
First quarter results
2021
targovax

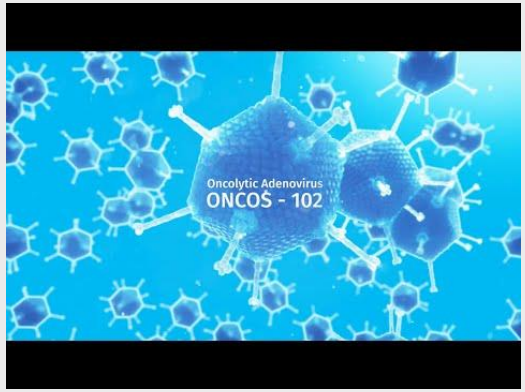
About Targovax

Activating the patient's immune system to fight cancer

Targovax (OSE:TRVX) is a clinical stage immuno-oncology company developing immune activators to target hard-to-treat solid tumors. Targovax aims to unlock greater clinical benefits in cancer patients by deploying multifunctional platforms to target key immune regulators and oncogenic drivers. Targovax's focus is to "activate the patient's immune system to fight cancer", thus extending and transforming the lives of cancer patients. Targovax's pipeline aims at different cancer indications, including melanoma, mesothelioma and colorectal cancer. The 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 clinical candidate, ONCOS-102, is a genetically modified oncolytic adenovirus, which has been engineered to selectively infect cancer cells and activate the immune system to fight the cancer. On the back of very encouraging 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.



First quarter presentation

The management will hold an online presentation 6 May 2021 at 10:00 CET.

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

Upcoming conferences / events

12 May 2021:	Radium podcast *(Norwegian)*
25 May 2021:	ABGSC Life Science Summit
25 May 2021:	Oncolytic Viruses Symposium

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

18 Aug 2021:	Second Quarter presentation
4 Nov 2021:	Third Quarter presentation
17 Feb 2022:	Fourth Quarter presenttion

First quarter highlights

Research & development

- Reported continued survival benefit in Targovax's ONCOS-102 trial in mesothelioma at the 21-month follow-up
  - Median Overall Survival (mOS) has still not been met for randomized first-line patients receiving ONCOS-102 plus chemotherapy
  - mOS will be at least 20.5 months for randomized first-line patients receiving ONCOS-102 plus chemotherapy, compared to mOS of 13.5 months in the chemotherapy-only control group

- Received Fast-Track designation from the US FDA for ONCOS-102 in malignant pleural mesothelioma. This opens the potential for expedited development path and review

Corporate

- Announced Dr Sonia Quaratino as a new member of the Board of Directors

- Obtained US Patent for ONCOS-102 in combination with checkpoint inhibitors

  Maintained TG + chemo patent as granted after opposition in European Patent Office

- Entered a research collaboration with Papyrus Therapeutics to develop novel ONCOS viruses with receptor tyrosine kinase (RTK) inhibitor functionality

Key Figures

Amounts in NOK thousands	1Q 2021	1Q 2020	FY 2020
Total operating revenues		318	624
Total operating expenses	-23 010	-29 594	-104 524
Operating profit/loss	-23 010	-29 277	-103 901
Net financial items	513	3 278	-4 503
Income tax	16	76	277
Net profit/loss	-22 481	-25 923	-108 126
Basic and diluted EPS (NOK/share)	-0.26	-0.36	-1.40
Net change in cash	-26 854	64 860	51 893
Cash and cash equivalents start of period	122 321	70 429	70 429
Cash and cash equivalents end of period	95 468	135 289	122 321

The interim financial information has not been subject to audit

CEO statement

Following stellar clinical data in PD1 refractory melanoma, we are about to take a major step forward. We will now enter into late stage development of ONCOS-102, with the aim of registration in melanoma.

ONCOS-102

The results from our trial in PD1 refractory melanoma, reported in December 2020 were a breakthrough for Targovax and establish ONCOS-102 as one of the most promising combination partners to checkpoint inhibitors. After previously having shown clear clinical benefit of ONCOS-102 in monotherapy in several different cancer indications, and also in combination with chemotherapy in mesothelioma, we were excited to announce that seven out of 20 patients (35%) in this trial in melanoma in checkpoint refractory disease responded to the combination treatment. The data clearly confirm our hypothesis that ONCOS-102 can benefit cancer patients who have not responded to or have progressed after checkpoint inhibition by triggering local and systemic immune activation.

Consequently, we continue with full force in PD1 refractory melanoma with a trial intended to generate data to support an accelerated approval in this indication. We have spent the first quarter of this year planning for this trial and have met with some of the world's foremost key opinion leaders in this field. In the next months, we will consult with the FDA and other regulatory authorities to secure a path forward and explore opportunities with collaboration partners. Our goal is to treat the first patient in first half of 2022.

