



# INTERIM REPORT

2nd Quarter 2022

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## Highlights for 2Q 2022:

- Nykode Therapeutics announced positive interim results from its Phase II trial with VB10.16 in combination with atezolizumab in advanced cervical cancer
  - Anti-tumor activity of VB10.16 in combination with atezolizumab was observed in a heavily pre-treated population of patients with HPV16-positive advanced cervical cancer. Strong overall response rate (ORR) was observed in both PD-L1 positive patients (ORR of 27%, including two complete responses) and in PD-L1 negative patients (ORR of 17%)
  - VB10.16 in combination with atezolizumab demonstrated a high disease control rate (DCR, which includes patients who have achieved complete response, partial response and stable disease) of 77% in PD-L1 positive patients and 58% in PD-L1 negative patients
  - The anti-tumor activity seen in the PD-L1 negative population may potentially open up for treatment of a new subset of patients
  - In addition, a DCR of 71% was observed in patients with non-inflamed tumors, including both immune desert and T cell excluded tumors
  - Nykode will initiate a study in head and neck squamous cell carcinoma (HNSCC) and update the VB10.16 development plan
- At the 2022 American Association for Cancer Research (AACR) Annual Meeting, Nykode presented exciting preclinical data from its second generation Vaccibody™ vaccine technology demonstrating a potential to further increase and control immune responses
- Nykode presented preclinical data from its tolerizing vaccine research for use in autoimmune disorders at its Capital Markets Day demonstrating the ability to increase antigen specific T regulatory cells and to shift the cytokine balance towards an immune suppressive profile in mice models
- Nykode Therapeutics AS converted to Nykode Therapeutics ASA, a public limited liability company, and listed its shares on the main list of the Oslo Stock Exchange
- Elaine Sullivan and Anne Whitaker were elected to join the Board of Directors at the Company's AGM
- Nykode appointed Klaus Edvardsen as Chief Development Officer

## Highlights after June 30, 2022:

- Nykode appointed Louise Stubbe as Chief Legal Officer

### Michael Engsig, Chief Executive Officer at Nykode, comments:

“The highlight of the second quarter was the positive interim results from the VB C-02 phase II study with our Vaccibody construct VB10.16 in combination with atezolizumab in HPV-16 positive cervical cancer. I'm personally excited about the impressive and high disease control rates observed in hard-to-treat patients and the fact that we observed this in both PD-L1 positive as well as PD-L1 negative patients. It is still early days, but these data and other important findings from the study so far strengthens our belief in the program and we are committed to further developing VB10.16 in cervical cancer and expand the use to other HPV16-positive indications including head and neck cancer.”

Michael Engsig continues: “I am pleased to note that the collaborations with our external partners aiming at identifying clinical candidates for further development in man progress. We were also thrilled to announce the up listing to the main list of the Oslo Stock Exchange and the continued internationalization of the executive management group and the Board of Directors. We are financially well positioned, which combined with the positive read-outs from the VB C-02 trial and the exciting advancements and prospects coming from our preclinical pipeline gives us a strong outset to continue our journey of successful business growth.”

## Key financial figures

Amounts in USD '000	2nd Quarter		Six months ended		Full year
	2022	2021	2022	2021	2021
Total revenue and other income	3,423	1,898	4,447	2,678	35,766
Total operating expenses	13,669	9,582	23,316	17,834	46,541
<b>Operating profit (loss)</b>	<b>(10,246)</b>	<b>(7,684)</b>	<b>(18,869)</b>	<b>(15,156)</b>	<b>(10,775)</b>
<b>Net profit (loss) for the period</b>	<b>(8,749)</b>	<b>(6,246)</b>	<b>(15,647)</b>	<b>(12,754)</b>	<b>(9,414)</b>
Net cash flow	(11,527)	(5,381)	(2,077)	(9,397)	32,351
Cash and cash equivalents, end of period	213,279	174,378	213,279	174,378	216,231
Outstanding shares, end of period	290,069,409	286,543,845	290,069,409	286,543,845	289,619,409
Cash and cash equivalents/total assets	89%	82%	89 %	82 %	81 %
Equity ratio	76%	76%	76 %	76 %	73 %
Equity	181,082	168,500	181,082	168,500	194,055
Total assets	238,832	212,052	238,832	212,052	265,556
Employees, average	131	70	123	64	73
Employees, end of period	135	75	135	75	102

## R&D update

Nykode's modular technology platform is versatile and may be adapted to generate immunotherapies inducing specific and controlled immune responses adapted to each disease. Hence, Nykode's platform may be applied across a broad range of immunotherapy areas as innovative solutions to an unmet medical need.

Please find below an update on Nykode's current research and development activities.

