



# INTERIM REPORT

4th Quarter 2022

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Oslo, Norway, February 28, 2023 – Nykode Therapeutics ASA (OSE: NYKD), a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies, today announced its unaudited financial results for the quarter and full year ended December 31, 2022.

## Financial results for the fourth quarter 2022:

- Total revenue and other income of USD 3.3 million, compared to USD 31.8 million for the fourth quarter of 2021.
- Total operating expenses of USD 17.7 million, compared to USD 17.1 million for the fourth quarter of 2021.
- Net loss of USD 12.2 million, compared to a net profit of USD 10.8 million for the fourth quarter of 2021.
- Strong cash position of USD 206.4 million at December 31, 2022.

## Highlights for the fourth quarter 2022:

- Announced positive immunogenicity results from a Phase 1/2a trial of VB10.NEO, an individualized therapeutic cancer vaccine which is being developed exclusively with Genentech, a member of the Roche Group.
- Presented additional efficacy analysis from a Phase 2 trial of VB10.16 in combination with atezolizumab in advanced cervical cancer.
- Clinical collaboration with MSD for the VB-C-03 trial was announced. The trial will evaluate VB10.16 in combination with KEYTRUDA®<sup>1</sup> (pembrolizumab) in patients with HPV16-positive head and neck cancer.
- Entered into strategic manufacturing partnership with Richter-Helm BioLogics.
- Announced expanded clinical development plan for the lead cancer vaccine VB10.16 in HPV16-positive cancers, including a potentially registrational trial in advanced cervical cancer (VB-C-04).

## Highlights after December 31, 2022:

- Nykode announced collaboration with gynecologic study group GOG Foundation to conduct the VB-C-04 trial in advanced cervical cancer. GOG Foundation is a U.S. based expert group focused on gynecological cancer and has a 50-year history of designing and executing successful clinical trials in cervical cancer in partnerships with the industry.

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

“2022 was another transformational year for Nykode towards our vision of becoming a leading vaccine technology biotech company. We reported a string of positive clinical milestones, both for our fully individualized cancer vaccine VB10.NEO in development together with Genentech and for our wholly-owned lead candidate VB10.16 for advanced cervical cancer. In the first half of 2023, we eagerly look forward to the final safety and efficacy analysis from the European trial with VB10.16 and to start a Phase 1/2a trial in HPV16-Positive head and neck cancer. Towards the end of the year, we expect to initiate a US trial with registrational intent to provide a fast track for making this therapeutic vaccine available to patients.”

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<sup>1</sup> KEYTRUDA® is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co., Inc., Rahway, NJ, USA.

## Key financial figures

Amounts in USD '000	4th Quarter		Full year	
	2022	2021	2022	2021
Total revenue and other income	3,300	31,773	9,030	35,766
Total operating expenses	17,683	17,068	62,185	46,541
<b>Operating profit (loss)</b>	<b>(14,382)</b>	<b>14,705</b>	<b>(53,156)</b>	<b>(10,775)</b>
<b>Net profit (loss) for the period</b>	<b>(12,206)</b>	<b>10,769</b>	<b>(42,743)</b>	<b>(9,413)</b>
Net cash flow	(6,637)	42,824	(9,285)	32,350
Cash and cash equivalents, end of period	206,386	216,231	206,386	216,231
Outstanding shares, end of period	294,694,309	289,619,409	294,694,309	289,619,409
Cash and cash equivalents/total assets	93%	81%	93%	81 %
Equity ratio	71%	73%	71%	73 %
Equity	157,019	194,056	157,019	194,056
Total assets	221,477	265,556	221,477	265,556
Employees, average	152	95	132	73
Employees, end of period	155	102	155	102

## R&D update

Nykode's modular immunotherapy technology platform is versatile and may be adapted to generate immune therapies inducing the desired immune response profile. Hence, Nykode's platform may be applied across a broad range of oncology, infectious disease and autoimmune disorders.

### Oncology

#### VB10.16

VB10.16 is a therapeutic vaccine directed against HPV16+ induced malignancies. The product candidate is wholly owned by Nykode.

