
Fourth quarter results
2020
targovax

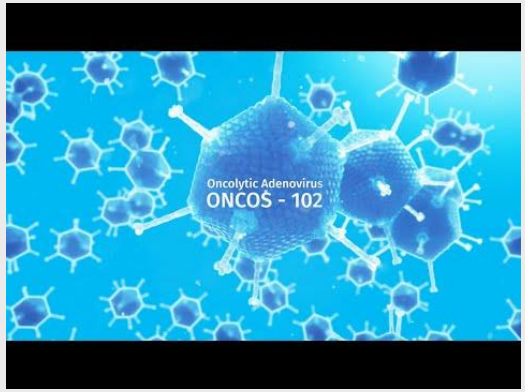
About Targovax

Activating the patient's immune system to fight cancer

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

Targovax's lead 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. On the back of very encouraging data in several indications, in monotherapy and in multiple combination, the next development steps for ONCOS-102 will involve a clinical trial with registration intent in checkpoint inhibitor refractory melanoma.

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



Fourth quarter presentation

The fourth quarter will be presented at Targovax's Capital Markets Day 18 February.

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

Upcoming conferences

18 Feb 2021:	Targovax Capital Markets Day
12 Mar 2021:	Carnegie Healthcare seminar, virtual
15-17 Mar 2021:	Roth Capital conference, virtual

Upcoming data milestones

1H 2021:	ONCOS-102 Phase 1/2 trial in unresectable malignant pleural mesothelioma *– Survival data*
1H 2022:	ONCOS-102 Phase 2 trial in anti-PD1 refractory melanoma *– First patient*

Financial Calendar 2021

17 Mar 2021:	Annual General Meeting
18 Feb 2021:	Annual Report
6 May 2021:	First Quarter presentation
18 Aug 2021:	Second Quarter presentation
4 Nov 2021:	Third Quarter presentation

Fourth quarter highlights

Data

- Announced impressive objective responses as well as effects on non-injected lesions in ONCOS-102 trial in anti-PD1 refractory melanoma patients
- Demonstrated encouraging survival data for ONCOS-102 in mesothelioma
- Presented an abstract on the 12-month analysis of biomarkers and clinical outcome from the phase I/II trial in malignant pleural mesothelioma at the Society for Immunotherapy of Cancer (SITC) 35th Anniversary Annual Meeting
- Announced that the ONCOS-102 and durvalumab trial successfully completed part 1 in colorectal cancer. The efficacy threshold was met and the recruitment in Part 2 with 14 additional patients opened

Corporate

- Completed a private placement, raising gross proceeds of approximately NOK 75 million (USD 8 million). The Private Placement attracted strong interest from existing shareholders and new institutional investors, both in the Nordics and internationally, and the transaction was oversubscribed multiple times
- Announced grant of European Patent no 3293201 by the European Patent Office. The patent covers the use of ONCOS-102 in combination with checkpoint inhibitors until 2036
- Formed a new Scientific Advisory Board (SAB), consisting of a group of world-renowned experts in immuno-oncology research and drug development carefully selected to act as advisors to guide the Targovax R&D strategy

Key Figures

Amounts in NOK thousands	Unaudited 4Q 2020	Unaudited 4Q 2019	FY 2020	FY 2019
Total operating revenues	-	2 234	624	2 251
Total operating expenses	-22 872	-41 577	-104 524	-152 524
Operating profit/loss	-22 872	-39 344	-103 901	-150 273
Net financial items	-3 413	4 501	-4 503	2 422
Income tax	57	72	277	321
Net profit/loss	-26 229	-34 770	-108 126	-147 529
Basic and diluted EPS (NOK/share)	-0.31	-0.55	-1.40	-2.43
Net change in cash	44 665	-33 590	51 893	-80 760
Cash and cash equivalents start of period	77 657	104 019	70 429	151 189
Cash and cash equivalents end of period	122 321	70 429	122 321	70 429

Recent highlights

- Received Fast-Track designation for ONCOS-102 in malignant pleural mesothelioma
- Entered a research collaboration with Papyrus Therapeutics to develop novel ONCOS viruses with receptor tyrosine kinase (RTK) inhibitor functionality
- Collaboration partner SOTIO stopped the combination trial assessing the combination of ONCOS-102 and DCVAC/PCa in prostate cancer due to slow patient recruitment. Only a very limited patient population fulfilled the strict inclusion criteria. Therefore, the recruitment could not meet originally planned numbers
- Granted IOVaxis 3 months extension to the exclusive license option for TG mutant RAS vaccines in Greater China and Singapore

CEO statement

2020 has been a special year in many aspects and the COVID-19 pandemic made quite an impact on our lives. Luckily, in Targovax we have so far been able to cope well, and 2020 brought us considerably closer to our goal of being able to bring important clinical benefit to cancer patients, and thus extend and transform their lives. Class-leading melanoma data, improved mesothelioma survival outcomes, compelling immune activation, an expanding pipeline and a rejuvenated mutant RAS program provide us with a solid platform to reach this goal. Our successes were made possible by the impressive efforts from our hard-working team, and our world leading partners.

Breakthrough year

Immunotherapy has revolutionized cancer treatment over the past decade, introducing novel drugs that enable the patient's own immune system to fight the cancer. Today, millions of patients benefit from immunotherapy, and some are even cured. For Targovax, 2020 marked a breakthrough year for the ONCOS-102 development program. The three clinical trials in melanoma, mesothelioma and colorectal cancer all reached important milestones, confirming the immune activating mode of action of ONCOS-102 in multiple cancers and demonstrating clinical activity in combination with both immunotherapy and chemotherapy.

