
First quarter results
2020
targovax

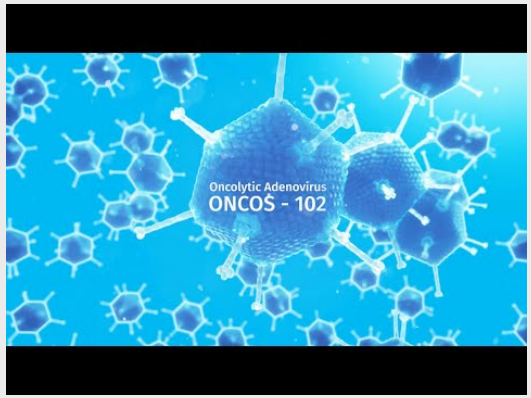
About Targovax

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.



First quarter presentation

Targovax management will hold an online presentation 7 May at 10:00 CET.

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

Upcoming conferences

12-15 May:	ASGCT, virtual conference
26 May:	ABGSC, virtual conference
29-31 May:	ASCO, virtual conference
22-24 Jun:	AACR, virtual conference
10-11 Aug:	IO Summit, Boston, US
15-16 Sep:	RAS-targeted drug discovery summit, Boston, US

Upcoming data milestones

1H2020:	ONCOS-102 phase I/II trial in unresectable malignant pleural mesothelioma *- Updated 12 months clinical and immune data*
2H2020:	ONCOS-102 phase I trial in checkpoint inhibitor refractory advanced melanoma *– Part 2 data*

Financial Calendar 2020

20 Aug:	Second Quarter presentation
5 Nov:	Third Quarter presentation

First Quarter 2020 highlights

- Entered into an option agreement with IOVaxis Therapeutics for an TG mutant RAS vaccine license and clinical development agreement in China
- Presented encouraging data in the mesothelioma study combining ONCOS-102 and standard of care chemotherapy
- Successfully completed a private placement, raising gross proceeds of approximately NOK 101 million (USD 11.2 million)
- Announced completed enrollment in the ONCOS-102 trial in anti-PD1 refractory melanoma

Post-period highlights

- Entered into a collaboration with Valo Therapeutics to develop mutant RAS neoantigen coating of ONCOS viruses using PeptiCRAd technology
- Released update in the mesothelioma study combining ONCOS-102 and standard of care chemotherapy
- Announced that an abstract on interim phase I clinical data from the phase I/II peritoneal trial was accepted for ASCO
- Appointed Dr Victor Levitsky, MD, PhD as Chief Scientific Officer (CSO)
- Announced the election of Damian Marron as Chairman of the Board at the Company's Annual General Meeting 29 April 2020

Key Figures

Amounts in NOK thousands	1Q 2020	1Q 2019	FY 2019
Total operating revenues	318	6	2 251
Total operating expenses	-29 594	-39 631	-152 524
Operating profit/loss	-29 277	-39 626	-150 273
Net financial items	3 278	-1 473	2 422
Income tax	76	82	321
Net profit/loss	-25 923	-41 017	-147 529
Basic and diluted EPS (NOK/share)	-0.36	-0.77	-2.43
Net change in cash	64 860	-46 269	-80 760
Cash and cash equivalents start of period	70 429	151 189	151 189
Cash and cash equivalents end of period	135 289	104 919	70 429

CEO statement

After several years of preparations and hard work establishing our clinical program, 2020 is already proving to be a pivotal year for Targovax. In the first months of the year, we have reported important ONCOS-102 oncolytic virus data, found a regional partner for the TG mutant RAS vaccine and established an external R&D collaboration to combine our two technology platforms.

Clinical trials update

Most recently reported out 6-months and 9-months data from our phase I/II trial, adding ONCOS-102 to standard of care (SoC) chemotherapy in first and later line mesothelioma treatment. In total, 31 patients were enrolled in a randomized trial design and all patients have now completed their 9-months follow-up. The median Progression Free Survival (mPFS) remains in line with previously published data and compares favorably with historical control. The performance of first line patients continue to look promising, the population that will be prioritized for future development. The updated PFS data are complemented by biomarker analyses demonstrating enhanced immune responses in ONCOS-102-treated patients compared to the control group. Tumor biopsy and gene expression data indicate broad and robust immune activation for patients treated with ONCOS-102. The immune activation is more pronounced in patients with a clinical response – indicating that ONCOS-102 treatment is driving the expected immune activation, and that this immune activation may improve clinical outcomes. Later in the year, we expect to see how these promising signals from PFS and immune activation translate into a survival benefit for the patients treated with ONCOS-102.

Mesothelioma is our target indication for an approval and launch of ONCOS-102. Therefore, these data play an important role as we plan and design future trials. We have already started the preparation work for a follow-up trial in mesothelioma with a potential pharma partner, in order to a add a CPI to the treatment regimen.