- Clinical trial VB-C-02:
  - VB10.16, 3 mg, in combination with atezolizumab
  - Cancer indication: HPV16+ advanced, non-resectable cervical cancer
  - Clinical stage: Phase 2
  - Fully enrolled
  - ClinicalTrials.gov Identifier: NCT04405349
- Clinical trial VB-C-03:
  - VB10.16, 3 mg and 9 mg, in combination with pembrolizumab
  - Cancer indication: HPV16+ non-resectable, recurrent or metastatic squamous cell head and neck cancer
  - Clinical stage: Phase 1/2a
  - ClinicalTrials.gov Identifier: TBD
- Clinical trial VB-C-04:
  - VB10.16, in combination with CPI
  - Cancer indication: HPV16+ recurrent/metastatic cervical cancer and PD-L1 positive tumors
  - Clinical stage: Phase 2 – potentially registrational trial
  - ClinicalTrials.gov Identifier: TBD

#### Status and highlights

The VB-C-02 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 showed durable responses with a high disease control rate in heavily pre-treated advanced cervical cancer patients. Interestingly, anti-tumor efficacy was observed in both PD-L1 positive and negative patients.

The trial enrolled patients having received multiple lines of prior systemic therapy in recurrent or metastatic setting. Analysis showed the most robust clinical benefit in patients treated with up to two prior lines of therapy and in patients with lower metastatic burden. A high Disease Control Rate (DCR) was observed across all patient groups. Strong HPV16-specific T cell responses were associated with the clinical responses.

VB10.16 in combination with atezolizumab was found to be well-tolerated and showed a safety profile comparable to atezolizumab monotherapy. Nykode expects to report the final safety and efficacy analysis from the VB-C-02 trial covering the full treatment phase for all patients during the first half of 2023.

The encouraging clinical efficacy and favorable safety profile that was observed with VB10.16 has led Nykode to update the development strategy for VB10.16. The VB-C-04 trial in advanced cervical cancer will focus on patients who failed first line treatment including checkpoint inhibitor treatment. It is a single arm trial with registrational intent and will be conducted in the United States. The first patient is expected to be dosed in the fourth quarter of 2023.

Nykode is also planning to conduct an open-label, dose-finding, single arm Phase 1/2a trial (VB-C-03) of VB10.16 in combination with pembrolizumab in patients with first line HPV16-positive, recurrent or metastatic squamous cell head and neck cancer as described in Nykode's announcement on December 6, 2022. Nykode expects to enroll patients in Europe during the first half of 2023.

### **VB10.NEO**

VB10.NEO is an individualized neoantigen cancer vaccine targeting multiple cancer indications. VB10.NEO is exclusively licensed to Genentech, a member of the Roche group.

- Clinical trial VB-N-01:
  - VB10.NEO, 3 mg in combination with CPI
  - Cancer indications: Melanoma, non-small cell lung cancer (NSCLC), clear renal cell carcinoma, urothelial cancer or squamous cell carcinoma of the head and neck (SCCHN)
  - Clinical stage: Phase 1/2a
  - Fully enrolled
  - ClinicalTrials.gov Identifier: NCT03548467
- Clinical trial VB-N-02:
  - VB10.NEO, 3-9 mg dose escalation, in combination with atezolizumab
  - Cancer indications: Locally advanced and metastatic tumors covering more than ten indications
  - Clinical stage: Phase 1b
  - ClinicalTrials.gov Identifier: NCT05018273

### **Status and highlights**

Nykode presented positive immunogenicity results from the VB-N-01 trial on October 26, 2022. VB10.NEO showed a T cell response in 100% of the patients, including expansion of novel T cells in 95% of the patients. The responses were broad with the majority of the encoded neoepitopes being immunogenic and inducing a functional and strong CD8 T cell response. Multiple vaccinations boosted the breadth and magnitude of the immune responses, and most T cell responses were maintained for at least one year. VB10.NEO was generally safe and well-tolerated in patients with solid tumors and well-tolerated in combination with other cancer treatments.

### **Infectious Diseases**

Nykode's infectious disease initiative continues to generate data supporting the potential of the platform to generate immune responses, and it is exploring and evaluating a diverse set of pathogens as potential next future clinical vaccine targets.

