nykode

INTERIM REPORT

2ND QUARTER 2023

Oslo, Norway, August 23, 2023 – Nykode Therapeutics ASA (OSE: NYKD), a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunaotherapies, today announced its unaudited financial results for the quarter ended June 30, 2023.

FINANCIAL RESULTS FOR Q2 2023

- Total revenue and other income of USD 5.1 million, compared to USD 3.4 million for the second quarter of 2022.
- Total operating expenses of USD 17.0 million, compared to USD 13.7 million for the second quarter of 2022.
- Net loss of USD 9.2 million, compared to a net loss of USD 8.7 million for the second quarter of 2022.
- Strong cash position of USD 173.6 million as of June 30, 2023.

HIGHLIGHTS FOR Q2 2023

- Positive final results, demonstrating promising duration and survival data and favorable safety profile, from Nykode's Phase 2 trial of VB10.16 in combination with PD-L1 inhibitor Tecentriq®[1] (atezolizumab) in advanced cervical cancer.
- Nykode announced expansion of the clinical collaboration with Roche, evaluating VB10.16 in combination with Roche's checkpoint inhibitor atezolizumab in patients with advanced cervical cancer in the potentially registrational trial, VB-C-04.

Highlights after June 30, 2023

- Nykode received approvals from the competent authorities, from all eight European countries where the trial will be conducted, to initiate its upcoming VB-C-03 trial with VB10.16 in combination with KEYTRUDA®[2] (pembrolizumab) in patients with PD-L1 positive 1st line unresectable recurrent or metastatic head and neck cancer.
- As per protocol, a safety clearance of the 9 mg dose has been conducted in the VB-N-02 trial with VB10.NEO, with no safety concerns and no dose-limiting toxicities observed.
- Nykode to host Capital Markets Day in New York on September 20, 2023 and in Oslo on September 27, 2023. Further details will be provided at a later stage.

Michael Engsig, Chief Executive Officer at Nykode, comments:
"The unprecedented durability and survival data from the C-02 trial saw us move significantly forward to get to markets and patients with our wholly owned cancer vaccine, VB10.16. We are on track to initiate the potentially registrational C-04 trial in patients with cervical cancer in the fourth quarter this year. With the approvals to start the C-03 trial, we now expand into the important head and neck cancer patient population."

[1] Tecentriq® is a registered trademark of the Roche Group
[2] KEYTRUDA® is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co., Inc., Rahway, NJ, USA

KEY FINANCIAL FIGURES

	2nd Quarter		Six months ended		Full year
Amounts in USD '000	**2023**	2022	**2023**	2022	2022
Total revenue and other income	5,100	3,423	8,406	4,447	9,029
Total operating expenses	17,039	13,669	35,028	23,316	62,185
Operating profit (loss)	**(11,939)**	**(10,246)**	**(26,622)**	**(18,869)**	**(53,156)**
Net profit (loss) for the period	**(9,211)**	**(8,749)**	**(19,572)**	**(15,647)**	**(42,743)**
Net cash flow	(12,331)	(11,527)	(32,482)	(2,077)	(9,285)
Cash and cash equivalents, end of period	173,583	213,279	173,583	213,279	206,386
Outstanding shares, end of period	295,494,309	290,069,409	295,494,309	290,069,409	294,694,309
Cash and cash equivalents/total assets	92%	89%	92%	89%	93%
Equity ratio	74%	76%	74%	76%	71%
Equity	139,703	181,082	139,703	181,082	157,018
Total assets	188,839	238,832	188,839	238,832	221,477
Employees, average	158	131	159	123	132
Employees, end of period	165	135	165	135	155

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:
  - 3 mg dose, in combination with atezolizumab[3]
  - Cancer indication: HPV16+ advanced, non-resectable cervical cancer
  - Clinical stage: Phase 2
  - Fully enrolled and has reported final efficacy and safety results
  - ClinicalTrials.gov Identifier: NCT04405349
- Clinical trial VB-C-03:
  - Up to 9 mg dose, in combination with pembrolizumab[4]
  - 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 atezolizumab[3].
  - Cancer indication: HPV16+ recurrent/metastatic cervical cancer and refractory to pembrolizumab with chemotherapy with or without bevacizumab
  - Clinical stage: Phase 2 – potentially registrational trial
  - ClinicalTrials.gov Identifier: TBD

Status and highlights

The VB-C-02 trial in cervical cancer patients reported positive final efficacy and safety data. The results showed durable anti-tumor activity with an expected median overall survival of more than 25 months (median has not yet been reached) and a median progression free survival of 6.3 months in PD-L1+ patients. VB10.16 was safe and well tolerated in combination with atezolizumab. The data announced indicates an enhanced clinical activity over checkpoint inhibitor monotherapy and existing standard of care. It supports the next steps for Nykode's potentially registrational VB-C-04 trial which will focus on PD-L1+ patients with up to one prior line of systemic therapy.

