NORDIC NANOVECTOR

Annual Report 2015

Nordic Nanovector ASA

Mission

Nordic Nanovector's mission
is to extend and improve the lives of patients
with haematological cancers
by developing and commercialising innovative
Antibody Radionuclide Conjugates

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Nordic Nanovector in brief

Nordic Nanovector's mission is to extend and improve the lives of patients with haematological cancers by developing and commercialising innovative Antibody Radionuclide Conjugates.

The company's lead clinical-stage product opportunity, Betalutin®, is the first in a new class of Antibody Radionuclide Conjugates (ARCs). The product is designed to improve upon and complement current options for the treatment of non-Hodgkin Lymphoma (NHL).

Betalutin® comprises a tumour-seeking anti-CD37 antibody (HH1) conjugated to a low intensity radionuclide (^{177}Lu). Preliminary data from an ongoing Phase 1/2 study, in a difficult-to-treat NHL patient population, has been encouraging, highlighting an attractive efficacy and safety profile for Betalutin®. The company aims to rapidly develop Betalutin® for the treatment of major types of NHL. The first regulatory submission for the third-line Follicular Lymphoma (FL) indication is anticipated in the first half of 2019.

Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin® in core markets, while exploring potential distribution agreements in selected geographies. The company is committed to developing its ARC pipeline to treat multiple selected cancer indications.

Nordic Nanovector was established in 2009 leveraging expertise in targeted cancer therapy from the Norwegian Radium Hospital. Its main office and laboratories are in Oslo, Norway. The group employs 26 people.

NHL – a large and growing market highlights the need for new treatment options

NHL is a life-threatening blood cancer. It originates in lymphocytes (white blood cells) and spreads and develops in lymph nodes and other lymphoid tissues. The incidence rate of NHL worldwide has been dramatically increasing over the past decades. NHL is today the tenth most commonly diagnosed cancer, responsible for 3.2 per cent of all cancer deaths in the US.

There are an estimated 850,000 prevalent patients with B-cell NHL, and approximately 150,000 patients who are not in remission require active treatment (US, top 5 EU).

NHL is characterised by repeated remissions and relapses and has a high mortality rate. Current treatments for NHL are based around CD20-targeted immunotherapies (dominated by rituximab) and chemotherapies. There is a high unmet need for novel therapies for relapsing patients.

The NHL market is expected to exceed USD 12 billion worldwide in 2018.

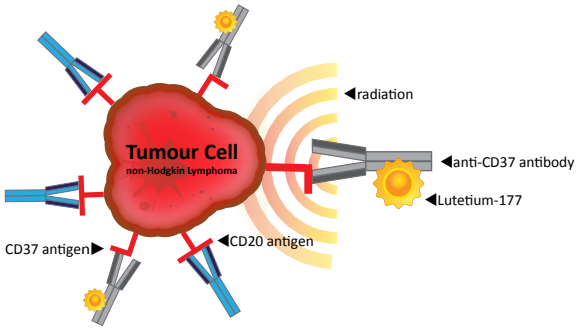
Sources: DataMonitor Pipeline Insight: Lymphomas, Multiple Myeloma and Myelodysplastic Syndromes DMHC2595/ Published 03/2010, National Cancer Institute at the National Institutes of Health, seer.cancer.gov/, annonc.oxfordjournals.org/content/19/3/570.full.

Betalutin® – a first-in-class ARC for NHL

Betalutin® is in clinical development as a new targeted therapy to prolong the survival and improve the quality of life of patients who suffer from NHL. NHL is a life-threatening blood cancer with a high unmet medical need. It has been specifically designed to provide an alternative and complementary therapeutic mechanism of action to existing treatments for NHL.

Betalutin® consists of the tumour-specific antibody HH1, which targets the CD37 antigen on the surface of NHL cells. It is conjugated to a chelator (DOTA) that binds the radionuclide lutetium-177 (^{177}Lu).

Betalutin®



Betalutin® targets CD37, a different antigen compared to other treatments for NHL (e.g. rituximab, which targets the CD20 antigen on NHL cells and is the current gold standard first-line therapy for NHL). CD37 is present on the majority of B-cell lymphomas. It is an ideal therapeutic target for CD37-based ARC therapies in relapsed lymphoma patients that do not respond to standard CD20-based therapy providing greater anticipated activity and a potential synergistic effect.

