



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	927 150 131
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	TAROVAX SOLUTIONS AS
Forretningsadresse:	c/o Circio Holding ASA Vollsveien 19 1366 LYSAKER

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
-------------------------	-------------------------

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Linda Huser
Dato for fastsettelse av årsregnskapet:	30.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 05.08.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	7,11	26 579 000	
Sum inntekter		26 579 000	
Kostnader			
Varekostnad	8,9	14 267 000	
Lønnskostnad	8,9,11	45 247 000	
	0,11,1 2		
Avskrivning på varige driftsmidler og immaterielle eiendeler	17	1 009 000	
Annen driftskostnad	8,9,13	12 293 000	
Sum kostnader		72 816 000	
Driftsresultat		-46 237 000	
Finansinntekter og finanskostnader			
Annen renteinntekt	14	536 000	
Annen finansinntekt	14	1 995 000	
Sum finansinntekter		2 531 000	
Nedskrivning av finansielle eiendeler	14	696 769 000	
Annen rentekostnad	14	311 000	
Sum finanskostnader		697 080 000	
Netto finans		-694 549 000	
Ordinært resultat før skattekostnad		-740 786 000	0
Ordinært resultat etter skattekostnad		-740 786 000	0
Årsresultat		-740 786 000	0
Overføringer og disponeringer			
Udekket tap		-740 786 000	
Sum overføringer og disponeringer		-740 786 000	



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		22 000	
Sum immaterielle eiendeler		22 000	
Finansielle anleggsmidler			
Investering i datterselskap	5,16	47 000	
Andre fordringer	5,17	1 006 000	
Sum finansielle anleggsmidler		1 053 000	
Sum anleggsmidler		1 075 000	0
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	5,9,11, 14,18	13 648 000	
Sum fordringer		13 648 000	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		49 234 000	40 000
Sum bankinnskudd, kontanter og lignende		49 234 000	40 000
Sum omløpsmidler		62 882 000	40 000
SUM EIENDELER		63 957 000	40 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		30 000	30 000



Balanse

Beløp i: NOK	Note	2022	2021
Overkurs		10 000	10 000
Sum innskutt egenkapital		40 000	40 000
Opptjent egenkapital			
Annen egenkapital		2 775 000	
Udekket tap		740 786 000	
Sum opptjent egenkapital		-738 011 000	
Sum egenkapital		-737 971 000	40 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Skyldige offentlige avgifter	5,21	2 279 000	
Annen kortsiktig gjeld	5,17	1 171 000	
Annen kortsiktig gjeld	5,21	798 478 000	
Sum kortsiktig gjeld		801 928 000	
Sum gjeld		801 928 000	0
SUM EGENKAPITAL OG GJELD		63 957 000	40 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 654355

Enheten

Organisasjonsnummer: 927 150 131
Organisasjonsform: Aksjeselskap
Foretaksnavn: TARGOVAX SOLUTIONS AS
Forretningsadresse: c/o Targovax ASA
Vollsveien 19
1366 LYSAKER

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Linda Huser
Dato for fastsettelse av årsregnskapet: 30.06.2023

Revisjon

Årsregnskapet er utarbeidet av ekstern
autorisert regnskapsfører: Ja
Ekstern autorisert regnskapsfører har i
løpet av regnskapsåret bistått ved den
løpende regnskapsføringen eller utført
andre tjenester for selskapet enn å
utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2022: Årsregnskap er elektronisk innlevert.
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.08.2023

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 927 150 131
TARGOVAX SOLUTIONS AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	7,11	26 579 000	
Sum inntekter		26 579 000	
Kostnader			
Varekostnad	8,9	14 267 000	
Lønnskostnad	8,9,110,1	45 247 000	
Avskrivning på varige driftsmidler og immaterielle eiendeler	17	1 009 000	
Annen driftskostnad	8,9,13	12 293 000	
Sum kostnader		72 816 000	
Driftsresultat		-46 237 000	
Finansinntekter og finanskostnader			
Annen renteinntekt	14	536 000	
Annen finansinntekt	14	1 995 000	
Sum finansinntekter		2 531 000	
Nedskrivning av finansielle eiendeler	14	696 769 000	
Annen rentekostnad	14	311 000	
Sum finanskostnader		697 080 000	
Netto finans		-694 549 000	
Ordinært resultat før skattekostnad		-740 786 000	0
Ordinært resultat etter skattekostnad		-740 786 000	0
Årsresultat		-740 786 000	0
Overføringer og disponeringer			
Udekket tap		-740 786 000	
Sum overføringer og disponeringer		-740 786 000	



Organisasjonsnr: 927 150 131
TARGOVAX SOLUTIONS AS

BALANSE

Beløp i: NOK	Note	2022	2021
--------------	------	------	------

BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		22 000	
Sum immaterielle eiendeler		22 000	

Finansielle anleggsmidler

Investering i datterselskap	5,16	47 000	
Andre fordringer	5,17	1 006 000	
Sum finansielle anleggsmidler		1 053 000	

Sum anleggsmidler		1 075 000	0
--------------------------	--	------------------	----------

Omløpsmidler

Varer

Fordringer

Kundefordringer	5, 9, 11, 14	13 648 000	
Sum fordringer		13 648 000	

Bankinnskudd, kontanter og lignende

Bankinnskudd, kontanter og lignende		49 234 000	40 000
Sum bankinnskudd, kontanter og lignende		49 234 000	40 000

Sum omløpsmidler		62 882 000	40 000
-------------------------	--	-------------------	---------------

SUM EIENDELER		63 957 000	40 000
----------------------	--	-------------------	---------------

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital		30 000	30 000
Overkurs		10 000	10 000
Sum innskutt egenkapital		40 000	40 000

Opptjent egenkapital

Annen egenkapital		2 775 000	
Udekket tap		740 786 000	
Sum opptjent egenkapital		-738 011 000	



Sum egenkapital		-737 971 000	40 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Skyldige offentlige avgifter	5,21	2 279 000	
Annen kortsiktig gjeld	5,17	1 171 000	
Annen kortsiktig gjeld	5,21	798 478 000	
Sum kortsiktig gjeld		801 928 000	
Sum gjeld		801 928 000	0
SUM EGENKAPITAL OG GJELD		63 957 000	40 000



Organisasjonsnr: 927 150 131
TARGOVAX SOLUTIONS AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Regnskapsprinsipper

Årsregnskap er vedlagt. Utarbeider ikke konsernregnskap med denne begrunnelsen: Underkonsern Rskl § 3-7 gir fritak for underkonsernregnskap dersom et norsk morselskap selv er datterselskap og dets morselskap hører hjemme i en EØS-stat, herunder Norge, og det utarbeides et konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper, og dette konsernregnskapet er utarbeidet og revidert i samsvar med lovgivningen i denne staten. Se øvrige betingelser for unntaket i Regnskapsloven - kommentarutgave (EY) § 3-7.

<u>Sum</u>	<u>Beløp</u>		
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>	
<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>	
<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>	
<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>	
<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>	
<u>Pantstillelse</u>	<u>Beløp</u>		
<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>



targovax

Annual Report 2022

Targovax Solutions AS

Org.no. 927 150 131

29 June 2023



Annual Report 2022

Directors' Report.....	3
Accounts and notes.....	10
Auditors report	34



Directors' Report

Targovax Solutions AS (the Company/Targovax), is a clinical stage cancer immunotherapy company. Targovax' clinical programs aim to activate the patient's own immune system to fight cancer, and to bring benefit to cancer patients with few available treatment alternatives.

During 2022 Targovax made important progress on the mutant KRAS-platform, and we believe we are in a strong position to build shareholder value. The Covid-19 pandemic and the conflict in Ukraine has adversely impacted drug development timelines across the industry, but it is the opinion of the Board of Directors that the Company has been somewhat spared from major impacts of the pandemic. Its development processes have all continued according to schedule.

The strategy to enhance the TG mutant RAS program is finally bearing fruit. TG01 is now enhanced by a more potent adjuvant in QS-21 STIMULON, and we have moved to a simplified single sub-cutaneous injection. We expect that these adjustments should drive stronger mutant RAS T-cell responses and make the product easier to use for clinicians and patients. Two collaborative trials have recently opened for recruitment in the USA and Europe, at low cost to Targovax. As such, the company has delivered on the plan to improve the product and enable cost-efficient continued development. We anticipate the two clinical studies to progress rapidly and deliver data in 2024-25, setting the program up for potential partnerships for the next stage of development.

Business and technology platform

Targovax Solutions AS is developing TG-01 a cancer vaccine program based on our neoantigen vaccine targeting mutant KRAS cancers, covering up to eight different mutations. Oncogenic KRAS mutations are the key genetic driver behind many cancers and therefore considered a central target in oncology drug development. In 2022, we have initiated two clinical studies in Norway and the USA to test different treatment combination for patients with multiple myeloma and pancreatic cancer, respectively.

Mutant KRAS platform

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

unmet medical need, TG01 has attained Orphan Drug Designation in pancreatic cancer in both the US and Europe.

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

This new and enhanced vaccine approach will be tested in a phase ½ 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 Innovasjon 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.

