targovax

Fourth Quarter 2022 report

16 February 2023

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's focus is to activate the patient's immune system to fight cancer, and to bring benefit to cancer patients with few available treatment alternatives. Targovax is developing its product candidates in different cancer indications, including melanoma, mesothelioma, multiple myeloma and pancreatic cancer.

Targovax's lead clinical candidate, ONCOS-102, is a genetically modified oncolytic adenovirus, which has been engineered to selectively infect cancer cells and activate the immune system against the tumor. ONCOS-102 has demonstrated a favorable efficacy, immunological and safety profile in several indications, both as monotherapy and in combinations, and ONCOS-102 is progressing into a randomized phase 2 trial in melanoma patients resistant to PD-1 checkpoint inhibitor treatment.

Targovax has also established a cutting-edge circular RNA (circRNA) program with the intent to develop next generation RNA therapeutics for various applications, building on clinical experience and deep mechanistic insights from its first generation products. In addition, Targovax has a KRAS immunotherapy program, with lead candidate TG01 due to enter clinical trials in an enhanced format in pancreatic cancer and multiple myeloma during early 2023. This provides Targovax with a rich pipeline of innovative future therapeutic candidates to follow ONCOS-102.

Watch this video to learn more about the mechanism of action of our lead clinical candidate ONCOS-102, available either by clicking

Fourth quarter presentation

The management will hold an online presentation 16 February 2023 at 10:00 CET. The presentation will be webcast live and can be accessed here and at ***www.targovax.com***.

Upcoming conferences / events

14-16 March:	Carnegie Nordic Healthcare Conference, Stockholm
15-16 March:	RNA Leaders Europe Congress, Basel
20-22 March:	BIO-Europe Spring, Basel
14-19 April:	American Association for Cancer Research (AACR), Orlando
24-26 April:	EU Neoantigen Summit, Amsterdam
14-16 May:	Bio€quity Europe, Dublin
16-20 May:	American Society of Gene and Cell Therapy's (ASGCT), Los Angeles
2-6 June:	American Society of Clinical Oncology (ASCO), Chicago
5-8 June:	BIO International Convention, Boston

Upcoming data and milestones

1H23:	ONCOS-102 phase 2 trial combining anti-PD-1 and anti-CTLA-4 in PD-1 refractory melanoma *– Initiation of phase 2 trial (USA)*
1H23:	Circular RNA program *– In vivo proof-of-concept data*
1H23:	TG01 / QS-21 mutant RAS pancreatic cancer *– First patient dosed (USA)*
1H23:	TG01 / QS-21 mutant RAS multiple myeloma *– First patient dosed (Norway)*

Financial calendar first half 2023

March	Extraordinary General Meeting
20 April	Annual General Meeting
11 May:	First Quarter presentation

Fourth quarter highlights

ONCOS-102

- The phase 1b melanoma study was selected for oral presentation at the prestigious Society for Immunotherapy in Cancer (SITC) annual meeting
- The phase 1b melanoma full study results were published in the high-impact oncology journal Clinical Cancer Research

Circular RNA

- Key technical proof-of-concept data were established, and IP filed for the in-house circRNA design and circAde vector

Mutant KRAS

- The TG01 trial in multiple myeloma at Oslo University Hospital received regulatory approvals to proceed
- A clinical trial collaboration was announced with Agenus and Kansas University to test TG01 in combination with PD1 checkpoint inhibitor balstilimab in pancreatic cancer

Corporate

- Hubro Therapeutics acquired GM-CSF vaccine adjuvant for NOK 10m from Targovax ASA in an asset purchase agreement

Oral presentation at SITC:

An abstract on the optimal dosing-schedule of ONCOS-102 based on full clinical and biomarker analyses in the PD-1 resistant melanoma phase 1b study was selected for oral presentation at the Society for Immunotherapy in Cancer (SITC) annual meeting.

The SITC annual meeting is considered the premier international cancer immunotherapy conference and was held in Boston 8-12 November 2022.

Key figures

Amounts in NOK thousands	4Q 2022	4Q 2021	FY 2022	FY 2021
Total operating revenues	10 002	-	10 002	-
Total operating expenses	-32 198	-25 523	-112 266	-95 601
Operating profit/loss	-22 196	-25 523	-102 264	-95 601
Net financial items	-17	-1 129	-313	-2 422
Income tax	9	10	40	52
Net profit/loss	-22 204	-26 641	-102 537	-97 971
Basic and diluted EPS (NOK/share)	-0.12	-0.28	-0.54	-1.10
Net change in cash	-30 171	127 617	-115 667	59 360
Cash and cash equivalents start of period	96 186	54 064	181 682	122 321
Cash and cash equivalents end of period	66 015	181 682	66 015	181 682

The interim financial information has not been subject to audit

Post-period highlight

- In February 2023, Targovax announced financing of up to NOK 300m over three years to advance its clinical cancer programs & pre-clinical circular RNA platform

CEO statement

During 2022 we reinvented Targovax at the same time as delivering on all major milestones for our three technology platforms. We have thus established a solid foundation to unlock the full potential of our portfolio, and plan to rapidly progress our pipeline and clinical stage programs to solve important unmet medical needs and deliver value for our shareholders.

The new Targovax

Entering 2022, we set ourselves the goal of rebuilding Targovax to enable us to deliver the full potential of our technology platforms. The actions taken over the year, have brought us a long way from being a single-asset oncolytic virus player, to an emerging platform company with an innovative pipeline. Today, we have two clinical stage programs with clear development paths supported by strong academic and industry partners. In parallel, we have established completely new capabilities in circular RNA (circRNA), leveraging the pioneering work of our leadership team to ensure Targovax is one of the key players in this rapidly emerging field of next generation RNA therapeutics. To execute on our ambitious plans, the organization has been retooled with several talented individuals joining, and we have built a new and expert international management team with deep experience in R&D, business development and manufacturing.

Important clinical milestones delivered

During the fourth quarter we saw continued strong R&D progress and delivered on all major milestones for our three R&D pillars. On the clinical side, the two investigator-sponsored trials with our enhanced mutant RAS vaccine TG01 received regulatory approvals to proceed in the US and Norway and are now open for recruitment. Preparations are also on track for the USA-based phase 2 study in PD-1 resistant melanoma, where our lead clinical candidate ONCOS-102 will be tested in combination with new and differentiated checkpoint inhibitors from our partner Agenus.