The future of ONCOS-102

With a robust data set that confirms the clinical activity of ONCOS-102 in multiple cancer types and versatility as combination therapy, we have started drawing up the next stage of development. The decisions we make now will define the benefit delivered to patients and value created for shareholders and shape the company for years to come.

With stellar data in melanoma, our top priority for 2021 will be to rapidly initiate a registration-directed trial combining ONCOS-102 with an anti-PD1 checkpoint inhibitor in this indication. In parallel, we will evaluate agile and cost-effective opportunities to bring ONCOS-102 forward in mesothelioma, colorectal cancer and/or other indications, thus retaining multiple shots on goal.

Mutant RAS platform

Targovax remains confident that mutRAS is an important and druggable target in cancer. We continue to seek academic and commercial partnerships to bring immunological targeting of mutRAS forward. We do this in two ways, by a) looking for cost effective collaborations to test the TG mutRAS cancer vaccine, and b) initiating innovative collaborations to capitalize on our mutRAS expertise and IP, ideally leveraging our ONCOS platform as a delivery tool. During 2020 we saw examples of both types of collaborations, as we sold an option to IOVaxis Therapeutics to develop and commercialize a TG vaccine in Greater China and entered into two pre-clinical collaborations with highly qualified partners.

Pre-clinical development

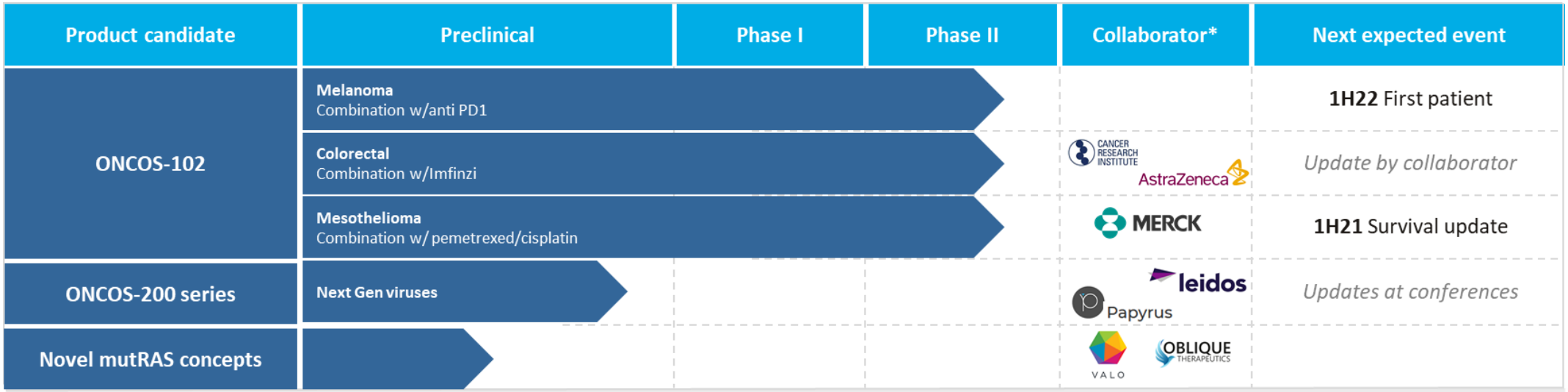
The ONCOS-backbone is highly versatile. During 2020 we formed several R&D collaborations to evaluate the encoding of novel payloads to create the next generation of tailored and more powerful ONCOS viruses, including functionality to target mutant RAS. The addition of the seasoned immunologist Dr. Victor Levitsky to our team as Chief Scientific Officer is already proving to be instrumental in exploring and shaping this portfolio going forward.

Looking forward

I am proud of everything we have achieved so far and really look forward to an exciting 2021 where we will take the first steps in moving ONCOS-102 into the registrational development phase and towards market building value for patients, physicians and shareholders.

Øystein Soug
CEO Targovvax Group

Pipeline and newsflow



ONCOS-102 in CPI refractory melanoma

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

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

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

Based on these promising and class-leading results, Targovax intends to move on to a registration-directed trial. The company believes a single arm trial with 125-150 patients in confirmed anti-PD1 refractory melanoma patients could support an accelerated approval, subject to sufficient clinical benefit.

ONCOS-102 in malignant pleural mesothelioma

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

At the 18-month follow-up, reported in November 2020, five of the eight patients in the first line ONCOS-102-treated group were still alive, and the mOS was not yet reached. Based on current survival data the mOS will be at least 18.2 months. For the first line SoC-only control group, two of the six patients were alive, and mOS will be 14.2 months or less, which is similar to outcomes from previously reported trials where patients received the same chemotherapy treatment. An analysis of all the first-line patients, including 3 experimental safety lead-in patients, shows results in line with the randomized first-line patients. The next survival analysis is planned in first half of 2021.

In June, it was reported that ONCOS-102 treatment induces broad and powerful immune activation in MPM, far beyond what is achieved with SoC alone. Importantly, this immune activation is associated with better survival outcomes at the 18-month analysis, indicating that the immunological activity of ONCOS-102 drives the observed clinical benefit. The powerful immune

* ONCOS-102 is unencumbered.

activation generated by ONCOS-102 builds a strong rationale for combining ONCOS-102 with a checkpoint inhibitor in MPM. This combination could provide further clinical benefits in this indication.