In December 2022, Targovax entered into a collaboration agreement with the University of Kansas Cancer Center (KU Cancer Center) and Agenus Inc. to run a clinical trial testing mutant RAS vaccine TG01 in combination with anti-PD1 checkpoint inhibitor balstilimab in pancreatic cancer following surgery and SoC chemotherapy. The trial will be sponsored by KU Cancer Center and led by Dr. Anup Kasi, a leading expert in gastrointestinal cancers. Agenus will provide balstilimab and the vaccine adjuvant QS-21 STIMULON™. TG01/QS-21 vaccination +/- balstilimab will be tested in 24 pancreatic cancer patients who have detectable disease by circulating tumor DNA analysis of blood samples following surgery and SoC.

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. Our patent portfolio also covers potential future product candidates. The company continuously works to strengthen and streamline its patent portfolio.

Important events in 2022

- In January, received NOK 8.2m grant award by Innovation Norway towards the TG mutant KRAS vaccine program
- In January, appointed circRNA discoverer and pioneer Dr. Thomas B. Hansen as VP of Research to lead the circRNA pipeline research program
- In February, strengthened the executive management team with Dr. Lubor Gaal as Chief Financial Officer
- In March, 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
- In May, entered a collaboration with Oslo University Hospital to test TG01/QS-21 vaccination in a phase 1/2 study in multiple myeloma
- In June, received IND approval from the US FDA to initiate clinical trials with the enhanced TG01/QS-21 vaccine in the USA
- In November, Hubro Therapeutics acquired GM-CSF vaccine adjuvant for NOK 10m from Targovax in an asset purchase agreement
- In December, a clinical trial collaboration was announced with Agenus and Kansas University to test TG01 in combination with PD1 checkpoint inhibitor balstilimab in pancreatic cancer
- In December, the TG01 trial in multiple myeloma at Oslo University Hospital received regulatory approvals to proceed

Important events after balance sheet date

- ONCOS-102, owned by Targovax Oy, has shown strong data in phase 1 and a scientifically solid and differentiated phase 2 development plan has been established, endorsed by international cancer experts, partners, and regulators. However, in order to conserve capital Targovax Oy has in 2023 made the decision to only proceed with the phase 2 program once a partnership and / or additional financing has been secured, and hence, for accounting purposes the Company fully impaired its receivable of 3.6 million and its investment in Targovax Oy of NOK 697 million at the end of 2022.

- In March 2023, dosed the first patient with cancer vaccine TG01 in the combination study with PD-1 checkpoint inhibitor (CPI) balstilimab in mutant RAS pancreatic cancer in the USA.
- In June 2023, first patient in multiple myeloma trial dosed with TG01 at Oslo University Hospital

Key figures in the consolidated accounts

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

The background for the drop-down demerger was that the Board of Directors of Circio Holding ASA wished to establish a group holding structure with separate operating companies, rather than having operations in the listed parent company. For further information please see note 5 in Targovax Solutions AS annual accounts and notes.

Income statement (2021 figures in brackets)

In November 2022, Hubro Therapeutics AS acquired Targovax's GM-CSF process development and production project. Under the agreement, Hubro will pay Targovax NOK 10 million for the acquisition of the GM-CSF project, 50% has been paid in the fourth quarter 2022 and 50% iwas paid in the second quarter 2023. Targovax retains conditional buy-back and supply options, and a share in gross proceeds in the event of a re-sale of the asset within a time-limited period. Revenue from subsidiaries amounted to NOK 16.6 million, hence, other revenue for the full year 2022 amounted to NOK 26.6 million (NOK 0 million).

Total operating expenses for the full year 2022 amounted to NOK 72.8 million (NOK 0 million). The operating expenses are reported net of governmental grants which amounted to NOK 4.8 for the full year 2022 (NOK 0 million).

Research and development expenses were NOK 14.3 million (NOK 0 million) for the full year 2022. Research and development expenses are driven primarily by preparation costs for starting clinical trials and manufacturing of clinical supplies.

Payroll and other employee related costs amounted to NOK 45.2 million for the full year 2022 (NOK 0 million). The personnel expenses in 2022 has one-off costs related to change in management.



Other operating expenses amounted to NOK 12.3 million (NOK 0 million) for the full year 2022. The operating expenses in 2022 includes costs related to changes in the organizational structure.

The Depreciation, amortizations and write downs amounted to NOK 1.0 million (NOK 0 million) for the full year 2022.

The operating loss for the full year was NOK 46.2 million (NOK 0 million).

Net financial items amounted to a loss of NOK 694.6 million (NOK 0 million) for the full year. The increase is mainly due to impairment of the investment in the subsidiary Targovax OY. The impairment was done for accounting purposes as the company has made the decision to only proceed with the phase 2 program once a partnership and / or additional financing has been secured.

Losses after tax for the full year were NOK 740.8 million (NOK 0 million).

Cash flow

Net cash flow from operating activities was negative NOK 58.2 million for the full year 2022 (negative NOK 0 million), mainly driven by high activity in research and development.

Net cash flow from investing activities was positive NOK 106.2 million for the full year 2022 (NOK 0 million), mainly due to the cash and cash equivalents received from the parent company Circio Holding ASA in the drop-down demerger.

Net cash flow from financing activities was negative NOK 1.1 million for the full year 2022 (NOK 0 million), mainly due to the repayment of lease liabilities.

Cash and cash equivalents were NOK 49.2 million on 31 December 2022 compared to NOK 0 million on 31 December 2021.

Financial position

Total assets as of 31 December 2022 amounted to NOK 64.0 million, an increase from NOK 0 million on 31 December 2021 mainly due to the assets received from the parent company Circio Holding ASA in the drop-down demerger.

Total current assets amounted to NOK 62.9 million (NOK 0 million), of which cash and cash equivalents amounted to NOK 49.2 million (NOK 0 million 31 December 2021).

Total non-current assets were NOK 1.1 million (NOK 0 million 31 December 2021).

Shareholders' equity amounted to minus NOK 738,0 million as of 31 December 2022 and the equity ratio amounted to minus 11.5 percent.

Total current liabilities amounted to NOK 802 million (NOK 0 million) of which other current liabilities amounted to NOK 783 million (NOK 0 million). The increase in other current liabilities is due to the completion of the demerger and merger plan for the transfer of the operational activities of Circio Holding ASA to its wholly-owned subsidiary, Targovax Solutions AS. The Board will submit a proposal to the general meeting that the share capital will be increased by converting the debt to Circio Holding ASA by increasing the nominal value of the shares.

The Board of Directors proposed that the loss is transferred to accumulated loss.

Going concern

The financial statements for 2022 have been prepared under the going concern assumption, as stipulated in Section 3.3a of the Norwegian Accounting Act. The parent company's convertible bond facility with Atlas Special Opportunities ("Atlas") will secure financing of up to gross NOK 300 million over three years and ensures that the parent company has available financial resources to fund the Company's planned activities, in the next twelve months as of 31 December 2022. Targovax's Directors therefore continues to adopt the going concern basis in preparing the Company's financial statements.

Risk factors and risk management

Targovax is subject to several operational and financial risk factors and uncertainties which may affect parts or all the activities in the Company. The Company proactively manages such risks and management and the Board of Directors regularly analyze operations and potential risk factors to take measures to reduce risk exposure.

Operational risk

Targovax's activity is development of pharmaceutical medications. Development of pharmaceuticals normally goes through several stages before commercialization and risk of failure is generally inherent throughout the process.

The Company is in an early phase in clinical development. Although the end-results from two of the trials are positive, the clinical data are limited, and the results of preclinical studies and early clinical trials of the Company's product candidates may not be predictive of the results of later-stage clinical



Financial risks

Being an early phase research and development company, Targovax is accumulating financial losses. Operating losses are expected to persist during the development phases of the Company's products, and potentially cash generating operations are not expected until one or more of the Company's products are commercialized.

General monitoring of risks related to the financial development is secured through control of financial reporting. This is achieved through day-to-day follow-up by management, supervised by the Board of Directors, through periodical reporting and evaluation. Non-conformance and improvement opportunities are followed up and corrective measures implemented continuously.

Funding of ongoing operations is and will be for some time depending on external sources, mainly equity contributions. Significant changes to financial market conditions, may affect the climate for investor investments.

To maintain and expand the Company's base of potential investors and securing access to risk capital when needed, the Targovax management continuously promote and present the company through investor road shows and participation in industry- and investor seminars.

Fluctuations in exchange rates could affect the Company's cash flow and financial condition. The currency exposure includes both transaction risk and risk related to translation of operating expenses.

Transaction risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. The Company is mainly exposed to fluctuations in EUR, GBP, USD and CHF. Translation risk in the Company arises when amounts denominated in foreign currencies are converted to NOK, the Company's reporting and functional currency.

Targovax has costs and payments in several currencies, EUR the most prominent but also USD and other. Cash inflow takes place in NOK through capital increases. Targovax manages currency risk by matching expected outflows with holdings in all major currencies.

The Company has through its parent company, Circio Holding ASA, a liability insurance. The insurance covers the CEO, the Board of Directors, management, and any other former or present employee with independent management responsibility in Circio Holding ASA and its subsidiaries.

trials. Changes in the standard of care from initiation to completion of a clinical trial is also a risk factor.

Further, delays in the work with ongoing clinical trials, or in the preparations for new clinical studies, are important risk factors. Chemistry, manufacturing and controls for Targovax's drug products are under development and unforeseen incidents and delays may have an impact on the progress of ongoing and planned clinical studies.