### Oncology

#### VB10.16

VB10.16 is a therapeutic HPV vaccine directed against HPV16+ induced malignancies and wholly-owned by Nykode:

- Clinical trial VB C-02:
  - VB10.16 in combination with atezolizumab
  - Cancer indication: HPV16+ advanced, non-resectable cervical cancer
  - Clinical stage: Phase II
  - Fully enrolled
  - ClinicalTrials.gov Identifier: NCT04405349

#### Status and highlights

The trial is fully enrolled and reported positive interim efficacy and safety data on May 9, 2022. Interim results from 39 patients with a median follow up of 6 months show durable responses with a very high disease control rate (DCR) of 64% in heavily pre-treated advanced cervical cancer patients. Anti-tumor efficacy was observed in both PD-L1 positive and negative patients, with 27% overall response rate (ORR) and 77% DCR in PD-L1 positive patients and 17% ORR and 58% DCR in PD-L1 negative patients, respectively. DCR of 71% was observed in patients with non-inflamed tumors, including both immune desert and T cell excluded tumors.

The anti-tumor activity seen in the PD-L1 negative population may potentially open up for treatment of a new subset of patients. HPV16-specific IFN- $\gamma$  T cell responses were associated with clinical efficacy and complete clearance of HPV16 ctDNA was significantly correlated with clinical outcomes.

VB10.16 in combination with atezolizumab is well-tolerated and has a safety profile comparable to atezolizumab monotherapy. Nykode expects to report updated key efficacy data read-outs from the VB C-02 trial covering all patients during the first half of 2023.

The encouraging clinical efficacy and favorable safety profile which was observed with VB10.16 has led Nykode to focus on updating the development strategy for VB10.16 which is expected during second half of 2022. This includes expansion into additional HPV16+ indications and a dose escalation trial of VB10.16 in combination with CPI in patients with HPV16-positive HNSCC where safety, efficacy, and immunogenicity of multiple VB10.16 dose levels will be assessed.

#### VB10.NEO

VB10.NEO is an individualized neoantigen cancer vaccine, exclusively licensed to Genentech:

- Clinical trial VB N-01:
  - VB10.NEO in combination with immune checkpoint inhibitor
  - Cancer indications: Melanoma, non-small cell lung cancer (NSCLC), clear renal cell carcinoma, urothelial cancer or squamous cell carcinoma of the head and neck (HNSCC)
  - Clinical stage: Phase I/IIa
  - Fully enrolled
  - ClinicalTrials.gov Identifier: NCT03548467
- Clinical trial VB N-02:
  - VB10.NEO in combination with atezolizumab
  - Cancer indications: Locally advanced and metastatic tumors
  - Clinical stage: Phase Ib
  - ClinicalTrials.gov Identifier: NCT05018273

## Status and highlights

Recruiting sites are open in US, Germany and Spain.

## Infectious Diseases

Nykode's infectious disease initiative continues to generate data supporting the potential of the platform to control immune responses in addition to explore and evaluate a diverse set of pathogens as potential next future clinical vaccine targets.

### VB10.COVID

Nykode has chosen a 2-arm strategy for its VB10.COVID project to fight SARS-CoV-2 variants of concern (VoC). VB10.2129 (RBD candidate) and VB10.2210 (T cell candidate) are two vaccine candidates designed using Nykode's modular and Antigen Presenting Cell (APC) targeted technology.

- Clinical trial VB-D-01, investigating the two vaccine candidates, VB10.2129 and VB10.2210
- Pathogen: SARS-CoV-2
- Clinical stage: Phase I/II
- ClinicalTrials.gov Identifier: NCT05069623

### VB10.2129 – 2nd generation vaccine addressing multiple variants of concern

VB10.2129 contains the RBD domain of the Beta variant of concern B.1.351. Nykode's RBD vaccine candidate has shown in preclinical studies a potential to induce rapid and strong levels of neutralizing antibody responses addressing several variants of concern supported by strong Th1 and CD8 T cell responses.

### VB10.2210 – 3rd generation universal broadly protective T cell vaccine

Based on efficacy studies with approved Spike based vaccines, T cells appear central in maintaining the protection against severe disease and death across current VoCs. Vaccines inducing a broader T cell immunity against additional SARS-CoV-2 antigens less prone to mutations may therefore be a promising way to prevent severe disease across future VoCs. Nykode aims to broaden the T cell responses against a broad set of epitopes from multiple SARS-CoV-2 antigens based on a collaboration with Adaptive Biotechnologies. Preclinical data confirm induction of strong T cell responses against the broad set of SARS-CoV-2 antigens in several animal models. Nykode's CCL3L1 targeted technology has shown induction of clinically relevant T cell responses in multiple preclinical and clinical studies. The aim is to induce long-lasting protective immunity across all population groups and across current and future variants.

### VB-D-01 trial

The VB-D-01 trial is a Phase I/II, open label, dose escalation trial to determine safety and immunogenicity of two SARS-CoV-2 vaccine candidates VB10.2129 and VB10.2210.

## Status and highlights

- VB10.2129 (RBD candidate): First subject dosed November 3, 2021. The trial is fully enrolled at two out of three dose levels in the dose-escalation cohort. Recruitment is on-going
- VB10.2210 (T cell candidate): First subject dosed December 27, 2021. The trial is fully enrolled at all three dose levels in the dose-escalation cohort
- Nykode plans to report key results from the trial and guide on the future development strategy during the second half of 2022

## Autoimmune disorders

Autoimmune disorders are caused by unwanted immunogenicity to self-antigens. Antigen-specific tolerization for the treatment of autoimmune diseases has the potential to suppress autoimmunity without compromising normal immune function.