The ^{177}Lu payload is a low intensity beta emitter with a maximum and mean penetration depth of 1.7 mm and 0.23 mm respectively, and a mean track length of approximately 0.5–0.67 mm (i.e. ~ 50 cell radii). Beta particles cause tumour cell death through irreversible double-stranded DNA breaks. The limited range of the particles minimises exposure to healthy cells.

Betalutin® is rapidly internalised when bound to CD37, thereby anchoring the ^{177}Lu payload inside the cell and enabling a prolonged irradiation of tumour cells within the ~50-cell radius.

This localised "multi-cell kill" mechanism of action (the "crossfire effect") destroys malignant cells that do not express CD37 or that have limited blood supply within a tumour mass. It thereby offers a significant advantage over single-cell kill effected by immunotherapy and chemotherapy.

The half-life of ^{177}Lu (6.7 days) matches the circulation time of the HH1 antibody, offering effective biodistribution before either the antibody is recycled or the payload decays.

Betalutin® is being prepared as a single injection, ready-to-use formulation for administration in an outpatient setting.

Nordic Nanovector has created a comprehensive patent portfolio around Betalutin® and its ARC technology.

Insights from CEO Luigi Costa

Dear shareholders,

2015 was indeed an eventful year for Nordic Nanovector. We are pleased with the progress in the development of our lead product candidate Betalutin® for the treatment of third-line Follicular Lymphoma (FL), a major form of non-Hodgkin lymphoma (NHL), and have now promising preclinical information in our pipeline. Our financial standing is sound, following our IPO, and our available cash is expected to be sufficient to advance Betalutin® independently through clinical trials to the first regulatory filing in the first half of 2019. We are well positioned to continue delivering on our key milestones.

During the year, our clinical studies produced encouraging clinical results that continue to give us confidence in Betalutin® as a possible new therapy option for patients with FL.

In expanding the study, we also generated clinical results that demonstrated the importance of a pre-dosing regimen to optimise Betalutin®'s efficacy and safety. As a consequence of these important findings, we made the strategic decision to revise the clinical development plan for Betalutin®.

The new plan, established in the fourth quarter, is based on further investigating the impact of pre-dosing on Betalutin®'s activity and identifying an optimal dose before starting the pivotal Phase 2 study PARADIGME. We are confident that the new design of the Phase 1/2 study will maximise Betalutin®'s chances for regulatory approval and market access in third-line FL and make its competitive market position compelling. The protocol amendment has received the necessary regulatory authority approvals and patient enrolment is expected to start soon.

Betalutin® has been specifically designed for the treatment of B-cell malignancies and offers a series of benefits that translate into potentially significant and sustained efficacy as confirmed in patients treated to-date:

- **New target:** use of CD37 allows a sustained clinical response when CD20-targeted therapies are no longer effective. Betalutin® is rapidly internalised, anchoring the payload inside the cancer cells and enabling the prolonged irradiation of tumour cells.
- **Optimal payload:** ^{177}Lu emits low energy and short-range beta particles with an appropriate range that kill surrounding tumour cells (multi-cell kill approach).
- **Convenient administration:** given as a single injection, in a ready-to-use formulation, for administration in an out-patient setting.
- **Combination use potential:** significant upregulating effect on multiple antigens including CD20 indicates that Betalutin® may possibly be used synergistically with CD20-targeted therapy.

Moving into 2016, we are on track to meet our clinical milestones. Going forward, we will focus our efforts on the efficient execution of the clinical development plans, as well as on the continued exploration of pipeline opportunities to generate further value. We have seen encouraging preclinical data indicating that Betalutin® may have potential as a combination therapy candidate for established immunotherapies such as rituximab. I am also excited about the opportunity to create a novel ARC consisting of a chimeric anti-CD37 antibody (chHH1) and a radioactive nuclide as cytotoxic agent. chHH1 is a humanised version of the murine HH1 antibody, the tumour-targeting component of Betalutin®. We believe this novel ARC has the potential for repeated and fractionated use and could be considered as a frontline treatment of B-cell malignancies.