For the VB-C-03 trial in head and neck cancer patients, Nykode has received approvals to initiate the trial from all eight European competent authorities where the trials will be conducted. Nykode expects to dose the first patient during the third quarter of 2023.

For the VB-C-04 trial in advanced cervical cancer, Nykode announced an expansion of the clinical collaboration with Roche, who will supply atezolizumab for the trial. Nykode retains all commercial rights to VB10.16 worldwide.

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 dose in combination with a 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

[3] Atezolizumab is supplied by Roche. Nykode retains all commercial rights to VB10.16 worldwide.

[4] Pembrolizumab is supplied by MSD. Nykode retains all commercial rights to VB10.16 worldwide.

Status and highlights

As per protocol, a safety clearance of the 9 mg dose has been conducted in the VB-N-02 trial with VB10.NEO, with no safety concerns and no dose-limiting toxicities observed. In all previous trials with Nykode's modular vaccine platform, the 3 mg dose has been the highest dose explored. In these trials, the platform has been found to be generally safe and well tolerated. The recent further increase to a 9 mg dose is an important step in the exploration of the vaccine platform in the clinic. The study aim is to of identify a recommended phase 2 dose and regimen for VB10.NEO in combination with atezolizumab.

Infectious Diseases

Nykode continues to explore the potential of the platform in infectious diseases in collaboration with our partners.

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.

A dedicated Tolerance research group is being established, effective from September 1, 2023. Nykode has employed Henrik Søndergaard to lead these activities. He brings more than 15 years of drug development experience at Novo Nordisk and Roche's RNA molecule research unit at Roche Innovation Center Copenhagen.

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

FINANCIAL REVIEW

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

Income statement for the second quarter 2023

The second quarter of 2023 showed a net loss of USD 9.2 million compared to a net loss of USD 8.7 million for the same period in 2022.

Total revenue and other income amounted to USD 5.1 million, compared to USD 3.4 million for the same period in 2022. The increase is mainly due to the increased activities related to the R&D services provided over time under the agreement with Genentech.

Total operating expenses amounted to USD 17.0 million, compared to USD 13.7 million for the same period in 2022. Other operating expenses increased from USD 9.8 million in the second quarter of 2022 to USD 11.4 million in the second quarter of 2023, driven by increased operating activities. Employee benefit expenses were USD 5.1 million in the second quarter of 2023 (USD 3.4 million). The increase in employee benefit expenses is due to the increased number of employees and a USD 1.8 million decrease in social security cost accrual related to share-based payments in the second quarter of 2022. 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 increase in the second quarter of 2023 amounted to USD 0.1 million (USD 1.8 million decrease).

Net financial income and expenses was positive USD 1.7 million in the second quarter of 2023 (USD 0.7 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 1.0 million in the second quarter of 2023 compared to a tax income of USD 2.2 million in the same period of 2022. The income tax expense is primarily related to movement in deferred tax.

Income statement for the six months ended June 30, 2023

The net result for the six months ended June 30, 2023 was a net loss of USD 19.6 million compared to a net loss of USD 15.6 million for the same period in 2022.

Total revenue and other income amounted to USD 8.4 million compared to USD 4.4 million for the same period in 2022. The increase is mainly due to the increased activities related to the R&D services provided over time under the agreement with Genentech.

Total operating expenses amounted to USD 35.0 million compared to USD 23.3 million for the same period in 2022. Other operating expenses increased from USD 17.7 million in the six months ended June 30, 2022 to USD 22.2 million in the six months ended June 30, 2023, driven by increased operating activity. Employee benefit expenses were USD 11.8 million (USD 4.7 million). The increase in employee benefit expenses is due to the increased number of employees and a smaller decrease in the social security cost accrual related to share-based payments. The reduction in the social security cost accrual related to share-based payments during the six months ended June 30, 2023 was USD 0.4 million (USD 6.6 million decrease).

Net financial income and expenses was positive USD 4.4 million in the six months ended June 30, 2023 (USD 0.6 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 was USD 2.6 million compared to USD 3.8 million in the same period of 2022. The income tax expense is primarily related to movement in deferred tax.

Statement of financial position

Cash and cash equivalents amounted to USD 173.6 million at June 30, 2023 compared to USD 206.4 million at December 31, 2022. The decrease in cash is mainly a result from operating activities.

