Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	996 162 095
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	CIRCIO HOLDING ASA
Forretningsadresse:	St. Olavs plass 5 0165 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Linda Huser
Dato for fastsettelse av årsregnskapet:	22.05.2023

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, 08.08.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	7,11		16 041 000
Sum inntekter			**16 041 000**
Kostnader			
Varekostnad	8,9		15 494 000
Lønnskostnad	8,9,10, 11,12	2 485 000	42 847 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	17		947 000
Annen driftskostnad	8,9,13	1 224 000	7 136 000
Sum kostnader		**3 709 000**	**66 424 000**
Driftsresultat		**-3 709 000**	**-50 383 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	13		269 000
Sum finansinntekter			**269 000**
Impairment receivable		786 448 000	
Impairment Investment		60 000	
Annen rentekostnad			422 000
Annen finanskostnad		105 000	911 000
Sum finanskostnader		**786 613 000**	**1 333 000**
Netto finans		**-786 613 000**	**-1 064 000**
Ordinært resultat før skattekostnad		**-790 322 000**	**-51 447 000**
Ordinært resultat etter skattekostnad		**-790 322 000**	**-51 447 000**
Årsresultat		**-790 322 000**	**-51 447 000**
Overføringer og disponeringer			
Udekket tap		-790 322 000	-51 447 000
Sum overføringer og disponeringer		**-790 322 000**	**-51 447 000**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5,17		2 013 000
Sum varige driftsmidler			**2 013 000**
Finansielle anleggsmidler			
Investering i datterselskap	5,16	636 077 000	636 077 000
Fusjon/Fisjon		-636 077 000	
Sum finansielle anleggsmidler			**636 077 000**
Sum anleggsmidler		**0**	**638 090 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	5,9,11, 14,18	871 000	5 897 000
Sum fordringer		**871 000**	**5 897 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5,19	2 491 000	169 996 000
Sum bankinnskudd, kontanter og lignende		**2 491 000**	**169 996 000**
Sum omløpsmidler		**3 362 000**	**175 893 000**
SUM EIENDELER		**3 362 000**	**813 983 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Balanse

Beløp i: NOK	Note	2022	2021
Selskapskapital	20	18 847 000	18 833 000
Sum innskutt egenkapital		**18 847 000**	**18 833 000**
Opptjent egenkapital			
Annen egenkapital		7 810 000	53 279 000
Annen egenkapital		-25 220 000	718 772 000
Sum opptjent egenkapital		**-17 410 000**	**772 051 000**
Sum egenkapital		**1 437 000**	**790 884 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Lease liabilities	5,17		1 126 000
Sum annen langsiktig gjeld			**1 126 000**
Sum langsiktig gjeld		**0**	**1 126 000**
Kortsiktig gjeld			
Leverandørgjeld	21		3 380 000
Skyldige offentlige avgifter	5,21	284 000	2 817 000
Lease liabilities	5,17		1 040 000
Other	5,21	1 641 000	14 736 000
Sum kortsiktig gjeld		**1 925 000**	**21 973 000**
Sum gjeld		**1 925 000**	**23 099 000**
SUM EGENKAPITAL OG GJELD		**3 362 000**	**813 983 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	6	10 002 000	0
Sum inntekter		**10 002 000**	**0**
Kostnader			
Varekostnad	7,8	47 228 000	37 440 000
Lønnskostnad	7,8,9,10,11	52 238 000	48 386 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	15,16,17	392 673 000	1 309 000
Annen driftskostnad	7,8,12	11 454 000	8 466 000
Sum kostnader		**503 593 000**	**95 601 000**
Driftsresultat		**-493 591 000**	**-95 601 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	13	536 000	245 000
Annen finansinntekt	13	2 824 000	
Sum finansinntekter		**3 360 000**	**245 000**
Annen rentekostnad	13,21	4 994 000	2 009 000
Annen finanskostnad	13	103 000	658 000
Sum finanskostnader		**5 097 000**	**2 667 000**
Netto finans		**-1 737 000**	**-2 422 000**
Ordinært resultat før skattekostnad		**-495 328 000**	**-98 023 000**
Skattekostnad på ordinært resultat		-62 430 000	-52 000
Ordinært resultat etter skattekostnad		**-432 898 000**	**-97 971 000**
Årsresultat		**-432 898 000**	**-97 971 000**
Overføringer og disponeringer			
Udekket tap		-432 898 000	-97 971 000
Sum overføringer og disponeringer		**-432 898 000**	**-97 971 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021

Konsernets balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	15	22 000	371 727 000
Sum immaterielle eiendeler		**22 000**	**371 727 000**
Varige driftsmidler			
Right-of use assets	17	1 245 000	2 544 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	16	5 035 000	111 000
Sum varige driftsmidler		**6 280 000**	**2 655 000**
Sum anleggsmidler		**6 302 000**	**374 382 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	13,18	28 097 000	9 207 000
Sum fordringer		**28 097 000**	**9 207 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	19	66 015 000	181 682 000
Sum bankinnskudd, kontanter og lignende		**66 015 000**	**181 682 000**
Sum omløpsmidler		**94 112 000**	**190 889 000**
SUM EIENDELER		**100 414 000**	**565 271 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	20	18 847 000	18 833 000
Sum innskutt egenkapital		**18 847 000**	**18 833 000**

Konsernets balanse

Beløp i: NOK	Note	2022	2021
Opptjent egenkapital			
Annen egenkapital		-16 281 000	398 893 000
Sum opptjent egenkapital		**-16 281 000**	**398 893 000**
Sum egenkapital		**2 566 000**	**417 726 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	14		59 314 000
Sum avsetninger for forpliktelser			**59 314 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	21	57 433 000	49 523 000
Lease liabilities	17		1 375 000
Sum annen langsiktig gjeld		**57 433 000**	**50 898 000**
Sum langsiktig gjeld		**57 433 000**	**110 212 000**
Kortsiktig gjeld			
Business Finland	21,22	4 531 000	7 543 000
Leverandørgjeld	22	11 383 000	8 103 000
Skyldige offentlige avgifter	22	3 074 000	3 203 000
Lease liabilities	17,22	1 455 000	1 349 000
Annen kortsiktig gjeld	22	19 972 000	17 135 000
Sum kortsiktig gjeld		**40 415 000**	**37 333 000**
Sum gjeld		**97 848 000**	**147 545 000**
SUM EGENKAPITAL OG GJELD		**100 414 000**	**565 271 000**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer:	2023 654019

Enheten

Organisasjonsnummer:	996 162 095
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	CIRCIO HOLDING ASA
Forretningsadresse:	Vollsveien 19 1366 LYSAKER

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Linda Huser
Dato for fastsettelse av årsregnskapet:	22.05.2023

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: 996 162 095
CIRCIO HOLDING ASA

RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	7,11		16 041 000
Sum inntekter			**16 041 000**
Kostnader			
Varekostnad	8,9		15 494 000
Lønnskostnad	8,9,10,11	2 485 000	42 847 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	17		947 000
Annen driftskostnad	8,9,13	1 224 000	7 136 000
Sum kostnader		**3 709 000**	**66 424 000**
Driftsresultat		**-3 709 000**	**-50 383 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	13		269 000
Sum finansinntekter			**269 000**
Impairment receivable		786 448 000	
Impairment Investment		60 000	
Annen rentekostnad			422 000
Annen finanskostnad		105 000	911 000
Sum finanskostnader		**786 613 000**	**1 333 000**
Netto finans		**-786 613 000**	**-1 064 000**
Ordinært resultat før skattekostnad		**-790 322 000**	**-51 447 000**
Ordinært resultat etter skattekostnad		**-790 322 000**	**-51 447 000**
Årsresultat		**-790 322 000**	**-51 447 000**
Overføringer og disponeringer			
Udekket tap		-790 322 000	-51 447 000
Sum overføringer og disponeringer		**-790 322 000**	**-51 447 000**

Organisasjonsnr: 996 162 095
CIRCIO HOLDING ASA

BALANSE

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5,17		2 013 000
Sum varige driftsmidler			**2 013 000**
Finansielle anleggsmidler			
Investering i datterselskap	5,16	636 077 000	636 077 000
Fusjon/Fisjon		-636 077 000	
Sum finansielle anleggsmidler			**636 077 000**
Sum anleggsmidler		**0**	**638 090 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	5,9,11,14	871 000	5 897 000
Sum fordringer		**871 000**	**5 897 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5,19	2 491 000	169 996 000
Sum bankinnskudd, kontanter og lignende		**2 491 000**	**169 996 000**
Sum omløpsmidler		**3 362 000**	**175 893 000**
SUM EIENDELER		**3 362 000**	**813 983 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	20	18 847 000	18 833 000
Sum innskutt egenkapital		**18 847 000**	**18 833 000**
Opptjent egenkapital			
Annen egenkapital		7 810 000	53 279 000
Annen egenkapital		-25 220 000	718 772 000
Sum opptjent egenkapital		**-17 410 000**	**772 051 000**

Sum egenkapital		**1 437 000**	**790 884 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Lease liabilities	5,17		1 126 000
Sum annen langsiktig gjeld			**1 126 000**
Sum langsiktig gjeld		**0**	**1 126 000**
Kortsiktig gjeld			
Leverandørgjeld	21		3 380 000
Skyldige offentlige avgifter	5,21	284 000	2 817 000
Lease liabilities	5,17		1 040 000
Other	5,21	1 641 000	14 736 000
Sum kortsiktig gjeld		**1 925 000**	**21 973 000**
Sum gjeld		**1 925 000**	**23 099 000**
SUM EGENKAPITAL OG GJELD		**3 362 000**	**813 983 000**

Organisasjonsnr: 996 162 095
CIRCIO HOLDING ASA

KONSERNRESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	6	10 002 000	0
Sum inntekter		**10 002 000**	**0**
Kostnader			
Varekostnad	7,8	47 228 000	37 440 000
Lønnskostnad	7,8,9,10,	52 238 000	48 386 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	15,16,17	392 673 000	1 309 000
Annen driftskostnad	7,8,12	11 454 000	8 466 000
Sum kostnader		**503 593 000**	**95 601 000**
Driftsresultat		**-493 591 000**	**-95 601 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	13	536 000	245 000
Annen finansinntekt	13	2 824 000	
Sum finansinntekter		**3 360 000**	**245 000**
Annen rentekostnad	13,21	4 994 000	2 009 000
Annen finanskostnad	13	103 000	658 000
Sum finanskostnader		**5 097 000**	**2 667 000**
Netto finans		**-1 737 000**	**-2 422 000**
Ordinært resultat før skattekostnad		**-495 328 000**	**-98 023 000**
Skattekostnad på ordinært resultat		-62 430 000	-52 000
Ordinært resultat etter skattekostnad		**-432 898 000**	**-97 971 000**
Årsresultat		**-432 898 000**	**-97 971 000**
Overføringer og disponeringer			
Udekket tap		-432 898 000	-97 971 000
Sum overføringer og disponeringer		**-432 898 000**	**-97 971 000**

Organisasjonsnr: 996 162 095
CIRCIO HOLDING ASA

KONSERNBALANSE

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	15	22 000	371 727 000
Sum immaterielle eiendeler		**22 000**	**371 727 000**
Varige driftsmidler			
Right-of use assets	17	1 245 000	2 544 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	16	5 035 000	111 000
Sum varige driftsmidler		**6 280 000**	**2 655 000**
Sum anleggsmidler		**6 302 000**	**374 382 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	13,18	28 097 000	9 207 000
Sum fordringer		**28 097 000**	**9 207 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	19	66 015 000	181 682 000
Sum bankinnskudd, kontanter og lignende		**66 015 000**	**181 682 000**
Sum omløpsmidler		**94 112 000**	**190 889 000**
SUM EIENDELER		**100 414 000**	**565 271 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	20	18 847 000	18 833 000
Sum innskutt egenkapital		**18 847 000**	**18 833 000**
Opptjent egenkapital			
Annen egenkapital		-16 281 000	398 893 000
Sum opptjent egenkapital		**-16 281 000**	**398 893 000**
Sum egenkapital		**2 566 000**	**417 726 000**

Gjeld			
Langsiktig gjeld			
Utsatt skatt	14		59 314 000
Sum avsetninger for forpliktelser			**59 314 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	21	57 433 000	49 523 000
Lease liabilities	17		1 375 000
Sum annen langsiktig gjeld		**57 433 000**	**50 898 000**
Sum langsiktig gjeld		**57 433 000**	**110 212 000**
Kortsiktig gjeld			
Business Finland	21,22	4 531 000	7 543 000
Leverandørgjeld	22	11 383 000	8 103 000
Skyldige offentlige avgifter	22	3 074 000	3 203 000
Lease liabilities	17,22	1 455 000	1 349 000
Annen kortsiktig gjeld	22	19 972 000	17 135 000
Sum kortsiktig gjeld		**40 415 000**	**37 333 000**
Sum gjeld		**97 848 000**	**147 545 000**
SUM EGENKAPITAL OG GJELD		**100 414 000**	**565 271 000**

Organisasjonsnr: 996 162 095
CIRCIO HOLDING ASA

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Regnskapsprinsipper
Årsrapport vedlagt

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Organisasjonsnr: 996 162 095
CIRCIO HOLDING ASA

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note

Regnskapsprinsipper
Årsregnskap er vedlagt

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Rune Tystad	11.12.2015	04.01.2016
Telefon	Deres referanse	Vår referanse
977 59 464	Øystein Soug	2015/1191052

TARGOVAX ASA
Vollsveien 6
1366 LYSAKER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Targovax ASA, org.nr. 996 162 095

Vi viser til deres brev av 11. desember 2015 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Targovax ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Targovax ASA tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig, samt at selskapet gis tillatelse til å rapportere på engelsk til Oslo Børs i tilfelle børnotering.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Targovax ASA har 23 utenlandske aksjonærer som til sammen utgjør 45,8 % i forhold til samlet eierandel. Selskapets største aksjonær (31,6 %) er hjemmehørende i Delaware, USA. Selskapet har datterselskaper i Finland og Sveits. I ledelsen av selskapet og i de utenlandske datterselskapene er det fremmedspråklige ansatte som vil bidra med innspill på engelsk til års- og delårsrapporter og andre informasjonspliktige opplysninger. En vesentlig del av selskapets ledelse og nøkkelansatte kommuniserer kun på engelsk. All intern rapportering til ledelsen og styret foregår på engelsk. Kommunikasjon og rapportering av finansielle tall internt i organisasjonen foregår på engelsk. I tillegg har selskapet flere utenlandske eiere som ønsker rapportering på engelsk. På grunn av sin internasjonale virksomhet har selskapet løpende korrespondanse med utenlandske regulatoriske myndigheter. All slik korrespondanse er på engelsk og all fagterminologi er internasjonal. Den norske versjonen utarbeides kun for å tilfredsstille regnskapsloven. Selskapet har som mål å bli børsnotert i løpet av året 2016.

Skattedirektoratets 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 m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60

> *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 Skattedirektoratets 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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at en stor del av selskapets aksjonærer er utenlandske. Videre er det vektlagt at en vesentlig del av selskapets ledelse og nøkkelansatte kommuniserer kun på engelsk, og at all intern rapportering til ledelsen og styret foregår på engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

Targovax AS
v/ Christian Hals, Advokatfirmaet Thommessen AS, chh@thommessen.no

Deres ref: Vår ref: 853850 Dato:9.9.2015

Targovax AS - Søknad om dispensasjon fra verdipapirhandelloven § 5-13 vedrørende krav til språk ved informasjonspliktige opplysninger

Det vises til søknad fra Targovax AS av 28. august 2015. I søknaden søkes det om dispensasjon fra kravet i verdipapirhandelloven § 5-13 om å rapportere informasjonspliktige opplysninger på norsk. I denne sammenheng søkes det om å benytte engelsk som språk ved rapportering av informasjon som nevnt.

Utstedere med Norge som hjemstat skal i utgangspunktet offentliggjøre opplysninger på norsk, jf. verdipapirhandelloven § 5-13 første ledd. Oslo Børs har hjemmel til å gi dispensasjon fra dette utgangspunktet, jf. forskrift 6. desember 2007 nr. 1359 om innsendelse av flaggemeldinger, offentliggjøring av flaggemeldinger og meldepliktige handler, samt delegering av myndighet til å unnta fra språkkrav etter verdipapirhandelloven (heretter benevnt "forskriften"). I forskriften § 3 heter det følgende:

> "§ 3 Delegering av dispensasjonsmyndighet fra språkkrav
>
> *Regulert marked der verdipapirene er opptatt til handel kan gjøre unntak fra kravet i verdipapirhandelloven § 5-13 første og annet ledd om å gi opplysninger på norsk. Ved vurderingen av om det skal gjøres unntak skal det legges vekt på utstederens aksjonærsammensetning, hvor byrdefullt det fremstår for utstederen å gi opplysninger på norsk i tillegg til andre språk, utstederens arbeidsspråk, og om utstederen før forskriftens ikrafttredelse har hatt dispensasjon."*

Forskriften er utarbeidet av Finanstilsynet, og i høringsnotatet av 5. november 2007 til forskriften uttalte Finanstilsynet følgende om delegeringen (høringsnotatet punkt 3):

> *"Drøftingene i verdipapirhandellovens forarbeider tilsier at kravet om at opplysninger skal gis på norsk skal være det klare utgangspunktet for utstedere med Norge som hjemstat. Forarbeidene omtaler derimot ikke aktuelle momenter som bør tas i betraktning ved utøvelsen av dispensasjonsskjønnet. Finanstilsynet mener at dispensasjon bare bør gis etter en individuell vurdering, og oppstiller noen vilkår for det regulerte markedets utøvelse av dispensasjonsskjønnet. Momenter ved vurderingen bør være aksjonærsammensetning, hvor byrdefullt det fremstår for utstederen å gi opplysninger på norsk i tillegg til andre språk, utstederens arbeidsspråk, og hvilken tradisjon utstederselskapet har hatt (dvs om de før forskriftens ikrafttredelse har hatt dispensasjon)."*

OSLO BØRS ASA Postboks 460 Sentrum, 0105 Oslo. *Besøksadr.*: Tollbugata 2, Oslo
Tlf: +47 22 34 17 00 *Faks*: +47 22 41 65 90 *Org.nr.*: NO 983 268 633 www.oslobors.no

Børsen har foretatt en konkret vurdering av forholdene som er beskrevet i selskapets søknad i forhold til kriteriene i ovennevnte forskrift.

Etter børsens vurdering er de anførte forholdene tilstrekkelige for å kunne innvilge dispensasjon fra språkkravet for Targovax AS.

Det er i søknaden opplyst at selskapet har internasjonal ledelse, engelsktalende nøkkelansatte, internasjonal selskapsstruktur og at selskapets arbeidsspråk er engelsk. Videre opplyses det at all fagterminologi knyttet til selskapets virksomhet er internasjonal. Det fremgår av søknaden at selskapet har liten stab og at det vil påløpe merkostnader som etter selskapet sin vurdering ikke vil gi noe ekstra informasjon til brukerne ved at det rapporteres på norsk i tillegg. Selskapet har per i dag 23 utenlandske aksjonærer som til sammen utgjør ca 46 % i forhold til samlet eierandel og forventer betydelig utenlandsk innslag også etter emisjon i forbindelse med børsintroduksjon.

Oslo Børs har i vurderingen lagt vekt på at selskapet har engelsk som arbeidsspråk, herunder selskapets internasjonale virksomhet, samt at selskapet har internasjonal ledelse og engelsktalende nøkkelansatte. Det er videre lagt vekt på at selskapet forventer et betydelig innslag av utenlandske aksjonærer i forbindelse med emisjonen i tilknytning til børsintroduksjonen. Det er også lagt vekt på at selskapet er i noteringsprosess og at selskapet dermed ikke tidligere som notert selskap har skapt forventning om å rapportere på norsk i markedet. Det fremstår etter en samlet vurdering byrdefullt for selskapet å rapportere på norsk.

På denne bakgrunn har Oslo Børs truffet følgende vedtak:

> Med hjemmel i forskrift 6. desember 2007 nr. 1359 § 3 første punktum innvilger Oslo Børs søknaden fra Targovax AS om dispensasjon fra verdipapirhandelloven § 5-13.

Vedtaket er enkeltvedtak og kan påklages til Finanstilsynet innen 3 uker fra underretning om vedtaket er kommet frem til vedkommende part, jf. forvaltningsloven §§ 28 og 29, jf. § 1. Eventuell klage stiles til Finanstilsynet og sendes til Oslo Børs.

Med hilsen
OSLO BØRS ASA

Lars Jacob Braarud	Linn Cathrin Slettedal
Vice President Listing	Senior Manager Listing

targovax

Annual Report 2022

13 April 2023

Targovax is a clinical stage biotechnology company developing RNA therapeutics and cancer immunotherapy

Annual Report 2022

RNA therapeutics and cancer immunotherapy are some of the fastest growing fields in medicine

Immunotherapy has revolutionized cancer treatment over the past decade, introducing novel drugs that enable the patient's own immune system to eradicate cancer cells. Today, millions of patients achieve long-lasting benefit from immunotherapy. This breakthrough has been led by the checkpoint inhibitors, which have grown into a market worth over USD 30bn in 2022.

Targovax lead clinical-stage immunotherapy candidate ONCOS-102 has demonstrated excellent safety and clinical efficacy in several cancer types. Early results in melanoma are particularly promising, and ONCOS-102 is ready to enter phase 2 in PD-1 resistant melanoma, where no approved treatment options exist today.

About Targovax

Targovax (OSE:TRVX) is an RNA therapeutics and clinical stage cancer immunotherapy company.

Building on deep experience from immunotherapy and viral engineering, Targovax is establishing a cutting-edge circular RNA (circRNA) platform. Its unique and proprietary circVec vector-system for circRNA expression and delivery has broad potential applications and is being explored in multiple settings. The aim is to develop novel clinical candidates for in-house development, as well as to forge early partnerships to broaden and accelerate the circRNA pipeline development.

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 is aiming to progress ONCOS-102 into a randomized phase 2 trial in melanoma patients resistant to PD-1 checkpoint inhibitor treatment, subject to additional financing and/or one or more partnerships.

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 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.

TARGOVAX VISION

Targovax aims to activate the patient's immune system to fight cancer, and thereby bring benefit to cancer patients with few available treatment alternatives

CLASS-LEADING CLINICAL DATA

ONCOS-102 has shown 35% response rate in PD-1 resistant melanoma, which is one of the best published data sets in this immunotherapy-resistant cancer type

CEO Statement

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

The new Targovax

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

Well positioned in the fast-emerging field of circRNA

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

Important clinical milestones delivered

During 2022 we saw continued strong R&D progress and delivered on all major milestones for our three R&D pillars. On the clinical side, the two investigator-sponsored trials with our enhanced mutant RAS vaccine TG01 received regulatory approvals to proceed in the USA and Norway and are now open for recruitment. The ground-work has been completed for a USA-based phase 2 study in PD-1 resistant melanoma, where our lead clinical candidate ONCOS-102 is planned to be tested in combination with new and differentiated checkpoint inhibitors from our partner Agenus. We are currently seeking further financing and/or partnerships to support this truly innovative study based on a strong scientific rationale.