Our data in mesothelioma also represent a recent highlight. Albeit in a small randomized trial, the emerging picture is that ONCOS-102 in combination with chemotherapy benefits patients as well as, or even better than, any other treatment alternatives. Since half of the patients were still alive at the latest survival sweep in February, median overall survival was not yet reached. But from our data so far we can conclude that the overall survival in this trial will beat the established benchmark in this indication including the recently FDA approved combination of ipilimumab and nivolumab (anti-CTLA4 and anti-PD-1 combination).

Pipeline

With a broad documentation of the positive clinical effects of ONCOS-102 we are expanding our technology platform with novel ONCOS viruses based on the same virus backbone. Our approach is to do this both in-house and in collaboration with partners that have complementary targeting payloads and relevant competence and capacities. In the first quarter 2021, we expanded our horizon of opportunities as we started exploring novel ONCOS viruses with receptor tyrosine kinase (RTK) inhibitor functionality together with the US/UK based company Papyrus Therapeutics.

In addition to exploring novel viruses, Targovax continues to seek academic and commercial partnerships to develop immunological targeting of mutant RAS further. We seek both cost effective collaborations to develop the TG mutRAS cancer vaccine as well as innovative collaborations to capitalize on our mutRAS expertise and IP, ideally leveraging our viral platform as a delivery tool.

People

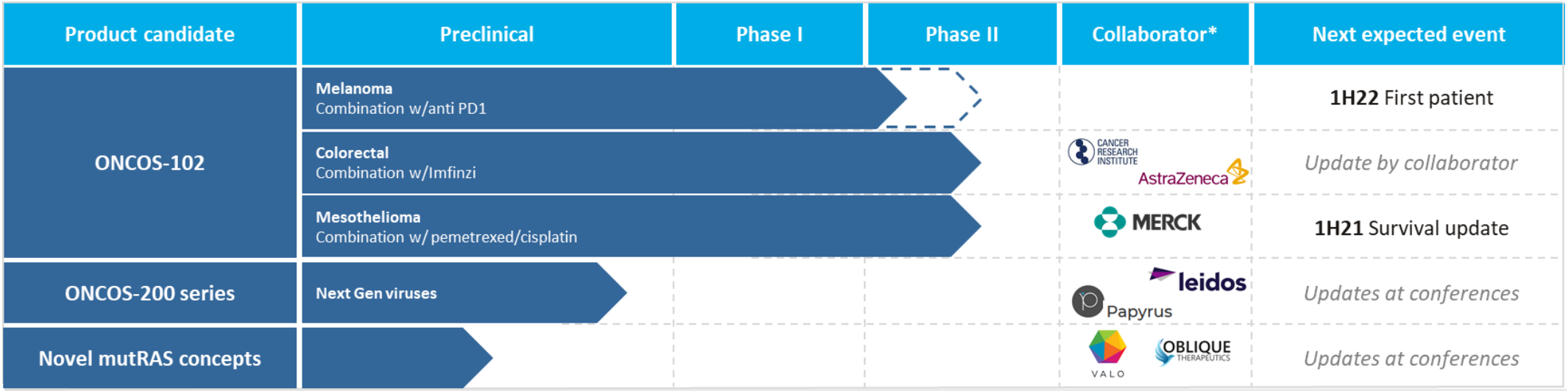
In April, the shareholders elected Sonia Quaratino to the Targovax Board. Dr Quaratino is Chief Medical Officer of Kymab, a clinical-stage biopharmaceutical company with a focus on immune-mediated diseases and immuno-oncology therapeutics recently acquired by Sanofi. Previously, she held the position as Global Clinical Program Leader – Translational Clinical Oncology at Novartis. She brings 20 years' experience in clinical development and immunology research to Targovax and we are delighted that we have attracted Sonia to the Company and believe her experience will greatly benefit the Company in the months and years ahead.

Looking forward

Targovax is at the beginning of a new and exciting development phase. Based on the impressive ONCOS-102 clinical data, our main priority going forward is to start the next trial in PD1 refractory melanoma. At the same time, it is also important that we do it right and discuss our strategy with the FDA since the aim of this trial is to support an accelerated approval. Moreover, based on the strength and breadth of the clinical and immune data, we believe our technology warrants a broader application. Hence, we envision several expansion possibilities beyond melanoma in other indications, with other novel combinations, and for our next generation pipeline products.

Øystein Soug
CEO Targovax Group

Pipeline and newsflow



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

Based on these promising and class-leading results, Targovax intends to move on to a registration-directed trial. Based on Targovax's current understanding, the Company believes a trial with <200 patients with confirmed anti-PD1 refractory melanoma could support an accelerated approval, subject to sufficient clinical benefit.