Last summer, we reported very encouraging data from part 1 of our trial in PD-1 checkpoint refractory melanoma. Part 2 was fully recruited during the first quarter, and as the last patients are being treated, we await a final read-out from this trial in the second half of the year. The trial sets out to test whether ONCOS-102 can immune reactivate patients that are progressing after checkpoint inhibitor treatment. The aim is to trigger relevant T-cell production and infiltration into the tumor so that patients who have become refractory can benefit from retreatment with the checkpoint inhibitor. If we succeed, more patients can benefit from checkpoint inhibitors and expand the toolbox of possible treatment options available to cancer physicians.

The combination trial with AstraZeneca's checkpoint inhibitor Imfinzi in peritoneal malignancies is also progressing well. In this trial, patients are treated with ovarian and colorectal cancer that has spread to the peritoneum, the inner lining of the abdomen. This trial is financed and run by Cancer Research Institute (CRI) and Ludwig Cancer Research, and we participate with ONCOS-102 as the virus of choice for this trial. Patient recruitment has so far gone well at six hospitals in the US. Due to the corona virus outbreak we see a slowdown in recruitment, although most sites still are open for recruitment. An abstract on the interim phase I clinical data from this trial has been accepted for ASCOs virtual conference in May 2020.

Pipeline update

At the same time as ONCOS-102 is advancing well in clinical development, we are also starting to get the first results from preclinical testing of our next generation of ONCOS viruses. The new viruses have the same adenovirus backbone, but whereas ONCOS-102 uses GM-CSF as a single transgene to enhance immune activation, the new viruses have double transgenes with different and novel modalities. So far, we have been able to show that the transgenes have a beneficial biological activity in mouse models and that it is possible to use two transgenes in a single virus construct without loss of efficacy.

A goal for Targovax is not only to develop the virus platform further, but also to apply our knowhow and technology platform in the field of mutant RAS cancers. Based on our experience with the cancer vaccine TG-01, Targovax remains confident that mutRAS is an important and druggable target in cancer. Even though we have decided not to finance further clinical development with the TG platform in its previous form, we continue to believe there could be other immunological approaches to targeting mutant RAS cancers.

The collaboration with Valo Therapeutics announced in April is an example of bringing the mutRAS platform forward. This collaboration will integrate the mutant RAS technology into the oncolytic virus platform, targeting a pre-clinical proof-of-concept using Valo Therapeutics' PeptiCRAd technology to coat ONCOS-102 with our mutant RAS peptides. The goal is to achieve enhanced

immune activation and local delivery of antigens directly into the tumor site. If successful, we will together determine how to further expand this collaboration.

Additionally, we believe there could be further novel immunological approaches to target mutant RAS cancers. Consequently, we will continue to explore other avenues for academic and commercial partnerships to bring immunological targeting of mutant RAS forward, ideally whilst minimizing the impact on internal Targovax resources and utilizing the ONCOS platform.

Business development

During the quarter, we announced that we granted an option to IOVAxis to license the TG mutant RAS vaccine technology for China, Taiwan, Hong Kong and Singapore. IOVaxis is an immunotherapy company focused on development of shared and personalized neoantigen vaccines, based in Nantong, China. 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.

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.

Covid-19

At the time of writing, there is much uncertainty related to Covid-19. It is impossible to foresee the pandemic's mid-to-long-term effects on business and society.

Targovax and its employees have so far been able to cope well. There is, however, a risk that Covid-19 may delay some data. We already know that some hospital laboratories have been closed for clinical trial work and that blood sampling from a small subset of patients will not take place. As both the mesothelioma and the melanoma trials are fully recruited, the impact on these trials is expected to be limited. In the peritoneal malignancies trial, recruitment is still open at most sites, but recruitment has slowed.

The company conducted a private placement in January and we continue to apply a prudent financial strategy and avoid entering into anything but necessary commitments for the moment.

People update

Recently, we added more intellectual firepower to the team. In April we hired Dr Victor Levitsky, as Chief Scientific Officer (CSO). Victor brings broad and deep oncology experience from academia, big pharma and biotech. With his background as both oncologist and virologist, he will bring important scientific leadership to Targovax.

Also in April, the shareholders elected Damian Marron as the new Chairman of the Board following Patrick Vink's decision not to stand for re-election. Damian has been the CEO in several biotech companies and served on multiple biotech boards and brings extensive strategic, corporate and life science business experience to Targovax.

We are proud of having attracted Victor and Damian to the company, and I am confident they will be instrumental in shaping the future of Targovax.

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				**1H 2020** Update at ASCO
	Prostate Collaborator: Sotio Combination w/DCvac				*Update by collaborator*
ONCOS-200 series	**Next Gen viruses**				Updates at conferences
Novel mutRAS concepts					

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 May 2020
  - Progression free survival at the 9-month follow-up is tracking in line with previously published data
  - Immune responses are further validated in the ONCOS-102 treated group
  - First line mesothelioma remains the focus for next phase of development

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 12 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

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

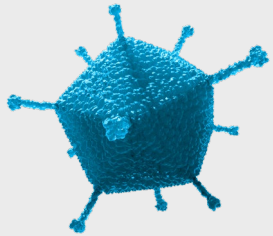
The ONCOS platform is based on a versatile double-stranded DNA adenovirus serotype 5 backbone. The core construct includes two genetic modifications to enhance cancer specificity:

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-200 series viruses and will submit abstracts to present at upcoming scientific conferences, the next such presentation being at the upcoming AACR 2020 annual meeting.