### **VB10.COV2**

Nykode's focus has been on developing candidates which would supplement existing COVID vaccines, including developing a T cell focused vaccine using Nykode's modular and Antigen Presenting Cell (APC) targeted technology.

- Clinical trial VB-D-01:
  - Open label, dose escalation trial investigating the two vaccine candidates, VB2129 and VB2210
  - Pathogen: SARS-CoV-2
  - Clinical stage: Phase 1/2
  - Fully enrolled
  - ClinicalTrials.gov Identifier: NCT05069623

### **VB10.2129 (RBD candidate) – 2nd generation vaccine addressing novel variants of concern**

VB10.2129 encodes for the receptor-binding domain (RBD) of the spike glycoprotein of SARS-CoV-2 Beta variant of concern, B.1.351.

### **VB10.2210 (T cell candidate) – 3rd generation universal broadly protective T cell vaccine**

T cells appear central in maintaining the protection against severe disease and death across current variants of concern. Nykode aims to induce a broad T cell response against validated epitopes from multiple SARS-CoV-2 antigens. The aim is to induce long-lasting protective immunity across all population groups and across current and future variants.

#### **Status and highlights**

Nykode presented positive interim data from the VB10.2210 trial-arm in September 2022. VB10.2210 was found to boost Spike-specific T cell responses and induced de novo T cell responses to conserved non-Spike antigens found across SARS-CoV-2 variants, generating broad and CD8 dominated T cell responses post vaccination. Nykode's vaccine candidate was safe and well-tolerated at all three dose levels. Nykode plans to guide on the future development strategy during the first half of 2023.

#### **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. Further validation of the concept is ongoing in preclinical models.

The Company plans to provide further preclinical data from the tolerance platform during the third quarter of 2023.

#### **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 has demonstrated how the Vaccibody™ molecule can be co-expressed with various immune-modulatory polypeptides. Compared to the Vaccibody molecule alone, the simultaneous expression of selected immune stimulatory cytokines was shown to boost the overall immune response of cancer vaccines and to stimulate an enhanced anti-tumor immune response in preclinical models. Similar, 4th module cytokines have also been demonstrated to boost T cell and antibody responses induced by a SARS-CoV-2 subunit vaccine in preclinical models. An additional 5th and 6th module may be added to even further boost and/or direct the immune responses. Nykode continues to explore the potential of additional immune modulatory polypeptides and combinations of these.

#### **Other**

On December 19, 2022, Nykode announced a strategic manufacturing partnership with Richter-Helm BioLogics GmbH & Co KG. Richter-Helm BioLogics will supply plasmid DNA for Nykode's wholly owned and partnered product portfolio, providing the long-term expertise and capacity needed to support Nykode's growth and pipeline development.

## Financial review

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

### Income statement for the fourth quarter 2022

The fourth quarter of 2022 showed a net loss of USD 12.2 million compared to a net profit of USD 10.8 million for the same period in 2021.

Total revenue and other income amounted to USD 3.3 million, compared to USD 31.8 million for the same period in 2021. The decrease is mainly due to the recognition of the Regeneron transaction in the fourth quarter of 2021.

Total operating expenses amounted to USD 17.7 million, compared to USD 17.1 million for the same period in 2021. Other operating expenses increased from USD 9.4 million in the fourth quarter of 2021 to USD 9.8 million in the fourth quarter of 2022. Employee benefit expenses were USD 7.4 million in the fourth quarter of 2022 (USD 7.3 million). The increase in employee benefit expenses is due to the increased number of employees, offset by a decrease 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. The reduction in the fourth quarter of 2022 amounted to USD 1.0 million (USD 1.0 million increase) mainly due to the exercise of warrants.

Net financial income and expenses was positive USD 2.1 million in the fourth quarter of 2022 (USD 0.6 million positive). Finance income and finance expense mainly relate to interest income, movements in foreign currency exchange rates and fair value adjustments of financial instruments.

The Group recognized tax income of USD 0.1 million in the fourth quarter of 2022 compared to a tax expense of USD 4.5 million in the same period of 2021. The income tax expense is primarily related to movement in deferred tax.

### Income statement for the full year 2022

The net result for the year ended December 31, 2022 was a net loss of USD 42.7 million compared to a net loss of USD 9.4 million for the same period in 2021.