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

Despite a challenging financing climate for the global life sciences sector, in early 2023 we were able to secure a substantial NOK 300 million credit facility from the experienced specialist London-based investor Atlas Capital Markets. This funding will enable us to drive our portfolio of innovative R&D programs, in particular the circVec circRNA platform, forward over the next 3 years. The deal structure provides Targovax with secured access to capital, whilst retaining full flexibility to decide when and how much funds are required, thereby allowing us to plan strategically and build value for our shareholders. In Atlas, we have found a partner which shares our confidence in our R&D portfolio and leading position in circRNA.

Looking ahead

We are now well positioned to execute in 2023. For circRNA, we are running *in vivo* proof-of-concept studies in several settings to firmly establish Targovax as the leader in vector-delivered circRNA therapeutics – aiming to be first into the clinic with a circRNA product for cancer treatment already in 2025. To further strengthen our financial position, we are building on the momentum in the RNA field to actively pursue additional opportunities to help unlock the substantial potential value of our circRNA platform. During the year, we expect TG01 to progress rapidly in clinical studies at major cancer centers in the USA and Europe, teeing up important read-outs in 2024. We remain confident in the significant potential of ONCOS-102 and are actively seeking additional financing partnership opportunities to support our planned phase 2 study in PD-1 resistant melanoma.

Dr. Erik Digman Wiklund
CEO Targovax Group

Directors' Report

During 2022 Targovax made important progress on all three of our three technology platforms, 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 Group has been somewhat spared from major impacts of the pandemic. Its development processes have all continued according to schedule. The highly challenging biotech funding environment has merited very close attention on the part of the Board of Directors as regards the future plans and strategic direction of the company (see below).

The last 1.5 years have seen an explosion in the interest for circular RNA (circRNA). When we first announced our circRNA program in late 2021, few were aware of this emerging therapeutic class. Today, circRNA has grown into one of the most promising concepts in the industry, with substantial recent deals and financings. Targovax is one of the early innovators in this exciting space, employing some of the initial circRNA pioneers, and this is now starting to get noticed. Technical proof-of-concept has been established for our circVec concept, which has broad potential and represents a technologically differentiated platform opportunity. The system is applicable in a variety of therapeutic areas, and offers a unique delivery route to solid tumors, which is difficult to achieve with synthetic circRNA approaches. circRNA co-discoverer and pioneer Dr Thomas B Hansen, VP & Head of Research, drives this program, in close collaboration with the research team of Prof. Michael Uhlin at the Karolinska Institutet in Stockholm. As we look forward, we aim to strengthen and accelerate our circRNA platform development in Stockholm, to capture the unique opportunity that lies before us in an exciting new area of next-generation RNA therapeutics.

Following strong data read-outs in mesothelioma and melanoma in 2020 and 2021, a robust phase 2 development plan for ONCOS-102 has been established by the management team. Step one of this plan is the proposed multi-cohort SOPHOS-213 study in PD-1 resistant melanoma, where Agenus was selected as the collaboration partner to supply two next generation checkpoint inhibitors for combination with ONCOS-102. We are particularly excited about the prospect of the triple treatment with anti-PD-1 balstilimab, Fc-enhanced anti-CTLA-4 botensilimab and ONCOS-102. However, in the current challenging biotech financing conditions, it is the view of the Board that the phase 2 study should only be pursued once an additional partner or additional source of financing can be secured.

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.

Strategy and strategic focus areas

Targovax is committed to develop its novel RNA platform for oncology and beyond and its innovative immunotherapies to extend and transform the lives of cancer patients.. The Group is aiming to firmly establish itself in the forefront of circRNA development and to remain a leader in oncolytic virus and mutant RAS immunotherapies.

The Group's strategy is to:

- Establish technical and *in vivo* proof-of-concept for the circVec circRNA vector system in multiple therapeutic areas to demonstrate platform potential
- Secure an additional partner or other means of financing to enable ONCOS-102 to move forward into phase 2 development in PD-1 resistant melanoma
- Progress the collaborative TG01 clinical trials in mutant RAS cancers towards data read-outs to enable partnerships for subsequent late-stage development
- Seek partnerships or additional financing to accelerate development of circRNA into clinical trials

Business and technology platforms

Our development pipeline is based on three different approaches to create novel cancer medicines.

In 2022, our research was focused on exploring how circular RNA can be used to create novel medicines for oncology and beyond. Our new circular RNA platform is clearly differentiated to other RNA approaches and has the potential to create novel medicines in many different therapeutic areas. Research has been focused on establishing a strong base to create different novel medicines which we will continue to explore in 2023.

ONCOS-102 is an immunotherapy which utilizes engineered oncolytic adenovirus armed with GM-CSF, a potent immune-stimulating transgene, to target solid tumors. ONCOS-102 has multiple effects which range from directly killing cancer cells to re-activating the patient's immune cells to detect and attack cancer cells. The treatment approach harnesses the patient's own immune system to fight cancer. In order to make it safer and selective for tumor cells, ONCOS-102 has a tumor-selective mechanism of action, making tumors visible to the immune system and educating the immune system to recognize and attack patient specific tumor cells.

Targovax's ONCOS immunotherapy technologies are designed to stimulate the immune system in several ways to recognize and fight cancer. When ONCOS-102 is injected, the innate immune system wants to fight the virus and sends natural killer (NK) cells and macrophages which are designed to attack the virus. This innate immune attack triggers a subsequent and highly specific and targeted adaptive immune response.

Targovax is also 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.

Pipeline and newsflow

Product candidate	Preclinical		Clinical			Milestones
	Discovery	*In vivo* PoC	Phase 1	Phase 2	Phase 3 / pivotal	
circVec circRNA vector	**Solid tumors** immunotherapy					**1H 2023** *In vivo* proof-of-concept data
circVec circRNA vector	**Infectious disease**, vaccine					**1H 2023** *In vivo* proof-of-concept data
circVec circRNA vector	**Gene/cell therapy**					**2H 2023** Target identified
ONCOS-102 mRNA vector[1]	**PD-1 Resistant Melanoma** Re-challenge combination w/aPD-1 & CTLA-4					**TBD 2023-24** Initiation of phase 2 trial (USA)
Mutant KRAS[1]	**Pancreatic cancer & Multiple Myeloma** TG01/QS-21 +/- anti-PD-1					**1H 2023** First patient dosed (USA & EU)

Two trials run and financed by collaboration partners

circRNA Platform

Targovax is a leader in circRNA, an emerging area in RNA therapeutics. circRNA offers several advantages over mRNA, including substantially prolonged half-life and enhanced protein expression. In January 2022, Targovax appointed circRNA co-discoverer and pioneer Dr Thomas B Hansen as Vice President and Head of Research to establish and drive Targovax´ circRNA program. A scientific team is being built at the Karolinska Institute in Stockholm, in collaboration with the research team of Prof. Michael Uhlin.

Targovax has a unique, proprietary approach to circRNA expression and delivery, circVec. circVec is a vector system designed for efficient *in situ* circRNA expression which has broad technical applicability and potential use in multiple disease areas. circVec offers several advantages over synthetic circRNA approaches, including manufacturing, scalability and stability. It is currently the only known circRNA programtargeted to treat solid tumors.

To date, technical proof-of-concept (PoC) has been established for the circVec approach, and a key patent application covering the core design elements of the circVec concept was filed in December 2022. Targovax is now aiming to further enhance the system and demonstrate its versatility in a variety of set-ups. Experiments are being planned to generate *in vivo* PoC data during the first half of 2023. A comprehensive IP strategy has been devised in close cooperation with experienced advisors and several patent filings are planned in 2023-24.

Following generation of *in vivo* PoC data, Targovax aims to explore the potential of circVec in various therapeutic areas and subsequently proceed towards target selection and lead candidate design and testing. Targovax plans to develop future circRNA candidates both for in-house development, as well as through partnering with pharmaceutical companies.

ONCOS-102 in PD1- refractory advanced melanoma

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

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

Preparing for a phase 2 multi-cohort trial

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

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

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

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

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

Mutant KRAS platform

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

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

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

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.

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

Following our successful research in circular RNA, we filed a patent application for processes which are important in the formation of circular RNA. We continue to research and will file new patents to protect our circRNA platform and for specific new treatments.

Important events in 2022

- In January, received NOK 8.2m grant award by Innovation Norway towards the TG mutant KRAS vaccine program
- In January, received patents for ONCOS-102 in combination with chemotherapy in China and Japan
- In January, appointed circRNA discoverer and pioneer Dr Thomas B Hansen as VP of Research to lead the circRNA pipeline research program
- In February, established a research collaboration with Prof. Michael Uhlin at Karolinska Institutet in Stockholm, Sweden, for development of circRNA
- 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 March, announced that an abstract has been accepted for poster presentation at the American Association for Cancer Research (AACR) Annual Meeting
- In April, refreshed the Board of Directors with the addition of Dr Raphael Clynes and Mr Thomas Falck
- In April, announced that two ONCOS-102 abstracts have been accepted for poster presentation at the American Society of Clinical Oncology (ASCO) Annual Meeting in Chicago 3-7 June 2022
- 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 May, signed a clinical collaboration agreement with Agenus for PD-1 and CTLA-4 checkpoint inhibitor supply to the upcoming ONCOS-102 phase 2 melanoma trial
- In June, received IND approval from the US FDA to initiate clinical trials with the enhanced TG01/QS-21 vaccine in the USA
- In September, the study protocol for the planned multi-cohort phase 2 in melanoma was approved by the US FDA
- In November, the phase 1b melanoma study was selected for oral presentation at the prestigious Society for Immunotherapy in Cancer (SITC) annual meeting
- In November, the phase 1b melanoma full study results were published in the high-impact oncology journal Clinical Cancer Research
- In November, Hubro Therapeutics acquired GM-CSF vaccine adjuvant for NOK 10m from Targovax ASA 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

- In February 2023, 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.
- In March 2023, the extraordinary general meeting (EGM) of Targovax approved the Atlas agreement.
- In March 2023, announced prioritization of resources toward its circRNA platform
- In March 2023, requested Atlas to subscribe and pay for the first tranche of convertible bonds, consisting of 15 convertible bonds with an aggregate principal amount equal to NOK 37,500,000. Atlas requested conversion of convertible bonds with a nominal value of NOK 2,500,000 which, pursuant to the bond terms, are convertible into 4,026,629 new shares in the Company at a conversion price of NOK 0.620867
- 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 March, a circRNA poster "*circAde: a circRNA-based system for prolonged and more effective treatment of cancer*" was accepted to be presented at the AACR Annual Meeting in April 2023, in Orlando, USA

Key figures in the consolidated accounts

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

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

- Generation of in vivo proof-of-concept data in multiple settings for Targovax´s unique circRNA program, an area of rapidly growing interest among big pharma and biotech
- Supporting two clinical trials with the enhanced mutant RAS vaccine TG01 led by major academic centers in Norway and the USA

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

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

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% is due in the second quarter 2023. Targovax retains conditional buy-back and supply options, and a share in gross proceeds in the event of a re-sale of the asset within a time-limited period. Hence, other revenue for the full year 2022 amounted to NOK 10.0 million (NOK 0 million).

Total operating expenses for the full year 2022 amounted to NOK 503.6 million (NOK 95.6million). The operating expenses are reported net of governmental grants which amounted to NOK 4.8 for the full year 2022 (NOK 3.2 million).

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

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

Other operating expenses amounted to NOK 11.5 million (NOK 8.5 million) for the full year 2022. The increase in operating expenses in 2022 compared to 2021 is mainly due to changes in the organizational structure.

The Depreciation, amortizations and write downs amounted to NOK 392.7 million (NOK 1.3 million) for the full year 2022. The increase is mainly due to impairment of the recognized intangible assets related to the acquisition of Oncos Therapeutics 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.

The operating loss for the full year was NOK 493.6 million (NOK 95.6 million).

Net financial items amounted to a loss of NOK 1.7 million (loss of NOK 2.4 million) for the full year related to interest expenses on the Business Finland loans partly offset by net currency gains.

Losses after tax for the full year were NOK 432.9 million (NOK 98.0 million).

Cash flow

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

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

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

Cash and cash equivalents were NOK 66.0 million on 31 December 2022 compared to NOK 181.7 million on 31 December 2021.

Financial position

Total assets as of 31 December 2022 decreased to NOK 100.4 million from NOK 565.3 million on 31 December 2021 mainly due to lower cash balance from operational activities and the impairment of the intangible assets.

Total current assets amounted to NOK 94.1 million (NOK 190.9 million), of which cash and cash equivalents amounted to NOK 66.0 million (NOK 181.7 million).

Total non-current assets were NOK 6.3 million (NOK 374.4 million), of which intangible assets amounted to NOK 0 million (NOK 371.7 million).

Shareholders' equity amounted to NOK 2.6 million, decreased from NOK 417.7 million in 2021. The equity ratio amounted to 2.56 percent compared to 73.9 percent in 2021.

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 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 Group has available financial resources sufficient for all 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 Groups consolidated 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 group. The Group 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 group 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 Group's product candidates may not be predictive of the results of later-stage clinical 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 biopharmaceutical industry is characterized by intense competition and rapid innovation. The Group's competitors may be able to develop other compounds or drugs that are able to achieve similar or better results.

Financial risks

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

In the current market conditions the Company has been unable to secure the necessary resources to conduct a large clinical study and the Company cannot guarantee it will be able to secure the necessary funding to conduct the next clinical trial for ONCOS-102.

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

Future interest rate fluctuations may affect the Group's business, financial condition, results of operations, cash flows, time to market and prospects. Currently, the Group has no long-term debt other than lease liabilities and its debt to Business Finland. The debt to Business Finland carry an annual interest equal to the European Central Bank's steering rate less 3 percentage points, but in no event less than 1 percent. The current interest is 1 percent per annum.

Fluctuations in exchange rates could affect the Group'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 Group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. The group is mainly exposed to fluctuations in EUR, GBP, USD and CHF. Translation risk in the Group arises when amounts denominated in foreign currencies are converted to NOK, the Group's reporting and functional currency. One of the Group's subsidiaries has EUR as its reporting and functional currency and one has SEK as its 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.

Targovax has signed a liability insurance which covers the CEO, the Board of Directors, management, and any other former or present employee with independent management responsibility in Targovax ASA and its subsidiaries. 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 Marked 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 Group'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.

The Board of Directors held 13 meetings in 2022. All members of the Board of Directors are shareholder-elected. The members of the Board of Directors were at the end of 2022 Damian Marron (Chairperson), Sonia Quaratino, Robert Burns, Eva-Lotta Allan, Diane Mellett, Raphael Clynes and Bente-Lill B. Romøren.

Drop-down demerger completed

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

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

Targovax has offices in Lysaker, Norway, in Espoo, Finland and in Hässelby, Sweden.

Corporate social responsibility

Targovax (OSE:TRVX) 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 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 Group's website www.targovax.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.

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, 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 Group's various functions can be used by as many as possible.

As of 31st December 2022, Targovax had a total of 22 employees, of which 21 were full-time employees. The group has a policy to outsource non-core operations and highly specialized services. The group 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 group 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]	9	14	23
Total workforce full-time employees	8	13	22
Total workforce part-time employees	1	0	1
Number of non-permanent employees	0	0	0

[1] Including consultants

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 group to be good. No accidents or injuries resulting in absence were registered in 2022. Absence due to illness in the group 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 Group'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 Group'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 Group 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 offices in Norway and Finland. 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. Targovax believes that its current guidelines for corporate governance are in line with the latest version of the Norwegian Code of Practice for Corporate Governance, and a description of this is given at the end of the Annual report. A complete description of the recommendation is available at the Norwegian-Corporate Governance Board (NCGB) web page (www.nues.no). For further details, please see the section entitled Corporate Governance in this Annual Report and on the group's homepage.

Shareholder information

During 2022 the Targovax share was traded in the NOK 0.96 – 2.20 range. During 2022, 285 million shares were traded, with a total value of NOK 421 million. Closing price on 31 December 2022 was NOK 1.11 per share, corresponding to a market-value of NOK 207 million.

As of 7 April 2023, there were 188,577,572 shares outstanding in Targovax, distributed amongst 6,522 shareholders. The 20 largest shareholders control 30.3 percent of total shares outstanding.

The estimated share ownership situation on 7 April 2022

Shareholder	Estimated Shares mill	Ownership
HØSE AS	6.4	3.4 %
Nordnet Bank AB (nom.)	5.6	3.0 %
Goldman Sachs International (nom.)	5.2	2.8 %
BÆKKELAGET HOLDING AS	5.1	2.7 %
SIVILINGENIØR JON-ARILD ANDREASSEN	4.9	2.6 %
RADFORSK INVESTERINGSSTIFTELSE	4.4	2.3 %
NORDNET LIVSFORSIKRING AS	3.2	1.7 %
Danske Bank A/S (nom.)	2.3	1.2 %
VAKTMESTERGRUPPEN AS	2.2	1.2 %
Ramsvik	2.0	1.1 %
THORENDAHL INVEST AS	2.0	1.1 %
RAGNVALD GABRIELSEN AS	2.0	1.0 %
PETTERSEN GRUPPEN AS	1.8	1.0 %
PETTERSEN	1.7	0.9 %
GRANUM & CO AS	1.5	0.8 %
The Bank of New York Mellon SA/NV (nom.)	1.5	0.8 %
WESTERHEIM	1.4	0.8 %
SKIPPERUD	1.4	0.8 %
LUNDE	1.4	0.7 %
TOLK-EN AS	1.2	0.7 %
20 largest shareholders	57.1	30.3 %
Other shareholders (6 502)	131.5	69.7 %
Total shareholders	188.6	100.0 %

As per 31 December 2022, key management and members of the Board holds a total of 724,968 shares in Targovax ASA, representing 0.5 percent of total shares outstanding.

Remuneration to management

The remuneration of the management is intended to ensure the Group's continued ability to attract and retain the most qualified management team members and to provide a solid basis for succession planning.

The Compensation Committee submits recommendations on compensation policy and adjustments in remuneration of the management team members for the approval of the Board of Directors. The remuneration of the management team may consist of fixed salary and supplements, incentive programs, and pension schemes. Subject to individual agreement, members of the management team are also entitled to other fixed benefits.

The Remuneration Principles were adopted by the Annual General Meeting in April 2022. Information about the work in the Compensation Committee and applied compensation principles for the management team in 2021 and 2022 respectively are in the Compensation Report submitted in note 10 to the Annual Accounts.

The Remuneration Report for 2022 will be subject for approval in the Annual General Meeting in May 2023.

Financial results and allocation of profits in Targovax ASA

Targovax ASA is the holding company in the Targovax group. Targovax ASA reported a loss before tax of NOK 790.3 million (NOK 51.4 million). The loss mainly relates to the impairment of the demerger/merger receivables from its subsidiary Targovax Solutions AS of NOK 786.4m. The impairment was done for accounting purposes as the company announced prioritization of resources toward its circRNA platform. For further information please see note 14 in the annual accounts for Targovax ASA.

Equity at the end of 2022 amounted to NOK 1.5 million compared to NOK 790.9 million at the end of 2021. Despite having lost more than half of the share capital, the Board is of the opinion that Targovax ASAs equity and liquidity is sufficient to secure its operations for the upcoming year. The convertible bond facility with Atlas will secure additional share capital and liquidity of up to gross NOK 300 million over three years and ensures that the holding company has sufficient financial resources for planned activities. Further, Targovax ASA will be seeking additional sources of capitalization of the holding company and any of its subsidiaries to strengthen the share capital and liquidity of the Group.

Total cash amounted to NOK 2.5 million at the end of 2022 compared to NOK 170.0 million at the end of 2021.

Targovax ASA's annual result amounted to a loss of NOK 790.3 million. The Board of Directors proposed that the loss is transferred to accumulated loss.

Outlook

Targovax now has the necessary capabilities, organization, and flexible access to capital to advance its R&D programs. During 2022 the company executed on all major development goals and is expected to build on this momentum in 2023 and deliver several important milestones on both the clinical and pre-clinical programs, with an aim to secure a partnership to enable continued phase 2 development of ONCOS-102. The core R&D priority in the short- to mid-term will be to accelerate the circRNA platform development to fully unlock the potential of the unique circVec vector system and capitalize on the strong momentum and early-mover advantage Targovax has established in this rapidly evolving novel area of drug development.

Lysaker, 13 April 2023
The Board of Directors of Targovax ASA

Damian Marron Chairperson of the Board	Bente-Lill Romøren Board member	Thomas Falck Board member
Eva-Lotta Allan Board member	Diane Mellett Board member	Raphael Clynes Board member
Sonia Quaratino Board member	Robert Burns Board member	Erik Digman Wiklund Chief Executive Officer

Responsibility Statement from the Board of Directors and the Managing Director

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the entity and the group taken as a whole. In addition, in our opinion the Annual Report for Targovax for 1 January to 31 December 2022 with the file name Targovax Annual Report 2022-12-31 en.zip in all material aspects is prepared in accordance with ESEF Regulation. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Lysaker,13 April 2023
The Board of Directors of Targovax ASA

Damian Marron Chairperson of the Board	Bente-Lill Romøren Board member	Thomas Falck Board member
Eva-Lotta Allan Board member	Diane Mellett Board member	Raphael Clynes Board member
Sonia Quaratino Board member	Robert Burns Board member	Erik Digman Wiklund Chief Executive Officer

Management

The Group's management team consists of seven individuals per 13 April 2023. Set out below are brief biographies of the members of Management. Holdings of shares and share options as of 13 April 2023 and includes close associates.

Erik Digman Wiklund
Chief Executive Officer

Shares: 100 000
Share options: 1 800 000

Erik Digman Wiklund was hired as the Company's CFO in April 2017, and transitioned into the CBO role in October 2018. In October 2021 he was appointed CEO of Targovax. Dr Wiklund previously worked for the Norwegian cancer biotechnology company Algeta ASA and the nutraceutical company Aker Biomarine Antarctic AS. He also has management consulting experience from the Pharma & Health Care practice of McKinsey & Company. Dr Wiklund holds a PhD in Molecular Biology from Aarhus University, Denmark, and the Garvan Institute of Medical Research in Sydney, Australia. Dr. Wiklund is a Swedish and Norwegian citizen, residing in Norway.

Ingunn Munch Lindvig
VP and Head of Regulatory Affairs

Shares: 10 000
Share options: 792 000

Ingunn Munch Lindvig has more than 20 years in the pharma and biotech industry. She has extensive experience with regulatory strategy and delivery on regulatory plans across a range of pharmaceutical products. Prior to joining Targovax Dr Lindvig was Head of Regulatory Affairs at Nordic Nanovector ASA for five years and she also led the regulatory function at Photocure ASA for seven years. Dr Lindvig was part of the Regulatory team at Nycomed Imaging/Nycomed Amersham/GE Healthcare. Dr. Lindvig holds a PhD in physiology from University of Oslo, Norway. She is a Norwegian citizen and resides in Norway.