"Next generation ONCOS-200 series 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 platform

The mutant RAS platform is built on TG, the shared neoantigen cancer vaccines targeting mutant RAS cancers. 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 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. These data are corroborated by broad and lasting immune responses in vaccinated patients, and examples of ability to clear residual mutant RAS cancer cells after surgery. The Company has attained Orphan Drug Designation (ODD) for TG01 in pancreatic cancer in both US and Europe.

Targovax is actively working to create shareholder value from the TG technology through collaborations and partnerships. 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 approval to start a clinical trial in the territory. For this right, IOVaxis has paid Targovax an option fee of USD 250.000, and will pay an additional USD 3 million up-front fee when the option is exercised into an exclusive license. The total development and commercial milestones in the deal are worth up USD 100 million, in addition to tiered royalties on sales up to the mid-teens. Moreover, in 2019, Targovax granted Zelluna Immunotherapy a non-exclusive license to intellectual property relating to mutant RAS T-cell receptor technology. The potential value of this freedom-to-operate license amounts to NOK 100m (USD 12m) in milestones and annual fees.

In April 2020, Targovax and Valo Therapeutics entered into a research collaboration to evaluate Valo's PeptiCRAd technology as a tool to coat ONCOS oncolytic adenoviruses with Targovax's TG mutant RAS peptides. Valo's PeptiCRAd technology has been developed to coat oncolytic viruses with tumor antigen peptides for enhanced immune activation and local delivery of antigens directly into the tumor site. With this collaboration, Targovax and Valo will test whether PeptiCRAd coating of ONCOS-102 adenovirus with TG mutant RAS peptides can generate enhanced systemic CD4+ and CD8+ T-cell responses against mutant RAS, and specifically direct these T-cells to the tumor site. If successful, this collaboration has the potential to generate a truly unique, first-in-class, mutant RAS-targeting oncolytic virus concept that could be brought forward into clinical development.

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

Dr Victor Levitsky was appointed Chief Scientific Officer in May. He will play a leading role in driving research strategy and pipeline expansions, particularly the scientific and mechanistic aspects of early clinical work. Dr Levitsky is a seasoned internationally recognized expert in immunology, oncology, T-cell immunotherapy and immuno-oncology with in-depth knowledge of preclinical, translational and early stage clinical drug development. He brings extensive experience in pre-clinical drug development of protein-based biologics and small molecules. Dr Levitsky is a medical doctor with a PhD in Virology and post-doctoral training in tumor biology at Karolinska Institute, Sweden. He spent the first 20 years of his career as an academic research scientist, including Associate Professor positions at the Karolinska Institute in Sweden and the Johns Hopkins University School of Medicine in the US. Before joining Targovax Dr Levitsky served as Tumor Immunology Leader and Senior Principal Scientist with Roche in Zurich, and his most recent position has been VP, Head of Oncology Research at Molecular Partners, Zurich, Switzerland.

As per 7 May 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
Victor Levitsky	CSO

Board of Directors

Mr Damian Marron was elected as Chairman of the Board at the Company's Annual General Meeting 29 April 2020. Mr. Damian Marron is an experienced non-executive director, corporate advisor and life science executive with a successful track record of value creation through public and venture capital financing, portfolio planning, M&A, licensing agreements as well as R&D collaborations, both as an executive and in advisory roles. He has notably specialized in immuno-

oncology, cell therapy and orphan diseases. Mr. Marron is currently Non-Executive Director at Bone Therapeutics Resolys Bio. He is also Head of Biopharma with Treehill Partners, a global pure-play healthcare advisory firm. Mr. Marron has formerly been Chair of the Board of PepGen Ltd and the CEO at Agalimmune Ltd, TxCell SA, Cytheris SA, and Trophos SA.

As per 7 May 2020:

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

Damian Marron (Chairperson), Catherine A. Wheeler, Johan Christenson, Robert Burns, Bente-Lill Romøren, Per Samuelsson, Diane Mellett and Eva-Lotta Allan.

Financial review

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

Results first quarter 2020

Operating expenses amounted to NOK 30m (NOK 40m) in the first 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 26m in the first quarter 2020 (NOK 41m).

Financial position and cash flow

Cash and cash equivalents were NOK 135m at the end of the first quarter 2020 compared to NOK 70m at the end of fourth quarter 2019 and NOK 105m at the end of first quarter 2019.

Net cash flow from operating activities during the first quarter 2020 was negative by NOK 36m compared to negative NOK 45m in the first quarter 2019 and NOK 32m in fourth quarter 2019.

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

Share information

By April 24, there were 76,087,492 shares outstanding, distributed between 5,189 shareholders. The 20 largest shareholders controlled 47.1% of the shares.

During Q1 2020, Targovax shares traded in the NOK 3.70 – 10.20 range. During the quarter, approx. 64.3 million shares were traded, with an aggregate trading value of NOK 135 million.

The closing price on 31 March 2020 was NOK 5.44 per share, corresponding to a market value of NOK 414 million.

