
Second quarter and
first half year results
2021
targovax

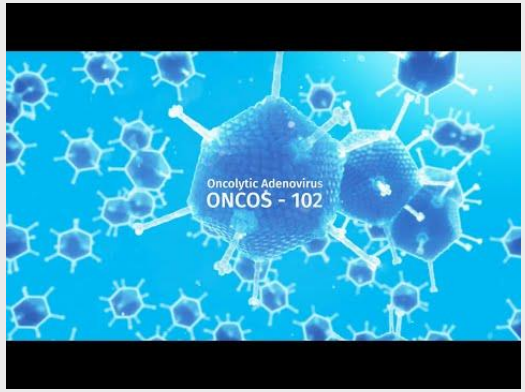
About Targovax

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 its 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 company's product candidates 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 clinical data in several indications, both in monotherapy and in multiple combinations, the next development steps for ONCOS-102 will be to further improve responses in melanoma patients resistant to or poorly responsive to current standard of care.

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.



Second quarter presentation

The management will hold an online presentation 18 August 2021 at 10:00 CET.

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

Upcoming conferences / events

7 Sep 2021:	Next Gen Cancer Vaccine Development Summit
17-21 Sep 2021:	European Society for Medical Oncology (ESMO)
26 Oct 2021:	Oncolytic Virotherapy Summit
26-29 Oct 2021:	5th Annual Nex Gen IO Conference EU edition

Upcoming data milestones

2H 2021:	ONCOS-102 Phase 1/2 trial in unresectable malignant pleural mesothelioma *– Survival update*
1H 2022:	ONCOS-102 Phase 1/2 trial with anti-PD-L1 in colorectal cancer *– Clinical and biomarker data*

Financial calendar 2021

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

First half year highlights

- Reported class-leading median overall survival in Targovax's ONCOS-102 trial in mesothelioma at the 24-month follow-up
- Received Fast-Track designation and scientific advice from the US FDA for ONCOS-102 in PD-1-refractory advanced melanoma
- Received Fast-Track designation from the US FDA for ONCOS-102 in malignant pleural mesothelioma
- Completed enrollment in the phase 1/2 trial with ONCOS-102 in combination with durvalumab in patients with advanced colorectal cancer with peritoneal metastases
- Entered a research collaboration with Papyrus Therapeutics to develop novel ONCOS viruses with receptor tyrosine kinase inhibitor functionality
- Announced Dr Lone Ottesen's appointment as Chief Development Officer and Dr Sonia Quaratino's election as a new member of the Board

Key figures

Amounts in NOK thousands	2Q 2021	2Q 2020	1H 2021	1H 2020	FY 2020
Total operating revenues		272		590	624
Total operating expenses	-24 529	-29 985	-47 539	-59 579	-104 524
Operating profit/loss	-24 529	-29 713	-47 539	-58 989	-103 901
Net financial items	-1 026	-3 649	-513	-371	-4 503
Income tax	15	71	31	147	277
Net profit/loss	-25 539	-33 291	-48 020	-59 214	-108 126
Basic and diluted EPS (NOK/share)	-0.30	-0.44	-0.55	-0.80	-1.40
Net change in cash	-24 276	-33 824	-51 130	31 036	51 893
Cash and cash equivalents start of period	95 468	135 289	122 321	70 429	70 429
Cash and cash equivalents end of period	71 192	101 465	71 192	101 465	122 321

The interim financial information has not been subject to audit

CEO statement

Focused execution of the early phase clinical trial program has resulted in a robust data package for our lead product candidate ONCOS-102. We have demonstrated class-leading efficacy in difficult-to-treat solid tumors, and the clinical benefit can be linked to broad and powerful immuno-modulation. Based on the positive impact on tumor responses and deepening insights into the biological activity of ONCOS-102, we are now designing and implementing a late-stage development program centered on innovative immunotherapy combinations, with the aim of further releasing the immunological power of ONCOS-102 to drive even better patient outcomes.

Building on class-leading 35% overall response rate (ORR) and a very favorable pro-inflammatory remodeling of the tumor microenvironment, we have selected anti-PD1-refractory melanoma as our model system for the next step in ONCOS-102 development. This plan is further endorsed by the grant of Fast Track designation for ONCOS-102 in this patient population by the US Federal Drug Administration (FDA), which comes in addition to the already issued Fast Track designation in mesothelioma.

