including liquidity risks. We have incurred significant losses and negative cash flows from operations since

our inception. As of September 30, 2021, we had an accumulated deficit of $42.1 million and expect to continue to incur significant losses for the foreseeable future.

As of September 30, 2021 and December 31, 2020, our available liquidity, comprised of cash and cash equivalents, was $11.9 million and $5.8 million, respectively and our total equity was $16.7 million and $7.0 million, respectively. The increase in cash and equity was primarily a result of the proceeds received from our IPO, discussed below. We have not generated any revenues during the three and nine months ended September 30, 2021 and 2020 and we do not anticipate generating revenues unless and until we successfully complete Phase 2b development and obtain an out-licensing partnership of any current or future product candidates.

In August 2020, we executed a loan agreement, or the EIB Loan Agreement, with the European Investment Bank, or EIB, for a principal amount of €20.0 million, divided into three tranches of €7.0 million, €6.0 million and €7.0 million on the EIB Loan. Under the EIB Loan Agreement, the EIB Loan tranche balances are due six years from their respective disbursement dates. For all tranches, EIB is entitled to an aggregate of 1,003,032 cash settled warrants with an exercise price of 1 DKK per warrant. The 351,036 warrants attributable to the first tranche of €7.0 million were incorporated in the articles of association on December 17, 2020. As of September 30, 2021, and as of the date of this report, we had not drawn down on the EIB Loan Agreement. Since we did not draw down on the loan by August 6, 2021, we are obligated to pay a fee equal to 1% of the principal amount of €20.0 million or €0.2 million. However, the EIB Loan Agreement fee due date was extended until January 6, 2022, in the event that we do not draw the first tranche by January 6, 2022.

In September 2020, we received $6.6 million of additional funding from the issuance of 745,380 of our ordinary shares as part 1 of our “bridging round” with outside investors. On October 15, 2020, we successfully completed part 2 of our “bridging round” of capital with outside investors in the amount of $2.4 million from the issuance of 269,136 of our ordinary shares and received the proceeds in November 2020.

In October 2020, the Company entered into a lease for approximately 1,356 square meters, which is allocated on 839 square meters of office space, and 518 square meters of laboratory space in Hørsholm, Denmark. The commencement date for the lease of the 839 square meters of office space was February 1, 2021 and the lease continues for a term of 10 years from that date. In October 2020, the Company entered into a lease for approximately 518 square meters, which was allocated for additional laboratory space, in Hørsholm, Denmark. The commencement date for the lease is August 13, 2021 and the lease continues for a term of 10 years with a subsequent 12-month cancellation notice period. The lease agreement contains an early termination provision which would trigger a termination fee of $2.7 million. The initial monthly payment is expected to be between $28,000 and $30,000, which consists of $12,000 for the office space, and is expected to be between $16,000 and $18,000 for the laboratory space. Through-out the term, the lease is subject to annual increases ranging from two to four percent on the annual lease payment amount.

In addition to the ordinary lease payments, the Company obtained financing from DTU Science Park A/S (“DTU”) for rebuilding the laboratory facility and engineering building to match the Company’s needs. The Company will repay the $1.3 million financing at a fixed interest rate of 6% over 8 years. If the lease is terminated due to default by the Company before the outstanding balance, including interest accrued, has been repaid, the remaining balance is due immediately. As of September 30, 2021, the Company is still in discussions with DTU on the final settlement terms. Consequently, no payments have been made to date and the Company continues to accrue interests on the outstanding balance.

On February 9, 2021, we completed our IPO through which we issued and sold 3,000,000 American Depositary Shares, or ADSs, each of which represents one ordinary share, at a price to the public of $10.00 per ADS. We received aggregate net proceeds of $25.3 million from the IPO, after deducting the underwriting discounts and commissions and offering expenses. Upon the completion of the IPO, our registered, issued, and outstanding share capital was nominal DKK 19,198,668.