Total revenue and other income amounted to USD 9.0 million compared to USD 35.8 million for the same period in 2021. The decrease was mainly due to the Regeneron transaction in 2021.

Total operating expenses amounted to USD 62.2 million compared to USD 46.5 million for the same period in 2021. Other operating expenses increased from USD 29.0 million in the year ended December 31, 2021 to USD 42.3 million in the year ended December 31, 2022, driven by increased operating activity as well as recognition of a net loss of USD 5.3 million related to an onerous contract for R&D services in 2022. Employee benefit expenses were USD 18.0 million (USD 16.8 million). The increase in the employee benefit expenses is due to the increased number of employees, partly offset by a decrease of the social security cost accrual related to share-based payments. As the share price decreased during the period the accrual is also reduced. The corresponding reduction in the year ended December 31, 2022 is USD 8.0 million (USD 0.5 million decrease).

Net financial income and expenses was positive USD 2.2 million in the year ended December 31, 2022 (USD 0.3 million negative). Finance income and finance expense mainly relate to interest income, movements in foreign currency exchange rates, fair value adjustments of financial instruments and gain/loss on sale of financial instruments.

The Group recognized tax income of USD 8.2 million compared to USD 1.7 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 amounted to USD 206.4 million at December 31, 2022 compared to USD 216.2 million at December 31, 2021. The decrease in cash is mainly a result from operating and investing activities, partly offset by the sale of money market funds.

Total other current financial assets amounted to USD 0 at December 31, 2022 compared to USD 12.2 million at December 31, 2021. The reduction is due to sale of money market funds during 2022.

Total equity amounted to USD 157.0 million at December 31, 2022, compared to USD 194.1 million at December 31, 2021. The change mainly reflects the net loss for the period of USD 42.7 million, the exercise of warrants and options and recognition of share-based payments.

Trade receivables amounted to USD 2.5 million at December 31, 2022, compared to USD 23.8 million at December 31, 2021. The decrease is mainly due to the receipt of a USD 20 million milestone payment from Genentech in the first quarter of 2022.

Trade and other payables amounted to USD 10.2 million at December 31, 2022, compared to USD 8.5 million at December 31, 2021. The increase is mainly due to increased activity.

At December 31, 2022, total contract liability amounted to USD 19.7 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 in the fourth quarter ending December 31, 2022**

Net change in cash and cash equivalents was negative USD 6.6 million in the fourth quarter of 2022 compared to positive USD 42.8 million for the same period in 2021.

Net cash flow from operating activities was negative USD 11.1 million in the fourth quarter of 2022 (USD 20.5 million positive). The decrease was primarily driven by a loss before tax in the fourth quarter of 2022, compared to a profit before tax in the fourth quarter of 2021.

Cash flow from investing activities was positive USD 2.7 million in the fourth quarter of 2022 (USD 2.6 million positive). The amounts mainly relate to interest received in the fourth quarter of 2022 and the sale of money market funds in the fourth quarter of 2021.

Cash flow from financing activities was positive USD 1.7 million in the fourth quarter of 2022 (USD 19.7 million positive). The amounts primarily relate to issuance of equity.

## **Cash flow for the full year ending December 31, 2022**

Net change in cash and cash equivalents was negative USD 9.3 million in the year ended December 31, 2022, compared to USD 32.4 million positive for the same period in 2021.

Net cash flow from operating activities was negative USD 20.7 million in the year ended December 31, 2022, compared to USD 1.2 million positive for the same period in 2021. This was primarily driven by the decrease in trade receivables due to the receipt of a milestone payment from Genentech, offset by a negative profit before tax.

Cash flow from investing activities was positive USD 11.1 million in the year ended December 31, 2022 (USD 10.8 million positive). The amounts mainly relate to the sale of money market funds and interest received, offset by the purchase of property, plant and equipment.

Cash flow from financing activities was positive USD 0.4 million in the year ended December 31, 2022 (USD 20.4 million positive). The amounts primarily relate to proceeds from equity issuance, offset by payments of lease liabilities.