Lone Ottesen
Chief Medical Officer

Shares: 47 000
Share options: 890 000

Lone Ottesen is a highly experienced drug developer having extensive experience across the global oncology and immune-oncology drug development spectrum with nearly 20 years in the pharmaceutical industry in both early- and late-phase development. She got her MD and PhD at Aarhus University in Denmark and has held roles of increasing seniority in GSK, Eisai and latest AstraZeneca where she was the Global Clinical Head for two assets in pivotal clinical development as well as leading the development of durvalumab in breast and gynecological cancers. Dr Ottesen joined Targovax as Chief Development officer and transitioned to Chief Medical Officer in 2022. She is the medical and clinical head for all Targovax Clinical Development activities across the portfolio. She is a Danish & British citizen and resides in the UK.

Ola Melin
VP and Head of Manufacturing

Shares: 50 000
Share options: 725 000

Ola Melin joined Targovax with over 25 years' experience in Biologics development, manufacturing, and supply, most recently as Director of Technical Operations at OxThera AB, where he was responsible for clinical supply and for establishing a commercially ready manufacturing process and supply chain. Prior to that he spent eighteen years at Biovitrum and Sobi AB, where Melin held senior leadership roles as Head of External Manufacturing and Head of Product Supply, as well as other CMC positions. He started his career with manufacturing process development at Pharmacia. Mr. Melin has studied Biochemical engineering at Mälardalen University. He is a Swedish citizen and resides in Sweden.

Lubor Gaal
Chief Financial Officer

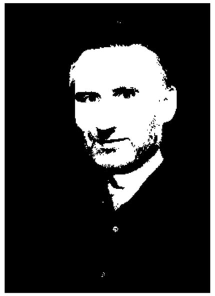
Shares: 0
Share options: 700 000

Lubor Gaal is an experienced industry executive with over 25 years of experience working in pharma or biotech companies in Europe and the USA. Most recently, he served as Managing Director at Locust Walk, a global life science boutique investment bank. At Locust Walk, Dr Gaal was responsible for overseeing all European strategic transactions, including financings, M&A and licensing. Before Locust Walk, he was Head of External Innovation and Licensing (BD) and a member of the R&D Management Committee at Almirall; and Head of Search and Evaluation Europe for oncology, genetic and other disorders for Bristol-Myers Squibb. Prior to that, Dr Gaal held executive management positions at biotech companies Neuro3d (CNS) and Vectron Therapeutics (Oncology and artificial viral vectors), and global business development roles at Bayer Pharma. Dr Gaal has a Ph.D. in molecular and cell biology from the UC Berkeley, USA and a B.Sc. in Neurosciences from U. of Sussex, UK. Dr. Lubor Gaal is a Belgian citizen and resides in Spain.

Victor Levitsky
Chief Scientific Officer

Shares: 10 000
Share options: 645 000

Levitsky is a seasoned internationally recognized expert in immunology, oncology, T-cell immunotherapy and immuno-oncology with in-depth knowledge of preclinical, translational and early stage clinical drug development. He brings extensive experience in pre-clinical drug development of protein-based biologics and small molecules. Dr Levitsky is a medical doctor with a PhD in Virology and post-doctoral training in tumor biology at Karolinska Institute, Sweden. He spent the first 20 years of his career as an academic research scientist, including Associate Professor positions at the Karolinska Institute in Sweden and the Johns Hopkins University School of Medicine in the USA. Before joining Targovax Dr Levitsky served as Tumor Immunology Leader and Senior Principal Scientist with Roche in Zurich, and his most recent position has been VP, Head of Oncology Research at Molecular Partners, Zurich, Switzerland. Dr. Levitsky is a Swedish and Russian citizen and resides in Switzerland.



Thomas Birkballe Hansen
VP and Head of Research

Shares: 0
Share options: 500 000

Thomas Hansen has over 15 years' experience in academic research. Before joining Targovax he worked as assistant professor at Aarhus University where he led a research team focusing on RNA biology and bioinformatics. In 2011, Dr Hansen pioneered the discovery of circular RNA in human cells, and later in 2013 published the first functional characterization of circular RNA in Nature. Dr Hansen holds a PhD in Molecular Biology and Bioinformatics from Aarhus University, Denmark. Dr Thomas Hansen is a Danish citizen and resides in Denmark. He joined Targovax management team 1 January 2023.

Board of Directors

The Board of Directors consists of eight individuals as per 13 april 2023. Set out below are brief biographies of the members of Board. Holdings of shares, share options and RSUs as of 13 April 2023 and includes close associates.

Damian Marron
Chairperson (b. 1963)

Shares: 0
Share options: 0

Damian Marron is an experienced non-executive director, corporate advisor and life science executive with a successful track record of value creation through public and venture capital financing, portfolio planning, M&A, licensing agreements as well as R&D collaborations, both as an executive and in advisory roles. He has notably specialized in immuno-oncology, cell therapy and orphan diseases. Mr. Marron is currently Non-Executive Director at Cantargia, a clinical stage monoclonal antibody company for oncology and autoimmune diseases listed on Nasdaq Stockholm and Resolys Bio Inc., a private, late pre-clinical U.S. company and Maripossa Ltd and Onyx Therapeutics Ltd, UK statrt-ups. He is also Chair of the Board of Imophoron Ltd and of CytoSeek Ltd, private early stage UK companies and Head of Biopharma with Treehill Partners, a global pure-play healthcare advisory firm. Mr. Marron has formerly been Chair of the Board of directors of PepGen Ltd and the CEO at Agalimmune Ltd, TxCell SA, Cytheris SA, and Trophos SA. Mr. Marron is a British and Irish citizen and resides in France.

Diane Mellett
Board Member (b. 1960)

Shares: 102 078
Share options: 0

Diane Mellett is a consultant to a number of biotech and medical device companies. She has qualified in both U.S. and UK law and advises biotechnology companies in commercial contract and intellectual property matters. She was formerly General Counsel for Cambridge Antibody Technology (CAT) (LSE: NASDAQ) and led the secondary NASDAQ listing of that company as well as serving on the board of directors. During her time at CAT, she led a successful defense of a contractual dispute with Abbott Pharmaceuticals (now Abbvie) covering the company's major collaboration partnership regarding Humira®, the most successful revenue generating antibody therapy in the pharmaceutical industry to date. Ms. Mellett is a UK and Irish citizen and resides in France.

Sonia Quaratino
Board Member (b. 1962)

Shares: 0
Share options: 0

Dr Quaratino is an R&D executive with strong experience in clinical development and immunology research, from academia where she was a Professor of Immunology, to large Pharma and Biotech. Currently, she is also a Non-Executive Director at Ichnos Science, USA, Chair of the Scientific and Clinical Advisory Board at Stipe, Denmark, and member of the SCAB at Anaveon, Switzerland. She covers an Executive role as CMO at Georgiamune, USA. Dr Quaratino was previously CMO at Kymab (UK) from 2017 until its acquisition by Sanofi in 2021. She was Gloabl Clinical Program Leader in Oncology at Novatis (Switzerland), Senior Medical Director in Oncology and Advisor in Immunology at Merck Serono (Germany). Dr. Quaratino is an Italian citizen and resides in Germany.

Robert Burns
Board Member (b. 1947)

Shares: 275 454
Share options: 0

Dr. Robert Burns is an advisor to companies developing immune based therapies in cancer and autoimmune indications. He has been involved for more than 35 years in building biotechnology companies focused on immuno-oncology. Dr. Burns is currently chairman of Affibody AB in Sweden, a company developing novel therapies in autoimmune and inflammation indications. He was a member of the board of directors of Oncos Therapeutics OY prior to the Company's merger with Targovax Oy. Dr. Burns was previously chairman of the board of directors of Haemostatix Limited before it was acquired by Ergomed plc. He was also previously CEO at 4-Antibody AG, Affitech A/S (NASDAQ/OMX), and Celldex Therapeutics Inc (NASDAQ), each an immuno-oncology vaccine and antibody discovery company. Prior to Celldex Therapeutics, Dr. Burns was Director of Technology Licensing at the New York based Ludwig Cancer Research, an international independently financed not-for-profit research group focused on cancer vaccines and antibody-based cancer immunotherapies. He holds a PhD in Chemistry and is a UK citizen, residing in Oxford, United Kingdom.

Thomas Falck
Board Member (b. 1966)

Shares: 0
Share options: 0

Thomas Falck is an experienced CEO, CFO, Board Chair and Non-Executive Director, Venture Capitalist & Growth Investor with demonstrated success in defining and delivering profitable growth while undertaking strategic and organizational change. He has broad experience with Private Equity, Venture Capital, Stock Listed, Family and Government owned entities. Mr Falck holds an MBA from The Darden School at the University of Virginia and is a graduate of the Norwegian Naval Academy and the Norwegian Defense University College. In addition, Mr Falck has attended Executive Programs at Singularity University and Harvard Business School. He is a Norwegian citizen and resides in Norway.

Bente-Lill Romøren
Board Member (b. 1949)

Shares: 35 577
Share options: 0

Bente-Lill Bjerkelund Romøren is a consultant with 40 years' experience from national and international management positions in the pharmaceutical industry. She was formerly CEO of Novo Nordisk Scandinavia. Her experience spans senior management, marketing, sales, business development, licensing, market access, public affairs, clinical trials and lifecycle management. Ms. Bjerkelund Romøren has good knowledge of the healthcare system as well as regulations and framework for the pharmaceutical market. She has board member experience from the private and public sector (healthcare). She holds a MSc degree in chemistry from the Norwegian Institute of Technology in Trondheim. Ms. Bjerkelund Romøren is a Norwegian citizen and resides in Norway.

Eva-Lotta Allan
Board Member (b. 1959)

Shares: 94 859
Share options: 0

Eva-Lotta Allan, an independent director, has over 30 years of experience from the biotechnology industry of private and public companies. She is the Non-Executive Chairman of C4X Discovery and Draupnir Bio and serves as Non-Executive Director of Almirall, Crescendo Biologics and Aleta Biotherapeutics. During Ms. Allan's five years as Immunocore's Chief Business Officer she raised USD 320 million in a Series A round, established significant strategic partnerships with top pharmaceutical companies. Ms. Allan was previously at Ablynx, where she served as Chief Business Officer for seven years taking the company public and structured several complex partnerships with pharmaceutical companies. Ms. Allan was previously Senior Director of Business Development and Site Operations (Europe) at Vertex Pharmaceuticals, and she was also a board director of Isconova and UK's BIA. Ms. Allan has a degree in microbiology from Stockholm University and started her career at the Tumor biology department at the Karolinska Institute in Stockholm. Ms. Allan is a Swedish citizen and resides in the United Kingdom.

Raphael Clynes
Board Member (b. 1961)

Shares: 0
Share options: 0

Dr Clynes is an internationally recognized cellular immunologist and medical oncologist. Dr Clynes was on the faculty at Columbia University where he developed several novel therapeutic approaches in cancer and autoimmunity. Since joining industry in 2014, Dr Clynes has led clinical immunotherapy development, including checkpoint inhibitors, novel engineered cytokines and CD3 and CD28 bispecifics, at Bristol Myers Squibb (BMS) and at Xencor, where he is currently VP Translational Biology. Dr Clynes is an MIT graduate, MD/PhD and MSKCC-trained medical hematologist/oncologist. As a well-recognized expert in clinical immunology, Dr Clynes has extensive prior experience as a contributing member of multiple scientific advisory boards in biopharma and review boards at international research foundations. He is a US citizen and resides in USA.

Corporate Governance Report 2022

Corporate Governance Report

Targovax ASA (the "Company" and together with its subsidiaries, the "Group") considers good corporate governance to be a prerequisite for value creation, trustworthiness and for access to capital.

In order to secure strong and sustainable corporate governance, it is important that the Group ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

The Norwegian Corporate Governance Board (NCGB or NUES) issues "The Norwegian Code of Practice for Corporate Governance" (the "Code of Practice"), most recently revised 14 October 2021, for companies listed on Oslo Stock Exchange and Oslo Axess. The Code of Practice is available at www.nues.no. The Code of Practice is based on a "comply or explain principle" whereby listed companies must comply with the Code of Practice or explain why they have chosen an alternative approach. How the Company has adapted to this Code of Practice is described in the Company's Corporate Governance Policy. Each chapter represents the 15 topics in the Code of Practice. It starts with the recommendations, explains how the policy is followed up by the Company, and finally concludes with any deviations from the Code of Practice.

1. Implementation and reporting on corporate governance

The Board of Directors must ensure that the company implements sound corporate governance.

The Board of Directors must provide a report on the company's corporate governance in the directors' report or in a document that is referred to in the directors' report. The report on the company's corporate governance must cover every section of the Code of Practice.

If the company does not fully comply with the Code of Practice, the company must provide an explanation of the reason for the deviation and what solution it has selected.

The Board has decided that the Company will comply with the Norwegian Code of Practice. Compliance with the Code of Practice is described in the Board of Directors' Report. Targovax complies with the Code of Practice without any significant exceptions. One minor deviation has been accounted for below under chapter 6: General Meetings.

Deviations from the recommendation: None

2. Business

The company's articles of association should clearly describe the business that the company shall operate.

The Board of Directors should define clear objectives, strategies and risk profiles for the company's business activities such that the company creates value for shareholders in a sustainable manner. When carrying out this work, the Board of Directors should therefore take into account financial, social, and environmental considerations.

The Board of Directors should evaluate these objectives, strategies, and risk profiles at least yearly.

The Company's Articles of Associations clearly describe the business of the Company and are available at www.targovax.com. The Board of Directors leads the Company's strategic planning and makes decisions that form a basis for the Company's executive management to prepare and carry out investments and structural measures. The Company's objectives, strategies and risk profiles are being evaluated yearly, and together with the Company's Articles of Association, provides the information needed to help ensure that shareholders can anticipate the scope of the Company's activities.

The Company has guidelines for how it integrates considerations related to stakeholders into its value creation. Corporate Social Responsibility principles were adopted by the Board of Directors on 20 December 2022 to ensure sound corporate social responsibility. The implementation of corporate social responsibility principles in the Group's day-to-day operations, its business strategies and towards various stakeholders is further described in the Board of Directors report 2022.

Deviations from the recommendation: None

3. Equity and dividends

The Board of Directors should ensure that the company has a capital structure that is appropriate to the company's objectives, strategy, and risk profile.

The Board of Directors should establish and disclose a clear and predictable dividend policy.

The background to any proposal for the Board of Directors to be given a mandate to approve the distribution of dividends should be explained.

Mandates granted to the Board of Directors to increase the company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

The Board of Directors ensure the Company has a capital structure that is appropriate to the Company's objectives, strategy, and risk profile. Targovax and its subsidiaries' (the "Group's") equity at 31 December 2022 was NOK 3 million, which corresponds to an equity ratio of 2.6 percent. The Board of Directors regards the present equity structure as appropriate and adapted to the Company's objectives, strategy, and risk profile. Moreover, for biotech companies at a relatively early stage, like Targovax, access to debt is usually restricted and not available outside of government support structures.

The Company's long-term objectives include making distributions of net income in the form of dividends, but Targovax has paid no dividend to date. The Group is focusing its resources on the development of its immuno-oncology platforms and does not anticipate paying any cash dividend in the foreseeable future.

Mandates granted to the Board of Directors to increase the Company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

In connection with the Company's share incentive arrangements and pursuant to the Section 10-14 of the Norwegian Limited Companies Act, the Board of Directors is granted an authorization to increase the Company's share capital by up to the lower of (a) NOK 2,600,000 and (b) 10% of the Company's outstanding shares, options and RSUs. This applies until the Annual General Meeting in 2023.

For the period between the Annual General Meetings in 2023 and 2024, the Board of Directors proposes an authorization to increase the Company's share capital by up to 40 percent of outstanding shares and options and RSUs (i.e. fully diluted).

Deviations from the recommendation: None

4. Equal treatment of shareholders

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the Board of Directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders.

Share issues without pre-emption rights for existing shareholders

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in the share capital shall be justified. Where the Board of Directors resolves to carry out a share issue without pre-emption rights for existing shareholders, then the justification shall be publicly disclosed in an announcement issued in connection with the share issue.

Transactions with own shares

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or at prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders. The Company has not conducted trades in its own shares.

Deviations from the recommendation: None

5. Share and negotiability

The company should not limit any party's ability to own, trade, or vote for shares in the company.

The company should provide an account of any restrictions on owning, trading, or voting for shares in the company.

The Company's constituting documents do not limit any party's ability to own, trade or vote for share in the Company. The Company's shares are freely transferable, subject to any restrictions that may exist under applicable securities laws.

Deviations from the recommendation: None

6. General meetings

The Board of Directors should ensure that the company's shareholders can participate in the general meeting.

The Board of Directors should ensure that:

- ***the resolutions and supporting information distributed are sufficiently detailed, comprehensive, and specific to allow shareholders to form a view on all matters to be considered at the meeting***
- ***any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible***
- ***the members of the Board of Directors and the chairman of the nomination committee attend the general meeting***
- ***the general meeting is able to elect an independent chairman for the general meeting***

Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.

Exercising rights

The Board of Directors ensures that the Company's shareholders can participate in the general meeting given normal circumstances. The Board of Directors ensures that:

- the resolutions and supporting documentation, if any, are sufficiently detailed, comprehensive, and specific to allow shareholders to understand and form a view on matters that are to be considered at the General Meeting
- the registration deadline, if any, for shareholders to participate at the General Meeting is set as close as practically possible to the date of the General Meeting
- representatives of the Board and the chairperson of the Nomination Committee attend general meetings

Shareholders are able to vote on each individual matter, including on each individual candidate nominated for election.

Participation without being present

The Board of Directors will choose whether to hold a general meeting a physical or electronic meeting. If a general meeting is being held as a physical meeting, shareholders who cannot be present are given the opportunity to vote using proxies. The form of the proxy is designed to make voting on each individual matter possible. The Company nominates a person who can act as a proxy for shareholders.

Deviations from the recommendation: *The Company does not have an arrangement in place to ensure independent chairing of the General Meeting. However, the Board of Directors will on an ad hoc basis evaluate independent chairing when necessary. Historically, it has not been deemed necessary to have an independent chair.*

Although Targovax encourages the members of the Board to attend the Annual General Meeting, their attendance is not always possible.

7. Nomination Committee

The company should have a nomination committee, and the nomination committee should be laid down in the company's articles of association. The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

The nomination committee should have contact with shareholders, the Board of Directors, and the company's executive personnel as part of its work on proposing candidates for election to the board.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the Board of Directors and the executive personnel. The nomination committee should not include any executive personnel or any members of the company's Board of Directors.

The nomination committee's duties should be to propose candidates for election to the Board of Directors and nomination committee (and corporate assembly where appropriate) and to propose the fees to be paid to members of these bodies.

The nomination committee should justify why it is proposing each candidate separately.

The company should provide information on the membership of the committee and any deadlines for proposing candidates.

The Company has a Nomination Committee, and the Nomination Committee is laid down in the Company's Articles of Association. The Company's General Meeting stipulates guidelines for the nomination committee, elects the members and the Chairperson of the Nomination Committee, and determines their remuneration. The current Nomination Committee was elected at the General Meeting 20 April 2022. The objectives, duties and functions of the Nomination Committee are described in the Company's "Charter for the Nomination Committee" which were adopted by the General Meeting 14 September 2015 and updated in December 2022.

All members of the Nomination Committee are independent of the Company's Board of Directors and executive management, and none are members of the Board of Directors. Neither the CEO nor others of the executive management team are members of the Nomination Committee.

The Nomination Committee shall contact the Company's largest shareholders, as registered in the VPS on 1 November each year, and request such shareholders to each propose a candidate to be appointed as a member of the Nomination Committee. If any candidates are proposed by such shareholders, the Nomination Committee shall include those candidates among the three candidates in the recommendation to the General Meeting for election of members to the Nomination Committee.

The Nomination Committee shall give recommendations for the election of shareholder elected members of the Board of Directors and the members of the Nomination Committee, and remuneration to the members of the Board of Directors and the members of the Nomination Committee.

The Nomination Committee shall justify why it is proposing each candidate separately.

Targovax's shareholders are entitled to nominate candidates to the Board of Directors of Targovax ASA. Information on how to send input and proposals can be found on Targovax's website in the section "Committee's composition" under "Investor Relations" and "Corporate Governance".

For information about the members of the Nomination Committee, please see "Committee composition" under "Corporate Governance" in the Investor section at www.targovax.com.

Deviations from the recommendation: *none.*

8. Board of Directors; composition and independence

The composition of the Board of Directors should ensure that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity, and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).

The Board of Directors should not include executive personnel. If the board does include executive personnel, the company should provide an explanation for this and implement consequential adjustments to the organization of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9 of the code of Practice.

The general meeting (or the corporate assembly where appropriate) should elect the chairman of the Board of Directors.

The term of office for members of the Board of Directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the Board of Directors should be encouraged to own shares in the company.

The Nomination Committee shall give weight to the proposed candidates' experience, qualifications, and their capacity to serve as officers of the Company in a satisfactory manner. Emphasis will also be given to ensuring reasonable representation in terms of gender, equality and background, and to ensuring the independence of members of the Company's Board.

The Board of Directors consists of eight members, and currently has the following composition: Damian Marron (Chair), Robert Burns, Eva-Lotta Allan, Diane Mellett, Sonia Quaratino, Thomas Falck, Bente-Lill Romøren, Raphael Clynes,. The current Board of Directors was elected at the General Meeting 20 April 2022 and 50 percent of the Board members are women. For more information on each board member, please see section "Board of Directors".

Participation on Board of Directors meetings and Board committee meetings during 2022:

Participation in meetings	Board Meetings	Audit Committee	Compensation committee	Governance Committee
Damian Marron	13	4	2	
Sonia Quaratino	9			
Bente-Lill Romøren	13			2
Robert Burns	12		2	
Eva-Lotta Allan	12			2
Diane Mellett	11	4		2
Thomas Falck*	7	2	2	
Raphael Clynes*	8			

*Thomas Falck and Raphael Clynes was elected to the Board of Directors in the Annual General Meeting in 2022.

The composition of the Company's Board of Directors is considered to ensure that the shareholders' interests are maintained, and that the Company's need for a diversified and experienced Board of Directors with sufficient capacity is in place. The members of the Board of Directors represent a combination of expertise, capabilities and experience from the pharmaceutical industry and finance business.

The composition of the Board of Directors ensures that it can act independently of any special interests. All of the shareholder-elected members of the Board of Directors are independent of the Company's executive management and material business connections. In addition, five of the members of the Board of Directors are considered to be independent of the Company's major shareholder(s). A major shareholder means in this connection a shareholder that owns or controls 10 percent or more of the Company's shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question.

The Board of Directors does not include executive management. The Chairperson of the Board of Directors is elected by the General Meeting.

