
Fourth quarter and full year results
2019
targovax

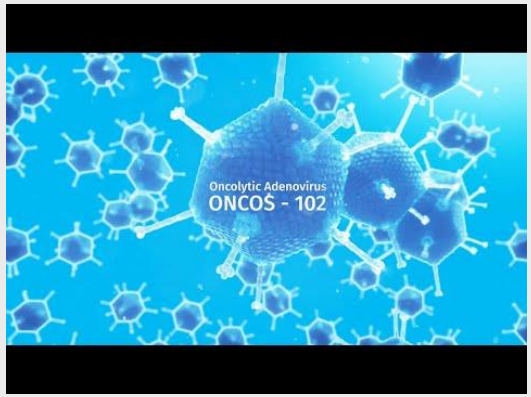
About Targovax

Activating the patient's immune system to fight cancer

Targovax (OSE:TRVX) is a clinical stage immuno-oncology company developing oncolytic viruses to target hard-to-treat solid tumors. Targovax's lead product 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.

ONCOS-102 is currently being tested in mesothelioma, melanoma and peritoneal malignancies and has already shown promising clinical results both as monotherapy and in combination with chemotherapy, and a checkpoint inhibitor.

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



Fourth quarter presentation

Targovax management will hold a presentation 11 March at 10:00 CET at Hotel Continental, Oslo.

The presentation will be webcast live and can be accessed ***here*** and at ***www.targovax.com***.

Upcoming conferences

23-25 Mar:	Bio-Europe Spring, Paris, FR
19-21 Apr:	H.C. Wainwright Conference, London, UK
26-29 Apr:	AACR, San Diego, US
5-6 May:	Annual Cancer Progress Conference, NYC, US
12-15 May:	ASGCT, Boston, US
26 May:	ABGSC Life Science Summit, Stockholm, SWE

Upcoming data milestones

1H2020:	ONCOS-102 phase I/II trial in unresectable malignant pleural mesothelioma *- Updated clinical and immune data*
2H2020:	ONCOS-102 phase I trial in checkpoint inhibitor refractory advanced melanoma *– Part 2 data*

Financial Calendar 2020

29 Apr:	Annual General Meeting
7 May:	First Quarter presentation
20 Aug:	Second Quarter presentation
5 Nov:	Third Quarter presentation

Fourth Quarter 2019 highlights

- In October, Targovax was selected for oral presentation at Society for Immunotherapy of Cancer (SITC) 2019 Annual Meeting. The presentation was given by Dr. Alexander Shoushtari, Principal Investigator of ONCOS-102 trial in melanoma, Memorial Sloan Kettering Cancer Center, NYC

Post-period highlights

- In January 2020, Targovax announced it has entered into an option agreement with IOVaxis Therapeutics for an TG mutant RAS vaccine license and clinical development agreement in China
- In January 2020, Targovax presented encouraging data in the mesothelioma study combining ONCOS-102 and standard of care chemotherapy
- In January 2020, Targovax successfully completed a private placement, raising gross proceeds of approximately NOK 101 million (USD 11.2 million)
- In March, Targovax announced completed enrollment in the ONCOS-102 trial in anti-PD1 refractory melanoma

Key Figures

Amounts in NOK thousands	4Q 2019	4Q 2018	FY 2019	FY 2018
Total operating revenues	2 234	6	2 251	27
Total operating expenses	-41 577	-42 248	-152 524	-146 127
Operating profit/loss	-39 344	-42 242	-150 273	-146 100
Net financial items	4 501	1 434	2 422	-1 249
Income tax	72	86	321	334
Net profit/loss	-34 770	-40 723	-147 529	-147 015
Basic and diluted EPS (NOK/share)	-0.55	-0.77	-2.43	-2.79
Net change in cash	-33 590	-22 026	-80 760	-110 384
Cash and cash equivalents start of period	104 019	173 215	151 189	261 573
Cash and cash equivalents end of period	70 429	151 189	70 429	151 189

CEO statement

2019 marked an important milestone for Targovax as we started to see clinical efficacy with ONCOS-102 in combination with checkpoint inhibitors and chemotherapy. With the new data at hand, we have solidified our position as a leader in the oncolytic virus field. While we continue to treat patients and analyze data, we are preparing for the next steps of the ONCOS program beyond the ongoing trials.

Anti-PD1 CPI refractory melanoma

After a period of establishing and executing our clinical program, 2019 was the year where we started to collect and analyze the data from the phase I/II ONCOS combination trials. In July, we reported data from the nine patients in part 1 of our trial in anti-PD1 checkpoint inhibitor (CPI) refractory melanoma. This trial is important because it can show that ONCOS-102 can immune activate anti-PD1 refractory patients, trigger relevant T-cell production and enhance infiltration into the tumor so the patients again can benefit from treatment with CPI. Indeed, data showed robust immune activation in all patients, increased tumor T-cell infiltration in seven out of the nine patients. Three out of nine patients had confirmed tumor responses, including one patient with a complete response. Although patient number is low, these data are very encouraging and stack up favorably to similar studies in the same patient population.

There are currently no approved treatment options available for CPI resistant melanoma. Immune activators, such as ONCOS-102, hold great promise for patients to achieve deeper and longer lasting responses to checkpoint inhibitors, thus expanding the arsenal of treatment options to combat the most aggressive and resistant forms of melanoma. ONCOS-102 is already being recognized by the immunotherapy community, and we were very proud to be invited to present our melanoma data in a session for promising early phase combination trials at the Society of Immunotherapy in Cancer (SITC) Annual Meeting in November 2019.

Part 2 of this trial is testing an extended ONCOS-102 dosing regimen with up to twelve injections compared to three injections in part 1. Given the encouraging results in part 1, it will be very interesting to see whether more ONCOS-102 injections can generate even better tumor responses. In addition to the top US hospitals involved in part 1 of the trial, such as Memorial Sloan Kettering Cancer Center, we were very pleased that Oslo University Hospital joined the consortium and is now recruiting patients into part 2 of the trial. We expect to report the complete data set from both parts of the trial later in 2020.

Malignant pleural mesothelioma

In January 2020 we reported top-line data from the ONCOS-102 trial in malignant pleural mesothelioma (MPM) in combination with chemotherapy. As seen in the anti-PD1 checkpoint inhibitor (CPI) refractory melanoma trial, we observed robust immune activation following intra-tumoral ONCOS-102 injections. The combination treatment was well-tolerated with no safety concerns beyond what can be expected from chemotherapy alone. The efficacy data are early and still maturing, however, there is an indication of improved progression-free-survival (PFS) for patients treated with ONCOS-102, particularly in first line MPM patients. We continue to follow the patients and will report data later in 2020.