## **Other**

The Norwegian Tax Authorities (NTA) have questioned the Groups' use of taxable gain/loss account (i.e. deferred income recognition) for up-front payments under a license agreement entered into in 2020, and if the payments should be treated as taxable income in full in 2020. The effect of any change would be a reclassification of deferred tax to tax payable in the financial statements, estimated to USD 31 million. Nykode, and their external advisors, believe the use of taxable gain/loss account is the appropriate treatment. It is uncertain when the NTA will make their final decision. If the NTA conclude that the payments should be treated as taxable income in full in 2020, Nykode will settle the tax payable, but will appeal such decision.



## 2023 Outlook

Expected outlook and upcoming milestones for Nykode's wholly owned programs include:

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Final safety and efficacy analysis of VB-C-02 (VB10.16) Phase 2 trial enrolling patients with advanced cervical cancer planned for the first half of 2023.

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Initiation of VB-C-03 (VB10.16) dose escalation trial in combination with KEYTRUDA® in patients with squamous cell carcinoma of the head and neck in the first half of 2023.

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Initiation of VB-C-04 (VB10.16), a U.S. focused potentially registrational trial in patients with recurrent/metastatic advanced cervical cancer in the fourth quarter of 2023.

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Updated preclinical data from Nykode's antigen-specific immune tolerance project expected in the third quarter of 2023.

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The Company is in continuous dialogue with academic and industrial entities and will announce new key collaborations and partnerships if or when they may occur. News flow from the programs under the Genentech and Regeneron agreements is subject to approval by the respective partners.

### 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 have been shown to induce 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 (HPV)-16 induced malignancies which demonstrated positive interim efficacy and safety results from its Phase 2 trial for the treatment of cervical cancer; and VB10.NEO, an individualized cancer neoantigen vaccine, which is exclusively out-licensed to Genentech, a member of the Roche Group. Additionally, Nykode is conducting a Phase 1/2 trial with next-generation COVID-19 vaccine candidates.

The Company's partnerships include 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 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)

## Interim Financial Statements

### Condensed consolidated interim statement of comprehensive income

Amounts in USD '000	Notes	Q4 2022	Q4 2021	YTD 2022	YTD 2021
Revenue from contracts with customers	4	2,690	30,908	7,168	33,963
Other income	5	610	865	1,861	1,803
<b>Total revenue and other income</b>		<b>3,300</b>	<b>31,773</b>	<b>9,030</b>	<b>35,766</b>
Employee benefit expenses	6.1	7,427	7,267	18,047	16,846
Other operating expenses	6.2	9,815	9,377	42,325	28,960
Depreciation		441	424	1,813	735
<b>Operating profit (loss)</b>		<b>(14,382)</b>	<b>14,705</b>	<b>(53,156)</b>	<b>(10,775)</b>
Finance income		3,146	2,640	8,461	4,133
Finance costs		1,070	2,061	6,288	4,475
<b>Profit (loss) before tax</b>		<b>(12,307)</b>	<b>15,283</b>	<b>(50,983)</b>	<b>(11,117)</b>
Income tax expense (income)		(101)	4,514	(8,240)	(1,704)
<b>Profit (loss) for the period</b>		<b>(12,206)</b>	<b>10,769</b>	<b>(42,743)</b>	<b>(9,413)</b>
<b>Other comprehensive income:</b>					
<i>Items that subsequently may be reclassified to profit or loss:</i>					
Foreign currency translation effects		97	(11)	78	(9)
Total items that may be reclassified to profit or loss		97	(11)	78	(9)
<b>Total other comprehensive income for the period</b>		<b>97</b>	<b>(11)</b>	<b>78</b>	<b>(9)</b>
<b>Total comprehensive income for the period</b>		<b>(12,110)</b>	<b>10,758</b>	<b>(42,665)</b>	<b>(9,422)</b>
<b>Earnings per share ("EPS"):</b>					
Basic EPS - profit or loss attributable to equity holders		(0.04)	0.04	(0.15)	(0.03)
Diluted EPS - profit or loss attributable to equity holders		(0.04)	0.04	(0.15)	(0.03)