Well positioned in the fast-emerging field of circRNA

Recent significant financing and partnering transactions, including by Merck (MSD) and oRNA Therapeutics, have demonstrated the rapidly emerging industry interest in circRNA, which offers important benefits over current mRNA approaches. During 2022, we initiated our own circRNA program at the Karolinska Institute in Stockholm, and under the leadership of circRNA discoverer Dr Thomas Hansen we have already established technical proof-of-concept for our circAde vector system demonstrating enhanced and prolonged protein expression. A robust IP strategy has been devised to protect our platform, and a core patent application protecting critical aspects of our proprietary circAde system has been filed. We are now taking steps to validate our findings *in vivo* in multiple settings to demonstrate the versatility of the circAde system, with the first data expected in the middle of 2023.

Financing announced to help drive near-term progress and deliver long-term success

Despite a challenging financing climate for the global life sciences sector, we have been able to secure a substantial NOK 300 million credit facility from the experienced specialist London-based investor Atlas Capital Markets. This funding will enable us to drive our portfolio of innovative R&D programs forward over the next 3 years. The deal structure provides Targovax with secured access to capital, whilst retaining full flexibility to decide when and how much funds is required, thereby allowing us to plan strategically and build value for our shareholders. In Atlas, we have found a partner which shares our confidence in both our lead product ONCOS-102 and the significant future platform potential of our circRNA technology.

Looking ahead

We are now well positioned to execute on all our R&D programs in 2023. During the year, we expect both ONCOS-102 and TG01 to progress rapidly in clinical studies at major cancer centers in the USA and Europe, teeing up important read-outs in 2024. For circRNA, we aim to establish *in vivo* proof-of-concept in several settings, and firmly establish Targovax as the leader in vector-delivered circRNA therapeutics – aiming to be first into the clinic with a circRNA product for cancer treatment already in 2025. To further strengthen our financial position, we are building on the momentum in the RNA field to actively pursue additional opportunities to help unlock the substantial potential value of our circRNA platform.

Erik Digman Wiklund
CEO Targovax Group

Development pipeline and newsflow

Trials run and financed by collaboration partners

Product candidate	Preclinical: Discovery / IND-enabling	Clinical: Phase 1	Clinical: Phase 2	Clinical: Phase 3 / pivotal	Milestones
ONCOS-102	**PD-1 Resistant Melanoma** Re-challenge combination w/aPD-1 & CTLA-4			agenus	**1H 2023** Initiation of phase 2 trial (USA)
	Mesothelioma Combination w/Standard-of-Care (SoC)				**1H 2023** Publication in oncology journal
circular RNA					**1H 2023** *In vivo* proof-of-concept data
Mutant KRAS	**Multiple Myeloma** TG01 / QS-21	agenus	Oslo University Hospital		**1H 2023** First patient dosed (Norway)
	Pancreatic cancer TG01 / QS-21 +/- anti-PD-1	agenus	The University of Kansas Cancer Center		**1H 2023** First patient dosed (USA)

ONCOS-102 in PD-1 refractory advanced melanoma

PD-1 CPI refractory advanced melanoma is a major unmet medical need affecting up to 25,000 patients per year globally in the major markets. The diagnosis has poor prognosis and there are currently no approved treatment options available.

In the recently published phase 1 trial, ONCOS-102 demonstrated a highly competitive response rate (ORR) of 35% in this patient population in combination with a PD-1 CPI. Importantly, the strong ORR outcome was corroborated by shrinkage of non-injected lesions and biomarker data showing significant increase in T-cell infiltration and broad and persistent activation of immune-related gene signatures in responding patients.

Preparing for a phase 2 multi-cohort trial

Based on the promising early clinical results, Targovax is planning to conduct a larger, phase 2 multi-cohort study to further explore and validate the benefit of ONCOS-102 in PD-1 CPI refractory melanoma. This phase 2 study will be run in collaboration with Targovax's partner Agenus, who will provide their class-leading Fc-enhanced CTLA-4 antibody (botensilimab) and PD-1antibody (balstilimab) CPIs for combination with ONCOS-102. In the first part of the study, two groups will evaluate the safety and efficacy of (1) a higher dose of ONCOS-102 to be tested as a monotherapy and (2) the low and new higher dose of ONCOS-102 in combination with balstilimab.

Following confirmation of the safety of the increased ONCOS-102 dose, the study will proceed into its second part adding two more groups. In group (3) ONCOS-102 will for the first time be combined with a botensilimab and, ultimately, in group (4) the triple combination of ONCOS-102, balstilimab and botensilimab will be tested.

The US Food and Drug Administration (FDA) has accepted the protocol and given the formal go-ahead to proceed with this trial.

Phase 1 study results published in Clinical Cancer Research

The phase 1 melanoma data were published in the prestigious scientific journal Clinical Cancer Research in October 2022:

Link to paper:

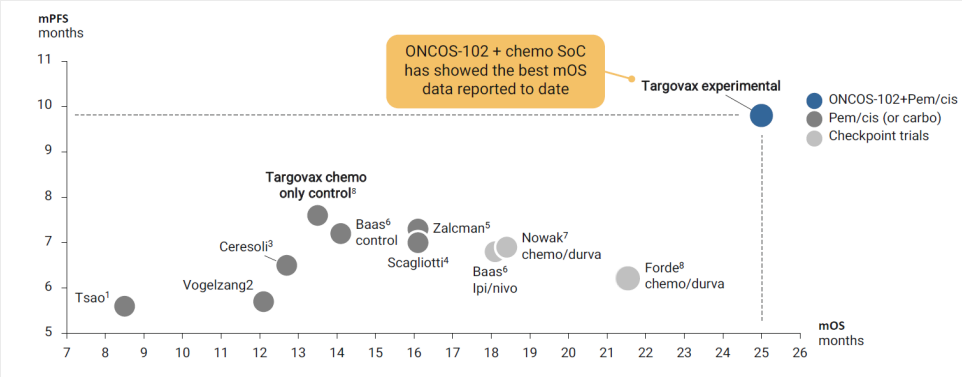
Pilot Study of ONCOS-102 and Pembrolizumab: Remodeling of the Tumor Microenvironment and Clinical Outcomes in Anti–PD-1–Resistant Advanced Melanoma

ONCOS-102 in malignant pleural mesothelioma

This study was a randomized phase 1/2 trial adding ONCOS-102 to standard of care (SoC) chemotherapy (pemetrexed/cisplatin) in first and later line malignant pleural mesothelioma (MPM) to assess safety, immune activation and clinical efficacy in 31 patients.