Our priorities moving forward are very clear:

- Advance Betalutin®'s development programme to first regulatory submission and subsequent commercialisation.
- Expand Betalutin®'s label in Diffuse Large B-Cell Lymphoma (DLBCL), a second significant NHL indication.
- Selectively extend the company's pipeline, leveraging the company's core expertise (ARC/ADC) in haematology and oncology to embrace innovative technologies.
- Independently commercialise Betalutin®, and follow-on compounds, in major markets.
- Retain flexibility to consider options for partnership to leverage our position of strength.

To execute our strategy, we have built a strong team with broad international and industry expertise. We will continue to develop our people to make sure we can meet the challenges of tomorrow in the best possible way. I am confident that we have the right organisation in place to reach our goals.

Nordic Nanovector's mission is to extend and improve the lives of patients with haematological cancers by developing and commercialising innovative Antibody Radionuclide Conjugates.

Our prospects are promising and I believe that we have taken important steps in order to realise our great potential, in the best interest of patients, shareholders and the community at large.

Luigi Costa
Chief Executive Officer

Oslo, 17 March 2016

Board of Directors' report 2015

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Board of Directors' report 2015

2015 has been a transformational year for Nordic Nanovector. The company completed an Initial Public Offering followed by listing of the company's shares on the Oslo Stock Exchange, presented promising clinical data and improved the clinical development plan for Betalutin® in Follicular Lymphoma. In parallel, the company carried out further investigations in the pipeline, revealing attractive potential beyond the ongoing clinical programme. The current development plan for Betalutin®, the good progress made in advancing this new study and encouraging findings from the pipeline research and development bode well for Nordic Nanovector's operations going forward.

In March 2015, Nordic Nanovector completed an Initial Public Offering (IPO), based on the potential of Betalutin® to improve upon and complement current options for the treatment of non-Hodgkin Lymphoma (NHL). The IPO proceeds amounted to NOK 575 million and the company's shares were listed on the Oslo Stock Exchange.

Clinical studies of Betalutin® in patients with relapsed/refractory CD37 positive follicular lymphoma (FL) progressed further, with promising key findings confirming the strong features of the treatment. Based on data establishing the importance of the pre-dosing regimen, the clinical development plan was amended in October 2015 in order to identify an optimal dose regimen before starting the pivotal Phase 2 study PARADIGME. Thus strengthening Betalutin®'s chances for regulatory approval and maximising the possibility for Betalutin® to have a strong and competitive market position.

Efforts to explore pipeline opportunities continued, including the initiation of a clinical study for Betalutin® in a second NHL indication, as well as exploring the use of Betalutin® in combination with existing treatments. Programmes for investigating the possibilities for a humanised version of the HH1 antibody, the tumour-targeting component of Betalutin®, were also started during the period.

More extensive research and clinical study activities in 2015 resulted in an increase in operating expenses and higher loss for the year compared with 2014. IPO proceeds and efficient operations resulted in the company recording a cash balance at year-end 2015 of NOK 743.4 million. The solid cash position enables Nordic Nanovector to continue its efforts to develop Betalutin® towards the market independently.

Highlights of 2015

- **IPO and listing of shares on the Oslo Stock Exchange:** Nordic Nanovector ASA raised NOK 575 million in an IPO carried out in March 2015, followed by listing of the company's shares on the Oslo Stock Exchange with the first day of trading on 23 March 2015.
- **Strong clinical results for Betalutin® in patients with relapsed / refractory CD37 positive FL:** Key findings, presented at the 13th International Conference on Malignant Lymphoma (ICML, Lugano, Switzerland) in June, found that Betalutin® is well tolerated, with a predictable and manageable safety profile. Betalutin® delivers a highly favourable response rate in this difficult-to-treat patient population. Clinical responses observed are sustained (median duration of response has not yet been achieved).
- **Amendment and improvement of the clinical development plan for Betalutin® in FL:** The new plan approved in October with two additional arms (arm 3 and 4) to the Phase 1/2 trial will allow the company to explore an optimal dosing regimen before starting the pivotal Phase 2 PARADIGME trial. Thereby enhancing the chances of Betalutin® gaining regulatory approval and maximising the possibility for Betalutin® to have a strong and competitive market position.
- **Progress made to initiate clinical plan for Betalutin® in a second NHL indication:** The company initiated a Phase 1 dose-finding study in diffuse large B-cell lymphoma (DLBCL) and is on track to enrol the first patients for this study in the first half of 2016.