Nykode's platform is uniquely positioned to induce tolerogenic T cell responses through specific targeting of tolerizing antigen specific cells. Initial preclinical proof-of-concept studies with tolerizing vaccine constructs are encouraging. Nykode has demonstrated the ability to increase antigen specific T regulatory cells and to shift the cytokine balance towards an immune suppressive profile in mice models. Patent applications have been filed to

protect the overall concepts. The Company plans to provide further preclinical data from the tolerization project within the next 12 months.

#### **4th Module, novel vaccine formats**

The 4th module platform allows Nykode to introduce additional new coding regions to the vaccine with the purpose of further boosting or directing the immune responses.

Nykode presented a poster on the 4th module concept at the American Association for Cancer Research (AACR) Annual Meeting in April 2022. Here it was demonstrated how the Vaccibody™ molecule can be co-expressed with immune-stimulatory proteins from one plasmid using a multicistronic design. Compared to the Vaccibody molecule alone, the simultaneous expression of selected immune stimulatory cytokines was shown to boost the overall immune response and to stimulate an enhanced anti-tumor immune response in preclinical models. At Nykode's Capital Markets Day, data on 4th module cytokines boosting T cell and antibodies responses induced by a SARS-COV-2 subunit vaccine was presented.

An additional 5th and 6th module may be added to further boost and/or direct the immune responses. Nykode will continue to explore the potential of additional immune modulatory polypeptides and combinations of these.

#### **Other**

Due to the growth ambitions and the creation of an international biotech company, Nykode has strived to further strengthen the Board of Directors. Elaine Sullivan and Anne Whitaker were elected to join the Board of Directors at the AGM on May 12, 2022, both bringing significant international executive, drug development and commercial experience from biotech and big pharma.

Klaus Edvardsen was appointed Chief Development Officer, effective July 1, 2022. He brings international leadership experience in directing successful drug development programs at major biopharmaceutical companies. Further, Louise Stubbe was appointed Chief Legal Officer. She brings over a decade of life sciences industry experience from both private and listed companies and has experience from building and managing global legal departments.

Nykode converted to a public limited liability company and listed its shares on the main list of the Oslo Stock Exchange (OSE) with first day of trading on June 16, 2022.

## Financial review

(Numbers in brackets are for the corresponding period the previous year unless otherwise specified)

### Income statement

The net result for the six months ended June 30, 2022 was a net loss of USD 15.6 million compared to a net loss of USD 12.8 million for the same period in 2021. The change in net loss was mainly due to increased activities and operations in Nykode, leading to increased operating expenses. This was partially offset by an increase in total revenue as well as a decrease in the social security cost accrual related to share-based payments included under employee benefit expenses.

### Revenue and other income

Total revenue and other income amounted to USD 4.4 million in the six months ended June 30, 2022 (USD 2.7 million). The increase was mainly due to increased R&D service activities under the agreements with Genentech and Regeneron.

### Operating expenses

Total operating expenses amounted to USD 23.3 million in the six months ended June 30, 2022, compared to USD 17.8 million for the same period in 2021. Other operating expenses increased from USD 11.1 million in the first six months of 2021 to USD 17.7 million six months ended June 30, 2022, driven by increased operating activity. Employee benefit expenses were USD 4.7 million in the six months ended June 30, 2022 (USD 6.6 million). The decrease in employee benefit expenses in 2022 is primarily due to the reduction of the social security cost accrual related to share-based payments. This accrual is dependent on the share price as Nykode is required to accrue for the social security cost for all warrants and options that are in-the-money at the balance sheet date. This relates to both the current and the non-current portion. As the share price decreased during the period the accrual is also reduced. The corresponding reduction is USD 6.6 million (USD 1,5 million increase). The decrease is offset by the planned increase in headcount.

### Net financial income and expenses

Net financial income and expenses was negative USD 0.6 million in the six months ended June 30, 2022 (USD 0.6 million negative). Finance income and finance expenses mainly relate to movements in foreign currency exchange rates and fair value adjustments of financial instruments.

### Income tax expenses

The Group recognized tax income of USD 3.8 million in the six months ended June 30, 2022 and USD 3.0 million in the same period of 2021. The income tax expense is primarily related to movement in deferred tax.

## Statement of financial position

### Cash and cash equivalents

At June 30, 2022, the Group had a cash position of USD 213.3 million compared to USD 216.2 million at December 31, 2021. The decrease in cash is mainly a result from operating and investing activities.

### Other current financial assets

At June 30, 2022, total other current financial assets amounted to USD 10.0 million compared to USD 12.2 million at December 31, 2021. Other current financial assets comprise of liquid money marked funds.

### Equity

At June 30, 2022, total equity amounted to USD 181.1 million, compared to USD 194.1 million at December 31, 2021. The change mainly reflects the net loss of the period of USD 15.6 million, the exercise of warrants and options and recognition of share-based payments.