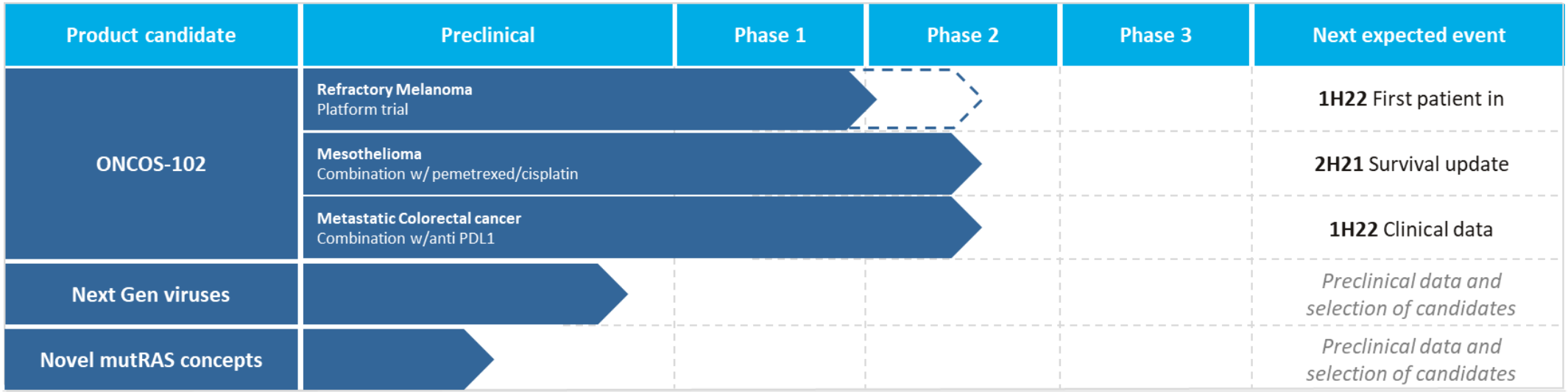
The FDA has now also provided us with scientific advice. They guide us to move forward with a melanoma phase 2 trial design where we can isolate the mono-therapeutic activity of ONCOS-102 and assess the contribution of components in combinations selected for future registrational development, rather than prioritizing a single-arm trial targeting an accelerated approval. Such a multi-cohort trial will render much important data and reduce development risk compared to a single-arm strategy. The results can be used not only to support a registrational path in PD1-refractory melanoma, but also opening up future opportunities in other melanoma populations and beyond.

Moreover, the extensive biomarker work performed in our phase 1/2 trials has allowed us to build a comprehensive picture of the immune activation and other biological activity of ONCOS-102, both locally in the tumor and systemically. These mechanistic insights point us to novel combination approaches where we can expect synergistic activity. We intend to test these innovative concepts in a platform phase 2 trial in PD1 refractory melanoma where we will build on the existing experience of ONCOS-102 and Keytruda. We plan to expand the trial with scientifically informed combinations that have the potential to push the response rates well beyond the already solid 35% ORR. We are in active dialogues with several prospective collaboration partners for this program and intend to establish a flexible framework where we can expand the trial with additional combination cohorts as we move forward.

We are excited to initiate this next step in ONCOS-102 development, and we see great value of adding Dr Lone Ottesen to our team as our new Chief Development Officer. I am convinced we have designed a smart and robust path forward to further optimize the already promising response rates, identify the ideal combination partners, build a solid regulatory foundation for registrational development and open up multiple future commercial opportunities.

Oystein Soug
CEO Targovax Group

Pipeline and newsflow



ONCOS-102 in CPI refractory advanced melanoma

The trial explored safety, immune activation, and clinical responses, 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 class-leading 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 results, Targovax intends to start with a platform trial, where ONCOS-102 will be tested in various combinations, including anti-PD1, double checkpoint and potentially an endorsement by the US FDA of the strength of the ONCOS-102 data package in melanoma. The FDA Fast Track designation is awarded to therapies with the potential to address unmet medical needs in serious medical conditions and allows for more frequent interactions with the FDA to expedite clinical development, as well as the regulatory review processes. Fast Track products have high likelihood of receiving Priority Review for a future Biologics License Application (BLA) and may be allowed to submit parts of the application for rolling review to shorten the approval timeline.