- **Significant improvement in leveraging the pipeline:** Nordic Nanovector presented promising preclinical research at the international conferences of the European Association of Nuclear Medicine (EANM) and of the American Society of Hematology (ASH), demonstrating the potential of Betalutin® in combination with rituximab in NHL and the potential of a humanised version of the HH1 antibody.

Overview of the business

The directors' report for the Nordic Nanovector group ("Nordic Nanovector" or "the group") embraces Nordic Nanovector ASA ("the parent company" or "the company") and its wholly-owned subsidiaries.

Business and location

Nordic Nanovector ASA is a biopharmaceutical company, established in 2009. Nordic Nanovector ASA is the parent company in the Nordic Nanovector group. The group's operations are carried out by the company and its wholly-owned subsidiaries Nordic Nanovector GmbH and Nordic Nanovector Ltd. Nordic Nanovector GmbH is incorporated in Zug, Switzerland. Nordic Nanovector Ltd is incorporated in London, England.

Nordic Nanovector focuses on the development and commercialisation of novel targeted therapeutics in haematology and oncology. The main office and laboratories are located in Oslo, Norway.

Nordic Nanovector's lead clinical-stage product candidate is Betalutin®, the first in a new class of Antibody Radionuclide Conjugates (ARCs), designed to improve upon and complement current options for the treatment of NHL.

Market, product and customers

NHL is a life-threatening blood cancer that originates in lymphocytes (white blood cells) and spreads and develops in lymph nodes and other lymphoid tissues. The incidence rate of NHL worldwide has been dramatically increasing over the past decades and NHL is today the 10th most commonly diagnosed cancer. The number of NHL incidents is expected to grow by seven per cent during the next two years, translating into a market value worth over USD 12 billion by 2018. Despite recent improvements in available therapies, there is still a significant unmet medical need following high mortality rates from relapsed disease and demand for more convenient and cost efficient therapy.

Nordic Nanovector's lead product candidate, Betalutin®, is an ARC that aims to prolong the survival and improve the quality of life of patients who suffer from NHL. Betalutin® was specifically designed to provide an alternative and complementary therapeutic mechanism of action to existing treatments for NHL. Clinical studies indicate a promising safety and efficacy profile for the treatment, as well as features providing a simpler, more cost efficient and convenient treatment option compared with existing approved treatments. Betalutin® will be delivered as a single injection ready-to-use formulation. The simplified procedure potentially represents a major cost benefit to healthcare professionals and treating institutions.

Betalutin® is currently undergoing a Phase 1/2 clinical trial for treatment of relapsed FL, a subtype of NHL. The product consists of the tumour-specific murine antibody HH1 that targets CD37, an antigen present on the surface of NHL cells, and of a radioactive, beta-emitting isotope (^{177}Lu). The isotope is chelated to the chemical linker DOTA, which in turn is conjugated to HH1. The short-range beta-radiation emitted from ^{177}Lu causes cell death in both the cells that the Betalutin® molecules have bound to and surrounding cells within a short radius. This "crossfire" effect makes it possible to destroy malignant cells in the tumour environment that cannot be reached by antibodies.

The board and management believe that Betalutin® can be effective in second- and third-line settings for both FL and DLBCL patients. The initial target indication for Betalutin® is third-line treatment of FL, the reasons being: (i) the unmet medical need is greatest in third-line, as there is currently no standard of care, (ii) the likelihood to document the value of the product to payers is higher than in earlier lines of therapy, (iii) the path to regulatory approval will be shortest for a third-line indication and (iv) the chance to establish

the product as number one in a specific segment, through a focused positioning, will ensure visibility and facilitate adoption despite a highly competitive and fragmented market.
The board and management also see a long-term potential in the second-line treatment of patients with FL and DLBCL.

