

Third quarter results

2021

targovax

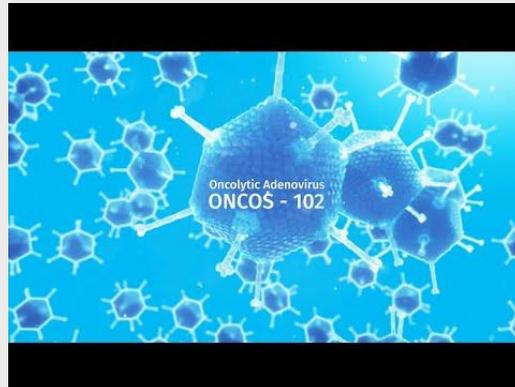
# About Targovax

## Activating the patient's immune system to fight cancer

Targovax (OSE:TRVX) is a clinical stage immuno-oncology company developing immune activators to target hard-to-treat solid tumors. Targovax aims to unlock greater clinical benefits in cancer patients by deploying its multifunctional platforms to target key immune regulators and oncogenic drivers. Targovax's focus is to "activate the patient's immune system to fight cancer", thus extending and transforming the lives of cancer patients. Targovax's pipeline aims at different cancer indications, including melanoma, mesothelioma and colorectal cancer. The company's product candidates are designed to harness the patient's own immune system to fight the cancer, whilst also delivering a favorable safety and tolerability profile.

Targovax's lead clinical candidate, ONCOS-102, is a genetically modified oncolytic adenovirus, which has been engineered to selectively infect cancer cells and activate the immune system to fight the cancer. On the back of very encouraging clinical data in several indications, both in monotherapy and in multiple combinations, the next development steps for ONCOS-102 will be to further improve responses in melanoma patients resistant to or poorly responsive to current standard of care.

To learn more about ONCOS-102's mechanism of action, watch our latest video which is available either by clicking on the image to the right or via our website.



## Third quarter presentation

The management will hold an online presentation 4 November 2021 at 10:00 CET.

The presentation will be webcast live and can be accessed [here](#) and at [www.targovax.com](http://www.targovax.com).

## Upcoming conferences / events

**10-14 Nov 2021:** SITC Annual Meeting

**16 Dec 2021:** DNB Healthcare Seminar

## Upcoming data milestones

**2H 2021:** ONCOS-102 Phase 1/2 trial in unresectable malignant pleural mesothelioma  
– *Survival update*

**1H 2022:** ONCOS-102 Phase 1/2 trial with anti-PD-L1 in colorectal cancer  
– *Clinical and biomarker data*

## Financial calendar 2021

**17 Feb 2022:** Fourth Quarter presentation

**7 Mar 2022:** Annual Report

# Third quarter highlights

- Received acceptance of two posters to be presented at the Society for Immunotherapy of Cancer (SITC) Annual Meeting in November
- Presented poster at European Society for Medical Oncology (ESMO)
- Received European Patent for ONCOS-102 in combination with chemotherapy
- Announced Dr Lone Ottesen's appointment as Chief Development Officer and Ola Melin as Head of Manufacturing

## Post-period highlights

- In October, Dr. Erik Digman Wiklund was appointed as new Chief Executive Officer. Dr. Wiklund has a strong scientific background in cancer research, and intimate knowledge of the company and its technology having served as Chief Business Officer and Chief Financial Officer of Targovax since 2017. Former CEO Øystein Soug will remain with the company following the appointment of Dr. Wiklund. Mr. Soug will act as a special advisor and also serve as interim CFO providing important strategic and management continuum for the company.

## Key figures

<i>Amounts in NOK thousands</i>	3Q 2021	3Q 2020	9M 2021	9M 2020	FY 2020
Total operating revenues	-	34	-	624	624
Total operating expenses	-22 539	-22 073	-70 078	-81 652	-104 524
Operating profit/loss	-22 539	-22 039	-70 078	-81 028	-103 901
Net financial items	-781	-718	-1 294	-1 089	-4 503
Income tax	11	73	42	220	277
Net profit/loss	-23 309	-22 684	-71 330	-81 898	-108 126
Basic and diluted EPS (NOK/share)	-0.27	-0.30	-0.82	-1.10	-1.40
Net change in cash	-17 127	-23 808	-68 257	7 228	51 893
Cash and cash equivalents start of period	71 192	101 465	122 321	70 429	70 429
Cash and cash equivalents end of period	54 064	77 657	54 064	77 657	122 321

*The interim financial information has not been subject to audit*

# CEO statement

**Taking over the leadership of Targovax at a time when we have demonstrated a clear signal of efficacy accompanied by a deep biomarker data package for our lead candidate ONCOS-102, is a truly exciting opportunity. The insights we have gained allow us to select the optimal combination strategy for the next development step, as well as to design innovative and differentiated second generation ONCOS vectors to shape our platform for the future.**

First of all, I would like to thank Øystein Soug for his strong leadership through the past five years. During his tenure as CEO, Targovax has successfully executed the early phase ONCOS-102 development program, exploring multiple combinations in different solid tumor types, and matured into a publicly listed company with end-to-end drug development capabilities. On the personal level, Øystein has been a mentor and friend who has taught me the ropes of biotech management and corporate strategy and provided wide opportunities for professional development.

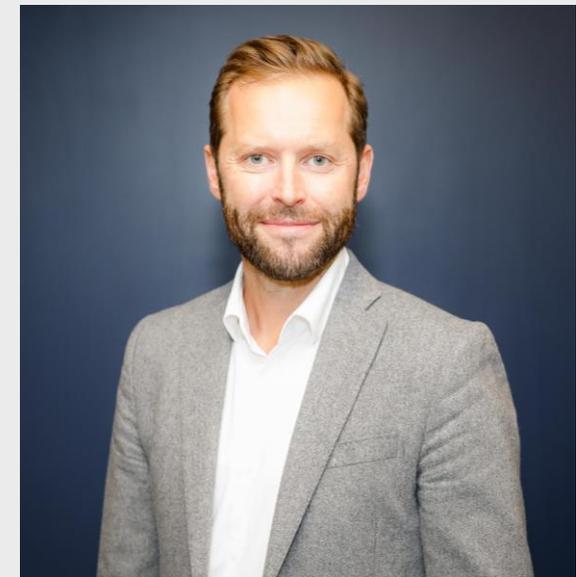
I am thrilled that the Board has entrusted me with the opportunity to lead Targovax into the next phase of development. My first priorities will be to advance preparations for the next ONCOS-102 study and to strengthen our R&D capabilities, and we have already started to make key recruitments in RNA biology and initiated research collaborations to enable us to increase the speed of innovation in a nimble and cost-efficient manner.

ONCOS-102 will remain at the core of our R&D strategy. Based on deep mechanistic insights from phase 1, the planned melanoma phase 2 platform trial will provide the opportunity to assess multiple combination alternatives in parallel. The aim is to boost and prolong the already strong 35% response rate in anti-PD1 refractory melanoma specifically, and to identify the best therapeutic partners both for ONCOS-102 and future next generation ONCOS candidates.

Going forward the top three priorities for Targovax will be to:

- **Let the science guide us:** make smart, scientifically based decisions based on data and insights generated in the phase 1/2 program
- **Advance ONCOS-102 in melanoma:** boost response rates beyond the current 35% ORR by identifying the best combination approach
- **Establish ONCOS as a versatile delivery platform:** engineer novel RNA concepts into ONCOS for enhanced delivery of highly targeted, immune stimulatory genetic payloads.

It is with great enthusiasm that I and the whole Targovax team take on these priorities and embark on the journey to deliver on the full potential that lies in our ONCOS platform. Our goal is to deliver differentiated and potent product candidates to benefit patients with advanced solid tumors, and to create value for our devoted shareholders as we do so.