By generating safety, immune activation and efficacy data in combination with standard of care chemotherapy in MPM, ONCOS-102 is well positioned as a potential add-on to CPI and chemotherapy combination therapy. CPIs have proven highly effective in some lung cancers, but MPM has shown to be challenging. Together with a potential big pharma partner we are already making preparations for such a triple combination trial and will disclose more details as these plans mature.

Peritoneal malignancies

The combination trial with AstraZeneca's checkpoint inhibitor Imfinzi in peritoneal malignancies is also progressing well. This trial is run at six top US hospitals, treating patients with ovarian and colorectal cancer that has spread to the peritoneum, the inner lining of the abdomen. Patients with this condition have bad prognosis with few treatment alternatives. If ONCOS-102 can immune activate these patients, the use of CPIs can be expanded into this indication. This trial is financed and run by Cancer Research Institute (CRI) and Ludwig Cancer Research, and Targovax was selected to participate with ONCOS-102 as the virus of choice for this trial. The safety and dose escalation cohorts have now been completed without any concerns, and patient recruitment into the experimental part is ongoing. We hope data can be presented from this trial during 2020.

Next generation ONCOS viruses

In parallel with advancing the ONCOS-102 clinical development, we have generated the first pre-clinical results for the novel ONCOS-200 series viruses. These next generation adenoviruses are based on the ONCOS-102 backbone and have been engineered for increased DNA payload capacity and are armed with two distinct anti-tumor transgenes each and lacking the GM-CSF transgene incorporated into ONCOS-102. The transgenes have been selected to exert additional mechanistic activity to combat specific tumor phenotypes, including tumor growth and spread, T cell suppression, and dense tumor stroma. So far, we have validated the new constructs and demonstrated anti-cancer activity in cell lines and mouse models. The next step is to further investigate the mode of action, immune activation and biochemical activity of the ONCOS-200 viruses.

The mutRAS platform

Early in 2020, we announced that we have granted an option to license our mutant RAS vaccine technology (TG) for China, Taiwan, Hong Kong and Singapore to IOVaxis, a China based immunotherapy company focused on development of shared and personalized neoantigen vaccines. This is potentially an important partnership for Targovax, which may ensure continued clinical development and additional data to confirm the potential of the TG vaccines, as well as future financial income if the program is successful.

Targovax remains confident that mutRAS is an important and druggable target in cancer since we have been able to confirm clinically that we can induce immune responses consistent with encouraging clinical outcomes. Whilst the company has already decided not to finance further clinical development with the TG platform in its previous form, we continue to believe there could be novel immunological approaches to targeting mutRAS cancers. Consequently, we will continue to explore other avenues for academic and commercial partnerships to bring immunological targeting of mutRAS forward, whilst minimizing the impact on internal Targovax resources.

Looking forward

Oncolytic viruses are increasingly recognized as an important future class of immune activators, and Targovax has further strengthened the position as one of the leaders in this rapidly evolving field. The CPI and chemotherapy combination data from our melanoma and mesothelioma trials are very encouraging, and in the coming year these results will mature with more patients and longer follow-up periods. If the immune activation and efficacy signals we have seen hold up at the same or better levels, we will be able to move into later stage development to confirm the clinical activity and progress ONCOS-102 towards registration. The focus for 2020 will be to finalize and fully analyze the data from the melanoma and mesothelioma trials and make the necessary preparations to be ready to initiate follow-up studies.

Øystein Soug
CEO Targovax Group

ONCOS-102 clinical development programs

Product candidate	Preclinical	Phase I	Phase II	Phase III	Next expected event
ONCOS-102	**Mesothelioma** Combination w/pemetrexed/cisplatin				**1H 2020** Updated clinical and immune data
	Melanoma Combination w/Keytruda				**2H 2020** Clinical and immune activation data
	Peritoneal malignancies Collaborators: Ludwig, CRI & AstraZeneca Combination w/Imfinzi				*Update by collaborator*
	Prostate Collaborator: Sotio Combination w/DCvac				*Update by collaborator*
Next-gen ONCOS	**3 new viruses** Double transgene				**1H 2020** Pre-clinical data

Mesothelioma

- Randomized phase I/II open label trial
- 31 patients with unresectable malignant pleural mesothelioma, 1st and 2nd line
- Intra-tumoral ONCOS-102 in combination with standard of care chemotherapy (pemetrexed / cisplatin)
- End-points: safety of the combination treatment, immune activation and clinical response (ORR, PFS and OS)
- Conducted at four sites in Spain and France
- All patients have completed the treatment phase, and are in follow-up
- Most recent read-out: Early immune activation and response data January 2020
  - Indication of PFS benefit in 1st line patients treated with ONCOS-102
  - Robust immune activation in the experimental group, with a positive association between immune response and clinical outcome
  - Combination treatment with ONCOS-102 and chemotherapy is well tolerated

Melanoma

- Open-label, single arm phase I trial
- Up to 21 patients (two dose cohorts) with advanced CPI refractory melanoma
- Intra-tumoral ONCOS-102 in combination with Keytruda (pembrolizumab)
- End-points: safety of the combination treatment, immune activation, overall response rates (ORR) at six months and survival rates
- Conducted at three US sites: Memorial Sloan Kettering (NY), Fox Chase Cancer Center (PA), and University of Maryland (MA)
- Part 2 of the trial is enrolling patients, where safety and efficacy of a more intensive treatment regimen of twelve ONCOS-102 injections will be evaluated
- Most recent read-out: nine patients in part 1 who received only three ONCOS-102 injections reported in July 2019
  - One complete response and two partial responses (33% ORR)
  - Innate and adaptive immune activation observed in all patients

Peritoneal metastasis

- Collaboration with US-based Cancer Research Institute (CRI) and Ludwig Cancer Research (Ludwig, trial sponsor) and AstraZeneca
- Non-randomized, open-label, multi-center phase I/II trial
- Up to 78 patients who have failed prior standard chemotherapy and have histologically confirmed platinum-resistant or refractory epithelial ovarian or colorectal cancer, metastasized to the lining of the abdominal cavity (peritoneum)
- Intraperitoneally administered ONCOS-102 in combination with Imfinzi (durvalumab, anti-PD-L1 antibody)
- End-points: safety, biologic and anti-tumor activity of the combination
- Conducted at five sites in US
- The expansion part has started
- Most recent read-out: the start of the expansion part reported in July 2019
  - All safety reviews during the dose escalation phase have been completed with no Dose Limiting Toxicities