### Trade receivables

At June 30, 2022, trade receivables amounted to USD 2.7 million, compared to USD 23.8 million at December 31, 2021. The decrease is mainly due to the receipt of the USD 20 million milestone payment from Genentech in the first quarter of 2022.

### Trade and other payables

At June 30, 2022, trade and other payables amounted to USD 5.4 million, compared to USD 8.5 million at December 31, 2021.

### **Contract liability**

At June 30, 2022, total contract liability amounted to USD 17.6 million, compared to a contract liability of USD 16.0 million at December 31, 2021. The contract liability is mainly due to timing of invoicing to Genentech as well as recognition of the service component under the Genentech agreement.

### **Cash flow**

Net change in cash and cash equivalents was negative USD 2.1 million in the six months ended June 30, 2022 (USD 9.4 million negative). Cash and cash equivalents increased to USD 213.3 million at the end of the period, compared to USD 174.4 million at the end of the same period in 2021.

#### **Cash flow from operating activities**

Net cash flow from operating activities was negative USD 1.6 million in the six months ended June 30, 2022 (USD 14.4 million negative). This was primarily driven by the decrease in trade receivables due to the receipt of the milestone payment from Genentech, offset by a negative profit before tax.

#### **Cash flow from investing activities**

Cash flow from investing activities was negative USD 0.7 million in the six months ended June 30, 2022 (USD 4.3 million positive). The amounts mainly relate to the purchase of property, plant and equipment, offset by the sale of money market funds.

#### **Cash flow from financing activities**

Cash flow from financing activities was positive USD 0.2 million in the six months ended June 30, 2022 (USD 0.7 million positive). The amounts primarily relate to the proceeds from equity issuance, offset by payment of lease liabilities.



## Outlook

Expected news flow regarding Nykode's key priorities for the coming 12 months include:

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VB10.16 – Updated development strategy

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VB10.16 – Updated Phase II data following conclusion of the treatment phase for all patients (1H 2023)

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VB10.16 – Initiation of NYK003-C-03 Phase Ib trial in HNSCC

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VB-D-01 trial – Phase I data on safety and immunogenicity

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Further preclinical data from the tolerizing vaccine project for use in autoimmune disorders

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Update on manufacturing strategy

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The Company has a strong cash position and no debt as per the end of the second quarter 2022.

The Company is in continuous dialogue with academic and industrial entities and will announce new material collaborations and partnerships if or when they may occur.

The COVID-19 pandemic and the situation in Ukraine may impact timelines and operations negatively.

### Disclaimer

This announcement and any materials distributed in connection with this announcement may contain certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect the company's current expectations and assumptions as to future events and circumstances that may not prove accurate.

A number of material factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

### About Nykode

Nykode Therapeutics is a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies for the treatment of cancer and infectious diseases. Nykode's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which are essential for inducing rapid, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses.

Nykode's lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which has reported positive interim efficacy and safety results from its Phase II trial for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which is exclusively out licensed to Genentech and is in Phase Ib for the treatment of locally advanced and metastatic tumors and Phase I/IIa for the treatment of melanoma, lung-, head and neck, renal-, and bladder cancer. Additionally, Nykode is running a Phase I/II trial with two next-generation COVID-19 vaccine candidates.

The Company's partnerships include Roche and Genentech within oncology, a multi-target collaboration with Regeneron within oncology and infectious diseases, and a collaboration with Adaptive Biotechnologies for COVID-19 T cell vaccine development.

Nykode Therapeutics' shares are traded on the Oslo Stock Exchange (OSE). The ticker code is NYKD. Further information about Nykode Therapeutics may be found at <http://www.nykode.com> or you may contact the Company at [IR@nykode.com](mailto:IR@nykode.com)

## Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period January 1 to June 30, 2022 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Oslo, August 23, 2022