ONCOS-102 in malignant pleural mesothelioma

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

At the 21-month sub-group analysis, half of the patients in the first-line ONCOS-102-treated group of the randomized part of the trial were still alive, therefore median Overall Survival (mOS) was not yet reached. Based on current survival data, the mOS will be 20.5 months or longer. For the first-line SoC-only control group mOS is 13.5 months, which is similar to outcomes from previously reported trials where patients received the same chemotherapy treatment. The next survival analysis will be available in second quarter 2021.

In June 2020, it was reported that ONCOS-102 treatment induces broad and powerful immune activation in MPM, far beyond what is achieved with SoC alone. Importantly, this immune activation is associated with better survival outcomes at the 21-month analysis, indicating that the immunological activity of ONCOS-102 drives the observed clinical benefit.

Based on these encouraging pre-clinical and clinical efficacies associated with broad immune activation, the US FDA granted ONCOS-102 Fast Track designation for malignant pleural mesothelioma in February 2021. Receiving this designation is an endorsement by the US FDA of the strength of the ONCOS-102 data package.

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

ONCOS-102 in metastatic colorectal cancer – collaboration trial

This is a single arm, open-label, multi-center phase 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 by Cancer Research Institute (CRI) and run by Ludwig Cancer Research, and Targovax was selected to participate with ONCOS-102 as the virus of choice for this trial. 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 CRI and Ludwig Cancer Research in colorectal cancer with peritoneal carcinomatosis, as described above, Targovax leverages its own clinical development expertise with access to leading external networks. In this collaboration trial, Targovax has retained all commercial rights to ONCOS-102. 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

The recent success of adenoviral technology in the Covid-19 vaccine space has strengthened the rationale to fully exploiting the capability of the ONCOS technology as a gene delivery vehicle. 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 add 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. 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 findings demonstrated anti-cancer activity and mechanistic synergism between the two transgene payloads. These encouraging observations are being further investigated to elucidate transgene functionality and mechanism of action in vivo.

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 that act as immune checkpoint inhibitors. The simple structure and small size of the 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 mOS 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 several examples of clearance of residual mutant RAS cancer cells after surgery by ctDNA analysis. The Company has attained Orphan Drug Designation for TG01 in pancreatic cancer in both the US and Europe.

Targovax is actively working to create shareholder value from the TG technology through 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 IND approval to start a clinical trial in China. For this right, IOVaxis has paid Targovax an option fee of USD 250,000, and will pay an additional USD 3 million upfront fee when the 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.

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 induce 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.

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

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

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

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

IPR / Market exclusivity

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

In March 2021, Targovax was granted the US Patent no 10,940,203 by the US Patent Office. The patent covers the use of ONCOS-102 in combination with checkpoint inhibitors until 2036 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 5 May 2021:

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

Board of Directors

Dr Sonia Quaratino was elected as new member of the Board of Directors at the Company's Annual General Meeting 17 March 2021.

Dr Quaratino is an R&D executive with over 20 years' experience in clinical development and immunology research. She is Chief Medical Officer at Kymab, a clinical-stage biopharmaceutical company recently acquired by Sanofi with a deal value of approx. USD 1.5bn. She is also the Chair of the Scientific and Clinical Advisory Board for STipe Therapeutics. Prior to her role at Kymab, Dr Quaratino held a position as Global Clinical Program Leader – Translational Clinical Oncology at Novartis, responsible for the clinical development of proprietary therapeutic antibody programs in immuno-oncology. Prior to this, Dr Quaratino was Senior Medical Director and Immunology Advisor at Merck Serono, where she was responsible for the clinical development of various immunomodulators.

Dr Quaratino has an extensive professional background which includes a Medical Degree and a Doctorate in Hematology-Oncology from the University of Palermo, Italy and a PhD in Immunology from Imperial College London, UK. She was also a Professor of Immunology at the University of Southampton, a leading institution for innovative research. During Dr Quaratino's time in Southampton her focus was on the pathogenic mechanisms underlying chronic inflammatory diseases and the interface between autoimmunity and cancer.

As per 5 May 2021, the Board of Directors consists of seasoned professionals with a broad range of complementary competencies: Damian Marron (Chairperson), Sonia Quaratino, Johan Christenson, Robert Burns, Bente-Lill Romøren, Per Samuelsson, Diane Mellett and Eva-Lotta Allan.

Financial review

Results first quarter 2021

Operating expenses amounted to NOK 23 million (NOK 30 million) in the first 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 23 million in the first quarter 2021 (NOK 26 million).

Financial position and cash flow

Cash and cash equivalents were NOK 95 million at the end of the first quarter 2021 compared to NOK 122 million at the end of fourth quarter 2020 and NOK 78 million at the end of third quarter 2020.

Net cash flow from operating activities during the first quarter 2021 was negative by NOK 25 million compared to negative NOK 36 million in the first quarter 2020 and NOK 21 million in fourth quarter 2020.