Target customers are various payer groups in the different geographic markets, such as the US Government (including Medicaid and Medicare), US commercial payers (employer-based insurance) and European social security systems in the various EU countries. The group will focus marketing efforts towards the community-based, hospital-based and tertiary center-based prescribing haematologists/oncologists and nuclear medicine specialists.

Vision and strategy

Nordic Nanovector is committed to develop, manufacture and deliver innovative therapies to patients in an effort to address major unmet medical needs and advance cancer care. Nordic Nanovector aspires to become a leader in the development of targeted ARC for haematological cancers. The strategic roadmap to realise this aspiration is:

- Primary focus of financial and other resources directed to the clinical development of Betalutin® to achieve first regulatory filings in third-line FL in the first half of 2019, and in parallel to run additional trials in second-line FL and DLBCL.
- Establish a development and commercialisation plan for Betalutin® with the intent to deliver a differentiated target product profile that meets the requirements of both regulatory and reimbursement agencies while achieving a strong and competitive market position.
- Leverage the Nordic Nanovector's proprietary ARC technology to target challenging haematological cancers where the unmet medical need is high, such as NHL, chronic lymphocytic leukaemia, multiple myeloma, and other B-cell malignancies, through focused strategic investments in discovery research.
- Continue to reinforce the group's organisation through attracting key talents with strong technical and international experience while maintaining flexibility and efficiency.

Operational review

Clinical study for Betalutin® in FL

Betalutin® is currently being investigated in a Phase 1/2 clinical study (Lymrit 37-01) in patients with relapsed / refractory CD37 positive FL. Key findings from the completed Phase 1 part of the study (in 13 NHL patients) and most recently presented at the 13th International Conference on Malignant Lymphoma (ICML, Lugano, Switzerland) in June 2015, show that:

- Betalutin® is well tolerated, with a predictable and manageable safety profile: most adverse events are haematological in nature, all transient and reversible.
- Betalutin® delivers a highly favorable response rate in this patient population. Reported Overall Response Rate (ORR) was 64 per cent and Complete Response (CR) was 36 per cent.
- Clinical responses observed are sustained with 5 out of 7 (71 per cent) patients in response, and duration of response ranging from 6 to 21+ months. Median duration of response (DOR) has not yet been achieved.

The efficacy signal for Betalutin® at 15 MBq/kg is encouraging and it is clear that pre-dosing plays a role in managing the efficacy/safety profile.
In October 2015, Nordic Nanovector decided to modify the clinical development plan for Betalutin®, further investigating the combination of Betalutin® treatment, including higher doses with pre-dosing regimens in order to select the most effective combination to take forward into the pivotal Phase 2 PARADIGME trial. The amended study design is expected to strengthen Betalutin®'s chances for regulatory approval and maximise the possibilities of providing a competitive treatment for patients suffering from FL.

The key revision from the original plan is based on the dose-finding element of the PARADIGME trial being expanded and integrated into the Phase 1/2 (Lymrit 37-01) trial that is currently underway. Previously, this element was to be conducted as the "run-in" phase of the PARADIGME study. The new PARADIGME trial will be a single arm, 85-patient Phase 2 efficacy and safety trial with patient enrolment both in Europe and US. This means that PARADIGME will be based on fewer patients than previously planned.

The revised Phase 1/2 study involves four different treatment arms to investigate various Betalutin® doses and pre-dosing regimens in order to select the best dose regimen for the pivotal PARADIGME trial. Expansion of the Phase 1 part of the study and investigations of different modes of pre-dosing will provide the basis for elevating doses above 15 MBq/kg. The first regulatory submission for Betalutin® based on data from this pivotal study is expected in the first half of 2019, compared with the second half of 2017 in the original plan.

The new development plan of Betalutin® is progressing well and according to plan. The protocol amendment was approved by Norwegian, UK and Austrian regulatory authorities and Ethics committees during the first quarter of 2016. As of the end of February 2016, a total of ten sites are qualified for the expanded Phase 1 plan, of which four are ready to enrol patients in Arm 3 and 4. This is the total amount of sites needed for the expanded Phase 1 plan. Arm 2, in which no pre-dosing regimen was used, is considered completed as it has been discontinued for futility. For the Phase 2 part of the study, a total of 14 sites are currently active and five new sites are qualified but not yet active.