Board of Directors, Nykode Therapeutics ASA

**Anders Tuv**  
Board Member

**Martin Nicklasson**  
Chair of the Board

**Bernd Robert Seizinger**  
Board Member

**Jan Haudemann-Andersen**  
Board Member

**Birgitte Volck**  
Board Member

**Christian Åbyholm**  
Board Member

**Anne Whitaker**  
Board Member

**Elaine Sullivan**  
Board Member

**Michael Thyrring Engsig**  
CEO

## Interim Financial Statements

### Condensed consolidated interim statement of comprehensive income

Amounts in USD '000	Notes	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Revenue from contracts with customers	4	3,114	1,607	3,830	2,054
Other income	5	309	291	617	625
<b>Total revenue and other income</b>		<b>3,423</b>	<b>1,898</b>	<b>4,447</b>	<b>2,678</b>
Employee benefit expenses	6.1	3,435	2,714	4,723	6,576
Other operating expenses	6.2	9,775	6,765	17,679	11,054
Depreciation		460	103	914	205
<b>Operating profit (loss)</b>		<b>(10,246)</b>	<b>(7,684)</b>	<b>(18,869)</b>	<b>(15,156)</b>
Finance income		1,695	379	2,358	595
Finance costs		2,372	272	2,969	1,242
<b>Profit (loss) before tax</b>		<b>(10,923)</b>	<b>(7,577)</b>	<b>(19,480)</b>	<b>(15,803)</b>
Income tax expense		(2,174)	(1,330)	(3,833)	(3,048)
<b>Profit (loss) for the period</b>		<b>(8,749)</b>	<b>(6,246)</b>	<b>(15,647)</b>	<b>(12,754)</b>
<b>Other comprehensive income:</b>					
<i>Items that subsequently may be reclassified to profit or loss:</i>					
Foreign currency translation effects		87	—	66	1
Total items that may be reclassified to profit or loss		87	—	66	1
<b>Total other comprehensive income for the period</b>		<b>87</b>	<b>—</b>	<b>66</b>	<b>1</b>
<b>Total comprehensive income for the period</b>		<b>(8,662)</b>	<b>(6,246)</b>	<b>(15,581)</b>	<b>(12,753)</b>
<b>Earnings per share ("EPS"):</b>					
Basic EPS - profit or loss attributable to equity holders		(0.03)	(0.02)	(0.05)	(0.04)
Diluted EPS - profit or loss attributable to equity holders		(0.03)	(0.02)	(0.05)	(0.04)

## Condensed consolidated interim statement of financial position

Amounts in USD '000	Notes	30/06/2022	31/12/2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,771	1,884
Right-of-use assets		6,698	7,281
Intangible assets		32	32
Other long-term receivables	4	456	501
<b>Total non-current assets</b>		<b>9,957</b>	<b>9,698</b>
<b>Current assets</b>			
Trade receivables		2,689	23,750
Other receivables		2,872	3,708
Other current financial assets	8	10,035	12,169
Cash and cash equivalents		213,279	216,231
<b>Total current assets</b>		<b>228,875</b>	<b>255,858</b>
<b>TOTAL ASSETS</b>		<b>238,832</b>	<b>265,556</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	334	333
Share premium		82,314	81,526
Other capital reserves		9,682	7,863
Other components of equity		(3,056)	(3,122)
Retained earnings		91,808	107,455
<b>Total equity</b>		<b>181,082</b>	<b>194,055</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities		4,798	5,819
Non-current provisions		360	4,915
Deferred tax liabilities		25,566	29,400
<b>Total non-current liabilities</b>		<b>30,724</b>	<b>40,134</b>
<b>Current liabilities</b>			
Government grants	5	168	219
Current lease liabilities		1,195	1,350
Trade and other payables		5,394	8,494
Current provisions		2,659	5,234
Current contract liabilities	4	17,611	16,044
Income tax payable		—	26
<b>Total current liabilities</b>		<b>27,026</b>	<b>31,367</b>
<b>Total liabilities</b>		<b>57,750</b>	<b>71,501</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>238,832</b>	<b>265,556</b>

Oslo, August 23, 2022

**Anders Tuv**  
Board Member

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**Martin Nicklasson**  
Chair of the Board

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**Bernd Robert Seizinger**  
Board Member

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**Jan Haudemann-Andersen**  
Board Member

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**Birgitte Volck**  
Board Member

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**Christian Åbyholm**  
Board Member

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**Anne Whitaker**  
Board Member

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**Elaine Sullivan**  
Board Member

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**Michael Thyrring Engsig**  
CEO

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## Condensed consolidated interim statement of cash flows

Amounts in USD '000	Notes	Q2 2022	Q2 2021	YTD 2022	YTD 2021
<b>Cash flows from operating activities</b>					
<b>Profit (loss) before tax</b>		(10,923)	(7,577)	(19,480)	(15,803)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Net financial items		(244)	(67)	(397)	(131)
Depreciation of property, plant and equipment		100	13	193	25
Depreciation of Right-of-use assets		352	90	714	180
Share-based payment expense		795	693	1,819	1,526
<i>Working capital adjustments:</i>					
Changes in trade receivables and other receivables		2,405	508	23,800	(1,318)
Changes in contract assets and other long-term receivables	4	(346)	2,163	1,632	5,472
Changes in trade and other payables and other provisions and other liabilities		(4,155)	(4,167)	(5,391)	(3,399)
Changes in non-current provisions		(499)	(1,105)	(4,491)	(918)
<b>Net cash flows from operating activities</b>		<b>(12,515)</b>	<b>(9,449)</b>	<b>(1,601)</b>	<b>(14,366)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(450)	(10)	(2,047)	(26)
Proceeds from sale of market based financial instruments		817	3,693	817	4,285
Interest received		549	55	549	55
<b>Net cash flows from investing activities</b>		<b>917</b>	<b>3,738</b>	<b>(680)</b>	<b>4,314</b>
<b>Cash flow from financing activities</b>					
Proceeds from issuance of equity		309	440	789	878
Payments of the principal portion of the lease liability		(166)	(89)	(458)	(180)
Payments of the interest portion of the lease liability		(54)	(1)	(114)	(3)
Interest paid		(17)	(20)	(12)	(40)
<b>Net cash flows from financing activities</b>		<b>71</b>	<b>330</b>	<b>204</b>	<b>655</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(11,527)</b>	<b>(5,381)</b>	<b>(2,077)</b>	<b>(9,397)</b>
Cash and cash equivalents at beginning of the year/period		225,681	179,738	216,231	183,851
Net foreign exchange difference		(875)	21	(875)	(76)
<b>Cash and cash equivalents, end of period</b>		<b>213,279</b>	<b>174,378</b>	<b>213,279</b>	<b>174,378</b>