## Condensed consolidated interim statement of financial position

Amounts in USD '000	Notes	31/12/2022	31/12/2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,518	1,884
Right-of-use assets		6,009	7,281
Intangible assets		32	32
Other long-term receivables	4	46	501
<b>Total non-current assets</b>		<b>9,604</b>	<b>9,698</b>
<b>Current assets</b>			
Trade receivables		2,544	23,750
Other receivables		2,943	3,708
Other current financial assets	8	—	12,169
Cash and cash equivalents		206,386	216,231
<b>Total current assets</b>		<b>211,873</b>	<b>255,858</b>
<b>TOTAL ASSETS</b>		<b>221,477</b>	<b>265,556</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	338	333
Share premium		83,318	81,526
Other capital reserves		11,695	7,863
Other components of equity		(3,044)	(3,122)
Retained earnings		64,713	107,454
<b>Total equity</b>		<b>157,019</b>	<b>194,056</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities		4,365	5,820
Non-current provisions		30	4,915
Deferred tax liabilities		21,159	29,400
<b>Total non-current liabilities</b>		<b>25,554</b>	<b>40,134</b>
<b>Current liabilities</b>			
Government grants	5	133	219
Current lease liabilities		1,147	1,350
Trade and other payables		10,175	8,494
Current provisions		7,714	5,234
Current contract liabilities	4	19,736	16,044
Income tax payable		—	26
<b>Total current liabilities</b>		<b>38,904</b>	<b>31,367</b>
<b>Total liabilities</b>		<b>64,458</b>	<b>71,501</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>221,477</b>	<b>265,556</b>

Oslo, February 27, 2023

**Martin Nicklasson**  
Chair of the Board

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**Anders Tuv**  
Board Member

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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	Q4 2022	Q4 2021	YTD 2022	YTD 2021
<b>Cash flows from operating activities</b>					
<b>Profit (loss) before tax</b>		(12,307)	15,283	(50,983)	(11,117)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Net financial items		(4,475)	260	(1,264)	84
Depreciation of property, plant and equipment		109	45	415	85
Depreciation of Right-of-use assets		333	378	1,399	649
Share-based payment expense		1,076	1,007	3,832	3,444
<i>Working capital adjustments:</i>					
Changes in trade receivables and other receivables		1,112	(21,492)	21,972	(22,220)
Changes in contract assets and other long-term receivables	4	(3,292)	6,816	455	15,055
Changes in trade and other payables and other liabilities		507	18,099	2,281	17,120
Changes in contract liabilities, current provisions and government grants		6,085	—	6,085	—
Changes in non-current provisions		(222)	135	(4,885)	(1,944)
<b>Net cash flows from operating activities</b>		<b>(11,075)</b>	<b>20,531</b>	<b>(20,694)</b>	<b>1,156</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(413)	(653)	(2,675)	(871)
Purchase of financial instruments		—	(999)	—	(999)
Proceeds from sale of market based financial instruments		(8)	4,075	10,042	12,353
Interest received		3,134	204	3,683	270
<b>Net cash flows from investing activities</b>		<b>2,713</b>	<b>2,627</b>	<b>11,050</b>	<b>10,753</b>
<b>Cash flow from financing activities</b>					
Proceeds from issuance of equity		1,008	20,092	1,797	21,182
Payments of the principal portion of the lease liability		765	(354)	(1,197)	(611)
Payments of the interest portion of the lease liability		(47)	(63)	(207)	(66)
Interest paid		(1)	(10)	(33)	(64)
<b>Net cash flows from financing activities</b>		<b>1,725</b>	<b>19,665</b>	<b>359</b>	<b>20,441</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,637)</b>	<b>42,824</b>	<b>(9,285)</b>	<b>32,350</b>
Cash and cash equivalents at beginning of the year/ period		212,021	172,645	216,231	183,851
Net foreign exchange difference		1,002	762	(560)	30
<b>Cash and cash equivalents, end of period</b>		<b>206,386</b>	<b>216,231</b>	<b>206,386</b>	<b>216,231</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>194,056</b>
Profit (loss) for the period	—	—	—	—	(42,743)	(42,743)
Other comprehensive income	—	—	—	78	—	78
Issue of share capital	5	1,792	—	—	—	1,797
Share based payments (Note 10)	—	—	3,832	—	—	3,832
<b>Balance at December 31, 2022</b>	<b>338</b>	<b>83,318</b>	<b>11,695</b>	<b>(3,044)</b>	<b>64,712</b>	<b>157,019</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	—	—	—	—	(9,413)	(9,413)
Other comprehensive income	—	—	—	(9)	—	(9)
Issue of share capital	6	21,178	—	—	—	21,184
Share based payments (Note 10)	—	—	3,444	—	—	3,444
<b>Balance at December 31, 2021</b>	<b>333</b>	<b>81,526</b>	<b>7,863</b>	<b>(3,122)</b>	<b>107,456</b>	<b>194,056</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 December 31, 2022 were authorized by the Board of Directors on February 27, 2023. 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 have been shown to induce 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 demonstrated positive interim efficacy and safety results from its Phase 2 trial for the treatment of cervical cancer; and VB10.NEO, a cancer neoantigen vaccine, which is exclusively out licensed to Genentech Inc. ("Genentech"), a member of the Roche Group. Additionally, Nykode is running a Phase 1/2 trial with next-generation COVID-19 vaccine candidates. The Group has collaborations with 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	31/12/2022	31/12/2021
Norway	9,553	9,585
Denmark	51	113
<b>Total non-current assets</b>	<b>9,604</b>	<b>9,698</b>