As many studies depend on both funding and technology from external partners for completion, uncertainties append to these partners' ability and willingness to carry the studies through.

Development of pharmaceuticals is highly time consuming and costly and as Targovax depends on third parties to conduct its clinical trials, delays or other unforeseen discrepancies outside Targovax's control may occur. Such delays in clinical trials might increase the cost of the trial and additional capital requirements might arise.

Targovax also conduct clinical trials in combination with third party products. Limited access or any other constraints in terms of use of such products may adversely impact the progress or clinical development of Targovax's trials and products.

To secure progress according to plans and budgets, Targovax has implemented and executes routines and practices, including monitoring, evaluation and reporting, to secure planned and approved project developments.

The clinical trials also include volunteer patients and Targovax put great emphasis on the safety of these individuals as well as general regulatory framework of the development of pharmaceuticals. Recruitment of patients may be delayed due to patients' willingness to participate, competing trials and doctors' priorities.

The success, competitive position and future revenues will depend in part on Targovax's ability to protect its intellectual property and know-how. To date, Targovax holds certain exclusive granted patent rights and has filed several patent applications, however, uncertainties related to predicting the degree and range of the protection from its patent estate will always exist as will the risk and uncertainties that may be caused by third party patents. The pharmaceutical industry is characterized by intense competition and rapid innovation. The Company's competitors may be able to develop other compounds or drugs that are able to achieve similar or better results.



The insurance covers NOK 50,000,000 per claim and in total during the insurance period, world-wide including USA and Canada.

Market developments

Overall pharmaceutical market

The IQVIA institute predicts that the global pharmaceutical market will reach USD 1.5 trillion by 2023. The growth is coming mainly from market expansion in emerging countries and demographic trends in developed countries due to an ageing population. Over the coming years the market is expected to grow by 4-5% CAGR.

The U.S. share of global medicine spending will grow up to USD700 billion in 2023, while the European market will grow up to USD225 billion and the China pharmaceutical market is expected to grow slower at 3-6% CAGR and reach ca. USD 170 billion in 2023.

The cancer market

General

In 2019, the global market for cancer medicines was about USD 100 billion and expected to grow to USD 175 billion by 2025 according to Allied Market Research in 2019. This represents a growth rate of close to 8%, which is higher than the pharmaceutical market overall. The market for cancer immunotherapy was estimated at about USD 60 billion in 2019 growing at a CAGR % of 10-15% to reach up to USD130 billion by 2025. Cancer immunotherapy already accounts for over 50% of the cancer medicine market and this share is projected to increase over the coming years.

The Cancer Epidemiology

Cancer Research UK estimates that cancer accounted for close to 10 million deaths globally in 2018, which makes it the world's most deadly disease. There were 17 million new cases of cancer worldwide in 2018. It is predicted there will be 27.5 million new cancer cases worldwide each year by 2040, if recent trends in incidence of major cancers and population growth are maintained globally. A 62% increase from 2018, with a higher rate in males (68% increase) than in females (55% increase).

Types of cancer treatment

The cancer therapy (oncology) market is highly diversified, and the optimal cancer treatment should be selected depending on the type, stage and profile of the cancer, as well as the patient's overall physical condition and age. Traditionally, surgery, chemotherapy, radiation therapy and hormone

therapy are among the most common treatments. However, new and innovative approaches like targeted therapies and immunotherapy are increasingly being utilized for the treatment of cancer.

Immunotherapy

Immunotherapy is a form of therapy designed to activate a patient's immune system to attack and kill cancer cells. The immune system can be utilized in several ways, but the most common is to stimulate or "boost" the immune response and to recognize cancer cells as bad or foreign cells which need to be removed. This can be achieved by giving antibodies, immune activators or non-specific cancer immunotherapies and adjuvants. Immunotherapy is now an important form of treatment in the fight against many types of cancer.

Within immunotherapy there are several different treatment approaches, of which antibodies which target immune checkpoints, so-called "checkpoint inhibitors", are the most successful concept so far. The leading checkpoint inhibitor antibody Keytruda (MSD) which inhibits a target called PD-1 had sales close to USD20 billion in 2022. Another approach is oncolytic viruses which are genetically engineered viruses that selectively infect and kill cancer cells through a process where the cell membrane is broken down, referred to as "lysis". When cancer cells are lysed many tumor antigens (tumor associated antigens (TAAs) and neoantigens) are released, which an activated immune system can detect and mount an immune response against. As a result, the patient's immune cells (e.g. T-cells) learn to recognize and eradicate cancer cells there and throughout the body.

Organization

The Company's management team at year-end consisted of Erik Digman Wiklund, CEO, Lubor Gaal, Chief Financial Officer, Lone Ottesen, Chief Medical Officer, Victor Levitsky, Chief Scientific Officer, Ingunn Munch Lindvig, VP and Head of Regulatory and Ola Melin, VP and Head of Manufacturing.

Targovax Solutions AS has offices in Lysaker, Norway, and its subsidiaries are located in Espoo, Finland and in Hässelby, Sweden.



Corporate social responsibility

Targovax is a clinical stage cancer immunotherapy and RNA therapeutics company. Targovax' clinical programs aim to activate the patient's own immune system to fight cancer, and to bring benefit to cancer patients with few available treatment alternatives. Lead clinical candidate, ONCOS-102, is a genetically modified oncolytic adenovirus, which has been engineered to selectively infect cancer cells and activate the immune system against the tumor. ONCOS-102 has demonstrated excellent safety, strong immune responses and clinical efficacy in several cancer types, both as monotherapy and in combinations. Targovax' second clinical stage program is a KRAS immunotherapy, with lead candidate TG01 currently being tested in studies in RAS-mutated pancreatic cancer and multiple myeloma. Building on deep experience from immunotherapy and viral engineering, Targovax is establishing a cutting-edge circular RNA (circRNA) platform. It's unique and proprietary circVec vector-system for circRNA expression and delivery has broad potential applications and is being explored in multiple settings.

We believe that creating value for patients, customers and society strengthens our business and provides value for shareholders, and that our commitment to corporate social responsibility will enhance this by building strong relationships with our stakeholders.

Our commitment to corporate social responsibility is driven by our values: trust, quality, teamwork and innovation and is reflected in Targovax's focus to develop innovative immunotherapies to fight cancer.

Targovax has a set of Corporate Social Responsibility principles agreed by the Board of Directors of the parent company Cicio Holding ASA on 20 December 2022. They consist of principles related to social commitment, business conduct, anti-corruption, human rights, employment without discrimination, labor rights and work conditions, whistleblowing and environmental responsibility. The complete content of the principles is published on the parent company's website www.cicio.com.

Targovax conducts social commitment through its mission to extend and transform the lives of cancer patients with highly targeted immunotherapy. This mission encompasses all activities from developing products, gaining approval by relevant authorities, working with patient organizations and hospitals and finally getting the products to the market.

Targovax is subject to the Transparency Act, which entered into force on 1 July 2022.

¹ Including consultants

In Targovax, we work continuously to comply with human rights and to ensure that working conditions for all employees comply with human-rights and dignity. Our Code of Conduct commits us to practice fair dealing, honesty and integrity in every aspect in dealing with other employees, business relations and customers, the public, the business community, shareholders, suppliers, competitors and government authorities. The annual ESG Report for the parent company Cicio Holding ASA and its subsidiaries, which will be published by 30 June 2023, will include assessment in compliance with the Transparency Act.

Working environment

Targovax's policy is to promote equal human rights and opportunities and prevent discrimination because of gender, ethnicity, nationality, ancestry, color, or religion.

Targovax is working actively to promote the anti-discrimination act in our business. The activities include recruitment, salary and working conditions, promotion, professional development, and protection against harassment. Targovax aims to be a workplace where there is no discrimination due to disability. Targovax works actively to design and facilitate the physical environment so that the Company's various functions can be used by as many as possible.

As of 31st December 2022, Targovax had a total of 14 full-time employees. The Company has a policy to outsource non-core operations and highly specialized services. The Company has traditionally recruited from environments where the number of women and men is relatively equally represented. In terms of gender equality, 50 percent of the Board members are women, as are 33 percent of the senior management team.

Working time arrangements at the Company are independent of gender. Targovax provides paid parental leave for both genders. Targovax's workforce by gender and employment:

Workforce	Men	Women	Total
Total workforce: ¹	6	9	15
Total workforce full-time employees ¹	6	9	15
Total workforce part-time employees	0	0	0
Number of non-permanent employees	0	0	0



The working environment is measured at least once a year through employee surveys. For the 2022 survey, 90 percent of the employees answer that they feel valued as a member of the organization and 90 percent of employees answer that they feel motivated in their work. 52% percent of Targovax's workforce hold a master's degree and 43 percent hold a PhD.

The Board of Directors considers the work environment within the Company to be good. No accidents or injuries resulting in absence were registered in 2022. Absence due to illness in the Company was 1.52 percent in 2022. Currently zero percent of the company's workforce is operating under a collective bargaining agreement. Due to Targovax currently being a small company in terms of number of employees, the company is not obliged to have employee representatives or a health and safety representative. Targovax has a health and safety management system and does not currently provide any general HSE training for its employees. To ensure safe handling of the viral product, Targovax Quality Management System includes a SOP regarding safe biological sample handling. Employees in relevant roles are trained in using the SOP as part of their onboarding.