Total equity amounted to USD 139.7 million at June 30, 2023, compared to USD 157.0 million at December 31, 2022. The change mainly reflects the net loss for the period of USD 19.6 million, the exercise of warrants and recognition of share-based payments.

Trade receivables amounted to USD 0.0 million at June 30, 2023, compared to USD 2.5 million at December 31, 2022.

Trade and other payables amounted to USD 7.0 million at June 30, 2023, compared to USD 10.2 million at

December 31, 2022. The decrease is mainly due to a reduction in accounts payable at the end of the quarter compared to year-end.

At June 30, 2023, total contract liability amounted to USD 12.3 million, compared to a contract liability of USD 19.7 million at December 31, 2022. 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 for the second quarter 2023

Net change in cash and cash equivalents was negative USD 12.3 million in the second quarter of 2023 compared to negative USD 11.5 million for the same period in 2022.

Net cash flow from operating activities was negative USD 16.3 million in the second quarter of 2023 (USD 12.5 million negative).

Net cash flow from investing activities was positive USD 4.2 million in the second quarter of 2023 (USD 0.9 million positive). The amounts mainly relate to interest received, offset by purchase of property, plant and equipment.

Net cash flow from financing activities was negative USD 0.2 million in the second quarter of 2023 (USD 0.1 million positive). The amounts primarily relate to payment of lease liabilities.

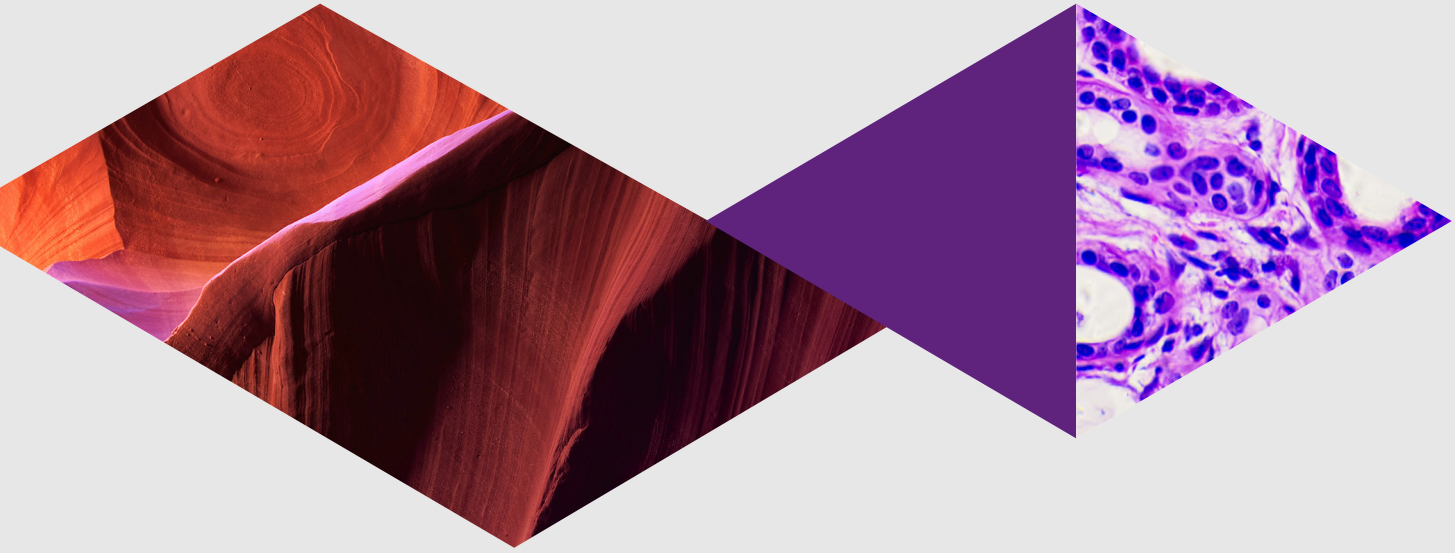
Cash flow for the six months ending June 30, 2023

Net change in cash and cash equivalents was negative USD 32.5 million in the six months ended June 30, 2023, compared to USD 2.1 million negative for the same period in 2022.

Net cash flow from operating activities was negative USD 36.3 million in the six months ended June 30, 2023, compared to USD 1.6 million negative for the same period in 2022. This was primarily driven by the decrease in trade receivables due to the receipt of a milestone payment from Genentech in the first quarter of 2022.