The term of office for members of the Board of Directors are no longer than one year at the time. Members of the Board of Directors may be re-elected.

For further information about the members of the Board of Directors, including number of shares and who are considered independent, see Note 10 Related parties and Management in the Company's Annual Report, and the section "Board of Directors" in the Annual Report.

Deviations from the recommendation: None

9. The work of the Board of Directors

The Board of Directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

These instructions should state how the Board of Directors and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The Board of Directors should also present any such agreements in their annual directors' report.

The Board of Directors should ensure that members of the Board of Directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the Board of Directors.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of Directors should not act as the company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent of the company.

The Board of Directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel.

The Board of Directors should provide details in the annual report of any board committees appointed.

The Board of Directors should evaluate its performance and expertise annually.

General

The Board of Directors Handbook adopted by the Board of Directors on the 20 December 2022 includes a set of instructions and policies instructions/charters for its own work, as well as for the executive management, with particular emphasis on clear allocations of internal responsibilities and duties.

Agreements with related parties

The Board of Directors shall arrange for a valuation to be obtained from an independent third party in the event of a transaction between the Company and its related parties, e.g., shareholders, a shareholder's parent company, members of the Board of Directors, executive management or closely-related parties of any such parties. An independent valuation shall also be carried out in the event of transactions between companies within the same group where any of the companies involved have minority shareholders.

The Board of Directors ensures that members of the Board of Directors and executive management make the Company aware of any material interests that they may have in items to be considered by the Board of Directors. In order to ensure a more independent consideration of matters of a material character in which the chairperson of the board is, or has been, personally involved, the board's consideration of such matters will be chaired by some other member of the board.

The Board of Directors, working with the Corporate Governance Committee, carries out an annual evaluation of its own performance and expertise and presents the evaluation report to the Nomination Committee.

The Board of Directors has established three permanent Board Committees, which is described in further detail below. The current members of the committees were elected at the Board of Directors meeting 12 May 2022. The members of the committee are appointed for one year. These committees do not pass resolutions but supervise the work of the Company's management on behalf of the Board of Directors and prepare matters for Board of Directors consideration within their specialized areas. In this preparatory process, the committees have the opportunity to draw on company resources, and to seek advice and recommendations from sources outside the Company. The Board of Directors also establishes ad-hoc sub-committees as needed, e.g. research, development, finance, manufacturing and in connection with M&A activities.

Audit Committee

The members of the Audit Committee are Diane Mellett (chair), Damian Marron and Thomas Falck. The CFO acts as the committee's secretary. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Audit Committee and is in brief as follows:

- Prepare for the Board of Directors a report describing its supervision of the financial reporting process, including review of implementation of accounting principles and policies.
- Monitor the effectiveness of the Company's internal control and risk management systems, noting any deficiencies and monitor management in remedying any such deficiencies.
- Have regular contact with the external auditor regarding the annual and consolidated accounts.
- Review and monitor the independence of the statutory auditor, ref. the Norwegian Auditors Act, chapter 4 and in particular whether services other than audits delivered by the statutory auditor or the audit firm are a threat against the statutory auditor's independence. The committee supervises implementation of and compliance with the Company's Ethics Code of Conduct and supervises the Company's compliance activities relating to corruption as further described in the provisions herein.

Four meetings were held in 2022.

Compensation committee

The members of the Compensation Committee are Thomas Falck (chair), Damian Marron and Robert Burns. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Compensation Committee and is in brief as follows:

- The role of the committee shall be to oversee the Group's compensation policy for its CEO, Management, employees, and consultants, recommend changes to the Group's compensation policy to the Board of Directors as and when appropriate and prepare matters for final decision by the Board of Directors. Recommendations and proposals for compensation to members of the Board of Directors shall be the responsibility of the Nomination Committee.

Two meetings were held in 2022.

Corporate Governance Committee

The members of the Corporate Governance Committee are Bente-Lill Romøren (chair), Diane Mellett and Eva-Lotta Allan. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Governance Committee and is as follows:

- Develop and review the Groups policies and practices for corporate governance, and annually recommend changes to such policies and practices, if any, to the Board of Directors
- Lead the Board of Directors in its annual review of the Board of Directors' performance and its competence
- Monitor the functioning of the Board committees and sub-groups and make recommendations to the Board of Directors with regard to the composition of Board committees and sub-groups
- Lead the Board of Directors in its annual review of the CEO's performance

Two meetings were held in 2022.

Deviations from the recommendation: None

10. Risk management and internal control

The Board of Directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities.

The Board of Directors should carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

To manage the Company specific risks and risk inherent in the industry, and to comply with international and national regulations, the Company have implemented a periodic review process to identify, analyze and handle the main risk factors facing the Group. The Audit Committee will periodically receive written reports, highlighting the main risks and proposed actions to address these as well as any significant weaknesses in the internal control regime.

Our aim is to have an annual review by the Board of Directors, of the Company's most important areas of exposure to risk and its internal control arrangements.

Risk Management is further described under "Directors' Report", in the Risk section.

Deviations from the recommendation: None

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities.

The remuneration of the Board of Directors should not be linked to the company's performance. The company should not grant share options to members of its board.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

The compensation of the Board of Directors and its sub-committees is decided by the Annual General Meeting, based on a recommendation from the Nomination Committee. Separate rates are set for the Board of Directors' chair and other members, respectively. Separate rates are also adopted for the Board of Directors' sub-committees, with similar differentiation between the Chair and the other members of each committee.

The Annual General Meeting 20 April 2022 decided to remunerate the Board of Directors with a combination of cash and Restricted Share Units (RSUs).

If the Board members choose to receive the Board remuneration in RSU's they must elect to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs. The total compensation, except for meeting compensation, to each member of the Board of Directors for 2021-2022 are described in Note 10 in the Annual Report.

The number of RSUs to be granted to a member of the Board of Directors is calculated as the non-cash compensation in NOK, divided by the market price for the Targovax ASA share. The market price is calculated as volume weighted average share price the 10 trading days prior to the grant date.

The cash compensation is not linked to the Company's performance or similar. None of the members of the Board of Directors has a pension plan or agreement concerning pay after termination of their office with the Company.

There are no plans to issue new options to the members of the Board of Directors going forward.

Information about all compensation paid to each member of the Board of Directors is presented in Note 10 of the consolidated financial statements in the Annual Report.

Deviations from the recommendation: None

12. Remuneration for executive personnel

The guidelines on the salary and other remuneration for executive personnel must be clear and easily understandable, and they must contribute to the company's commercial strategy, long-term interests, and financial viability.

The company's arrangements in respect of salary and other remuneration should help ensure the executive personnel and shareholders have convergent interests, and should be simple.

Performance related remuneration should be subject to an absolute limit.

The Board of Directors has established guidelines for the remuneration of executive management, and these guidelines shall be communicated to the Annual General Meeting. The guidelines were approved by the Annual General Meeting 20 April 2022 and will be considered and approved by the general meeting and in the event of any material changes and at least every fourth year. The guidelines set out the main principles in determining the salary and other remuneration of executive management. The Board of Director's guidelines on the remuneration of executive management are outlined in an appendix to the agenda for the Annual General Meeting.

Performance-related remuneration of the executive management in the form of share option grants, bonus programs or similar are linked to value creation for shareholders over time. Such arrangements' intention is to incentivize performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration is subject to an absolute limit (while there is no upside limit on granted share options nor on granted share units).

Information about all compensation paid to each member of the Executive Management is presented in Note 10 of the consolidated financial statements in the Annual Report.

Deviations from the recommendation: None

13. Information and communication

The Board of Directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The Board of Directors should establish guidelines for the company's contact with shareholders other than through general meetings.

General information

The Company shall provide timely and precise information about the Company and its operations to its shareholders, the stock exchange when applicable and the financial markets in general. Such information will be given in the form of annual reports, quarterly reports, press releases, notices to relevant marketplace exchange as well as investor presentations in accordance with what is deemed most suitable. The Company shall seek to clarify its long-term potential, including strategies, value drivers, and risk factors.

The Company's quarterly presentations are webcast directly and may be found on Targovax's website, along with the quarterly and annual reports, under "Investor Relations".

Information to shareholders

The Company has procedures for establishing discussions with shareholders to enable the Company to develop a balanced understanding of the circumstances and focus of shareholders. Such discussions will always be in compliance with the principle of equal treatment of the Company's shareholders.

Deviations from the recommendation: None

14. Take-overs

The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid. In a bid situation, the company's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily.

The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. The Board of Directors should not hinder or obstruct take-over bids for the company's activities or shares.

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the company's shares, the company's Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid. If an offer is made for a company's shares, the company's Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting (or the corporate assembly where relevant).

In the event of a take-over process, the Board of Directors and the Company's Executive Management each have an individual responsibility to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board of Directors has a particular responsibility in ensuring that the shareholders have sufficient information and time to form a view on the offer.

The Board of Directors will not seek to hinder or obstruct any takeover bid for the Company's operations or shares. In the event of such a bid as discussed in section 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code of Practice. This includes obtaining a valuation from an independent expert. On this basis, the Board of Directors will make a recommendation as to whether or not the shareholders should accept the bid. There are no other written guidelines for procedures to be followed in the event of a takeover bid.

The Company has not found it appropriate to draw up any explicit basic principles for Targovax's conduct in the event of a takeover bid, other than the actions described above. The Board of Directors otherwise concurs with what is stated in the Code of Practice regarding this issue.

Deviations from the recommendation: None

15. Auditor

The Board of Directors should ensure that the auditor submits the main features of the plan for the audit of the company to the audit committee annually.

The Board of Directors should invite the auditor to meetings that deal with the annual accounts. At these meetings the auditor should report on any material changes in the company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company. The Board of Directors should at least once a year review the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement. The Board of Directors should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit.

The Board of Directors ensures that the auditor submits the main features of the plan for the audit of the Company to the Audit Committee annually.

The Board of Directors invites the auditor to meetings that deal with the annual accounts, so the auditor can report on any changes in the company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all matters on which there has been disagreement between the auditor and the executive management of the company.

The Board of Directors once a year reviews the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

At least once a year, the Audit Committee will meet with the auditor to consider the auditor's views on the Group's accounting principles, risk areas and internal control procedures.

De

The Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to the Company. The Company has established guidelines for the management's use of the external auditor for services other than auditing.

The auditor's fees, presented in Note 10 of the consolidated financial statements in the Annual Report, have stated for the relevant categories of auditing and other services. The auditor's fee is determined at the Annual General Meeting. The Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to the Company. The Company has established guidelines for the management's use of the external auditor for services other than auditing

TARGOVAX GROUP 2021

Accounts and notes

Consolidated statement of profit or loss

Amounts in NOK thousands except per share data	*Note*	2022	2021
Other revenues	6	10 002	-
Total revenue		**10 002**	**-**
Research and development expenses	7,8	-47 228	-37 440
Payroll and related expenses	7,8,9,10,11	-52 238	-48 386
Other operating expenses	7,8,12	-11 454	-8 466
Depreciation, amortizations and write downs	15,16,17	-392 673	-1 309
Total operating expenses		**-503 593**	**-95 601**
Operating profit/loss (-)		**-493 591**	**-95 601**
Finance income	13	3 360	245
Finance expense	13,21	-5 097	-2 667
Net finance income (expense)		**-1 737**	**-2 422**
Loss before income tax		**-495 328**	**-98 023**
Income tax income/(expense)	14	62 430	52
Loss for the period		**-432 898**	**-97 971**
Earnings/loss (-) per share			
Basic and dilutive earnings/loss (-) per share	**20**	**-2.30**	**-1.10**

Consolidated Statement of comprehensive income

Amounts in NOK thousands except per	*Note*	2022	2021
Income/loss (-) for the period		-432 898	-97 971
Items that may be reclassified to profit or			
Exchange differences arising from the translation of foreign operations		13 626	-12 927
Total comprehensive income/loss (-) for the period		**-419 273**	**-110 898**

Consolidated statement of financial position

Amounts in NOK thousands	*Note*	31.12.2022	31.12.2021
ASSETS			
Intangible assets	15	22	371 727
Property, plant, and equipment	16	5 035	111
Right-of-use assets	17	1 246	2 544
Total non-current assets		**6 302**	**374 382**
Receivables	13,18	28 097	9 207
Cash and cash equivalents	19	66 015	181 682
Total current assets		**94 112**	**190 889**
TOTAL ASSETS		**100 414**	**565 271**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	20	18 847	18 833
Share premium reserve		-	-
Other reserves		63 780	59 620
Retained earnings		-123 672	309 289
Translation differences		43 611	29 985
Total equity		**2 566**	**417 726**
Non-current liabilities			
Interest-bearing liabilities	21	57 433	49 523
Deferred tax	14	-	59 314
Lease liabilities	17	-	1 375
Total non-current liabilities		**57 433**	**110 212**

Amounts in NOK thousands	*Note*	31.12.2022	31.12.2021
Current liabilities			
Interest-bearing liabilities	21,22	4 531	7 543
Short-term lease liabilities	17,22	1 455	1 349
Trade payables	22	11 383	8 103
Accrued public charges	22	3 074	3 203
Other current liabilities	22	19 971	17 134
Total current liabilities		**40 415**	**37 333**
TOTAL EQUITY AND LIABILITIES		**100 414**	**565 271**

Lysaker, 13 April 2023
The Board of Directors of Targovax ASA

Damian Marron Chairperson of the Board	Bente-Lill Romøren Board member	Thomas Falck Board member
Eva-Lotta Allan Board member	Diane Mellett Board member	Raphael Clynes Board member
Sonia Quaratino Board member	Robert Burns Board member	Erik Digman Wiklund Chief Executive Officer

Consolidated statement of changes in equity

Amounts in NOK thousands	*Note*	Share capital	Share premium	Other reserves	Translation differences	Retained earnings (accumulated	Total equity
Balance at 31 December 2020		**8 653**	**1 046 476**	**52 684**	**42 912**	**-778 136**	**372 588**
Loss for the period						-97 971	-97 971
Exchange differences arising from the translation of foreign operations					-12 927		-12 927
Other comprehensive income/loss, net of tax							-
Total comprehensive income for the period					**-12 927**	**-97 971**	**-110 898**
Issue of ordinary shares - Capital increase - Private Placement and repair offering	20	10 174	164 826				175 000
Transaction costs - Private Placement			-26 040				-26 040
Share issuance, employee share options & RSU's	20	5	195				200
Transaction costs – Share based payments			-59				-59
Recognition of share-based payments & RSU's	11			6 935			6 935
Reclassification of Share premium			-1 185 396			1 185 396	-
Balance at 31 December 2021		**18 833**		**59 620**	**29 985**	**309 289**	**417 726**
Loss for the period						-432 898	-432 898
Exchange differences arising from the translation of foreign operations					13 626	-	13 626
Other comprehensive income/loss, net of tax							-
Total comprehensive income for the period					**13 626**	**-432 898**	**-419 273**
Transaction costs – Acquisition of a subsidiary			-20				-20
Share issuance, employee share options & RSU's	20	15	5				20
Transaction costs – Share based payments			-47				-47
Recognition of share-based payments & RSU's	11			4 160			4 160
Reclassification of Share premium			62			-62	-
Balance at 31 December 2022		**18 847**	**-**	**63 780**	**43 611**	**-123 672**	**2 566**

Consolidated statement of cash flow

Amounts in NOK thousands	*Note*	2022	2021
Cash flow from operating activities			
Loss before income tax		-495 328	-98 023
Adjustments for:			
Finance income	13	-3 360	-245
Finance expense	13	5 097	2 667
Interest received	13	536	245
Other finance income/expense	13	-247	46
Share option and RSU expense	11	4 160	6 935
Depreciation, amortizations and write downs	16,17	392 673	1 309
Change in receivables	18	-18 890	-4 348
Change in other current liabilities	22	6 517	6 012
Net cash flow from /(used in) operating activities		**-108 841**	**-85 402**
Cash flow from investing activities			
Purchases of property, plant, and equipment (PPE)	16	-4 935	-
Purchases of intangible assets	15	-24	
Net cash received from/(paid in) investing activities		**-4 959**	**-**
Cash flow from financing activities			
Repayment of borrowings	21	-2 086	-2 023
Repayment of lease liabilities	17	-1 515	-1 468
Interest paid	13	-680	-710
Proceeds from issuing shares -Rights issue, Private Placement and repair offering	20	-	175 000
Payment for share issue cost – Rights issue, Private Placement and repair offering		-20	-25 329
Proceeds from exercise of share options & RSUs	20	20	200
Payment for share issue cost – share options & RSUs		-47	-59
Net cash generated from financing activities		**-4 328**	**145 610**
Net increase/(decrease) in cash and cash equivalents		-118 129	**60 208**
Net exchange gain/loss on cash and cash equivalents		2 462	-848
Cash and cash equivalents at beginning of period		**181 682**	**122 321**
Cash and cash equivalents at end of period	**19**	**66 015**	**181 682**

1. General information

Targovax ASA ("the Company") and its subsidiaries (together the Group) 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 is aiming to progress ONCOS-102 into a randomized phase 2 trial in melanoma patients resistant to PD-1 checkpoint inhibitor treatment through one or more partnerships.

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 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.

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. The aim is to develop novel clinical candidates for in-house development, as well as to forge early partnerships to broaden and accelerate the circRNA pipeline development.

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

These financial statements have been approved for issue by the Board of Directors on 13 April 2023 and are subject to approval by the Annual General Meeting in May 2023.

2. Summary of significant accounting principles

The principal accounting policies applied in the preparation of these consolidated 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 is determined in each entity in the Group based on the currency within the entity's primary economic environment. 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 Group's presentation currency is NOK. This is also the parent company's functional currency. The statement of financial position figures of entities with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, including goodwill, and the exchange rate at the date of the transaction for profit or loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate where the rate at the date of transaction is not available. Exchange differences are recognized in other comprehensive income ("OCI").

When investments in foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary attributable to the equity holders of the parent are recognized in the statement of comprehensive income. When a loss of control, significant influence or joint control is present the accumulated exchange differences related to investments allocated to controlled interests is recognized in profit or loss.

When a partial disposal of a subsidiary (not loss of control) is present the proportionate share of the accumulated exchange differences is allocated to non-controlling interests.

2.1 Basis for preparation of the annual accounts

The consolidated financial statements of Targovax ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as Norwegian disclose requirements listed in the Norwegian Accounting Act.

The consolidated financial statements are based on historical cost.

The consolidated 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 Group record transactions at initial recognition based on the exchange rate at the date of the transaction. If the exchange rate at the date of transaction is not available, average monthly exchange rate in the month of transaction is used. The date of a transaction is the date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards. However, if exchange rates fluctuate significantly, the use of the average rate for a period may be inappropriate and an exchange rate closer to transaction date is used.

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

All relevant new and revised IFRSs and IFRIC interpretations that are mandatory for periods commencing 1 January 2021 and earlier have been adopted for all periods presented in these financial statements.

The Group 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 Group' 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 Group. These 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 Basis of consolidation

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

In general, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it ceases to recognize the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in statement of profit or loss. Any investment retained is recognized at fair value.

2.5 Business combinations and intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

Intangible assets comprising the patented technology were recognized at fair value at the date of acquisition of Targovax OY (previous Oncos Therapeutics OY) July 2015. Until the development of the patented technology is finalized no amortization is recorded and the carrying amount will be tested for impairment at least once a year, or more often if there are indicators of impairment.

When finalized, the patented technology will be amortized by the straight-line method over the estimated useful life.

2.6 Going concern

The Group works continuously to ensure financial flexibility in the short and long-term to achieve its strategic and operational objectives. To date, the Group has financed its operations through private placements, grants, borrowings, 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, Targovax announced that it has agreed the terms and conditions for a convertible bond facility with Atlas Special Opportunities ("Atlas") which will secure financing of up to gross NOK 300 million over three years. The agreement was approved by an extraordinary general meeting (EGM) of Targovax held 9 March 2023, please see Note 23. In March 2023, the Group announced prioritization of resources toward its circRNA platform and, it is the view of the Board that the phase 2 study should only be pursued once a partner or additional source of financing can be secured. The Board of Directors 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.

Impairment of intangible assets

Where a finite useful life of the acquired intangible asset cannot be determined, the asset is not subject to amortization, but is tested when indication, or at least annually for impairment. Acquired intangible assets will not be subject to amortization until market authorization is obtained with the regulatory authorities and the intangible assets are available for use. After market authorization, the intangible assets will be amortized using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Due to the Group's prioritization of resources toward its circRNA platform announced in March 2023, the acquired intangible assets related to development of the ONCOS-102 platform recognized in the consolidated statement of financial position, were impaired from 391 MNOK to zero as per 31 December 2022. This is further described in Note 15.

Estimated value of share-based payments

At each balance sheet date, the Group 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 11 Share-based compensation.

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 Group 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 14 Taxes.

4. Segments
The Group'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.

In addition to the R&D activities in Norway and Finland, the Group established a Swedish company Circio AB in 2022. Circio AB's focus on establishing a cutting-edge circular RNA (circRNA) platform with the aim to develop novel clinical candidates for in-house development, as well as to forge early partnerships to broaden and accelerate the circRNA pipeline development.

For management purposes, the Group is organized as one business unit and the internal reporting is structured in accordance with this. The Group is thus currently organized in one operating segment.

5. Financial instruments and risk management objectives and policies
The Group's financial assets and liabilities comprise cash at bank and cash equivalents, receivables and trade creditors that originate from its operations. All financial assets and liabilities are carried at amortized cost. All financial assets and liabilities, other than the long-term leasing liabilities and debt to Business Finland, are short-term and their carrying value approximates fair value.

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

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

Currently, the Group has no long-term debt other than leasing liabilities and its debt to Business Finland. The debt to Business Finland carries an annual interest equal to the European Central Bank's steering rate less 3 percentage points, but in no event less than 1%. The current interest is 1% per annum. For further information see Note 21 Interest-bearing debt.

The Group 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 Group's business, financial condition, results of operations, cash flows, time to market and prospects.

The Group is not sensitive to a change in interest rates on interest-bearing borrowings, the debt to Business Finland, unless the European Central Bank's steering rate increases above 4 %. Hence the Group's profit or loss statement, statement of financial position and the Group's cash flow is not sensitive to 1% change in interest rates on interest-bearing borrowings.

The following table demonstrates the Group's sensitivity to a 1 percent point change in interest rates on cash and cash equivalents at 31 December 2022 and 2021:

	2022		2021	
Amounts in NOK thousands	1% point increase	1% point decrease	1% point increase	1% point decrease
Loss before income tax effect	660	-660	1 817	-1 817

Foreign currency risk
Fluctuations in exchange rates could affect the Group's cash flow and financial condition.

The Group has currency exposure to both transaction risk and translation risk related to its operating expenses. Transaction risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is different from the Group's presentation currency. The Group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. The Group is mainly exposed to fluctuations in EUR, USD, GBP, CHF and SEK. Targovax hedges foreign currency by aligning the cash positions with future expected currency outflows. The Group does not have derivatives for hedge accounting at year-end.