**Erik Digman Wiklund**

CEO Targovax Group

# Pipeline and newsflow

Product candidate	Preclinical	Phase 1	Phase 2	Phase 3	Next expected event
ONCOS-102	Refractory Melanoma Platform IO combination trial				2022 First patient
	Mesothelioma Combination w/ pemetrexed/cisplatin				2H21 Survival update
	Metastatic Colorectal cancer Combination w/anti PDL1				1H22 Clinical data
NextGen ONCOS vectors					Preclinical data and selection of candidates
Novel mutRAS concepts					Preclinical data and selection of candidates

## ONCOS-102 in CPI refractory advanced melanoma

The trial explored safety, immune activation, and clinical responses, of ONCOS-102 and Keytruda (pembrolizumab), an anti-PD1 checkpoint inhibitor (CPI), in patients with advanced or unresectable melanoma whose tumors have continued to grow following prior CPI therapy. The trial was conducted at the Memorial Sloan Kettering Cancer Center in New York, USA, Fox Chase Cancer Center in Philadelphia, USA and University of Maryland Comprehensive Cancer Center in Baltimore, USA.

The results were announced 1 December 2020 and showed class-leading objective responses as well as effects on non-injected lesions:

- Tumor responses observed in 7 out of 20 evaluable patients, resulting in overall response rate (ORR) of 35%
- Systemic effects observed in multiple patients, including two examples where a non-injected lesion completely regressed
- Confirmed the ability of ONCOS-102 to reactivate CPI refractory tumors

Based on these promising results, Targovax intends to start with a platform trial, where ONCOS-102 will be tested in various combinations, including anti-PD1, double checkpoint and potentially also other novel immunotherapies to improve the ORR even further. Targovax received Fast Track designation from the US Federal Drug Administration (FDA) in June. Receiving this designation is an endorsement by the US FDA of the strength of the ONCOS-102 data package in melanoma. The

FDA Fast Track designation is awarded to therapies with the potential to address unmet medical needs in serious medical conditions and allows for more frequent interactions with the FDA to expedite clinical development, as well as the regulatory review processes. Fast Track products have high likelihood of receiving Priority Review for a future Biologics License Application (BLA) and may be allowed to submit parts of the application for rolling review to shorten the approval timeline.

## ONCOS-102 in malignant pleural mesothelioma

The trial is an open label, randomized, exploratory phase I/II adding ONCOS-102 to standard of care (SoC) chemotherapy (pemetrexed/cisplatin) in first and second (or later) line malignant pleural mesothelioma (MPM) to assess safety, immune activation and clinical efficacy of the combination treatment. In total, 31 patients have been randomized in the trial, 20 patients in the ONCOS-102 in combination with SoC (8 patients were randomized in first line), and 11 patients in the control group receiving SoC only (6 in first line). The combination treatment with ONCOS-102 and SoC was well tolerated, with no safety signals beyond what is expected from SoC alone.

At the 24-month follow-up in June 2021, it was determined that the final median overall survival (mOS) will be in the range of 21.9 to 25.0 months for first-line ONCOS-102-treated patients in the randomized group (n=8). This is a clear improvement over the mOS of 13.5 months observed in the first-line SoC-only control group (n=6). Previous MPM clinical trials have reported mOS in the range of 12–16 months for patients receiving the same SoC chemotherapy treatment. The next survival analysis will be available by the end of 2021.

Earlier, it was reported that ONCOS-102 treatment induces broad and powerful immune activation in MPM, far beyond what is achieved with SoC alone. Importantly, this immune activation is associated with better survival outcomes at the 21-month analysis, indicating that the immunological activity of ONCOS-102 drives the observed clinical benefit.

Based on the encouraging efficacy and the associated broad immune activation, the US FDA granted ONCOS-102 Fast Track designation for malignant pleural mesothelioma in February 2021.

The powerful immune activation generated by ONCOS-102 in mesothelioma, together with the emerging survival data (already exceeding that seen in the recent FDA approved combination of ipilimumab and nivolumab), builds a compelling rationale for combining ONCOS-102 with a checkpoint inhibitor in MPM and suggests we could reasonably expect a combination of ONCOS-102 with checkpoint inhibition to add incremental clinical benefit to patients with mesothelioma.

## ONCOS-102 in metastatic colorectal cancer – collaboration trial

This is a single arm, open-label, multi-center phase 1/2 trial, where ONCOS-102 is intraperitoneally administered in combination with Imfinzi (durvalumab, an anti-PD-L1 antibody), to patients who have metastatic colorectal cancer with peritoneal carcinomatosis and have failed prior standard therapies. The trial will assess the safety, biologic and anti-tumor activity of the combination, and is financed by Cancer Research Institute (CRI) and run by Ludwig Cancer Research, and Targovax was selected to participate with ONCOS-102 as the virus of choice for this trial. Targovax retains all commercial rights to ONCOS-102 in this collaboration.

The trial completed recruitment in June 2021 with a total of 33 patients enrolled with 30 patients treated with the full dose ONCOS-102 and durvalumab combination.

The safety reviews during the dose escalation phase were completed with no dose limiting toxicities, and the combination showed good tolerability. Data from this trial are expected in the first half of 2022.

## Next generation ONCOS viruses

The recent success of adenoviral technology in the Covid-19 vaccine space has strengthened the rationale to fully exploit the capability of the ONCOS technology as a delivery system for targeted genetic payloads. Emerging clinical data from Targovax and others indicate Adenovirus as a superior oncolytic vector, particularly when compared to Herpes and Vaccinia-based approaches.

The ONCOS platform is based on a highly immunogenic, versatile double-stranded DNA adenovirus serotype 5 backbone with two genetic modifications to enhance cancer selectivity.:

1. A 24bp deletion in the E1A region to ensure selective replication in actively dividing cells, such as cancer cells
2. Replacement of the serotype 5 to a serotype 3 fiber knob; making the virus primarily infect via the DSG2 and CD46 receptors, which are typically upregulated on cancer cells

Targovax has a portfolio of novel ONCOS viruses in pre-clinical development, both in-house and through collaboration with partners. In the second generation ONCOS viruses, the DNA payload capacity of the backbone has been increased beyond ONCOS-102 to include two transgenes. The first pre-clinical results from the ONCOS-200 series were presented at the American Association for Cancer Research (AACR) Annual Meeting in June 2020, demonstrating clear anti-cancer activity and mechanistic synergism between the two transgene payloads. These encouraging observations are being further investigated to elucidate transgene functionality and mechanism of action in vivo.

From the wholly owned ONCOS-200-series, ONCOS-211 has been selected as the lead candidate for further development. This construct carries two transgenic payloads, ICOS-L and ADA. ICOS-L provides a stimulatory signal driving T-cells into their cytotoxic effector state, and ADA removes immune-suppressive adenosine thereby promoting a pro-inflammatory tumor micro-environment. In combination, these two transgenes add targeted immune-stimulatory firepower to the already strong immune-activating properties of ONCOS.

In June 2020, Targovax entered into a collaboration agreement with the Explorations in Global Health (ExGloH) Division of Leidos to evaluate the potential of using ONCOS oncolytic adenoviruses as a vector to encode Microtide checkpoint inhibitor peptides as gene sequences. This combination is promising since checkpoint inhibition complements oncolytic virotherapy by blocking the tumor's main defense mechanism against the anti-tumor immune response generated by the oncolytic virus. If successful, this could potentially circumvent the need to combine ONCOS with classical systemically delivered checkpoint inhibitors. Later in 2020, Targovax entered into a research collaboration with the Swedish biotech company Oblique Therapeutics to utilize ONCOS as a delivery vector for Oblique's proprietary AbiProt antibodies targeting mutant K-RAS. If successful, this would become a first-in-class viral therapy engineered to directly target oncogenic RAS driver mutations.