ONCOS-102 in colorectal cancer with metastasis – collaboration trial

The trial is a non-randomized, open-label, multi-center phase I/II trial, where ONCOS-102 is intraperitoneally administered in combination with Imfinzi (durvalumab, anti-PD-L1 antibody), to patients who have metastatic colorectal cancer with peritoneal carcinomatosis and have failed prior standard therapies. 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 trial is conducted at five sites and will recruit up to 32 patients and will assess the safety, biologic and anti-tumor activity of the combination.

In July 2019 all safety reviews during the dose escalation phase had been completed with no Dose Limiting Toxicities and the expansion part started.

In October 2020 the pre-defined disease control efficacy threshold in part 1 was met and the expansion cohort was opened for recruitment of 14 additional patients.

Clinical trials with collaboration partners

Through our collaboration with Cancer Research Institute and Ludwig Cancer Research in colorectal cancer with peritoneal carcinomatosis, Targovax leverages its own clinical development expertise with access to leading external networks. In this collaboration trial, Targovax has retained all commercial rights to its products. ONCOS-102 has also been tested in combination with Sotio's DCVac. The trial was sponsored by Sotio to test whether ONCOS-102 could enhance the effect of DCVac. The trial was concluded prematurely in February 2021 due to limited patient population availability, in combination with additional COVID-19 related challenges

Next generation ONCOS viruses

From the ONCOS-200-series we have selected ONCOS-211 as the lead candidate for further development. ONCOS-211 carries two transgenic payloads, inducible costimulator-ligand (ICOS-L) and adenosine deaminase (ADA). ICOS-L provides a stimulatory signal to T-cells, whereas ADA removes immune-suppressive adenosine from the tumor micro-environment thus dealing with one of the major defense mechanisms of the tumor. In combination, we believe these transgenes adds targeted firepower to the already strong immune-activating properties of ONCOS, and during 2021 we will execute a set of in vivo experiments to further explore the immunological and anti-cancer properties of ONCOS-211.

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 (eg. 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. 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.

Data from a pre-clinical study with next-generation ONCOS-200 series viruses with novel anti-cancer double-transgenes were presented at the American Association for Cancer Research (AACR) Virtual Annual Meeting in June 2020. The pre-clinical in vitro and in vivo findings demonstrated that both ONCOS-210 & ONCOS-212 have anti-cancer properties and that the double transgenes act synergistically. The encouraging preclinical findings will be further investigated to elucidate transgene functionality and mode of action.

In June 2020, Targovax entered into a collaboration agreement with the Explorations in Global Health (ExGloH) Division of Leidos to evaluate the potential of using ONCOS oncolytic adenoviruses as a vector to encode Microtide™ checkpoint inhibitor peptides as gene sequences. This combination is promising since checkpoint inhibition complements oncolytic virotherapy by blocking the tumor's main defense mechanism against the anti-tumor immune response generated by the oncolytic virus.

ExGloH has developed a unique, proprietary portfolio of microbially-derived peptides, called MicrotideTM, that act as immune checkpoint inhibitors. The simple structure and small size of Microtide™ peptides make them well-suited for delivery by DNA vectors, and the parties will explore whether this capability can be extended to ONCOS viruses. If successful, this could potentially circumvent the need to combine ONCOS with classical systemically delivered checkpoint inhibitors.

Under the agreement, Leidos and Targovax will investigate the technical feasibility, immune modulatory, and anti-cancer properties of encoding Microtide™ checkpoint peptides in the ONCOS adenovirus backbone both in vitro and in vivo. If successful, the combined ONCOS and Microtide™ constructs may serve as a platform where additional functionality can be built in to stimulate multiple complementary anti-tumor mechanisms.

Mutant RAS platform

The mutant RAS program is based on our shared neoantigen vaccine 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 were corroborated by broad and lasting immune responses in vaccinated patients, and some examples of clearance of residual mutant RAS cancer cells after surgery. The Company has attained Orphan Drug Designation 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. Consistent with this approach, 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 in order to stimulate an enhanced immune response to mutant RAS. 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.

In June 2020, Targovax entered into a collaboration agreement with Oblique Therapeutics to evaluate the potential of using ONCOS oncolytic adenoviruses as a vector to encode and deliver Abiprot antibodies against hard-to-reach intra-cellular targets. Oblique has developed a unique, proprietary methodology to identify epitopes on targets that have previously proven difficult to address with antibodies. This approach can be extended to intra-cellular targets such as mutant RAS, however, delivering antibodies into cells remains a major obstacle. Targovax and Oblique anticipate that expression of Abiprot antibodies against such targets using ONCOS as a vector can overcome this challenge and boost the specificity and power of the anti-tumor response. Under the agreement the parties will jointly explore the technical feasibility and in vitro and in vivo functionality and anti-cancer activity of the ONCOS-Abiprot combination, initially focusing on mutant RAS as the target. If successful, this would provide a first-in-class oncolytic virus candidate directly targeting RAS and demonstrate proof-of-concept for ONCOS-Abiprot as a new technology platform.

Preclinical development of ONCOS-102

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

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

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

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

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

IPR / Market exclusivity

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.

In October 2020, Targovax was granted European Patent no 3293201 by the European Patent Office. The patent covers the use of ONCOS-102 in combination with checkpoint inhibitors until 2036 and protects Targovax's innovative oncolytic immunotherapy platform and strengthens the Company's market position.