The following tables demonstrate the Group's currency rate sensitivity on monetary assets and liabilities in the loss before income tax and other comprehensive income at 31 December 2022 and 2021:

Group's sensitivity to a 10% increase/decrease in EUR against NOK:

	2022		2021	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	515	-515	534	-534
Other comprehensive income	-4 540	4 540	-5 096	5 096

Group's sensitivity to a 10% increase/decrease in USD against NOK:

	2022		2021	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	91	-91	194	-194
Other comprehensive income	-	-	-	-

Group's sensitivity to a 10% increase/decrease in GBP against NOK:

	2022		2021	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-70	70	75	-75
Other comprehensive income	-	-	-	-

Group's sensitivity to a 10% increase/decrease in CHF against NOK:

	2022		2020	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-60	60	147	-147
Other comprehensive income	-	-	-	-

Group's sensitivity to a 10% increase/decrease in SEK against NOK:

	2022		2021	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-30	30	-	-
Other comprehensive income	42	-42	-	-

Credit risk

Credit risk is the risk of a counterparty defaulting. The Group has limited credit risk. Outstanding receivables are limited and primarily government grants receivable from various government agencies. No impairment has been recognized. The carrying value of the assets represents the Group's maximum exposure to credit risk.

Cash and cash equivalents:

	2022		2021		Rating
Amounts in NOK thousands	Amount	In %	Amount	In %	S&P
Cash at bank:	**35 374**	**54%**	**181 366**	**100%**	
Nordea Bank abp	21 915	33%	169 680	93%	AA-
Danske Bank A/S	5	0%	0	0%	A-
DNB Bank ASA	13 453	20%	11 686	6%	AA-
Money market funds:	**30 641**	**46%**	**316**	**0%**	
Nordea Likviditet III	30 641	46%	316	0%	
Total	**66 015**	**100%**	**181 682**	**100%**	

Fair value of financial instruments

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

Amounts in NOK thousands	2022 Carrying amounts	2022 Fair value	2021 Carrying amounts	2021 Fair value
Receivables	28 097	28 097	9 207	9 207
Cash and cash equivalents	66 015	66 015	181 682	181 682
Total financial assets	**94 112**	**94 112**	**190 889**	**190 889**
Interest-bearing borrowings	61 964	61 964	57 066	57 066
Lease liabilities	1 455	1 455	2 725	2 725
Trade payables	11 383	11 383	8 103	8 103
Total financial liabilities	**74 803**	**74 803**	**67 894**	**67 894**

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

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

As at 31 December 2022:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	61 964	61 964
Total financial instruments at fair value	-	-	**61 964**	**61 964**

As at 31 December 2021:

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

Liquidity risk

The Group manages liquidity risk by estimating and monitoring cash and liquidity needs on an on-going basis and maintaining adequate reserves and banking facilities. The Group 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 Group sufficient cash to meet its obligations as at 31 December 2022 and related to planned activities in the next 12 months. Hence, the Group is funded into 2024. The Group will need new funding for the next phases of the development program. All liabilities at year-end, other than the debt to Business Finland and long-term lease liabilities, are short-term and fall due within one year of the reporting date.

The following tables analyses the Group's current and non-current financial liabilities, at 31 December 2022 and 2021 respectively, 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.

At 31 December 2022

(Amounts in NOK thousands)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing borrowings[1]	-	2 906	2 305	39 459	26 463	71 133
Lease liabilities	-	401	1 107	-	-	1 508
Trade payables	-	11 383	-	-	-	11 383
Accrued public charges	-	3 074	-	-	-	3 074
Other current liabilities	-	19 971	-	-	-	19 909
Total	**-**	**37 736**	**3 412**	**39 459**	**26 463**	**107 070**

1 Interest-bearing borrowings comprise loans from Business Finland and includes future interest payments.

At 31 December 2021

(Amounts in NOK thousands)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing borrowings[1]	-	228	7 981	47 051	13 910	69 170
Lease liabilities	-	378	1 133	1 511	-	3 022
Trade payables	-	8 103	-	-	-	8 103
Accrued public charges	-	3 203	-	-	-	3 203
Other current liabilities	-	17 134	-	-	-	17 134
Total	**-**	**29 046**	**9 114**	**48 562**	**13 910**	**100 633**

1 Interest-bearing borrowings comprise loans from Business Finland and includes future interest payments.

6. Revenue recognition

Revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is presented net of value added tax.

Amounts in NOK thousands	2022	2021
Other revenue	10 002	-
Total operating revenue	**10 002**	**-**

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

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

7. 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 Group'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.

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

	2022		2021	
Amounts in NOK thousands	Total	Of which R&D	Total	Of which R&D
R&D expenses	47 228	47 228	37 440	37 440
Payroll and related expenses	52 238	26 399	48 386	22 898
Other operating expenses	11 454	246	8 466	40
Depreciation, amortizations and write downs	392 673	-	1 309	-
Total	**503 593**	**73 873**	**95 601**	**60 377**

The following research and development expenditures have been expensed:

Amounts in NOK thousands	2022	2021
R&D related consultancy and other expenses	27 202	18 185
Cost of manufacturing for R&D	20 307	17 484
Patent expenses	3 479	4 659
Government grants	-3 759	-2 888
Total research and development expenses	**47 228**	**37 440**

8. 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.

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

Amounts in NOK thousands	2022	2021
Research and development expenses	3 759	2 888
Payroll and related expenses	1 021	374
Other operating expenses	35	1
Total grants	**4 815**	**3 263**

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

For the full year 2022 the Group has recognized NOK 3.0 million (NOK 3.3 million 2021) related to SkatteFUNN and and NOK 1.8 million related to the grant from the Research Council of Norway.

Specification of grants receivables:

Amounts in NOK thousands	2022	2021
Grants from SkatteFUNN	2 970	3 263
Grants from Research Council of Norway	934	-
Total grants receivable	**3 904**	**3 263**

9. 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.

Defined contribution plans

Targovax Solutions AS has a defined contribution pension plan as required by the Norwegian Law and as well an applicable contribution pension plan as required by Finnish Law and Swedish law for all employees employed in Targovax OY and Circio AB. These pension plans apply to all employees of the Group respectively. Currently, members of the Management Team with residence outside Norway, Finland and Sweden are not part of the company's respective national pension plans. The company pays 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 are paid to pension insurance plans and charged to the statement of profit or loss in the period to which the contributions relate.

Bonus scheme

In 2018 Targovax implemented a bonus system covering all employees.

The Group recognizes 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. See note 10 Related parties and Management.

Total payroll and related expenses for the Group are:

Amounts in NOK thousands	2022	2021
Salaries and bonus	40 911	33 885
Employer's national insurance contributions	4 984	3 788
Share-based compensation [1)]	4 160	6 935
Pension expenses – defined contribution plan	2 518	2 200
Other	686	1 952
Governmental grants	-1 021	-374
Total payroll and related expenses	**52 238**	**48 386**
1) Share-based compensation has no cash effect.		
Number of employees calculated on a full-time basis as at end of period	20,9	21,8
Number of employees as at end of period	21	22

10. Related parties and Management

Targovax Compensation Report

This report describes the compensation programs for Targovax. It is intended to describe programs for senior executives and to explain how they were compensated in 2022 and will be in 2023. See Note 9 Payroll and related expenses and 11 Share-based compensation for accounting principles for payroll and related expenses and equity-settled share-based payments.

Section 1: Introduction by the Compensation Committee

It is our pleasure to present the Targovax Remuneration Report for the year 2022. We encourage our shareholders to read the entire Remuneration Report before attending the Annual General meeting in April 2023.

During 2022 the company executed on all major development goals and is expected to build on this momentum in 2023 and deliver several important milestones on both the clinical and pre-clinical programs. In particular, circRNA is emerging as an area of rapidly growing interest, and new ways to fully unlock the potential of the unique circAde vector delivery approach are actively being explored.

Targovax s a clinical stage cancer immunotherapy and RNA therapeutics company. In order to implement our strategy and build shareholder value Targovax needs to be able to attract and retain experienced and qualified key individuals. The Company's total compensation philosophy reflects this in that equity incentives play an important role in compensating, motivating, and retaining the employees. Moreover, the Remuneration Committee believes that it is essential that a substantial part of management's compensation is aligned with the interests of Targovax's shareholders. The equity incentive is an important motivator of Targovax's organization, in particular key employees, to deliver the milestones that will advance Targovax and underpin long-term value creation. In order to make this journey successful, it is of crucial importance for Targovax to be able to attract and retain senior and talented individuals that are willing to build lasting careers with the Company.

During the year the Remuneration Committee engaged closely with management in order to ensure essential means and tactics necessary to fulfil the needs of the Company. Long-term incentives have been the most important topic to ensure a successful compensation policy. The Remuneration Committee believes that the suggested compensation policy will support and fulfil the essential needs of sustainable engagement and long-term value creation of the Company.

The Remuneration Committee will continue to measure and monitor the effectiveness of the compensation policies and return with further amendments when needed

Thomas Falck, Robert Burns, and Damian Marron
Targovax Compensation Committee, 13 April 2023

Section 2 – Compensation Committee activity

The Compensation Committee

The Board of Directors, with the assistance of the Compensation Committee, presented to the Annual General Meeting 2022 the compensation principles for Targovax. The Compensation Committee is of the view that compensation practices must support the strategic aims of the business and enable the recruitment, motivation, and retention of senior executives as well as other key employees.
Targovax's practices must take into account the views of regulatory and governance bodies and the expectations of shareholders and the wider employee population. The Board of Directors approves the total compensation of the CEO, which is communicated to the shareholders through the Annual General Meeting. The Board of Directors has final approval of the compensation of the Management Team, upon recommendation of the CEO and the Compensation Committee.

Compensation Committee activity

The CEO attended selected meetings of the Compensation Committee, providing input and assisting with specific queries. The CEO did not participate in conversations regarding his own level of compensation.

The committee covered the following matters during the year:

- Review of the overall compensation strategy and policies
- Review of the compensation levels and structure for each member of the management team
- Review of the market competitive positioning of the compensation for each member of the management team
- Recommendation on the base salary increase of the CEO and a review of recommendations made by the CEO for the organization
- Assessment of fulfilment of objectives for 2022 and on resulting cash bonuses
- Recommendation on the grant of employee share options
- Recommendation on corporate objectives for 2023

Section 3 – Overview of the compensation policy

The compensation policy

The compensation policy applied in 2022 and 2021 is as follows:

Principle	Summary
Market competitive compensation	Targovax offers market competitive reward opportunities on a level adequate to enable the company to attract, retain, and motivate the talent needed to achieve our vision and business objectives. We balance the need to provide market competitive levels of reward against a desire to be cost-effective when determining reasonable and responsible reward outcomes.
Pay for performance and commitment	An appropriate proportion of the reward package is performance-based for top executives to ensure reward is linked to the achievement of key financial and non-financial objectives with a balance of short and long-term performance components - with priority being given to securing the long-term commitment of key employees.
Transparency	Compensation programs are designed and communicated in a manner that reinforces the linkage between business objectives, our vision, and culture.
Business alignment and consistency	Compensation decisions are made within an international framework to ensure local practices are aligned and consistent with our principles and policies. Compensation practices will remain flexible enough to evolve as the business priorities of Targovax change.
Shareholder alignment	Compensation programs will align the interests of all employees in driving long-term value creation for our shareholders. Targovax will share the success of the company wherever possible with its employees.

Element	Applied in 2022	Proposed for 2023
Base salary	✓	✓
Short term incentive for top executives: Annual cash bonus	✓	✓
Short term incentive for all employees: Annual cash bonus	✓	✓
Long term incentive for all employees: Share options	✓	✓
Benefits	✓	✓
Pension	✓	✓
Equity as part of Board fee	✓	✓

Section 4 – Compensation policy for each element

The policy for each element of the compensation offered to our employees is described below and is laid down in the Targovax's Remuneration principles as approved by the Annual General Meeting in 2022.

Base salary

Base salaries for individual members of the management team are reviewed annually by the committee. The salaries are set by taking into consideration the scope of the role, the level of experience of the individual, the geographical location of the role, internal relativity, and external economic environment.

The overall performance rating, employee potential, and current compensation market competitiveness will be combined to assess any proposed salary revision.

Short term incentives: annual bonus

The corporate objectives are set by the Board and determined for and agreed with the CEO. The bonus of the CEO is determined by achievements of corporate objectives. Other management/employee bonuses are based on the achievement of the corporate objectives as well as individual objectives.

The level of performance achieved and the amount of bonus to be awarded individual members of the Management Team is reviewed by the committee, in discussion with the CEO, and approved by the Board.

The Corporate Objectives for 2022 and 2023 focus on short term execution of clinical plans and longer-term business development.

Target bonus percentages	2022 (% of base salary)	2023 (% of base salary)
Erik Digman Wiklund (Chief Executive Officer)	50%	50%
Lubor Gaal (Chief Financial Officer)	30%	30%
Lone Ottesen (Chief Development Officer)	30%	30%
Victor Levitsky (Chief Scientific Officer)	30%	30%
Ingunn Munch Lindvig (VP Regulatory Affairs)	20%	20%
Ola Melin (Head of Manufacturing)	20%	20%

The Committee may, at its discretion, review the operation of the annual bonus plan and make recommendations to the Board for approval. Any review will take into account the overall impact of the compensation package, the mix between fixed and variable pay, and the balance between short and long-term performance measurement.

In 2018 Targovax implemented a bonus system covering all employees who are not part of the management team. The criteria are the same as for the management team; based on the achievement of the corporate objectives as well as individual objectives.

Long-term incentives

The Committee's proposal for 2023 long-term incentives and the policy applied in 2022 are described below.

Long term incentives proposal for 2023

Eligibility

New employees and consultants are eligible for option grants upon joining the company. Employees and consultants will be eligible for an annual option award on a discretionary basis, taking into account overall performance, work responsibility, importance of retention, organization level, and position.

The Board of Directors will exercise discretion as to who will receive an equity award in any given year, based on recommendations made by the Compensation Committee.

The Board of Directors intends to grant awards under the plan, alongside the existing option plan, on an annual basis.

Board members are not eligible to participate.

Grant size and exercise price

The Compensation Committee shall recommend to the Board the size of the overall option grant. The grant schedule will be determined, and reviewed, on the basis of market competitiveness of the equity component of the compensation package and the overall size of the available share pool approved by shareholders.

Share option grants will not be subject to any performance-based vesting conditions.

The exercise price is determined at grant and reflects the share price on the day of the grant.

Long-term incentives in 2022
In 2022, Targovax granted share options under the current share option plan in which all employees are eligible to participate.

The share option grants are not subject to any performance-based vesting conditions. Under the current plan, share options have been granted to employees upon joining the company. Additional grants have been awarded to employees on a discretionary basis taking into account the number of options held, overall performance, competitiveness of terms, work responsibility, importance of retention, organization level, and position.

Employee vesting schedule
Granted share options vest over a four-year period as follows: 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. Most options expire seven years after the grant date.

In the case of termination of employment, the employee will not vest further share options beyond notice of termination, unless the employee continues as a consultant to the company. Unless special circumstances dictate otherwise, the terminated employee can, as a general rule, exercise vested share options for a maximum period of six to twelve months after termination.

In the event of a Take-over or a Statutory Merger all unvested options shall vest if, within 24 months following the completion of such trade sale or merger, the option holder's employment is terminated by the Group.

Limits
The Board of Targovax seeks authorization from shareholders at the Annual General Meeting to issue a maximum number of share options in total for all grants. This authorization is sought every year and at the Annual General Meeting in April 2022, the Board was authorized to increase the Group's share capital in connection with share incentive arrangements to employees and consultants by up to NOK 2 600 000 of the Company's outstanding shares, options and RSUs. The authorization to increase the share capital covers:

- Already granted options, vested as well as unvested; and
- Planned future grants of options

At the end of 2022, 10 781 275 share options were outstanding, of which 4 051 671 were vested and exercisable at year-end 2022. Current Management Team members held 5 552 000 share options, 3 524 000 options were held by other employees and the remaining 1 705 275 by previous employees.

Targovax has never and does not plan to grant options to Board members.

Pension
Targovax Solutions AS has a defined contribution pension plan as required by the Norwegian Law and as well an applicable contribution pension plan as required by Finnish Law for all employees employed in Targovax OY, and as required by Swedish Law for all employees employed in Circio AB. These pension plans apply to all employees of Targovax Solutions AS, Targovax OY and Circio AB respectively.

Currently, members of the Management Team with residence outside Norway, Sweden and Finland are not part of the company's respective national pension plans. The company pays these executives an annual amount in addition to base salary in lieu of their participation in a company scheme.

Other benefits
Benefits to the Management Team may comprise certain other items such as healthcare, accident insurance, etc. on customary terms.

Severance payment
Erik Digman Wiklund (CEO 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.

Statement for 2022

The Board of Directors complies with the decision made at Targovax ASA's Ordinary General Meeting on 20 April 2022 to approve of the Board of Directors' statement concerning principles for Management compensation pursuant to Norwegian Public Limited Companies Act section 6–16a. The principles for 2022 were identical to the principles listed above.

Section 5 – Compensation tables for 2022 and 2021

Remunerations and other benefits in 2022:

Amounts in NOK thousands	Fixed annual fee as at 31 Dec 2022	Earned fees in cash in 2022	Earned fees in RSU's in 2022	Earned committee meetings fee per 31.12.2022	Exercise of share options/RSUs	Total remuneration earned in 2022
Board of Directors of Targovax ASA:						
Damian Marron, Chairperson of the Board	522	348	174	40		562
Bente-Lill Bjerkelund Romøren, Board	307	277	30	40		347
Robert Burns, Board member	307	217	90	20	129	456
Eva-Lotta Allan, Board member	307	205	102	20	52	368
Diane Mellett, Board member	307	175	132	40	8	353
Sonia Quaratino, Board member	307	102	205			307
Thomas Falck, Board member	217	72	144	40		257
Raphael Clynes, Board member	217	72	144			217
Johan Christenson, former Board member	90	90				90
Per Samuelsson, former Board member	90	90		8		98
Total Board of Directors [1,2]	**2 671**	**1 648**	**1 023**	**208**	**188**	**2 926**

1) Johan Christenson and Per Samuelsson was replaced by Thomas Falck and Raphael Clynes at the AGM 2022.
2) The Board members may choose to receive their Board fee either in RSUs or in cash. Please see the table for holding of RSUs for further details on the Board related remuneration.

Amounts in NOK thousands	Fixed annual salary as at 31 Dec 2022	Earned salaries in 2022	Bonus earned in 2022	Pension expenses in 2022	Benefits in kind in 2022	Exercise of share options/RSUs	Total remuneration in 2022
Management team:							
Erik Digman Wiklund, Chief Executive Officer	2 500	2 550	1 125	103	13	-	3 792
Lubor Gaal, Chief Financial Officer[1]	2 523	2 028	599	0	142	-	2 769
Lone Ottesen, Chief Medical Officer[2]	2 809	2 826	801	388	134	-	4 149
Victor Levitsky, Chief Scientific Officer[3]	514	510	198	0	141	-	849
Ingunn Munch Lindvig, VP & Head of Regulatory	1 515	1 561	288	103	14	-	1 966
Ola Melin, VP & Head of Manufacturing	1 469	1 392	278	460	36	-	2 165
Total Management Team [4]	**11 330**	**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 Levitsky 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 remuneration consisted of TNOK 3 426 in salary, TNOK 246 in earned bonus, TNOK 33 in pension and TNOK 18 in benefits in kind.

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 receive NOK 310 000 and the Chairperson of the Board NOK 525 000 for the period from the annual general meeting in 2022 and until the annual general meeting in 2023. If the current board members have served for a shorter period than since the annual general meeting in 2022, the remuneration shall be pro rata adjusted down (based on the number of days served compared to the full period). The members of the board of directors may choose to receive their remuneration, or parts thereof, in the form of restricted stock units (RSUs). The remuneration in cash shall be payable immediately after the annual general meeting in 2023. Members of board committees shall receive an additional remuneration of NOK 4 000 per committee meeting, however not less than NOK 20 000 for the period and the chairpersons of such committees shall receive remuneration of NOK 8 000 per meeting, however not less than NOK 40 000 for the period.

In 2022 NOK 0.9 million was recognized as expense for Board remunerations in RSUs.

The Group 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.

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

Remunerations and other benefits in 2021:

Amounts in NOK thousands	**Fixed annual fee as at 31 Dec 2021**	**Earned fees in cash in 2021**	**Earned fees in RSU's in 2021**	**Earned committee meetings fee per 31.12**	**Exercise of share options/RSUs**	**Total remuneration earned in 2021**
Board of Directors of Targovax ASA:						
Damian Marron, Chairperson of the Board[1]	511	341	170	40		551
Bente-Lill Bjerkelund Romøren, Board member	298	223	75	40		338
Johan Christenson, Board member	298	298		20		318
Catherine Wheeler, Board member					45	45
Per Samuelsson, Board member	298	298		56		354
Robert Burns, Board member	298		298	20		318
Eva-Lotta Allan, Board member	298	198	99	20		318
Diane Mellett, Board member	298	123	174	52		350
Sonia Quaratino, Board member	225	75	150			
Total Board of Directors [2]	**2 521**	**1 555**	**966**	**248**	**45**	**2 589**

1) Catherine Wheeler was replaced by Sonia Quaratino at the AGM 2021.
2) The Board members may choose to receive their Board fee either in RSUs or in cash. Please see the table for holding of RSUs for further details on the Board related remuneration.

Amounts in NOK thousands	Fixed annual salary as at 31 Dec 2021	Earned salaries in 2021	Bonus earned in 2021	Pension expenses in 2021	Benefits in kind in 2021	Exercise of share options/RSUs	Total remuneration in 2021
Management team:							
Erik Digman Wiklund, Chief Executive Officer[1]	2 500	2 137	561	90	10	-	2 799
Øystein Soug, Special Advisor and Interim CFO[2]	2 814	2 927	739	90	8	-	3 763
Magnus Jäderberg, Chief Medical Officer[3]	2 928	2 929	755	-	704	-	4 389
Lone Ottesen, Chief Development Officer[3,4]	2 720	1 369	354	196	66		1 985
Victor Levitsky, Chief Scientific Officer[5]	475	2 053	472	-	569	-	3 094
Ingunn Munch Lindvig, VP Regulatory Affairs	1 469	1 494	268	90	7	-	1 830
Ola Melin, Head of Manufacturing[6]	1 549	352	65	97	42	-	556
Total Management Team[7, 8]	**14 455**	**13 261**	**3 184**	**563**	**1 407**	**-**	**18 415**

1) Erik Digman Wiklund became CEO 20th October 2021. Prior to that he was the CBO of Targovax.
2) Øystein Soug became Special Advisor and interim CFO 20th October 2021. Prior to that he was the CEO of Targovax.
3) Fixed annual salary is the annual salary in GBP multiplied by the average exchange rate throughout the year.
4) Lone Ottesen joined Targovax 1 July 2021.
5) Victor Levitsky is working 20% for Targovax as per 31.12.2021.
6) Ola Melin joined Targovax 1 October 2021. Fixed annual salary is the annual salary in SEK multiplied by the average exchange rate throughout the year.
7) Torbjørn Furuseth resigned from his position as CFO on 31 October 2021. During 2021 his remuneration consisted of TNOK 2 150 in salary, TNOK 364 in bonus, TNOK 74 in pension and TNOK 10 in benefits in kind.
8) Kirsi Hellström resigned from the Management Team during 2021, her remuneration in 2021 consisted of TNOK 826 in salary, TNOK 131 in bonus, TNOK 146 in pension and TNOK 2 in benefits in kind and TNOK 7 in exercise of share options.