The amended plan is currently on track to meet timelines for the selection of the optimised dosing regimen for PARADIGME, which is expected to start in the first half of 2017.

Nordic Nanovector initiated a dosimetry study in Germany during the end of 2015. The study will provide important information about absorbed radiation dose by tumour and normal tissues.

Investigating Betalutin® in a second NHL indication

Nordic Nanovector aims to maximise the commercial potential of Betalutin® by conducting clinical studies in a second NHL indication, DLBCL, which, together with FL, represent the most common forms of NHL. At first, Nordic Nanovector plans to investigate Betalutin® in relapsed DLBCL patients ineligible for stem cell transplant.

This represents the most prevalent relapsed DLBCL patient population and the one with the greatest unmet medical need.

During the fourth quarter of 2015, Nordic Nanovector initiated a Phase 1 dose-finding study, with a classical 3+3 dose-escalation design. An investigational new drug (IND) application is being prepared for this study, which is anticipated to enrol patients in the US and Europe. The study is expected to lead to the selection of the dose that will be used in Phase 2. In addition, a series of potential combinations with immuno-oncology treatments are being considered for the Phase 2 study protocol design. First regulatory submission in DLBCL is expected in the second half of 2020.

Additional pipeline development

While having the main focus on clinical development programmes, the group is also undertaking further preclinical investigations to better understand Betalutin®'s mechanisms of action. Nordic Nanovector presented data on a project with its academic collaborations with INSERM in Toulouse and Montpellier, France, at the European Association of Nuclear Medicine (EANM) conference in October.

Nordic Nanovector also presented a poster at the American Society of Hematology (ASH) annual meeting in December 2015, describing how the use of Betalutin® results in an increased binding of rituximab to NHL cell lines, indicating an upregulation of CD20 expression. CD20 antigens on tumour cells are the target for rituximab, the gold standard first-line therapy for NHL. The company views these early results as promising as they suggest a rationale for a combination treatment with Betalutin® and rituximab in NHL. Further research is planned to confirm this rationale and potentially as a basis for further clinical combination studies.

The group is also evaluating other programmes beyond Betalutin®. In particular, it is investigating the potential of an ARC consisting of a chimeric anti-CD37 antibody (chHH1) and a radioactive nuclide as cytotoxic agent. chHH1 is a humanised version of the murine HH1 antibody, the tumour-targeting component of Betalutin®.

A poster presentation at EANM in October described preclinical studies comparing Betalutin® with the ^{177}Lu-chHH1 ARC that the company is developing. In the study, the ^{177}Lu-chHH1 conjugate was shown to have certain features that suggest it might have applications in first-line B-cell tumours. Such characteristics include its ability (i) to elicit reduced levels of human anti-drug antibody responses compared to murine HH1, thus offering the potential for repeated or fractionated use; and (ii) to induce the innate immune system to destroy target tumour cells.

Further preclinical research on the company's pipeline opportunities are expected to be presented in 2016.

New Scientific Advisory Board

In May 2015, Nordic Nanovector established a new Scientific Advisory Board, in order to further support the development of Betalutin® and the development of its pipeline in the coming years. The board includes experts in haematology-oncology and cancer drug development from leading academic/research institutions in the US and Europe. Professors Pierluigi Zinzani and Timothy Illidge are the co-chairs of the Scientific Advisory Board.

Intellectual property

The U.S. Patent and Trademark Office has issued a patent entitled "RADIOIMMUNOCONJUGATES AND USES THEREOF" and the European Patent Office has granted a patent entitled "RADIOIMMUNOCONJUGATES AND USES THEREOF", which is validated in a number of European states. The issued claims cover the company's proprietary ARC technology including the company's lead product candidate Betalutin®. The company has a "composition of matter" patent on the complete antibody-chelator-radionuclide complex. The expiry date for the patent is 2031 with possible extension for up to five years after initial patent term in the US and Europe.

The company has filed patent applications on chimeric versions of Betalutin®, and has also filed divisional applications on the Betalutin® patent application, that includes the chimeric version of the antibody. In addition, the company has filed a patent application related to CD20/CD37 interaction and regulation.