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

Experienced team

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

Management team

As per 17 February 2021:

Name	Position
Øystein Soug	CEO
Magnus Jäderberg	CMO
Torbjørn Furuseth	CFO
Erik Digman Wiklund	CBO
Victor Levitsky	CSO
Kirsi Hellström	Head of CMC
Ingunn Munch Lindvig	VP Regulatory Affairs

Board of Directors

As per 17 February 2021:

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 October 2020, Targovax successfully completed a private placement, raising gross proceeds of approximately NOK 75 million (USD 8 million), through the allocation of 10,344,828 new shares at a subscription price of NOK 7.25 per share. The Private Placement took place through an accelerated book building process after close of market on 14 October 2020. The Private Placement attracted strong interest from existing shareholders and new institutional investors, both in the Nordics and internationally, and the transaction was oversubscribed multiple times.

Results fourth quarter 2020

Operating expenses amounted to NOK 23 million (NOK 42 million) in the fourth quarter. The operating expenses are reported net of governmental grants which amounted to NOK 1 million in the period (NOK 1 million). The net loss amounted to NOK 26 million in the third quarter 2020 (NOK 35 million).

Results full year 2020

In the full year 2020 Targovax had no core business revenue.

Operating expenses amounted to NOK 105 million (NOK 153 million) in the full year 2020. The operating expenses are reported net of governmental grants which amounted to NOK 2 million in the period (NOK 4 million). The net loss amounted to NOK 108 million in the full year 2020 (NOK 148 million).

Financial position and cash flow

Cash and cash equivalents were NOK 122 million at the end of the fourth quarter 2020 compared to NOK 78 million at the end of third quarter 2020 and NOK 101 million at the end of second quarter 2020.

Net cash flow from operating activities during the fourth quarter 2020 was negative by NOK 21 million compared to negative NOK 32 million in the fourth quarter 2019 and NOK 23 million in third quarter 2020.

Net cash flow from operating activities during the full year 2020 was negative by NOK 111 million compared to negative NOK 143 million in the full year 2019.

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

Share information

By February 4, there were 86,531,318 shares outstanding, distributed between 5,535 shareholders. The 20 largest shareholders controlled 47.8% of the shares.

During Q4 2020, Targovax shares traded in the NOK 5.97 – 10.90 range. During the quarter, approx. 53.5 million shares were traded, with an aggregate trading value of NOK 294 million.

The closing price on 31 December 2020 was NOK 9.68 per share, corresponding to a market value of NOK 838 million.

The estimated share ownership situation on 4 February 2020:

	Estimated	
Shareholder	Shares million	Ownership
HealthCap	12.4	14.3 %
Nordea	4.5	5.1 %
Radforsk	4.4	4.9 %
Fjarde AP-Fonden	4.0	4.6 %
Thorendahl Invest	1.8	1.9 %
Bækkelaget Holding	1.6	1.8 %
Danske Bank (nom.)	1.5	1.6 %
Morgan Stanley & Co. Int.	1.4	1.6 %
The Bank of New York Mellon (nom.)	1.3	1.5 %
Goldman Sachs & Co. LLC (nom.)	1.1	1.4 %
10 largest shareholders	**33.9**	**39.2 %**
Other shareholders (5 525)	52.6	60.8%
Total shareholders	**86.5**	**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 2020 as well as in the recent prospectus, both available at www.targovax.com. Targovax is running clinical trials at several hospitals both in Europe and the US. As earlier reported, Targovax management is following the COVID-19 outbreak situation closely and is continuously monitoring whether any potential challenges arise. Currently there are no significant implications to our core operations due to the Corona pandemic.

Outlook

The recent developments in cancer immunotherapy uphold the large potential of immunotherapy. The main challenge is to ensure that more cancer patients can benefit from immunotherapy, and as such a growing medical need to develop new drugs that can activate the patient's immune system. On the basis of the strong clinical data that are now generated on ONCOS-102, Targovax has a solid fundament to move the development forward towards registration-directed trials. There is a continued excitement in the industry regarding the potential of oncolytic viruses as immune activators to complement other immunotherapies, such as CPIs.

2020 was a unique year due to the COVID-19 pandemic, and several industries are struggling. Life sciences and biotechnology have on the contrary experienced an increased enthusiasm, and the capital markets have been healthy. Hopefully this will continue in 2021 to support the further development of our drug candidates.

We are also entering 2021 with a broader pipeline of preclinical assets that could create a broader set of opportunities in the future. 2021 could also mark the revival of the mutant RAS platform with IOVaxis potentially exercises the license option.

We enter 2021 with optimism and look forward to providing further updates on our clinical progress.

Oslo, 17 February 2021

The Board of Directors of Targovax ASA

Damian Marron
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 2020

Condensed consolidated statement of profit or loss

Amounts in NOK thousands except per share data	*Note*	Unaudited 4Q 2020	Unaudited 4Q 2019	FY 2020	FY 2019
Other revenues		-	2 234	624	2 251
Total revenue		**-**	**2 234**	**624**	**2 251**
External R&D expenses	*3,4*	-8 131	-25 166	-45 040	-80 286
Payroll and related expenses	*5,11*	-11 799	-11 273	-43 090	-50 103
Other operating expenses	*3,4*	-2 615	-4 217	-12 658	-18 109
Depreciation, amortizations and write downs		-327	-921	-3 735	-4 026
Total operating expenses		**-22 872**	**-41 577**	**-104 524**	**-152 524**
Operating profit/ loss (-)		-22 872	-39 344	**-103 901**	**-150 273**
Finance income		-1 416	2 280	596	3 698
Finance expense		-1 997	2 221	-5 099	-1 275
Net finance income/ expense (-)		**-3 413**	**4 501**	-4 503	**2 422**
Loss before income tax		**-26 286**	**-34 843**	**-108 403**	**-147 850**
Income tax income/ expense (-)		57	72	277	321
Loss for the period		**-26 229**	**-34 770**	**-108 126**	**-147 529**
Earnings/ loss (-) per share					
Basic and dilutive earnings/loss (-) per share	*10*	**-0.31**	**-0.55**	**-1.40**	**-2.43**