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 24-month follow-up in June 2021, it was determined that the final median overall survival (mOS) will be in the range of 21.9 to 25.0 months for first-line ONCOS-102-treated patients in the randomized group (n=8). This is a clear improvement over the mOS of 13.5 months observed in the first-line SoC-only control group (n=6). Previous MPM clinical trials have reported mOS in the range of 12–16 months for patients receiving the same SoC chemotherapy treatment. The next survival analysis will be available in second half 2021.

Earlier, 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 the encouraging efficacy and the associated broad immune activation, the US FDA granted ONCOS-102 Fast Track designation for malignant pleural mesothelioma in February 2021.

The powerful immune activation generated by ONCOS-102 in mesothelioma, together with the emerging survival data (already exceeding that seen in the recent 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 1/2 trial, where ONCOS-102 is intraperitoneally administered in combination with Imfinzi (durvalumab, an anti-PD-L1 antibody), to patients who have metastatic colorectal cancer with peritoneal carcinomatosis and have failed prior standard therapies. The trial will assess the safety, biologic and anti-tumor activity of the combination, and 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. Targovax retains all commercial rights to ONCOS-102 in this collaboration.

The trial completed recruitment in June 2021 with a total of 33 patients enrolled with 30 patients treated with the full dose ONCOS-102 and durvalumab combination.

The safety reviews during the dose escalation phase were completed with no Dose Limiting Toxicities, and the combination showed good tolerability. Data from this trial are expected in the first half of 2022.

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. In addition, the ONCOS backbone can carry transgenes that can be delivered to tumors by local expression in infected host cells. From the ONCOS-200-series we have selected ONCOS-211 as the lead candidate for further development. ONCOS-211 carries two transgenic payloads, inducible co-stimulator-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 the second half of 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 selectivity:

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 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 neoantigen vaccine targeting mutant RAS cancers, covering up to eight different mutations. 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 in May 2019. The mOS compares favorably to the ESPAC4 historical control trial of gemcitabine monotherapy, which reported mOS 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 cost effective partnerships. Consistent with this approach, Targovax has entered into several collaboration agreements. 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 exclusive license option is exercised. The total development and commercial milestones in the deal are worth up to USD 100 million, in addition to tiered royalties on sales up to the mid-teens.

In 2020, Targovax entered into exploratory research collaborations to explore novel ONCOS-based mutant KRAS vaccination concepts with Valo Therapeutics. This collaboration offers an innovative approach to deal with the mutant KRAS target and provides an opportunity to merge the oncolytic virus and KRAS experience and capabilities of Targovax.

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

Dr Lone Ottesen, MD, PhD joined Targovax 1 July 2021 as Chief Development Officer (CDO). Dr Ottesen is a highly experienced drug developer with extensive experience across the global oncology and immune-oncology drug development spectrum with nearly 20 years in the pharmaceutical industry in both early- and late-phase development. Lone gained her MD and PhD at Aarhus University in Denmark and has held roles of increasing seniority in GSK, Eisai and most recently at AstraZeneca where she was the Global Clinical Head for two assets in pivotal clinical development as well as leading the development of durvalumab (anti-PD-L1 antibody) in breast and gynecological cancers. Lone will be spearheading all clinical development for the Targovax portfolio and she will serve as a member of Targovax's management team.

As per 17 August 2021:

Name	Position
Øystein Soug	CEO
Magnus Jäderberg	CMO
Torbjørn Furuseth	CFO
Lone Ottesen	CDO
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 17 August 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 second quarter 2021

Operating expenses amounted to NOK 25 million (NOK 30 million) in the second quarter. The operating expenses are reported net of governmental grants which amounted to NOK 0 million in the period (NOK 0 million). The net loss amounted to NOK 26 million in the second quarter 2021 (NOK 33 million).

Results first half 2021

In the first half of 2021 Targovax had no core business revenue.

Operating expenses amounted to NOK 48 million (NOK 60 million) in the first half 2021. 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 48 million in the first half 2021 (NOK 59 million).

Financial position and cash flow

Cash and cash equivalents were NOK 71 million at the end of the second quarter 2021 compared to NOK 95 million at the end of first quarter 2021 and NOK 122 million at the end of fourth quarter 2020.

Net cash flow from operating activities during the second quarter 2021 was negative by NOK 24 million compared to negative NOK 30 million in the second quarter 2020 and NOK 25 million in first quarter 2021.

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

Share information

By 6 August 2021 there were 86,582,405 shares outstanding, distributed between 5,643 shareholders. The 20 largest shareholders controlled 47.8% of the shares.