Under these agreements, Targovax and the respective partners will jointly investigate the technical feasibility, immune modulatory and anti-cancer properties of encoding these novel payloads in the ONCOS backbone both in vitro and in vivo. The resulting constructs and any novel IP will be jointly owned, and additional functionality can be built in to stimulate multiple complementary anti-tumor mechanisms. Targovax is actively pursuing additional similar collaborative partnerships to expand the pipeline and access novel complementary technologies where a synergy can be expected with ONCOS.

Importantly, Targovax is also exploring how novel RNA concepts can be engineered into ONCOS to further enhance the delivery of genetic payloads directly into the tumor. This has the potential to expand the ONCOS program into a versatile and unique platform system for enhanced transgene delivery, as well as to build additional regulatory functionality into the backbone construct. Circular RNA is an example of such novel RNA technology being explored in the context of ONCOS, and Targovax is actively building the team to drive these RNA efforts forward.

In summary, Targovax has a broad pipeline of both in-house and partnered pre-clinical research programs, which will be an important focus area in the short- to mid-term in order to expand and demonstrate the broader potential of ONCOS as a flexible, immune stimulatory, clinically validated delivery platform.

## Mutant RAS platform

The mutant RAS program is based on our neoantigen vaccine targeting mutant RAS cancers, covering up to eight different mutations. Oncogenic RAS mutations are the key genetic driver behind many cancers and therefore considered a central target in oncology drug development. A 32-patient phase I/II clinical trial evaluating TG01 in resected pancreatic cancer in combination with standard of care chemotherapy (gemcitabine) reported mOS of 33.3 months in May 2019. The mOS compares favorably to the ESPAC4 historical control trial of gemcitabine monotherapy, which reported mOS from surgery of 27.6 months. These data were corroborated by broad and lasting immune responses in vaccinated patients, and several examples of clearance of residual mutant RAS cancer cells after surgery by ctDNA analysis. The company has attained Orphan Drug Designation for TG01 in pancreatic cancer in both the US and Europe.

Targovax is actively working to create shareholder value from the TG technology through cost effective partnerships. Consistent with this approach, Targovax has entered into several collaboration agreements. In January 2020, Targovax and IOVaxis Therapeutics entered into an option agreement for an exclusive license to develop and commercialize the TG01 and TG02 vaccines in Greater China and Singapore. The intention is that IOVaxis will exercise the option to license TG upon the first regulatory IND approval to start a clinical trial in China. For this right, IOVaxis has paid Targovax an option fee of USD 250,000, and will pay an additional USD 3 million upfront fee when the exclusive license option is exercised. The total development and commercial milestones in the deal are worth up to USD 100 million, in addition to tiered royalties on sales up to the mid-teens.

In 2020, Targovax entered into exploratory research collaborations to explore novel ONCOS-based mutant KRAS vaccination concepts with Valo Therapeutics. This collaboration offers an innovative approach to deal with the mutant KRAS target and provides an opportunity to merge the oncolytic virus and KRAS experience and capabilities of Targovax.

## Preclinical development of ONCOS-102

Targovax has conducted several *in vivo* studies of ONCOS-102 in mesothelioma and melanoma mouse models to investigate the mode of action and assess the efficacy for the clinical combination strategies in these indications. Data have been published at scientific conferences and in leading, peer reviewed journals.

It has been shown that ONCOS-102 and PD-1 checkpoint inhibition (Keytruda) act synergistically in a humanized melanoma mouse model, driving both tumor volume reduction and anti-tumor T-cell immunity (Kuryk et al. Oncoimmunology 2018):

- Keytruda alone did not reduce tumor volume in the selected mouse model
- ONCOS-102 reduced tumor volume by 51%
- ONCOS-102 + Keytruda reduced tumor volume by up to 69%
- ONCOS-102+ Keytruda induced an abscopal effect, validating the proposed mode of action that ONCOS-102 can generate systemic anti-tumor immune responses (Kuryk et al. JMV 2019)

Similarly, in a mesothelioma mouse model, it has been demonstrated that ONCOS-102 acts synergistically with chemotherapy to reduce tumor volume and drive tumor-specific immune responses (Kuryk et al, 2018, JMV):

- Chemotherapy alone did not reduce tumor volume in the selected mouse model
- ONCOS-102 alone reduced tumor volume by 56%
- ONCOS-102 + chemotherapy reduced tumor volume by 75% relative to chemotherapy alone and by 33% relative to ONCOS-102 alone
- ONCOS-102 induced a mesothelin specific anti-tumor CD8+ T-cell response

## IPR / Market exclusivity

Targovax owns a broad patent portfolio which is designed to protect its drug candidates and includes different families of patents and patent applications covering drug compositions, and relevant combination therapies. This patent portfolio also covers potential future product candidates. The company continuously works to strengthen its patent portfolio.

In September 2021, Targovax was granted the EU patent no 3402889 by the European Patent Office. The patent covers the use of ONCOS-102 in combination with chemotherapy in malignant pleural mesothelioma until 2037. In March 2021, Targovax was granted the US Patent no 10,940,203 by the US Patent Office. The patent covers the use of ONCOS-102 in combination with checkpoint inhibitors until 2036. These patents protect Targovax's innovative oncolytic immunotherapy platform and strengthens the company's market position.

Targovax has attained Orphan Drug Designation in the EU and US for the use of ONCOS-102 in mesothelioma, ovarian cancer, and soft tissue sarcoma, supporting a rapid path to commercialization and ensuring up to ten years of market protection from the date of market approval in any of these indications.

## Experienced team

Targovax has a strong senior management team with a versatile range of backgrounds from successful biotech companies and major global pharmaceutical companies, as well as management consulting.

### Management team

#### Changes to the team:

Dr Erik Digman Wiklund was appointed Chief Executive Officer (CEO) in October 2021. Dr. Wiklund has a strong scientific background in cancer research, and intimate knowledge of the company and its technology having served as Chief Business Officer (CBO) and Chief Financial Officer (CFO) of Targovax since 2017.

Øystein Soug, Targovax's former CEO, will remain with the company following the appointment of Dr Wiklund. Mr Soug will act as a special advisor and also serve as interim CFO providing important strategic and management continuum for the company.

Dr Lone Ottesen, MD, PhD joined Targovax 1 July 2021 as Chief Development Officer (CDO). Dr Ottesen is a highly experienced drug developer with extensive experience across the global oncology and immune-oncology drug development spectrum with nearly 20 years in the pharmaceutical industry in both early- and late-phase development. Lone gained her MD and PhD at Aarhus University in Denmark and has held roles of increasing seniority in GSK, Eisai and most recently at AstraZeneca where she was the Global Clinical Head for two assets in pivotal clinical development as well as leading the development of durvalumab (anti-PD-L1 antibody) in breast and gynecological cancers. Lone will be spearheading all clinical development for the Targovax portfolio and she will serve as a member of Targovax's management team.

Ola Melin joined Targovax 1 October 2021 as Head of Manufacturing. Melin has over 25 years' experience in Biologics development, manufacturing, and supply, most recently as Director of Technical Operations at OxThera AB, where he was responsible for clinical supply and for establishing a commercially ready manufacturing process and supply chain. Prior to that Ola spent eighteen years at Biovitrum and Sobi AB, where he held senior leadership roles as Head of External Manufacturing and Head of Product Supply, as well as other CMC positions. Ola will take a leading role in driving Targovax's Chemistry, Manufacturing and Controls (CMC) program forward and he will serve as a member of Targovax's management team.