The estimated share ownership situation on 24 April 2020:

	Estimated	
Shareholder	Shares million	Ownership
HealthCap	12.4	16.3 %
RadForsk	4.4	5.8 %
Nordea	4.3	5.7 %
Fjarde AP-Fonden	3.0	3.9 %
Thorendahl Invest	1.5	2.0 %
Danske Bank (nom.)	1.2	1.6 %
Morgan Stanley	1.1	1.5 %
Bækkelaget Holding	1.1	1.4 %
MP Pensjon	1.0	1.4 %
Sundt AS	1.0	1.3 %
10 largest shareholders	**31.1**	**40.8 %**
Other shareholders (5 179)	45.0	59.2%
Total shareholders	**76.1**	**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

2020 will be a pivotal year for Targovax with important data read-outs for ONCOS-102. Data from the mesothelioma trial will mature during the year and lay the foundation for further development in this indication. Preparations for the next mesothelioma trial, in combination with chemotherapy and a CPI, are well under way. Provided that the final data supports further development and a pharma partner is secured for CPI supply, we expect the next mesothelioma trial to commence in 2021.

With the emerging data from the ONCOS platform, we are solidifying our position as one of the leaders in the field and potential key future player in the market. In addition, we continue to believe that mutRAS as a crucial anti-cancer target. Based on our experiences and know-how, Targovax will continue to seek opportunities to create and develop novel mutRAS immunological approaches, alone as well as in collaboration with third parties, both academic and commercial.

Oslo, 6 May 2020

The Board of Directors of Targovax ASA

Damian Marron
Chairperson of the Board

Catherine A. Wheeler
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

Øystein Soug
CEO

First quarter results 2020

Condensed consolidated statement of profit and loss

Amounts in NOK thousands except per share data	*Note*	Unaudited 1Q 2020	Unaudited 1Q 2019	FY 2019
Other revenues		318	6	2 251
Total revenue		**318**	**6**	**2 251**
External R&D expenses	*3,4*	-13 399	-19 412	-80 286
Payroll and related expenses	*5,11*	-11 303	-13 618	-50 103
Other operating expenses	*3,4*	-3 829	-5 568	-18 109
Depreciation, amortizations and write downs		-1 064	-1 033	-4 026
Total operating expenses		**-29 594**	**-39 631**	**-152 524**
Operating profit/ loss (-)		-29 277	-39 626	**-150 273**
Finance income		3 521	484	3 698
Finance expense		-243	-1 957	-1 275
Net finance income/ expense (-)		**3 278**	**-1 473**	**2 422**
Loss before income tax		**-25 999**	**-41 099**	**-147 850**
Income tax income/ expense (-)		76	82	321
Loss for the period		**-25 923**	**-41 017**	**-147 529**
Earnings/ loss (-) per share				
Basic and dilutive earnings/loss (-) per share	*10*	**-0.36**	**-0.77**	**-2.43**

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

Amounts in NOK thousands except per share data	Unaudited 1Q 2020	Unaudited 1Q 2019	FY 2019
Income/ loss (-) for the period	-25 923	-41 017	-147 529
Items that may be reclassified to profit or loss:			
Exchange differences arising from the translation of foreign operations	44 216	-7 050	-2 703
Total comprehensive income/ loss (-) for the period	**18 293**	**-48 067**	**-150 232**

Condensed consolidated statement of financial position

Amounts in NOK thousands	*Note*	Unaudited 31.03.2020	Unaudited 31.03.2019	31.12.2019
ASSETS				
Intangible assets	*6*	428 344	359 468	367 083
Property, plant, and equipment		762	795	726
Right-of-use asset		4 298	5 944	3 241
Total non-current assets		**433 404**	**366 208**	**371 050**
Receivables		14 868	91 477	15 429
Cash and cash equivalents		135 289	104 919	70 429
Total current assets		**150 157**	**196 396**	**85 857**
TOTAL ASSETS		**583 561**	**562 604**	**456 907**

Amounts in NOK thousands	*Note*	Unaudited 31.03.2020	Unaudited 31.03.2019	31.12.2019
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	*9*	7 609	6 314	6 338
Share premium reserve		978 757	886 966	886 899
Other reserves		48 367	43 952	46 885
Retained earnings		-695 933	-563 477	-670 010
Translation differences		71 058	22 475	26 843
Total equity		**409 858**	**396 230**	**296 955**
Non-current liabilities				
Interest-bearing liabilities	*7*	58 713	43 289	50 441
Deferred tax		68 221	57 876	58 822
Lease liabilities		1 793	2 240	-
Total non-current liabilities		**128 728**	**103 406**	**115 085**
Current liabilities				
Interest-bearing liabilities	*7*	5 253	9 127	
Short-term lease liabilities		2 518	3 762	3 241
Accounts payable and other current liabilities		10 256	12 525	11 136
Accrued public charges		2 005	2 229	3 911
Other short-term liabilities		24 943	35 325	32 402
Total current liabilities		**44 975**	**62 968**	**50 690**
TOTAL EQUITY AND LIABILITY		**583 561**	**562 604**	**456 907**