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

Share information

By April 22, there were 86,561,106 shares outstanding, distributed between 5,788 shareholders. The 20 largest shareholders controlled 47.7% of the shares.

During Q1 2021, Targovax shares traded in the NOK 8.22 – 10.20 range. During the quarter, approx. 29.6 million shares were traded, with an aggregate trading value of NOK 270 million.

The closing price on 31 March 2021 was NOK 8.30 per share, corresponding to a market value of NOK 718 million.

The estimated share ownership on 22 April 2021:

	Estimated	
Shareholder	Shares million	Ownership
HealthCap	12.4	14.3 %
Nordea	4.5	5.2 %
Radforsk	4.4	5.1 %
Fjarde AP-Fonden	3.9	4.6 %
Thorendahl Invest	1.8	2.0 %
Bækkelaget Holding	1.6	1.9 %
Danske Bank (nom.)	1.6	1.8 %
Arctic Asset Management	1.3	1.5 %
Pettersen	1.2	1.4 %
Goldman Sachs & Co. LLC (nom.)	1.1	1.3 %
10 largest shareholders	**33.8**	**39.1 %**
Other shareholders (5 525)	52.7	60.9%
Total shareholders	**86.6**	**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 2020 as well as in the last prospectus, both available at www.targovax.com. 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 COVID-19 pandemic.

Outlook

Targovax has conducted a broad early stage clinical development documenting the clinical effects of ONCOS-102. This has shown promising and important benefits in patients with no safety concerns and the Company is now entering late stage development. The main priority going forward is to initiate the registration-directed trial in PD1 refractory melanoma targeting an accelerated approval. Further, and based on the strength and breadth of the clinical and immune data, the technology platform warrants a broader application. Hence, there are several expansion possibilities beyond melanoma in other indications, with other novel combinations and for our next generation pipeline products.

Oslo, 5 May 2021

The Board of Directors of Targovax ASA

Damian Marron
Chairperson of the Board

Per Samuelsson
Board Member

Bente-Lill Romøren
Board Member

Sonia Quaratino
Board Member

Johan Christenson
Board Member

Robert Burns
Board Member

Eva-Lotta Allan
Board Member

Diane Mellett
Board Member

Øystein Soug
CEO

First quarter results 2021

Condensed consolidated statement of profit or loss

Amounts in NOK thousands except per share data	*Note*	Unaudited 1Q 2021	Unaudited 1Q 2020	FY 2020
Other revenues		-	318	624
Total revenue		**-**	**318**	**624**
External R&D expenses	*3,4*	-9 077	-13 399	-45 040
Payroll and related expenses	*5,11*	-11 440	-11 303	-43 090
Other operating expenses	*3,4*	-2 197	-3 829	-12 658
Depreciation, amortizations and write downs		-296	-1 064	-3 735
Total operating expenses		**-23 010**	**-29 594**	**-104 524**
Operating profit/ loss (-)		**-23 010**	**-29 277**	**-103 901**
Finance income		703	3 521	596
Finance expense		-189	-243	-5 099
Net finance income/ expense (-)		**513**	**3 278**	**-4 503**
Loss before income tax		**-22 497**	**-25 999**	**-108 403**
Income tax income/ expense (-)		16	76	277
Loss for the period		**-22 481**	**-25 923**	**-108 126**
Earnings/ loss (-) per share				
Basic and dilutive earnings/loss (-) per share	*10*	**-0.26**	**-0.36**	**-1.40**

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

Amounts in NOK thousands	Unaudited 1Q 2021	Unaudited 1Q 2020	FY 2020
Income/ loss (-) for the period	-22 481	-25 923	-108 126
Items that may be reclassified to profit or loss:			
Exchange differences arising from the translation of foreign operations	-12 278	44 216	16 069
Total comprehensive income/ loss (-) for the period	**-34 759**	**18 293**	**-92 057**

Condensed consolidated statement of financial position

Amounts in NOK thousands	*Note*	Unaudited 31.03.2021	Unaudited 31.03.2020	31.12.2020
ASSETS				
Intangible assets	*6*	371 977	428 344	389 646
Property, plant, and equipment		156	762	179
Right-of-use asset		3 416	4 298	3 734
Total non-current assets		**375 549**	**433 404**	**393 559**
Receivables		4 569	14 868	4 859
Cash and cash equivalents		95 468	135 289	122 321
Total current assets		**100 037**	**150 157**	**127 180**
TOTAL ASSETS		**475 586**	**583 561**	**520 740**

