



INTERIM REPORT

3rd Quarter 2022

Highlights for 3Q 2022:

- Nykode reported strong cash position of USD 212.0 million at September 30, 2022
- Nykode announced positive results from its Phase 1/2 dose escalation trial of its T Cell focused SARS-CoV-2 vaccine candidate
- Nykode included in the Oslo Børs Benchmark Index (OSEBX) and the Oslo Børs Mutual Fund Index (OSEFX)
- Nykode appointed Louise Stubbe as Chief Legal Officer

Highlights after September 30, 2022:

- Nykode announced positive immunogenicity results from its Phase 1/2a trial of VB10.NEO, an individualized therapeutic cancer vaccine which is being developed together with Genentech, a member of the Roche Group
- Nykode presented additional efficacy analysis from its Phase 2 trial of VB10.16 in combination with atezolizumab in advanced cervical cancer

Michael Engsig, Chief Executive Officer at Nykode, comments:

“We are excited about the data from our clinical trials which continue to validate and de-risk the Nykode technology platform. The read-outs from our next-generation COVID activities and fully individualized cancer vaccine showed a unique ability to induce broad immune response with strong activation of CD8 killer T cells. The fourth quarter has opened with positive additional efficacy analysis from the Phase 2 trial of VB10.16 in advanced cervical cancer; as well as positive immunogenicity results from the Phase 1/2a trial of VB10.NEO, our individualized therapeutic cancer vaccine. Both trials increase our confidence in the platform’s ability to provide clinical benefit to patients with advanced cancer. In order to fully capitalize on the potential of VB10.16, we plan to publish our updated development strategy during the fourth quarter of 2022 and look forward to the key efficacy data read-outs from the Phase 2 trial of VB10.16, which are expected during the first half of 2023.”

Key financial figures

Amounts in USD '000	3rd Quarter		Nine months ended		Full year
	2022	2021	2022	2021	2021
Total revenue and other income	1,282	1,314	5,729	3,993	35,766
Total operating expenses	21,187	11,638	44,503	29,473	46,541
Operating profit (loss)	(19,905)	(10,324)	(38,774)	(25,480)	(10,775)
Net profit (loss) for the period	(14,889)	(7,447)	(30,537)	(20,183)	(9,414)
Net cash flow	(570)	(1,437)	(2,648)	(10,473)	32,351
Cash and cash equivalents, end of period	212,021	172,645	212,021	172,645	216,231
Outstanding shares, end of period	290,069,409	287,011,709	290,069,409	287,011,709	289,619,409
Cash and cash equivalents/total assets	93%	85%	93 %	85 %	81 %
Equity ratio	73%	80%	73 %	80 %	73 %
Equity	167,111	162,175	167,111	162,175	194,055
Total assets	228,314	202,650	228,314	202,650	265,556
Employees, average	131	79	123	64	73
Employees, end of period	147	87	147	87	102

R&D update

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

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 2
 - 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% objective 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. Strong HPV16-specific T cell responses were associated with clinical responses.

The trial enrolled patients pre-treated with 1-5 lines of prior systemic therapy in recurrent or metastatic setting and showed a 21% ORR on average across all lines. Additional analysis reviewed patient outcomes based on the number of previous lines of systemic therapy and number of extrapelvic metastases, showing a robust clinical benefit with partial and complete responses in 30% of patients treated with up to two prior lines of therapy. The response rate was similarly higher in patients with lower metastatic burden. A high DCR was observed across all patient groups. Importantly, the T cell responses continue to show association 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 that was observed with VB10.16 has led Nykode to focus on updating the development strategy for VB10.16, which is planned for the fourth quarter 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 SCCHN where safety, efficacy, and immunogenicity of multiple VB10.16 dose levels will be assessed.

VB10.NEO

VB10.NEO is an individualized neoantigen cancer vaccine targeting multiple cancer indications in patients who did not reach complete responses with immune checkpoint inhibitor therapy as their standard of care treatment. VB10.NEO is exclusively licensed to Genentech, a member of the Roche group.

- Clinical trial VB N-01:
 - 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 in combination with atezolizumab
 - Cancer indications: Locally advanced and metastatic tumors
 - Clinical stage: Phase 1b
 - ClinicalTrials.gov Identifier: NCT05018273

Status and highlights

Recruiting sites are open in US, Germany and Spain. Data was presented in October 2022 at the Neoantigen-Based Therapies Summit showing that VB10.NEO induces a broad, strong and long-lasting CD4 and CD8 T cell response against patient-specific tumor antigens. Profiling of the T cell responses indicates an active phenotype known to have strong anti-tumor efficacy. In addition, the safety profile supports that VB10.NEO is 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 control immune responses in addition to explore and evaluate a diverse set of pathogens as potential next future clinical vaccine targets.

