
Second quarter and
first half year results
2022
targovax

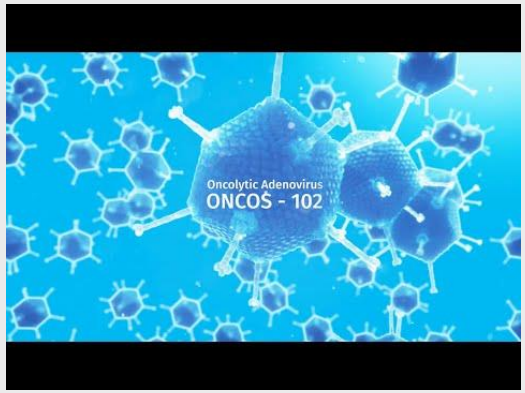
About Targovax

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's focus is to activate the patient's immune system to fight cancer, and thereby bring benefit to cancer patients with few available treatment alternatives. Targovax is assessing its product candidates in different cancer indications, including melanoma, mesothelioma and multiple myeloma, and has demonstrated 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 against the tumor. Following very encouraging clinical data in several indications, both as monotherapy and in combinations, ONCOS-102 is progressing into a randomized phase 2 trial in melanoma patients resistant to PD-1 checkpoint inhibitor treatment.

Building on successful studies demonstrating clinical efficacy and providing deep mechanistic insights, the ONCOS platform is being expanded into delivery of circular RNA (circRNA). In addition, Targovax has a KRAS immunotherapy program, with lead cancer vaccine candidate, TG01, due to enter the clinic in the second half of 2022. This provides Targovax with a rich pipeline of innovative future immunotherapy product candidates to follow ONCOS-102.



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

Second quarter presentation

The management will hold an online presentation 18 August 2022 at 10:00 CET.

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

Upcoming conferences / events

6 September:	LSX Nordic Congress, Copenhagen
12-14 September:	H.C. Wainwright Annual Global Investment Conference, NYC
26-28 September:	RAS Targeted Drug development summit, Boston
10-12 October:	Immuno-Oncology Summit, Boston
8-12 November:	SITC Annual Meeting, Boston
6-8 December:	Oncolytic Virotherapy Summit, Boston

Upcoming data and milestones

2H22	ONCOS-102 melanoma phase 1 trial *– Biomarker data at scientific conference*
2H22	TG01 / QS-21 mutant RAS multiple myeloma *– Initiation of trial (Norway)*
2H22	TG01 / QS-21 mutant RAS undisclosed indication *– Initiation of trial (USA)*
2H22	Circular RNA program – Presentation of first pre-clinical data
4Q22/1Q23:	ONCOS-102 phase 2 trial with anti-PD-1 and anti-CTLA-4 in PD-1 refractory melanoma *– Initiation of trial*

Financial calendar 2022

3 Nov 2022:	Third Quarter presentation

First half year highlights

ONCOS-102

- Signed a clinical collaboration agreement with Agenus for PD-1 and CTLA-4 checkpoint inhibitor supply to the upcoming ONCOS-102 phase 2 melanoma trial

CircRNA pipeline program

- Established a research collaboration with Prof. Michael Uhlin at Karolinska Institutet in Stockholm, Sweden, for development of circRNA and NextGen ONCOS viruses

Mutant KRAS platform

- Signed a clinical supply agreement with Agenus to include the adjuvant QS-21 STIMULON as an immune-stimulatory component of the TG mutant KRAS cancer vaccines
- Awarded two prestigious research grants, totaling NOK 18m, towards the TG mutant RAS program from Innovation Norway and the Norwegian Research Council
- Entered a collaboration with Oslo University Hospital to test TG01/QS-21 vaccination in a phase 1/2 study in multiple myeloma
- Received IND approval from the US FDA to initiate clinical trials with the enhanced TG01/QS-21 vaccine in the USA

Organization

- Appointed circRNA discoverer and pioneer Dr Thomas B Hansen as VP of Research to lead the circRNA pipeline research program
- Strengthened the executive management team with Dr Lubor Gaal as Chief Financial Officer
- Refreshed the Board of Directors with the addition of Dr Raphael Clynes and Mr Thomas Falck

Key figures

Amounts in NOK thousands	2Q 2022	2Q 2021	1H 2022	1H 2021	FY 2021
Total operating revenues	-	-	-	-	-
Total operating expenses	-30 714	-24 529	-59 786	-47 539	-95 601
Operating profit/loss	-30 714	-24 529	-59 786	-47 539	-95 601
Net financial items	1 539	-1 026	164	-513	-2 422
Income tax	10	15	21	31	52
Net profit/loss	-29 165	-25 539	-59 601	-48 020	-97 971
Basic and diluted EPS (NOK/share)	-0.15	-0.30	-0.32	-0.55	-1.10
Net change in cash	-23 709	-24 276	-55 884	-51 130	59 360
Cash and cash equivalents start of period	149 506	95 468	181 682	122 321	122 321
Cash and cash equivalents end of period	125 798	71 192	125 798	71 192	181 682

The interim financial information has not been subject to audit

CEO statement

During the second quarter of 2022 we made important progress on all three pillars of our new and transformative R&D strategy:

- **Through the partnership with Agenus we now have access to novel second generation checkpoint inhibitors for combination with ONCOS-102 in the upcoming phase 2 trial in melanoma**
- **The US FDA approved the IND application for our KRAS vaccine, and two collaborative clinical trials with TG01 are set to open in the second half of the year**
- **We have established a research team at Karolinska Institutet in Stockholm, where we are making important progress on our circular RNA program**

Building a broad strategic collaboration with Agenus – To develop novel immune activating cancer treatments it is essential to have access to the right complementary agents for combination therapy. The cornerstone therapy in melanoma is, and will continue to be, PD-1 checkpoint inhibitors, which will also be a key component in our upcoming ONCOS-102 phase 2 study in melanoma. However, I am particularly excited about the addition of CTLA-4 blockade with the second-generation checkpoint inhibitor botensilimab. We firmly believe that adding anti-CTLA-4 to the combination of ONCOS-102 and PD-1 blockade will strengthen the systemic activity of locally delivered ONCOS-102, and boost response rates beyond the already strong 35% ORR reported in our phase 1 study. We are currently in dialogue with the US FDA regarding the design of our phase 2 multi-cohort trial, and we anticipate regulatory go-ahead during the third quarter and to open the study for recruitment late this year or early in 2023.