Prostate Cancer

- Collaboration with the Czech biotech company Sotio, which is sponsoring the trial
- Open label, single-arm phase I/II trial
- Up to 15 patients with advanced metastatic castration-resistant prostate cancer
- Intra-tumoral ONCOS-102 in combination with Sotio's dendritic cell therapy DCVAC/PCa
- End-points: safety and tolerability of the combination
- Conducted at one site in the Czech Republic
- First patient was dosed in July 2018

Preclinical development of ONCOS-102

Targovax has conducted *in vivo* studies of ONCOS-102 in mesothelioma and melanoma mouse models to validate the scientific rationale for the clinical combination strategies in these indications. Data were published in leading, peer reviewed publications, the Journal of Medical Virology and Cancer Gene Therapy.

In an immunodeficient mesothelioma mouse model, it was shown that ONCOS-102 acts synergistically to reduce tumor volume with the chemotherapy combination of pemetrexed and cisplatin (Pem/Cis), which is the current standard of care in malignant pleural mesothelioma. We have also demonstrated that ONCOS-102 induced CD8+ T-cells specific to the tumor associated antigen (TAA) mesothelin, which is typically overexpressed in mesothelioma, as well as many other forms of cancer (Kuryk et al, 2018, JMV).

- Pem/Cis alone did not reduce tumor volume
- ONCOS-102 alone reduced tumor volume by 56%
- ONCOS-102 + Pem/Cis reduced tumor volume by 75% relative to Pem/Cis alone and by 33% relative to ONCOS-102 alone
- ONCOS-102 induced a mesothelin specific T-cell response (ELISPOT analysis)

The efficacy of the combination of ONCOS-102 and PD-1 checkpoint inhibition (Keytruda, two different doses) has been assessed in a humanized melanoma mouse model, which showed a synergistic anti-tumor effect of ONCOS-102 and PD-1 blockade:

- Keytruda alone at both doses did not reduce tumor volume
- ONCOS-102 reduced tumor volume by 51%
- ONCOS-102 + Keytruda reduced volume by 61% (lower dose) and 69 % (higher dose)

In addition, it was shown in the humanized melanoma mouse model that the ONCOS-102 and Keytruda combination can induce an abscopal effect. This is an important mechanistic finding, which validates in vivo that ONCOS-102 can generate systemic anti-tumor immune responses that lead to a reduction in the size of non-injected lesions. These data were published in the Journal of Medical Virology in June 2019.

Next generation ONCOS viruses

The ONCOS platform is based on a versatile double-stranded DNA adenovirus serotype 5 backbone. The core construct includes two genetic modifications to enhance cancer specificity:

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

In addition, the ONCOS backbone can carry transgenes that can be delivered to tumors by local expression in infected host cells. The transgene inserted into Targovax lead clinical product ONCOS-102 is GM-CSF, which stimulates tumor antigen processing by antigen presenting cells (APCs). In the second generation ONCOS viruses, Targovax has been able to increase the DNA payload capacity of the backbone to include two transgenes. Three new ONCOS viruses with double transgenes have been cloned and validated in vitro and are now being tested in vivo. Patent applications for these novel constructs were filed in April 2019.

We have generated and are continuing to generate preclinical data from the next generation ONCOS viruses and will submit abstracts to present at upcoming scientific conferences

"Next generation ONCOS viruses have double transgenes with distinct modes of action"

IPR / Market protection

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

The Company has attained Orphan Drug Designation (ODD) 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.

Mutant RAS vaccine

The TG platform consists of neoantigen cancer vaccines targeting mutant RAS cancers. RAS mutations are known to drive many cancers and are a central target in oncology. A 32-patient phase I/II clinical trial evaluating TG01 in resected pancreatic cancer in combination with standard of care chemotherapy (gemcitabine) reported median overall survival of 33.3 months and 38% three-year survival rate in May 2019. The median overall survival compares favorably to the ESPAC4 historical control trial of gemcitabine monotherapy, which reported median overall survival from surgery of 27.6 months. The Company has attained Orphan Drug Designation (ODD) for TG01 in pancreatic cancer.

Going forward, Targovax actively works to create shareholder value from the TG technology through collaborations and partnerships. Earlier this year, Targovax granted Zelluna Immunotherapy a license to intellectual property relating to mutant RAS T-cell receptor technology. The potential deal value amounts to NOK 100m (USD 12m) in milestones and annual fees. Targovax has also entered into an agreement with The Parker Institute for Cancer Immunotherapy (PICI) and the Cancer Research Institute (CRI) for a research collaboration with Targovax's TG mutant RAS vaccine. Under the agreement, Targovax will be responsible for TG supply in a potential future trial.

In January 2020, Targovax and IOVaxis Therapeutics entered into an option agreement for an TG mutant RAS vaccine license and clinical development agreement in China Hong Kong, Macau and Singapore. IOVaxis, a spin-off from ImmuOn Therapeutics, has secured an exclusive option to develop and license the TG01 and TG02 mutant RAS neoantigen vaccines in the above mentioned territories. The option can be exercised into an exclusive license by the earlier of i) the first regulatory approval to start a clinical trial in the territory, or ii) one year from the effective date of the Option Agreement. IOVaxis paid Targovax USD 250.000 for this exclusive option. The milestone payment for the exercise of the option to license TG01/02 is USD 3 million.

If exercised, the total potential development and commercial milestones for the TG01/02 license may reach up to USD 100 million, plus tiered royalties on net sales up to mid double digits.

Experienced team

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

Management team

As per 11 March 2020

Name	Position
Øystein Soug	CEO
Magnus Jäderberg	CMO
Torbjørn Furuseth	CFO
Erik Digman Wiklund	CBO
Kristiina Hyvärinen	Director, CMC
Anne-Sophie Møller	Head of Clinical Science
Ingunn Munch Lindvig	VP Regulatory Affairs

Board of Directors

As per 11 March 2020

The Board of Directors consists of seasoned professionals with a broad range of complementary competencies:

From left: Catherine A. Wheeler, Johan Christenson, Robert Burns, Patrick Vink, Bente-Lill Romøren, Per Samuelsson, Diane Mellett and Eva-Lotta Allan.