### The management team as per 3 November 2021:

Name	Position
Erik Digman Wiklund	CEO
Magnus Jäderberg	CMO
Lone Ottesen	CDO
Victor Levitsky	CSO
Ingunn Munch Lindvig	VP Regulatory Affairs
Ola Melin	Head of Manufacturing
Øystein Soug	Special advisor and interim CFO

### Board of Directors

As per 3 November 2021, the Board of Directors consists of seasoned professionals with a broad range of complementary competencies: Damian Marron (Chairperson), Sonia Quaratino, Johan Christenson, Robert Burns, Bente-Lill Romøren, Per Samuelsson, Diane Mellett and Eva-Lotta Allan.



From left: Per Samuelsson, Bente-Lill Romøren, Damian Marron, Eva-Lotta Allan, Sonia Quaratino. Absent: Robert Burns and Diane Mellett

## Financial review

### Results third quarter 2021

Operating expenses amounted to NOK 23 million (NOK 22 million) in the third quarter. The operating expenses are reported net of governmental grants which amounted to NOK 1 million in the period (NOK 0.3 million). The net loss amounted to NOK 23 million in the third quarter 2021 (NOK 23 million).

### Results first nine months 2021

In the first nine months of 2021 Targovax had no core business revenue.

Operating expenses amounted to NOK 70 million (NOK 82 million) in the first nine months 2021. The operating expenses are reported net of governmental grants which amounted to NOK 2 million in the period (NOK 2 million). The net loss amounted to NOK 71 million in the first nine months 2021 (NOK 82 million).

### Financial position and cash flow

Cash and cash equivalents were NOK 54 million at the end of the third quarter 2021 compared to NOK 71 million at the end of second quarter 2021 and NOK 95 million at the end of first quarter 2021.

Net cash flow from operating activities during the third quarter 2021 was negative by NOK 16 million compared to negative NOK 23 million in the third quarter 2020 and NOK 24 million in second quarter 2021.

By the end of the period, total outstanding interest-bearing debt amounted to EUR 7 million, all to Business Finland.

## Share information

By 25 October 2021 there were 86,582,405 shares outstanding, distributed between 5,571 shareholders. The 20 largest shareholders controlled 48.0% of the shares.

During Q3 2021, Targovax shares traded in the NOK 6.05 – 8.40 range. During the quarter, approx. 11.5 million shares were traded, with an aggregate trading value of NOK 80 million.

The closing price on 30 September 2021 was NOK 6.63 per share, corresponding to a market value of NOK 574 million.

### The estimated share ownership on 25 October 2021:

Shareholder	Estimated	
	Shares million	Ownership
HealthCap	12.4	14.3 %
Nordea	4.5	5.2 %
RadForsk	4.4	5.1 %
AP4	4.0	4.6 %
Goldman Sachs & Co. (nom.)	2.4	2.8 %
Bækkelaget Holding	1.8	2.0 %
Thorendahl Invest	1.8	2.0 %
Danske Bank AS (nom.)	1.6	1.9 %
Egil Pettersen	1.3	1.5 %
Morgan Stanley & Co. International	1.0	1.2 %
<b>10 largest shareholders</b>	<b>35.1</b>	<b>40.6 %</b>
Other shareholders (5 561)	51.5	59.4%
<b>Total shareholders</b>	<b>86.6</b>	<b>100.0 %</b>

## Risks and uncertainties

The company's business is exposed to a number of general operational and financial risks which have been outlined in Targovax's annual report 2020 as well as in the last prospectus, both available at [www.targovax.com](http://www.targovax.com). As earlier reported, the Targovax management is following the COVID-19 outbreak situation closely and is continuously monitoring whether any potential challenges arise. Currently there are no significant implications to our core operations due to the COVID-19 pandemic.

## Outlook

ONCOS-102 is both our lead product candidate and the tool which enables us to clinically validate the potential of the ONCOS technology as a broadly applicable delivery platform and determine its capacity in various immunotherapy combination settings. In addition to the upcoming data read-out in colorectal cancer, we are making preparations to start a new ONCOS-102 trial in PD1 refractory melanoma. In parallel, we plan to leverage our existing data package and capabilities to expand the ONCOS pipeline with highly targeted genetic payloads and novel RNA concepts, and thereby capture the full potential of the ONCOS program.

Oslo, 3 November 2021

### The Board of Directors of Targovax ASA

**Damian Marron**  
Chairperson of the Board

**Sonia Quaratino**  
Board Member

**Eva-Lotta Allan**  
Board Member

**Per Samuelsson**  
Board Member

**Johan Christenson**  
Board Member

**Diane Mellett**  
Board Member

**Bente-Lill Romøren**  
Board Member

**Robert Burns**  
Board Member

**Erik Digman Wiklund**  
CEO

# Third quarter results 2021

## Condensed consolidated statement of profit or loss

<i>Amounts in NOK thousands except per share data</i>	<i>Note</i>	Unaudited 3Q 2021	Unaudited 3Q 2020	Unaudited 9M 2021	Unaudited 9M 2020	FY 2020
Other revenues		-	34		624	624
<b>Total revenue</b>		<b>-</b>	<b>34</b>		<b>624</b>	<b>624</b>
External R&D expenses	3,4	-9 726	-9 426	-27 655	-36 909	-45 040
Payroll and related expenses	5,11	-10 544	-8 965	-35 131	-31 292	-43 090
Other operating expenses	3,4	-1 933	-2 298	-6 326	-10 043	-12 658
Depreciation, amortizations and write downs		-336	-1 384	-967	-3 408	-3 735
<b>Total operating expenses</b>		<b>-22 539</b>	<b>-22 073</b>	<b>-70 078</b>	<b>-81 652</b>	<b>-104 524</b>
<b>Operating profit/ loss (-)</b>		<b>-22 539</b>	<b>-22 039</b>	<b>-70 078</b>	<b>-81 028</b>	<b>-103 901</b>
Finance income		33	501	243	2 013	596
Finance expense		-814	-1 219	-1 536	-3 102	-5 099
<b>Net finance income/ expense (-)</b>		<b>-781</b>	<b>-718</b>	<b>-1 294</b>	<b>-1 089</b>	<b>-4 503</b>
<b>Loss before income tax</b>		<b>-23 320</b>	<b>-22 757</b>	<b>-71 372</b>	<b>-82 118</b>	<b>-108 403</b>
Income tax income/ expense (-)		11	73	42	220	277
<b>Loss for the period</b>		<b>-23 309</b>	<b>-22 684</b>	<b>-71 330</b>	<b>-81 898</b>	<b>-108 126</b>
<b>Earnings/ loss (-) per share</b>						
Basic and dilutive earnings/loss (-) per share	10	<b>-0.27</b>	<b>-0.30</b>	<b>-0.82</b>	<b>-1.10</b>	<b>-1.40</b>

## Consolidated statement of other comprehensive income/ loss (-), net of income tax

<i>Amounts in NOK thousands</i>	Unaudited 3Q 2021	Unaudited 3Q 2020	Unaudited 9M 2021	Unaudited 9M 2020	FY 2020
Income/ loss (-) for the period	-23 309	-22 684	-71 330	-81 898	-108 126
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of foreign operations	-191	4 577	-8 432	32 645	16 069
<b>Total comprehensive income/ loss (-) for the period</b>	<b>-23 500</b>	<b>-18 107</b>	<b>-79 762</b>	<b>-49 252</b>	<b>-92 057</b>

## Condensed consolidated statement of financial position

<i>Amounts in NOK thousands</i>	<i>Note</i>	Unaudited 30.09.2021	Unaudited 30.09.2020	31.12.2020
<b>ASSETS</b>				
Intangible assets	6	378 285	413 110	389 646
Property, plant, and equipment		128	140	179
Right-of-use asset		2 792	3 456	3 734
<b>Total non-current assets</b>		<b>381 204</b>	<b>416 706</b>	<b>393 559</b>
Receivables		7 320	14 074	4 859
Cash and cash equivalents		54 064	77 657	122 321
<b>Total current assets</b>		<b>61 384</b>	<b>91 731</b>	<b>127 180</b>
<b>TOTAL ASSETS</b>		<b>442 588</b>	<b>508 437</b>	<b>520 740</b>