VB10.COV2

Nykode has chosen a 2-arm strategy for its VB10.COV2 project to fight SARS-CoV-2 variants of concern. 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, VB2129 and VB2210
 - Pathogen: SARS-CoV-2
 - Clinical stage: Phase 1/2
 - ClinicalTrials.gov Identifier: NCT05069623

VB10.2129 – 2nd generation vaccine addressing novel 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 a range of variants of concern supported by strong Th1 and CD8 T cell responses.

VB10.2210 – 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 responses 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. Various sub-populations such as immunocompromised subjects and long COVID patients are being analyzed as potential initial target populations to better understand the unmet medical need and potential development path for a T cell based vaccine.

VB-D-01 trial

The VB-D-01 trial is a Phase 1/2, 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 VB10.2129 trial-arm is fully enrolled.
 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 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 auto-immune 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 during 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 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 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

Nykode uplisted to the main list of the Oslo Stock Exchange (OSE) earlier this year and was included in the Oslo Børs Benchmark Index (OSEBX) and the Oslo Børs Mutual Fund Index (OSEFX), effective mid-September 2022.

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.

Financial review

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

Income statement

Three months ended September 30, 2022 and September 30, 2021

The net result for the third quarter of 2022 was a net loss of USD 14.9 million compared to a net loss of USD 7.4 million for the same period in 2021.

Total revenue and other income amounted to USD 1.3 million in the third quarter of 2022, compared to USD 1.3 million for the same period in 2021.

Total operating expenses amounted to USD 21.2 million in the third quarter of 2022, compared to USD 11.6 million for the same period in 2021. Other operating expenses increased from USD 8.5 million in the third quarter of 2021 to USD 14.8 million in the third quarter of 2022, mainly driven by the recognition of a non-recurring cost of USD 6.3 million related to an onerous contract for R&D Services. Employee benefit expenses were USD 5.9 million in the third quarter of 2022 (USD 3.0 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. 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 quarter the accrual is also reduced. The corresponding reduction in the third quarter of 2022 is USD 0.4 million (USD 1.5 million decrease).

Net financial income and expenses was positive USD 0.7 million in the third quarter of 2022 (USD 0.3 million negative). 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 4.3 million in the third quarter of 2022 and USD 3.2 million in the same period of 2021. The income tax expense is primarily related to movement in deferred tax.

Nine months ended September 30, 2022 and September 30, 2021

The net result for the nine months ended September 30, 2022 was a net loss of USD 30.5 million compared to a net loss of USD 20.2 million for the same period in 2021.

Total revenue and other income amounted to USD 5.7 million in the nine months ended September 30, 2022 compared to USD 4.0 million for the same period in 2021. The increase was mainly due to increased R&D service activities under the agreements with Genentech and Regeneron.

Total operating expenses amounted to USD 44.5 million in the nine months ended September 30, 2022, compared to USD 29.5 million for the same period in 2021. Other operating expenses increased from USD 19.6 million in the first nine months of 2021 to USD 32.5 million nine months ended September 30, 2022, driven by increased operating activity as well as recognition of a non-recurring cost of USD 6.3 million related to an onerous contract for R&D Services in the third quarter of 2022. Employee benefit expenses were USD 10.6 million in the nine months ended September 30, 2022 (USD 9.6 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 nine months ended September 30, 2022 is USD 7.0 million (USD 2.3 million decrease).

Net financial income and expenses was negative USD 0.1 million in the nine months ended September 30, 2022 (USD 0.9 million negative). 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 8.1 million in the nine months ended September 30, 2022 and USD 6.2 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 212.0 million at September 30, 2022 compared to USD 216.2 million at December 31, 2021. The decrease in cash is mainly a result from operating and investing activities.

Total other current financial assets amounted to USD 0.0 million at September 30, 2022 compared to USD 12.2 million at December 31, 2021. The reduction is due to sale of money market funds during the third quarter of 2022

Total equity amounted to USD 167.1 million at September 30, 2022, compared to USD 194.1 million at December 31, 2021. The change mainly reflects the net loss of the period of USD 30.5 million, the exercise of warrants and options and recognition of share-based payments.

Trade receivables amounted to USD 2.5 million at September 30, 2022, 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 amounted to USD 5.3 million at September 30, 2022, compared to USD 8.5 million at December 31, 2021.