## Condensed consolidated interim statement of changes in equity

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
<b>Balance at December 31, 2021</b>	<b>333</b>	<b>81,526</b>	<b>7,863</b>	<b>(3,122)</b>	<b>107,455</b>	<b>194,055</b>
Profit (loss) for the period	—	—	—	—	(15,647)	(15,647)
Other comprehensive income	—	—	—	66	—	66
Issue of share capital	1	788	—	—	—	789
Share based payments (Note 10)	—	—	1,819	—	—	1,819
<b>Balance at June 30, 2022</b>	<b>334</b>	<b>82,314</b>	<b>9,682</b>	<b>(3,056)</b>	<b>91,808</b>	<b>181,082</b>

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
<b>Balance at December 31, 2020</b>	<b>327</b>	<b>60,348</b>	<b>4,419</b>	<b>(3,113)</b>	<b>116,869</b>	<b>178,850</b>
Profit (loss) for the period	—	—	—	—	(12,755)	(12,755)
Other comprehensive income	—	—	—	1,000	—	1,000
Issue of share capital	2	876	—	—	—	878
Share based payments (Note 10)	—	—	1,526	—	—	1,526
<b>Balance at June 30, 2021</b>	<b>329</b>	<b>61,224</b>	<b>5,945</b>	<b>(2,113)</b>	<b>104,114</b>	<b>169,499</b>

# Notes to the interim financial statements

## 1 General Information

The condensed consolidated interim financial statements of Nykode Therapeutics ASA and its subsidiary ("Nykode" or "the Group") for the period ended June 30, 2022 were authorized by the Board of Directors on August 23, 2022. Nykode's shares are traded on the Oslo Stock Exchange, with the ticker symbol NYKD. Nykode Therapeutics ASA is incorporated and domiciled in Norway, and the address of its registered office is Gaustadalléen 21, 0349 Oslo, Norway.

The Group consists of clinical-stage biopharmaceutical companies, dedicated to the discovery and development of novel immunotherapies for the treatment of cancer and infectious diseases. Nykode's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which are essential for inducing rapid, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses. Nykode's lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which has reported positive interim efficacy and safety results from its Phase II trial for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which is being studied in a Phase I/IIa trial for the treatment of melanoma, lung-, head and neck, renal-, and bladder cancer and is exclusively out licensed to Genentech Inc. ("Genentech"), a member of the Roche Group, and in a Phase Ib trial in combination with atezolizumab for the treatment of locally advanced and metastatic tumors. Additionally, Nykode is running a Phase I/II trial with two next-generation COVID-19 vaccine candidates. The Group has collaborations with Roche and Genentech within oncology, a multi-target collaboration with Regeneron Pharmaceuticals Inc. ("Regeneron") within oncology and infectious diseases and a collaboration with Adaptive Biotechnologies for COVID-19 T cell vaccine development.

## 2 Basis of preparation and significant account policies

The condensed consolidated interim financial statements of the Group comprise statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and selected explanatory notes. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("EU"). The condensed consolidated interim financial statements are unaudited.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Nykode's annual financial statements as at December 31, 2021. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of Nykode's annual financial statements for the year ended December 31, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The interim financial statements are presented in United States dollar (USD) which is also the functional currency of the parent company. Amounts are reported in whole thousands (USD '000) except when otherwise stated. Further, the interim financial statements are prepared based on the going concern assumption.

## 3 Significant accounting judgements, estimates and assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

In preparing the condensed consolidated interim financial statements, the significant judgments, estimates and assumptions made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to Nykode's annual financial statements for the year ended December 31, 2021.



## 4 Operating segment and Revenue from contracts with customers

The Group is organized as one operating segment.

In the table below non-current assets are broken down by geographical areas based on the location of the operations:

Non-current assets	30/06/2022	31/12/2021
Norway	9,864	9,585
Denmark	93	113
<b>Total non-current assets</b>	<b>9,957</b>	<b>9,698</b>

### Revenue from conduction of R&D services

Revenue from conduction of R&D services relates to the Nykode's delivery of the R&D activities to Genentech and Regeneron under the respective agreements.

Revenue from contracts with customers	Q2 2022	Q2 2021	YTD 2022	YTD 2021
<b>Major products and services</b>				
R&D commitments	3,114	1,607	3,830	2,054
<b>Total revenue</b>	<b>3,114</b>	<b>1,607</b>	<b>3,830</b>	<b>2,054</b>

Geographical distribution	Q2 2022	Q2 2021	YTD 2022	YTD 2021
United States of America	3,114	1,607	3,830	2,054
<b>Total revenue</b>	<b>3,114</b>	<b>1,607</b>	<b>3,830</b>	<b>2,054</b>

The revenue information above is based on the location of the customers.