<i>Amounts in NOK</i>	<i>Note</i>	Unaudited 30.09.2021	Unaudited 30.09.2020	31.12.2020
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital	9	8 658	7 618	8 653
Share premium reserve		1 046 545	978 756	1 046 476
Other reserves		58 019	51 220	52 684
Retained earnings		-849 466	-751 908	-778 136
Translation differences		34 479	59 488	42 912
<b>Total equity</b>		<b>298 236</b>	<b>345 174</b>	<b>372 588</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	7	55 308	55 326	57 881
Deferred tax		60 371	65 720	62 047
Lease liabilities		1 670	2 253	2 568
<b>Total non-current liabilities</b>		<b>117 349</b>	<b>123 300</b>	<b>122 495</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	7	2 061	8 443	3 185
Short-term lease liabilities		1 284	1 250	1 258
Accounts payable and other current liabilities		6 447	7 267	5 196
Accrued public charges		2 245	2 250	3 428
Other short-term liabilities		14 967	20 753	12 589
<b>Total current liabilities</b>		<b>27 004</b>	<b>39 963</b>	<b>25 656</b>
<b>TOTAL EQUITY AND LIABILITY</b>		<b>442 588</b>	<b>508 437</b>	<b>520 740</b>

## Condensed consolidated statement of changes in equity

<i>Amounts in NOK thousands</i>	<i>Note</i>	Share capital	Share premium	Other reserves	Translation differences	Retained earnings (Accumulated losses)	Total equity
<b>Balance at 31 December 2019</b>		<b>6 338</b>	<b>886 899</b>	<b>46 885</b>	<b>26 843</b>	<b>-670 010</b>	<b>296 955</b>
Loss for the period		-	-	-	-	-108 126	-108 126
Exchange differences arising from the translation of foreign operations		-	-	-	16 069	-	16 069
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>16 069</b>	<b>-108 126</b>	<b>-92 057</b>
Issue of ordinary shares - Capital increase - Private Placement & Subsequent offering	9	2 297	173 724	-	-	-	176 021
Transaction costs - Private Placement & Subsequent offering		-	-14 164	-	-	-	-14 164
Share issuance, employee share options & RSU's	9	18	82	-	-	-	99
Transaction costs – share issuance employee share options & RSU's		-	-65	-	-	-	-65
Recognition of share-based payments & RSU's	11	-	-	5 799	-	-	5 799
<b>Balance at 31 December 2020</b>		<b>8 653</b>	<b>1 046 476</b>	<b>52 684</b>	<b>42 912</b>	<b>-778 136</b>	<b>372 588</b>
Loss for the period		-	-	-	-	-71 330	-71 330
Exchange differences arising from the translation of foreign operations		-	-	-	-8 432	-	-8 432
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-8 432</b>	<b>-71 330</b>	<b>-79 762</b>
Share issuance, employee share options & RSU's	9	5	195	-	-	-	200
Transaction costs – share issuance employee share options & RSU's		-	-126	-	-	-	-126
Recognition of share-based payments & RSU's	11	-	-	5 335	-	-	5 335
<b>Balance at 30 September 2021</b>		<b>8 658</b>	<b>1 046 545</b>	<b>58 019</b>	<b>34 479</b>	<b>-849 466</b>	<b>298 236</b>

## Condensed consolidated statement of cash flow

<i>Amounts in NOK thousands</i>	<i>Note</i>	Unaudited 3Q 2021	Unaudited 3Q 2020	Unaudited 9M 2021	Unaudited 9M 2020	FY 2020
<b>Cash flow from operating activities</b>						
Loss before income tax		-23 320	-22 757	-71 372	-82 118	-108 403
<i>Adjustments for:</i>						
Finance income		-33	-501	-243	-2 013	-596
Finance expense		814	1 219	1 536	3 102	5 099
Interest received		33	155	243	351	596
Other finance expense		20	-179	42	-403	-364
Share option & RSU expense	11	971	1 444	5 335	4 335	5 799
Depreciation, amortizations and write downs		336	1 384	967	3 408	3 735
Change in receivables		-950	-607	-2 461	1 482	10 569
Change in other current liabilities		5 771	-3 410	198	-17 766	-27 229
<b>Net cash flow from/(used in) operating activities</b>		<b>-16 357</b>	<b>-23 252</b>	<b>-65 754</b>	<b>-89 621</b>	<b>-110 793</b>
<b>Cash flow from investing activities</b>						
Purchases of property, plant, and equipment (PPE)		-	-	-	-	-70
<b>Net cash received from/(paid in) investing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-70</b>
<b>Cash flow from financing activities</b>						
Loan from Business Finland		-	-	-	5 555	5 555
Repayment of lease liabilities		-366	-876	-1 102	-2 841	-3 209
Interest paid	7	-185	-192	-418	-417	-704
Proceeds from issuance of shares -Private Placement and repair offering		-	-	-	101 021	176 021
Share issue expense - Private Placement and repair offering		-	-	-	-7 884	-14 164
Proceeds from exercise of share options & RSUs		-	8	200	16	99
Share issue expense – share options & RSUs		-	-	-126	-18	-65
<b>Net cash generated from/(paid in) financing activities</b>		<b>-551</b>	<b>-1 061</b>	<b>-1 446</b>	<b>95 432</b>	<b>163 534</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-16 908</b>	<b>-24 312</b>	<b>-67 201</b>	<b>5 811</b>	<b>52 671</b>
Net exchange gain/loss on cash and cash equivalents		-219	504	-1 057	1 416	-778
<b>Cash and cash equivalents at beginning of period</b>		<b>71 192</b>	<b>101 465</b>	<b>122 321</b>	<b>70 429</b>	<b>70 429</b>
<b>Cash and cash equivalents at end of period</b>		<b>54 064</b>	<b>77 657</b>	<b>54 064</b>	<b>77 657</b>	<b>122 321</b>

# Notes

## 1. General information

Targovax ASA ("the Company") and its subsidiaries (together the Group) is a clinical stage immuno-oncology company developing oncolytic viruses to target hard-to-treat solid tumors. Immuno-oncology is currently one of the fastest growing therapeutic fields in medicine.

Targovax's lead clinical candidate, ONCOS-102, is a genetically modified oncolytic adenovirus, which has been engineered to selectively infect and replicate in cancer cells.

The Company is a limited public liability company incorporated and domiciled in Norway and listed on the Oslo Stock Exchange in Norway. The address of the registered office is Vollsveien 19, 1366 Lysaker, Norway.

The condensed interim financial information is unaudited. These financial statements were approved for issue by the Board of Directors on 3 November 2021.

## 2. Accounting principles

The interim condensed consolidated financial statements for the Group are prepared using the same accounting principles and calculation methods as used for the statutory, annual financial statements 2020 for Targovax ASA.

The accounting principles used have been consistently applied in all periods presented, unless otherwise stated.

Amounts are in thousand Norwegian kroner unless stated otherwise. The Groups presentation currency is NOK (Norwegian kroner). This is also the parent company's functional currency.

### 2.1 Basis of preparation

The quarterly financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

### 2.2 Standards and interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2021 reporting period and have not been early adopted by the Group. These new standards and interpretations are assessed to be of no material impact for the Group in 2021.

### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. As at 30 September 2021, Targovax OY, located in Espoo, Finland is 100% owned and controlled subsidiary.

### 3. Research and development expenses

The Group is developing new products. Uncertainties related to the regulatory approval process and results from ongoing clinical trials generally indicate that the criteria for asset recognition is not met until the time when marketing authorization is obtained from relevant regulatory authorities.