At September 30, 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

Three months ended September 30, 2022 and September 30, 2021

Net change in cash and cash equivalents was negative USD 0.6 million in the third quarter of 2022 compared to negative USD 1.4 million for the same period in 2021.

Net cash flow from operating activities was negative USD 8.0 million in the third quarter of 2022 (USD 5.4 million negative). This was primarily driven by increased loss before tax, offset by the increase in contract liability.

Cash flow from investing activities was positive USD 9.0 million in the third quarter of 2022 (USD 3.8 million positive). The amounts mainly relate to the sale of money market funds, offset by the purchase of property, plant and equipment.

Cash flow from financing activities was negative USD 1.6 million in the third quarter of 2022 (USD 0.1 million positive). The amounts primarily relate to payments of lease liabilities.

Nine months ended ended September 30, 2022 and September 30, 2021

Net change in cash and cash equivalents was negative USD 2.6 million in the nine months ended September 30, 2022, compared to USD 10.5 million negative for the same period in 2021.

Net cash flow from operating activities was negative USD 9.6 million in the nine months ended September 30, 2022. compared to USD 19.4 million negative for the same period in 2021. 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 was positive USD 8.3 million in the nine months ended September 30, 2022 (USD 8.1 million positive). The amounts mainly relate to the sale of money market funds, offset by the purchase of property, plant and equipment.

Cash flow from financing activities was negative USD 1.4 million in the nine months ended September 30, 2022 (USD 0.8 million positive). The amounts primarily relate to payments of lease liabilities, offset by proceeds from equity issuance.

Outlook

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

VB10.16 – Updated development strategy to fully capitalize on the potential of VB10.16

VB10.16 – Updated C-02 Phase 2 data following conclusion of the treatment phase for all patients (1H 2023)

VB10.16 – Initiation of C-03 Phase 1b trial in HNSCC

VB-D-01 trial – Guidance on future development strategy

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

Update on manufacturing strategy

The Company has a strong cash position and no debt.

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.

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 (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

Interim Financial Statements

Condensed consolidated interim statement of comprehensive income

Amounts in USD '000	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Revenue from contracts with customers	4	648	1,001	4,478	3,055
Other income	5	634	313	1,251	938
Total revenue and other income		1,282	1,314	5,729	3,993
Employee benefit expenses	6.1	5,897	3,003	10,620	9,579
Other operating expenses	6.2	14,831	8,529	32,511	19,583
Depreciation		458	106	1,372	311
Operating profit (loss)		(19,905)	(10,324)	(38,774)	(25,480)
Finance income		3,073	865	6,096	1,493
Finance costs		2,364	1,157	5,998	2,414
Profit (loss) before tax		(19,196)	(10,616)	(38,676)	(26,401)
Income tax expense		(4,306)	(3,169)	(8,139)	(6,218)
Profit (loss) for the period		(14,889)	(7,447)	(30,537)	(20,183)
Other comprehensive income:					
<i>Items that subsequently may be reclassified to profit or loss:</i>					
Foreign currency translation effects		(19)	2	47	3
Total items that may be reclassified to profit or loss		(19)	2	47	3
Total other comprehensive income for the period		(19)	2	47	3
Total comprehensive income for the period		(14,908)	(7,445)	(30,490)	(20,180)
Earnings per share ("EPS"):					
Basic EPS - profit or loss attributable to equity holders		(0.05)	(0.03)	(0.11)	(0.07)
Diluted EPS - profit or loss attributable to equity holders		(0.05)	(0.03)	(0.11)	(0.07)

Condensed consolidated interim statement of financial position

Amounts in USD '000	Notes	30/09/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment		2,873	1,884
Right-of-use assets		6,341	7,281
Intangible assets		32	32
Other long-term receivables	4	450	501
Total non-current assets		9,695	9,698
Current assets			
Trade receivables		2,544	23,750
Other receivables		4,054	3,708
Other current financial assets	8	—	12,169
Cash and cash equivalents		212,021	216,231
Total current assets		218,619	255,858
TOTAL ASSETS		228,314	265,556
EQUITY AND LIABILITIES			
Equity			
Share capital	7	334	333
Share premium		82,314	81,526
Other capital reserves		10,620	7,863
Other components of equity		(3,075)	(3,122)
Retained earnings		76,918	107,454
Total equity		167,111	194,055
Non-current liabilities			
Non-current lease liabilities		4,126	5,820
Non-current provisions		252	4,915
Deferred tax liabilities		21,259	29,400
Total non-current liabilities		25,637	40,134
Current liabilities			
Government grants	5	346	219
Current lease liabilities		1,045	1,350
Trade and other payables		5,274	8,494
Current provisions		9,138	5,234
Current contract liabilities	4	19,739	16,044
Income tax payable		23	26
Total current liabilities		35,566	31,367
Total liabilities		61,203	71,501
TOTAL EQUITY AND LIABILITIES		228,314	265,556