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 2018		**5 262**	**821 131**	**41 239**	**29 546**	**-522 481**	**374 696**
Loss for the period		-	-	-	-	-41 017	-41 017
Exchange differences arising from the translation of foreign operations		-	-	-	-7 050	-	-7 050
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-7 050**	**-41 017**	**-48 067**
Issue of ordinary shares - Capital increase - Private Placement	9	1 052	72 602	-	-	-	73 654
Transaction costs - Private Placement		-	-6 766	-	-	-	-6 766
Recognition of share-based payments & RSU's	11	-	-	2 713	-	-	2 713
Balance at 31 March 2019		**6 314**	**886 966**	**43 952**	**22 496**	**-563 498**	**396 230**
Loss for the period		-	-	-	-	-106 512	-106 512
Exchange differences arising from the translation of foreign operations		-	-	-	4 347	-	4 347
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**4 347**	**-106 512**	**-102 166**
Issue of ordinary shares - Capital increase - Private Placement & Subsequent offering	*9*	14	983	-	-	-	74 651
Transaction costs - Private Placement & Subsequent offering		-	-1 022	-	-	-	-7 788
Share issuance, employee share options & RSU's	*9*	10	-28	-	-	-	-18
Recognition of share-based payments & RSU's	*11*	-	-	2 933	-	-	5 646
Balance at 31 December 2019		**6 338**	**886 899**	**46 885**	**26 843**	**-670 010**	**296 955**
Loss for the period		-	-	-	-	-25 923	-25 923
Exchange differences arising from the translation of foreign operations		-	-	-	44 216	-	44 216
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**44 216**	**-147 259**	**-150 232**
Issue of ordinary shares - Capital increase - Private Placement & Subsequent offering	*9*	1 263	99 759	-	-	-	101 021
Transaction costs - Private Placement & Subsequent offering		-	-7 884	-	-	-	-7 884
Share issuance, employee share options & RSU's	*9*	8	-16	-	-	-	-9
Recognition of share-based payments & RSU's	*11*	-	-	1 482	-	-	1 482
Balance at 31 March 2020		**7 609**	**978 757**	**48 367**	**71 058**	**-695 933**	**409 858**

Condensed consolidated statement of cash flow

Amounts in NOK thousands	*Note*	Unaudited 1Q 2020	Unaudited 1Q 2019	FY 2019
Cash flow from operating activities				
Loss before income tax		-25 999	-41 099	-147 850
Adjustments for:				
Finance income		-3 521	-484	-3 698
Finance expense		243	1 957	1 275
Interest received		-184	484	1 524
Other finance expense		-288	-52	-25
Share option & RSU expense	*11*	1 482	2 713	5 646
Depreciation		1 064	1 033	4 026
Proceeds from the Private Placement not received		-	73 654	-
Change in receivables		561	-76 156	-108
Change in other current liabilities		-9 412	-6 595	-3 307
Net cash flow from/(used in) operating activities		**-36 053**	**-44 545**	**-142 517**
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				
Loan from Business Finland		5 555	-	-
Interest paid	*7*	-225	-222	-627
Repayment of lease liabilities		-996	-1 028	-4 061
Share issue expense - Private Placement & subsequent offering		-7 884	-142	-7 788
Proceeds from Private Placement and subsequent offering		101 021		74 651
Proceeds from exercise of options & RSU's		-9		-18
Net cash generated from financing activities		**97 462**	**-1 392**	**62 156**
Net increase/(decrease) in cash and cash equivalents		**61 409**	**-45 937**	**-80 495**
Net exchange gain/loss on cash and cash equivalents		3 452	-332	-265
Cash and cash equivalents at beginning of period		**70 429**	**151 189**	**151 189**
Cash and cash equivalents at end of period		**135 289**	**104 919**	**70 429**

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 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 6 May 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 March 2020 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 2020.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. As at 31 March 2020, 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 2020 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 March 2020. 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:

	1Q 2020		1Q 2019		FY 2019	
Amounts in NOK thousands	Total	of which R&D	Total	of which R&D	Total	of which R&D
External R&D expenses	13 399	13 399	19 412	19 412	80 286	80 286
Payroll and related expenses	11 303	5 802	13 618	6 907	50 103	25 951
Other operating expenses	3 829	442	5 568	106	18 109	442
Depreciation, amortizations and write downs	1 064	-	1 033	-	4 026	-
Total operating expenses	**29 594**	**19 643**	**39 631**	**26 426**	**152 524**	**106 679**

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	1Q 2020	1Q 2019	FY 2019
External R&D expenses	1 408	1 103	3 334
Payroll and related expenses	4	216	592
Other operating expenses	0	11	38
Total grants	**1 412**	**1 331**	**3 964**

The Group received an additional NOK 5 555 100 (EUR 552 400) to one of the existing loans from Business Finland during the first quarter of 2020. The loan's interest rate is assessed to be 7% lower than comparable market rates, hence NOK 1.4m was recognized as a government grant recorded as a reduction to External R&D expenses in first quarter 2020.