Bringing the new and enhanced mutant KRAS cancer vaccine back to the clinic – In June, the US FDA approved the IND application for our lead KRAS vaccine candidate TG01 boosted by the potent adjuvant QS-21 STIMULON provided by our partners at Agenus. This is a major milestone for our mutant RAS immunotherapy program and represents the first time a TG vaccine will enter clinical development in the USA. The US study comes in addition to the collaboration with Oslo University Hospital announced in May where TG01 / QS-21 vaccination will be tested in RAS-mutated multiple myeloma.

Both studies will be led, sponsored and funded by the respective academic institutions and supported by research grants from Innovation Norway and the Norwegian Research Council. As such, we are executing on our strategy to bring the TG program forward in cost-efficient collaborations allowing us to test this innovative immunotherapy approach in several mutant RAS cancer indications in parallel.

Establishing a pipeline engine for the future – Circular RNA is an emerging therapeutic class that offers major advantages over mRNA, and Targovax is an early mover into this new area of biology which opens broad future opportunities. To put our ambitious plans into life, we have recruited top international circRNA scientists and established a collaboration with Professor Michael Uhlin´s laboratory at the Karolinska Institute. We are rapidly expanding our team and capabilities on the ground in Stockholm and have already made important scientific progress. We anticipate to present the first results from our circRNA research program during the fourth quarter 2022.

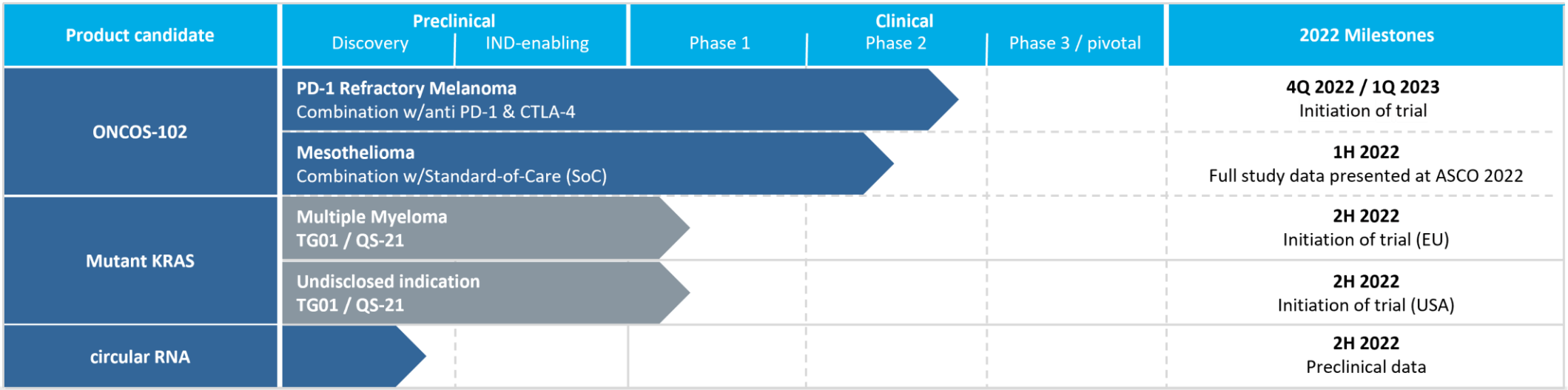
Looking ahead to the second half of the year and beyond – Targovax is establishing a broad and innovative immunotherapy pipeline designed to generate a rich flow of both clinical and pre-clinical data. Through differentiated combinations ONCOS-102 is in position to separate from the competition in anti-PD-1 refractory melanoma. The collaborative TG01 trials offer additional upside potential for the major unmet medical need in mutant RAS cancers, at low cost to Targovax. We believe the biggest opportunity long-term lies in our pre-clinical circular RNA program, which provides a cutting-edge innovation engine for platform expansion, partnering and future value creation for our shareholders.

It is with great enthusiasm the team and I take on the challenge to bring Targovax forward into this exciting future.

Erik Digman Wiklund
CEO Targovax Group

Development pipeline and newsflow

Trial run by collaboration consortium



ONCOS-102 in PD-1 refractory advanced melanoma

The clinical trial explored safety, immune activation, and clinical responses of ONCOS-102 and Keytruda (pembrolizumab), an anti-PD-1 checkpoint inhibitor (CPI), in patients with advanced or unresectable melanoma whose tumors had continued to grow on prior CPI therapy. The trial was led by the Memorial Sloan Kettering Cancer Center in New York and three other centers in the USA and Norway.

The ONCOS-102 and PD-1 CPI combination showed class-leading objective response rates (ORR), robust systemic activity and strong immune activation:

- Tumor responses were observed in 7 out of 20 patients, giving an ORR of 35%
- Evidence of systemic activity was observed in 6 out of 15 patients with non-injected lesions, including two examples of non-injected lesions that completely disappeared
- Strong and persisting immune activation was observed by several analytical methods, with a statistically significant correlation to patient outcome

These strong data warrant further development of ONCOS-102 in PD-1 refractory melanoma. Targovax is preparing a multi-cohort phase 2 trial, due to open in late 2022 or early 2023, where ONCOS-102 will be tested in multiple CPI combinations to further boost the observed response rates and enhance systemic activity to enable potential future out-licensing and regulatory approval.

Based on the encouraging findings to date, Targovax received Fast Track designation for PD-1-refractory advanced melanoma from the US Federal Drug Administration (FDA) in June 2021, which is an endorsement by the US FDA of the strength and relevance of the ONCOS-102 data package.

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 and 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.