At the 30-month follow-up, 34% of ONCOS-102-treated patients (n=20) were still alive vs only 18% in the control group (n=11). Median overall survival (mOS) was 25.0 months for first-line ONCOS-102-treated patients (n=8) vs 13.5 months in the first-line SoC-only control group (n=6). The first line mOS of 25.0 months also compares favorably to historical control of 12-16 months for patients receiving the same SoC chemotherapy treatment, as well as the combination of nivolumab / ipilimumab double CPI which was recently approved as a first-line treatment option for MPM based on a phase 3 trial showing 18.1 months mOS.

ONCOS-102 has demonstrated strong survival outcomes in first line mesothelioma:



Immune activation was assessed in tumor biopsies pre- and post-ONCOS-102 treatment and showed broad and powerful ONCOS-102-induced remodeling of the tumor microenvironment. In particular, this remodeling was hallmarked by increased T-cell infiltration and a shift towards pro-inflammatory immune cells, far beyond what was observed for the SoC-only control group. The level of immune activation was associated with both tumor responses and survival outcomes, indicating that the immune activating capacity of ONCOS-102 is driving the clinical benefit for patients.

circRNA pipeline

Targovax has initiated a circRNA research program, which is an emerging area in RNA therapeutics offering important advantages over mRNA, including enhanced chemically stability, longer half-life and improved protein expression. In January 2022, Targovax appointed circRNA co-discoverer and pioneer Dr Thomas B Hansen as Vice President and Head of Research to drive this program, in collaboration with the research team of Prof. Michael Uhlin at the Karolinska Institute in Stockholm.

Targovax has established a unique vector-delivery system for circRNA, named circAde. CircAde offers several advantages over synthetic circRNA approaches, including manufacturing, scalability and stability. It is currently the only known circRNA program in development with a validated approach to deliver RNA carrying therapeutic payloads to solid tumors. CircAde is a platform with applicability in multiple settings, and Targovax´s aim is to explore its potential *in vivo* in various therapeutic areas. Targovax plans to develop circRNA candidates both for in-house development, as well as through partnering with pharmaceutical companies.

Mutant KRAS platform

The mutant KRAS program is centered around the polyvalent TG vaccines, which cover up to eight different KRAS mutations. Oncogenic KRAS mutations drive around 30% of all cancers and are considered highly attractive targets in cancer drug development. In a previous phase 1 trial, Targovax showed a 6-month survival benefit over standard of care chemotherapy in surgically resected pancreatic cancer patients for lead candidate TG01. Based on these promising early data and high unmet medical need, TG01 has attained Orphan Drug Designation in pancreatic cancer in both the US and Europe.

Targovax has a clinical supply agreement with Agenus to utilize their proprietary vaccine adjuvant QS-21 STIMULON as an immune-stimulatory component of the TG vaccines for future development and commercialization. QS-21 has consistently demonstrated powerful antibody and cell-mediated immune responses both in cancer trials and commercially as a component of the Shingrix® and Mosquirix™ vaccines. QS-21 should further potentiate the TG vaccines by driving stronger anti-mRAS T-cell responses.

This new and enhanced vaccine approach will be tested in a phase 1/2 trial at Oslo University Hospital (OUS) evaluating TG01/QS-21 in RAS-mutated multiple myeloma (MM). The trial will be sponsored and funded by OUS and supported by the research grants from Innovation Norway and the Norwegian Research Council. The trial is a collaboration between OUS and Targovax and will test TG01 vaccination as a maintenance monotherapy in 20 KRAS or NRAS mutated MM patients who continue to have measurable disease after completion of SoC treatment. The aim is to assess

whether anti-mRAS T-cell priming induced by TG01 can enhance the clinical response. In December 2022, the Norwegian Medicines Agency (NOMA) and the Regional Ethics Committee (REK) approved the clinical trial application for TG01 in multiple myeloma, and the first patient is expected to be enrolled at OUS in 1Q 2023.

In December 2022, Targovax entered into a collaboration agreement with the University of Kansas Cancer Center (KU Cancer Center) and Agenus Inc. to run a clinical trial testing mutant RAS vaccine TG01 in combination with anti-PD1 checkpoint inhibitor balstilimab in pancreatic cancer following surgery and SoC chemotherapy. The trial will be sponsored by KU Cancer Center and led by Dr. Anup Kasi, a leading expert in gastrointestinal cancers. Agenus will provide balstilimab and the vaccine adjuvant QS-21 STIMULON™. TG01/QS-21 vaccination +/- balstilimab will be tested in 24 pancreatic cancer patients who have detectable disease by circulating tumor DNA analysis of blood samples following surgery and SoC. The aim is to evaluate whether mutant RAS T-cell responses generated by TG01, and further boosted by QS-21 STIMULON and balstilimab, may have the potential to eliminate remaining cancer cells to prolong time to relapse and extend patient survival. The trial is open for recruitment and the first patient is expected to be enrolled at KU Cancer Center in 1Q 2023.

IPR / Market exclusivity

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

Targovax has a granted patent in Europe for the use of ONCOS-102 in combination with chemotherapy in malignant pleural mesothelioma, which is valid until 2037. In March 2022, Targovax was granted patents CN108495934 and JP6974350 by the Chinese and Japanese Patent Offices, respectively, for the same indication, also with validity until 2037. In addition, ONCOS-102 is protected by composition-of-matter and PD-1 combination patents, providing broad protection for Targovax's innovative oncolytic immunotherapy platform and strengthening 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 10 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 and academic research.