R&D projects have been approved for SkatteFUNN through 2020. For the first quarter 2020, the Group has recognized NOK 0.04m and NOK 0.004m as cost reduction in External R&D expenses and Payroll and related 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	1Q 2020	1Q 2019	FY 2019
Salaries and bonus	8 410	9 002	31 628
Employer's national insurance contributions	885	1 117	4 910
Share-based compensation [1)]	1 482	2 714	5 646
Pension expenses – defined contribution plan	447	477	1 915
Restructuring costs [2)]	-31	-	5 448
Other	114	524	1 147
Governmental grants	-4	-216	-592
Total payroll and related expenses	**11 303**	**13 618**	**50 103**

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 0,03 million as per 31 March 2020.

	31.03.2020	31.03.2019	31.12.2019
Number of employees calculated on a full-time basis as at end of period	20,0	24,2	20.0
Number of employees as at end of period	20	26	20

6. Intangible assets

As of 31 March 2020, the recognized intangible assets in the Group amounts to NOK 428 million. This is an increase from NOK 367 million as of 31 December 2019, 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 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 outstanding loan as per 31 March 2020 is NOK 79,1 million (EUR 6,9 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 5.3 million (EUR 0.5 million) of the total debt NOK 79,1 million (EUR 6.9 million) was short-term as per 31 March 2020. 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 0.3m in first quarter of 2020 and NOK 2.2m during full year 2019.

No new Business Finland loans have been awarded during the year 2020.

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
Interest-bearing liabilities 1 January 2019	**53 059**
Cash flow from financing activities	-
Exchange differences	-397
Additions to existing loans	-
Change to loan repayment schedules	-5 861
Other transactions without cash settlement	3 640
Interest-bearing liabilities 31 December 2019	**50 441**
Cash flow from financing activities	-
Exchange differences	7 759
Additions to existing loans	5 555
Change to loan repayment schedules	-
Other transactions without cash settlement	211
Interest-bearing liabilities 31 March 2020	**63 966**

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.

	1Q 2020		1Q 2019		FY 2019	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	14 868	14 868	91 477	91 477	15 429	15 429
Cash and cash equivalents	135 289	135 289	104 919	104 919	70 429	70 429
Total financial assets	**150 157**	**150 157**	**196 396**	**196 396**	**85 857**	**85 857**
Interest-bearing borrowings	63 966	63 966	52 416	52 416	50 441	50 441
Lease liabilities	4 311	4 311	6 002	6 002	3 241	3 241
Accounts payable and other current liabilities	10 256	10 256	12 525	12 525	11 136	11 136
Total financial liabilities	**78 533**	**78 533**	**70 943**	**70 943**	**64 818**	**64 818**

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 March 2020:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	63 996	63 996
Total financial instruments at fair value	**-**	**-**	**63 996**	**63 996**

As at 31 March 2019:

Amounts in NOK thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
Interest-bearing borrowings	-	-	52 416	52 416
Total financial instruments at fair value	**-**	**-**	**52 416**	**52 416**

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**

9. Share capital and number of shares

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

Share capital as at 31 March 2020 is 7 608 749.2 (31 December 2019: 6 338 361.3) comprising 76 087 492 ordinary shares at nominal value NOK 0.10 (31 December 2019: 63 383 613 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	1Q 2020	1Q 2019	FY 2019
Ordinary shares at beginning of period	63 383 613	52 616 448	52 616 448
Share issuance - Private Placement	12 627 684	10 521 973	10 664 430
Share issuance, employee share options and RSUs	76 195	-	102 735
Ordinary shares at end of period	**76 087 492**	**63 138 421**	**63 383 613**

The 20 largest shareholders are as follows at 31 March 2020:

Shareholder	# shares	%
HealthCap	12 405 584	16.3 %
Radiumhospitalets Forskningsstiftelse	4 427 255	5.8 %
Fjärde AP-fonden	3 000 000	3.9 %
VPF Nordea Kapital	1 808 448	2.4 %
Nordnet Livsforsikring AS	1 713 832	2.3 %
VPF Nordea Avkastning	1 669 274	2.2 %
Nordnet Bank AB	1 575 988	2.1 %
Thorendahl Invest AS	1 500 000	2.0 %
Danske Bank AS	1 213 498	1.6 %
Morgan Stanley & Co. International	1 081 904	1.4 %
MP Pensjon PK	1 037 248	1.4 %
Sundt AS	960 000	1.3 %
Verdipapirfondet Nordea Norge Plus	851 203	1.1 %
J.P. Morgan Bank Luxembourg S.A.	830 000	1.1 %
Prieta AS	720 000	0.9 %
Per-Øivind Wold	644 531	0.8 %
Tor Westerheim	553 743	0.7 %
The Bank of New York Mellon SA/NV	502 069	0.7 %
Danske Bank AS	460 836	0.6 %
Timmuno AS	409 965	0.5 %
20 largest shareholders	**37 365 378**	**49.1 %**
Other shareholders (4 987)	38 722 114	50.9 %
Total shareholders	**76 087 492**	**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 March 2020:

Name	Position	No. of shares outstanding at 31 March 2020
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
Patrick Vink	Chairperson of the Board	44 286
Diane Mellett	Board member	44 149
Bente-Lill Romøren	Board member	10 928
Total no. of shares owned by the Board of Directors of the Group		**236 751**

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	1Q 2020	1Q 2019	FY 2019
Loss for the period	-25 923	-41 017	-147 529
Average number of outstanding shares during the period	72 127	52 967	60 769
Earnings/ loss (-) per share - basic and diluted	**-0.36**	**-0.77**	**-2.43**

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 in 2019 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 first quarter 2020 was NOK 1.2m and NOK 4.6m for the full year 2019.