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

Amounts in NOK thousands	Unaudited 4Q 2020	Unaudited 4Q 2019	FY 2020	FY 2019
Income/ loss (-) for the period	-26 229	-34 770	-108 126	-147 529
Items that may be reclassified to profit or loss:				
Exchange differences arising from the translation of foreign operations	-16 576	-7 987	16 069	-2 703
Total comprehensive income/ loss (-) for the period	**-42 805**	**-42 757**	**-92 057**	**-150 232**

Condensed consolidated statement of financial position

Amounts in NOK thousands	*Note*	31.12.2020	31.12.2019
ASSETS			
Intangible assets	*6*	389 646	367 083
Property, plant, and equipment		179	726
Right-of-use asset		3 734	3 241
Total non-current assets		**393 559**	**371 050**
Receivables		4 859	15 429
Cash and cash equivalents		122 321	70 429
Total current assets		**127 180**	**85 857**
TOTAL ASSETS		**520 740**	**456 907**

Amounts in NOK thousands	*Note*	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	*9*	8 653	6 338
Share premium reserve		1 046 476	886 899
Other reserves		52 684	46 885
Retained earnings		-778 136	-670 010
Translation differences		42 912	26 843
Total equity		**372 588**	**296 955**
Non-current liabilities			
Interest-bearing liabilities	*7*	57 881	50 441
Deferred tax		62 047	58 822
Lease liabilities		2 568	-
Total non-current liabilities		**122 495**	**115 085**
Current liabilities			
Interest-bearing liabilities	*7*	3 185	-
Short-term lease liabilities		1 258	3 241
Accounts payable and other current liabilities		5 196	11 136
Accrued public charges		3 428	3 911
Other short-term liabilities		12 589	32 402
Total current liabilities		**25 656**	**50 690**
TOTAL EQUITY AND LIABILITY		**520 740**	**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		-	-	-	-	-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**	**-147 529**	**-150 232**
Issue of ordinary shares - Capital increase - Private Placement & Subsequent offering	9	1 066	73 585	-	-	-	74 651
Transaction costs - Private Placement		-	-7 788	-	-	-	-7 788
Share issuance, employee share options & RSU's	*9*	10	-28	-	-	-	-18
Recognition of share-based payments & RSU's	11	-	-	5 646	-	-	5 646
Balance at 31 December 2019		**6 338**	**886 899**	**46 885**	**26 843**	**-670 010**	**296 955**
Loss for the period		-	-	-	-	-108 126	-108 126
Exchange differences arising from the translation of foreign operations		-	-	-	16 069	-	16 069
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**16 069**	**-108 126**	**-92 057**
Issue of ordinary shares - Capital increase - Private Placement & Subsequent offering	*9*	2 297	173 724	-	-	-	176 021
Transaction costs - Private Placement & Subsequent offering		-	-14 164	-	-	-	-14 164
Share issuance, employee share options & RSU's	*9*	18	82	-	-	-	99
Transaction costs – share issuance employee share options & RSU's			-65				-65
Recognition of share-based payments & RSU's	*11*	-	-	5 799	-	-	5 799
Balance at 31 December 2020		**8 653**	**1 046 476**	**52 684**	**42 912**	**-778 136**	**372 588**

Condensed consolidated statement of cash flow

Amounts in NOK thousands	*Note*	Unaudited 4Q 2020	Unaudited 4Q 2019	FY 2020	FY 2019
Cash flow from operating activities					
Loss before income tax		-26 286	-34 843	-108 403	-147 850
Adjustments for:					
Finance income		1 416	-2 280	-596	-3 698
Finance expense		1 997	-2 221	5 099	1 275
Interest received		245	324	596	1 524
Other finance expense		39	-16	-364	-25
Share option & RSU expense	*11*	1 464	1 172	5 799	5 646
Depreciation, amortizations and write downs		327	921	3 735	4 026
Change in receivables		9 088	4 381	10 569	-108
Change in other current liabilities		-9 462	645	-27 229	-3 307
Net cash flow from/(used in) operating activities		**-21 172**	**-31 917**	**-110 793**	**-142 517**
Cash flow from investing activities					
Purchases of property, plant, and equipment (PPE)		-70	-	-70	-134
Net cash received from/(paid in) investing activities		**-70**	**-**	**-70**	**-134**
Cash flow from financing activities					
Loan from Business Finland		-	-	5 555	-
Repayment of lease liabilities		-368	-981	-3 209	-4 061
Interest paid	*7*	-286	-223	-704	-627
Proceeds from issuance of shares -Private Placement and repair		75 000	-	176 021	74 651
Share issue expense - Private Placement and repair offering		-6 279	-	-14 164	-7 788
Proceeds from exercise of options		83	-	99	10
Share issue expense – share options & RSUs		-46	-	-65	-28
Net cash generated from/(paid in) financing activities		**68 102**	**-1 204**	**163 534**	**62 156**
Net increase/(decrease) in cash and cash equivalents		**46 860**	**-33 121**	**52 671**	**-80 495**
Net exchange gain/loss on cash and cash equivalents		-2 195	-469	-778	-265
Cash and cash equivalents at beginning of period		**77 657**	**104 019**	**70 429**	**151 189**
Cash and cash equivalents at end of period		**122 321**	**70 429**	**122 321**	**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 17 February 2021.