The following research and development expenditures have been expensed:

<i>Amounts in NOK thousands</i>	3Q 2021		3Q 2020		9M 2021		9M 2020		FY 2020	
	Total	of which R&D	Total	of which R&D						
External R&D expenses	9 726	9 726	9 426	9 426	27 655	27 655	36 909	36 909	45 040	45 040
Payroll and related expenses	10 544	5 345	8 965	4 663	35 131	17 223	31 292	16 124	43 090	22 101
Other operating expenses	1 933	14	2 298	0	6 326	15	10 043	26	12 658	26
Depreciation, amortizations and write downs	336	-	1 384	-	967	-	3 408	-	3 735	-
<b>Total operating expenses</b>	<b>22 539</b>	<b>15 085</b>	<b>22 073</b>	<b>14 089</b>	<b>70 078</b>	<b>44 892</b>	<b>81 652</b>	<b>53 060</b>	<b>104 524</b>	<b>67 168</b>

### 4. Government grants

Government grants have been recognized in profit or loss as a reduction of the related expense with the following amounts:

<i>Amounts in NOK thousands</i>	3Q 2021	3Q 2020	9M 2021	9M 2020	FY 2020
External R&D expenses	690	117	1 476	1 460	1 943
Payroll and related expenses	68	221	283	234	292
Other operating expenses	-	0	-	1	1
<b>Total grants</b>	<b>758</b>	<b>339</b>	<b>1 759</b>	<b>1695</b>	<b>2 236</b>

R&D projects have been approved for SkatteFUNN through 2022. For the third quarter 2021, the Group has recognized NOK 0.7 million and NOK 0.01 million as cost reduction in External R&D expenses and Payroll and related expenses respectively.

See note 8 Government grants in the Annual Report 2020 for more information about grants.

## 5. Payroll and related expenses

Total payroll and related expenses for the Group are:

<i>Amounts in NOK thousands</i>	3Q 2021	3Q 2020	9M 2021	9M 2020	FY 2020
Salaries and bonus	8 123	6 316	24 249	22 645	31 123
Employer's national insurance contributions	720	797	2 638	2 806	4 273
Share-based compensation <sup>1)</sup>	971	1 444	5 335	4 335	5 799
Pension expenses – defined contribution plan	608	443	1 469	1 313	1 613
Restructuring costs <sup>2)</sup>	-	-	-	-150	-150
Other	190	187	1 723	575	724
Governmental grants	-68	-221	-283	-234	-292
<b>Total payroll and related expenses</b>	<b>10 544</b>	<b>8 965</b>	<b>35 131</b>	<b>31 292</b>	<b>43 090</b>

1) Share-based compensation has no cash effect.

2) Following the decision in 2019 to fully focus on the ONCOS platform, the number of employees has been reduced. The total provision for restructuring costs of NOK 5.4 million per 31 December 2019 was reduced by NOK 0,15 million as per 30 September 2020.

	30.09.2021	30.09.2020	31.12.2020
Number of employees calculated on a full-time basis as at end of period	22,6	18,5	19,6
Number of employees as at end of period	23	19	20

## 6. Intangible assets

As of 30 September 2021, the recognized intangible assets in the Group amounts to NOK 378 million. This is a decrease from NOK 390 million as of 31 December 2020, due to NOK/EUR foreign exchange fluctuations. The intangible assets are derived from the acquisition of Oncos Therapeutics OY, which was completed in July 2015 and related to the development of ONCOS-102.

Intangible assets are tested for impairment at least annually, or when there are indications of impairment.

The impairment test is based on an approach of discounted cash flows. The valuation is sensitive to several assumptions and uncertainties, and the result from the valuation is thus limited to ensure sufficient certainty for the recognized amount in the financial statement and should not be considered as a complete valuation of the full potential of ONCOS-102.

For more information see Note 15 Intangible assets and impairment test in the 2020 Annual Report.

## 7. Interest bearing debt

Business Finland is a publicly financed funding agency that finances research and development activities for young innovative companies in Finland.

The Group has received three R&D loans, for the commercialization of ONCOS-102 from Business Finland under loan agreements dated September 2010, February 2012 and December 2013, respectively, in the total outstanding amount of NOK 62.3 million (EUR 6.3 million) as of 31 December 2019. The Group received an additional NOK 5.6 million (EUR 0.6 million) to one of the existing loans from Business Finland during the first quarter of 2020, hence total loan received as per 30 September 2021 is NOK 69.9 million (EUR 6.9 million). This first installment on one of the loans was due in 3rd quarter 2021, hence the outstanding amount as per 30.09.2021 is EUR 6.7 million. The loan's interest rate is assessed to be 7% lower than comparable market rates, hence NOK 1.4 million was recognized as a government grant recorded as a reduction to External R&D expenses in first quarter 2020.

NOK 2.1 million (EUR 0.2 million) of the total debt NOK 67.8 million (EUR 6.7 million) was classified as a short-term loan as per 30 September 2021. The Group will apply for an extension of the repayment-free period on the short-term loan.

Amortized interests are charged to financial expenses, amounting to NOK 2.1 million for the first nine months of 2021, NOK 2.3 million for the first nine months of 2020 and NOK 4.3 million during full year 2020.

No new Business Finland loans have been awarded during the first nine months of 2021.

**The table below shows a reconciliation of the opening balances for the liabilities arising from financing activities:**

Changes in liabilities arising from financing activities (Amounts in NOK thousands)	Interest-bearing liabilities Business Finland loans
<b>Interest-bearing liabilities 1 January 2020</b>	<b>53 059</b>
Cash flow from financing activities	-
Exchange differences	2 745
Additions to existing loans	5 555
Change to loan repayment schedules	-
Other transactions without cash settlement	2 325
<b>Interest-bearing liabilities 31 December 2020</b>	<b>61 066</b>
Cash flow from financing activities	-2 057
Exchange differences	-1 807
Additions to existing loans	-
Change to loan repayment schedules	-1 903
Other transactions without cash settlement	2 069
<b>Interest-bearing liabilities 30 September 2021</b>	<b>57 369</b>

See note 21 Interest-bearing debt in the Annual Report 2020 for more information about the Business Finland loans.

## 8. Fair value of financial instruments

The carrying value of receivables, cash and cash equivalents, borrowings and other short-term payables are assessed to approximate fair value.

<i>Amounts in NOK thousands</i>	9M 2021		9M 2020		FY 2020	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	7 320	7 320	14 074	14 074	4 859	4 859
Cash and cash equivalents	54 064	54 064	77 657	77 657	122 321	122 321
<b>Total financial assets</b>	<b>61 384</b>	<b>61 384</b>	<b>91 731</b>	<b>91 731</b>	<b>127 180</b>	<b>127 180</b>
Interest-bearing borrowings	57 369	57 369	63 769	63 769	61 066	61 066
Lease liabilities	2 954	2 954	3 504	3 504	3 826	3 826
Accounts payable and other current liabilities	6 447	6 447	7 267	7 267	5 196	5 196
<b>Total financial liabilities</b>	<b>66 769</b>	<b>66 769</b>	<b>74 540</b>	<b>74 540</b>	<b>70 087</b>	<b>70 087</b>

The tables below analyze financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices including Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- **Level 3:** Inputs in asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 30 September 2021:

<i>Amounts in NOK thousands</i>	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	57 369	57 369
<b>Total financial instruments at fair value</b>	<b>-</b>	<b>-</b>	<b>57 369</b>	<b>57 369</b>

As at 30 September 2020:

<i>Amounts in NOK thousands</i>	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	63 769	63 769
<b>Total financial instruments at fair value</b>	<b>-</b>	<b>-</b>	<b>63 769</b>	<b>63 769</b>

As at 31 December 2020:

<i>Amounts in NOK thousands</i>	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	61 066	61 066
<b>Total financial instruments at fair value</b>	<b>-</b>	<b>-</b>	<b>61 066</b>	<b>61 066</b>

## 9. Share capital and number of shares

The Company's Board of Directors has in first nine months of 2021, in accordance with the authorization granted by the general meeting, resolved to increase the share capital with NOK 5,108.70 by the issuance of 51,087 new shares, each with a par value of NOK 0.10 in order to facilitate the exercise of share options and RSUs. 29 788 share options and 21,299 RSUs were exercised at a subscription price of NOK 0.1 per share.