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 2020 and 2019:

	1Q 2020		FY 2019	
	No. of options	Weighted avg.exercise price (NOK)	No. of options	Weighted avg.exercise price (NOK)
Outstanding at 1 January	6 028 642	15.26	4 252 304	19.61
Granted during the period	-	-	2 351 000	6.97
Exercised during the period	-	-	-	-
Forfeited during the period	-75 984	20.97	-574 662	13.57
Expired during the period	-	-	-	-
Outstanding no. of options at end of period	**5 826 240**	**15.21**	**6 028 642**	**15.26**

The following table shows the exercised, granted and outstanding options for shares to Key Management of the Group at 31 March 2020:

		Share Options			
Name	Position	Granted 1Q 2020	Outstanding 31.03.2020	Granted FY 2019	Outstanding 31.12.2019
Key management:					
Øystein Soug	Chief Executive Officer	-	1 310 000	300 000	1 310 000
Magnus Jäderberg	Chief Medical Officer	-	930 000	170 000	930 000
Erik Digman Wiklund	Chief Business Officer	-	560 000	260 000	560 000
Torbjørn Furuseth	Chief Financial Officer	-	430 000	230 000	430 000
Kristiina Hyvärinen	Director, CMC	-	175 500	122 000	175 500
Anne-Sophie Wiborg Møller	Head of Clinical Science	-	170 500	122 000	170 500
Ingunn Munch Lindvig	VP Regulatory Affairs	-	117 000	117 000	117 000
Total option for shares to key management of the Group		**-**	**3 693 000**	**1 321 000**	**3 693 000**
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 April 2020 to 6 May 2020 new options for shares have been granted to Key Management of the Group, see note 12. Events after the reporting date.

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 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 first quarter 2020 and full year 2019 was NOK 0,3m and NOK 1.1m. A total of 191 865 RSUs was outstanding at 31 March 2020.

The following table shows the changes in outstanding RSUs in 2020 and 2019:

	1Q 2020		FY 2019	
	No. of options	Weighted avg.exercise price (NOK)	No. of options	Weighted avg.exercise price (NOK)
Outstanding at 1 January	268 060	0.10	200 428	0.10
Granted during the period	-	-	170 367	0.10
Exercised during the period	-76 195	0.10	-102 735	-
Forfeited during the period	-	-	-	0.10
Expired during the period	-	-	-	-
Outstanding no. of options at end of period	**191 865**	**0.10**	**268 060**	**0.10**

The following table shows the exercised, granted and outstanding RSUs to Board of Directors of the Group at 31 March 2020:

		RSU's			
Name	Position	Outstanding 31.12.2019	Granted 1Q 2020	Exercised 1Q 2020	Outstanding 31.03.2020
Board of Directors:					
Patrick Vink	Chairperson of the Board	123 159	-	-44 286	78 873
Robert Burns	Board member	45 747	-		45 747
Bente-Lill Romøren	Board member	30 113	-	-5 464	24 649
Diane Mellett	Board member	47 743	-	-26 445	21 928
Eva-Lotta Allan	Board member	15 249	-		15 249
Catherine A. Wheeler	Board member	6 049	-		6 049
Total Restricted Stock Units to Board of Directors of the Group		**268 060**	**-**	**-76 195**	**191 865**

From 1 April 2020 to 6 May 2020 95 491 RSUs have been granted to the Board of Directors, see note 12. Events after the reporting date.

12. Events after the reporting date

Post-period highlights

Entered into a collaboration with Valo Therapeutics to develop mutant RAS neoantigen coating of ONCOS viruses using PeptiCRAd technology.

Released update in the mesothelioma study combining ONCOS-102 and standard of care chemotherapy.

Announced that an abstract on interim phase I clinical data from the phase I/II peritoneal trial was accepted for ASCO.

Appointed Dr Victor Levitsky, MD, PhD as Chief Scientific Officer (CSO).

Announced the election of Damian Marron as Chairman of the Board at the Company's Annual General Meeting 29 April 2020.

Share options

The Board of Directors has resolved to grant 250,000 share options in the Company under the Company's long-term incentive program, each with a strike price of NOK 9.14, to Victor Levitsky.

Following the grant Victor Levitsky holds no shares and 250,000 options in the Company.