The Company's policy prohibits unlawful discrimination against employees, shareholders, Board members, customers, and suppliers on account of ethnic or national origin, age, sex or religion. Respect for the individual is the cornerstone of the Company's policy. All persons shall be treated with dignity and respect, and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities. The Company shall provide the necessary conditions for a safe, healthy and satisfactory working environment for all employees.

Employees shall not, under any circumstances, be subjected to harassment or other improper conduct.

Targovax has not been subject to any legal proceedings regarding working environment or worker's rights in the reporting period.

External environment

Targovax strives to minimize its impact on the environment, and its activities are subject to strict requirements in terms of quality, safety and impacts on personal health and the environment.

All production and distribution activities are outsourced, and when selecting suppliers, Targovax evaluates each candidate's ethical and responsible business conduct including environment, health and safety policy.

The main source of climate emissions from Targovax in 2022 was emissions from the use of electricity for Targovax office in Norway. The company also has emissions from waste generated from Targovax' offices. The company has not identified any direct emissions from its business activities.

Governance and ethics

Ensuring good governance practices involves all people in Targovax. This includes governance as documented in the guidelines for corporate governance, ethical conduct and anti-corruption based on the Targovax values and respect for human rights. Targovax supplier requirements in terms of adherence to our practices, guidelines and values are an integral part of all stages of the procurement process including selection and auditing.

Our corporate values set out our expectation for everyone to behave ethically in everything they do. Our values are trust, quality, teamwork, and innovation.

Targovax considers solid corporate governance as a prerequisite to creating value for shareholders and gaining the confidence of investors. Targovax will strive to comply with the generally accepted principles of good corporate governance through its internal controls and management structure.

Shareholder information

As per 31 December 2022, key management and members of the Board hold no shares in Targovax Solutions AS.

Lysaker, 29 June 2023
The Board of Directors of Targovax Solutions AS

Erik D Wiklund

Dr. Erik Digmán Wiklund
Chairperson of the Board/Managing Director

Linda Huser
Board member



TARGOVAX SOLUTIONS AS 2022

Accounts and notes

Statement of profit or loss Targovax Solutions AS	11
Statement of comprehensive income Targovax Solutions AS	11
Statement of financial position Targovax Solutions AS	12
Statement of changes in equity – Targovax Solutions AS	13
Statement of cashflow – Targovax Solutions AS	14
1. General information	15
2. Summary of significant accounting principles	15
3. Important accounting estimates and discretionary assessments	16
4. Segments	17
5. Drop-down demerger/merger 2022	17
6. Financial instruments and risk management objectives and policies	18
7. Revenue recognition	19
8. Research and development expenses	19
9. Government grants	20
10. Payroll and related expenses	21
11. Related parties	22
12. Share-based compensation	24
13. Other operating expenses	27
14. Financial instruments	27
15. Tax	28
16. Investments in subsidiaries	30
17. Leases	30
18. Receivables	32
19. Cash and cash equivalents	32
20. Share capital and shareholder information	33
21. Current liabilities	33
22. Events after the reporting date	33



Statement of comprehensive income
Targovax Solutions AS

	2022	2021
Income/loss (-) for the period	-740 786	-
Items that may be reclassified to profit or loss:		
Exchange differences arising from the translation of foreign operations	-	-
Total comprehensive income/loss (-) for the period	-740 786	-

Statement of profit or loss
Targovax Solutions AS

	2022	2021
Other revenues	7,11	26 579
Total revenue	26 579	-
Research and development expenses	8,9	-14 267
Payroll and related expenses	8,9,10,11,12	-45 247
Other operating expenses	8,9,13	-12 292
Depreciation, amortizations and write downs	17	-1 009
Total operating expenses	-72 816	-
Operating profit/loss (-)	-46 237	-
Finance income	14	2 531
Finance expense	14	-697 080
Net finance income (expense)	-694 549	-
Loss before income tax	-740 786	-
Income tax expense	15	-
Loss for the period	-740 786	-



Statement of financial position
Targovax Solutions AS

<i>Amounts in NOK thousands</i>	<i>Note</i>	31.12.2022	31.12.2021
ASSETS			
Intangible assets		22	-
Investments in subsidiaries	5,16	47	-
Right-of use assets	5,17	1 007	-
Total non-current assets		1 075	-
Receivables	5,9,11,14,18	13 648	-
Cash and cash equivalents	5,19	49 234	40
Total current assets		62 881	40
TOTAL ASSETS		63 957	40
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		20	30
Share premium reserve			10
Other reserves			2 775
Retained earnings		-740 786	-
Total equity		-737 971	40
CURRENT LIABILITIES			
Short-term lease liabilities		5,17	1 171
Trade payables		5,21	-
Accrued public charges		5,21	2 279
Other current liabilities		5,21	798 478
Total current liabilities		801 928	-
TOTAL EQUITY AND LIABILITIES		63 957	40

Lysaker, 29 June, 2023
The Board of Directors of Targovax Solutions AS

Erik Dighman Wiklund
Chairperson of the Board/Managing Director

Linda Høser
Board member



Statement of changes in equity – Targovax Solutions AS

Amounts in NOK thousands

	Note	Share capital	Share premium	Other reserves	Retained earnings (accumulated)	Total equity
Balance at 31 December 2020		-	-	-	-	-
Loss for the period					-	-
Other comprehensive income/loss, net of tax					-	-
Total comprehensive income for the period					-	-
Issue of ordinary shares	20	30	10			40
Balance at 31 December 2021		30	10	-	-	40
Loss for the period					-740 786	-740 786
Other comprehensive income/loss, net of tax					-	-
Total comprehensive income for the period					-740 786	-740 786
Recognition of share-based payments	12		2 775			2 775
Balance at 31 December 2022		30	10	2 775	-740 786	-737 971



Statement of cashflow – Targovax Solutions AS

<i>Amounts in NOK thousands</i>	<i>Note</i>	2022	2021
Cash flow from operating activities			
Loss before income tax		-740 786	-
Adjustments for:			
Finance income	14	-2 531	-
Finance expense	14	311	-
Interest received	14	535	-
Other finance expense	14	-484	-
Share option expense	12	2 775	-
Depreciation	17	1 009	-
Impaired investment in subsidiary	14	696 769	-
Change in receivables	18	-7 751	-
Change in other current liabilities	21	-8 060	-
Net cash flow from/(used in) operating activities		-58 212	
Cash flow from investing activities			
Investment in intangible assets		-24	-
Effect of demerger/merger – cash transferred to Targovax Solutions AS	5	166 996	-
Investment in subsidiary	16	-60 740	-
Net cash received from/(paid in) investing activities		106 232	
Cash flow from financing activities			
Repayment of lease liabilities	17	-1 168	-
Proceeds from issuing shares	20	-	40
Net cash generated from financing activities		-1 168	40
Net increase/(decrease) in cash and cash equivalents		46 852	40
Net exchange gain/loss on cash and cash equivalents		2 342	-
Cash and cash equivalents at beginning of period		40	-
Cash and cash equivalents at end of period	19	49 234	40



2.1 Basis for preparation of the annual accounts
The financial statements of Targovax Solutions AS have been prepared in accordance with simplified International Financial Reporting Standards (IFRS Light) as adopted by the European Union, as well as Norwegian disclosure requirements listed in the Norwegian Accounting Act.

The financial statements are based on historical cost.
The financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

2.2 Accounting principles
Foreign exchange
The Company record transactions at initial recognition based on the exchange rate at the date of the transaction. The date of a transaction is the date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards. Any exchange differences are recognized in statement of profit or loss under financial items in the period in which they arise.

2.3 Adoption of new and revised IFRS standards
Standards and interpretations affecting amounts reported in the current period
The Company has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.
None of the other new standards, revised standards, amended standards or interpretations have a material impact on the Company's overall results and financial position.

Standards and interpretations in issue but not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These

1. General information
The Company, Targovax Solutions AS, is a Norwegian public limited liability company and the address of the registered office is Vollsvæien 19, 1366 Lysaker, Norway.

Targovax Solutions AS ("the Company") is a clinical stage cancer immunotherapy company. Targovax' clinical programs aim to activate the patient's own immune system to fight cancer, and to bring benefit to cancer patients with few available treatment alternatives.

Targovax' clinical stage program is a KRAS immunotherapy, with lead candidate TG01 currently being tested in studies in RAS-mutated pancreatic cancer and multiple myeloma. Building on broad industry and academic networks, these collaborative trials are highly cost-efficient for Targovax, and are supported by prestigious research grants from Innovation Norway and the Norwegian Research Council.

These financial statements have been approved for issue by the Board of Directors on 29 June 2023 and are subject to approval by the Annual General Meeting in June 2023.

2. Summary of significant accounting principles
The principal accounting policies applied in the preparation of these financial statements are described in the respective note, or if not, set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Amounts are in thousand Norwegian kroner unless stated otherwise.

Functional currency
The functional currency of the Company is NOK. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognized continuously in the accounting period.

Presentation currency
The Company's presentation currency is NOK.



standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.4 Going concern

The Company works continuously to ensure financial flexibility in the short and long-term to achieve its strategic and operational objectives. To date, the Company is mainly funded by contributions from its parent company, Circio Holding ASA, which has financed its operations through private placements, grants, repair offerings and the initial public offering in connection with the listing of the company's shares on Oslo Stock Exchange in 2016.