Cash flow from investing activities was positive USD 3.6 million in the six months ended June 30, 2023 (USD 0.7 million negative). The amounts mainly relate to interest received, offset by the purchase of property, plant and equipment.

Cash flow from financing activities was positive USD 0.3 million in the six months ended June 30, 2023 (USD 0.2 million positive). The amounts primarily relate to proceeds from equity issuance, offset by payments of lease liabilities.



OUTLOOK FOR THE NEXT 12 MONTHS

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

First patient dosed in the VB-C-03 (VB10.16) dose escalation trial in combination with KEYTRUDA®[5] in patients with squamous cell carcinoma of the head and neck in the third quarter of 2023. Approvals received from competent authorities in all countries where the trials will be conducted.
Initiation of the VB-C-04 trial (VB10.16), a U.S. focused potentially registrational trial in patients with recurrent/metastatic advanced cervical cancer in the fourth quarter of 2023.
Nomination of the next wholly owned oncology development candidate for a new internal oncology program in the fourth quarter of 2023.
Updated survival data from the VB-C-02 (VB10.16) Phase 2 trial enrolling patients with advanced cervical cancer planned for the first quarter of 2024.
Updated preclinical data from Nykode's antigen-specific immune tolerance project expected in the third quarter of 2023.

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 broad, 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 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.

The company's partnerships include Genentech within oncology and a multi-target collaboration with Regeneron within oncology and infectious diseases.

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

[5] KEYTRUDA® is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co., Inc., Rahway, NJ, USA

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, 2023 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 22, 2023

Board of Directors, Nykode Therapeutics ASA

Martin Nicklasson Chair of the Board	**Anders Tuv** Board Member	**Bernd Robert Seizinger** Board Member
Harald Arnet 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 COMPREHENSIVE INCOME

Amounts in USD '000	Notes	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022
Revenue from contracts with customers	4	5,000	3,114	8,126	3,830
Other income	5	100	309	281	617
Total revenue and other income		**5,100**	**3,423**	**8,406**	**4,447**
Employee benefit expenses	6.1	5,143	3,435	11,800	4,723
Other operating expenses	6.2	11,354	9,775	22,222	17,679
Depreciation		542	460	1,007	914
Operating profit (loss)		**(11,939)**	**(10,246)**	**(26,622)**	**(18,869)**
Finance income		2,537	1,695	5,845	2,358
Finance costs		821	2,372	1,439	2,969
Profit (loss) before tax		**(10,223)**	**(10,923)**	**(22,216)**	**(19,480)**
Income tax expense (income)		(1,012)	(2,174)	(2,643)	(3,833)
Profit (loss) for the period		**(9,211)**	**(8,749)**	**(19,572)**	**(15,647)**
Other comprehensive income:					
Items that subsequently may be reclassified to profit or loss:					
Foreign currency translation effects		8	87	8	66
Total items that may be reclassified to profit or loss		8	87	8	66
Total other comprehensive income for the period		**8**	**87**	**8**	**66**
Total comprehensive income for the period		**(9,203)**	**(8,662)**	**(19,565)**	**(15,581)**
Earnings per share ("EPS"):					
Basic EPS - profit or loss attributable to equity holders		(0.03)	(0.03)	(0.07)	(0.05)
Diluted EPS - profit or loss attributable to equity holders		(0.03)	(0.03)	(0.07)	(0.05)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Amounts in USD '000	Notes	30/06/2023	31/12/2022
ASSETS			
Non-current assets			
Property, plant and equipment		3,981	3,517
Right-of-use assets		6,920	6,009
Intangible assets		68	32
Other long-term receivables	4	47	46
Total non-current assets		**11,017**	**9,604**
Current assets			
Trade receivables		11	2,544
Other receivables		4,228	2,943
Cash and cash equivalents		173,583	206,386
Total current assets		**177,822**	**211,873**
TOTAL ASSETS		**188,839**	**221,477**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	339	338
Share premium		84,145	83,318
Other capital reserves		13,115	11,694
Other components of equity		(3,037)	(3,044)
Retained earnings		45,140	64,713
Total equity		**139,703**	**157,018**
Non-current liabilities			
Non-current lease liabilities		4,683	4,365
Non-current provisions		11	30
Deferred tax liabilities		18,436	21,079
Total non-current liabilities		**23,130**	**25,474**
Current liabilities			
Government grants	5	2	133
Current lease liabilities		1,395	1,147
Trade and other payables		7,046	10,175
Current provisions		5,161	7,714
Current contract liabilities	4	12,322	19,736
Income tax payable		81	80
Total current liabilities		**26,006**	**38,985**
Total liabilities		**49,136**	**64,459**
TOTAL EQUITY AND LIABILITIES		**188,839**	**221,477**