All amounts in the tables exclude National Insurance Contribution.

In 2021, the annual general meeting of the Company resolved that all current board members shall receive NOK 300 000 and the Chairperson of the Board NOK 515 000 for the period from the annual general meeting in 2021 and until the annual general meeting in 2022. If the current board members have served for a shorter period than since the annual general meeting in 2021, the remuneration shall be pro rata adjusted down (based on the number of days served compared to the full period). The members of the board of directors may choose to receive their remuneration, or parts thereof, in the form of restricted stock units (RSUs). The remuneration in cash shall be payable immediately after the annual general meeting in 2022. Members of board committees shall receive an additional remuneration of NOK 4 000 per committee meeting, however not less than NOK 20 000 for the period and the chairpersons of such committees shall receive remuneration of NOK 8 000 per meeting, however not less than NOK 40 000 for the period.

In 2021 NOK 1.1 million was recognized as expense for Board remunerations in RSUs.

The Group has recognized as expense NOK 3.5 million, excluding National Insurance Contribution, in provision for bonuses to the Management Team as per 31 December 2021.

The Group has recognized as expense NOK 5.2 million in share-based compensation for the year 2021 to the Management Team as per 31 December 2021. There are no outstanding loans or guarantees made to the Board of Directors or the Management Team at 31 December 2021.

Holding of shares, options for shares and RSUs, 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	Exercised RSU's 2022	Granted RSU's 2022[1]	Holding of RSU's as at 31 Dec 2022
Board of Directors of Targovax ASA:									
Damian Marron, Chairperson of the Board	-							109 365	153 353
Bente-Lill Bjerkelund Romøren, Board member	35 577	0.02 %						2 996	14 357
Raphael Clynes, Board member	-							115 456	115 456
Sonia Quaratino, Board member	-							121 448	144 170
Thomas Falck, Board member	-							115 456	115 456
Robert Burns, Board member	275 454	0.15%					-88 351	32 295	66 378
Eva-Lotta Allan, Board member	94 859	0.05%					-40 811	68 493	68 493
Diane Mellett, Board member	102 078	0.05%					-6 049	73 086	125 258
Total Board of Directors[2]	**507 968**						**-135 211**	**638 595**	**802 921**
Management team:									
Erik Digman Wiklund, Chief Executive Officer[3]	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[4,5]	**217 000**	**0.12%**			**2 600 000**	**5 552 000**			
Total	**724 968**	**0.38%**			**2 600 000**	**5 552 000**	**-135 211**	**638 595**	**802 921**

1) Granted RSUs to the Board of Directors are a part of the yearly Board remuneration fee which the Board members can select either to receive in cash or in RSUs.
2) Per Samuelsson and Johan Christenson left the Board of Targovax April 2022. Neither held any options nor RSUs in the Company. They are partners at HealthCap, which owns 12 458 375 shares at 31.12.2022.
3) The shares are held through Digman AS
4) Magnus Jåderberg, resigned from his position as CMO on 15 February 2022. Per 31.12.22 he holds 775 900 options and 20 000 shares.
5) 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

Holding of shares, options for shares and RSUs, including those of close associates, as at 31 December 2021:

	Holding shares as at 31 Dec 2021	% ownership 31 Dec 2021	Expired options 2021	Exercised options 2021	Granted options 2021	Holding of options as at 31 Dec 2021	Exercised RSU's 2021	Granted RSU's 2021[4]	Holding of RSU's as at 31 Dec
Board of Directors of Targovax ASA:									
Damian Marron, Chairperson of the Board						-		19 503	43 988
Bente-Lill Bjerkelund Romøren, Board member	35 577	0.02%				-	-15 250	11 361	11 361
Johan Christenson, Board member[1]						-			-
Sonia Quaratino, Board member								22 722	22 722
Per Samuelsson, Board member[1]						-			-
Robert Burns, Board member	187 103	0.10 %				21 235		34 083	122 434
Eva-Lotta Allan, Board member	71 368	0.04 %				-		11 361	40 811
Diane Mellett, Board member	96 029	0.05 %				-		22 722	58 221
Total Board of Directors	**390 077**	**0.21 %**		**-**	**-**	**21 235**	**-15 250**	**121 752**	**299 537**
Management team:									
Erik Digman Wiklund, Chief Executive Officer[2]	100 000	0.05 %			450 000	1 200 000			
Magnus Jäderberg, Chief Medical Officer	20 000	0.01 %	- 133 265			946 735			
Lone Ottesen, Chief Development Officer	47 000	0.02 %			490 000	490 000			
Øystein Soug, Interim Chief Financial Officer[3]	320 000	0.17 %				1 310 000			
Victor Levitsky, Chief Scientific Officer	10 000	0.01 %			45 000	545 000			
Ola Melin, Head of Manufacturing	50 000	0.03 %			325 000	325 000			
Ingunn Munch Lindvig, VP Regulatory Affairs	10 000	0.01 %			125 000	392 000			
Total Management[5]	**557 000**	**0.30 %**	**-133 265**	**-**	**1 435 000**	**5 208 735**	**-**	**-**	**-**
Total	**947 077**	**0.50 %**	**-133 265**	**-**	**1 435 000**	**5 229 970**	**-15 250**	**121 4752**	**299 537**

1) Johan Christenson and Per Samuelsson, both Member of the Board, are partners at HealthCap, HealthCap owns 12 458 375 shares at 31.12.2021
2) The shares are held through Digman AS
3) The shares are held through Abakus Invest AS
4) Granted RSUs to the Board of Directors are a part of the yearly Board remuneration fee which the Board members can select either to receive in cash or in RSUs. Catherine Wheeler left the Board of Targovax March 2021. She exercised 6 049 RSUs during 2021 and holds no RSUs as per 31.12.21.
5) Torbjørn Furuseth resigned from his position as CFO on 31 October 2021. Per 31.12.21 he holds 248 738 options, but no shares. Kirsi Hellström left the management team 1.12.21. Per 31.12.21 she holds 4 350 shares and 264 000 options.

Total outstanding options for shares by range of exercise price at 31 December 2022:

Exercise price in NOK	1.15	1.53	2.18	5.19-5.59	6.00-6.06	7.16-8.72	9.61	16.59	20.58	Total
Management team:										
Erik Digman Wiklund, CEO	600 000		200 000		380 000	130 000	190 000	150 000	150 000	1 800 000
Lubor Gaal, CFO	400 000	300 000								700 000
Victor Levitsky	100 000		45 000			250 000	250 000			645 000
Lone Ottesen, CMO	400 000		140 000			350 000				890 000
Ingunn Munch Lindvig, VP & Head of RA	400 000		125 000	27 000	90 000		150 000			792 000
Ola Melin, VP & Head of Manufacturing	400 000		75 000		250 000					725 000
Total Management [1,2]	**2 300 000**	**300 000**	**585 000**	**27 000**	**720 000**	**730 000**	**590 000**	**150 000**	**150 000**	**5 552 000**

1) Magnus Jäderberg resigned from his position as Chief Medical Officer on 15 February 2022. As of 31.12.2022 he holds 46 875 options for shares of exercise price 6,00, 222 290 between 7.16-11.81, 250 000 between 16.59-21.38 and 256 735 at 24.42
2) Øystein Soug resigned from his position as interim CFO on 30 April 2022. As of 31.12.2022 he holds 87 500 options for shares of exercise price 6,00, 371 875 between 7.16-9.61and 470 000 between 16.59-21.38.

Total outstanding options for shares by range of exercise price at 31 December 2021:

Exercise price in NOK	2.18	5.19-5.59	6.00-6.06	7.16-8.72	9.61	11.81	16.59	20.58	21.38	24.42	37.60	Total
Board of Directors of Targovax ASA:												
Robert Burns, Board member											21 235	21 235
Total Board of Directors											**21 235**	**21 235**
Management team:												
Erik Digman Wiklund, CEO	200 000		380 000	130 000	190 000		150 000	150 000				1 200 000
Øystein Soug, Interim CFO			150 000	300 000	300 000		220 000		250 000	90 000		1 310 000
Magnus Jäderberg, CMO			90 000	80 000	150 000	120 000	100 000		150 000	256 735		946 735
Victor Levitsky	45 000			250 000	250 000							545 000
Lone Ottesen, CDO	140 000			350 000								490 000
Ingunn Munch Lindvig, VP Regulatory Affairs	125 000	27 000	90 000		150 000							392 000
Ola Melin, Head of Manufacturing	75 000		250 000									325 000
Total Management [1,2]	**585 000**	**27 000**	**960 000**	**1 110 000**	**1 040 000**	**120 000**	**470 000**	**150 000**	**400 000**	**346 735**	**-**	**5 208 735**
Total	**585 000**	**27 000**	**960 000**	**1 110 000**	**1 040 000**	**120 000**	**470 000**	**150 000**	**400 000**	**346 735**	**21 235**	**5 229 970**

3) Torbjørn Furuseth resigned from his position as Chief Financial Officer on 31 October 2021. As of 31.12.2021 he holds 48 748 options for shares of exercise price 6,00, 62 494 at 7,16 and 137 496 at 9,68.
4) Kirsi Hellström left the management team 1.12.21. As of 31.12.2021 she holds 45 000 options for shares of exercise price 2.18, 10 000 of 5,19, 25 000 of 6,00, 25 000 of 6,52, 20 000 of 7,16, 120 000 of 9,61, 9 000 of 16,59 and 10 000 of 25,65.

Related party transactions

The Company 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.

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	
Amounts in NOK thousands	Revenue (expense)	Receivable (Payable) at 31 December	Revenue (expense)	Receivable (Payable) at 31 December
Levitski V-Biopharm Consulting	-1 124	-59	-2 969	-
BioPharma Drug Licensing Group SL	-2 169	-257	-	-

Remuneration to the statutory or (excl. VAT)

Amounts in NOK thousands	2022	2021
Statutory audit	847	489
Other attestation services	-	-
Tax services	-	-
Other services	-	48
Total	**847**	**537**

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

At the Annual General Meeting (AGM) in Aoril 2022 the Board of Directors was authorized to increase the Group'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 the Company's outstanding shares, options and RSUs given to the Board of Directors at the AGM held in March 2021.

The Company 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, the Company has in the past granted options as payment for inventions (the "IPR Option Program").

Each share option converts into one ordinary share of the Company 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.

There were 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 2022 and 2021 is estimated at average of 81,06% and 75,82 %%, based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2022 and 2021 is 2,87% and 1,33%.

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

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

1) See Note 10 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:

Amounts in NOK thousands	2022	2021
Volatility (%)	81.06	75.82
Expected life (in years)	3.66	3.66
Risk-free interest rate (%)	2.87	1.33
Share price (NOK)	1.19	4.62
Exercise price (NOK)	1.20	4.59

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 (Targovax 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:

	Outstanding options				Vested outstanding		
Exercise price	Outstanding options per 12/31/2022	Weighted average remaining contractual life	Weighted average remaining years until vesting	Weighted average exercise price	Vested outstanding per 12/31/2022	Weighted average exercise price	Weighted average remaining life vested
0.00-1.15	4 110 000	6.97	2.13	1.15	-	-	-
1.16-1.53	315 000	6.21	1.36	1.52	-	-	-
1.54-2.18	1 155 000	5.99	1.14	2.17	285 000	2.18	5.98
2.19-6.06	1 201 375	4.46	0.55	5.64	638 510	5.91	3.58
6.07-7.00	95 000	5.27	0.69	6.70	39 888	6.67	5.13
7.01-9.70	2 331 165	3.78	0.36	8.70	1 514 538	8.54	3.09
9.71-21.00	822 000	1.11	0.00	15.56	822 000	16.56	1.11
21.01-25.65	751 735	0.75	0.00	22.48	751 735	22.48	0.75
Total	**10 781 275**	**4.98**	**1.12**	**6.11**	**4 051 671**	**11.87**	**2.56**

At 31 December 2021, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

	Outstanding options				Vested outstanding		
Exercise price	Outstanding options per 12/31/2021	Weighted average remaining contractual life	Weighted average remaining years until vesting	Weighted average exercise price	Vested outstanding per 12/31/2021	Weighted average exercise price	Weighted average remaining life vested
0.00-0.51	64 872	0.50	0.38	0.51	14 833	0.51	0.50
0.51-7.50	3 287 982	5.47	1.23	4.83	1 023 671	6.48	3.38
7.50-9.30	785 000	5.23	1.03	8.30	253 330	8.66	3.27
9.30-12.39	1 827 496	4.94	0.90	9.90	739 996	10.34	3.41
12.39-21.50	1 285 309	2.48	0.00	19.11	1 262 715	19.16	2.47
21.50-21.96	-	0.00	0.00	0.00	-	0.00	0.00
21.96-25.00	381 433	0.50	0.00	24.42	381 433	24.42	0.50
25.00-37.60	111 014	0.67	0.00	36.52	111 014	36.52	0.67
Total	**7 743 106**	**4.47**	**0.84**	**10.13**	**3 786 992**	**14.27**	**2.69**

From 1 January 2023 to 13 April 2023, no share options were granted to members of management, and no share options were granted to other employees of the Group.

Restricted Stock Units

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

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

The total compensation to each member of the Board of Directors for the period between the AGM 2022-2023 have been set out in the minutes from the Annual General Meeting 20 April 2022. The Annual General Meeting 20 April 2022 decided to remunerate the Board of Directors for the period between the AGM 2022 to the AGM 2023 with a combination of cash and Restricted Stock Units (RSUs), hence at the 20 April 2022, additional 559 589 RSUs were granted to the Board of Directors. Further, the RSU-holders have in total received 79,006 additional RSUs as an adjustment for the increased share float following the right and repair issues previously completed by the Company pursuant to the terms and conditions of the RSU agreements.

The average fair value of RSUs granted in 2022 was 1.75 per share and 8.67 per share in 2021. The weighted- average assumptions used to determine the Black Scholes fair value of RSUs granted in 2022 and 2021 were:

Amounts in NOK thousands	2022	2021
Volatility (%)	84.30	65.00
Expected life (in years)	1	1
Risk-free interest rate (%)	1.56	0.23
Share price (NOK)	1.75	8.77
Exercise price (NOK)	0.10	0.10

The expensed RSUs in 2022 and 2021 was NOK 0.9 million and NOK 1.1 million. A total of 802 921 RSUs was outstanding at 31 December 2022.

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

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

From 1 January 2023 to 13 April 2023 no RSUs have been granted to Board of Directors.

12. 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.

Amounts in NOK thousands	2022	2021
Consultancy, advisors' expenses and IR	5 020	4 144
Travel expenses	1 605	379
Facilities expenses	565	540
IT services and IT-related accessories	1 706	1 695
Conferences and training	382	312
Other	2 211	1 397
Government Grants	-35	-1
Total operating expenses	**11 454**	**8 466**

13. 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 Group´s financial assets are: trade receivables, 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group 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 Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Groups financial assets at amortised cost includes trade receivables, 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 Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group 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
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - the Group 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 Group's financial assets are categorized as receivables. As at 31 December 2022 and 2021 the Group have TNOK 6250 and TNOK 0 in trade receivables, TNOK 3 904 and TNOK 3 263 in government grant receivables and the Group have TNOK 1 216 and TNOK 1 199 in short-term deposits. The Group 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.

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 cancelled 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)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. See note 21 Interest-bearing debt and 22 Current liabilities for information about Business Finland loans.

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 expense mainly consist of interest expense and exchange loss.

Finance income is:

Amounts in NOK thousands	2022	2021
Interest income on bank deposit	211	-26
Interest income on Money Market fund, Nordea Likviditet III	325	269
Interest income on tax repaid	-	1
Net currency gain - bank and other operating items	2823	-
Other finance income	-	-
Total finance income	**3 360**	**245**

Finance expense is:

Amounts in NOK thousands	2022	2021
Interest expense – Business Finland Loan	4 613	1 539
Interest expense on lease liabilities	229	310
Other interest expense	152	161
Net currency gain - bank and other operating items	-	658
Other finance expense	103	-
Total finance expense	**5 097**	**2 667**

14. 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 in Norway and Sweden and in Finland it can be carried forward and offset against taxable income in ten years for tax purposes. The Group 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 Group is in the research phase of its product development and has incurred significant tax losses related to its operations. Targovax ASA has a total tax loss carried forward of NOK 529 million at 31 December 2022 (31 December 2021: NOK 526 million). Circio AB has a total tax loss carried forward of NOK 6 million at 31 December 2022 (31 December 2021: NOK 0 million). The research and development expenses in Targovax Oy is fiscally capitalized for tax purposes resulting in a temporary difference of NOK 390 million at 31 December 2022 and NOK 328 million at 31 December 2021.

Accumulated tax losses from Targovax OY's operations amounts to EUR 22.1 million as of 31 December 2022 and EUR 23.2 million as of 31 December 2021. With a current tax rate in Finland of 20%, the corresponding deferred tax asset is EUR 4.4 million as at 31 December 2022 and EUR 4.6 million as at 31 December 2021. Targovax OY has not recognized any deferred taxes under FGAAP. Tax losses in Finland can be carried forward and offset against taxable income in ten years for tax purposes. Targovax OY has not generated taxable income in prior years and is not expected to generate taxable income in the nearest future. Due to the uncertainty for future taxable profit within the ten years limitation of use, the company has assessed that it cannot be considered as probable that future taxable profit can be used against the tax losses carried forward.

However, the Group has recognized a deferred tax liability on temporary differences on the acquired intangible assets, per 31 December 2021 this amount of NOK 59.3 million. As the intangible asset were impaired in full per 31 December 2022, the recognized deferred tax liability as per 31 December 2022 of NOK 60.4 million was derecognized.

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

Amounts in NOK thousands	2022	2021
Intangible and fixed assets	-1 108	294 044
Capitalized R&D for tax purposes	-390 329	-328 104
Leasing	-180	-173
Borrowings	5 991	9 522
Share options and RSUs	-89	-82
Financial instruments	25	30
Tax loss carried forward	-810 664	-757 881
Temporary differences and tax losses carried forward at 31.12	-1 196 354	-782 645
Temporary differences and tax losses carried forward at 31.12 not recognized	1 196 354	1 079 215
Deferred tax asset (22%/20%) not recognized	**263 198**	**237 437**
Deferred tax asset 31.12	**-**	**-**
Recognized temporary differences at 31.12	-	296 570
Deferred tax liability 31.12	**-**	**59 314**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profits of the consolidated entities as follows:

Amounts in NOK thousands	2022	2021
Loss before income tax	**-495 328**	**-98 023**
Tax calculated at domestic rate (22%) / (22%)	-108 972	-21 565
Tax effect permanent differences	-844	-5 342
Tax effect of change in tax rates	-	-
Change in deferred tax asset not recognized	163 258	25 899
Effect on different tax rates in countries in which the Group operates	8 987	957
Other	-	-
Tax income / expense (-)	**62 430**	**52**

15. Intangible assets and impairment test

Intangible assets

Intangible assets that relate to intellectual property rights acquired through licensing or assigning patents and know-how are carried at historical cost less accumulated amortization, where the useful life is finite, and the asset is likely to generate economic benefits exceeding costs. Where a finite useful life of the acquired intangible asset cannot be determined, the asset is not subject to amortization, but is when indication, or at least tested annually for impairment. Acquired intangible assets will not be subject to amortization until market authorization is obtained with the regulatory authorities and the intangible assets are available for use. Amortization on items of Intangible assets will be amortized using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Research costs are recognized in the statement of profit or loss as incurred. Internal development costs related to the Group's development of products are recognized in the statement of profit or loss in the year in which they are incurred unless they meet the recognition criteria of IAS 38, "Intangible assets." Uncertainties related to the regulatory approval process and other factors generally means that the criteria are not met until the time when the marketing authorization is obtained with the regulatory authorities.

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets consist of:

- Patents and license fees with estimated useful live of 10 years
- Capitalized value related to the acquisition of Oncos Therapeutics OY, not subject to amortization before market authorization is obtained, fully impaired for accounting purposes in 2022.

Amounts in NOK thousands	Patents and licence fees	Oncos Therapeutics OY acqusition	Total
Cost:			
2021			
Opening balance	283	389 646	389 929
Additions	-	-	-
Exchange differences	-	-17 919	-17 919
At 31 December 2021	283	371 727	372 010
2022			
Opening balance	-	371 727	371 727
Additions	24	-	24
Exchange differences	-	19 538	19 538
At 31 December 2022	24	391 265	391 572
Accumulated depreciation and impairment:			
2021			
Opening balance	283	-	283
Depreciation and impairment	-	-	-
At 31 December 2021	283	-	283
2022			
Opening balance	-	-	-
Depreciation and impairment	3	391 265	391 268
At 31 December 2022	3	391 265	391 268
Carrying amount:			
At 31 December 2021	**-**	**371 727**	**371 727**
At 31 December 2022	**22**	**-**	**22**

The main part of the intangible assets is derived from the acquisition of Oncos Therapeutics OY which was completed in July 2015 and related to the development of ONCOS-102, which is a virus-based immunotherapy platform.

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

The value of the intangible assets is estimated using a model of discounted cash flows. As the valuation is sensitive to the outcome of a set of assumptions, the result from the valuation is limited to only ensure sufficient certainty for the recognized amount in the financial statement and is not considered as a complete valuation of the full potential of ONCOS-102.

A discounted cash flow model is in its nature uncertain, especially for an early-stage compound like ONCOS-102. Key model assumptions are based on parameters observed in the market today, as well as management' s own predictions and financial forecasts.

ONCOS-102 has been tested for impairment in those cancer indications with the most mature path-to-market outlook and strategy, of which checkpoint inhibitor refractory melanoma is considered the indication with the shortest path-to-market. ONCOS-102 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, the company has made the decision to only proceed with the phase 2 program once a partnership and / or additional financing has been secured. The recognized intangible asset related to the acquisition of Oncos Therapeutics OY of NOK 391 million was therefore fully impaired as at 31 December 2022.

16. Property, plant and equipment

Property, Plant and equipment (non-current assets) are carried at cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes expenditures that are directly attributable to the acquisition of the individual item. Other non-current assets are depreciated on a straight-line basis over the expected useful life of the asset. If significant individual parts of the assets have different useful lives, they are recognized and depreciated separately. Depreciation commences when the assets are ready for their intended use.