In February 2023, Circio Holding ASA announced that it has agreed the terms and conditions for a convertible bond facility with Atlas Special Opportunities ("Atlas") which will secure financing of up to gross NOK 300 million over three years. The agreement was approved by an extraordinary general meeting (EGM) of Circio Holding ASA held 9 March 2023. Board of Directors of Targovax Solutions AS has confirmed that the conditions for assuming that the Company is a going concern are present, and that the financial statements have been prepared based on this assumption.

3. Important accounting estimates and discretionary assessments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated value of share-based payments

At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity. The estimated turnover rate for unvested share options is 0 percent for all share option plans. See Note 12 Share-based compensation.

Estimated value of subsidiaries

Shares and investments intended for long-term ownership are reported in the Company's statement of financial position as non-current assets and valued at cost. The Company determines at each reporting date whether there is any objective indication that the investment in the subsidiary is impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the subsidiary and its carrying value and recognizes the amount in the statement of profit or loss. Any realized and unrealized losses and any write downs relating to these investments will be included in the Company's statement of comprehensive income as financial items. See Note 16 Investments in subsidiaries.

Deferred tax asset

A deferred tax asset shall be recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

The Company cannot prove probable future taxable income large enough to justify recognizing a deferred tax asset in the balance sheet. However, this assumption must be continually assessed, and changes could lead to a significant asset being recognized in the future. This assumption requires significant management judgment. See Note 15 Taxes.



4. Segments

The Company's activities during 2022 have been to continue the development and implementation of a strategy with the aim of developing highly targeted immunotherapy treatments for cancer patients.

The Company's lead product has not yet obtained regulatory approval. For management purposes, the Company is organized as one business unit and the internal reporting is structured in accordance with this. The Company is thus currently organized in one operating segment.

5. Drop-down demerger/merger 2022

In July 2022, the parent company Circio Holding ASA completed the demerger and merger plan for the transfer of the operational activities of the parent company to its wholly-owned subsidiary, Targovax Solutions AS. The plan was approved at the parent company's general meeting on 20 April 2022. The background for the drop-down demerger was that the Board of Directors of Circio Holding ASA wished to establish a group holding structure with separate operating companies, rather than having operations in the listed parent company.

The drop-down demerger/merger included a demerger of operations and assets from Circio Holding ASA to Athomstart Invest 586 AS and a merger between Athomstart Invest 586 AS and the parent company's wholly-owned subsidiary Targovax Solutions AS.

As the merger consideration is settled by Circio Holding ASA, a receivable was created between Circio Holding ASA (creditor) against Targovax Solution AS (debtor). The receivable will have a nominal value equal to the book value of the assets, rights, and obligations transferred to Targovax Solution AS by the Merger.

The Merger was implemented with accounting and economic effect from 1 January 2022. From this point in time, Targovax Solution AS is considered to have acquired all assets, rights, and obligations which Targovax Solution AS shall acquire. For accounting purposes, the Demerger/Merger will be carried out with continuity.

The 15 employees in Circio Holding ASA were transferred to Athomstart Invest 586 AS in connection with the Demerger, and then to Targovax Solution AS in the Merger. The transferred employees will continue their employment on current and unaltered conditions.

	Circio Holding ASA		Targovax Solutions AS		Circio Holding ASA	
	31.12.2021	01.01.2022	01.01.2022	01.01.2022	01.01.2022	01.01.2022
<i>Amounts in NOK thousands</i>						
ASSETS						
Investments in subsidiaries	636 077	636 077	636 077	-	-	-
Right-of use assets	2 013	2 013	2 013	-	-	-
Total non-current assets	638 090	638 090	638 090	638 090	638 090	638 090
Receivables	5 897	5 897	5 897	-	-	-
Receivable demerger - Targovax Solutions AS	-	-	-	43 656	43 656	43 656
Receivable merger - Targovax Solutions AS	-	-	-	744 228	744 228	744 228
Cash and cash equivalents	169 996	169 996	166 996	3 000	3 000	3 000
Total current assets	175 892	172 892	172 892	790 884	790 884	790 884
TOTAL ASSETS	813 983	810 983	810 983	790 884	790 884	790 884
EQUITY AND LIABILITIES						
Shareholders' equity						
Share capital	18 833	18 833	-	18 833	-	18 833
Other reserves	53 279	53 279	46 372	6 907	6 907	6 907
Retained earnings	718 772	718 772	-46 372	765 144	765 144	765 144
Total equity	790 884	790 884	-	790 884	-	790 884
Non-current liabilities						
Lease liabilities	1 126	1 126	1 126	-	-	-
Total non-current liabilities	1 126	1 126	1 126	1 126	1 126	1 126
Current liabilities						
Short-term lease liabilities	1 040	1 040	1 040	-	-	-
Trade payables	3 380	3 380	3 380	-	-	-
Trade payable - Circio Holding ASA	-	-	787 884	-	-	-
Accrued public charges	2 817	2 817	2 817	-	-	-
Other current liabilities	14 735	14 735	14 735	-	-	-
Total current liabilities	21 972	21 972	809 856	-	-	-
TOTAL EQUITY AND LIABILITIES	813 983	810 983	810 983	790 884	790 884	790 884

6. Financial instruments and risk management objectives and policies
The Company's financial assets and liabilities comprise cash at bank and cash equivalents, receivables, borrowings and trade creditors that originate from its operations. All financial assets and liabilities are carried at amortized cost. All financial assets and liabilities are short-term and their carrying value approximates fair value.

The Company does currently not use financial derivatives to manage financial risk such as interest rate risk and currency risk. The Company is subject to market risk, credit risk and liquidity risk.

Market risk

Interest rate fluctuations could in the future materially and adversely affect the Company's business, financial condition, results of operations, cash flows, time to market and prospects.

Currently, the Company has no long-term debt. The Company may in the future be exposed to interest rate risk primarily in relation to any future interest-bearing debt issued at floating interest rates and to variations in interest rates of bank deposits. Consequently, movements in interest rates could have a material and adverse effect on the Company's business, financial condition, results of operations, cash flows, time to market and prospects.

Foreign currency risk

Fluctuations in exchange rates could affect the Company's cash flow and financial condition.

Due to the drop-down demerger/merger in 2022 where the operating activities of Circio Holding ASA were transferred to Targovax Solutions AS, please see Note 5, the Company has increased its currency exposure significantly. Transaction risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. For the year 2022, the Company was mainly exposed to fluctuations in EUR, USD, GBP and CHF. The Company hedges foreign currency by aligning the cash positions with future expected currency outflows. The Company does not have derivatives for hedge accounting at year-end.

Translation risk arises due to the conversion of amounts denominated in foreign currencies to NOK, the Company's functional currency.

Credit risk

Credit risk is the risk of a counterparty defaulting. The Company has limited credit risk. Outstanding receivables are limited and primarily government grants receivable from various government

agencies. The carrying value of the assets represents the Company's maximum exposure to credit risk.

The credit quality of financial assets can be assessed by reference to credit ratings.

Cash at bank:

Amounts in NOK thousands	2022		2021		Rating
	Amount	In %	Amount	In %	
Cash at bank:	18 593	100%	40	100%	
Nordea Bank AB	18 593	100%	40	100%	AA-
Money market funds:	30 641	100%	-	0%	
Nordea Likviditet III	30 641	100%	-	0%	
Total	49 234	100%	-	100%	

Fair value of financial instruments

The carrying value of receivables, cash and cash equivalents, borrowings, and trade payables are assessed to approximate fair value.

Amounts in NOK thousands	2022		2021	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	13 648	13 648	-	-
Cash and cash equivalents	49 234	49 234	40	40
Total financial assets	62 881	62 881	40	40
Lease liabilities	-1 171	-1 171	-	-
Total financial liabilities	-1 171	-1 171	-	-



Amounts in NOK thousands	2022	2021
Revenue from subsidiaries	16 579	-
Other revenue	10 000	-
Total operating revenue	26 579	-

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

The Company's products are still in the research and development phase, and it has no revenue from sales of products yet.

8. Research and development expenses

Expenditure on research and development activities is recognized as an expense in the period in which it is incurred. Internal and external research and development costs related to the Company's development of new products are recognized in the statement of profit or loss in the year incurred unless it meets the asset recognition criteria of IAS 38 "Intangible Assets".

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 the marketing authorization is obtained from regulatory authorities. This assessment requires significant management discretion and estimations.

Liquidity risk

The Company manages liquidity risk by estimating and monitoring cash and liquidity needs on an ongoing basis and maintaining adequate reserves and banking facilities. The parent company Circio Holding ASA has entered into an investment agreement with Atlas Special Opportunities, to secure financing by the issuance of convertible bonds with a nominal value of up to NOK 300 million over three years. This facility, approved by the EGM 9 march 2022, will provide the parent company and the Company with sufficient cash to meet its obligations as at 31 December 2022 and related to planned activities in the next 12 months. Hence, the Company is funded into 2024. The Company will need new funding for the next phases of the development program. All liabilities at year-end are short-term and fall due within one year of the reporting date.

The below tables analyses the Company's current and non-current financial liabilities, at 31 December 2022 into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables are the financial undiscounted cash flows. The Company had no financial liabilities at 31 December 2021.