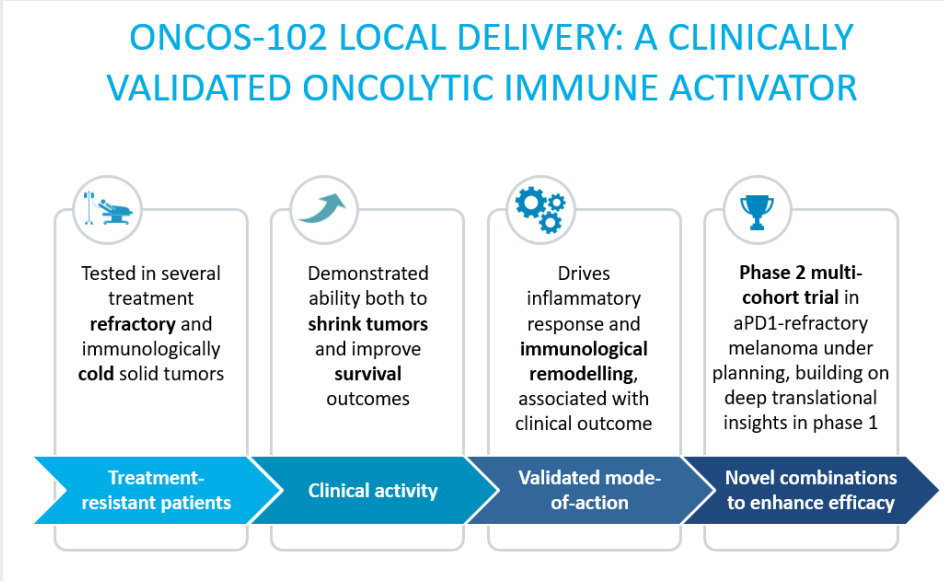
ONCOS-102 in malignant pleural mesothelioma

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

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

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

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.



Next generation ONCOS viruses and circRNA pipeline

The recent success of adenoviral technology in the Covid-19 vaccine space has strengthened the rationale to fully exploit the capability of the ONCOS technology as a delivery system for targeted genetic payloads. Emerging clinical data from Targovax and others indicate that adenovirus is a superior oncolytic vector, particularly when compared to herpes and vaccinia-based approaches.

Targovax has a portfolio of novel ONCOS viruses in pre-clinical development, both in-house and through collaboration with partners. In the second generation ONCOS viruses, the DNA payload capacity of the backbone has been increased beyond ONCOS-102 to include multiple transgenes. The first pre-clinical results from the ONCOS-200 series were presented at the American Association for Cancer Research (AACR) Annual Meeting in June 2020, demonstrating clear 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*.

Targovax has also initiated a research program into the recently discovered area of circular RNA. circRNA is an emerging therapeutic class that offers several important advantages over classical RNA approaches, including enhanced chemically stability and longer half-life. With the circRNA

approach, Targovax has the potential to expand the ONCOS platform technology into an exciting new area of biology. In January 2022, Targovax appointed circRNA co-discoverer and pioneer Dr Thomas B Hansen as VP Research to drive this program, in close collaboration with the research team of Prof. Michael Uhlin at Karolinska Institutet in Stockholm.

In 2020, Targovax entered into a collaboration agreement with Valo Therapeutics to evaluate coating of ONCOS-102 with TG mutant KRAS peptides using Valo´s PeptiCrad technology with the aim of creating an oncolytic mutant KRAS vaccine. Targovax also has a research collaboration with Oblique Therapeutics to utilize ONCOS as a delivery vector for Oblique´s proprietary AbiProt antibodies targeting mutant KRAS. Through these two collaborations, Targovax is exploring the opportunity for bridging its oncolytic virus and KRAS technologies and expertise, and if successful, to generate first-in-class viral therapies engineered to directly target oncogenic KRAS driver mutations.

In summary, Targovax has a broad pipeline of both in-house and partnered pre-clinical research programs, which will be an important focus area in the short- to mid-term to expand and demonstrate the broader potential of ONCOS as a flexible, immune stimulatory, clinically validated delivery platform.

Mutant KRAS platform

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

In December 2021, Targovax received a NOK 9.8 million research grant award from the Research Council of Norway, and in January 2022, Targovax was awarded an additional NOK 8.2 million grant from Innovation Norway, towards the TG mutant KRAS vaccine program and planned clinical trials. These grants will enable continued clinical development of Targovax's TG vaccine candidates, as well as support important immunological characterization and product development.

In March 2022, Targovax announced a clinical supply agreement with Agenus to utilize their proprietary vaccine adjuvant QS-21 STIMULON as an immune-stimulatory component of the TG vaccines for future development and commercialization. QS-21 has consistently demonstrated powerful antibody and cell-mediated immune responses both in cancer trials and commercially as a component of the Shingrix® and Mosquirix™ vaccines. QS-21 should further potentiate the TG vaccines by driving stronger anti-RAS T-cell responses.

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

In June, Targovax announced that the US Food and Drug Administration (FDA) had approved an Investigational New Drug (IND) Application for the combination of TG01 and QS-21 STIMULON. The IND is a major milestone for the TG mutant RAS program and represents the first time that a TG vaccine is authorized for clinical trials in the USA.

Moreover, Targovax and IOVaxis Therapeutics has entered into an option agreement for an exclusive license to develop and commercialize the TG01 and TG02 vaccines in Greater China and Singapore. IOVaxis has the right to exercise the option to license TG upon the first regulatory approval to start a clinical trial in China. IOVaxis has paid an option fee of USD 250,000 to Targovax, and an additional USD 3 million upfront fee is due 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.

IPR / Market exclusivity

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

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

Targovax has attained Orphan Drug Designation in the EU and US for the use of ONCOS-102 in mesothelioma, ovarian cancer, and soft tissue sarcoma, supporting a rapid path to commercialization and ensuring up to 10 years of market protection from the date of market approval in any of these indications.

Experienced team

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

Management team

The management team as per 18 August 2022:

Name	Position
Erik Digman Wiklund	CEO
Lubor Gaal	CFO
Lone Ottesen	CMO
Victor Levitsky	CSO
Ingunn Munch Lindvig	VP Regulatory Affairs
Ola Melin	Head of Manufacturing

Board of Directors

Dr Raphael Clynes and Mr Thomas Falck were elected as new members of the Board of Directors at the Company's Annual General Meeting 20 April 2022.

Dr Clynes

Dr Clynes is an internationally recognized cellular immunologist and medical oncologist. Dr Clynes was on the faculty at the Columbia University where he developed several novel therapeutic approaches in cancer and autoimmunity. Since joining industry in 2014, Dr Clynes has led clinical immunotherapy development, including checkpoint inhibitors and novel CD3 bispecifics, at Bristol Myers Squibb (BMS) and at Xencor, where he is currently VP Translational Biology.

Dr Clynes is an MIT graduate and MSKCC-trained medical oncologist. As a well-recognized expert in clinical immunology, Dr Clynes has extensive prior experience as a contributing member of multiple scientific advisory boards in biopharma and review boards at international research foundations.