Management team

The management team as per 16 February 2023:

Name	Position
Erik Digman Wiklund	Chief Executive Officer
Lubor Gaal	Chief Financial Officer
Lone Ottesen	Chief Medical Officer
Victor Levitsky	Chief Scientific Officer
Thomas Birkballe Hansen	VP and Head of Research
Ingunn Munch Lindvig	VP and Head of Regulatory Affairs
Ola Melin	VP and Head of Manufacturing

From left: Lubor Gaal, Ola Melin, Ingunn Munch Lindvig, Lone Ottesen, Erik Digman Wiklund, Victor Levitsky. Absent: Thomas Birkballe Hansen

Board of Directors

As per 16 February 2023, the Board of Directors consists of experienced professionals with a broad range of complementary competencies: Damian Marron (Chairperson), Raphael Clynes, Bente-Lill Romøren, Eva-Lotta Allan, Sonia Quaratino, Robert Burns, Diane Mellett, and Thomas Falck.

Financial review

In February 2023, Targovax announced that it has agreed the terms and conditions for a convertible bond facility with Atlas Special Opportunities ("Atlas") which will secure financing of up to gross NOK 300 million over three years. The agreement will be subject to approval by an extraordinary general meeting (EGM) of Targovax to be held in March 202.

The financing will enable Targovax to drive long-term shareholder value by supporting progress for its three R&D pillars, including:

- Dosing the first patients in the ONCOS-102 phase 2 trial in PD-1 resistant melanoma at prestigious cancer centers in the USA and Europe
- Generation of in vivo proof-of-concept data in multiple settings for Targovax´s unique circRNA program, an area of rapidly growing interest among big pharma and biotech
- Supporting two clinical trials with the enhanced mutant RAS vaccine TG01 led by major academic centers in Norway and the USA

The financing will be made available to Targovax through an initial tranche of bonds in the total nominal value of NOK 37.5m upon EGM approval of the agreement, followed by a second tranche of NOK 30m and subsequent tranches of NOK 25m up to the total nominal value of NOK 300m, with at least three months between tranches. Targovax has full control over when and how many tranches are called upon over the 3-year agreement period, thereby ensuring flexible and predictable access to capital as required.

The convertible bonds will be issued at 92 percent of nominal value and thereby provide Targovax with a total of up to NOK 276 million in net capital. The bonds will not carry any interest and can be converted into shares at the discretion of Atlas, at a price determined as 100 percent of the average volume weighted share price (VWAP) of three of the last 15 trading days preceding the bond conversion request by Atlas. After conversion, Atlas may sell the Targovax shares in the market subject to certain pre-defined restrictions. Targovax retains the right to repurchase unconverted bonds at any time at 110 percent of nominal value.

Financial results

(Figures in brackets = same period 2021 unless stated otherwise)

In November 2022, Hubro Therapeutics AS acquired Targovax's GM-CSF process development and production project. Under the agreement, Hubro will pay Targovax NOK 10 million for the acquisition of the GM-CSF project, 50% has been paid in the fourth quarter 2022 and 50% is due in the second quarter 2023. Targovax retains conditional buy-back and supply options, and a share in gross proceeds in the event of a re-sale of the asset within a time-limited period. Hence, other revenue for the fourth quarter 2022 amounted to NOK 10.0 million (NOK 0 million) and NOK 10.0 million (NOK 0 million) for the full year 2022.

Total operating expenses for the fourth quarter 2022 amounted to NOK 32.2 million (NOK 25.5 million) and NOK 112.2 million (NOK 95.6million) for the full year 2022. The operating expenses are reported net of governmental grants which amounted to NOK 1.6 million in the fourth quarter 2022 (NOK 1.5 million) and NOK 4.8 for the full year 2022 (NOK 3.2 million).

Research and development expenses were NOK 15.8 million (NOK 9.8 million) for the fourth quarter and NOK 47.2 million (NOK 37.4 million) for the full year 2022. Research and development expenses are driven primarily by preparation costs for starting clinical trials and manufacturing of clinical supplies.

Payroll and other employee related costs were NOK 12.6 million in the fourth quarter (NOK 13.3 million) and NOK 52.2 million for the full year 2022 (NOK 48.4 million). The increase in personnel expenses in 2022 compared to 2021 are driven by one-off costs related to change in management.

Other operating expenses amounted to NOK 3.3 million (NOK 2.1 million) for the fourth quarter and NOK 11.4 million (NOK 8.5 million) for the full year 2022. The increase in operating expenses in 2022 compared to 2021 is mainly due to changes in the organizational structure.

The operating loss for the fourth quarter was NOK 22.2 million (NOK 25.5 million) and NOK 112.3 million for the full year 2022 (NOK 95.6 million).

Net financial items amounted to a loss of NOK 0 million (loss of NOK 1.1 million) for the fourth quarter related to interest expenses on the Business Finland loans partly offset by net currency gains. For the full year 2022 the net financial items amounted to a loss of NOK 0.3 million (loss of NOK 2.4 million).

Losses after tax for the fourth quarter were NOK 22.2 million (NOK 26.7 million) and NOK 102.5 million for the full year 2022 (NOK 98.0 million).

Financial position

Total assets as of 31 December 2022 decreased to NOK 491.7 million from NOK 507.4 million on 30 September 2022 mainly due to lower cash balance from operational activities and foreign exchange fluctuations.

As of 31 December 2022, total liabilities were NOK 158.8 million vs. NOK 149.1 million as of 30 September 2022.

As of 31 December 2022, total equity was NOK 332.9 million vs. NOK 358.3 million as of 30 September 2022, corresponding to an equity ratio of 67.7% (70.6% as of 30 September 2022).

Cash Flow

Net cash flow from operating activities was negative NOK 23.6 million in the fourth quarter (negative 19.6 million) and negative NOK 108.8 million for the full year 2022 (negative NOK 85.4 million), mainly driven by higher activities in research and development.

Net cash flow from investing activities was negative NOK 5.0 million in the fourth quarter (NOK 0 million) and NOK 5 million for the full year 2022 (NOK 0 million), mainly due to the purchase of equipment.

Net cash flow from financing activities was negative NOK 0.7 million in fourth quarter 2022 (positive NOK 147 million) and NOK 4.3 million for the full year 2022 (NOK 145.6 million), mainly due to the repayment of borrowings and interest paid to Business Finland. As of 31 December, the total outstanding interest-bearing debt to Business Finland amounted to EUR 6.5 million.