At 31 December 2022						Total
(Amounts in NOK thousands)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	
Lease liabilities	-	304	911	-	-	1 215
Trade payables	-	-	-	-	-	-
Accrued public charges	-	2 279	-	-	-	2 279
Other current liabilities ¹⁾	-	798 478	-	-	-	798 478
Total	-	801 060	911	-	-	801 971

1) NOK 788 million of the other current liabilities is related to the completion of the demerger and merger plan for the transfer of the operational activities of Circio Holding ASA to its wholly-owned subsidiary, Targovax Solutions AS. The Board will submit a proposal to the general meeting that the share capital will be increased by converting the debt to Circio Holding ASA by increasing the nominal value of the shares.

7. Revenue recognition

Revenue comprises the fair value of consideration received or due consideration for the sale of services in regular business activities. Revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is presented net of value added tax.



The following table gives an overview of the Company's research and development expenditures compared to the total operating expenses:

<i>Amounts in NOK thousands</i>	2022		2021	
	Total	Of which R&D	Total	Of which R&D
R&D expenses	14 267	14 267	-	-
Payroll and related expenses	45 247	23 123	-	-
Other operating expenses	12 292	218	-	-
Depreciation, amortizations and write downs	1 009	-	-	-
Total	72 816	37 608	-	-

The following research and development expenditures have been expensed:

<i>Amounts in NOK thousands</i>	2022	2021
R&D related consultancy and other expenses	3 577	-
Cost of manufacturing for R&D	12 882	-
Patent expenses	1 567	-
Government grants	-3 579	-
Total research and development expenses	14 267	-

See note 10 for more information about payroll and related expenses and Note 13 for more information about other operating expenses.

9. Government grants

Government grants are recognized at the value of the contributions at the transaction date. Grants are not recognized until it is probable that the conditions attached to the contribution will be achieved. The grant is recognized in the statement of profit or loss in the same period as the related costs and are presented net.

Government grants are normally related to either reimbursements of employee costs and classified as a reduction of Payroll and related expenses or related to other operating activities and thus classified as a reduction of Research and development expenses or Other operating expenses.

Subsequent of the drop-down demerger/merger in 2022, grants awarded to the parent company were transferred to Targovax Solutions AS.

R&D projects have been approved for SkatteFUNN through 2022. Further, the Company 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 full year 2022 the Company has recognized NOK 3.0 million (NOK 3.3 million 2021) related to SkatteFUNN and NOK 1.8 million related to the grant from the Research Council of Norway.

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

<i>Amounts in NOK thousands</i>	2022	2021
Research and development expenses	3 759	-
Payroll and related expenses	1 021	-
Other operating expenses	35	-
Total grants	4 815	-



Specification of grants receivables:

<i>Amounts in NOK thousands</i>	2022	2021
Grants from SkatteFUNN	2 970	-
Grants from Research Council of Norway	934	-
Total grants receivable	3 904	-

10. Payroll and related expenses

Payroll and related expenses are recognized in the statement of profit or loss in the period in which the related costs are incurred or services are provided.

In 2022, the parent company of Targovax Solutions AS, Circio Holding ASA, has completed a drop-down demerger approved by the annual general meeting (AGM) of the Company on 20 April 2022. All of Circio Holding ASA's employees were transferred to Targovax Solutions AS, please see Note 5.

Bonus scheme

Targovax Solutions AS has a bonus system covering all employees. In 2022 the Company recognized a liability and an expense for bonuses based on a short-term incentive plan for employees linked to achievement of corporate objectives as well as individual objectives determined by the Board.

The Company has recognized as expense NOK 3.5 million, excluding National Insurance Contribution, in provision for bonuses to the Management Team as per 31 December 2022.

Defined contribution plans

Targovax Solutions AS had a defined contribution pension plan as required by the Norwegian Law in 2022. This pension plan applied to all employees of Targovax Solutions AS. Members of the Management Team with residence outside Norway were not part of the company's respective national pension plans. The company paid these executives an annual amount in addition to base salary in lieu of their participation in a company scheme. For defined contribution pension plans, contributions were paid to pension insurance plans and charged to the statement of profit or loss in the period to which the contributions relate.

Equity awards

The Company has recognized as expense NOK 3.3 million in share-based compensation for the year 2022 to the Management Team as per 31 December 2022.

Severance payment

Erik Digmán Wiklund (CEO and Chairman) is entitled to severance pay equal to 12 months' salary in the event of termination of employment. Apart from this, no employee, including any member of Management, has entered into employment agreements which provide for any special benefits upon termination.

Total payroll and related expenses for the Company are:

<i>Amounts in NOK thousands</i>	2022	2021
Salaries and bonus	34 912	-
Employer's national insurance contributions	4 620	-
Share-based compensation ¹⁾	2 775	-
Pension expenses – defined contribution plan	1 755	-
Other	2 205	-
Governmental grants	-1 021	-
Total payroll and related expenses	45 247	-
1) Share-based compensation has no cash effect.		
Number of employees calculated on a full-time basis as at end of period	14.0	-
Number of employees as at end of period	14	-



Remunerations and other benefits to the Management in 2022:

Amounts in NOK	Fixed annual salaries	Earned salaries	Bonus earned	Pension expenses	Benefits in kind	Exercise of share	Total remuneration
Management							
Erik Digma	2 500	2 550	1 125	103	13	-	3 792
Lubor Gaal	2 523	2 028	599	0	142	-	2 769
Lone Ottesen,	2 809	2 826	801	388	134	-	4 149
Victor	514	510	198	0	141	-	849
Ingunn Munch	1 515	1 561	288	103	14	-	1 966
Ola Melin, VP	1 469	1 392	278	460	36	-	2 165
Total	11	10 867	3 289	1 054	481	-	15 691

- 1) Lubor Gaal joined Targovax 7 March 2022. Fixed annual salary is the annual salary in EUR multiplied by the average exchange rate throughout the year.
- 2) Fixed annual salary is the annual salary in GBP multiplied by the average exchange rate throughout the year.
- 3) Victor Levisky is working 20% for Targovax as per 31.12.2022.
- 4) Øystein Soug resigned from his position as Special Advisor and Interim CFO on 30 April 2022. During 2022 his NOK 18 in benefits

All amounts in the tables exclude National Insurance Contribution.

In 2022, the annual general meeting of the Company resolved that all current board members shall not receive any fee for the period from the annual general meeting in 2022 and until the annual general meeting in 2023.

All amounts in the tables exclude National Insurance Contribution.

There are no outstanding loans or guarantees made to the Board of Directors or the Management Team at 31 December 2022.



Holding of shares and options for shares including those of close associates, as at 31 December 2022:

	Holding shares as at 31 Dec 2022	% ownership 31 Dec 2022	Expired options 2022	Exercised options 2022	Granted options 2022	Holding of options as at 31 Dec 2022
Management team:						
Erik Digman Wiklund, Chief Executive Officer ¹⁾	100 000	0.05%			600 000	1 800 000
Lubor Gaal, Chief Financial Officer	-				700 000	700 000
Lone Ottesen, Chief Medical Officer	47 000	0.02%			400 000	890 000
Victor Levitsky, Chief Scientific Officer	10 000	0.01%			100 000	645 000
Ola Melin, Head of Manufacturing	50 000	0.03%			400 000	725 000
Ingunn Munch Lindvig, VP Regulatory Affairs	10 000	0.01%			400 000	792 000
Total Management ⁴⁵	217 000	0.12%			2 600 000	5 552 000

1) The shares are held through Digman AS

2) Magnus Jäderberg, resigned from his position as CMO on 15 February 2022. Per 31.12.22 he holds 775 900 options and 20 000 shares.

3) Øystein Soug, resigned from his position as Interim CFO on 30 April 2022. Per 31.12.22 he holds 929 375 options and 320 000 shares.

The shares are held through Abakus Invest AS



11. Related parties

Related party transactions

Circio Holding ASA entered into a consulting agreement with Levitski V-Biopharm Consulting, a Zurich based company, in April 2020. Levitski V-Biopharm Consulting is a related party of Victor Levitsky, who is a member of Targovax Management Team, Chief Scientific Officer as from April 2020. Levitski V-Biopharm Consulting is entitled to a consultancy fee of CHF 27,085 per month for a 100% position. Viktor Levitsky reduced his position from 100% to 20% as of 1 November 2021. Due to the drop-down demerger/merger this agreement was transferred to Targovax Solutions AS as per 01.01.2022.

The Company entered into a consulting agreement with BioPharma Drug Licensing Group SL, a Barcelona based company, in February 2022. BioPharma Drug Licensing Group SL is a related party of Lubor Gaal, who is a member of Targovax Management Team, Chief Financial Officer as from March 2022. BioPharma Drug Licensing Group SL is entitled to a consultancy fee of EUR 21,400 per month for a 100% position.

Related party transactions:

	2022		2021	
	Revenue (expense)	Receivable (Payable) at 31 December	Revenue (expense)	Receivable (Payable) at 31 December
<i>Amounts in NOK thousands</i>				
Levitski V-Biopharm Consulting	-694	-77	-	-
BioPharma Drug Licensing Group SL	-2 169	-257	-	-

Remuneration to the statutory or (excl. VAT)

	2022	2021
<i>Amounts in NOK thousands</i>		
Statutory audit	619	-
Other attestation services	-	-
Tax services	-	-
Other services	-	-
Total	619	-

See Note 10 Payroll and related expenses and Note 12 Share-based compensation for accounting principle for payroll and related expenses and equity-settled share-based payments in the Company's financial statements.