On October 21, 2021, we entered into a Clinical Trial Collaboration and Supply Agreement, or the Merck CTCSA, with MSD International GmbH and MSD International Business GmbH, subsidiaries of Merck & Co., Inc.) to evaluate in a new Phase 2b clinical trial. We expect to initiate the trial during the second half of 2021. We expect Merck CTCSA to provide us additional resources as we continue our clinical trial.

On November 9, 2021, the Company completed a follow-on public offering through which we issued and sold 3,942,856 ADSs, each of which represents one ordinary share, at a price to the public of $7.00 per ADS. The shares issued were inclusive of the 514,285 ADSs issued to the underwriters pursuant to the full exercise of their option to purchase additional shares on November 5, 2021. The Company received aggregate net proceeds of $24.9 million from the follow-on public offering, which includes the funds received for the additional shares issued to the underwriters, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. Upon the completion of the follow-on public offering, the Company’s registered, issued, and outstanding share capital was nominal DKK 23,141,524.

Financing Requirements

We anticipate incurring additional losses until such time, if ever, we can complete our R&D and obtain an out-licensing partnership for our product candidates and generate revenues from such product candidates. Substantial additional financing will be needed by us to fund our operations and to continue development of our product candidates.

Based on our current operating plan, our board of directors believe that the existing cash and cash equivalents, including the net proceeds from our IPO and funding arrangements with current investors and EIB, along with management initiatives, will provide us with necessary resources to support our operations for at least 12 months from September 30, 2021. However, the forecast of the period of time through which our financial resources will be adequate to support operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could use capital resources sooner than expected. Additionally, the process of testing product candidates in clinical trials is costly, and the timing of progress and expenses is uncertain. In any event, we will require additional capital to achieve our goals. Even if we believe we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations. Our spending will vary based on new and ongoing development and corporate activities. Due to high uncertainty of the length of time and activities associated with discovery and development of our product candidates, we are unable to estimate the actual amount of funds we will require for our developmental activities.

Our future financing requirements will depend on many factors, including, but not limited to:

- the scope, progress, results and costs of researching and developing our AI platforms;
- the timing of, and the costs involved in providing support to our future partners, if any, in connection with their efforts in seeking regulatory approvals in the United States and elsewhere for any future products derived from our product candidates if clinical trials are successful;
- the cost of providing support to our future partners, if any, in connection with their commercialization activities for products derived from our product candidates, if approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing any future product candidates for clinical trials and scaling up manufacturing in preparation for late stage clinical trials;
- the number and characteristics of additional product candidates that we pursue;
- our ability to establish and maintain collaborations, partnerships, licensing or other arrangements with third parties, including the timing of receipt of any potential milestone payments, licensing fees or royalty payments under these agreements;
- the impact of the COVID-19 pandemic on the initiation or completion of pre-clinical studies or clinical trials and the supply of our product candidates;
- our ability to maintain, expand, and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make in connection with the licensing, filing, defense, and enforcement of any patents or other intellectual property rights;
- the timing, receipt, and amount of sales of, or royalties on, any products developed by our future partners, if any, derived from our product candidates;
- our need and ability to hire additional management, scientific, technical and business personnel; and
- the extent to which we acquire or invest in businesses, products, or technologies (although we currently have no commitments or agreements relating to any of these types of transactions).

We expect to finance cash needs through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements.

We may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of current shareholders

could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of the current shareholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, licenses and other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable and/or may reduce the value of our ordinary shares. Failure to raise capital or enter into such other arrangements when needed could have a negative impact on financial conditions and our ability to pursue our business plans and strategies. If we are unable to raise additional capital when needed, we could be forced to delay, limit, reduce or terminate our product candidate development or grant rights to develop and market our product candidates.