Cash and cash equivalents were NOK 66.0 million on 31 December 2022 vs. NOK 96.2 million on 30 September 2022 and NOK 181.7 million on 31 December 2021).

Share information

By 1 February 2023 there were 188 473 783 shares outstanding, distributed between 6 522 shareholders. The 20 largest shareholders controlled 32.4% of the shares.

During Q4 2022, Targovax shares traded in the NOK 1.09 – 1.24 range. During the quarter, approx. 29 million shares were traded, with an aggregate trading value of NOK 33.1 million.

The closing price on 31 December 2022 was NOK 1.10 per share, corresponding to a market value of NOK 207 million.

The estimated share ownership on 6 February 2023:

	Estimated	
Shareholder	Shares million	Ownership
HealthCap	12.4	6.6 %
Goldman Sachs Int. (nom.)	5.2	2.8 %
Bækkelaget Holding AS	5.1	2.7 %
Nordnet Bank AB (nom.)	4.6	2.4 %
Andreassen, Jon-Arild	4.4	2.4 %
RadForsk	4.4	2.3 %
Nordnet Livsforsikring	3.5	1.9 %
Høse AS	3.1	1.6 %
Danske Bank (nom.)	2.2	1.2 %
Thorendahl Invest AS	2.0	1.1 %
10 largest shareholders	**46.9**	**24.9 %**
Other shareholders (6 512)	141.6	75.1 %
Total shareholders	**188.5**	**100.0 %**

Risks and uncertainties

The Company's business is exposed to a number of general operational and financial risks which have been outlined in Targovax's annual report 2021 as well as in the last prospectus, both available at www.targovax.com. As earlier reported, the Targovax management is following the COVID-19 situation closely and is continuously monitoring whether any potential challenges arise. Currently there are no significant implications to our core operations due to the COVID-19 pandemic. Targovax has no activities affected by the ongoing conflict in Ukraine.

Outlook

Targovax now has the necessary capabilities, organization, and flexible access to capital to advance all its three R&D programs. During 2022 the company executed on all major development goals and is expected to build on this momentum in 2023 and deliver several important milestones on both the clinical and pre-clinical programs. In particular, circRNA is emerging as an area of rapidly growing interest, and new ways to fully unlock the potential of the unique circAde vector delivery approach are actively being explored.

Oslo, 15 February 2023

The Board of Directors of Targovax ASA

Damian Marron
Chairperson of the Board

Thomas Falck
Board Member

Bente-Lill Romøren
Board Member

Sonia Quaratino
Board Member

Raphael Clynes
Board Member

Robert Burns
Board Member

Eva-Lotta Allan
Board Member

Diane Mellett
Board Member

Erik Digman Wiklund
CEO

Fourth Quarter 2022 Accounts

Condensed consolidated statement of profit or loss

Amounts in NOK thousands except per share data	*Note*	Unaudited 4Q 2022	Unaudited 4Q 2021	Unaudited FY 2022	FY 2021
Other revenues		10 002	-	10 002	
Total revenue		**10 002**	**-**	**10 002**	
Research and development expenses	*3,4*	-15 829	-9 785	-47 228	-37 440
Payroll and related expenses	*5,11*	-12 643	-13 256	-52 238	-48 386
Other operating expenses	*3,4*	-3 338	-2 140	-11 392	-8 466
Depreciation, amortizations and write downs		-387	-342	-1 408	-1 309
Total operating expenses		**-32 198**	**-25 523**	**-112 266**	**-95 601**
Operating profit/ loss (-)		-22 196	-25 523	-102 264	**-95 601**
Finance income		719	2	3 360	245
Finance expense		-736	-1 131	-3 673	-2 667
Net finance income/ expense (-)		**-17**	**-1 129**	**-313**	**-2 422**
Loss before income tax		**-22 213**	**-26 652**	**-102 577**	**-98 023**
Income tax income/ expense (-)		9	10	40	52
Loss for the period		**-22 204**	**-26 641**	**-102 537**	**-97 971**
Earnings/ loss (-) per share					
Basic and dilutive earnings/loss (-) per share	*10*	**-0.12**	**-0.28**	**-0.54**	**-1.10**

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

Amounts in NOK thousands	Unaudited 4Q 2022	Unaudited 4Q 2021	Unaudited FY 2022	FY 2021
Income/ loss (-) for the period	-22 204	-26 641	-102 537	-97 971
Items that may be reclassified to profit or loss:				
Exchange differences arising from the translation of foreign operations	-4 401	-4 495	13 626	-12 927
Total comprehensive income/ loss (-) for the period	**-26 604**	**-31 136**	**-88 911**	**-110 898**

Condensed consolidated statement of financial position

Amounts in NOK thousands	*Note*	Unaudited 31.12.2022	31.12.2021
ASSETS			
Intangible assets	*6*	391 287	371 727
Property, plant, and equipment		5 035	111
Right-of-use asset		1 246	2 544
Total non-current assets		**397 567**	**374 382**
Receivables		28 097	9 207
Cash and cash equivalents		66 015	181 682
Total current assets		**94 112**	**190 889**
TOTAL ASSETS		**491 679**	**565 271**

Amounts in NOK thousands	*Note*	Unaudited 31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	*9*	18 847	18 833
Share premium reserve		-62	-
Other reserves		63 780	59 620
Retained earnings		206 752	309 289
Translation differences		43 611	29 985
Total equity		**332 927**	**417 726**
Non-current liabilities			
Interest-bearing liabilities	*7*	56 009	49 523
Deferred tax		62 390	59 314
Lease liabilities			1 375
Total non-current liabilities		**118 398**	**110 212**
Current liabilities			
Interest-bearing liabilities	*7*	4 531	7 543
Short-term lease liabilities		1 455	1 349
Trade payables		11 383	8 103
Accrued public charges		3 074	3 203
Other current liabilities		19 909	17 134
Total current liabilities		**40 354**	**37 333**
TOTAL EQUITY AND LIABILITY		**491 679**	**565 271**