Financial review

Results fourth quarter 2019

At end of the fourth quarter of 2019 Targovax entered into an exclusive option agreement with IOVaxis Therapeutics of Nantong, China, for clinical development and licensing of the Targovax mutant RAS vaccines TG01 and TG02 in China, Hong Kong, Macau and Singapore. Hence, an income of NOK 2 million was recognized in fourth quarter 2019.

Operating expenses amounted to NOK 42m (NOK 42m) in the fourth quarter. The operating expenses are reported net of governmental grants which amounted to NOK 1m in the period (NOK 1m). The net loss amounted to NOK 35m in the fourth quarter 2019 (NOK 41m).

Full year results 2019

Operating expenses amounted to NOK 153m (NOK 146m) in the full year 2019. The operating expenses are reported net of governmental grants which amounted to NOK 4m in the period (NOK 5m). The net loss amounted to NOK 148m in the full year 2019 (NOK 147m).

Financial position and cash flow

Cash and cash equivalents were NOK 70m at the end of the fourth quarter 2019 compared to NOK 104m at the end of third quarter 2019 and NOK 151m at the end of fourth quarter 2018.

Net cash flow from operating activities during the fourth quarter 2019 was negative by NOK 32m compared to negative NOK 25m in the fourth quarter 2018 and NOK 30m in third quarter 2019.

Net cash flow from operating activities during the full year 2019 was negative by NOK 143m compared to negative NOK 112m in the full year 2018. The increase in cash flow from financing activities in 2019 has led to the opportunity to expand the operational activities, hence the outflow from operational activities has increased.

By the end of the period, total outstanding interest-bearing debt amounted to EUR 6m, all to Business Finland. The Finnish trade promotion organization and the Finnish Funding Agency for Technology and Innovation (TEKES) united as Business Finland in 2018.

Share information

By 25 February, there were 76,011,297 shares outstanding, distributed between 5,007 shareholders. The 20 largest shareholders controlled 45.9% of the shares.

During Q4 2019, Targovax shares traded in the NOK 4.56 – 8.76 range. During the quarter, approx. 11.7 million shares were traded, with an aggregate trading value of NOK 73 million.

The closing price on 31 December 2019 was NOK 8.76 per share, corresponding to a market value of NOK 555 million.

The estimated share ownership situation on 25 February 2020:

	Estimated	
Shareholder	Shares million	Ownership
HealthCap	12.4	16.3 %
RadForsk	4.4	5.8 %
Nordea	4.3	5.7 %
AP4	2.6	3.4 %
Thorendahl Invest	1.5	2.0 %
Danske Bank (nom.)	1.0	1.3 %
Sundt	1.0	1.3 %
Morgan Stanley & Co. Int	0.9	1.2 %
ABN AMRO Global Custody Services (nom.)	0.9	1.2 %
MP Pensjon	0.9	1.1 %
10 largest shareholders	**29.9**	**39.3 %**
Other shareholders (4 997)	46.1	60.7%
Total shareholders	**76.0**	**100.0 %**

Risks and uncertainties

The Company's business is exposed to a number of general operational and financial risks which have been explained in Targovax's annual report 2019 as well as in the recent prospectus, both available at www.targovax.com.

Outlook

There is broad excitement in the industry regarding the potential of oncolytic viruses as immune activators to complement other treatments, such as CPIs. With the emerging clinical combination data from our ONCOS platform, we are solidifying our position as one of the leaders in the field and potential key future player in the market. Over the next 12 months, we expect several additional data read-outs from our ongoing ONCOS-102 clinical trials, which we anticipate will further solidify the encouraging early findings.

We continue to believe that mutRAS is an important target. Based on our experiences and know-how, Targovax will continue to pursue partnerships and collaborations to target mutRAS – as before with the TG vaccine and going forward also with novel immunological approaches.

We enter 2020 with optimism and look forward to providing further updates on our clinical progress.

Oslo, 10 March 2020

The Board of Directors of Targovax ASA

Patrick Vink
Chairperson of the Board

Per Samuelsson
Board Member

Bente-Lill Romøren
Board Member

Catherine A. Wheeler
Board Member

Johan Christenson
Board Member

Robert Burns
Board Member

Eva-Lotta Allan
Board Member

Diane Mellett
Board Member

Øystein Soug
CEO

Fourth quarter results 2019

Condensed consolidated statement of profit and loss

Amounts in NOK thousands except per share data	*Note*	Unaudited 4Q 2019	Unaudited 4Q 2018	Unaudited FY 2019	FY 2018
Other revenues		2 234	6	2 251	27
Total revenue		**2 234**	**6**	**2 251**	**27**
External R&D expenses	*3,4*	-25 166	-21 001	-80 286	-64 006
Payroll and related expenses	*5,11*	-11 273	-14 338	-50 103	-56 433
Other operating expenses	*3,4*	-5 138	-6 909	-18 109	-25 380
Depreciation, amortizations and write downs		-921	-78	-4 026	-308
Total operating expenses		**-41 577**	**-42 248**	**-152 524**	**-146 127**
Operating profit/ loss (-)		**-39 344**	**-42 242**	**-150 273**	**-146 100**
Finance income		2 280	1 702	3 698	3 068
Finance expense		2 221	-269	-1 275	-4 317
Net finance income/ expense (-)		**4 501**	**1 434**	**2 422**	**-1 249**
Loss before income tax		**-34 843**	**-40 808**	**-147 850**	**-147 349**
Income tax income/ expense (-)		72	86	321	334
Loss for the period		**-34 770**	**-40 723**	**-147 529**	**-147 015**
Earnings/ loss (-) per share					
Basic and dilutive earnings/loss (-) per share	*10*	-0.55	-0.77	-2.43	-2.79

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

Amounts in NOK thousands except per share data	Unaudited 4Q 2019	Unaudited 4Q 2018	Unaudited FY 2019	Unaudited FY 2018
Income/ loss (-) for the period	-34 770	-40 723	-147 529	-147 015
Items that may be reclassified to profit or loss:				
Exchange differences arising from the translation of foreign operations	-1 133	13 027	-2 703	2 620
Total comprehensive income/ loss (-) for the period	**-35 903**	**-27 696**	**-150 232**	**-144 395**