Amounts in NOK	*Note*	Unaudited 31.03.2021	Unaudited 31.03.2020	31.12.2020
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	*9*	8 656	7 609	8 653
Share premium reserve		1 046 576	978 757	1 046 476
Other reserves		54 670	48 367	52 684
Retained earnings		-800 617	-695 933	-778 136
Translation differences		30 634	71 058	42 912
Total equity		**339 918**	**409 858**	**372 588**
Non-current liabilities				
Interest-bearing liabilities	*7*	54 031	58 713	57 881
Deferred tax		59 390	68 221	62 047
Lease liabilities		2 317	1 793	2 568
Total non-current liabilities		**115 737**	**128 728**	**122 495**
Current liabilities				
Interest-bearing liabilities	*7*	3 040	5 253	3 185
Short-term lease liabilities		1 229	2 518	1 258
Accounts payable and other current liabilities		2 791	10 256	5 196
Accrued public charges		2 394	2 005	3 428
Other short-term liabilities		10 477	24 943	12 589
Total current liabilities		**19 931**	**44 975**	**25 656**
TOTAL EQUITY AND LIABILITY		**475 586**	**583 561**	**520 740**

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 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**
Loss for the period		-	-	-	-	-22 481	-22 481
Exchange differences arising from the translation of foreign operations		-	-	-	-12 278	-	-12 278
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-12 278**	**-22 481**	**-34 759**
Share issuance, employee share options & RSU's	*9*	3	195	-	-	-	198
Transaction costs – share issuance employee share options & RSU's		-	-95	-	-	-	-95
Recognition of share-based payments & RSU's	*11*	-	-	1 986	-	-	1 986
Balance at 31 March 2021		**8 656**	**1 046 576**	**54 670**	**30 634**	**-800 617**	**339 918**

Condensed consolidated statement of cash flow

Amounts in NOK thousands	*Note*	Unaudited 1Q 2021	Unaudited 1Q 2020	FY 2020
Cash flow from operating activities				
Loss before income tax		-22 497	-25 999	-108 403
Adjustments for:				
Finance income		-703	-3 521	-596
Finance expense		189	243	5 099
Interest received		703	-184	596
Other finance expense		110	-288	-364
Share option & RSU expense	*11*	1 986	1 482	5 799
Depreciation, amortizations and write downs		296	1 064	3 735
Change in receivables		290	561	10 569
Change in other current liabilities		-5 504	-9 412	-27 229
Net cash flow from/(used in) operating activities		**-25 129**	**-36 053**	**-110 793**
Cash flow from investing activities				
Purchases of property, plant, and equipment (PPE)		-	-	-70
Net cash received from/(paid in) investing activities		**-**	**-**	**-70**
Cash flow from financing activities				
Loan from Business Finland		-	5 555	5 555
Repayment of lease liabilities		-369	-996	-3 209
Interest paid	*7*	-233	-225	-704
Proceeds from issuance of shares -Private Placement and repair		-	101 021	176 021
Share issue expense - Private Placement and repair offering		-	-7 884	-14 164
Proceeds from exercise of share options & RSUs		198	8	99
Share issue expense – share options & RSUs		-95	-16	-65
Net cash generated from/(paid in) financing activities		**-500**	**97 462**	**163 534**
Net increase/(decrease) in cash and cash equivalents		**-25 629**	**61 409**	**52 671**
Net exchange gain/loss on cash and cash equivalents		-1 225	3 452	-778
Cash and cash equivalents at beginning of period		**122 321**	**70 429**	**70 429**
Cash and cash equivalents at end of period		**95 468**	**135 289**	**122 321**

Notes

1. General information

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

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

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

The condensed interim financial information is unaudited. These financial statements were approved for issue by the Board of Directors on 5 May 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 March 2020 reporting period and have not been early adopted by the Group. These new standards and interpretations are assessed to be of no material impact for the Group in 2021.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. As at 31 March 2021, Targovax OY, located in Espoo, Finland is 100% owned and controlled subsidiary.

3. Research and development expenses

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

The following research and development expenditures have been expensed:

	1Q 2021		1Q 2020		FY 2020	
Amounts in NOK thousands	Total	of which R&D	Total	of which R&D	Total	of which R&D
External R&D expenses	9 077	9 077	13 399	13 399	45 040	45 040
Payroll and related expenses	11 440	5 719	11 303	5 802	43 090	22 101
Other operating expenses	2 197	0	3 829	442	12 658	26
Depreciation, amortizations and write downs	296	-	1 064	-	3 735	-
Total operating expenses	**23 010**	**14 796**	**29 594**	**19 643**	**104 524**	**67 168**

4. Government grants

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

Amounts in NOK thousands	1Q 2021	1Q 2020	FY 2020
External R&D expenses	608	1 408	1 943
Payroll and related expenses	107	4	292
Other operating expenses	-	0	1
Total grants	**715**	**1 412**	**2 236**

R&D projects have been approved for SkatteFUNN through 2022. For the first quarter 2021, the Group has recognized NOK 0.6 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	1Q 2021	1Q 2020	FY 2020
Salaries and bonus	8 287	8 410	31 123
Employer's national insurance	777	885	4 273
Share-based compensation [1)]	1 986	1 482	5 799
Pension expenses – defined contribution	445	447	1 613
Restructuring costs [2)]	-	-31	-150
Other	52	114	724
Governmental grants	-107	-4	-292
Total payroll and related expenses	**11 440**	**11 303**	**43 090**

1) Share-based compensation has no cash effect.