2. Accounting principles

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

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

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

2.1 Basis of preparation

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

2.2 Standards and interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 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 December 2020, Targovax OY, located in Espoo, Finland is 100% owned and controlled subsidiary. Targovax Solutions LLC was liquidated in second quarter 2020.

2.4 Going concern

As a result of the Private Placement in the first and fourth 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 31December 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:

	4Q 2020		4Q 2019		FY 2020		FY 2019	
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	8 131	8 131	25 166	25 166	45 040	45 040	80 286	80 286
Payroll and related expenses	11 799	5 977	11 273	5 962	43 090	22 101	50 103	25 951
Other operating expenses	2 615	-	4 217	-	12 658	26	18 109	442
Depreciation, amortizations and write downs	327	-	921	-	3 735	-	4 026	-
Total operating expenses	**22 872**	**14 108**	**41 577**	**31 128**	**104 524**	**67 168**	**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	4Q 2020	4Q 2019	FY 2020	FY 2019
External R&D expenses	483	507	1 943	3 334
Payroll and related expenses	58	78	292	592
Other operating expenses	-	4	1	38
Total grants	**541**	**589**	**2 236**	**3 964**

R&D projects have been approved for SkatteFUNN through 2022. For the fourth quarter 2020, the Group has recognized NOK 0.5 million and NOK 0.1 million as cost reduction in External R&D expenses and Payroll and related expenses respectively.

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

5. Payroll and related expenses

Total payroll and related expenses for the Group are:

Amounts in NOK thousands	4Q 2020	4Q 2019	FY 2020	FY 2019
Salaries and bonus	8 478	7 740	31 123	31 628
Employer's national insurance contributions	1 467	1 883	4 273	4 910
Share-based compensation [1)]	1 464	1 172	5 799	5 646
Pension expenses – defined contribution plan	299	306	1 613	1 915
Restructuring costs [2)]		-2	-150	5 448
Other	149	252	724	1 147
Governmental grants	-58	-78	-292	-592
Total payroll and related expenses	**11 799**	**11 273**	**43 090**	**50 103**

1) Share-based compensation has no cash

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

	31.12.2020	31.12.2019
Number of employees calculated on a full-time basis as at end of period	19,6	20,0
Number of employees as at end of period	20	20

6. Intangible assets

As of 31 December 2020, the recognized intangible assets in the Group amounts to NOK 390 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 2020 Annual Report.

7. Interest bearing debt

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

The Group has received three R&D loans, for the commercialization of ONCOS-102 from Business Finland under loan agreements dated September 2010, February 2012 and December 2013, respectively, in the total outstanding amount of NOK 62.3 million (EUR 6.3 million) as of 31 December 2019. The Group received an additional NOK 5.6 million (EUR 0,6 million) to one of the existing loans from Business Finland during the first quarter of 2020, hence outstanding loan as per 31 December 2020 is NOK 61,1 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 3.2 million (EUR 0.3 million) of the total debt NOK 61,1 million (EUR 6.9 million) was short-term as per 31 December 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 4.3 million for the full year 2020 and NOK 3.6 million 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	2 745
Additions to existing loans	5 555
Change to loan repayment schedules	-
Other transactions without cash settlement	2 325
Interest-bearing liabilities 30 September 2020	**61 066**

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 2020		FY 2019	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	4 859	4 859	15 429	15 429
Cash and cash equivalents	122 321	122 321	70 429	70 429
Total financial assets	**127 180**	**127 180**	**85 857**	**85 857**
Interest-bearing borrowings	61 066	61 066	50 441	50 441
Lease liabilities	3 826	3 826	3 241	3 241
Accounts payable and other current liabilities	5 196	5 196	11 136	11 136
Total financial liabilities	**70 087**	**70 087**	**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 December 2020:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	61 066	61 066
Total financial instruments at fair value	**-**	**-**	**61 066**	**61 066**

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

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

Targovax raised gross proceeds of NOK 74 million in a private placement in first quarter 2019 through the allocation of 10,521,973 new shares at a subscription price of NOK 7.0 per share. The transaction was approved by the General Assembly on 30 April 2019. Following the private placement, the company completed a subsequent offering, raising gross proceeds of NOK 1 million through a share issue of 142 457 shares at NOK 7.00 per share.

Share capital as at 31 December 2020 is 8 653 131.80 (31 December 2019: 6 338 361.30) comprising 86 531 318 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:

	4Q 2020	4Q 2019	FY 2020	FY 2019
Ordinary shares at beginning of period	76 175 764	63 383 613	63 383 613	52 616 448
Share issuance - Private Placement	10 344 828	-	22 972 512	10 664 430
Share issuance, employee share options and RSUs	10 726	-	175 193	102 735
Ordinary shares at end of period	**86 531 318**	**63 383 613**	**86 531 318**	**63 383 613**