Targovax raised gross proceeds of NOK 101 million in a private placement in first quarter 2020 through the allocation of 12,627,684 new shares at a subscription price of NOK 8.0 per share. In October 2020, Targovax successfully completed a private placement, raising gross proceeds of approximately NOK 75 million, through the allocation of 10,344,828 new shares at a subscription price of NOK 7.25 per share. The private placements and the issuance of the new shares was resolved by the Company's Board of Directors based on the authorization granted at the Company's Annual General Meeting held on 30 April 2019 and 29 April 2020.

The share capital as of 30 September 2021 is 8 658 240.50 (31 December 2020: 8 653 131.80) comprising 86 582 405 ordinary shares at nominal value NOK 0.10 (31 December 2020: 86 531 318 at NOK 0.10). All shares carry equal voting rights.

The movement in the number of shares during the period was as follows:

	3Q 2021	3Q 2020	9M 2021	9M 2020	FY 2020
Ordinary shares at beginning of	86 582 405	76 087 492	86 531 318	63 383 613	63 383 613
Share issuance - Private Placement	-	-	-	12 627 684	22 972 512
Share issuance, employee share options and RSUs	-	88 272	51 087	164 167	175 193
<b>Ordinary shares at end of period</b>	<b>86 582 405</b>	<b>76 175 764</b>	<b>86 582 405</b>	<b>76 1757 764</b>	<b>86 531 318</b>

The 20 largest shareholders are as follows at 30 September 2021:

Shareholder	# shares	%
HealthCap	12 471 750	14.4 %
Radiumhospitalets Forskningsstiftelse	4 427 255	5.1 %
Fjärde AP-fonden	4 000 000	4.6 %
Goldman Sachs & Co. LLC	2 425 507	2.8 %
Nordnet Bank AB	1 776 416	2.1 %
Bækkelaget Holding AS	1 758 190	2.0 %
Thorendahl Invest AS	1 750 000	2.0 %
VPF Nordea Kapital	1 748 448	2.0 %
VPF Nordea Avkastning	1 649 274	1.9 %
Danske Bank AS	1 568 714	1.8 %
Nordnet Livsforsikring AS	1 299 994	1.5 %
Egil Pettersen	1 266 650	1.5 %
Verdipapirfondet Nordea Norge Plus	1 076 603	1.2 %
Morgan Stanley & Co. International	1 007 327	1.2 %
MP Pensjon PK	991 725	1.1 %
J.P. Morgan Bank Luxembourg S.A.	820 000	0.9 %
Prieta AS	720 000	0.8 %
Espen Olsen	700 000	0.8 %
Sivilingenør Jon-Arild Andreassen AS	672 964	0.8 %
Saxo Bank A/S	579 084	0.7 %
<b>20 largest shareholders</b>	<b>42 709 901</b>	<b>49.3 %</b>
Other shareholders (5 603)	43 872 504	50.7 %
<b>Total shareholders</b>	<b>86 582 405</b>	<b>100.0 %</b>

## Shareholdings key management

The following table provides the total number of shares owned by the key management of the Group and member of the Board of Directors, including close associates, as of 30 September 2021:

Name	Position	No. of shares outstanding at 30 Sept. 2021
<b>Key management:</b>		
Øystein Soug <sup>1) 2)</sup>	Chief Executive Officer	200 000
Magnus Jäderberg	Chief Medical Officer	20 000
Torbjørn Furuset <sup>3)</sup>	Chief Financial Officer	15 000
Ingunn Munch Lindvig	VP, Regulatory Affairs	10 000
Victor Levitsky	Chief Scientific Officer	10 000
<b>Total no. of shares owned by key management of the Group</b>		<b>255 000</b>
<b>Board of Directors:</b>		
Robert Burns	Board member	86 020
Eva-Lotta Coulter	Board member	51 368
Diane Mellett	Board member	44 149
Bente-Lill Romøren	Board member	35 577
<b>Total no. of shares owned by the Board of Directors of the Group</b>		<b>217 114</b>

1) The shares are held through Abakus Invest AS.

2) Øystein Soug is Special advisor and interim CFO as of October 2021, please see Note 12.

3) Torbjørn Furuset resigned as CFO in 3rd quarter 2021.

Other holdings of shares in the company related to the Board of Directors:

Johan Christenson and Per Samuelsson, both Members of the Board, are partners at HealthCap.

## 10. Earnings per share

<i>Amounts in NOK thousand</i>	3Q 2021	3Q 2020	9M 2021	9M 2020	FY 2020
Loss for the period	-23 309	-22 684	-71 330	-81 898	-108 126
Average number of outstanding shares during the period	86 582	76 099	86 562	74 776	77 106
<b>Earnings/ loss (-) per share - basic and diluted</b>	<b>-0.27</b>	<b>-0.30</b>	<b>-0.82</b>	<b>-1.10</b>	<b>-1.40</b>

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognized as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Group is currently loss-making, an increase in the average number of shares would have anti-dilutive effects.

## 11. Share-based compensation

### Share options

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) in Targovax ASA.

At the Annual General Meeting (AGM) in March 2021 the Board of Directors was authorized to increase the Group's share capital in connection with share incentive arrangements by up to the lower of (a) NOK 1 250 000 and (b) 10% of the Company's outstanding shares, options and RSU's. This authorization replaces the previous authorizations to increase the share capital by up to the lower of NOK 1 000,000 and b) 10% of the Company's outstanding shares, options and RSUs given to the Board of Directors at the AGM held in April 2020.

On the basis of the approval by the AGM in 2020 the Board of Directors resolved to issue new options to employees of the Company. In 2020 a total of 1 625 000 options for shares in the Company have been distributed amongst the current members of the key management and a total of 710 000 options for shares in the Company have been distributed amongst other employees. Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration. In the first nine months of 2021 an additional 190 000 options were distributed amongst other employees and 350 000 amongst key management.

Pursuant to the general vesting schedule, 25% of the options will vest 12 months after the day of grant (as long as the option holder is still employed). Thereafter, 1/36 of the remaining options will vest each month (as long as the option holder is still employed), with the first 1/36 vesting 13 months after the day of grant. The exercise price is equal to the volume weighted average trading price of the shares of the Company on Oslo Stock Exchange on the date of the grant. Options that have not been exercised will lapse 7 years after the date of grant.

The amount of expensed share options in third quarter and first nine months 2021 was NOK 0.7 million and NOK 4.5 million. For the same period in 2020 it was NOK 1.2 million and NOK 3.7 million and it was NOK 4.9 million for full year 2020.

Fair value of the options has been calculated at grant date. The fair value of the options was calculated using the Black-Scholes model. The expected volatility for options issued in 2021 and 2020 is estimated at average of 81,18% and 76.06% based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2021 and 2020 is 0.94% and 0.42%.