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

Property, plant and equipment consist of:

- Office equipment with estimated useful life of 5 years. No impairment losses have been recognized.
- Bioreactor with estimated useful life of 10 years. No impairment losses have been recognized.

Amounts in NOK thousands	Machinery and equipment	Furniture, fittings	Total
Cost			
2021			
Opening balance		2 084	2 084
Additions		-	-
Exchange differences		-7	-7
At 31 December 2021		2 077	2 077
2022			
Opening balance	-	2 077	2 077
Additions	4 935	-	4 935
Exchange differences	77	4	81
At 31 December 2022	5 012	2 080	7092
Accumulated depreciation and impairment			
2021			
Opening balance		1 905	1 905
Depreciation and impairment charge		61	61
At 31 December 2021		1 966	1 966
2022			
Opening balance	-	1 966	1 966
Depreciation and impairment charge	42	50	92
At 31 December 2022	42	2 016	2 058
Carrying amount:			
At 31 December 2021	-	111	111
At 31 December 2022	4 970	65	5 035

17. Leases

Accounting policies

Identifying a lease

At the inception of a contract, The Group 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 Group 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 he 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 Group 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 Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Group 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 Group estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

At the lease commencement date, the Group 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 Group 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 Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group 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 Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Group 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.

Group 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 Group
- An estimate of costs to be incurred by the Group 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 Group 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 Group has elected to not apply the revaluation model for its right of use asset for leased buildings.

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

Group presents it's right-of-use assets as separate line items in the consolidated statement of financial position.

Right-of-use assets

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

Right-of use assets	**Buildings**	**Total**
Amounts in NOK thousands		
Acquisition cost 1 January 2021	**4 588**	**4 588**
Addition of right-of use assets	90	90
Disposals		
Acquisition cost 31 December 2021	**4 678**	**4 678**
Accumulated depreciation and impairment 1 January 2021	**854**	**854**
Depreciation	1 248	1 248
Disposals	-	-
Currency exchange differences	32	32
Accumulated depreciation and impairment 31 December 2021	**2 134**	**2 134**
Carrying amount of right-of-use assets 31 December 2021	**2 544**	**2 544**
Acquisition cost 1 January 2022	**4 678**	**4 678**
Addition of right-of use assets	0	0
Disposals		
Acquisition cost 31 December 2022	**4 678**	**4 678**
Accumulated depreciation and impairment 1 January 2022	**2 134**	**2 134**
Depreciation	1 313	1 313
Disposals	-	-
Currency exchange differences	-15	-15
Accumulated depreciation and impairment 31 December 2022	**3 432**	**3 432**
Carrying amount of right-of-use assets 31 December 2022	**1 246**	**1 246**
Remaining lease term	1 year	

Lease liabilities

Summary of the lease liabilities	Total
Amounts in NOK thousands	
Total lease liabilities at 01.01.2021	**3 826**
New lease liabilities recognized in the year	90
Disposal of lease liabilities	-
Cash payments for the principal portion of the lease liability	-1 468
Cash payments for the interest portion of the lease liability	-
Interest expense on lease liabilities	310
Currency exchange differences	-37
Total lease liabilities at 31 December 2021	**2 725**
Total lease liabilities at 01.01.2022	**2 725**
New lease liabilities recognized in the year	-
Disposal of lease liabilities	-
Cash payments for the principal portion of the lease liability	-1 515
Cash payments for the interest portion of the lease liability	-
Interest expense on lease liabilities	229
Currency exchange differences	17
Total lease liabilities at 31 December 2022	**1 455**

Summary of other lease expenses recognized in profit or loss

Amounts in NOK thousands	2022	2021
Variable lease payments expensed in the period	-	-
Operating expenses in the period related to short-term leases	50	60
Operating expenses in the period related to low value assets	-	-
Total lease expenses included in other operating expenses	**50**	**60**

Please see note 22. Current liabilities for current lease liabilities and Statement of cash flow for cash outflow for leases.

The leases do not contain any restrictions on the Group's dividend policy or financing. The Group does not have significant residual value guarantees related to its leases to disclose. The Group has not been granted any rent concessions due to the COVID-19 pandemic in 2022 or 2021.

18. Receivables

A receivable represents the Group'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 Group's Financial asset receivables mainly comprise short-term deposits for office leases and receivable from government grants in the Statement of financial position, see Note 8 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.

Amounts in NOK thousands	2022	2021
Trade receivables	6 250	-
Receivable government grants	3 904	3 263
Short-term deposits	1 216	1 199
Financial asset receivables	**11 370**	**4 462**
Other receivables	16 728	4 746
Total receivables	**28 097**	**9 207**

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.

Amounts in NOK thousands	2022	2021
Bank deposits	35 374	181 366
Money Market fund, Nordea Likviditet III	30 641	316
Total cash and cash equivalents	66 015	181 682

Restricted cash specification:

Amounts in NOK thousands	2022	2021
Income tax withholding from employee	1 832	2 299
Rent deposits [1]	952	944
Other[1]	264	255
Total restricted cash	3 048	3 498

1 Classified as Receivables.

20. Share capital and shareholder information

Targovax raised gross proceeds of NOK 175 million in a rights issue in fourth quarter 2021 through the allocation of 101,744,186 new shares at a subscription price of NOK 1.72 per share. The rights issue was resolved by the Company's Board of Directors based on the authorization granted at the Company's Annual General Meeting held 25 November 2021.

Share capital as at 31 December 2022 is 18 847 378.30 (31 December 2021: 18 832 659.10) comprising 188 473 783 ordinary shares at nominal value NOK 0.10 (31 December 2021: 188 326 591 at NOK 0.10). All shares carry equal voting rights.

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

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

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

Shareholder	# shares	%
HealthCap	12 405 584	6.6 %
Avanza Bank Ab	6 780 335	3.6 %
Goldman Sachs International	5 186 163	2.8 %
Bækkelaget Holding As	5 053 867	2.7 %
Radforsk Investeringsstiftelse	4 427 255	2.3 %
Sivilingenør Jon-Arild Andreassen AS	4 343 611	2.3 %
Nordnet Bank AB	4 272 388	2.3 %
Høse As	3 069 012	1.6 %
Nordnet Livsforsikring AS	2 721 999	1.4 %
Thorendahl Invest AS	2 000 000	1.1 %
Danske Bank AS	1 979 138	1.1 %
Vaktmestergruppen AS	1 911 241	1.0 %
Pettersen Gruppen AS	1 708 408	0.9 %
Egil Pettersen	1 548 889	0.8 %
Tor Westerheim	1 437 500	0.8 %
Arild Staxwold Skipperud	1 401 405	0.7 %
The Bank Of New York Mellon SA/NV	1 292 313	0.7 %
Ove Steinar Farstad	1 264 449	0.7 %
Espen Olsen	1 200 000	0.6 %
UBS Switzerland AG	1 086 050	0.6 %
20 largest shareholders	**65 089 607**	**34.5 %**
Other shareholders (6 549)	**123 384 176**	**65.5 %**
Total shareholders	**188 473 783**	**100.0 %**

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

Shareholder	# shares	%
Avanza Bank AB	19 814 638	10.5 %
HealthCap	12 405 584	6.6 %
Fjärde AP-fonden	8 700 456	4.6 %
Nordnet Bank AB	6 297 113	3.3 %
ABN AMRO Global Custody Services N	5 323 904	2.8 %
Goldman Sachs & Co. LLC	5 186 162	2.8 %
Radiumhospitalets Forskningsstiftelse	4 427 255	2.4 %
Nordnet Livsforsikring AS	4 244 392	2.3 %
Danske Bank AS	2 819 768	1.5 %
MP Pensjon PK	2 517 055	1.3 %
Nordnet Livsforsikring AS	2 382 495	1.3 %
Thorendahl Invest AS	2 000 000	1.1 %
VPF Nordea Kapital	1 748 448	0.9 %
Sivilingenør Jon-Arild Andreassen AS	1 700 000	0.9 %
VPF Nordea Avkastning	1 649 274	0.9 %
Tor Westerheim	1 300 057	0.7 %
J.P. Morgan Bank Luxembourg S.A.	1 252 575	0.7 %
Egil Pettersen	1 243 057	0.7 %
Arild Staxwold Skipperud	1 186 375	0.6 %
Verdipapirfondet Nordea Norge Plus	1 076 603	0.6 %
20 largest shareholders	**87 275 211**	**46.3 %**
Other shareholders (6 346)	**101 051 380**	**53.7 %**
Total shareholders	**188 326 591**	**100.0 %**

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated as profit or loss attributable to ordinary shareholders of the Company, adjusted for the effects of all dilutive potential options.

Amounts in NOK thousands	2022	2021
Loss for the period	-432 898	-97 971
Average number of outstanding shares during the period	188 432	89 076
Earnings/ loss per share - basic and diluted	-2.30	-1.10

Share options and RSUs issued have a potential dilutive effect on earnings per share.

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

21. Interest-bearing debt

Interest-bearing liabilities have been granted by governmental institution with special terms such as a low interest rate (1% currently), hence the loans shall be divided to financial liability and government grant components.

The financial liability shall initially be recognized at fair value and subsequently at amortized cost using effective interest method. The grant component shall be recognized as income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. The interest rate used to discount the cash flows of the loans should reflect the market rate of interest for the Company at the time when the tranches have been withdrawn. However, Targovax could only raise funds from the owners or/and from venture capitalists at 8% rate or from the Government at 1% rate. Targovax has access only to these two 'loan markets. These funding limits also set restrictions to the estimation of the fair market rate that shall be used to discount the cash flows. Further, there is no proper peer group for life science companies, hence there is no comparable yield curve available in Europe. Any other interest rate than in the bridge loan interest will be highly judgmental due to the very tight credit status of the company (cannot provide any collateral). Therefore, the 8% bridge loan interest represents managements best and only estimate of a market rate interest and is used in separating the government grant component from the Business Finland loans. The additional interest expense resulting from recognizing the loan by using the effective interest method, is booked as addition to interest expenses in the statement of profit or loss. The separated government grant is booked as a reduction of operating expenses in the statement of profit or loss in the period when it has been received.

Business Finland is a publicly financed funding agency that finances research and development activities for young innovative companies in Finland. The Finnish trade promotion organization and the Finnish Funding Agency for Technology and Innovation (TEKES) united as Business Finland in 2018.

The Group has received three R&D loans from Business Finland, for the commercialization of ONCOS-102, under loan agreements dated September 2010, February 2012 and December 2013, respectively, in the total outstanding amount of EUR 6.5 million as of 31 December 2022 (EUR 6.7 million as of 31 December 2021). An additional loan approval of EUR 0.5 million was granted to one of the existing Business Finland loans during 1st quarter 2020. No additions to the Business Finland loans were granted during 2021 or 2022. EUR 0.4 million of the total debt EUR 6.5 million was short-term as per 31 December 2022 and EUR 0.8 million of the total debt EUR 6.7 million was short-term as per 31 December 2021. The Group was granted an extension of the repayment-free period on the loan agreement dated December 2013.

Pursuant to IFRS, these loans have a grant element due to the low interest rate they carry. The loan periods of the R&D loans are usually 10 years, of which the first five years are free of repayment. One of the loans are repaid in equal annual installments during the latter nine years, (2021-2029), one loan during the latter five years (2022-2026) and one during the latter six years (2023-2028). Annual interest is paid yearly throughout the entire loan period. The applicable interest rate under the R&D loans is the European Central Bank's steering rate less 3 percentage points per annum, although not less than 1%. Due to the extension of the repayment-free period of the loans in 2021, NOK 1.9 million was recognized as finance income in 2021.

For the IFRS adjustment of the Business Finland loans described above the Company applied the transitional exemptions for first time adopters under IFRS 1. Consequently, Business Finland loans granted prior to 1 January 2013 were not adjusted to fair value. In the purchase price allocation from the 2015 acquisition of Oncos, these loans have been adjusted to fair value by discounting future cash flows using the 8 % interest rate, resulting in a fair value adjustment of NOK 9.3 million and a carrying amount of NOK 33.6 million in the statement of financial position at the acquisition date.

Based on the effective interest rate method, an increase in interest expense of NOK 4.0 million has been recorded in the statement of profit or loss and other comprehensive income as at 31 December 2022, and NOK 2.8 million as at 31 December 2021.

Should the project fail, it is possible to get a remission on part of the debt in accordance with the EU competition legislation. The final amount of the non-recovered part of the principal depends on factors such as the time and the materialized interest rate trend. The final sum will be determined when an eventual decision on non-recovery is made. Targovax Group has issued an on-demand guarantee in favor of Business Finland for the repayment obligation of Targovax OY under the R&D loans. The loan agreements include no financial covenants.

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

Changes in liabilities arising from financing activities *(Amounts in NOK thousands)*	**Interest-bearing liabilities Business Finland loans**
Interest-bearing liabilities 31 December 2020	61 066
Cash flow from financing activities	-2 057
Exchange differences	-2 801
Additions financial liabilities	-
Change to loan repayment schedules	-1 903
Other transactions without cash settlement	2 760
Interest-bearing liabilities 31 December 2021	**57 066**
Cash flow from financing activities	-2 086
Exchange differences	-3 016
Additions financial liabilities	-
Change to loan repayment schedules	-
Other transactions without cash settlement	3 968
Interest-bearing liabilities 31 December 2022	**61 964**

22. Current liabilities

The Group's current liabilities consists of financial liabilities as the short-term part of the EUR 6 463 444 loan from Business Finland (see note 21 Interest-bearing debt), short-term lease liabilities and trade payables, and other current liabilities as withholding taxes and accrued expenses, and are classified as "current liabilities". Trade payable 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 payables 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**
Interest-bearing liabilities	4 531	7 543
Short-term lease liabilities	1 455	1 349
Trade payables	11 383	8 103
Financial liabilities	**17 370**	**16 996**
Other current liabilities	23 045	20 337
Total current liabilities	**40 415**	**37 333**

23. Events after the reporting date

Post-period highlights

- In February 2023, agreed the terms and conditions for a convertible bond facility with Atlas Special Opportunities ("Atlas") which will subject to conditions secure financing of up to gross NOK 300 million over three years.
- In March 2023, the extraordinary general meeting (EGM) of Targovax approved the Atlas agreement.
- In March 2023, announced prioritization of resources toward its circRNA platform. The recognized intangible asset related to the acquisition of Oncos Therapeutics OY of NOK 391 million was therefore fully impaired as at 31 December 2022, and hence the recognized deferred tax liability as per 31 December 2022 of NOK 60.4 million was derecognized.
- In March 2023, requested Atlas to subscribe and pay for the first tranche of convertible bonds, consisting of 15 convertible bonds with an aggregate principal amount equal to NOK 37,500,000. Atlas requested conversion of convertible bonds with a nominal value of NOK 2,500,000 which, pursuant to the bond terms, are convertible into 4,026,629 new shares in the Company at a conversion price of NOK 0.620867
    - 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 March, a circRNA poster "*circAde: a circRNA-based system for prolonged and more effective treatment of cancer*" was accepted to be presented at the AACR Annual Meeting in April 2023, in Orlando, USA

Please see *Key figures in the consolidated accounts* in the Director's report for further details.

TARGOVAX ASA 2022

Accounts and notes

Statement of profit or loss
Targovax ASA

Amounts in NOK thousands expect per share data	*Note*	2022	2021
Other revenues	7,11	-	16 041
Total revenue		**-**	**16 041**
Research and development expenses	8,9	-	-15 494
Payroll and related expenses	8,9,10,11,12	-2 485	-42 847
Other operating expenses	8,9,13	-1 224	-7 135
Depreciation, amortizations and write downs	17	-	-947
Total operating expenses		**-3 709**	**-66 424**
Operating profit/loss (-)		**-3 709**	**-50 383**
Finance income	14	-	269
Finance expense	14	-786 614	-1 333
Net finance income (expense)		**-786 614**	**-1 063**
Loss before income tax		**-790 322**	**-51 447**
Income tax expense	15		
Loss for the period		**-790 322**	**-51 447**
Earnings/loss (-) per share			
Basic and dilutive earnings/loss (-) per share	20	-4.19	-0.58

Statement of comprehensive income
Targovax ASA

Amounts in NOK thousands expect per share data	2022	2021
Income/loss (-) for the period	-790 322	-51 447
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	**-790 322**	**-51 447**

Statement of financial position
Targovax ASA

Amounts in NOK thousands	*Note*	31.12.2022	31.12.2021
ASSETS			
Investments in subsidiaries	5,16	-	636 077
Right-of use assets	5,17	-	2 013
Total non-current assets		**-**	**638 090**
Receivables	5,9,11,14,18	871	5 897
Cash and cash equivalents	5,19	2 491	169 996
Total current assets		**3 362**	**175 892**
TOTAL ASSETS		**3 362**	**813 983**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	20	18 847	18 833
Share premium reserve		-	-
Other reserves		7 810	53 279
Retained earnings		-25 221	718 772
Total equity		**1 437**	**790 884**
Non-current liabilities			
Lease liabilities	5,17	-	1 126
Total non-current liabilities		**-**	**1 126**
Current liabilities			
Short-term lease liabilities	5,17	-	1 040
Trade payables	5,21	-	3 380
Accrued public charges	5,21	284	2 817
Other current liabilities	5,21	1 642	14 735
Total current liabilities		**1 926**	**21 972**
TOTAL EQUITY AND LIABILITIES		**3 362**	**813 983**

Lysaker, 13 April, 2023
The Board of Directors of Targovax ASA

Damian Marron Chairperson of the Board	Bente-Lill Romøren Board member	Thomas Falck Board member
Eva-Lotta Allan Board member	Diane Mellett Board member	Raphael Clynes Board member
Sonia Quaratino Board member	Robert Burns Board member	Erik Digman Wiklund Chief Executive Officer

Statement of changes in equity – Targovax ASA

Amounts in NOK thousands	*Note*	Share capital	Share premium	Other reserves	Retained earnings (accumulated	Total equity
Balance at 31 December 2020		**8 653**	**1 046 476**	**46 960**	**-415 177**	**686 912**
Loss for the period					-51 447	-51 447
Other comprehensive income/loss, net of tax						-
Total comprehensive income for the period					**-51 447**	**-51 447**
Issue of ordinary shares - Capital increase – Rights Issue	20	10 174	164 826			175 000
Transaction costs – Rights Issue			-26 040			-26 040
Share issuance, employee share options & RSUs	20		-59			-59
Transaction costs – employee share options & RSUs		5	195			200
Recognition of share-based payments & RSU's	12			6 319		6 319
Reclassification of Share premium			-1 185 396		1 185 396	-
Balance at 31 December 2021		**18 833**	**-**	**53 279**	**718 772**	**790 884**
Effect of demerger/merger		-	-	-46 372	46 372	-
Balance at 01 January 2022		**18 833**	**-**	**6 907**	**765 144**	**790 884**
Loss for the period					-790 322	-790 322
Other comprehensive income/loss, net of tax						-
Total comprehensive income for the period					-790 322	-790 322
Share issuance, employee share options & RSUs	21	15	5			20
Transaction costs – employee share options & RSUs			-47			-47
Recognition of share-based payments & RSU's	12			903		903
Reclassification of Share premium			42		-42	-
Balance at 31 December 2022		**18 847**	**-**	**7 810**	**-25 221**	**1 437**

Statement of cashflow – Targovax ASA

Amounts in NOK thousands	*Note*	**2022**	**2021**
Cash flow from operating activities			
Loss before income tax		-790 322	-51 447
Adjustments for:			
Finance income	14	-	-269
Finance expense	14	-	1 333
Interest received	14	-	244
Other finance expense	14	-	-53
Share option expense	12	903	6 319
Depreciation	17	-	947
Impaired receivable	14	786 448	-
Impaired investment in subsidiary		60	-
Change in receivables	18	545	-19 058
Change in other current liabilities	21	1 926	8 149
Net cash flow from /(used in) operating activities		**-441**	**-53 836**
Cash flow from investing activities			
Effect of demerger/merger – cash transferred to Targovax Solutions AS	5	-166 996	-
Investment in subsidiary	16	-40	-29 593
Net cash received from/(paid in) investing activities		**-167 036**	**-29 593**
Cash flow from financing activities			
Repayment of lease liabilities	17	-	-1 128
Proceeds from issuing shares -Rights issue, Private Placement and repair offering	20	-	175 000
Payment for share issue cost – Rights issue, Private Placement and repair offering		-	-25 329
Proceeds from exercise of RSUs	20	20	200
Payment for share issue cost – RSUs		-47	-59
Net cash generated from financing activities		**28**	**148 683**
Net increase/(decrease) in cash and cash equivalents		-167 505	65 254
Net exchange gain/loss on cash and cash equivalents		-	-1 001
Cash and cash equivalents at beginning of period		169 996	105 743
Cash and cash equivalents at end of period	19	**2 491**	**169 996**

1. General information

The Company, Targovax ASA, is a Norwegian public limited liability company and the address of the registered office is Vollsveien 19, 1366 Lysaker, Norway. The Company operates as a s a pure holding company from the year 2022.

Targovax ASA ("the Company") and its subsidiaries (together the Group) 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 is aiming to progress ONCOS-102 into a randomized phase 2 trial in melanoma patients resistant to PD-1 checkpoint inhibitor treatment through one or more partnerships.

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 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.

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. The aim is to develop novel clinical candidates for in-house development, as well as to forge early partnerships to broaden and accelerate the circRNA pipeline development .

These financial statements have been approved for issue by the Board of Directors on 13 April 2022 and are subject to approval by the Annual General Meeting in May 2022.

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.

2.1 Basis for preparation of the annual accounts

The financial statements of Targovax ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as Norwegian disclose 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 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 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, Targovax announced that it has agreed the terms and conditions for a convertible bond facility with Atlas Special Opportunities ("Atlas") which will secure financing of up to gross NOK 300 million over three years. The agreement was approved by an extraordinary general meeting (EGM) of Targovax held 9 March 2023, please see Note 22. In March 2023, the Company announced prioritization of resources toward its circRNA platform and, it is the view of the Board that the phase 2 study should only be pursued once a partner or additional source of financing can be secured. The Board of Directors 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 Company completed the demerger and merger plan for the transfer of the operational activities of the Company to its wholly-owned subsidiary, Targovax Solutions AS. The plan was approved at the Company's general meeting on 20 April 2022. The background for the drop-down demerger was that the Board of Directors wished to establish a group holding structure with separate operating companies, rather than having operations in the listed parent company.

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

As the merger consideration is settled by Targovax ASA, a receivable was created between Targovax 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 Targovax 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.

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

The following table demonstrates the Company's sensitivity to a 1 percent point change in interest rates on cash and cash equivalents at 31 December 2022 and 2021:

	2022		2021	
Amounts in NOK thousands	1% point increase	1% point decrease	1% point increase	1% point decrease
Loss before income tax effect	25	-25	1 700	-1 700

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 were transferred to Targovax Solutions AS, please see Note 5, the Company has decreased its currency exposure significantly. The Company has no currency exposure in 2022, but for the year 2021 the Company had currency exposure to both transaction risk and translation risk related to its 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. For the year 2021, 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.