Oslo, August 22, 2023

Martin Nicklasson Chair of the Board	**Anders Tuv** Board Member	**Bernd Robert Seizinger** Board Member
Harald Arnet Board Member	**Birgitte Volck** Board Member	**Christian Åbyholm** Board Member
Anne Whitaker Board Member	**Elaine Sullivan** Board Member	**Michael Thyrring Engsig** CEO

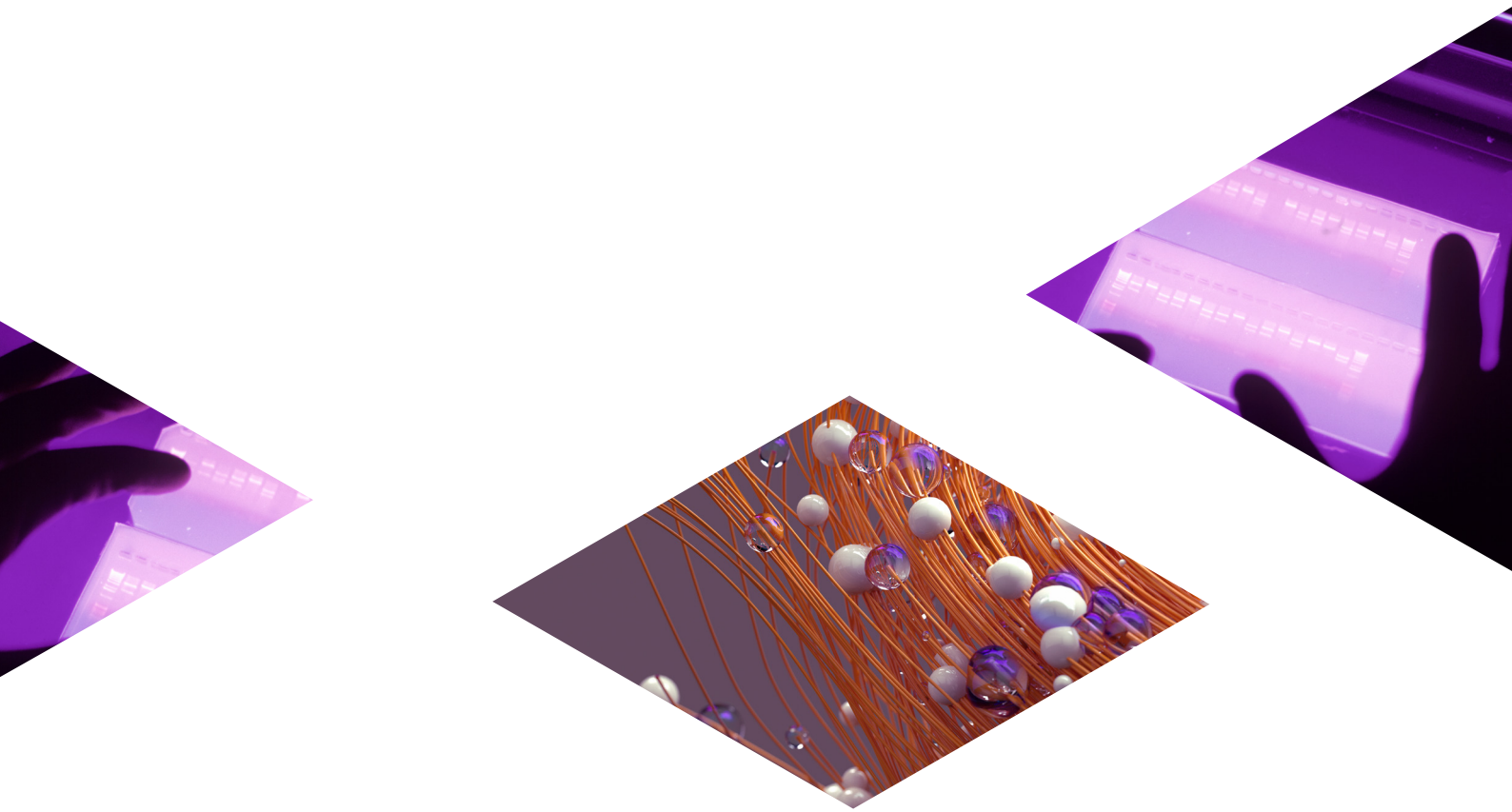
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Amounts in USD '000	Notes	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022
Cash flows from operating activities					
Profit (loss) before tax		(10,223)	(10,923)	(22,216)	(19,480)
Adjustments to reconcile profit before tax to net cash flows:					
Net financial items		(2,224)	(244)	(4,703)	(397)
Depreciation of property, plant and equipment		154	100	290	193
Depreciation of Right-of-use assets		388	352	717	714
Share-based payment expense		646	795	1,421	1,819
Working capital adjustments:					
Changes in trade receivables and other receivables		2,550	2,405	1,247	23,800
Changes in contract assets and other long-term receivables	4	—	(346)	(1)	1,632
Changes in trade and other payables and other liabilities		(424)	(4,382)	(2,967)	(4,382)
Changes in contract liabilities, current provisions and government grants		(7,193)	227	(10,098)	(1,009)
Changes in non-current provisions		1	(499)	(19)	(4,491)
Net cash flows from operating activities		**(16,325)**	**(12,515)**	**(36,329)**	**(1,601)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(143)	(450)	(835)	(2,047)
Proceeds from sale of market based financial instruments		—	817	—	817
Interest received		4,386	549	4,387	549
Net cash flows from investing activities		**4,243**	**917**	**3,552**	**(680)**
Cash flow from financing activities					
Proceeds from issuance of equity		—	309	828	789
Payments of the principal portion of the lease liability		(191)	(166)	(429)	(458)
Payments of the interest portion of the lease liability		(59)	(54)	(105)	(114)
Interest paid		—	(17)	—	(12)
Net cash flows from financing activities		**(250)**	**71**	**295**	**204**
Net increase/(decrease) in cash and cash equivalents		**(12,331)**	**(11,527)**	**(32,482)**	**(2,077)**
Cash and cash equivalents at beginning of the year/ period		186,163	225,681	206,386	216,231
Net foreign exchange difference		(248)	(875)	(321)	(875)
Cash and cash equivalents, end of period		**173,583**	**213,279**	**173,583**	**213,279**