12. Share-based compensation

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, based on the Company's estimate of equity instruments that will eventually vest. The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any non-market service and performance vesting conditions. The grant date fair value of the options granted is recognized as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (vesting period).

The fair value of the options granted is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate.

Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are recognized as share capital (nominal value) and share premium reserve.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity. Changes to the estimates may significantly influence the expense recognized during a period.



Share options

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

At the Annual General Meeting (AGM) in April 2022 the Board of Directors of the parent company Circio Holding ASA was authorized to increase the Circio Holding ASA's share capital in connection with share incentive arrangements by up to NOK 2 600 000. This authorization replaces the previous authorizations to increase the share capital by up to the lower of NOK 1 250 000 and b) 10% of Circio Holding ASA's outstanding shares, options and RSUs given to the Board of Directors at the AGM held in March 2021.

Circio Holding ASA has granted share options under its long-term incentive program (the "LTi Option Program"). The Option Program applies to the Management Team as well to employees in general. Certain former employees and former board members have also been granted options under the LTi Option Program.

Additionally, Circio Holding ASA has in the past granted options as payment for inventions (the "IPR Option Program").

Each share option converts into one ordinary share of Circio Holding ASA on exercise. Options may be exercised at any time from the date of vesting until expiry. The options generally vest over a period of four years: 25 percent of the options vest on the first anniversary of the grant date and the remaining 75 percent of the options vest in equal monthly tranches over the next 36 months. Options expire seven years after the grant date.

In general, the exercise price of the options is set at the fair value of the shares at grant date.

Certain former employees and former board members have also been granted options under the LTi Option Program as replacement for historical option holdings.

Circio Holding ASA granted 4 555 000 share options during 2022 and 2 225 000 share options during 2021.

As of 31 December 2022, there are in total 10 781 275 (7 743 106 at 31 December 2021) outstanding options for all option programs, 10 781 275 (7 652 698 at 31 December 2021)) options under the LTi Option Program and none (90 408 at 31 December 2021) options under the IPR Option Program.

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 2021 is estimated at average of 81.06% and 75.82 %, based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2022 and 2021 is 2.87% and 1.33%.

The following table shows the changes in outstanding options in 2022:

	2022		2021	
	No. of options	Weighted avg. exercise price (in NOK)	No. of options	Weighted avg. exercise price (in NOK)
Outstanding at 1 January	7 743 106	10.13	-	-
Granted during the period	4 555 000	1.20	-	-
Exercised during the period	-11 981	0.51	-	-
Forfeited	-586 050	7.87	-	-
Expired	-918 800	14.61	-	-
Outstanding no. of options at end of period	10 781 275	6.11	-	-

1) See Note 11 Related parties and Management for further information on granted share options to Management Team.



The average fair value of options granted in 2022 was 0.68 per share and 2.49 per share in 2021. The weighted- average assumptions used to determine the Black Scholes fair value of options granted in 2022 and 2021 were:

	2022	2021
<i>Amounts in NOK thousands</i>		
Volatility (%)	81.06	-
Expected life (in years)	3.66	-
Risk-free interest rate (%)	2.87	-
Share price (NOK)	1.19	-
Exercise price (NOK)	1.20	-

The expensed share options, NOK 3.3 million in 2022 (Targovax Solutions AS: NOK 2.8 million, Targovax OY: NOK 0.5 million and Circio AB: NOK 13 thousand) and NOK 5.8 million in 2021 (Circio Holding ASA: NOK 5.2 million and Targovax OY: NOK 0.6 million), includes management estimate for employee turnover. The estimated turnover rate used for the year 2022 and 2021 was 10%.

At 31 December 2022, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

Exercise price	Outstanding options per		Outstanding options		Vested outstanding	
	12/31/2022	12/31/2022	contractual life	years until vesting	12/31/2022	exercise price
0.00-1.15	4 110 000	6.97	6.97	2.13	-	-
1.16-1.53	315 000	6.21	6.21	1.36	-	-
1.54-2.18	1 155 000	5.99	5.99	1.14	285 000	2.18
2.19-6.06	1 201 375	4.46	4.46	0.55	638 510	5.91
6.07-7.00	95 000	5.27	5.27	0.69	39 888	6.67
7.01-9.70	2 331 165	3.78	3.78	0.36	1 514 538	8.54
9.71-21.00	822 000	1.11	1.11	0.00	822 000	16.56
21.01-25.65	751 735	0.75	0.75	0.00	751 735	22.48
Total	10 781 275	4.98	4.98	1.12	4 051 671	11.87
						2.56

From 1 January 2023 to 29 June 2023, no share options were granted to members of management nor to other employees of the Company.

- o The contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables, receivables from subsidiaries, governmental grant receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- o The rights to receive cash flows from the asset have expired, or
- o The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the Company has transferred substantially all the risks and rewards of the asset, or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial assets at amortized cost

Currently, all the Company's financial assets are categorized as receivables. As at 31 December 2022 and 2021 the Company has TNOK 21 and TNOK 0 in trade receivables, TNOK 480 924 and TNOK 0 in receivable from subsidiaries, TNOK 0 and TNOK 3 263 in government grant receivables and the Company has TNOK 802 and TNOK 801 in short-term deposits. The Company has currently not recognized any non-current financial assets.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

13. Other operating expenses

Expenditure on Other operating expenses is recognized in the statement of profit or loss as an expense in the period in which it is incurred.

<i>Amounts in NOK thousands</i>	2022	2021
Consultancy, advisors' expenses and IR	3 731	-
Travel expenses	1 489	-
Facilities expenses	360	-
IT services and IT-related accessories	1 329	-
Conferences and training	336	-
Impairment receivables – Targovax Oy	3 584	-
Other	1 498	-
Government Grants	-35	-
Total operating expenses	12 292	-

14. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company's financial assets are: governmental grant receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company measures financial assets at amortized cost if both of the following conditions are met:

- o The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,



Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Liabilities at amortized cost (Loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Finance income and expense

All finance income and finance expense, except for foreign exchange income/expense, are related to financial assets and financial liabilities carried at amortized cost. Finance income consists of interest income and foreign exchange gain. Finance expenses mainly consist of impairment of the investment in the subsidiary Targovax Oy, ONCOS-102, owned by Targovax Oy, has shown strong data in phase 1 and a scientifically solid and differentiated phase 2 development plan has been established, endorsed by international cancer experts, partners, and regulators. However, in order to conserve capital Targovax Oy has made the decision to only proceed with the phase 2 program once a partnership and / or additional financing has been secured, and hence, for accounting purposes Targovax Solutions AS fully impaired its investment in Targovax Oy at the end of 2022.

Finance income is:

<i>Amounts in NOK thousands</i>	2022	2021
Interest income on bank deposit	210	-
Interest income on Money Market fund, Nordea Likviditet III	325	-
Net currency gain - bank and other operating items	1 995	-
Total finance income	2 531	-

Finance expense is:

<i>Amounts in NOK thousands</i>	2022	2021
Interest expense on lease liabilities	173	-
Other interest expense	138	-
Impairment of subsidiary - Targovax Oy	696 769	-
Other finance expense	-	-
Total finance expense	697 080	-

15. Tax

Income tax expense comprise current income tax (tax payable) and deferred tax.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available so temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.



The tax losses can be carried forward indefinitely. The Company considers that a deferred tax asset related to accumulated tax losses cannot be recognized in the statement of financial position until the product under development has been approved for marketing by the relevant authorities. This assumption is continually assessed, and changes could lead to significant deferred tax asset being recognized in the future. This assumption requires significant management judgment.

The Company is in the research phase of its product development and has incurred significant tax losses related to its operations. Targovax Solutions AS has a total tax loss carried forward of NOK 568.6 million at 31 December 2022 (31 December 2021: NOK 0 million). NOK 526 million of the tax loss carried forward was transferred in the drop-down demerger/merger transaction 01.0.1.2022. The demerger/merger was carried out with continuity for tax purposes pursuant to the provisions of the Tax Act, whereby tax positions related to the transferred assets, rights and obligations was assumed by the transferee.

No current or deferred tax charge or liability has been recognized for 2022 or 2021.

The tax effects of temporary differences and tax losses carried forward at 31 December are as follows:

<i>Amounts in NOK thousands</i>	2022	2021
Fixed assets	-48	-
Leasing	-165	-
Share options	-0	-
Financial instruments	24	-
Tax loss carried forward	-568 553	-20
Temporary differences and tax losses carried forward at 31.12	-568 741	-20
Deferred tax asset (22% (2021:22%)) not recognized	-125 123	-4
Deferred tax asset	-	-

<i>Amounts in NOK thousands</i>	2022	2021
Loss before income tax	-740 786	-
Tax calculated at (22%) / (22%)	-162 973	-
Tax effect permanent differences	153 635	-
Change in deferred tax not recognized	9 338	-
Tax expense	-	-



16. Investments in subsidiaries

Shares and investments intended for long-term ownership are reported in the Company's statement of financial position as non-current assets and valued at cost. The Company determines at each reporting date whether there is any objective indication that the investment in the subsidiary is impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the subsidiary and its carrying value and recognizes the amount in the statement of profit or loss. Any realized and unrealized losses and any write downs relating to these investments will be included in the Company's statement of comprehensive income as financial items.