The following table shows the changes in outstanding share options in 2021 and 2020:

	9M 2021		FY 2020	
	No. of options	Weighted avg. exercise price (NOK)	No. of options	Weighted avg. exercise price (NOK)
Outstanding at 1 January	7 310 067	12.94	6 028 642	15.26
Granted during the period	540 000	8.01	2 335 000	9.94
Exercised during the period	-29 788	6.64	-10 726	7.74
Forfeited during the period	-797 968	8.92	-243 230	7.37
Expired during the period	-574 265	20.39	-799 619	23.41
<b>Outstanding no. of share options at end of period</b>	<b>6 448 046</b>	<b>12,39</b>	<b>7 310 067</b>	<b>12,94</b>

The following table shows the exercised, expired, granted and outstanding options for shares to Key Management of the Group at 30 September 2021:

Name	Position	Outstanding 31.12.2020	Granted 9M 2021	Exercised 9M 2021	Expired 9M 2021	Outstanding 30.09.2021
<b>Key management</b>						
Øystein Soug <sup>1)</sup>	Chief Executive Officer	1 310 000		-	-	1 310 000
Magnus Jäderberg	Chief Medical Officer	1080 000		-	-133 265	946 735
Erik Digman Wiklund <sup>2)</sup>	Chief Business Officer	750 000		-	-	750 000
Torbjørn Furuseth <sup>3)</sup>	Chief Financial Officer	620 000		-	-371 262	248 738
Victor Levitsky	Chief Scientific Officer	500 000		-	-	500 000
Lone Ottesen	Chief Development Officer	-	350 000	-	-	350 000
Ingunn Munch Lindvig	VP Regulatory Affairs	267 000		-	-	267 000
Kirsi Hellström	Interim Head of CMC	221 000		-2 000	-	219 000
<b>Total option for shares to key management of the Group</b>		<b>4 748 000</b>	<b>350 000</b>	<b>-2 000</b>	<b>-504 527</b>	<b>4 591 473</b>
<b>Board of Directors:</b>						
Robert Burns	Board member	21 235		-	-	21 235
<b>Total option for shares to the Board of Directors of the Group</b>		<b>21 235</b>		<b>-</b>	<b>-</b>	<b>21 235</b>

- 1) Øystein Soug is Special advisor and interim CFO as of October 2021, please see Note 12.
- 2) Erik Digman Wiklund assigned as CEO in October 2021, please see Note 12.
- 3) Torbjørn Furusesteth resigned as CFO in 3rd quarter 2021.

From 1 October 2021 to 3 November 2021, 500 000 new options for shares have been granted to employees and Key Management of the Group, please see Note 12.

## Restricted Stock Units

The Board of Directors may choose to receive their remuneration, or parts thereof, in the form of restricted stock units (RSUs). If the Board members choose to receive the Board remuneration in RSUs they must choose to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs.

The number of RSUs to be granted to the members of the Board of Directors is calculated as the NOK amount of the RSU opted portion of total compensation to the Board member, divided by the market price of the Targovax ASA share. The market price is calculated as the volume weighted average share price the 10 trading days prior to the grant date. The RSUs will be non-transferrable and each RSU will give the right and obligation to acquire shares in Targovax ASA (at nominal value) subject to satisfaction of the applicable vesting conditions. When the RSUs have vested, the participant must during the following three-year period select when to take delivery of the shares.

The AGM 17 March 2021 decided to remunerate the Board of Directors for the period between the AGM 2021 to the AGM 2022 with a combination of cash and Restricted Stock Units (RSUs), hence at the 17 March 2021, additional 121 752 RSU's were granted to the Board of Directors.

The AGM 29 April 2020 decided to remunerate the Board of Directors for the period between the AGM 2020 to the AGM 2021 with a combination of cash and RSUs, hence at the 29 April 2020, additional 95 491 RSU's were granted to the Board of Directors.

The expensed RSUs in third quarter and first nine months of 2021 were NOK 0,3 million and NOK 0,8 million. For the same periods in 2020 expensed RSUs were NOK 0,2 million and NOK 0,7 million and NOK 0,9 million for the full year 2020. A total of 299 537 RSUs were outstanding on 30 September 2021.

The following table shows the changes in outstanding RSUs in 2021 and 2020:

	9M 2021		FY 2020	
	No. of options	Weighted avg. exercise price (NOK)	No. of options	Weighted avg. exercise price (NOK)
Outstanding at 1 January	199 084	0.10	268 060	0.10
Granted during the period	121 752	0.10	95 491	0.10
Exercised during the period	21 299	0.10	-164 467	0.10
Forfeited during the period	-	-	-	-
Expired during the period	-	-	-	-
<b>Outstanding no. of RSUs at end of period</b>	<b>299 537</b>	<b>0.10</b>	<b>199 084</b>	<b>0.10</b>

The following table shows the exercised, granted and outstanding RSUs to Board of Directors of the Group at 30 September 2021:

	Outstanding 31.12.2020	Granted 9M 2021	Exercised 9M 2021	Outstanding 30.09.2021
<b>Board of Directors</b>				
From 1 October 2021 to 3 November 2021 no RSUs have been granted to the Board of Directors				
Damian Marron	24 485	19 503		43 988
Robert Burns	88 351	34 083		122 434
Bente-Lill Romøren	15 250	11 361	-15 250	11 361
Diane Mellett	35 499	22 722		58 221
Eva-Lotta Allan	29 450	11 361		40 811
Sonia Quaratino	-	22 722		22 722
Catherine A. Wheeler	6 049	-	6 049	-
<b>Total Restricted Stock Units to Board of Directors of the Group</b>	<b>199 084</b>	<b>121 752</b>	<b>-21 299</b>	<b>299 537</b>

## 12. Subsequent events

### New CEO

In October Dr. Erik Digman Wiklund was appointed as new Chief Executive Officer. Dr. Wiklund has intimate knowledge of the Company and its technology having served as Chief Business Officer and Chief Financial Officer of Targovax since 2017. Former CEO Øystein Soug will remain with the Company following the appointment of Dr. Wiklund. Mr. Soug will act as a special advisor and also serve as interim CFO providing important strategic and management continuum for the Company.

### Share options

From 1 October 2021 to 3 November 2021 500 000 new options for shares have been granted to employees and Key Management of the Group:

	1 October – 3 November 2021		9M 2021	
	No. of options	Weighted avg. exercise price (NOK)	No. of options	Weighted avg. exercise price (NOK)
Outstanding at beginning of period	6 448 046	12.39	7 310 067	12.94
Granted during the period	500 000	6.62	540 000	8.01
Exercised during the period	-	-	-29 788	6.64
Forfeited during the period	-	-	-797 968	8.92
Expired during the period	-	-	-574 265	20.39
<b>Outstanding no. of share options at end of period</b>	<b>6 948 046</b>	<b>11,97</b>	<b>6 448 046</b>	<b>12.39</b>

The following table shows the exercised, expired, granted and outstanding options for shares to Key Management of the Group on 3 November 2021:

Name	Position	Outstanding 30.09.2021	Granted 1 Oct – 3 Nov	Outstanding 3 Nov. 2021
<b>Key management:</b>				
Erik Digman Wiklund	Chief Executive Officer	750 000	250 000	1 000 000
Magnus Jäderberg	Chief Medical Officer	946 735	-	946 735
Victor Levitsky	Chief Scientific Officer	500 000	-	500 000
Lone Ottesen	Chief Development Officer	350 000	-	350 000
Ingunn Munch Lindvig	VP Regulatory Affairs	267 000	-	267 000
Ola Melin	Head of Manufacturing	-	250 000	250 000
Øystein Soug	Special advisor and interim Chief Financial Officer	1 310 000	-	1 310 000
<b>Total option for shares to key management of the Group</b>		<b>4 123 735</b>	<b>500 000</b>	<b>4 623 735</b>
<b>Board of Directors:</b>				
Robert Burns	Board member	21 235	-	21 235
<b>Total option for shares to the Board of Directors of the Group</b>		<b>21 235</b>	<b>-</b>	<b>21 235</b>