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

	31.03.2021	31.03.2020	31.12.2020
Number of employees calculated on a full-time basis as at end of period	20	20	19,6
Number of employees as at end of period	20	20	20

6. Intangible assets

As of 31 March 2021, the recognized intangible assets in the Group amounts to NOK 372 million. This is a decrease from NOK 390 million as of 31 December 2020, due to NOK/EUR foreign exchange fluctuations. The intangible assets are derived from the acquisition of Oncos Therapeutics OY, which was completed in July 2015 and related to the development of ONCOS-102.

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

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

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

7. Interest bearing debt

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

The Group has received three R&D loans, for the commercialization of ONCOS-102 from Business Finland under loan agreements dated September 2010, February 2012 and December 2013, respectively, in the total outstanding amount of NOK 62.3 million (EUR 6.3 million) as of 31 December 2019. The Group received an additional NOK 5.6 million (EUR 0,6 million) to one of the existing loans from Business Finland during the first quarter of 2020, hence outstanding loan as per 31 March 2021 is NOK 68,7 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 3.0 million (EUR 0.3 million) of the total debt NOK 68,7 million (EUR 6.9 million) was short-term as per 31 March 2021. The Group will apply for an extension of the repayment-free period on the short-term loan.

Amortized interests are charged to financial expenses, amounting to NOK 0.7 million for the first quarter 2021, NOK 0.3 million for the first quarter 2020 and NOK 4.3 million during full year 2020.

No new Business Finland loans have been awarded during the year 2021.

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

Changes in liabilities arising from financing activities *(Amounts in NOK thousands)*	Interest-bearing liabilities Business Finland loans
Interest-bearing liabilities 1 January 2020	**53 059**
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 31 December 2020	**61 066**
Cash flow from financing activities	-
Exchange differences	-2 769
Additions to existing loans	-
Change to loan repayment schedules	-1 903
Other transactions without cash settlement	677
Interest-bearing liabilities 31 March 2021	**57 071**

See note 21 Interest-bearing debt in the Annual Report 2019 for more information about the Business Finland loans.

8. Fair value of financial instruments

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

	1Q 2021		1Q 2020		FY 2020	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	4 569	4 569	14 868	14 868	4 859	4 859
Cash and cash equivalents	95 468	95 468	135 289	135 289	122 321	122 321
Total financial assets	**100 037**	**100 037**	**150 157**	**150 157**	**127 180**	**127 180**
Interest-bearing borrowings	57 071	57 071	63 966	63 966	61 066	61 066
Lease liabilities	3 545	3 545	4 311	4 311	3 826	3 826
Accounts payable and other current liabilities	2 791	2 791	10 256	10 256	5 196	5 196
Total financial liabilities	**63 407**	**63 407**	**78 533**	**78 533**	**70 087**	**70 087**

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

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

As at 31 March 2021:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	57 071	57 071
Total financial instruments at fair value	**-**	**-**	**57 237**	**57 237**

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 March 2020:

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

9. Share capital and number of shares

The Company's Board of Directors has on 1 March 2021, in accordance with the authorization granted by the general meeting on 29 April 2020, resolved to increase the share capital with NOK 2,978.80 by the issuance of 29,788 new shares, each with a par value of NOK 0.10 in order to facilitate the exercise of share options. 13,000 options were exercised at a subscription price of NOK 5.77 per share, 6,250 options were exercised at a subscription price of NOK 6.58 per share and 10,538 options were exercised at a subscription price of NOK 7.74 per share.

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

Share capital as at 31 March 2021 is 8 656 110.60 (31 December 2020: 8 653 131.80) comprising 86 561 106 ordinary shares at nominal value NOK 0.10 (31 December 2020: 86 531 318 at NOK 0.10). All shares carry equal voting rights.

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

	1Q 2021	1Q 2020	FY 2020
Ordinary shares at beginning of	86 531 318	63 383 613	63 383 613
Share issuance - Private Placement	-	12 627 684	22 972 512
Share issuance, employee share options and RSUs	29 788	76 195	175 193
Ordinary shares at end of period	**86 561 106**	**76 087 492**	**86 531 318**

The 20 largest shareholders are as follows at 31 March 2021:

Shareholder	# shares	%
HealthCap	12 471 675	14.4 %
Radiumhospitalets Forskningsstiftelse	4 427 255	5.1 %
Fjärde AP-fonden	3 897 959	4.5 %
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 %
Danske Bank AS	1 524 894	1.8 %
Nordnet Bank AB	1 523 684	1.8 %
Nordnet Livsforsikring AS	1 427 618	1.6 %
Morgan Stanley & Co. International	1 356 006	1.6 %
The Bank of New York Mellon SA/NV	1 290 959	1.5 %
Egil Pettersen	1 213 374	1.4 %
Goldman Sachs & Co. LLC	1 125 000	1.3 %
Verdipapirfondet Nordea Norge Plus	1 076 603	1.2 %
State Street Bank and Trust Comp	1 034 000	1.2 %
MP Pensjon PK	991 725	1.1 %
J.P. Morgan Bank Luxembourg S.A.	820 000	0.9 %
Prieta AS	720 000	0.8 %
The Bank of New York Mellon SA/NV	649 991	0.8 %
20 largest shareholders	**42 301 752**	**48.9 %**
Other shareholders (5 811)	44 259 354	51.1 %
Total shareholders	**86 561 106**	**100.0 %**

Shareholdings Key Management

The following table provides the total number of shares owned by the key management of the Group and member of the Board of Directors, including close associates, as of 31 March 2021:

Name	Position	No. of shares outstanding at 31 March 2021
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
Victor Levitsky	Chief Scientific Officer	10 000
Total no. of shares owned by key management of the Group		**255 000**
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	1Q 2021	1Q 2020	FY 2020
Loss for the period	-22 481	-25 923	-108 126
Average number of outstanding shares during the period	86 537	72 127	77 106
Earnings/ loss (-) per share - basic and diluted	**-0.26**	**-0.36**	**-1.40**

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 March 2021 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 1 250 000 and (b) 10% of the Company's outstanding shares, options and RSU's. This authorization replaces the previous authorizations to increase the share capital by up to the lower of NOK 1 000,000 and b) 10% of the Company's outstanding shares, options and RSUs given to the board of directors at the annual general meeting held in April 2020.

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

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

The amount of expensed share options in first quarter 2021 was NOK 1.7 million. For the same period in 2020 it was NOK 1.2 million and NOK 4.9 million for full year 2020.

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

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

	3M 2021		FY 2020	
	No. of options	Weighted avg.exercise price (NOK)	No. of options	Weighted avg.exercise price (NOK)
Outstanding at 1 January	7 310 067	12.94	6 028 642	15.26
Granted during the period	-	-	2 335 000	9.94
Exercised during the period	-29 788	6.64	-10 726	7.74
Forfeited during the period	-277 304	8.73	-243 230	7.37
Expired during the period	-542 248	20.69	-799 619	23.41
Outstanding no. of share options at end of period	**6 460 727**	**12,50**	**7 310 067**	**12,94**

The following table shows the exercised, expired, granted and outstanding options for shares to Key Management of the Group at 31 March 2021:

Name	Position	Outstanding 31.12.2020	Exercised 1Q 2021	Expired 1Q 2021	Outstanding 31.03.2021
Key management:					
Øystein Soug	Chief Executive Officer	1 310 000	-	-	1 310 000
Magnus Jäderberg	Chief Medical Officer	1080 000	-	-133 265	946 735
Erik Digman Wiklund	Chief Business Officer	750 000	-	-	750 000
Torbjørn Furuseth	Chief Financial Officer	620 000	-	-	620 000
Victor Levitsky	Chief Scientific Officer	500 000	-	-	500 000
Ingunn Munch Lindvig	VP Regulatory Affairs	267 000	-	-	267 000
Kirsi Hellström	Interim Head of CMC	221 000	-2 000	-	219 000
Total option for shares to key management of the Group		**4 748 000**	**-2 000**	**-133 265**	**4 612 735**
Board of directors:					
Robert Burns	Board member	21 235	-	-	21 235
Total option for shares to the Board of Directors of the Group		**21 235**	**-**	**-**	**21 235**

From 1 April 2021 to 5 May 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 Annual General Meeting (AGM) 17 March 2021 decided to remunerate the Board of Directors for the period between the AGM 2021 to the AGM 2022 with a combination of cash and Restricted Stock Units (RSUs), hence at the 17 March 2021, additional 121 752 RSU's were granted to the Board of Directors.

The 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 first quarter 2021 was NOK 0,2 million. For the same period in 2020 it was NOK 0,3 million and NOK 0,9 million for the full year 2020. A total of 320 836 RSUs was outstanding at 31 March 2021.