Mr Falck

Mr Falck is an experienced CEO, CFO, Board Chair and Non-Executive Director, Venture Capitalist & Growth Investor with demonstrated success in defining and delivering profitable growth while undertaking strategic and organizational change. He has broad experience with Private Equity, Venture Capital, Stock Listed, Family and Government owned entities.

Mr Falck holds an MBA from The Darden School at the University of Virginia and is a graduate of the Norwegian Naval Academy and the Norwegian Defence University College. In addition, Mr Falck has attended Executive Programs at Singularity University and Harvard Business School.

As per 18 August 2022, the Board of Directors consists of experienced professionals with a broad range of complementary competencies: Damian Marron (Chairperson), Raphael Clynes, Bente-Lill Romøren, Eva-Lotta Allan, Sonia Quaratino, Robert Burns, Diane Mellett and Thomas Falck.

Financial review

Results second quarter 2022

Operating expenses amounted to NOK 31 million (NOK 25 million) in the second quarter. The operating expenses are reported net of governmental grants which amounted to NOK 1.7 million in the period (NOK 0.3 million). The net loss amounted to NOK 29 million in the second quarter 2022 (NOK 26 million).

Results first half 2022

In the first half of 2022 Targovax had no core business revenue.

Operating expenses amounted to NOK 60 million (NOK 48 million) in the first half 2022. The operating expenses are reported net of governmental grants which amounted to NOK 2.8 million in the period (NOK 1 million). The net loss amounted to NOK 60 million in the first half 2022 (NOK 48 million).

Financial position and cash flow

Cash and cash equivalents were NOK 126 million at the end of first half 2022 compared to NOK 150 million at end of first quarter 2022 and NOK 182 million at end of fourth quarter 2021.

Net cash flow from operating activities during the second quarter 2022 was negative by NOK 27 million compared to negative NOK 31 million in the first quarter 2022 and NOK 20 million in fourth quarter 2021.

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

Drop-down demerger completed

In July 2022, the Company completed the demerger and merger plan for the transfer of the operational activities of the Company to its wholly-owned subsidiary, Targovax Solutions AS. The plan was approved at the Company's general meeting on 20 April 2022.

The background for the drop-down demerger was that the Board of Directors wished to establish a group holding structure with separate operating companies, rather than having operations in the listed parent company.

Share information

By 9 August 2022 there were 188 473 783 shares outstanding, distributed between 6 817 shareholders. The 20 largest shareholders controlled 34.7% of the shares.

During Q2 2022, Targovax shares traded in the NOK 0.96 – 1.84 range. During the quarter, approx. 64.9 million shares were traded, with an aggregate trading value of NOK 83.5 million.

The closing price on 30 June 2022 was NOK 1.05 per share, corresponding to a market value of NOK 198 million.

The estimated share ownership on 9 August 2022:

	Estimated	
Shareholder	Shares million	Ownership
HealthCap	12.4	6.6 %
Avanza Bank AB (nom.)	8.5	4.5 %
Goldman Sachs Int. (nom.)	5.2	2.8 %
Nordnet Bank AB (nom.)	5.1	2.7 %
Bækkelaget Holding AS	4.6	2.4 %
RadForsk	4.4	2.3 %
Nordea	3.9	2.1 %
Høse AS	3.1	1.6 %
Andreassen, Jon-Arild	2.3	1.2 %
Danske Bank (nom.)	2.3	1.2 %
10 largest shareholders	**51.7**	**27.4 %**
Other shareholders (6 807)	136.8	72.6 %
Total shareholders	**188.5**	**100.0 %**

Risks and uncertainties

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

Outlook

The completed early phase development program has culminated in a deep and competitive data set in several solid tumor types and therapeutic combinations, putting Targovax in a strong position on all of its three R&D pillars:

- ONCOS-102 is moving into phase 2 development to enable potential future out-licensing and regulatory approval
- The mutant KRAS cancer vaccine TG01 is re-entering the clinic in an enhanced format later this year
- The cutting-edge circRNA program provides an innovation engine for pipeline extension and next generation ONCOS candidates

As such, the company is in a strong position with multiple avenues to value creation and a broad pipeline that will deliver rich news flow as the Company moves forward.

Responsibility statement

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 30 June 2022 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 2022

The Board of Directors of Targovax ASA

Damian Marron Chairperson of the Board	**Thomas Falck** Board Member	**Bente-Lill Romøren** Board Member
Sonia Quaratino Board Member	**Raphael Clynes** Board Member	**Robert Burns** Board Member
Eva-Lotta Allan Board Member	**Diane Mellett** Board Member	**Erik Digman Wiklund** CEO

Second quarter and first half 2022 results

Condensed consolidated statement of profit or loss

Amounts in NOK thousands except per share data	*Note*	Unaudited 2Q 2022	Unaudited 2Q 2021	Unaudited 1H 2022	Unaudited 1H 2021	FY 2021
Other revenues		-	-	-	-	
Total revenue		-	-	-	-	
Research and development expenses	*3,4*	-13 936	-8 852	-23 293	-17 929	-37 440
Payroll and related expenses	*5,11*	-13 688	-13 147	-29 907	-24 586	-48 386
Other operating expenses	*3,4*	-2 751	-2 197	-5 905	-4 393	-8 466
Depreciation, amortizations and write downs		-339	-334	-681	-630	-1 309
Total operating expenses		**-30 714**	**-24 529**	**-59 786**	**-47 539**	**-95 601**
Operating profit/ loss (-)		**-30 714**	**-24 529**	**-59 786**	**-47 539**	**-95 601**
Finance income		2 126	-493	2 127	210	245
Finance expense		-587	-533	-1 962	-722	-2 667
Net finance income/ expense (-)		**1 539**	**-1 026**	**164**	**-513**	**-2 422**
Loss before income tax		**-29 175**	**-25 555**	**-59 622**	**-48 052**	**-98 023**
Income tax income/ expense (-)		10	15	21	31	52
Loss for the period		**-29 165**	**-25 539**	**-59 601**	**-48 020**	**-97 971**
Earnings/ loss (-) per share						
Basic and dilutive earnings/loss (-) per share	*10*	**-0.15**	**-0.30**	**-0.32**	**-0.55**	**-1.10**