### Revenue from contracts with customers

Revenue from contracts with customers relates to Nykode's sale of intellectual property and delivery of R&D activities to Genentech and Regeneron under the respective agreements.

Revenue from contracts with customers	Q4 2022	Q4 2021	YTD 2022	YTD 2021
<b>Major products and services</b>				
License of Nykode IP	—	30,000	—	30,000
R&D commitments	2,690	908	7,168	3,963
<b>Total revenue</b>	<b>2,690</b>	<b>30,908</b>	<b>7,168</b>	<b>33,963</b>

Geographical distribution	Q4 2022	Q4 2021	YTD 2022	YTD 2021
United States of America	2,690	30,908	7,168	33,963
<b>Total revenue</b>	<b>2,690</b>	<b>30,908</b>	<b>7,168</b>	<b>33,963</b>

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

Timing of revenue recognition	Q4 2022	Q4 2021	YTD 2022	YTD 2021
Goods/services transferred at a point in time	187	30,000	860	30,000
Services transferred over time	2,504	908	6,308	3,963
<b>Total revenue</b>	<b>2,690</b>	<b>30,908</b>	<b>7,168</b>	<b>33,963</b>



The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, are as follows:

	2022	2021
Within one year	15,486	11,948
More than one year	6,019	14,997
<b>Total</b>	<b>21,505</b>	<b>26,944</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.

	31/12/2022	31/12/2021
Contract cost assets		
<b>At 1 January</b>	<b>478</b>	<b>551</b>
Cost to obtain a contract recognized in the period	—	—
Amortization recognized in the period	65	73
Impairment losses recognized in the period	413	—
<b>Total contract cost assets</b>	<b>—</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.

	31/12/2022	31/12/2021
Contract assets/liabilities (-)		
<b>At 1 January</b>	<b>(16,044)</b>	<b>15,000</b>
Transferred to trade receivables	(10,000)	(15,000)
Milestone payment from customer	—	(20,000)
Rendering of services in the period	6,308	3,956
<b>Total contract assets/liabilities (-)</b>	<b>(19,736)</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 0.2 million in the fourth quarter of 2022 (Q4 2021: USD 0.2 million negative) and USD 0.5 million for the year ended December 31, 2022 (YTD 2021: USD: 0.6 million) classified as other income.

The Group had government grant receivables related to SkatteFUNN of USD 0.5 million as at December 31, 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 March 2024. 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 March 2023. The Group has recognized USD 0.4 million in the fourth quarter of 2022 (Q4 2021: USD 1.0 million) and USD 1.4 million for the year ended December 31, 2022 (YTD 2021: USD 1.2 million) classified as other income.

The Group had net grant receivables related to grant from the Research Council of Norway of USD 0.1 million as at December 31, 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 and the exercise of warrants during the year ended 2022, there is a corresponding decrease in the accrual for social security tax related to share-based payments. For year ended December 31, 2022 this resulted in a decrease of employee benefit expenses of USD 8.0 million, compared to an increase of USD 0.5 million for the year ended December 31, 2021. The decrease for the fourth quarter of 2022 was USD 1.0 million, compared to an increase of USD 1.0 million for the fourth quarter of 2021.