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, 2022	**338**	**83,318**	**11,694**	**(3,044)**	**64,712**	**157,018**
Profit (loss) for the period	—	—	—	—	(19,572)	**(19,572)**
Other comprehensive income	—	—	—	8	—	**8**
Issue of share capital	1	827	—	—	—	**828**
Share based payments (Note 9)	—	—	1,421	—	—	**1,421**
Balance at June 30, 2023	**339**	**84,145**	**13,115**	**(3,037)**	**45,140**	**139,703**

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	—	—	—	—	(15,647)	**(15,647)**
Other comprehensive income	—	—	—	66	—	**66**
Issue of share capital	1	788	—	—	—	**789**
Share based payments (Note 9)	**—**	**—**	1,819	—	—	**1,819**
Balance at June 30, 2022	**334**	**82,314**	**9,682**	**(3,056)**	**91,808**	**181,082**



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, 2023 were authorized by the Board of Directors on August 22, 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 broad, 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 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 Inc. ("Genentech"), a member of the Roche Group. The Group has collaborations with Genentech within oncology and a multi-target collaboration with Regeneron Pharmaceuticals Inc. ("Regeneron") within oncology and infectious diseases.

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, 2022. 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, 2022. 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, 2022.

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	**30/06/2023**	31/12/2022
Norway	9,924	9,553
Denmark	1,092	51
Total non-current assets	**11,017**	**9,604**

Revenue from contracts with customers

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

Revenue from contracts with customers	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022
Major products and services				
R&D commitments	5,000	3,114	8,126	3,830
Total revenue	**5,000**	**3,114**	**8,126**	**3,830**

Geographical distribution	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022
United States of America	5,000	3,114	8,126	3,830
Total revenue	**5,000**	**3,114**	**8,126**	**3,830**

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

Timing of revenue recognition	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022
Goods/services transferred at a point in time	124	203	712	397
Services transferred over time	4,876	2,911	7,414	3,433
Total revenue	**5,000**	**3,114**	**8,126**	**3,830**

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

	2023	2022
Within one year	9,184	14,749
More than one year	3,906	7,862
Total	**13,090**	**22,611**

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.

Contract assets/liabilities (-)	**30/06/2023**	31/12/2022
At 1 January	**(17,198)**	**(16,044)**
Transferred to trade receivables	—	(10,000)
Rendering of services in the period	4,876	6,308
Total contract assets/liabilities (-)	**(12,322)**	**(19,736)**

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 one R&D project approved by SkatteFUNN (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry). The project has been approved for the period from 2020 until June 2023. The Group has recognized USD 0.0 million in the second quarter of 2023 (Q2 2022: USD 0.1 million) and USD 0.1 million in the first half of 2023 (1H 2022: USD 0.2 million) classified as other income.