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

Amounts in NOK thousands	Unaudited 2Q 2022	Unaudited 2Q 2021	Unaudited 1H 2022	Unaudited 1H 2021	FY 2021
Income/ loss (-) for the period	-29 165	-25 539	-59 601	-48 020	-97 971
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of foreign operations	17 756	4 036	11 607	-8 242	-12 927
Total comprehensive income/ loss (-) for the period	**-11 408**	**-21 503**	**-47 994**	**-56 262**	**-110 898**

Condensed consolidated statement of financial position

Amounts in NOK thousands	*Note*	Unaudited 30.06.2022	Unaudited 30.06.2021	31.12.2021
ASSETS				
Intangible assets	*6*	385 114	378 534	371 727
Property, plant, and equipment		87	143	111
Right-of-use asset		1 903	3 111	2 544
Total non-current assets		**387 103**	**381 788**	**374 382**
Receivables		11 383	6 370	9 207
Cash and cash equivalents		125 798	71 192	181 682
Total current assets		**137 181**	**77 562**	**190 889**
TOTAL ASSETS		**524 284**	**459 350**	**565 271**

Amounts in NOK thousands	*Note*	Unaudited 30.06.2022	Unaudited 30.06.2021	31.12.2021
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	*9*	18 847	8 658	18 833
Share premium reserve		-12	1 046 545	-
Other reserves		61 244	57 048	59 620
Retained earnings		249 688	-826 157	309 289
Translation differences		41 592	34 670	29 985
Total equity		**371 359**	**320 765**	**417 726**
Non-current liabilities				
Interest-bearing liabilities	*7*	47 186	55 685	49 523
Deferred tax		61 429	60 421	59 314
Lease liabilities		662	2 001	1 375
Total non-current liabilities		**109 276**	**118 107**	**110 212**
Current liabilities				
Interest-bearing liabilities	*7*	11 751	3 094	7 543
Short-term lease liabilities		1 416	1 258	1 349
Trade payables		8 252	2 454	8 103
Accrued public charges		2 951	2 527	3 203
Other current liabilities		19 280	11 144	17 134
Total current liabilities		**43 649**	**20 478**	**37 333**
TOTAL EQUITY AND LIABILITY		**524 284**	**459 350**	**565 271**

Condensed consolidated statement of changes in equity

Amounts in NOK thousands	*Note*	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total equity
Balance at 31 December 2020		**8 653**	**1 046 476**	**52 684**	**42 912**	**-778 136**	**372 588**
Loss for the period			-	-	-	-97 971	-97 971
Exchange differences arising from the translation of foreign operations			-	-	-12 927	-	-12 927
Other comprehensive income/loss, net of tax			-	-	-	-	-
Total comprehensive income for the period			**-**	**-**	**-12 927**	**-97-971**	**-110 898**
Issue of ordinary shares - Capital increase – Rights issue	*9*	10 174	164 826	-	-	-	175 000
Transaction costs – Rights issue		-	-26 040	-	-	-	-26 040
Share issuance, employee share options & RSU's		9	5	195	-	-	200
Transaction costs – share issuance employee share options & RSU's			-	-59	-	-	-59
Recognition of share-based payments & RSU's		*11*	-	-	6 935	-	6 935
Reclassification of Share premium		-	-1 185 396	-	-	1 185 396	-
Balance at 31 December 2021		**18 833**	**-**	**59 620**	**29 985**	**309 289**	**417 726**
Loss for the period		-	-	-	-	-59 601	-59 601
Exchange differences arising from the translation of foreign operations		-	-	-	11 607	-	11 607
Other comprehensive income/loss, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**11 607**	**-59 601**	-47 994
Share issuance, employee share options & RSU's	9	15	5	-	-	-	20
Transaction costs – share issuance employee share options & RSU's		-	-17	-	-	-	-17
Recognition of share-based payments & RSU's	*11*	-	-	1 625	-	-	1 625
Balance at 30 June 2022		**18 847**	**-12**	**61 244**	**41 592**	**249 688**	**371 359**

Condensed consolidated statement of cash flow

Amounts in NOK thousands	*Note*	Unaudited 2Q 2022	Unaudited 2Q 2021	Unaudited 1HQ 2022	Unaudited 1H 2021	FY 2021
Cash flow from operating activities						
Loss before income tax		-29 175	-25 555	-59 622	-48 052	-98 023
Adjustments for:						
Finance income		-2 126	493	-2 127	-210	-245
Finance expense		587	533	1 962	722	2 667
Interest received		1	-493	2	210	245
Other finance income/expense		-883	-87	-838	22	46
Share option & RSU expense	*11*	567	2 378	1 625	4 364	6 935
Depreciation, amortizations and write downs		339	334	681	630	1 309
Change in receivables		-325	-1 801	-2 176	-1 511	-4 348
Change in other current liabilities		4 310	-70	2 749	-5 574	6 012
Net cash flow from/(used in) operating activities		**-26 705**	**-24 268**	**-57 744**	**-49 397**	**-85 402**
Cash flow from investing activities						
Purchases of property, plant, and equipment (PPE)		-	-	-	-	-
Net cash received from/(paid in) investing activities		**-**	**-**	**-**	**-**	-
Cash flow from financing activities						
Proceeds from borrowings		-	-	-	-	-
Repayment of borrowings		-	-	-	-	-2 023
Repayment of lease liabilities		-378	-367	-756	-736	-1 468
Interest paid	*7*	-	-233	-227	-233	-710
Proceeds from issuing shares -Rights issue, Private Placement and repair offering		-	-	-	-	175 000
Payment for share issue cost -Rights issue, Private Placement and repair offering		-	-	-	-	-25 329
Proceeds from exercise of share options & RSUs		7	2	20	200	200
Payment for share issue cost – share options & RSUs		-	-31	-17	-126	-59
Net cash generated from/(paid in) financing activities		**-371**	**-395**	**-980**	**-895**	**145 610**
Net increase/(decrease) in cash and cash equivalents		**-27 076**	**-24 664**	**-58 724**	**-50 292**	**60 208**
Net exchange gain/loss on cash and cash equivalents		3 367	388	2 840	-837	-848
Cash and cash equivalents at beginning of period		**149 506**	**95 468**	**181 682**	**122 321**	**122 321**
Cash and cash equivalents at end of period		**125 798**	**71 192**	**125 798**	**71 192**	**181 682**

Notes

1. General information

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

Targovax's lead clinical candidate, ONCOS-102, is a genetically modified oncolytic adenovirus, which has been engineered to selectively infect 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 2022.