Condensed consolidated statement of changes in equity

Amounts in NOK thousands	*Note*	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total equity
Balance at 31 December 2020		**8 653**	**1 046 476**	**52 684**	**42 912**	**-778 136**	**372 588**
Loss for the period			-	-	-	-97 971	-97 971
Exchange differences arising from the translation of foreign operations			-	-	-12 927	-	-12 927
Other comprehensive income/loss, net of tax			-	-	-	-	-
Total comprehensive income for the period			**-**	**-**	**-12 927**	**-97-971**	**-110 898**
Issue of ordinary shares - Capital increase – Rights issue	*9*	10 174	164 826	-	-	-	175 000
Transaction costs – Rights issue		-	-26 040	-	-	-	-26 040
Share issuance, employee share options & RSU's		9	5	195	-	-	200
Transaction costs – share issuance employee share options & RSU's			-	-59	-	-	-59
Recognition of share-based payments & RSU's		*11*	-	-	6 935	-	6 935
Reclassification of Share premium		-	-1 185 396	-	-	1 185 396	-
Balance at 31 December 2021		**18 833**	**-**	**59 620**	**29 985**	**309 289**	**417 726**
Loss for the period		-	-	-	-	-102 537	-102 537
Exchange differences arising from the translation of foreign operations		-	-	-	13 626	-	13 626
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**13 626**	**-102 537**	**-88 911**
Transaction costs – acquisition of subsidiary		-	-20	-	-		-20
Share issuance, employee share options & RSU's	9	15	5	-	-	-	20
Transaction costs – share issuance employee share options & RSU's		-	-47	-	-	-	-47
Recognition of share-based payments & RSU's	*11*	-	-	4 160	-	-	4 160
Balance at 31 December 2022		**18 847**	**-62**	**63 780**	**43 611**	**206 752**	**332 927**

Condensed consolidated statement of cash flow

Amounts in NOK thousands	*Note*	Unaudited 4Q 2022	Unaudited 4Q 2021	Unaudited FY 2022	FY 2021
Cash flow from operating activities					
Loss before income tax		-22 213	-26 652	-102 577	-98 023
Adjustments for:					
Finance income		-719	2	-3 360	-245
Finance expense		736	1 131	3 673	2 667
Interest received		569	2	536	245
Other finance income/expense		594	4	-247	46
Share option & RSU expense	*11*	1 196	1 600	4 160	6 935
Depreciation, amortizations and write downs		387	342	1 408	1 309
Change in receivables		-11 534	-1 887	-17 963	-4 348
Change in other current liabilities		7 391	5 814	5 575	6 012
Net cash flow from/(used in) operating activities		**-23 593**	**-19 648**	**-108 794**	**-85 402**
Cash flow from investing activities					
Purchases of property, plant, and equipment (PPE)		-5 006	-	-5 006	-
Net cash received from/(paid in) investing activities		**-5 006**	**-**	**-5 006**	**-**
Cash flow from financing activities					
Proceeds from borrowings			-		-
Repayment of borrowings			-2 023	-2 086	-2 023
Repayment of lease liabilities		-380	-366	-1 515	-1 468
Interest paid	*7*	-283	-292	-680	-710
Proceeds from issuing shares -Rights issue, Private Placement and repair offering			175 000		175 000
Payment for share issue cost -Rights issue, Private Placement and repair offering		-20	-25 329	-20	-25 329
Proceeds from exercise of share options & RSUs			-	20	200
Payment for share issue cost – share options & RSUs		20	-66	-47	-59
Net cash generated from/(paid in) financing activities		**-663**	**147 056**	**-4 328**	**145 610**
Net increase/(decrease) in cash and cash equivalents		**-29 262**	**-127 409**	**-118 129**	**60 208**
Net exchange gain/loss on cash and cash equivalents		-909	209	2 462	-848
Cash and cash equivalents at beginning of period		**96 186**	**54 064**	**181 682**	**122 321**
Cash and cash equivalents at end of period		**66 015**	**181 682**	**66 015**	**181 682**

Notes

1. General information

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

Targovax's lead clinical candidate, ONCOS-102, is a genetically modified oncolytic adenovirus, which has been engineered to selectively infect cancer cells and activate the immune system against the tumor.

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 15 February 2023.

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 2021 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 2022 reporting period and have not been early adopted by the Group. These new standards and interpretations are assessed to be of no material impact for the Group in 2022.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. As at 31 December 2022, Targovax Solutions AS located in Lysaker Norway, Targovax OY, located in Espoo, Finland, and Circio AB located in Stockholm, Sweden is 100% owned and controlled subsidiaries by Targovax ASA.

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 2022		4Q 2021		FY 2022		FY 2021	
Amounts in NOK thousands	Total	of which R&D	Total	of which R&D	Total	of which R&D	Total	of which R&D
R&D expenses	15 829	15 829	9 785	9 785	47 228	47 228	37 440	37 440
Payroll and related expenses	12 643	6 745	13 256	5 675	52 238	26 399	48 386	22 898
Other operating expenses	3 338	104	2 140	25	11 392	246	8 466	40
Depreciation, amortizations and write downs	387	-	342	-	1 408	-	1 309	-
Total operating expenses	**32 198**	**22 678**	**25 523**	**15 485**	**112 266**	**73 873**	**95 601**	**60 377**

4. Government grants

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

R&D projects have been approved for SkatteFUNN through 2022. Further the Group is awarded research grants of NOK 9.8 million from the Research Council of Norway and NOK 8.2 million from Innovation Norway, towards product and clinical development for the TG mutant KRAS cancer vaccine program. These grants are for the period 2022-2025.

For the fourth quarter 2022, the Group has recognized costs reductions of NOK 0.2 million related to SkatteFUNN and NOK 1.4 million related to the grant from the Research Council of Norway.

See note 8 Government grants in the Annual Report 2021 for more information about grants.