During Q2 2021, Targovax shares traded in the NOK 7.40 – 8.94 range. During the quarter, approx. 12.7 million shares were traded, with an aggregate trading value of NOK 104 million.

The closing price on 30 June 2021 was NOK 8.60 per share, corresponding to a market value of NOK 745 million.

The estimated share ownership on 6 August 2021:

	Estimated	
Shareholder	Shares million	Ownership
HealthCap	12.4	14.3 %
Nordea	4.5	5.2 %
RadForsk	4.4	5.1 %
AP4	4.0	4.6 %
Goldman Sachs & Co. (nom.)	2.0	2.0 %
Thorendal Invest	1.8	1.9 %
Bækkelaget Holding	1.7	1.8 %
Danske Bank AS (nom.)	1.6	1.5 %
Egil Pettersen	1.3	1.4 %
MP Pensjon	1.0	1.3 %
10 largest shareholders	**34.6**	**40.0 %**
Other shareholders (5 633)	52.0	60.0%
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, the 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 program, documenting the clinical effects of ONCOS-102. We have shown promising and important benefits in patients without raising safety concerns. The main focus going forward is to take ONCOS-102 eagerly forward in clinical development in PD1-refractory melanoma. The feedback and discussions with the FDA have provided further guidance on what is the best next step, which will be a platform trial in PD1 refractory melanoma. The trial is intended to test ONCOS-102 in monotherapy and multiple combinations, including PD1 checkpoint inhibitor and potentially other novel immunotherapies to further enhance the efficacy beyond the promising response rate we saw in our previous melanoma trial. This will provide an opportunity to differentiate ONCOS-102 from other approaches and potentially open up development avenues into the commercially highly attractive front-line melanoma therapy indication.

Oslo, 17 August 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

Responsibility statement

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 17 August 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

Second quarter and first half year results 2021

Condensed consolidated statement of profit or loss

Amounts in NOK thousands except per share data	*Note*	Unaudited 2Q 2021	Unaudited 2Q 2020	Unaudited 1H 2021	Unaudited 1H 2020	FY 2020
Other revenues		-	272		590	624
Total revenue		**-**	**272**		**590**	**624**
External R&D expenses	*3,4*	-8 852	-14 084	-17 929	-27 483	-45 040
Payroll and related expenses	*5,11*	-13 147	-11 024	-24 586	-22 327	-43 090
Other operating expenses	*3,4*	-2 197	-3 916	-4 393	-7 745	-12 658
Depreciation, amortizations and write downs		-334	-960	-630	-2 025	-3 735
Total operating expenses		**-24 529**	**-29 985**	**-47 539**	**-59 579**	**-104 524**
Operating profit/ loss (-)		-24 529	-29 713	-47 539	-58 989	**-103 901**
Finance income		-493	-2 010	210	1 511	596
Finance expense		-533	-1 639	-722	-1 883	-5 099
Net finance income/ expense (-)		**-1 026**	**-3 649**	**-513**	**-371**	**-4 503**
Loss before income tax		**-25 555**	**-33 362**	**-48 052**	**-59 361**	**-108 403**
Income tax income/ expense (-)		15	71	31	147	277
Loss for the period		**-25 539**	**-33 291**	**-48 020**	**-59 214**	**-108 126**
Earnings/ loss (-) per share						
Basic and dilutive earnings/loss (-) per share	*10*	**-0.30**	**-.0.44**	**-0.55**	**-0.80**	**-1.40**

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

Amounts in NOK thousands	Unaudited 2Q 2021	Unaudited 2Q 2020	Unaudited 1H 2021	Unaudited 1H 2020	FY 2020
Income/ loss (-) for the period	-25 539	-33 291	-48 020	-59 214	-108 126
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of foreign operations	4 036	-16 088	-8 242	28 068	16 069
Total comprehensive income/ loss (-) for the period	**-21 503**	**49 379**	**-56 262**	**-31 145**	**-92 057**

Condensed consolidated statement of financial position

Amounts in NOK thousands	*Note*	Unaudited 30.06.2021	Unaudited 30.06.2020	31.12.2020
ASSETS				
Intangible assets	*6*	378 534	406 088	389 646
Property, plant, and equipment		143	648	179
Right-of-use asset		3 111	3 351	3 734
Total non-current assets		**381 788**	**410 087**	**393 559**
Receivables		6 370	13 340	4 859
Cash and cash equivalents		71 192	101 465	122 321
Total current assets		**77 562**	**114 805**	**127 180**
TOTAL ASSETS		**459 350**	**524 892**	**520 740**