Condensed consolidated statement of financial position

Amounts in NOK thousands	*Note*	Unaudited 31.12.2019	Unaudited 31.12.2018
ASSETS			
Intangible assets	*6*	367 083	370 240
Property, plant, and equipment		726	889
Right-of-use asset		3 241	-
Total non-current assets		**371 050**	**371 128**
Receivables		15 429	15 320
Cash and cash equivalents		70 429	151 189
Total current assets		**85 857**	**166 509**
TOTAL ASSETS		**456 907**	**537 637**

Amounts in NOK thousands	*Note*	Unaudited 31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	*9*	6 338	5 262
Share premium reserve		886 899	821 131
Other reserves		46 885	41 239
Retained earnings		-670 010	-522 481
Translation differences		26 843	29 546
Total equity		**296 955**	**374 696**
Non-current liabilities			
Interest-bearing liabilities	*7*	50 441	43 933
Deferred tax		58 822	59 632
Total non-current liabilities		**115 085**	**103 565**
Current liabilities			
Interest-bearing liabilities	*7*		9 127
Short-term lease liabilities		3 241	-
Accounts payable and other current liabilities		11 136	12 372
Accrued public charges		3 911	3 370
Other short-term liabilities		32 402	34 508
Total current liabilities		**50 690**	**59 377**
TOTAL EQUITY AND LIABILITY		**456 907**	**537 637**

Condensed consolidated statement of changes in equity

Amounts in NOK thousands	*Note*	Share capital	Share premium	Other reserves	Translation differences	Retained earnings (Accumulated losses)	Total equity
Balance at 31 December 2017		**5 261**	**821 161**	**29 276**	**26 926**	**-375 466**	**507 158**
Loss for the period		-	-	-	-	-147 015	-147 015
Exchange differences arising from the translation of foreign operations		-	-	-	2 620	-	2 620
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**2 620**	**-147 015**	**-144 395**
Share issuance, employee share options & RSU's		1	-30	-	-	-	-29
Recognition of share-based payments & RSU's	*11*	-	-	11 963	-	-	9 502
Balance at 31 December 2018		**5 262**	**821 131**	**41 239**	**29 546**	**-522 481**	**374 696**
Loss for the period		-	-	-	-	-147 529	-147 529
Exchange differences arising from the translation of foreign operations		-	-	-	-2 703	-	-2 703
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period					**-2 703**	**-147 259**	**-150 232**
Issue of ordinary shares - Capital increase - Private Placement & Subsequent offering	*9*	1 066	73 585	-	-	-	74 651
Transaction costs - Private Placement & Subsequent offering		-	-7 788	-	-	-	-7 788
Share issuance, employee share options & RSU's	*9*	10	-28	-	-	-	-18
Recognition of share-based payments & RSU's	*11*	-	-	4 475	-	-	5 646
Balance at 31 December 2019		**6 338**	**886 899**	**46 885**	**26 843**	**-670 010**	**296 955**

Condensed consolidated statement of cash flow

Amounts in NOK thousands	*Note*	Unaudited 4Q 2019	Unaudited 4Q 2018	Unaudited FY 2019	Unaudited FY 2018
Cash flow from operating activities					
Loss before income tax		-34 843	-40 808	-147 850	-147 349
Adjustments for:					
Finance income		-2 280	-1 702	-3 698	-3 068
Finance expense		-2 221	269	1 275	4 317
Interest received		324	1 179	1 524	1 554
Other finance expense		-16	10	-25	-88
Share option & RSU expense	*11*	1 172	2 461	5 646	11 963
Depreciation		921	78	4 026	308
Change in receivables		4 381	4 538	-108	-700
Change in other current liabilities		645	9 448	-3 307	21 496
Net cash flow from/(used in) operating activities		**-31 917**	**-24 528**	**-142 517**	**-111 568**
Cash flow from investing activities					
Purchases of property, plant, and equipment (PPE)		-	-	-134	-
Net cash received from/(paid in) investing activities		**-**	**-**	**-134**	**-**
Cash flow from financing activities					
Interest paid	*7*	-223	-211	-627	-607
Repayment of lease liabilities		-981		-4 061	
Share issue expense - Private Placement & subsequent offering				-7 788	
Proceeds from Private Placement and subsequent offering				74 651	-30
Proceeds from exercise of options & RSU's			-1	-18	-30
Net cash generated from financing activities		**-1 204**	**-212**	**62 156**	**-637**
Net increase/(decrease) in cash and cash equivalents		**-33 121**	**-24 740**	**-80 495**	**-112 204**
Net exchange gain/loss on cash and cash equivalents		-469	2 713	-265	1 820
Cash and cash equivalents at beginning of period		**104 019**	**173 215**	**151 189**	**261 573**
Cash and cash equivalents at end of period		**70 429**	**151 189**	**70 429**	**151 189**

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 product 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 Lilleakerveien 2C, 0283 Oslo, Norway.

The condensed interim financial information is unaudited. These financial statements were approved for issue by the Board of Directors on 10 March 2020.

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 2019 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 31 December 2019 reporting period and have not been early adopted by the Group. These new standards and interpretations is assessed to be of no material impact for the Group in 2019.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. As at 31 December 2019, Targovax OY, located in Helsinki, Finland, and Targovax Solutions LLC, located in Delaware, USA are 100% owned and controlled subsidiaries. Targovax Solutions LLC is under liquidation.

2.4 Going concern

As a result of the Private Placement in the first quarter 2019 and the current liquidity situation, Targovax's Directors expect that the Group has available financial resources sufficient for the next twelve months as of 31 December 2019. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

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:

	4Q 2019		4Q 2018		FY 2019		FY 2018	
Amounts in NOK thousands	Total	of which R&D	Total	of which R&D	Total	of which R&D	Total	of which R&D
External R&D expenses	25 166	25 166	21 001	21 001	80 286	80 286	64 006	64 006
Payroll and related expenses	11 273	5 962	14 338	7 632	50 103	25 951	56 433	30 210
Other operating expenses	4 217	-	6 831	176	18 109	442	25 380	941
Depreciation, amortizations and write downs	921	-	78	-	4 026	-	308	-
Total operating expenses	**41 577**	**31 128**	**42 248**	**28 808**	**152 524**	**106 679**	**146 127**	**95 157**

4. Government grants

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

Amounts in NOK thousands	4Q 2019	4Q 2018	FY 2019	FY 2018
External R&D expenses	507	1 005	3 334	4 077
Payroll and related expenses	78	184	592	1 105
Other operating expenses	4	6	38	80
Total grants	**589**	**1 195**	**3 964**	**5 263**

R&D projects have been approved for SkatteFUNN through 2019 and 2020. For the fourth quarter and full year of 2019, the Group has recognized NOK 0.6m and NOK 4.0m as cost reduction in External R&D expenses, Payroll and related expenses and Other operating expenses.