The Group had government grant receivables related to SkatteFUNN of USD 0.5 million as at June 30, 2023 and USD 0.5 million as at December 31, 2022.

Grants 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 November 2023.

The Group has recognized USD 0.1 million in the second quarter of 2023 (Q2 2022: USD 0.2 million) and USD 0.2 million in the first half of 2023 (1H 2022: USD 0.4 million) classified as other income.

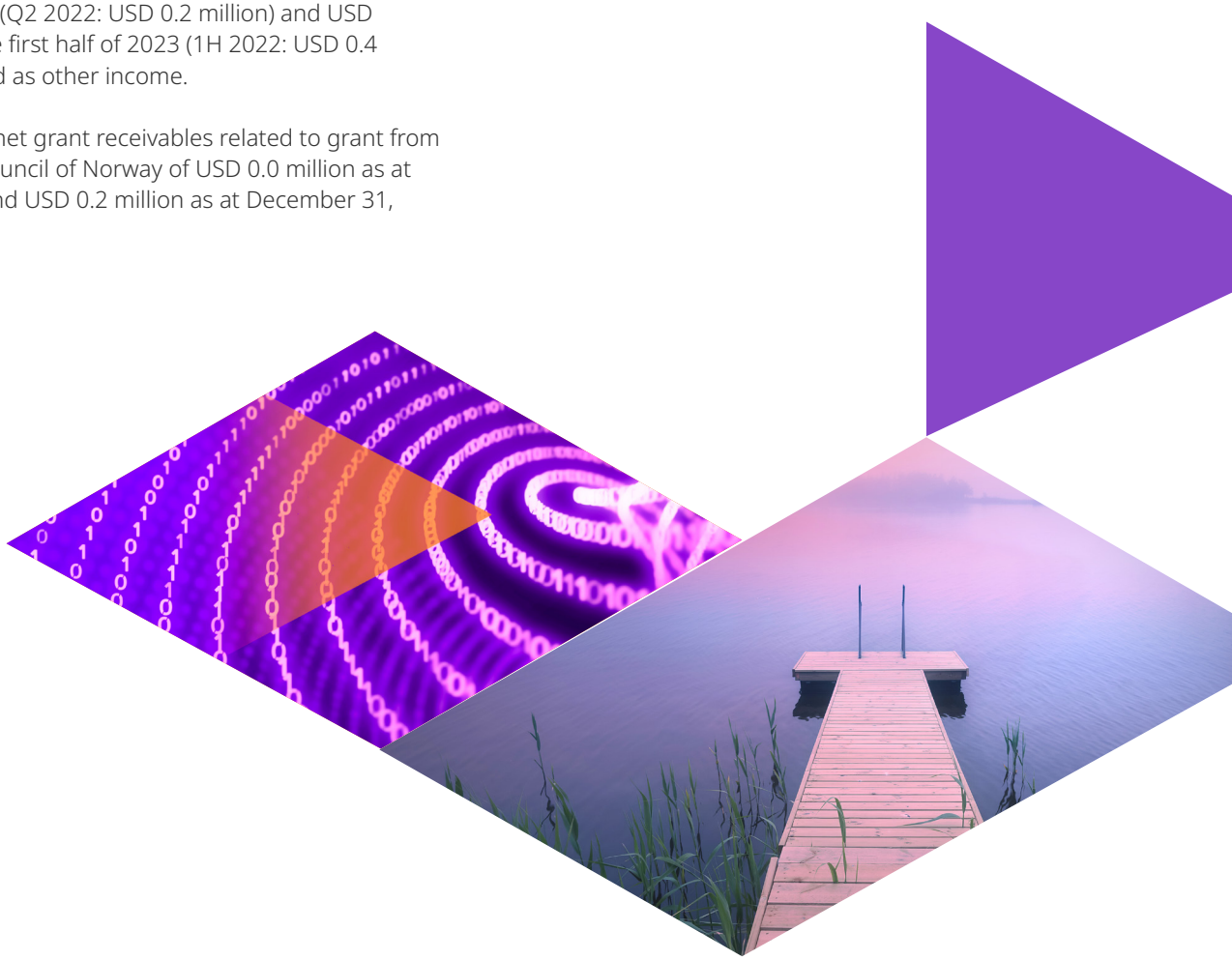
The Group had net grant receivables related to grant from the Research Council of Norway of USD 0.0 million as at June 30, 2023 and USD 0.2 million as at December 31, 2022.