Amounts in NOK	*Note*	Unaudited 30.06.2021	Unaudited 30.06.2020	31.12.2020
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	*9*	8 658	7 609	8 653
Share premium reserve		1 046 545	978 757	1 046 476
Other reserves		57 048	49 777	52 684
Retained earnings		-826 157	-729 224	-778 136
Translation differences		34 670	54 911	42 912
Total equity		**320 765**	**361 829**	**372 588**
Non-current liabilities				
Interest-bearing liabilities	*7*	55 685	56 686	57 881
Deferred tax		60 421	64 711	62 047
Lease liabilities		2 001	1 552	2 568
Total non-current liabilities		**118 107**	**122 949**	**122 495**
Current liabilities				
Interest-bearing liabilities	*7*	3 094	4 980	3 185
Short-term lease liabilities		1 258	1 838	1 258
Accounts payable and other current liabilities		2 454	3 940	5 196
Accrued public charges		2 527	3 580	3 428
Other short-term liabilities		11 144	25 776	12 589
Total current liabilities		**20 478**	**40 115**	**25 656**
TOTAL EQUITY AND LIABILITY		**459 350**	**524 892**	**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		-	-	-	-	-48 020	-48 020
Exchange differences arising from the translation of foreign operations		-	-	-	-8 242	-	-8 242
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-8 242**	**-48 020**	**-56 262**
Share issuance, employee share options & RSU's	*9*	5	195	-	-	-	200
Transaction costs – share issuance employee share options & RSU's		-	-126	-	-	-	-126
Recognition of share-based payments & RSU's	*11*	-	-	4 364	-	-	4 364
Balance at 30 June 2021		**8 658**	**1 046 545**	**57 048**	**34 670**	**-826 157**	**320 765**

Condensed consolidated statement of cash flow

Amounts in NOK thousands	*Note*	Unaudited 2Q 2021	Unaudited 2Q 2020	Unaudited 1H 2021	Unaudited 1H 2020	FY 2020
Cash flow from operating activities						
Loss before income tax		-25 555	-33 362	-48 052	-59 361	-108 403
Adjustments for:						
Finance income		493	2 010	-210	-1 511	-596
Finance expense		533	1 639	722	1 883	5 099
Interest received		-493	379	310	196	596
Other finance expense		-87	65	22	-224	-364
Share option & RSU expense	*11*	2 378	1 409	4 364	2 892	5 799
Depreciation, amortizations and write downs		334	960	630	2 025	3 735
Change in receivables		-1 801	1 528	-1 511	2 089	10 569
Change in other current liabilities		-70	-4 945	-5 574	-14 356	-27 229
Net cash flow from/(used in) operating activities		**-24 268**	**-30 316**	**-49 397**	**-66 369**	**-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		-367	-969	-736	-1 965	-3 209
Interest paid	*7*	-	-	-233	-225	-704
Proceeds from issuance of shares -Private Placement and repair offering		-	-	-	101 021	176 021
Share issue expense - Private Placement and repair offering		-	-	-	-7 884	-14 164
Proceeds from exercise of share options & RSUs		2	-	200	-9	99
Share issue expense – share options & RSUs		-31	-	-126	-	-65
Net cash generated from/(paid in) financing activities		**-395**	**-969**	**-895**	**96 493**	**163 534**
Net increase/(decrease) in cash and cash equivalents		**-24 664**	**-31 285**	**-50 292**	**30 124**	**52 671**
Net exchange gain/loss on cash and cash equivalents		388	-2 539	-837	913	-778
Cash and cash equivalents at beginning of period		**95 468**	**135 289**	**122 321**	**70 429**	**70 429**
Cash and cash equivalents at end of period		**71 192**	**101 465**	**71 192**	**101 465**	**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 17 August 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 30 June 2021 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 30 June 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:

	2Q 2021		2Q 2020		1H 2021		1H 2020		FY 2020	
Amounts in NOK thousands	Total	of which R&D	Total	of which R&D	Total	of which R&D	Total	of which R&D	Total	of which R&D
External R&D expenses	8 852	8 852	14 084	14 084	17 929	17 929	27 483	27 483	45 040	45 040
Payroll and related expenses	13 147	6 159	11 024	5 660	24 586	11 878	22 327	11 462	43 090	22 101
Other operating expenses	2 197	-	3 916	-416	4 393	0	7 745	26	12 658	26
Depreciation, amortizations and write downs	334	-	960	-	630	-	2 025	-	3 735	-
Total operating expenses	**24 529**	**15 011**	**29 985**	**19 328**	**47 539**	**29 807**	**59 579**	**38 971**	**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	2Q 2021	2Q 2020	1H 2021	1H 2020	FY 2020
External R&D expenses	177	-65	786	1 343	1 943
Payroll and related expenses	108	8	215	12	292
Other operating expenses	-		-	0	1
Total grants	**286**	**-57**	**1 001**	**1 356**	**2 236**

R&D projects have been approved for SkatteFUNN through 2022. For the second quarter 2021, the Group has recognized NOK 0.2 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	2Q 2021	2Q 2020	1H 2021	1H 2020	FY 2020
Salaries and bonus	7 839	7 920	16 126	16 329	31 123
Employer's national insurance contributions	1 141	1 125	1 917	2 009	4 273
Share-based compensation [1)]	2 378	1 409	4 364	2 892	5 799
Pension expenses – defined contribution plan	416	423	861	870	1 613
Restructuring costs [2)]	-	-119	-	-150	-150
Other	1 481	274	1 533	388	724
Governmental grants	-108	-8	-215	-12	-292
Total payroll and related expenses	**13 147**	**11 024**	**24 586**	**22 327**	**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.

	30.06.2021	30.06.2020	31.12.2020
Number of employees calculated on a full-time basis as at end of period	19,8	19,5	19,6
Number of employees as at end of period	20	20	20

6. Intangible assets

As of 30 June 2021, the recognized intangible assets in the Group amounts to NOK 379 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 30 June 2021 is NOK 69,9 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 3.1 million (EUR 0.3 million) of the total debt NOK 69,9 million (EUR 6.9 million) was short-term as per 30 June 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 1.4 million for the first half of 2021, NOK 2.8 million for the first half of 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	-1 763
Additions to existing loans	-
Change to loan repayment schedules	-1 903
Other transactions without cash settlement	1 379
Interest-bearing liabilities 30 June 2021	**58 779**

See note 21 Interest-bearing debt in the Annual Report 2020 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.

	1H 2021		1H 2020		FY 2020	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	6 370	6 370	13 340	13 340	4 859	4 859
Cash and cash equivalents	71 192	71 192	101 465	101 465	122 321	122 321
Total financial assets	**77 562**	**77 562**	**114 805**	**114 805**	**127 180**	**127 180**
Interest-bearing borrowings	58 779	58 779	61 666	61 666	61 066	61 066
Lease liabilities	3 259	3 259	3 390	3 390	3 826	3 826
Accounts payable and other current liabilities	2 454	2 454	3 940	3 940	5 196	5 196
Total financial liabilities	**64 493**	**64 493**	**68 996**	**68 996**	**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 30 June 2021:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	58 779	58 779
Total financial instruments at fair value	**-**	**-**	**58 779**	**58 779**

As at 30 June 2020:

Amounts in NOK thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
Interest-bearing borrowings	-	-	61 666	61 666
Total financial instruments at fair value	**-**	**-**	**61 666**	**61 666**

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**

9. Share capital and number of shares

The Company's Board of Directors has in second quarter 2021, in accordance with the authorization granted by the general meeting in March 2021, resolved to increase the share capital with NOK 2,129.90 by the issuance of 21,299 new shares, each with a par value of NOK 0.10 in order to facilitate the exercise of RSUs. 21,299 RSUs were exercised at a subscription price of NOK 0.1 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.

The share capital as of 30 June 2021 is 8 658 240.50 (31 December 2020: 8 653 131.80) comprising 86 582 405 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:

	2Q 2021	2Q 2020	1H 2021	1H 2020	FY 2020
Ordinary shares at beginning of	86 561 106	76 087 492	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	21 299	-	51 087	76 195	175 193
Ordinary shares at end of period	**86 582 405**	**76 087 492**	**86 582 405**	**76 087 492**	**86 531 318**

The 20 largest shareholders are as follows at 30 June 2021:

Shareholder	# shares	%
HealthCap	12 471 750	14.4 %
Radiumhospitalets Forskningsstiftelse	4 427 255	5.1 %
Fjärde AP-fonden	4 000 000	4.6 %
Goldman Sachs & Co. LLC	1 993 964	2.3 %
Thorendahl Invest AS	1 750 000	2.0 %
VPF Nordea Kapital	1 748 448	2.0 %
Bækkelaget Holding AS	1 669 646	1.9 %
Nordnet Bank AB	1 657 471	1.9 %
VPF Nordea Avkastning	1 649 274	1.9 %
Danske Bank AS	1 558 886	1.8 %
Nordnet Livsforsikring AS	1 498 406	1.7 %
The Bank of New York Mellon SA/NV	1 325 402	1.5 %
Egil Pettersen	1 243 828	1.4 %
Verdipapirfondet Nordea Norge Plus	1 076 603	1.2 %
MP Pensjon PK	991 725	1.1 %
Morgan Stanley & Co. International	970 401	1.1 %
J.P. Morgan Bank Luxembourg S.A.	820 000	0.9 %
Prieta AS	720 000	0.8 %
Sivilingenør Jon-Arild Andreassen AS	625 160	0.7 %
Myrlid AS	610 000	0.7 %
20 largest shareholders	**42 808 219**	**49.4 %**
Other shareholders (5 670)	43 774 186	50.6 %
Total shareholders	**86 582 405**	**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 30 June 2021:

Name	Position	No. of shares outstanding at 30 June 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	35 577
Total no. of shares owned by the Board of Directors of the Group		**217 114**

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	2Q 2021	2Q 2020	1H 2021	1H 2020	FY 2020
Loss for the period	-25 539	-33 291	-48 020	-59 214	-108 126
Average number of outstanding shares during the period	86 568	76 087	86 552	74 107	77 106
Earnings/ loss (-) per share - basic and diluted	**-0.30**	**-0.44**	**-0.55**	**-0.80**	**-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 (AGM) in March 2021 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 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 AGM held in April 2020.

On the basis of the approval by the AGM in 2020 the Board of Directors 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. In the first half of 2021 an additional 35 000 options were distributed amongst other employees.

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 second quarter and first half 2021 was NOK 2.1 million and NOK 3.8 million. For the same period in 2020 it was NOK 1.2 million and NOK 2.4 million and it was 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 2021 and 2020 is estimated at average of 72,85% and 76.06% based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2021 and 2020 is 0.82% and 0.42%.

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

	6M 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	35 000	8.22	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	**6 495 727**	**12,48**	**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 30 June 2021:

Name	Position	Outstanding 31.12.2020	Exercised 1H 2021	Expired 1H 2021	Outstanding 30.06.2021
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 July 2021 to 17 August 2021, 405 new options for shares have been granted to employees and Key Management of the Group, please see Note 12.

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 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 AGM 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 RSUs, hence at the 29 April 2020, additional 95 491 RSU's were granted to the Board of Directors.

The expensed RSUs in second quarter and first half 2021 were NOK 0,3 million and NOK 0,6 million. For the same periods in 2020 it were NOK 0,2 million and NOK 0,5 million and they were NOK 0,9 million for the full year 2020. A total of 299 537 RSUs were outstanding on 30 June 2021.

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

	6M 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	21 299	0.10	-164 467	0.10
Forfeited during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding no. of RSUs at end of period	**299 537**	**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 1H 2021	Exercised 1H 2021	Outstanding 30.06.2021
Board of Directors:					
Damian Marron	Chair 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	-15 250	11 361
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**		**-21 299**	**299 537**

From 1 July 2021 to 17 August 2021 no RSUs have been granted to the Board of Directors.