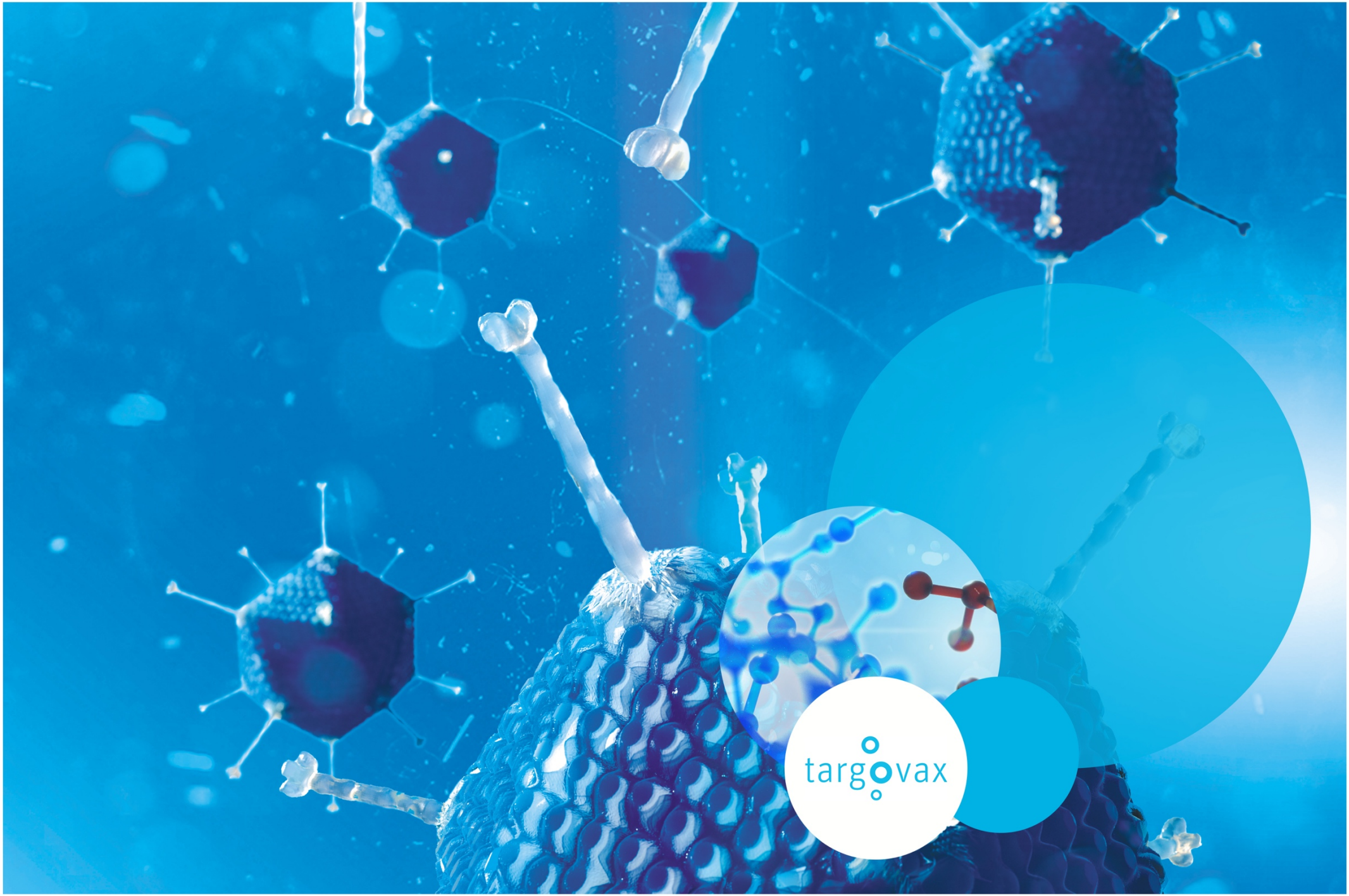
The options are granted without consideration. Pursuant to the vesting schedule, 25% of the options will vest 12 months after the day of grant (as long as the option holder is entitled to be part of the option program). Thereafter, 1/36 of the remaining options will vest each month as long as the option holder is entitled to be part of the option program, 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 Børs on the date of the grant. Options that have not been exercised will lapse 7 years after the date of grant.

Restricted Stock Units

The Annual General Meeting 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 Restricted Stock Units (RSUs), hence at the 29 April 2020, additional 95 491 RSU's were granted to the Board of Directors. A total of 208 483 RSU's were outstanding at 6 May 2020.

The following table shows the outstanding and granted RSU's to Board of Directors of the Group at 8 May 2019:

		RSUs		
Name	Position	Outstanding 31.03.2020	Granted 01.04.19 – 06.05 2020	Outstanding 06.05.2020
Board of Directors:				
Damian Marron	Chairperson of the Board	-	24 485	24 485
Robert Burns	Board member	45 747	42 604	88 351
Bente-Lill Romøren	Board member	24 649	-	24 649
Diane Mellett	Board member	21 928	14 201	35 499
Eva-Lotta Allan	Board member	15 249	14 201	29 450
Catherine A. Wheeler	Board member	6 049	-	6 049
Total Restricted Stock Units to Board of Directors of the Group		**112 992**	**95 491**	**208 483**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