Amounts in NOK thousands	4Q 2022	4Q 2021	FY 2022	FY 2021
R&D expenses	1 334	1 412	3 759	2 888
Payroll and related expenses	293	91	1 021	374
Other operating expenses	14	1	35	1
Total grants	**1 641**	**1 504**	**4 815**	**3 263**

5. Payroll and related expenses

Total payroll and related expenses for the Group are:

Amounts in NOK thousands	4Q 2022	4Q 2021	FY 2022	FY 2021
Salaries and bonus[1)]	9 577	9 636	40 911	33 885
Employer's national insurance contributions	1 289	1 150	4 984	3 788
Share-based compensation [2)]	1 196	1 600	4 160	6 935
Pension expenses – defined contribution plan	696	731	2 518	2 200
Other	179	229	686	1 952
Governmental grants	-293	-91	-1 021	-374
Total payroll and related expenses	**12 643**	**13 256**	**52 238**	**48 386**

1) Increased costs in 2022 is mainly due to one-off costs related to changes in Management in 1H 2022.
2) Share-based compensation has no cash effect.

	31.12.2022	31.12.2021
Number of employees calculated on a full-time basis as at end of period	20,9	21,8
Number of employees as at end of period	21	22

6. Intangible assets

As of 31 December 2022, the recognized intangible assets in the Group amounts to NOK 391 million. This is an increase from NOK 372 million as of 31 December 2021, 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 2021 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 68.0 million (EUR 6.5 million) as of 31 December 2022.

NOK 4.5 million (EUR 0.4 million) of the total debt NOK 68.0 million (EUR 6.5 million) was classified as a short-term loan as per 31 December 2022. The Group was granted an extension of the repayment-free period on the loan agreement dated December 2013.

Amortized interests amount to NOK 2.5 million for the full year 2022, and NOK 2.8 million during full year 2021. The amortized interest costs are included as finance costs in the statement of profit or loss.

No new Business Finland loans have been awarded during the full year 2022.

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 31 December 2020	**61 066**
Cash flow from financing activities	-2 057
Exchange differences	-2 801
Additions to existing loans	-
Change to loan repayment schedules	-1 903
Other transactions without cash settlement	2 760
Interest-bearing liabilities 31 December 2021	**57 066**
Cash flow from financing activities	-2 086
Exchange differences	3 016
Additions to existing loans	
Change to loan repayment schedules	-
Other transactions without cash settlement	2 544
Interest-bearing liabilities 31 December 2022	**60 540**

See note 21 Interest-bearing debt in the Annual Report 2021 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 2022		FY 2021	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	28 097	28 097	9 207	9 207
Cash and cash equivalents	66 015	66 015	181 682	181 682
Total financial assets	**94 112**	**94 112**	**190 889**	**190 889**
Interest-bearing borrowings	60 540	60 540	57 066	57 066
Lease liabilities	1 455	1 455	2 725	2 725
Trade payables	11 383	11 383	8 103	8 103
Total financial liabilities	**73 379**	**73 379**	**67 894**	**67 894**

The tables to the right 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 2022:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	60 540	60 540
Total financial instruments at fair value	**-**	**-**	**60 540**	**60 540**

As at 31 December 2021:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	57 066	57 066
Total financial instruments at fair value	**-**	**-**	**57 066**	**57 066**

9. Share capital and number of shares

The Company's Board of Directors has in full year 2022, in accordance with the authorization granted by the general meeting in April 2022, resolved to increase the share capital with NOK 14 719.20 by the issuance of 147 192 new shares, each with a par value of NOK 0.10 in order to facilitate the exercise of share options and RSUs. 11 981 share options and 135 211 RSUs were exercised at a subscription price of NOK 0.1 per share.

The share capital as of 31 December 2022 is 18 847 378.30 (31 December 2021: 18 832 659.1) comprising 188 473 783 ordinary shares at nominal value NOK 0.10 (31 December 2021: 188 326 591 at NOK 0.10). All shares carry equal voting rights.

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

	4Q 2022	4Q 2021	FY 2022	FY 2021
Ordinary shares at beginning of period	188 473 783	86 562 405	188 326 591	86 531 318
Share issuance – Rights Issue, Private placement and repair offering	-	101 744 186	-	101 744 186
Share issuance, employee share options and RSUs	-	-	147 192	51 087
Ordinary shares at end of period	**188 473 783**	**188 326 591**	**188 473 783**	**188 326 591**

The 20 largest shareholders are as follows at 31 December 2022:

Shareholder	# shares	%
HealthCap	124 05 584	6.6 %
Avanza Bank Ab	6 780 335	3.6 %
Goldman Sachs International	5 186 163	2.8 %
Bækkelaget Holding As	5 053 867	2.7 %
Radforsk Investeringsstiftelse	4 427 255	2.3 %
Jon-Arild Andreassen	4 343 611	2.3 %
Nordnet Bank AB	4 272 388	2.3 %
Høse As	3 069 012	1.6 %
Nordnet Livsforsikring AS	2 721 999	1.4 %
Thorendahl Invest AS	2 000 000	1.1 %
Danske Bank AS	1 979 138	1.1 %
Vaktmestergruppen AS	1 911 241	1.0 %
Pettersen Gruppen AS	1 708 408	0.9 %
Egil Pettersen	1 548 889	0.8 %
Tor Westerheim	1 437 500	0.8 %
Arild S. Skipperud	1 401 405	0.7 %
The Bank Of New York Mellon SA/NV	1 292 313	0.7 %
Ove SteinarFarstad	1 264 449	0.7 %
Espen Olsen	1 200 000	0.6 %
UBS Switzerland AG	1 086 050	0.6 %
20 largest shareholders	**65 089 607**	**34.5 %**
Other shareholders (6 549)	**123 384 176**	**65.5 %**
Total shareholders	**188 473 783**	**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 2022:

Name	Position	No. of shares outstanding at 31 December 2022
Key Management:		
Erik Digman Wiklund[1)]	Chief Executive Officer	100 000
Ola Melin	Head of Manufacturing	50 000
Lone Ottesen	Chief Medical Officer	47 000
Ingunn Munch Lindvig	VP, Regulatory Affairs	10 000
Victor Levitsky	Chief Scientific Officer	10 000
Total no. of shares owned by Key Management of the Group		**217 000**
Board of Directors:		
Robert Burns	Board member	275 454
Eva-Lotta Allan	Board member	94 859
Diane Mellett	Board member	102 078
Bente-Lill Romøren	Board member	35 577
Total no. of shares owned by the Board of Directors of the Group		**507 968**

1) The shares are held through Digman AS

10. Earnings per share

Amounts in NOK thousand	4Q 2022	4Q 2021	FY 2022	FY 2021
Loss for the period	-22 204	-26 641	-102 537	-97 971
Average number of outstanding shares during the period	188 474	96 536	188 432	89 076
Earnings/ loss (-) per share - basic and diluted	**-0.12**	**-0.28**	**-0.54**	**-1.10**

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

11. Share-based compensation

Share options

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

At the Annual General Meeting (AGM) in April 2022 the Board of Directors was authorized to increase the Group's share capital in connection with share incentive arrangements by up to the lower of (a) NOK 2 600 000 and (b) 10% of the Company's outstanding shares, options and RSU's.