Timing of revenue recognition	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Goods/services transferred at a point in time	203	—	397	—
Services transferred over time	2,911	1,607	3,433	2,054
<b>Total revenue</b>	<b>3,114</b>	<b>1,607</b>	<b>3,830</b>	<b>2,054</b>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at June 30, are as follows:

	2022	2021
Within one year	14,749	10,550
More than one year	7,862	17,397
<b>Total</b>	<b>22,611</b>	<b>27,946</b>

The remaining performance obligations expected to be recognized within one year and in more than one year relates to the R&D commitments under the agreement with Genentech.

	30/06/2022	31/12/2021
Contract cost assets		
<b>At 1 January</b>	<b>478</b>	<b>551</b>
Cost to obtain a contract recognised in the period	—	—
Amortisation recognised in the period	66	73
Impairment losses recognised in the period	—	—
<b>Total contract cost assets</b>	<b>412</b>	<b>478</b>

Contract cost assets are presented as part of other long-term receivables in the balance sheet. The Group's contract cost assets are related to sale commissions under the agreement with Genentech.

	30/06/2022	31/12/2021
Contract assets/liabilities (-)		
<b>At 1 January</b>	<b>(16,044)</b>	<b>15,000</b>
Transferred to trade receivables	(5,000)	(15,000)
Milestone payment from customer	—	(20,000)
Rendering of services in the period	3,433	3,956
<b>Total contract assets/liabilities (-)</b>	<b>(17,611)</b>	<b>(16,044)</b>

The changes to contract assets/liabilities in the period are related to fulfilling the performance obligation related to the service component under the agreement with Genentech, less the amount transferred to trade receivables.

## 5 Government grants

### Grant from SkatteFUNN

The Group currently has two R&D projects approved by SkatteFUNN (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry). One project has been approved for the period from 2020 until the end of 2022. The other project has been approved for the period from 2020 until the end of 2023. Nykode has recognized USD 0.1 million in the second quarter of 2022 (Q2 2021: USD 0.2 million) and USD 0.2 million year to date 2022 (YTD 2021: 0.5 million) classified as other income.

The Group had government grant receivables related to SkatteFUNN of USD 0.7 million as at June 30, 2022 and USD 0.5 million as at December 31, 2021.

### Grant from the Research Council of Norway

The Group currently has two grants from the Research Council of Norway, programs for user-managed innovation area (BIA). The first grant ("Development of a highly efficient and robust manufacturing process for personalized DNA vaccines") amounts to a total of USD 2.7 million and covers the period from January 2020 to July 2022. The second grant ("Second generation COVID-19 vaccine on the Vaccibody platform") amounts to a total of USD 1.7 million and covers the period from January 2021 to December 2022. The Group has recognized USD 0.2 million in the second quarter of 2022 (Q2 2021: USD 0.03 million) and USD 0.4 million for the first half of 2022 (YTD 2021: 0.3 million) classified as other income.

The Group had unearned income related to grant from the Research Council of Norway of USD 0.02 million as at June 30, 2022 and USD 1.0 million as at December 31, 2021.

## 6.1 Employee benefit expenses

Due to the decrease in Nykode's share price during the first half of 2022, there is a corresponding decrease in the accrual for social security tax related to share-based payments. For the first half of 2022 this resulted in a decrease of employee benefit expenses of USD 6.6 million, compared to an increase of USD 1.5 million for the first half of 2021. The decrease for the second quarter of 2022 was USD 1.8 million, compared to an increase of 1.6 million for the second quarter of 2021. This is the main reason for the decrease in employee benefit expenses for the first half of 2022.

## 6.2 Other operating expenses

Other operating expenses consisted mainly of research and development expenses, consulting fees and legal expenses in the first half of 2022 and the first half of 2021. Total research and development expenses were USD 10.4 million in the second quarter of 2022 (Q2 2021: USD 3.9 million) and USD 18.4 million in the first half of 2022 (1H 2021: USD 6.6 million), recognized as employee benefit expenses, other operating expenses and depreciation in the statement of comprehensive income.

## 7 Equity and Shareholders

### Issued capital and reserves:

	Number of shares authorized and fully paid	Par value per share (NOK)	Share capital (USD '000)
Share capital in Nykode Therapeutics ASA			
<b>At January 1, 2021</b>	<b>284,785,180</b>	<b>0.01</b>	<b>327</b>
<i>Share capital increase</i>			
March 17, 2021	828,665	0.01	1
May 10, 2021	530,000	0.01	1
June 29, 2021	400,000	0.01	—
<b>At June 30, 2021</b>	<b>286,543,845</b>	<b>0.01</b>	<b>329</b>
September 7, 2021	467,864	0.01	1
October 28, 2021	170,001	0.01	—
November 1, 2021	66,000	0.01	—
December 7, 2021	2,255,034	0.01	2
December 10, 2021	116,665	0.01	—
<b>At December 31, 2021</b>	<b>289,619,409</b>	<b>0.01</b>	<b>333</b>
<i>Share capital increase</i>			
February 2, 2022	300,000	0.01	1
April 8, 2022	150,000	0.01	—
<b>At June 30, 2022</b>	<b>290,069,409</b>	<b>0.01</b>	<b>334</b>

The share capital increases in the periods are all related to the exercise of warrants and options.