Oslo, November 22, 2022

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

Condensed consolidated interim statement of cash flows

Amounts in USD '000	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Cash flows from operating activities					
Profit (loss) before tax		(19,196)	(10,616)	(38,676)	(26,401)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Net financial items		3,608	(31)	3,211	(176)
Depreciation of property, plant and equipment		113	15	306	40
Depreciation of Right-of-use assets		352	91	1,066	271
Share-based payment expense		937	911	2,756	2,437
<i>Working capital adjustments:</i>					
Changes in trade receivables and other receivables		(2,940)	589	20,860	(728)
Changes in contract assets and other long-term receivables	4	2,115	2,768	3,747	8,240
Changes in trade and other payables and other provisions and other liabilities		7,165	1,304	1,774	(2,182)
Changes in non-current provisions		(173)	(389)	(4,663)	(876)
Net cash flows from operating activities		(8,018)	(5,358)	(9,619)	(19,375)
Cash flows from investing activities					
Purchase of property, plant and equipment		(215)	(192)	(2,261)	(218)
Proceeds from sale of market based financial instruments		9,232	3,993	10,050	8,278
Interest received		—	4	549	66
Net cash flows from investing activities		9,018	3,805	8,337	8,126
Cash flow from financing activities					
Proceeds from issuance of equity		—	211	789	1,090
Payments of the principal portion of the lease liability		(1,504)	(81)	(1,962)	(257)
Payments of the interest portion of the lease liability		(46)	—	(160)	(3)
Interest paid		(20)	(14)	(32)	(54)
Net cash flows from financing activities		(1,570)	116	(1,366)	776
Net increase/(decrease) in cash and cash equivalents		(570)	(1,437)	(2,648)	(10,473)
Cash and cash equivalents at beginning of the year/ period		213,279	174,378	216,231	183,851
Net foreign exchange difference		(688)	(297)	(1,563)	(732)
Cash and cash equivalents, end of period		212,021	172,645	212,021	172,645

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
Balance at December 31, 2021	333	81,526	7,863	(3,122)	107,455	194,055
Profit (loss) for the period	—	—	—	—	(30,537)	(30,537)
Other comprehensive income	—	—	—	47	—	47
Issue of share capital	1	788	—	—	—	789
Share based payments (Note 10)	—	—	2,756	—	—	2,756
Balance at September 30, 2022	334	82,314	10,620	(3,075)	76,918	167,111

Amounts in USD '000	Share capital	Share premium	Other capital reserves	Other components of equity	Retained earnings	Total equity
Balance at December 31, 2020	327	60,348	4,419	(3,113)	116,869	178,850
Profit (loss) for the period	—	—	—	—	(20,183)	(20,183)
Other comprehensive income	—	—	—	3	—	3
Issue of share capital	3	1,008	—	—	—	1,011
Share based payments (Note 10)	—	—	2,415	—	—	2,415
Balance at September 30, 2021	330	61,356	6,834	(3,031)	96,686	162,175

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 September 30, 2022 were authorized by the Board of Directors on November 22, 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 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	30/09/2022	31/12/2021
Norway	9,631	9,585
Denmark	64	113
Total non-current assets	9,695	9,698

Revenue from conduction of R&D services

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

Revenue from contracts with customers	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Major products and services				
R&D commitments	648	1,001	4,478	3,055
Total revenue	648	1,001	4,478	3,055

Geographical distribution	Q3 2022	Q3 2021	YTD 2022	YTD 2021
United States of America	648	1,001	4,478	3,055
Total revenue	648	1,001	4,478	3,055

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

Timing of revenue recognition	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Goods/services transferred at a point in time	277	—	673	—
Services transferred over time	371	1,001	3,805	3,055
Total revenue	648	1,001	4,478	3,055

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

	2022	2021
Within one year	12,574	11,948
More than one year	11,452	14,997
Total	24,026	26,944

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.

	30/09/2022	31/12/2021
Contract cost assets		
At 1 January	478	551
Cost to obtain a contract recognized in the period	—	—
Amortization recognized in the period	65	73
Impairment losses recognized in the period	—	—
Total contract cost assets	413	478

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.