See note 8 Government grants in the Annual Report 2019 for more information about grants.

5. Payroll and related expenses

Total payroll and related expenses for the Group are:

Amounts in NOK thousands	4Q 2019	4Q 2018	FY 2019	FY 2018
Salaries and bonus	7 740	9 575	31 628	37 547
Employer's national insurance contributions	1 883	1 358	4 910	4 723
Share-based compensation [1)]	1 172	2 461	5 646	11 963
Pension expenses – defined contribution plan	306	441	1 915	2 028
Restructuring costs [2)]	-2	-	5 448	-
Other	252	687	1 147	1 279
Governmental grants	-78	-184	-592	-1 105
Total payroll and related expenses	**11 273**	**14 338**	**50 103**	**56 433**

1) Share-based compensation has no cash effect.

2) Following the decision to fully focus on the ONCOS platform, the number of employees has been reduced, hence restructuring costs of NOK 5.4m per 31 December 2019.

	31.12.2019	31.12.2018
Number of employees calculated on a full-time basis as at end of period	20.0	25.6
Number of employees as at end of period	20	26

6. Intangible assets

As of 31 December 2019, the recognized intangible assets in the Group amounts to NOK 367m. This is a decrease from NOK 370m as of 31 December 2018, 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 2019 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 Finnish trade promotion organization and the Finnish Funding Agency for Technology and Innovation (TEKES) united as Business Finland in 2018.

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 EUR 6 316 600 as of 31 December 2019. The Group was granted an extension of the repayment-free period in 2019, hence no short-term loan as per 31 December 2019.

Amortized interests are charged to financial expenses, amounting to NOK 2.2m of 2019 and NOK 3.6m during full year 2018.

No new Business Finland loans have been awarded during the year 2019.

See note 21 Interest-bearing debt in the Annual Report 2019 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.

	FY 2019		FY 2018	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	15 429	15 429	15 320	15 320
Cash and cash equivalents	70 429	70 429	151 189	151 189
Total financial assets	**85 857**	**85 857**	**166 509**	**166 509**
Interest-bearing borrowings	50 441	50 441	53 059	53 059
Lease liabilities	3 241	3 241	-	-
Accounts payable and other current liabilities	11 136	11 136	12 372	12 372
Total financial liabilities	**64 818**	**64 818**	**65 431**	**65 431**

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 31 December 2019:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	50 441	50 441
Total financial instruments at fair value	**-**	**-**	**50 441**	**50 441**

As at 31 December 2018:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	53 059	53 059
Total financial instruments at fair value	**-**	**-**	**53 059**	**53 059**

9. Share capital and number of shares

In March 2019, Targovax announced that a Private Placement had been successfully completed, raising gross proceeds of approximately NOK 74 million (USD 9 million) through the allocation of 10,521,973 new shares (the "New Shares") at a subscription price of NOK 7.0 per share. The Private Placement took place through an accelerated book building process after close of market on 21 March 2019. The Private Placement attracted strong interest from existing shareholders and new institutional investors, both in Norway and the US. The transaction was approved by the General Assembly on 30 April 2019. A subsequent offering in second quarter 2019 raised gross proceeds of NOK 1 million. Proceeds from both the Private Placement and the subsequent offering were received by Targovax in second quarter 2019.

Share capital as at 31 December 2019 is 6 338 361.3 (31 December 2018: 5 261 644.8) comprising 63 383 613 ordinary shares at nominal value NOK 0.10 (31 December 2018: 52 616 448 at NOK 0.10). All shares carry equal voting rights.

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

Amounts in NOK thousands	4Q 2019	4Q 2018	FY 2019	FY 2018
Ordinary shares at beginning of period	63 383 613	52 616 448	52 616 448	52 609 867
Share issuance - Private Placement	-	-	10 664 430	-
Share issuance, employee share options and RSUs	-	-	102 735	6 581
Ordinary shares at end of period	**63 383 613**	**52 616 448**	**63 383 613**	**52 616 448**

The 20 largest shareholders are as follows at 31 December 2019:

Shareholder	# shares	%
HealthCap	12 405 584	19.6 %
Radiumhospitalets Forskningsstiftelse	4 427 255	7.0 %
VPF Nordea Kapital	1 633 448	2.6 %
Nordnet Bank AB	1 472 557	2.3 %
Nordnet Livsforsikring AS	1 462 436	2.3 %
Thorendahl Invest AS	1 365 000	2.2 %
VPF Nordea Avkastning	1 344 274	2.1 %
Danske Bank AS	878 089	1.4 %
Prieta AS	720 000	1.1 %
Verdipapirfondet Nordea Norge Plus	686 203	1.1 %
J.P. Morgan Bank Luxembourg S.A.	670 000	1.1 %
Sundt AS	650 000	1.0 %
Verdipapirfondet KLP AksjeNorge	578 178	0.9 %
Morgan Stanley & Co. International	550 451	0.9 %
Kommunal Landspensjonskasse	453 066	0.7 %
Timmuno AS	445 118	0.7 %
Per-Øivind Wold	416 844	0.7 %
Avanza Bank AB	332 632	0.5 %
Yngve Supun Lillesund	325 258	0.5 %
The Bank of New York Mellon SA/NV	303 110	0.5 %
20 largest shareholders	**31 119 503**	**49.1 %**
Other shareholders (4 278)	32 264 110	50.9 %
Total shareholders	**63 383 613**	**100.0 %**

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 31 December 2019:

Name	Position	No. of shares outstanding at 31 December 2019
Key management:		
Øystein Soug[1)]	Chief Executive Officer	200 000
Magnus Jäderberg	Chief Medical Officer	20 000
Torbjørn Furuseth	Chief Financial Officer	15 000
Ingunn Munch Lindvig	VP, Regulatory Affairs	10 000
Total no. of shares owned by key management of the Group		**245 000**
Board of directors:		
Robert Burns	Board member	86 020
Eva-Lotta Coulter	Board member	51 368
Diane Mellett	Board member	17 704
Bente-Lill Romøren	Board member	5 464
Total no. of shares owned by the Board of Directors of the Group		**160 556**

1) The shares are held through Abakus Invest AS.