## 6.2 Other operating expenses

Other operating expenses consisted mainly of research and development expenses, consulting fees and legal expenses in the year ended December 31, 2022 and 2021. Of this, a net loss of USD 5.2 million was recognized related to an onerous contract on R&D services. Total research and development expenses were USD 12.2 million in the fourth quarter of 2022 (Q4 2021: USD 12.6 million) and USD 47.9 million in year ended December 31, 2022 (year ended 2021: USD 24.2 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	—
September 7, 2021	467,864	0.01	1
October 28, 2021	170,001	0.01	1
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	—
April 8, 2022	150,000	0.01	—
December 20, 2022	3,834,900	0.01	4
December 22, 2022	790,000	0.01	1
<b>At December 31, 2022</b>	<b>294,694,309</b>	<b>0.01</b>	<b>338</b>

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

## Nykode's shareholders:

Shareholders in Nykode Therapeutics ASA at December 31, 2022	Total shares	Ownership/ Voting rights
RASMUSSENGRUPPEN AS	30,180,750	10.24 %
DATUM OPPORTUNITY AS	26,000,000	8.82 %
RADFORSK INVESTERINGSSTIFTELSE	24,057,000	8.16 %
VICTORIA INDIA FUND AS	17,255,175	5.86 %
DATUM AS	12,060,250	4.09 %
NORDA ASA	7,996,755	2.71 %
VATNE EQUITY AS	7,375,000	2.50 %
JOH JOHANNSON EIENDOM AS	6,937,641	2.35 %
OM Holding AS	6,519,525	2.21 %
SKØIEN AS	5,487,514	1.86 %
HORTULAN AS	5,187,508	1.76 %
PORTIA AS	4,500,000	1.53 %
KRAG INVEST AS	4,470,100	1.52 %
ALDEN AS	3,607,500	1.22 %
SKIPS AS TUDOR	3,075,000	1.04 %
BORGANO AS	3,000,000	1.02 %
LANI INVEST AS	2,674,225	0.91 %
DATUM FINANS AS	2,395,500	0.81 %
The Northern Trust Comp, London Br	2,335,274	0.79 %
SARSIA SEED AS	2,100,000	0.71 %
OTHER SHAREHOLDERS	117,479,592	39.86 %
<b>Total</b>	<b>294,694,309</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 December 31, 2022 and December 31, 2021:

	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
<b>As at December 31, 2022</b>			
<b>Assets</b>			
Other long-term receivables	46	—	46
Trade receivables	2,544	—	2,544
Other receivables	2,943	—	2,943
<i>Other current financial assets</i>			
Money market funds	—	—	—
Cash and cash equivalents	206,386	—	206,386
<b>Total financial assets</b>	<b>211,919</b>	<b>—</b>	<b>211,919</b>
<b>Liabilities</b>			
Trade and other payables	10,175	—	10,175
Non-current lease liabilities	4,365	—	4,365
Current lease liabilities	1,147	—	1,147
<b>Total financial liabilities</b>	<b>15,687</b>	<b>—</b>	<b>15,687</b>
<b>As at December 31, 2021</b>			
<b>Assets</b>			
Other long-term receivables	501	—	501
Trade receivables	23,750	—	23,750
Other receivables	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	8,494	—	8,494
Non-current lease liabilities	5,820	—	5,820
Current lease liabilities	1,350	—	1,350
<b>Total financial liabilities</b>	<b>15,664</b>	<b>—</b>	<b>15,664</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	31/12/2022	—	—	X		
<b>Total other current financial assets</b>	<b>31/12/2022</b>	<b>—</b>	<b>—</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 year ended December 31, 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 nine months ended:

	2022	2022
	WAEP (NOK)	Number
<b>Outstanding options at January 1</b>	<b>18.20</b>	<b>13,507,698</b>
Options granted	34.39	2,639,383
Options forfeited	39.38	(561,123)
Options exercised	3.33	(5,074,900)
Options expired	—	—
<b>Outstanding options at December 31</b>	<b>28.52</b>	<b>10,511,058</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.