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

Shareholder	# shares	%
HealthCap	12 458 375	14.4 %
Radiumhospitalets Forskningsstiftelse	4 427 255	5.1 %
Fjärde AP-fonden	4 000 000	4.6 %
Thorendahl Invest AS	1 750 000	2.0 %
VPF Nordea Kapital	1 748 448	2.0 %
VPF Nordea Avkastning	1 649 274	1.9 %
Bækkelaget Holding AS	1 603 287	1.9 %
Nordnet Bank AB	1 529 969	1.8 %
Danske Bank AS	1 446 001	1.7 %
Nordnet Livsforsikring AS	1 429 953	1.7 %
Morgan Stanley & Co. International	1 343 716	1.6 %
The Bank of New York Mellon SA/NV	1 290 959	1.5 %
Verdipapirfondet Nordea Norge Plus	1 076 603	1.2 %
MP Pensjon PK	1 061 925	1.2 %
State Street Bank and Trust Comp	1 038 000	1.2 %
Goldman Sachs & Co. LLC	993 850	1.1 %
Egil Pettersen	917 951	1.1 %
J.P. Morgan Bank Luxembourg S.A.	820 000	0.9 %
Barclays Capital Securities Ltd	770 717	0.9 %
Prieta AS	720 000	0.8 %
20 largest shareholders	**42 076 283**	**48.6 %**
Other shareholders (5 844)	44 455 035	51.4 %
Total shareholders	**86 531 318**	**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 2020:

Name	Position	No. of shares outstanding at 31 Dec. 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
Diane Mellett	Board member	44 149
Bente-Lill Romøren	Board member	20 327
Total no. of shares owned by the Board of Directors of the Group		**201 864**

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 2020	4Q 2019	FY 2020	FY 2019
Loss for the period	-26 229	-34 770	-108 126	-147 529
Average number of outstanding shares during the period	84 048	63 384	77 106	60 769
Earnings/ loss (-) per share - basic and diluted	**-0.31**	**-0.55**	**-1.40**	**-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 2020 the Board was authorized to increase the Group's share capital in connection with share incentive arrangements by up to the lower of (a) NOK 1 000 000 and (b) 10% of the Company's outstanding shares, options and RSU's. This authorization replaces the previous authorizations to increase the share capital by up to the lower of NOK 800,000 and b) 10% of the Company's outstanding shares, options and RSUs given to the board of directors at the annual general meeting held in April 2019.

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 the lower of (a) NOK 800 000 and (b) 10% of the Company's outstanding shares, options and RSU's. A renewed authorization was given at the Ordinary general meeting in April 2019.

On the basis of the approval by the Annual General Meeting in 2019 and 2020 the Board has resolved to issue new options to employees of the Company. In 2019 a total of 1 134 000 options for shares in the Company have been distributed amongst the current members of the key management and a total of 1 217 000 options for shares in the Company have been distributed amongst other employees. In 2020 a total of 1 625 000 options for shares in the Company have been distributed amongst the current members of the key management and a total of 710 000 options for shares in the Company have been distributed amongst other employees. Each option, when exercised, will give the right to acquire one share in the Company. The options are granted without consideration.

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 fourth quarter and full year 2020 was NOK 1.3 million and 4.9 million. For the same period in 2019 it was NOK 0.9 million and NOK 4.6 million.

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 2020 and 2019 is estimated at average of 76.06% and 67.95% based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2020 and 2019 is 0.42% and 1.25%.

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

	FY 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	2 335 000	9.94	2 351 000	6.97
Exercised during the period	-10 726	7.74	-	-
Forfeited during the period	-243 230	7.37	-574 662	13.57
Expired during the period	-799 619	23.41	-	-
Outstanding no. of share options at end of period	**7 310 067**	**12,94**	**6 028 642**	**15,26**

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

		Share Options				
Name	Position	Granted FY 2020	Expired FY 2020	Outstanding 31.12.2020	Granted FY 2019	Outstanding 31.12.2019
Key management:						
Øystein Soug	Chief Executive Officer	300 000	-300 000	1 310 000	300 000	1 310 000
Magnus Jäderberg	Chief Medical Officer	150 000		1080 000	170 000	930 000
Erik Digman Wiklund	Chief Business Officer	190 000		750 000	260 000	560 000
Torbjørn Furuseth	Chief Financial Officer	190 000		620 000	230 000	430 000
Victor Levitsky	Chief Scientific Officer	500 000		267 000	-	-
Ingunn Munch Lindvig	VP Regulatory Affairs	150 000		250 500	117 000	117 000
Kirsi Hellström	Head of CMC	145 000		101 000	57 000	76 000
Total option for shares to key management of the Group		**1 625 000**	**-300 000**	**3 698 000**	**1 134 000**	**3 423 000**
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 2021 to 17 February 2021 no new options for shares have been granted to Key Management of the Group.

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 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.

The expensed RSUs in fourth quarter and full year 2020 was NOK 0,2 million and NOK 0.9 million. For the same period in 2019 it was NOK 0,3 million and NOK 1,1 million A total of 199 084 RSUs was outstanding at 31 December 2020.

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

	12M 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	95 491	0.10	170 367	0.10
Exercised during the period	-164 467	0.10	-102 735	-
Forfeited during the period	-	-	-	0.10
Expired during the period	-	-	-	-
Outstanding no. of RSUs at end of period	**199 084**	**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 December 2020:

		RSUs			
Name	Position	Outstanding 31.12.2019	Granted 12M 2020	Exercised 12M 2020	Outstanding 31.12.2020
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	30 113	-	-14 863	15 250
Diane Mellett	Board member	47 743	14 201	-26 445	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		**144 901**	**95 491**	**-41 308**	**199 084**

From 1 January 2021 to 17 February 2021 no RSUs have been granted to the Board of Directors.