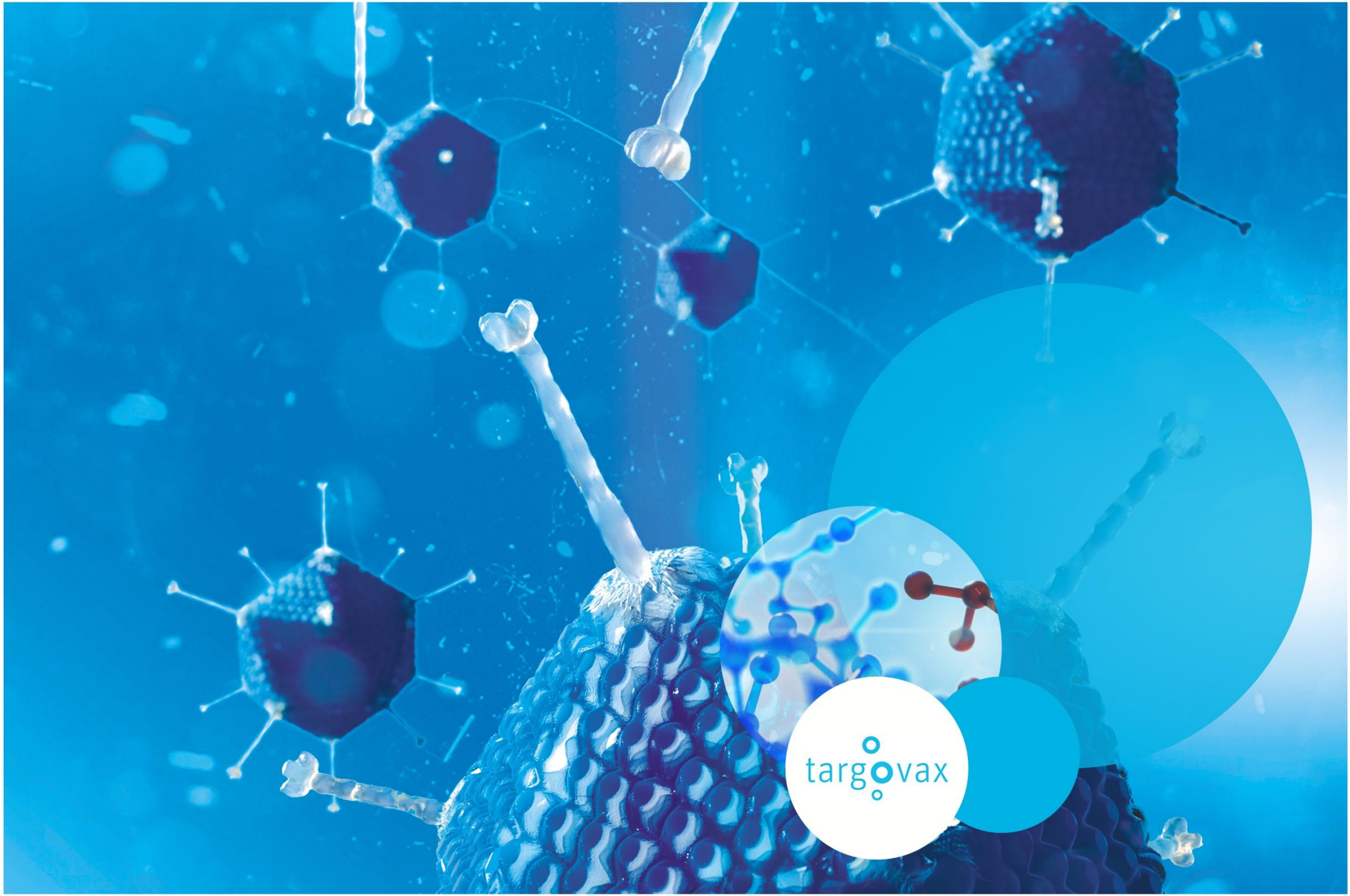
The following table shows the changes in outstanding RSUs in 2021 and 2020:

	3M 2021		FY 2020	
	No. of options	Weighted avg.exercise price (NOK)	No. of options	Weighted avg.exercise price (NOK)
Outstanding at 1 January	199 084	0.10	268 060	0.10
Granted during the period	121 752	0.10	95 491	0.10
Exercised during the period	-	0.10	-164 467	0.10
Forfeited during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding no. of RSUs at end of period	**320 836**	**0.10**	**199 084**	**0.10**

The following table shows the exercised, granted and outstanding RSUs to Board of Directors of the Group at 31 March 2021:

		Outstanding 31.12.2020	Granted 1Q 2021	Outstanding 31.03.2021
Board of Directors:				
Damian Marron	Chairperson of the Board	24 485	19 503	43 988
Robert Burns	Board member	88 351	34 083	122 434
Bente-Lill Romøren	Board member	15 250	11 361	26 611
Diane Mellett	Board member	35 499	22 722	58 221
Eva-Lotta Allan	Board member	29 450	11 361	40 811
Sonia Quaratino	Board member	-	22 722	22 722
Catherine A. Wheeler	Board member (former)	6 049	-	6 049
Total Restricted Stock Units to Board of Directors of the Group		**199 084**	**121 752**	**320 836**

From 1 April 2021 to 5 May 2021 no RSUs have been granted to the Board of Directors.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