On the basis of the approval by the AGM the Board of Directors resolved to issue new options to employees of the Company. In 2022 a total of 2 600 000 options for shares in the Company have been distributed amongst the current members of the Key Management and a total of 1 940 000 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 2022 was NOK 0.9 million and NOK 3.3 million. For the same periods in 2021 it was NOK 1.3 million and NOK 5.8 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 2022 and 2021 is estimated at average of 81.06% and 75.82% based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2022 and 2021 is 2.87% and 1.33%.

The following table shows the changes in outstanding share options in 2022 and 2021:

	FY 2022		FY 2021	
	No. of options	Weighted avg. exercise price (NOK)	No. of options	Weighted avg. exercise price (NOK)
Outstanding at 1 January	7 743 106	10.13	7 310 067	12.94
Granted during the period	4 555 000	1.20	2 225 000	4.59
Exercised during the period	-11 981	0.51	-29 788	6.64
Forfeited during the period	-586 050	7.87	-1 124 017	8.70
Expired during the period	-918 800	14.61	-638 156	19.83
Outstanding no. of share options at end of period	**10 781 275**	**6.11**	**7 743 106**	**10.13**

The following table shows the exercised, expired, granted and outstanding options for shares to Key Management of the Group at 31 December 2022:

Name	Position	Outstanding 31.12.2021	Granted FY 2022	Exercised FY 2022	Expired FY 2022	Outstanding 31.12.2022
Key Management						
Erik Digman Wiklund	Chief Executive Officer	1 200 000	600 000	-	-	1 800 000
Lubor Gaal	Chief Financial Officer	-	700 000			700 000
Victor Levitsky	Chief Scientific Officer	545 000	100 000	-	-	645 000
Lone Ottesen	Chief Medical Officer	490 000	400 000	-	-	890 000
Ingunn Munch Lindvig	VP Regulatory Affairs	392 000	400 000	-	-	792 000
Ola Melin	Head of Manufacturing	325 000	400 000	-	-	725 000
Total option for shares to Key Management of the Group		**1 752 000**	**2 600 000**	**-**	**-**	**5 552 000**
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 2023 to 15 February 20232, no new options for shares have been granted 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 RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs.

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

The AGM 20 April 2022 resolved to remunerate the Board of Directors for the period between the AGM 2022 to the AGM 2023 with a combination of cash and Restricted Stock Units (RSUs), and an additional 559 589 RSU's were granted to the Board of Directors. On 31 May 2022, the RSU-holders received in total 79 006 RSUs as an adjustment for the increased share float following the right and repair issues previously completed by the Company pursuant to the terms and conditions of the RSU agreements.

The expensed RSUs in fourth quarter and full year 2022 were NOK 0.2 million and NOK 0.9 million. For the same periods in 2021 expensed RSUs were NOK 0.3 million and NOK 1.1 million. A total of 802 921 RSUs were outstanding on 31 December 2022.

The following table shows the changes in outstanding RSUs in 2022 and 2021:

	FY 2022		FY 2021	
	No. of RSUs	Weighted avg. exercise price (NOK)	No. of RSUs	Weighted avg. exercise price (NOK)
Outstanding at 1 January	299 537	0.10	199 084	0.10
Granted during the period	638 595	0.10	121 752	0.10
Exercised during the period	-135 211	0.10	-21 299	0.10
Forfeited during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding no. of RSUs at end of period	**802 921**	**0.10**	**299 537**	**0.10**

The following table shows the exercised, granted and outstanding RSUs to Board of Directors of the Group at 31 December 2022:

		Outstanding 31.12.2021	Granted FY 2022	Exercised FY 2022	Outstanding 31.12.2022
Board of Directors:					
Damian Marron	Chair of the Board	43 988	109 365		153 353
Robert Burns	Board member	122 434	32 295	-88 351	66 378
Bente-Lill Romøren	Board member	11 361	2 996		14 357
Diane Mellett	Board member	58 221	73 086	-6 049	125 258
Eva-Lotta Allan	Board member	40 811	68 493	-40 811	68 493
Sonia Quaratino	Board member	22 722	121 448		144 170
Raphael Clynes	Board member	-	115 456		115 456
Thomas Falck	Board member	-	115 456		115 456
Total Restricted Stock Units to Board of Directors of the Group		**299 537**	**638 595**	**-135 211**	**802 921**

From 1 January 2023 to 15 February 2023, no new RSUs have been granted to the Board of Directors.

12. Subsequent events

In February 2023, Targovax announced that it has agreed the terms and conditions for a convertible bond facility with Atlas Special Opportunities ("Atlas") which will secure financing of up to gross NOK 300 million over three years. The agreement will be subject to approval by an extraordinary general meeting (EGM) of Targovax to be held in March 202.

- The financing will be made available to Targovax through an initial tranche of bonds in the total nominal value of NOK 37.5m upon EGM approval of the agreement, followed by a second tranche of NOK 30m and subsequent tranches of NOK 25m up to the total nominal value of NOK 300m, with at least three months between tranches. Targovax has full control over when and how many tranches are called upon over the 3-year agreement period, thereby ensuring flexible and predictable access to capital as required.
- The convertible bonds will be issued at 92 percent of nominal value and thereby provide Targovax with a total of up to NOK 276 million in net capital. The bonds will not carry any interest and can be converted into shares at the discretion of Atlas, at a price determined as 100 percent of the average volume weighted share price (VWAP) of three of the last 15 trading days preceding the bond conversion request by Atlas. After conversion, Atlas may sell the Targovax shares in the market subject to certain pre-defined restrictions. Targovax retains the right to repurchase unconverted bonds at any time at 110 percent of nominal value.


targovax