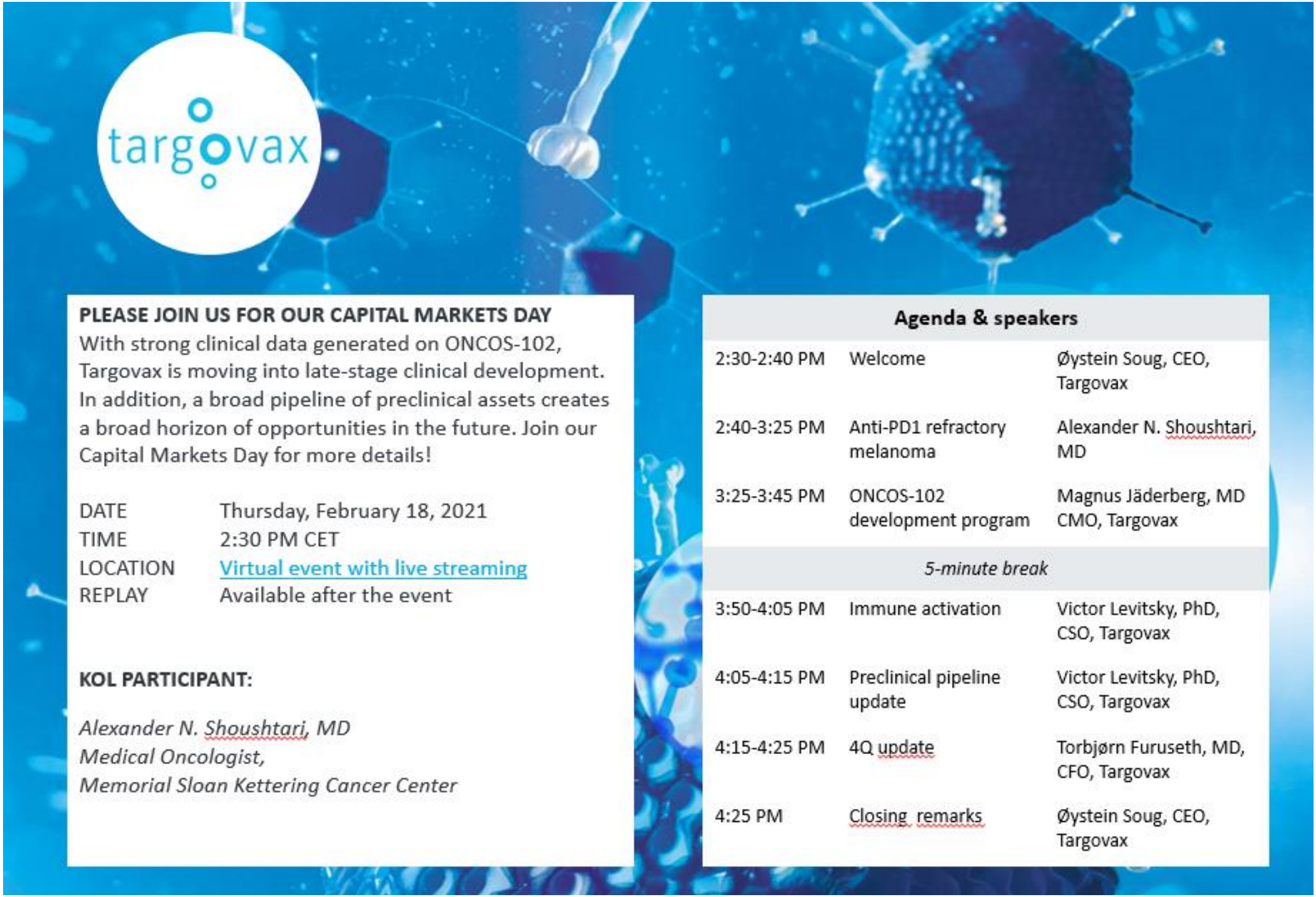
12. Subsequent events

In January 2021, granted IOVaxis 3 months extension to the exclusive license option for TG mutant RAS vaccines in Greater China and Singapore.

In February 2021, collaboration partner SOTIO stopped the combination trial assessing the combination of ONCOS-102 and DCVAC/PCa in prostate cancer due to slow patient recruitment. Only a very limited patient population fulfilled the strict inclusion criteria. Therefore, the recruitment could not meet originally planned numbers.

In February 2021, entered into a enter research collaboration with Papyrus Therapeutics to develop novel ONCOS viruses with receptor tyrosine kinase (RTK) inhibitor functionality.

In February, the US FDA granted ONCOS-102 Fast-Track designation for malignant pleural mesothelioma.



PLEASE JOIN US FOR OUR CAPITAL MARKETS DAY

With strong clinical data generated on ONCOS-102, Targovax is moving into late-stage clinical development. In addition, a broad pipeline of preclinical assets creates a broad horizon of opportunities in the future. Join our Capital Markets Day for more details!

DATE	Thursday, February 18, 2021
TIME	2:30 PM CET
LOCATION	Virtual event with live streaming
REPLAY	Available after the event

KOL PARTICIPANT:

Alexander N. Shoushtari, MD
Medical Oncologist,
Memorial Sloan Kettering Cancer Center

Agenda & speakers

2:30-2:40 PM	Welcome	Øystein Soug, CEO, Targovax
2:40-3:25 PM	Anti-PD1 refractory melanoma	Alexander N. Shoushtari, MD
3:25-3:45 PM	ONCOS-102 development program	Magnus Jäderberg, MD CMO, Targovax
	5-minute break	
3:50-4:05 PM	Immune activation	Victor Levitsky, PhD, CSO, Targovax
4:05-4:15 PM	Preclinical pipeline update	Victor Levitsky, PhD, CSO, Targovax
4:15-4:25 PM	4Q update	Torbjørn Furuseth, MD, CFO, Targovax
4:25 PM	Closing remarks	Øystein Soug, CEO, Targovax