	Location	Year incorp.	Share capital	Ownership
Subsidiaries of Targovax Solutions AS:				
-	Targovax OY	2015	EUR 4 035	100%
-	Circio AB	2022	SEK 50	100%

17. Leases

Accounting policies

Identifying a lease

At the inception of a contract, The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct the use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

Separating components in the lease contract

For contracts that constitutes, or contains a lease, the Company separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Company then accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the Company estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

At the lease commencement date, the Company recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Company recognizes the lease payments as Other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Company is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option, if the Company is reasonably certain to exercise that option



Right-of-use assets

The Company leases offices and other facilities, machinery and equipment. The Company's right-of-use assets are categorized and presented in the table below:

Right-of-use assets	Buildings	Total
<i>Amounts in NOK thousands</i>		
Acquisition cost 1 January 2022 ¹	2 013	2 013
Disposal of right-of-use assets	-	-
Acquisition cost 31 December 2022	-	-
Accumulated depreciation and impairment 1 January 2022	-	-
Depreciation 2022	1 007	1 007
Disposals	-	-
Accumulated depreciation and impairment 31 December 2022	1 007	1 007
Carrying amount of right-of-use assets 31 December 2022	1 007	1 007

Remaining lease term at 31 December 2021

- 1) As a consequence of the reorganization done in 2022, all the lease agreements in Circio Holding ASA were transferred to Targovax Solutions AS as at 01.01.2022, please see 5. Drop-down demerger/merger 2022 for more information.

- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The Company do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Company recognizes these costs in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Company presents its lease liabilities as separate line items in the statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Company
- An estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The Company applies the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Company has elected to not apply the revaluation model for its right of use asset for leased buildings.

The Company applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Company presents its right-of-use assets as separate line items in the consolidated statement of financial position.

Targovax annual report 2021



Lease liabilities

Summary of the lease liabilities

	Buildings	Total
<i>Amounts in NOK thousands</i>		
Total lease liabilities at 01.01.2022	2 166	2 166
Disposal of lease liabilities ¹⁾	-1 168	-1 168
Cash payments for the principal portion of the lease liability	-	-
Cash payments for the interest portion of the lease liability	173	173
Interest expense on lease liabilities	-	-
Currency exchange differences	-	-
Total lease liabilities at 31 December 2022	1 171	1 171
Summary of other lease expenses recognized in profit or loss		
Variable lease payments expensed in the period	-	-
Operating expenses in the period related to short-term leases (including short-term low value assets)	33	33
Operating expenses in the period related to low value assets (excluding short-term leases included above)	-	-
Total lease expenses included in other operating expenses	33	33

Please see note 21. Current liabilities for current lease liabilities and Statement of cash flow for cash outflow for leases.

- 1) As a consequence of the reorganization done in 2022, all the lease agreements in Circolo Holding ASA were transferred to Targovax Solutions AS as at 01.01.2022, please see 5. Drop-down demerger/merger 2022 for more information.

The leases do not contain any restrictions on the Company's dividend policy or financing. The Company does not have significant residual value guarantees related to its leases to disclose. The Company has not been granted any rent concessions due to the COVID-19 pandemic in 2022.

Targovax annual report 2021

18. Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Loans and receivables carried at amortized cost are recognized at the transaction price plus direct transaction expenses. The Company's Financial asset receivables mainly comprise short-term deposits for office leases, receivable from subsidiaries and government grants in the Statement of financial position, see Note 9 Government grants for further information of the recognition of grants in the statement of profit or loss. Other receivables comprise VAT receivables and prepaid expenses.

	2022	2021
<i>Amounts in NOK thousands</i>		
Trade receivables	6 250	-
Receivable government grants	3 904	-
Short-term deposits	-	-
Financial asset receivables	10 154	-
Other receivables	3 494	-
Total receivables	13 648	-

19. Cash and cash equivalents

Cash and short-term deposits in the Statement of financial position comprise cash at bank and other short-term highly liquid investments with original maturities of three months or less.

	2022	2021
<i>Amounts in NOK thousands</i>		
Bank deposits	18 593	40
Money Market fund, Nordea Likviditet III	30 641	-
Total cash and cash equivalents	49 234	40

Restricted cash specification:

	2022	2021
<i>Amounts in NOK thousands</i>		
Income tax withholding from employee compensation	1 832	-
Rent deposits ¹⁾	-	-
Total restricted cash	1 832	-

¹⁾ Classified as Receivables.



20. Share capital and shareholder information

Share capital as at 31 December 2022 is 30 000 (06 May 2021: 30 000) comprising 1 000 ordinary shares at nominal value NOK 30. All shares carry equal voting rights.

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

	2022	2021
Ordinary shares at beginning of period	1 000	1 000
Share issuance – Rights issue, private placement and repair offering	-	-
Share issuance, employee share options	-	-
Ordinary shares at end of period	1 000	1 000

The largest shareholders are as follows at 31 December 2022:

Shareholder	# shares	%
Circio Holding ASA	1 000	100.0 %
Total shareholders	1 000	100.0 %

21. Current liabilities

The Company's current liabilities consist of financial liabilities as short-term lease liabilities and current trade payables, and other current liabilities as withholding taxes and accrued expenses and are classified as "current liabilities". Short-term lease liabilities are classified as current liabilities if payment is due within one year or less. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payable and other financial liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Current liabilities consist of:

Amounts in NOK thousands	2022	2021
Short-term lease liabilities	1 171	-
Trade payables	-	-
Financial liabilities	-	-
Other current liabilities	800 757	-
Total current liabilities	801 928	-

22. Events after the reporting date

Post-period highlights

- ONCOS-102, owned by Targovax Oy, has shown strong data in phase 1 and a scientifically solid and differentiated phase 2 development plan has been established, endorsed by international cancer experts, partners, and regulators. However, in order to conserve capital Targovax Oy has in 2023 made the decision to only proceed with the phase 2 program once a partnership and / or additional financing has been secured, and hence, for accounting purposes the Company fully impaired its receivable of 3.6 million and its investment in Targovax Oy of NOK 697 million at the end of 2022.
- In March 2023, dosed the first patient with cancer vaccine TG01 in the combination study with PD-1 checkpoint inhibitor (CPI) balstilimab in mutant RAS pancreatic cancer in the USA.
- In June 2023, first patient in multiple myeloma trial dosed with TG01 at Oslo University Hospital



Targovax Solutions AS

Norwegian office:

Vollsvæien 19,
N-1366 Lysaker
Phone: +47 21 39 88 10

Finnish office:

Stella Business Park,
Lars Sonckin kaari 14
FI-02600 Espoo
Phone: +358 10 279 4000

Swedish office:

Sjöbällsstigen 32,
165 71 HÄSSELBY
Sweden

www.targovax.com









2306 TRVX Solutions AS Annual report v8_to be signed

Final Audit Report

2023-06-29

Created:	2023-06-29
By:	Linda Huser (linda.huser@targovax.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAP6R1hgelrPaO9JIVOEadqVZCxETJVjEI

"2306 TRVX Solutions AS Annual report v8_to be signed" History

-  Document created by Linda Huser (linda.huser@targovax.com)
2023-06-29 - 9:30:56 AM GMT - IP address: 158.248.70.226
-  Document emailed to erik.wiklund@circio.com for signature
2023-06-29 - 9:31:41 AM GMT
-  Email viewed by erik.wiklund@circio.com
2023-06-29 - 10:45:44 AM GMT - IP address: 104.47.51.190
-  Signer erik.wiklund@circio.com entered name at signing as Erik Digman Wiklund
2023-06-29 - 10:47:00 AM GMT - IP address: 89.10.209.40
-  Document e-signed by Erik Digman Wiklund (erik.wiklund@circio.com)
Signature Date: 2023-06-29 - 10:47:02 AM GMT - Time Source: server - IP address: 89.10.209.40
-  Agreement completed.
2023-06-29 - 10:47:02 AM GMT



To the General Meeting of Targovax Solutions AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Targovax Solutions AS (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 29 June 2023

PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant



Skatteetaten

Vår dato
23.05.2023

Din/Deres dato
12.04.2023

Saksbehandler
Vibeke Horne

800 80 000
Skatteetaten.no

Din/Deres referanse
AR546656243

Telefon
90518192

Org.nr
974761076

Vår referanse
2023/5203352

Postadresse
Postboks 9200 Grønland
0134 OSLO

TARGOVAX SOLUTIONS AS
c/o Targovax ASA, Vollsveien 19
1366 LYSAKER

Att. Linda Huser

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Targovax Solutions AS, org.nr. 927 150 131

Vi viser til deres brev innkommet 12. april 2023 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Targovax Solutions AS. Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Targovax Solutions AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Targovax Solutions AS er eid av et norsk selskap og er en del av et internasjonalt konsern. Selskapet har som formål: «Salg og utvikling av biomedisinske produkter og tjenester. Formålet kan fremmes ved deltakelse i eller samarbeid med andre foretak i inn- og utland.»

Engelsk er selskapets og konsernets arbeidsspråk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og



lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet har kun en eier og er i et internasjonalt konsern. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.