2. Accounting principles

The interim condensed consolidated financial statements for the Group are prepared using the same accounting principles and calculation methods as used for the statutory, annual financial statements 2021 for Targovax ASA.

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

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

2.1 Basis of preparation

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

2.2 Standards and interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting period and have not been early adopted by the Group. These new standards and interpretations are assessed to be of no material impact for the Group in 2022.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. As at 30 June 2022, 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 2022		2Q 2021		1H 2022		1H 2021		FY 2021	
Amounts in NOK thousands	Total	of which R&D	Total	of which R&D	Total	of which R&D	Total	of which R&D	Total	of which R&D
R&D expenses	13 936	13 936	8 852	8 852	23 293	23 293	17 929	17 929	37 440	37 440
Payroll and related expenses	13 688	6 817	13 147	6 159	29 907	15 318	24 586	11 878	48 386	22 898
Other operating expenses	2 751	91	2 197	-	5 905	135	4 393	0	8 466	40
Depreciation, amortizations and write downs	339	-	334	-	681		630	-	1 309	-
Total operating expenses	**30 714**	**20 845**	**24 529**	**15 011**	**59 786**	**38 746**	**47 539**	**29 807**	**95 601**	**60 377**

4. Government grants

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

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

For the second quarter 2022, the Group has recognized costs reductions of NOK 1.4 million related to SkatteFUNN and NOK 0.3 million related to the grant from the Research Council of Norway.

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

Amounts in NOK thousands	2Q 2022	2Q 2021	1H 2022	1H 2021	FY 2021
R&D expenses	1 347	177	2 217	786	2 888
Payroll and related expenses	373	108	576	215	374
Other operating expenses	16	-	19	-	1
Total grants	**1 737**	**286**	**2 812**	**1001**	**3 263**

5. Payroll and related expenses

Total payroll and related expenses for the Group are:

Amounts in NOK thousands	2Q 2022	2Q 2021	1H 2022	1H 2021	FY 2021
Salaries and bonus[1)]	11 199	7 839	24 251	16 126	33 885
Employer's national insurance contributions	1 454	1 141	3 013	1 917	3 788
Share-based compensation [2)]	567	2 378	1 625	4 364	6 935
Pension expenses – defined contribution plan	625	416	1 217	861	2 200
Other	217	1 481	377	1 533	1 952
Governmental grants	-373	-108	-576	-215	-374
Total payroll and related expenses	**13 688**	**13 147**	**29 907**	**24 586**	**48 386**

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

	30.06.2022	30.06.2021	31.12.2021
Number of employees calculated on a full-time basis as at end of period	19,9	19,8	21,8
Number of employees as at end of period	20	20	22

6. Intangible assets

As of 30 June 2022, the recognized intangible assets in the Group amounts to NOK 385 million. This is an increase from NOK 372 million as of 31 December 2021, due to NOK/EUR foreign exchange fluctuations. The intangible assets are derived from the acquisition of Oncos Therapeutics OY, which was completed in July 2015 and related to the development of ONCOS-102.

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

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

For more information see Note 15 Intangible assets and impairment test in the 2021 Annual Report.

7. Interest bearing debt

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

The Group has received three R&D loans, for the commercialization of ONCOS-102 from Business Finland under loan agreements dated September 2010, February 2012 and December 2013, respectively, in the total outstanding amount of NOK 68.9 million (EUR 6.7 million) as of 30 June 2022.

NOK 11.8 million (EUR 1.1 million) of the total debt NOK 68.9 million (EUR 6.7 million) was classified as a short-term loan as per 30 June 2022. The Group will apply for an extension of the repayment-free period on the loan agreement dated December 2013.

Amortized interests amount to NOK 1.4 million for the first half 2022, and NOK 2.8 million during full year 2021. The amortized interest costs are included as finance costs in the statement of profit or loss.

No new Business Finland loans have been awarded during the first three months of 2022.

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

Changes in liabilities arising from financing activities *(Amounts in NOK thousands)*	Interest-bearing liabilities Business Finland loans
Interest-bearing liabilities 31 December 2020	**61 066**
Cash flow from financing activities	-2 057
Exchange differences	-2 801
Additions to existing loans	-
Change to loan repayment schedules	-1 903
Other transactions without cash settlement	2 760
Interest-bearing liabilities 31 December 2021	**57 066**
Cash flow from financing activities	
Exchange differences	456
Additions to existing loans	-
Change to loan repayment schedules	-
Other transactions without cash settlement	1 414
Interest-bearing liabilities 30 June 2022	**58 936**

See note 21 Interest-bearing debt in the Annual Report 2021 for more information about the Business Finland loans.

8. Fair value of financial instruments

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

	1H 2022		1H 2021		FY 2021	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	11 383	11 383	6 370	6 370	9 207	9 207
Cash and cash equivalents	125 798	125 798	71 192	71 192	181 682	181 682
Total financial assets	**137 181**	**137 181**	**77 562**	**77 562**	**190 889**	**190 889**
Interest-bearing borrowings	58 936	58 936	58 779	58 779	57 066	57 066
Lease liabilities	2 078	2 078	3 259	3 259	2 725	2 725
Trade payables	8 252	8 252	2 454	2 454	8 103	8 103
Total financial liabilities	**69 266**	**69 266**	**64 493**	**64 493**	**67 894**	**67 894**

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 2022:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	58 936	58 936
Total financial instruments at fair value	**-**	**-**	**58 936**	**58 936**

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 31 December 2021:

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

9. Share capital and number of shares

The Company's Board of Directors has in second quarter 2022, in accordance with the authorization granted by the general meeting in April 2022, resolved to increase the share capital with NOK 5 136.20 by the issuance of 51 362 new shares, each with a par value of NOK 0.10 in order to facilitate the exercise of share options and RSUs. 4 502 share options and 46 860 RSUs were exercised at a subscription price of NOK 0.1 per share.

In first quarter 2022 the Board resolved to increase the share capital with NOK 9 583 by the issuance of 95 830 new shares, each with a par value of NOK 0.10 in order to facilitate the exercise of share options and RSUs. 7 479 share options and 88 351 RSUs were exercised at a subscription price of NOK 0.1 per share.

The share capital as of 30 June 2022 is 18 847 378.30 (31 December 2021: 18 832 659.1) comprising 188 473 783 ordinary shares at nominal value NOK 0.10 (31 December 2021: 188 326 591 at NOK 0.10). All shares carry equal voting rights.