12. Subsequent events

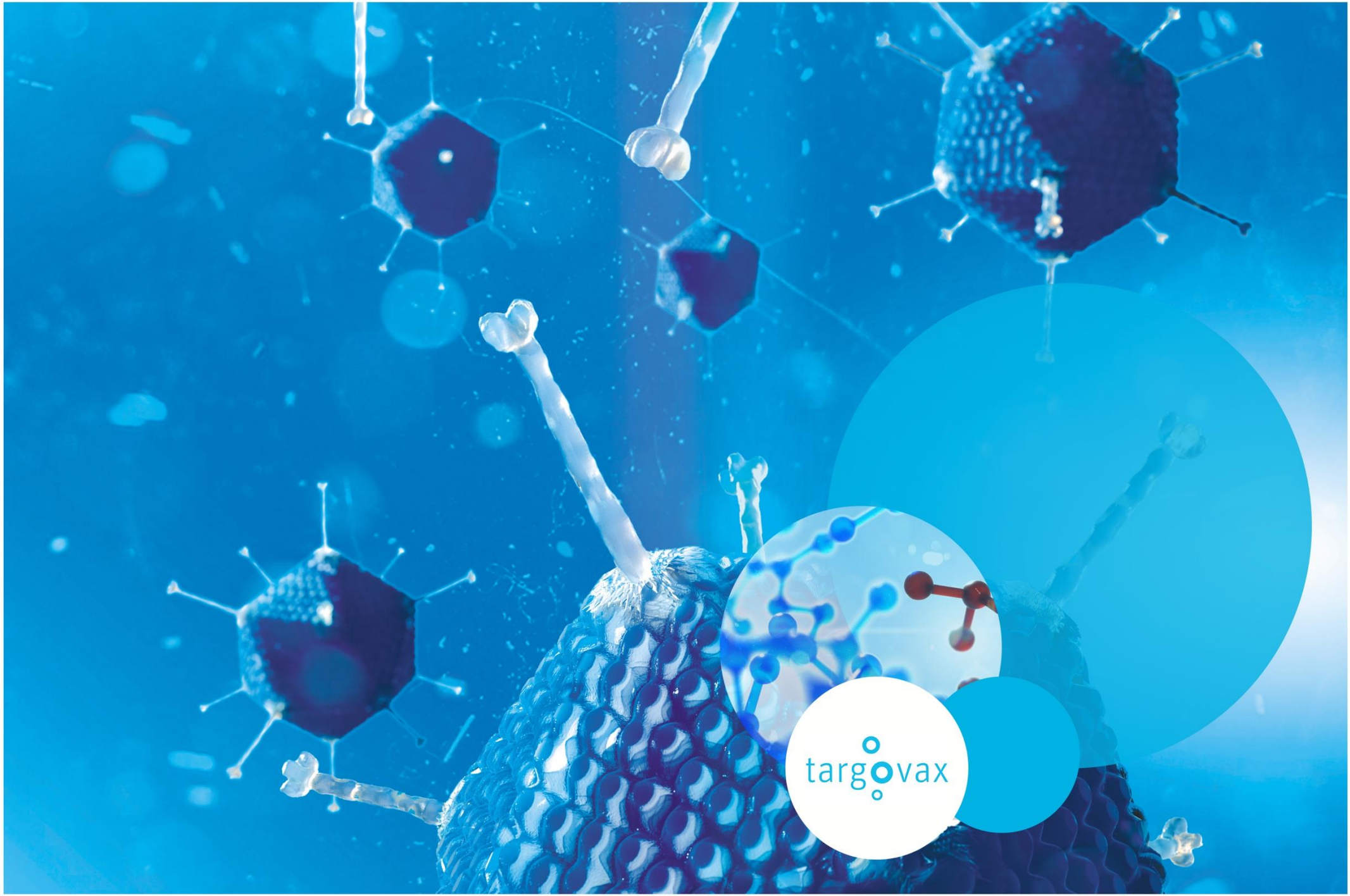
Share options

From 1 July 2021 to 17 August 2021 405 000 new options for shares have been granted to employees and Key Management of the Group:

	1 July – 17 August 2021		6M 2021	
	No. of options	Weighted avg.exercise price (NOK)	No. of options	Weighted avg.exercise price (NOK)
Outstanding at 1 July 2021	6 495 727	12.48	7 310 067	12.94
Granted during the period	405 000	8.35	35 000	8.22
Exercised during the period	-	-	-29 788	6.64
Forfeited during the period	-	-	-277 304	8.73
Expired during the period	-	-	-542 248	20.69
Outstanding no. of share options at end of period	**6 900 727**	**12,23**	**6 495 727**	**12,48**

The following table shows the exercised, expired, granted and outstanding options for shares to Key Management of the Group at 17 August 2021:

Name	Position	Outstanding 30.06.2021	Granted 1 July -	17 August	Outstanding 17.08.2021
Key management:					
Øystein Soug	Chief Executive Officer	1 310 000		-	1 310 000
Magnus Jäderberg	Chief Medical Officer	946 735		-	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
Lone Ottesen	Chief Development Officer	-		350 000	350 000
Ingunn Munch Lindvig	VP Regulatory Affairs	267 000		-	267 000
Kirsi Hellström	Interim Head of CMC	219 000		-	219 000
Total option for shares to key management of the Group		**4 612 735**		**350 000**	**4 962 735**
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**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