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

Amounts in NOK thousand	4Q 2019	4Q 2018	FY 2019	FY 2018
Loss for the period	-34 770	-40 723	-147 529	-147 015
Average number of outstanding shares during	63 384	52 612	60 769	52 612
Earnings/ loss (-) per share - basic and	**-0.55**	**-0.77**	**-2.43**	**-2.79**

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 in April 2019 the Board was authorized to increase the Group's share capital in connection with share incentive arrangements by up to 10% of the Share capital.

On the basis of the approval by the Annual General Meeting the Board has resolved to issue new options to employees of the Company. In 2019 a total of 861 000 options for shares in the Company have been distributed amongst the current members of the key management and a total of 1490 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.

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 2019 was NOK 4.6m and NOK 10.6m for the full year 2018.

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 2019 is estimated at average of 67.95%, based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2019 is 1.25%.

The following table shows the changes in outstanding options in 2019 and 2018:

	FY 2019		FY 2018	
	No. of options	Weighted avg.exercise price (NOK)	No. of options	Weighted avg.exercise price (NOK)
Outstanding at 1 January	4 252 304	19.61	3 466 634	21.06
Granted during the period	2 351 000	6.97	1 429 000	15.95
Exercised during the period	-	-	-	-
Forfeited during the period	-574 662	13.57	-449 582	17.83
Expired during the period	-	-	-193 748	22.63
Outstanding no. of options at end of period	**6 028 642**	**15.26**	**4 252 304**	**19.61**

The following table shows the exercised, granted and outstanding options for shares to Key Management of the Group at 31 December 2019:

		Share Options			
Name	Position	Granted FY 2019	Outstanding 31.12.2019	Granted FY 2018	Outstanding 31.12.2018
Key management:					
Øystein Soug	Chief Executive Officer	300 000	1 310 000	220 000	1 010 000
Magnus Jäderberg	Chief Medical Officer	170 000	930 000	100 000	760 000
Erik Digman Wiklund	Chief Business Officer	260 000	560 000	150 000	300 000
Torbjørn Furuseth	Chief Financial Officer	230 000	430 000	200 000	200 000
Kristiina Hyvärinen	Director, CMC	122 000	175 500	13 500	53 500
Anne-Sophie Wiborg Møller	Head of Clinical Science	122 000	170 500	13 500	48 500
Ingunn Munch Lindvig	VP Regulatory Affairs	117 000	117 000	-	-
Total option for shares to key management of the Group		**1 321 000**	**3 693 000**	**697 000**	**2 372 000**
Board of directors:					
Robert Burns	Board member	-	21 235	-	21 235
Total option for shares to the Board of Directors of the Group		**-**	**21 235**	**-**	**21 235**

From 1 January 2020 to 11 March 2020 no new options for shares have been granted to Key Management.

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 RSUs, 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 total compensation to each member of the Board of Directors for the period between the AGM 2019-2020 have been set out in the minutes from the Annual General Meeting 30 April 2019. The Annual General Meeting 30 April 2019 decided to remunerate the Board of Directors for the period between the AGM 2019 to the AGM 2020 with a combination of cash and Restricted Stock Units (RSUs), hence at the 30 April 2019, additional 170,367 RSU's were granted to the Board of Directors.

The expensed RSUs in 2019 and 2018 was NOK 1.1m and NOK 1.4m. A total of 268 060 RSUs was outstanding at 31 December 2019.

The following table shows the exercised, granted and outstanding RSUs to Board of Directors of the Group at 31 December 2019:

		RSU's			
Name	Position	Outstanding 31.12.2018	Granted FY 2019	Exercised FY 2019	Outstanding 31.12.2019
Board of Directors:					
Eva-Lotta Allan	Board member	51 368	15 249	51 368	15 249
Diane Mellett	Board member	50 198	15 249	17 704	47 743
Patrick Vink	Chairperson of the Board	44 286	78 873	0	123 159
Robert Burns	Board member	28 199	45 747	28 199	45 747
Bente-Lill Romøren	Board member	20 328	15 249	5 464	30 113
Catherine A. Wheeler	Board member	6 049	-	-	6 049
Total Restricted Stock Units to Board of Directors of the Group		**200 428**	**170 367**	**102 735**	**268 060**

From 1 January 2020 to 10 March 2020 no RSUs have been granted to the Board of Directors.

12. Implementation of IFRS 16 “Leases”

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term (less than 12 months) and low-value leases.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption.

The Group has non-cancellable operating lease commitments of NOK 7.8 million at 1 January 2019. Of these commitments, NOK 0.10 million relate to short-term leases and NOK 0.2 million relate to low value leases which will both be recognized on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group has recognized right-of-use assets of NOK 7.0 million on 1 January 2019 and lease liabilities of NOK 7.0 million.

The Group’s operating profit/loss has increased by NOK 0.3 million and net profit after tax has increased by NOK 0,005 million for the full year 2019 as a result of adopting the new rules.

Operating cash flows has increased, and financing cash flows has decreased by NOK 1.0 million in 4q 2019 and NOK 4,0 million in the full year 2019 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The impact on the date of initial application is further presented below:

Amounts in NOK thousands	
Reconciliation of lease commitments to lease liabilities	**01.01.2019**
Non-cancellable operating lease commitments at 31 December 2018	5 994
+ Extension options reasonably certain to be exercised	1 764
- Practical expedient related to short-term leases	-98
- Practical expedient related to low-value leases	-158
- Discounting using the incremental borrowing rate	-496
Lease liabilities recognized at initial application	**7 005**
The weighted average incremental borrowing rate applied:	**8**%
Right-of-use assets recognized at initial application	**7 005**

Impact of the initial application of IFRS 16:

Amounts in NOK thousands	01.01.2019	Effects from IFRS 16	31.12.2018
ASSETS			
Intangible assets	370 240		370 240
Property, plant, and equipment	889		889
Right-of-use assets	7 005	7 005	
Total non-current assets	**378 134**	**7 005**	**371 128**
Receivables	15 320		15 320
Cash and cash equivalents	151 189		151 189
Total current assets	**166 509**	**-**	**166 509**
TOTAL ASSETS	**544 643**	**-**	**537 637**