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

	2Q 2022	2Q 2021	1H 2022	1H 2021	FY 2021
Ordinary shares at beginning of period	188 422 421	86 561 106	188 326 591	86 531 318	86 531 318
Share issuance – Rights Issue, Private placement and repair offering	-	-	-	-	101 744 186
Share issuance, employee share options and RSUs	51 362	21 299	147 192	51 087	51 087
Ordinary shares at end of period	**188 473 783**	**86 582 405**	**188 473 783**	**86 582 405**	**188 326 591**

The 20 largest shareholders are as follows at 30 June 2022:

Shareholder	# shares	%
HealthCap	124 05 584	6.6 %
Avanza Bank AB	10 408 551	5.5 %
Goldman Sachs International	5 186 161	2.8 %
AP4	4 716 754	2.5 %
Bækkelaget Holding As	4 589 816	2.4 %
Nordnet Bank AB	4 459 042	2.4 %
Radforsk Investeringsstiftelse	4 427 255	2.3 %
Nordnet Livsforsikring As	2 614 168	1.4 %
Sivilingeniør Jon-Arild Andreassen	2 324 671	1.2 %
MP Pensjon PK	2 277 495	1.2 %
Danske Bank A/S	2 206 753	1.2 %
Høse AS	2 069 012	1.1 %
Thorendahl Invest As	2 000 000	1.1 %
Verdipapirfondet Nordea Avkastning	1 649 274	0.9 %
Vaktmestergruppen AS	1 561 473	0.8 %
JPettersen Gruppen AS	1 525 774	0.8 %
Egil Pettersen	1 525 699	0.8 %
Tor Westerheim	1 400 000	0.7 %
Verdipapirfondet Nordea Kapital	1 368 448	0.7 %
Arild Skipperud	1 255 759	0.7 %
20 largest shareholders	**70 158 987**	**37.2 %**
Other shareholders (6 442)	**118 314 796**	**62.8 %**
Total shareholders	**188 473 783**	**100.0 %**

Shareholdings Key Management

The following table provides the total number of shares owned by the Key Management of the Group and member of the Board of Directors, including close associates, as of 30 June 2022:

Name	Position	No. of shares outstanding at 30 June 2022
Key Management:		
Erik Digman Wiklund[1)]	Chief Executive Officer	100 000
Ola Melin	Head of Manufacturing	50 000
Lone Ottesen	Chief Medical Officer	47 000
Ingunn Munch Lindvig	VP, Regulatory Affairs	10 000
Victor Levitsky	Chief Scientific Officer	10 000
Total no. of shares owned by Key Management of the Group		**557 000**
Board of Directors:		
Robert Burns	Board member	275 454
Eva-Lotta Allan	Board member	71 368
Diane Mellett	Board member	102 078
Bente-Lill Romøren	Board member	35 577
Total no. of shares owned by the Board of Directors of the Group		**484 477**

1) The shares are held through Digman AS
Other holdings of shares in the Company related to the Board of Directors:
Johan Christenson and Per Samuelsson, both Members of the Board until 20 April 2022, are partners at HealthCap.

10. Earnings per share

Amounts in NOK thousand	2Q 2022	2Q 2021	1H 2022	1H 2021	FY 2021
Loss for the period	-29 165	-25 539	-59 601	-48 020	-97 971
Average number of outstanding shares during the period	188 440	86 568	188 392	86 552	89 076
Earnings/ loss (-) per share - basic and diluted	**-0.15**	**-0.30**	**-0.32**	**-0.55**	**-1.10**

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

11. Share-based compensation

Share options

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

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

On the basis of the approval by the AGM the Board of Directors resolved to issue new options to employees of the Company. In 2022 a total of 300 000 options for shares in the Company have been distributed amongst the current members of the Key Management and a total of 145 000 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 second quarter and first half 2022 weas NOK 0.4 million and NOK 1.2. For the same periods in 2021 it was NOK 2.0 million and NOK 3.8, and NOK 5.8 million for the full year 2021.

Fair value of the options has been calculated at grant date. The fair value of the options was calculated using the Black-Scholes model. The expected volatility for options issued in 2022 and 2021 is estimated at average of 80.08% and 75.82% based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2022 and 2021 is 1.80% and 1.33%.

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

	6M 2022		FY 2021	
	No. of options	Weighted avg. exercise price (NOK)	No. of options	Weighted avg. exercise price (NOK)
Outstanding at 1 January	7 743 106	10.13	7 310 067	12.94
Granted during the period	445 000	1.69	2 225 000	4.59
Exercised during the period	-11 981	0.51	-29 788	6.64
Forfeited during the period	-586 050	7.87	-1 124 017	8.70
Expired during the period	-397 822	8.74	-638 156	19.83
Outstanding no. of share options at end of period	**7 192 253**	**9.89**	**7 743 106**	**10.13**

The following table shows the exercised, expired, granted and outstanding options for shares to Key Management of the Group at 30 June 2022:

Name	Position	Outstanding 31.12.2021	Granted 1H 2022	Exercised 1H 2022	Expired 1H 2022	Outstanding 30.06.2022
Key Management						
Erik Digman Wiklund	Chief Executive Officer	1 200 000	-	-	-	1 200 000
Lubor Gaal	Chief Financial Officer	-	300 000			300 000
Victor Levitsky	Chief Scientific Officer	545 000	-	-	-	545 000
Lone Ottesen	Chief Medical Officer	490 000	-	-	-	490 000
Ingunn Munch Lindvig	VP Regulatory Affairs	392 000	-	-	-	392 000
Ola Melin	Head of Manufacturing	325 000	-	-	-	325 000
Total option for shares to Key Management of the Group		**1 752 000**	**300 000**	**-**	**-**	**3 252 000**
Board of Directors:						
Robert Burns	Board member	21 235	-	-	-	21 235
Total option for shares to the Board of Directors of the Group		**21 235**	**-**	**-**	**-**	**21 235**

From 1 July 2022 to 17 August 2022, no new options for shares have been granted Key Management of the Group.

Restricted Stock Units

The Board of Directors may choose to receive their remuneration, or parts thereof, in the form of restricted stock units (RSUs). If the Board members choose to receive the Board remuneration in RSUs they must choose to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs.