All shares are ordinary and have the same voting rights and rights to dividends.

## Nykode's shareholders:

Shareholders in Nykode Therapeutics ASA at June 30, 2022	Total shares	Ownership/ Voting rights
RASMUSSENGRUPPEN AS	28,180,750	9.72 %
DATUM OPPORTUNITY AS	26,000,000	8.96 %
RADFORSK INVESTERINGSSTIFTELSE	24,057,000	8.29 %
VICTORIA INDIA FUND AS	17,255,175	5.95 %
DATUM AS	12,060,250	4.16 %
SKØIEN AS	9,075,004	3.13 %
OM Holding AS	8,144,004	2.81 %
NORDA ASA	7,996,755	2.76 %
VATNE EQUITY AS	7,547,500	2.60 %
DNB BANK ASA	5,564,434	1.92 %
JOH JOHANNSON EIENDOM AS	5,417,641	1.87 %
HORTULAN AS	4,991,829	1.72 %
PORTIA AS	4,500,000	1.55 %
KRAG INVEST AS	4,470,100	1.54 %
ALDEN AS	3,570,000	1.23 %
SKIPS AS TUDOR	3,075,000	1.06 %
BORGANO AS	3,000,000	1.03 %
LANI INVEST AS	2,684,558	0.93 %
DATUM FINANS AS	2,395,500	0.83 %
SARSIA SEED AS	2,394,000	0.83 %
Other shareholders	107,689,909	37.13 %
<b>Total</b>	<b>290,069,409</b>	<b>100.00 %</b>

## 8 Financial instruments

Set out below is an overview of financial assets and liabilities held by the Group as at June 30, 2022 and December 31, 2021:

	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
<b>As at June 30, 2022</b>			
<b>Assets</b>			
Other long-term receivables	456	—	456
Trade receivables	2,689	—	2,689
Other receivables	2,872	—	2,872
<i>Other current financial assets</i>			
Money market funds	—	10,035	10,035
Cash and cash equivalents	213,279	—	213,279
<b>Total financial assets</b>	<b>219,296</b>	<b>10,035</b>	<b>229,332</b>
<b>Liabilities</b>			
Trade and other payables	5,394	—	5,394
Non-current lease liabilities	4,798	—	4,798
Current lease liabilities	1,195	—	1,195
<b>Total financial liabilities</b>	<b>11,386</b>	<b>—</b>	<b>11,386</b>
<b>As at December 31, 2021</b>			
<b>Assets</b>			
Other long-term receivables	501	—	501
Trade receivables	23,750	—	23,750
<i>Other receivables</i>	3,708	—	3,708
<i>Other current financial assets</i>			
Money market funds	—	12,169	12,169
Cash and cash equivalents	216,231	—	216,231
<b>Total financial assets</b>	<b>244,190</b>	<b>12,169</b>	<b>256,359</b>
<b>Liabilities</b>			
Trade and other payables	8,520	—	8,520
Non-current lease liabilities	5,819	—	5,819
Current lease liabilities	1,350	—	1,350
<b>Total financial liabilities</b>	<b>15,689</b>	<b>—</b>	<b>15,689</b>

There are no changes in the classification and measurement of the Group's financial assets and liabilities.

## 9 Fair value measurement

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Date	Carrying amount	Fair value	Level		
				1	2	3
<b>Liabilities and assets disclosed at fair value</b>						
<b>Assets</b>						
<i>Other current financial assets</i>						
Money market funds	30/06/2022	10,035	10,035	X		
<b>Total other current financial assets</b>	<b>30/06/2022</b>	<b>10,035</b>	<b>10,035</b>			
<i>Other current financial assets</i>						
Money market funds	31/12/2021	12,169	12,169	X		
<b>Total other current financial assets</b>	<b>31/12/2021</b>	<b>12,169</b>	<b>12,169</b>			

There were no transfers between the levels during the six months ended June 30, 2022. There were no changes in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurements during the period.

## 10 Share based payments

The following tables illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the quarter.

	2022	2022
	WAEP (NOK)	Number
<b>Outstanding options at January 1</b>	<b>18.20</b>	<b>13,507,698</b>
Options granted	35.69	2,030,372
Options forfeited	37.50	(434,000)
Options exercised	15.42	(450,000)
Options expired	—	—
<b>Outstanding options at June 30</b>	<b>20.14</b>	<b>14,654,070</b>

	2021	2021
	WAEP (NOK)	Number
<b>Outstanding options at January 1</b>	<b>8.52</b>	<b>14,381,430</b>
Options granted	79.68	1,705,463
Options forfeited	—	—
Options exercised	4.89	(2,579,195)
Options expired	—	—
<b>Outstanding options at December 31</b>	<b>18.20</b>	<b>13,507,698</b>

## 11 Events after the reporting date

There are no events after the balance sheet date.