6.1 Employee benefit expenses

Due to the decrease in Nykode's share price and the exercise of warrants during the first half of 2023, there is a corresponding decrease in the accrual for social security tax related to share-based payments. For the first half of 2023, this resulted in a decrease of employee benefit expenses of USD 0.4 million, compared to an decrease of USD 6.6 million for the first half of 2022. The increase for the second quarter of 2023 was USD 0.1 million, compared to an decrease of USD 1.8 million in the second quarter of 2022.

6.2 Other operating expenses

Other operating expenses consisted mainly of research and development expenses, consulting fees and legal expenses for the second quarter and the first half of 2023 and 2022. Total research and development expenses were USD 13.7 million in the second quarter of 2023 (Q2 2022: USD 10.4 million), and USD 26.9 million in the first half of 2023 (1H 2022: USD 18.4 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:

Share capital in Nykode Therapeutics ASA	Number of shares authorized and fully paid	Par value per share (NOK)	Share capital (USD '000)
At January 1, 2022	**289,619,409**	**0.01**	**333**
Share capital increase			
February 2, 2022	300,000	0.01	—
April 8, 2022	150,000	0.01	—
At June 30, 2022	**290,069,409**	**0.01**	**333**
December 20, 2022	3,834,900	0.01	4
December 22, 2022	790,000	0.01	1
At December 31, 2022	**294,694,309**	**0.01**	**338**
Share capital increase			
February 1, 2023	800,000	0.01	1
At June 30, 2023	**295,494,309**	**0.01**	**339**

The share capital increases in the periods are all related to the exercise of warrants.
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, 2023	Total shares	Ownership/ Voting rights
RASMUSSENGRUPPEN AS	30,180,750	10.21%
Datum Opportunity AS	26,000,000	8.80%
Radforsk Investeringsstiftelse	24,057,000	8.14%
Victoria India Fund AS	17,255,175	5.84%
Datum AS	12,060,250	4.08%
Norda ASA	7,996,755	2.71%
Vatne Equity AS	7,450,000	2.52%
Joh Johannson Eiendom AS	6,937,641	2.35%
Om Holding AS	6,519,525	2.21%
Hortulan AS	5,612,508	1.90%
Skøien AS	5,332,604	1.80%
Portia AS	4,500,000	1.52%
Krag Invest AS	4,470,100	1.51%
Alden AS	3,732,500	1.26%
Skips AS Tudor	3,075,000	1.04%
Borgano AS	3,000,000	1.02%
Lani Invest AS	2,399,916	0.81%
Datum Finans AS	2,395,500	0.81%
The Northern Trust Comp, London Br	2,335,274	0.79%
SP CAPITAL 22 AS	2,175,000	0.74%
Other Shareholders	118,008,811	39.94%
Total	**295,494,309**	100.00%

8 Financial instruments

Set out below is an overview of financial assets and liabilities held by the Group as at June 30, 2023 and December 31, 2022:

	Financial instruments at amortized cost	Financial instruments at fair value through profit or loss	Total
As at June 30, 2023			
Assets			
Other long-term receivables	47	—	47
Trade receivables	11	—	11
Other receivables	4,228	—	4,228
Other current financial assets			
Cash and cash equivalents	173,583	—	173,583
Total financial assets	**177,870**	**—**	**177,870**
Liabilities			
Trade and other payables	7,046	—	7,046
Non-current lease liabilities	4,683	—	4,683
Current lease liabilities	1,395	—	1,395
Total financial liabilities	**13,124**	**—**	**13,124**
As at December 31, 2022			
Assets			
Other long-term receivables	46	—	46
Trade receivables	2,544	—	2,544
Other receivables	2,943	—	2,943
Other current financial assets			
Cash and cash equivalents	206,386	—	206,386
Total financial assets	**211,919**	**—**	**211,919**
Liabilities			
Trade and other payables	10,175	—	10,175
Non-current lease liabilities	4,365	—	4,365
Current lease liabilities	1,147	—	1,147
Total financial liabilities	**15,688**	**—**	**15,688**

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

9 Share based payments

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

	2023 WAEP (NOK)	2023 Number
Outstanding options at January 1	**28.52**	**10,511,058**
Options granted	26.51	269,510
Options forfeited	29.92	(214,471)
Options exercised	10.25	(800,000)
Options expired	—	—
Outstanding options at June 30	**29.78**	**9,766,097**

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

10 Events after the reporting date

On July 7, 2023 a total of 2,510,889 share options were granted to employees under the company's share option scheme. The share options have a strike price of NOK 28.47 per share, have a five-year term and will vest equally over a four-year vesting period.

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