	30/09/2022	31/12/2021
Contract assets/liabilities (-)		
At 1 January	(16,044)	15,000
Transferred to trade receivables	(7,500)	(15,000)
Milestone payment from customer	—	(20,000)
Rendering of services in the period	3,805	3,956
Total contract assets/liabilities (-)	(19,739)	(16,044)

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 third quarter of 2022 (Q3 2021: USD 0.3 million) and USD 0.3 million for the nine months ended September 30, 2022 (YTD 2021: USD: 0.8 million) classified as other income.

The Group had government grant receivables related to SkatteFUNN of USD 0.3 million as at September 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 0.1 million in the third quarter of 2022 (Q3 2021: USD 0.1 million) and USD 0.6 million for the nine months ended September 30, 2022 (YTD 2021: USD 0.2 million) classified as other income.

The Group had unearned income related to grant from the Research Council of Norway of USD 0.2 million as at September 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 nine months of 2022, there is a corresponding decrease in the accrual for social security tax related to share-based payments. For nine months ended September 30, 2022 this resulted in a decrease of employee benefit expenses of USD 7.0 million, compared to an decrease of USD 2.3 million for the nine months ended September 30, 2021. The decrease for the third quarter of 2022 was USD 0.4 million, compared to an decrease of USD 1.5 million for the third 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 nine months ended September 30, 2022 and 2021. Of this, a net loss of USD 6.3 million was recognized related to an onerous contract on R&D services. Total research and development expenses were USD 17.2 million in the third quarter of 2022 (Q3 2021: USD 5.2 million) and USD 35.6 million in nine months ended September 30, 2022 (Nine months ended 2021: USD 11.8 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			
At January 1, 2021	284,785,180	0.01	327
<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
At September 30, 2021	287,011,709	0.01	329
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	—
At December 31, 2021	289,619,409	0.01	333
<i>Share capital increase</i>			
February 2, 2022	300,000	0.01	1
April 8, 2022	150,000	0.01	—
At September 30, 2022	290,069,409	0.01	334

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 September 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 %
NORDA ASA	7,996,755	2.76 %
VATNE EQUITY AS	7,350,000	2.53 %
JOH JOHANNSON EIENDOM AS	6,937,641	2.39 %
OM Holding AS	6,908,396	2.38 %
SKØIEN AS	5,654,398	1.95 %
HORTULAN AS	5,004,329	1.73 %
PORTIA AS	4,500,000	1.55 %
KRAG INVEST AS	4,470,100	1.54 %
ALDEN AS	3,582,500	1.24 %
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 %
THE NORTHERN TRUST COM, LONDON BR	2,335,274	0.81 %
OTHER SHAREHOLDERS	114,227,783	39.38 %
Total	290,069,409	100.00 %

8 Financial instruments

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

	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
As at September 30, 2022			
Assets			
Other long-term receivables	450	—	450
Trade receivables	2,544	—	2,544
Other receivables	4,054	—	4,054
<i>Other current financial assets</i>			
Money market funds	—	—	—
Cash and cash equivalents	212,021	—	212,021
Total financial assets	219,068	—	219,068
Liabilities			
Trade and other payables	5,297	—	5,297
Non-current lease liabilities	4,126	—	4,126
Current lease liabilities	1,045	—	1,045
Total financial liabilities	10,469	—	10,469
As at December 31, 2021			
Assets			
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
Total financial assets	244,190	12,169	256,359
Liabilities			
Trade and other payables	8,520	—	8,520
Non-current lease liabilities	5,820	—	5,820
Current lease liabilities	1,350	—	1,350
Total financial liabilities	15,690	—	15,690

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
Liabilities and assets disclosed at fair value						
Assets						
<i>Other current financial assets</i>						
Money market funds	30/09/2022	—	—	X		
Total other current financial assets	30/09/2022	—	—			
<i>Other current financial assets</i>						
Money market funds	31/12/2021	12,169	12,169	X		
Total other current financial assets	31/12/2021	12,169	12,169			

There were no transfers between the levels during the nine months ended September 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 nine months ended:

	2022 WAEP (NOK)	2022 Number
Outstanding options at January 1	18.20	13,507,698
Options granted	34.81	2,516,365
Options forfeited	37.50	(434,000)
Options exercised	15.42	(450,000)
Options expired	—	—
Outstanding options at September 30	20.49	15,140,063

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

11 Events after the reporting date

There are no events after the balance sheet date.