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

The AGM 20 April 2022 resolved to remunerate the Board of Directors for the period between the AGM 2022 to the AGM 2023 with a combination of cash and Restricted Stock Units (RSUs), and an additional 638 595 RSU's were granted to the Board of Directors. On 31 May 2022, the RSU-holders received in total 79 006 RSUs as an adjustment for the increased share float following the right and repair issues previously completed by the Company pursuant to the terms and conditions of the RSU agreements.

The expensed RSUs in second quarter and first half 2022 were NOK 0.4 million and NOK 0.2 million. For the same periods in 2021 expensed RSUs were NOK 0.3 million and NOK 0.6 million, and NOK 1,1 million for the full year. A total of 211 186 RSUs were outstanding on 30 June 2022.

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

	6M 2022		FY 2021	
	No. of RSUs	Weighted avg. exercise price (NOK)	No. of RSUs	Weighted avg. exercise price (NOK)
Outstanding at 1 January	299 537	0.10	199 084	0.10
Granted during the period	638 595	0.10	121 752	0.10
Exercised during the period	-135 211	0.10	-21 299	0.10
Forfeited during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding no. of RSUs at end of period	**802 821**	**0.10**	**299 537**	**0.10**

The following table shows the exercised, granted and outstanding RSUs to Board of Directors of the Group at 30 June 2022:

		Outstanding 31.12.2021	Granted 1H 2022	Exercised 1H 2022	Outstanding 30.06.2022
Board of Directors:					
Damian Marron	Chair of the Board	43 988	109 365		153 353
Robert Burns	Board member	122 434	32 295	-88 351	66 378
Bente-Lill Romøren	Board member	11 361	2 996		14 357
Diane Mellett	Board member	58 221	73 086	6 049	125 258
Eva-Lotta Allan	Board member	40 811	68 493	-40 811	68 493
Sonia Quaratino	Board member	22 722	121 448		144 170
Raphael Clynes	Board member	-	115 456		115 456
Thomas Falck	Board member	-	115 456		115 456
Total Restricted Stock Units to Board of Directors of the Group		**299 537**	**638 595**	**-135 211**	**802 921**

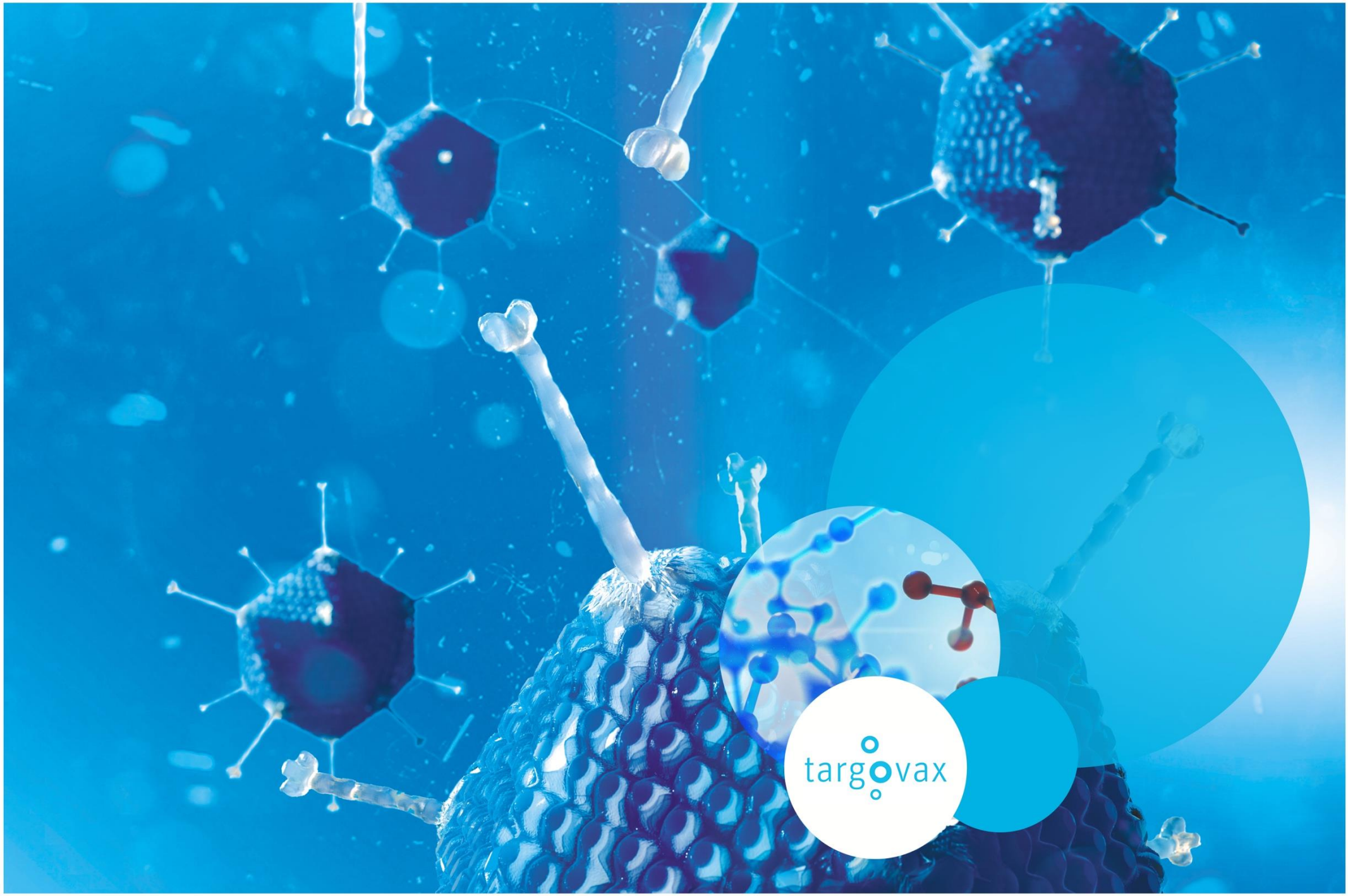
From 1 July 2022 to 17 August 2022, no new RSUs have been granted to the Board of Directors.

12. Subsequent events

Drop-down demerger completed

In July 2022, the Company completed the demerger and merger plan for the transfer of the operational activities of the Company to its wholly-owned subsidiary, Targovax Solutions AS. The plan was approved at the Company's general meeting on 20 April 2022.

The background for the drop-down demerger was that the Board of Directors wished to establish a group holding structure with separate operating companies, rather than having operations in the listed parent company.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