Cash Flows

The following table summarizes our cash flows for the periods indicated (unaudited):

	Nine Months Ended September 30,	
	2021	2020
	(USD in thousands)	
Cash Flow Data:		
Net cash used in operating activities	$ (17,818)	$ (8,018)
Net cash used in investing activities	(1,153)	(131)
Net cash provided by financing activities	25,152	6,443
Net increase/(decrease) in cash and cash equivalents	$ 6,181	$ (1,706)

Operating Activities

Net cash used in operating activities was $17.8 million for the nine months ended September 30, 2021. The largest component of our cash used in operating activities during this period was a net loss for the period of $16.2 million and non-cash adjustments of $1.0 million. Additionally, there was a net cash change in our working capital during the period of $0.6 million. The non-cash adjustments primarily consisted of a change in income tax benefit of $1.5 million, a change in tax credit schemes accounted for as grants of $0.5 million, and foreign exchange rate adjustments and various other immaterial changes of $0.3 million. The non-cash adjustments were offset by a change in share-based compensation expense of $1.3 million. The negative net cash attributable to changes in our current operating assets (excluding cash) and our current operating liabilities during the period was primarily comprised of an increase of $0.8 million in other payables, due to the timing of invoices received, a decrease of $0.7 million in receivables due to timing of prepayments in our research and development activities, offset by a $2.1 million decrease in trade payables due to timing and payments of invoices.

Net cash used in operating activities was $8.0 million for the nine months ended September 30, 2020. The largest component of our cash used in operating activities during this period was a net loss for the period of $10.7 million offset by non-cash charges of $1.8 million and income taxes received of $0.8 million and increased by net cash change in our working capital during the period of $0.1 million. The non-cash charges primarily consisted of share-based compensation expense of $2.8 million offset by a change in income tax benefit of $1.0 million. The positive net cash attributable to changes in our current operating assets (excluding cash) and our current operating liabilities during the period was primarily comprised of an increase of $0.8 million in trade payables and an increase of $0.8 million in other payables, both due to the timing of invoices received, offset by a $1.5 million increase of receivables due to timing of prepayments in our research and development activities.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2021 was primarily driven by the purchase of property and equipment in the amounts of $1.1 million.

Net cash used in investing activities for the nine months ended September 30, 2020 was primarily driven by the purchase of property and equipment in the amounts of $0.1 million.

Financing Activities

Net cash provided by financing activities was $25.2 million for the nine months ended September 30, 2021, which was primarily due to net proceeds from the issuance of shares of $27.9 million from our IPO, partially offset by transaction costs of $2.6 million related to the issuance of shares and $0.1 million related to the repayment of lease liabilities.

Net cash provided by financing activities was $6.4 million for the nine months ended September 30, 2020, which was primarily due to net proceeds from the issuance of shares of $6.6 million from our capital raises, partially offset by transaction costs of $0.1 million related to the issuance of shares and $0.1 million related to the repayment of lease liabilities.

Off-balance Sheet Arrangements

As of September 30, 2021, we did not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources. We did not have any other off-balance sheet arrangements, as defined in the rules and regulations of the SEC, as of or during the periods presented.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in market prices. The type of market risk that primarily impacts us is foreign currency risk.

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 primary exposure derives from our expenditures in foreign currencies, mainly the USD, the Australian Dollar and the British Pound. This exposure is known as transaction exposure. We are exposed to foreign currency risk as a result of operating transactions and the translation of foreign currency bank accounts and short-term deposits. We seek to minimize our exchange rate risk by maintaining cash positions in the currencies in which we expect to incur the majority of our future expenses and we make payments from those positions.

Interest Rate Risk

We manage interest rate risk by monitoring short- and medium-term interest rates and placing cash on deposit for periods that optimize the amount of interest earned while maintaining access to sufficient funds to meet day-to-day cash requirements. We do not currently have any loans or holdings that have variable interest rate. Accordingly, we are not exposed to material interest rate risk.

Recently Adopted Accounting Pronouncements and Accounting Pronouncements Not Yet Adopted

A description of recently adopted accounting pronouncements and accounting pronouncements not yet adopted that may potentially impact our financial position and results of operations is disclosed in Note 2 to our audited consolidated financial statements in our Annual Report on Form 20-F for the year ended December 31, 2020.