The following tables demonstrate the Company's currency rate sensitivity on financial assets and liabilities at 31 December 2022 and 2021.

The Company's sensitivity to a 10% increase/decrease in EUR against NOK:

	2022		2021	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-	-	534	- 534

The Company's sensitivity to a 10% increase/decrease in USD against NOK:

	2022		2021	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-	-	3	-3

The Company's sensitivity to a 10% increase/decrease in GBP against NOK:

	2022		2021	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-	-	125	-125

The Company' s sensitivity to a 10% increase/decrease in CHF against NOK:

	2022		2021	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-	-	147	-147

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 receivable from the dropdown demerger/merger in 2022 of NOK 786 million was impaired in 2022 due to the company's decision to only proceed with the phase 2 program once a partnership and / or additional financing has been secured 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:

	2022		2021		Rating
Amounts in NOK thousands	Amount	In %	Amount	In %	
Cash at bank:	**2 491**	**100%**	**169 680**	**100%**	
Nordea Bank AB	2 491	100%	169 680	100%	AA-
DNB Bank ASA	-	0%	-	0%	AA-
Money market funds:	**-**	**0%**	**316**	**0%**	
Nordea Likviditet III	-	0%	316	0%	
Total	**2 491**	**100%**	**169 996**	**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.

	2022		2021	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	871	871	5 897	5 897
Cash and cash equivalents	2 491	2 491	169 996	169 996
Total financial assets	**3 362**	**3 362**	**175 892**	**175 892**
Lease liabilities	-	-	2 166	2 166
Trade payables	-	-	3 380	3 380
Total financial liabilities	**-**	**-**	**5 546**	**5 546**

Liquidity risk

The Company manages liquidity risk by estimating and monitoring cash and liquidity needs on an on-going basis and maintaining adequate reserves and banking facilities. The Group 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 Group 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 and 2021 respectively, 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.

At 31 December 2022

(Amounts in NOK thousands)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Lease liabilities		-	-	-	-	-
Trade payables	-	-	-	-	-	-
Accrued public charges	-	284	-	-	-	284
Other current liabilities	-	1 642	-	-	-	1 642
Total	**-**	**1 926**	**-**	**-**	**-**	**1 926**

At 31 December 2021

(Amounts in NOK thousands)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Lease liabilities	-	292	876	1 168	-	2 336
Trade payables	-	3 380	-	-	-	3 380
Accrued public charges	-	2 817	-	-	-	2 817
Other current liabilities	-	14 735	-	-	-	14 735
Total	**-**	**21 225**	**876**	**1 168**	**-**	**23 268**

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.

Amounts in NOK thousands	2022	2021
Revenue from subsidiary	-	16 041
Other revenue	-	-
Total operating revenue	**-**	**16 041**

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

Subsequent of the drop-down demerger/merger in 2022 all operating activities in the Company were transferred to Targovax Solutions AS. Due to this the Company has no revenue from subsidiary in 2022.

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.

Subsequent of the drop-down demerger/merger in 2022 all operating activities in the Company were transferred to Targovax Solutions AS. Due to this the Company has no R&D activities in 2022.

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

Amounts in NOK thousands	2022 Total	2022 Of which R&D	2021 Total	2021 Of which R&D
R&D expenses	-	-	15 494	15 494
Payroll and related expenses	2 485	-	42 847	18 463
Other operating expenses	1 224	-	7 135	23
Depreciation, amortizations and write downs	-	-	947	-
Total	**3 709**	**-**	**66 424**	**33 980**

The following research and development expenditures have been expensed:

Amounts in NOK thousands	2022	2021
R&D related consultancy and other expenses	-	4 325
Cost of manufacturing for R&D	-	11 686
Patent expenses	-	2 370
Government grants	-	-2 888
Total research and development expenses	**-**	**15 494**

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 Company were transferred to Targovax Solutions AS.

Consequently, the Company has, for SkatteFUNN projects during the full year 2022 recognized NOK 0 million (NOK 3.3 million in 2021) as cost reduction in Research and development expenses, Payroll and related expenses and Other operating expenses.

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

Amounts in NOK thousands	2022	2021
Research and development expenses	-	2 888
Payroll and related expenses	-	374
Other operating expenses	-	1
Total grants	**-**	**3 263**

Specification of grants receivables:

Amounts in NOK thousands	2022	2021
Grants from SkatteFUNN	-	3 263
Total grants receivable	**-**	**3 263**

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, Targovax ASA has completed a drop-down demerger approved by the annual general meeting (AGM) of the Company on 20 April 2022. All of Targovax ASA's employees were transferred to Targovax Solutions AS, please see Note 5. Hence, the payroll and related expenses for 2022 relates to the Company's Board of Directors.

Bonus scheme

In 2018 Targovax implemented a bonus system covering all employees. In 2021 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. See note 11 Related parties and Management.

Defined contribution plans

Targovax ASA had a defined contribution pension plan as required by the Norwegian Law in 2021. This pension plan applied to all employees of Targovax ASA. 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.

Total payroll and related expenses for the Company are:

Amounts in NOK thousands	2022	2021
Salaries and bonus	1 380	28 394
Employer's national insurance contributions	202	3 657
Share-based compensation [1)]	903	6 319
Pension expenses – defined contribution plan	-	1 323
Other	-	3 529
Governmental grants	-	-374
Total payroll and related expenses	**2 485**	**42 847**
1) Share-based compensation has no cash effect.		
Number of employees calculated on a full-time basis as at end of period	0	15,0
Number of employees as at end of period	0	15

11. Related parties and Management

For the remunerations to the Board of Directors for 2022, and as there are no difference between the Group and the Company concerning Management Team remunerations in the year 2021, please see Note 10 Related parties and Management in the Group's consolidated financial statements. 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.

Related party transactions:

	2022		2021	
Amounts in NOK thousands	Revenue (expense)	Receivable (Payable) at 31 December	Revenue (expense)	Receivable (Payable) at 31
Subsidiaries:				
expense related to subsidiaries	-	-	-1 743	-
receivables related to subsidiaries	-	-	-	-
revenue related to subsidiaries	-	-	16 041	-
Levitski V-Biopharm Consulting	-	-	-1 644	-

The Company 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. The consulting agreement was transferred to Targovax Solutions AS as at 01.01.2022.

Remuneration to the statutory auditor (excl. VAT):

Amounts in NOK thousands	2022	2021
Statutory audit	100	400
Other attestation services	-	-
Tax services	-	-
Other services	-	45
Total	100	445

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 Targovax ASA.

At the Annual General Meeting (AGM) in April 2022 the Board of Directors was authorized to increase the Group's share capital in connection with share incentive arrangements by up to 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 the Company's outstanding shares, options and RSUs given to the Board of Directors at the AGM held in March 2021.

The Company 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, the Company has in the past granted options as payment for inventions (the "IPR Option Program").

Each share option converts into one ordinary share of the Company 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.

There were 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 and 2021:

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

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:

Amounts in NOK thousands	2022	2021
Volatility (%)	81.06	75.82
Expected life (in years)	3.66	3.66
Risk-free interest rate (%)	2.87	1.33
Share price (NOK)	1.19	4.62
Exercise price (NOK)	1.20	4.59

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 (Targovax 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:

	Outstanding options				Vested outstanding		
Exercise price	Outstanding options per 12/31/2022	Weighted average remaining contractual life	Weighted average remaining years until vesting	Weighted average exercise price	Vested outstanding per 12/31/2022	Weighted average exercise price	Weighted average remaining life vested
0.00-1.15	4 110 000	6.97	2.13	1.15	-	-	-
1.16-1.53	315 000	6.21	1.36	1.52	-	-	-
1.54-2.18	1 155 000	5.99	1.14	2.17	285 000	2.18	5.98
2.19-6.06	1 201 375	4.46	0.55	5.64	638 510	5.91	3.58
6.07-7.00	95 000	5.27	0.69	6.70	39 888	6.67	5.13
7.01-9.70	2 331 165	3.78	0.36	8.70	1 514 538	8.54	3.09
9.71-21.00	822 000	1.11	0.00	15.56	822 000	16.56	1.11
21.01-25.65	751 735	0.75	0.00	22.48	751 735	22.48	0.75
Total	**10 781 275**	**4.98**	**1.12**	**6.11**	**4 051 671**	**11.87**	**2.56**

At 31 December 2021, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

	Outstanding options				Vested outstanding		
Exercise price	Outstanding options per 12/31/2021	Weighted average remaining contractual life	Weighted average remaining years until vesting	Weighted average exercise price	Vested outstanding per 12/31/2021	Weighted average exercise price	Weighted average remaining life vested
0.00-0.51	64 872	0.50	0.38	0.51	14 833	0.51	0.50
0.51-7.50	3 287 982	5.47	1.23	4.83	1 023 671	6.48	3.38
7.50-9.30	785 000	5.23	1.03	8.30	253 330	8.66	3.27
9.30-12.39	1 827 496	4.94	0.90	9.90	739 996	10.34	3.41
12.39-21.50	1 285 309	2.48	0.00	19.11	1 262 715	19.16	2.47
21.50-21.96	-	0.00	0.00	0.00	-	0.00	0.00
21.96-25.00	381 433	0.50	0.00	24.42	381 433	24.42	0.50
25.00-37.60	111 014	0.67	0.00	36.52	111 014	36.52	0.67
Total	**7 743 106**	**4.47**	**0.84**	**10.13**	**3 786 992**	**14.27**	**2.69**

From 1 January 2023 to 13 April 2023, no share options were granted to members of management, and 15,000 share options were granted to other employees of the Group.

Restricted Stock Units

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

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

The total compensation to each member of the Board of Directors for the period between the AGM 2022-2023 have been set out in the minutes from the Annual General Meeting 20 April 2022. The Annual General Meeting 20 April 2022 decided to remunerate the Board of Directors for the period between the AGM 2022 to the AGM 2023 with a combination of cash and Restricted Stock Units (RSUs), hence at the AGM 20 April 2022, additional 559 589 RSUs were granted to the Board of Directors. Further, the RSU-holders have in total received 79,006 additional RSUs as an adjustment for the increased share float following the right and repair issues previously completed by the Company pursuant to the terms and conditions of the RSU agreements.

The average fair value of RSUs granted in 2022 was 1.75 per share and 8.67 per share in 2021. The weighted- average assumptions used to determine the Black Scholes fair value of RSUs granted in 2022 and 2021 were:

Amounts in NOK thousands	2022	2021
Volatility (%)	84.30	65.00
Expected life (in years)	1	1
Risk-free interest rate (%)	1.56	0.23
Share price (NOK)	1.75	8.77
Exercise price (NOK)	0.10	0.10

The expensed RSUs in 2022 and 2021 was NOK 0.9 million and NOK 1.1 million. A total of 802 921 RSUs was outstanding at 31 December 2022.

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

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

From 1 January 2023 to 13 April 2023 no RSUs have been granted to Board of Directors.

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.

Amounts in NOK thousands	2022	2021
Consultancy, advisors' expenses and IR	718	3 611
Travel expenses	7	344
Facilities expenses	-	358
IT services and IT-related accessories	16	1 349
Conferences and training	-	248
Other	483	1 226
Government Grants	-	-1
Total operating expenses	**1 224**	**7 135**

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:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on 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:

- The rights to receive cash flows from the asset have expired, or

- 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.

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 cancelled 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 expense mainly consists of interest expense and exchange loss.

Finance income is:

Amounts in NOK thousands	2022	2021
Interest income on Money Market fund, Nordea Likviditet III	-	269
Total finance income	**-**	**269**

Finance expense is:

Amounts in NOK thousands	2022	2021
Interest expense on lease liabilities	-	253
Other interest expense	-	169
Net currency loss - bank and other operating items	3	911
Impairment receivable Targovax Solutions AS	786 448	
Impairment investment in Targovax Solutions AS	60	
Other finance expense	103	-
Total finance expense	**786 614**	**1 333**

The impaired receivable of 786 448 relates to the demerger and merger plan for the transfer of the operational activities of the Company to its wholly-owned subsidiary, Targovax Solutions AS.

As the merger consideration was settled by Targovax ASA, a receivable was created between Targovax ASA (creditor) against Targovax Solution AS (debtor). The receivable had a nominal value equal to the book value of the assets, rights, and obligations transferred to Targovax Solution AS by the Merger. For accounting purposes Targovax Solutions AS fully impaired its investment in Targovax Oy in 2022, hence the receivable from Targovax Solutions AS was impaired with NOK 786 million.

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 ASA has a total tax loss carried forward of NOK 529 million at 31 December 2022 (31 December 2021: NOK 526 million).

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:

Amounts in NOK thousands	**2022**	**2021**
Fixed assets	-	-56
Leasing	-	-153
Share options and RSUs	-89	-82
Financial instruments	-	30
Tax loss carried forward	-529 097	-526 090
Temporary differences and tax losses carried forward at 31.12	-529 186	-526 351
Deferred tax asset (22% (2021;22%)) not recognized	116 421	115 797
Deferred tax asset	-	-

Amounts in NOK thousands	**2022**	**2021**
Loss before income tax	**-790 322**	**-51 447**
Tax calculated at (22%) / (22%)	-173 871	-11 318
Tax effect permanent differences	173 247	-5 067
Change in deferred tax not recognized	624	16 385
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 it's 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
Subsidiary:				
Targovax Solutions AS	Lysaker, Norge	2022	NOK 30	100 %
Subsidiaries of Targovax Solutions AS:				
- Targovax OY	Espoo, Finland	2015	EUR 4 035	100%
- Circio AB	Hässelby, Sweden	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 he 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
- 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 it's right-of-use assets as separate line items in the consolidated statement of financial position.

Right-of-use assets

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

Right-of use assets *Amounts in NOK thousands*	**Buildings**	**Total**
Acquisition cost 1 January 2021	3 607	3 607
Addition of right-of-use assets	72	72
Acquisition cost 31 December 2021	3 679	3 679
Accumulated depreciation and impairment 1 January 2021	721	721
Depreciation 2021	944	944
Disposals		
Accumulated depreciation and impairment 31 December 2021	1 666	1 666
Carrying amount of right-of-use assets 31 December 2021	**2 013**	**2 013**
Acquisition cost 1 January 2022	3 679	3 679
Disposal of right-of-use assets[1]	-3 679	-3679
Acquisition cost 31 December 2022	-	-
Accumulated depreciation and impairment 1 January 2022	944	944
Depreciation 2021		
Disposals[1]	-944	-944
Accumulated depreciation and impairment 31 December 2022	-	-
Carrying amount of right-of-use assets 31 December 2022	**-**	**-**
Remaining lease term at 31 December 2021	0 year	

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

Lease liabilities

Summary of the lease liabilities	Buildings	Total
Amounts in NOK thousands		
Total lease liabilities at 01.01.2022	2 166	2 166
Disposal of lease liabilities[1)]	-2 166	-2 166
Cash payments for the principal portion of the lease liability	-	-
Cash payments for the interest portion of the lease liability	-	-
Interest expense on lease liabilities	-	-
Currency exchange differences	-	-
Total lease liabilities at 31 December 2022	**-**	**-**
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)	-	-
Operating expenses in the period related to low value assets (excluding short-term leases included above)	-	-
Total lease expenses included in other operating expenses	**-**	**-**

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 Targovax ASA were transferred to Targovax Solutions AS as at 01.01.2022, please see 5. Drop-down demerger/merger 2022 for more information.

Summary of the lease liabilities	Buildings	Total
Amounts in NOK thousands		
Total lease liabilities at 01.01.2021	2 969	2 969
New lease liabilities recognized in the year	72	72
Cash payments for the principal portion of the lease liability	- 1 128	-1 128
Cash payments for the interest portion of the lease liability	-	-
Interest expense on lease liabilities	253	253
Currency exchange differences	-	-
Total lease liabilities at 31 December 2021	2 166	2 166
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)	56	49
Operating expenses in the period related to low value assets (excluding short-term leases included above)	-	-
Total lease expenses included in other operating expenses	**56**	**49**

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

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 or 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.

Amounts in NOK thousands	2022	2021
Trade receivables	21	-
Receivable government grants	-	3 263
Short-term deposits	802	801
Financial asset receivables	**823**	**4 064**
Other receivables	49	1 832
Total receivables	**871**	**5 897**

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.

Amounts in NOK thousands	2022	2021
Bank deposits	2 491	169 680
Money Market fund, Nordea Likviditet III		316
Total cash and cash equivalents	2 491	**169 996**

Restricted cash specification:

Amounts in NOK thousands	2022	2021
Income tax withholding from employee compensation	-	2 299
Rent deposits [1]	802	801
Total restricted cash	**802**	**3 100**

1 Classified as Receivables.

20. Share capital and shareholder information

The Company raised gross proceeds of NOK 175 million in a rights issue in fourth quarter 2021 through the allocation of 101,744,186 new shares at a subscription price of NOK 1.72 per share. The rights issue was resolved by the Company's Board of Directors based on the authorization granted at the Company's Annual General Meeting held 25 November 2021.

Share capital as at 31 December 2022 is 18 847 378.30 (31 December 2021: 18 832 659.10) comprising 188 473 783 ordinary shares at nominal value NOK 0.10 (31 December 2021: 188 326 591 at NOK 0.10). All shares carry equal voting rights.

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

	2022	2021
Ordinary shares at beginning of period	188 326 591	86 531 318
Share issuance – Rights Issue, private placement and repair offering	-	101 744 186
Share issuance, employee share options and RSUs	147 195	51 087
Ordinary shares at end of period	**188 473 783**	**188 326 591**

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

Shareholder	# shares	%
HealthCap	12 405 584	6.6 %
Avanza Bank Ab	6 780 335	3.6 %
Goldman Sachs International	5 186 163	2.8 %
Bækkelaget Holding As	5 053 867	2.7 %
Radforsk Investeringsstiftelse	4 427 255	2.3 %
Sivilingenør Jon-Arild Andreassen AS	4 343 611	2.3 %
Nordnet Bank AB	4 272 388	2.3 %
Høse As	3 069 012	1.6 %
Nordnet Livsforsikring AS	2 721 999	1.4 %
Thorendahl Invest AS	2 000 000	1.1 %
Danske Bank AS	1 979 138	1.1 %
Vaktmestergruppen AS	1 911 241	1.0 %
Pettersen Gruppen AS	1 708 408	0.9 %
Egil Pettersen	1 548 889	0.8 %
Tor Westerheim	1 437 500	0.8 %
Arild Staxwold Skipperud	1 401 405	0.7 %
The Bank Of New York Mellon SA/NV	1 292 313	0.7 %
Ove Steinar Farstad	1 264 449	0.7 %
Espen Olsen	1 200 000	0.6 %
UBS Switzerland AG	1 086 050	0.6 %
20 largest shareholders	**65 089 607**	**34.5 %**
Other shareholders (6 549)	**123 384 176**	**65.5 %**
Total shareholders	**188 473 783**	**100.0 %**

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

Shareholder	# shares	%
Avanza Bank AB	19 814 638	10.5 %
HealthCap	12 405 584	6.6 %
Fjärde AP-fonden	8 700 456	4.6 %
Nordnet Bank AB	6 297 113	3.3 %
ABN AMRO Global Custody Services N	5 323 904	2.8 %
Goldman Sachs & Co. LLC	5 186 162	2.8 %
Radiumhospitalets Forskningsstiftelse	4 427 255	2.4 %
Nordnet Livsforsikring AS	4 244 392	2.3 %
Danske Bank AS	2 819 768	1.5 %
MP Pensjon PK	2 517 055	1.3 %
Nordnet Livsforsikring AS	2 382 495	1.3 %
Thorendahl Invest AS	2 000 000	1.1 %
VPF Nordea Kapital	1 748 448	0.9 %
Sivilingenør Jon-Arild Andreassen AS	1 700 000	0.9 %
VPF Nordea Avkastning	1 649 274	0.9 %
Tor Westerheim	1 300 057	0.7 %
J.P. Morgan Bank Luxembourg S.A.	1 252 575	0.7 %
Egil Pettersen	1 243 057	0.7 %
Arild Staxwold Skipperud	1 186 375	0.6 %
Verdipapirfondet Nordea Norge Plus	1 076 603	0.6 %
20 largest shareholders	**87 275 211**	**46.3 %**
Other shareholders (6 346)	**101 051 380**	**53.7 %**
Total shareholders	**188 326 591**	**100.0 %**

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated as profit or loss attributable to ordinary shareholders of the Company, adjusted for the effects of all dilutive potential options.

Amounts in NOK thousands	2022	2021
Loss for the period	-790 322	-51 447
Average number of outstanding shares during the period	188 432	89 076
Earnings/ loss per share - basic and diluted	**-4.19**	**-0.58**

Share options and RSUs issued have a potential dilutive effect on earnings per share.

Share options and RSUs shall be treated as dilutive only if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Company is currently loss-making, an increase in the average number of shares would have anti-dilutive effects. Hence, no dilutive effect has yet been recognized.

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	-	1 040
Trade payables	-	3 380
Financial liabilities	**-**	**4 420**
Other current liabilities	1 926	17 552
Total current liabilities	**1 926**	**21 972**

22. Events after the reporting date

Post-period highlights

- In February 2023, agreed the terms and conditions for a convertible bond facility with Atlas Special Opportunities ("Atlas") which will subject to conditions secure financing of up to gross NOK 300 million over three years.
- In March 2023, the extraordinary general meeting (EGM) of Targovax approved the Atlas agreement.
- In March 2023, announced prioritization of resources toward its circRNA platform. The recognized intangible asset related to the acquisition of Oncos Therapeutics OY of NOK 391 million was therefore fully impaired as at 31 December 2022, and hence the recognized deferred tax liability as per 31 December 2022 of NOK 60.4 million was derecognized.
- In March 2023, requested Atlas to subscribe and pay for the first tranche of convertible bonds, consisting of 15 convertible bonds with an aggregate principal amount equal to NOK 37,500,000. Atlas requested conversion of convertible bonds with a nominal value of NOK 2,500,000 which, pursuant to the bond terms, are convertible into 4,026,629 new shares in the Company at a conversion price of NOK 0.620867
- 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 March, a circRNA poster *"circAde: a circRNA-based system for prolonged and more effective treatment of cancer"* was accepted to be presented at the AACR Annual Meeting in April, in Orlando, USA.

To the General Meeting of Targovax ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Targovax ASA, which comprise:

- the financial statements of the parent company Targovax ASA (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, and
- the consolidated financial statements of Targovax ASA and its subsidiaries (the Group), which comprise 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,
- 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 International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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 and the Group 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 5 April 2017or the accounting year 2017.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. 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 nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. 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.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

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 International Financial Reporting Standards as adopted by the EU, 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 and the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

pwc

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

pwc

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Targovax ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Targovax Annual Report 2022-12-31 en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 13 April 2023
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

Targovax Group

Norwegian office:
Vollsveien 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:
Sjöhällsstigen 32,
165 71 HÄSSELBY
Sweden

www.targovax.com