Amounts in NOK thousands	01.01.2019	Effects from IFRS 16	31.12.2018
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5 262		5 262
Share premium reserve	821 131		821 131
Other reserves	41 239		41 239
Retained earnings	-522 481		-522 481
Translation differences	29 546		29 546
Total equity	**374 696**	**-**	**374 696**
Non-current liabilities			
Interest-bearing liabilities	43 933		43 933
Deferred tax	59 632		59 632
Lease liabilities	7 005	7 005	
Total non-current liabilities	**110 570**	**7 005**	**103 565**
Current liabilities			
Interest-bearing liabilities	9 127		9 127
Accounts payable and other current liabilities	12 372		12 372
Accrued public charges	3 370		3 370
Other short-term liabilities	34 508		34 508
Total current liabilities	**59 377**	**-**	**59 377**
TOTAL EQUITY AND LIABILITIES	**544 643**	**7 005**	**537 637**

13. Events after the reporting date

Post-period highlights

- In January 2020, Targovax successfully completed a private placement, raising gross proceeds of approximately NOK 101 million (USD 11.2 million), raising gross proceeds of approximately NOK 101 million (USD 11.2 million) through the allocation of 12,627,684 new shares (the "New Shares") at a subscription price of NOK 8.00 per share (the "Subscription Price"). The Private Placement took place through an accelerated book building process after close of market on 22 January 2020.

  DNB Markets, a part of DNB Bank ASA, Carnegie AS and Roth Capital Partners, LLC acted as joint bookrunners (the "Managers") in connection with the Private Placement. The Private Placement attracted strong interest from existing shareholders and new institutional investors, both in Norway, Sweden, UK and the US and the book was covered multiple times.

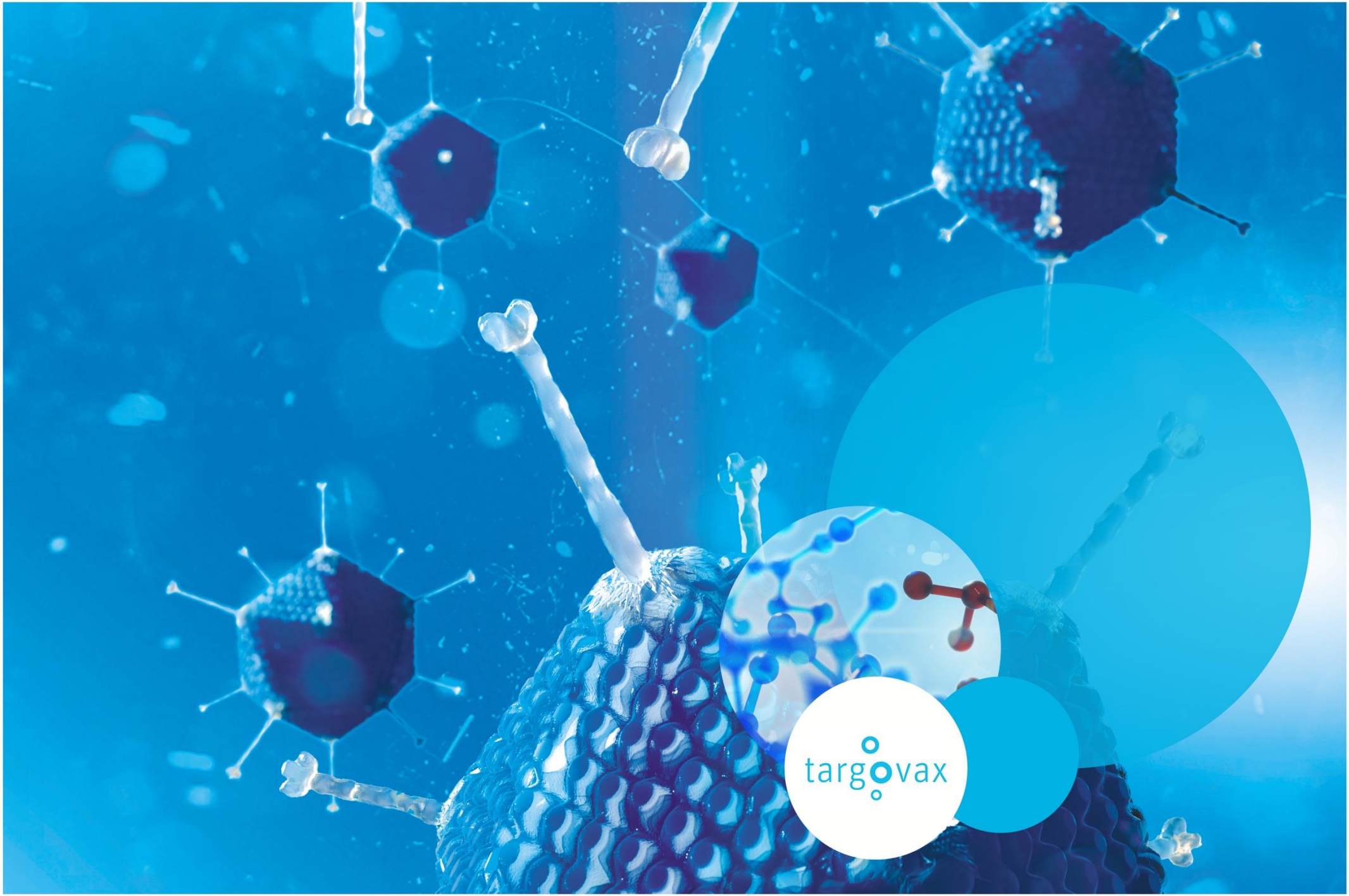
  The Company intends to use the net proceeds from the Private Placement to finance its ongoing clinical development in mesothelioma, melanoma and peritoneal cancer and extend cash runway through 2020, as well as for manufacturing development activities and general corporate purposes.

  The Private Placement and the issuance of the New Shares was resolved by the Company's board of directors (the "Board") at a board meeting held on 22 January 2020, based on the authorization granted at the Company's annual general meeting held on 30 April 2019.

  Following registration of the new share capital pertaining to the Private Placement with the Norwegian Register of Business Enterprises, which took place on 28 January 2020, the Company has an issued share capital of NOK 7,601,129.70, divided into 76,011,297 shares, each with a par value of NOK 0.10.

- In January 2020, Targovax presented encouraging data in mesothelioma study combining ONCOS-102 and standard of care chemotherapy.

- An additional loan approval of EUR 0.5 million was granted to one of the existing Business Finland loans in January 2020.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