The ownership of the above mentioned patents and patent applications is held by the company.

Financial review

(All amounts in brackets are comparative figures for 2014 unless otherwise specifically stated.)

The consolidated financial statements of Nordic Nanovector ASA and its subsidiaries (the group) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU on 31 December 2015.

Income statement

Total operating revenues for 2015 amounted to NOK 0.437 million (NOK 0.439 million), consisting of revenues from incubator services and sublease of office and laboratory facilities.

Total operating expenses for the year amounted to NOK 183.5 million (NOK 69.1 million), driven by higher payroll and other expenses. Payroll expenses for the year rose to NOK 52.4 million (NOK 19.7 million), following the planned increase in research and clinical study activities. Other operating expenses amounted to NOK 130.2 million (NOK 49.1 million); the rise was driven by increased clinical study activities, new infrastructure, IPO and listing costs, and development costs for new product candidates in the discovery and preclinical phase.

Operating loss for 2015 amounted to NOK 183.1 million (NOK 68.7 million) for the reasons stated above.

Net financial items for the year increased by NOK 5.4 million to NOK 10.4 million (NOK 5 million) mainly due to an increase in interest income resulting from a higher cash position.

Loss for the year amounted to NOK 173.1 million (loss of NOK 63.7 million).

Total comprehensive loss for the year was NOK 173.1 million (NOK 63.8 million). Loss per share was NOK 4.28 (NOK 3.54).

Cash flow and financial position

Net cash flows from operating activities was negative NOK 150.2 million in 2015 (negative NOK 58.2 million), primarily driven by increased research and clinical study activities. Net cash flow from investing activities was positive of NOK 10.1 million (positive NOK 2.8 million), mainly due to an increase in interest income resulting from a higher cash position. Net cash flow from financing activities was NOK 546.4 million (NOK 312.9 million), driven by IPO proceeds.

Cash and cash equivalents as at 31 December 2015 was NOK 743.4 million (NOK 337 million).

Total assets at 31 December 2015 amounted to NOK 760.4 million (NOK 345.7 million). The increase was due to the IPO proceeds, resulting in a higher cash balance. Total equity at year end was NOK 712.7 million, equal to an equity ratio of 93.7 per cent (NOK 330.2 million, equity ratio of 95.5 per cent).

Parent company

Nordic Nanovector ASA (the parent company) recorded a loss of NOK 170.1 million for 2015 (NOK 62.8 million). Total equity was NOK 710.1 million at 31 December 2015 (NOK 329.8 million) The equity ratio of the parent company was 93.9 per cent.

Research and development

While the research and development strategy is designed in-house, the company leverages its network of external contract research organisations ("CROs") and collaborates with academic institutions to execute its development strategy. Similarly, Nordic Nanovector uses external contract manufacturing organisations ("CMOs") to produce Betalutin®.

The company has employed experienced personnel that are capable of directing work that is performed by the CROs and CMOs.

This approach to product development enables quick change of research directions and efforts when needed and efficient introduction of new technologies and expertise when necessary.

Expenditure on research activities is recognised as an expense in the period in which it was incurred. Uncertainties related to the regulatory approval process and results from ongoing clinical trials generally indicate that the criteria for capitalisation of research and development cost are not met until market authorisation is obtained from relevant regulatory authorities. The group has currently no development expenditure that qualifies for recognition as an asset under IAS 38. Research and development expenses amounted to NOK 129.5 million in 2015 (NOK 42.5 million), accounting for 70.5 per cent of total operating expenses for the year (61.5 per cent). NOK 103 million (NOK 31.1 million) was recorded as other operating expenses, and NOK 26.5 million as payroll expenses (NOK 11.4 million).

Risk and risk management

Development, operational and market risk

Nordic Nanovector is currently in a development phase involving activities that entail exposure to various risks. The main development, operational and market risk factors are described below:

- Betalutin® is currently undergoing a Phase 1/2 clinical trial for treatment of relapsed NHL. This is in an early stage of development and the company's clinical studies may prove not to be successful. Delays may occur due to external factors e.g. access to patients.
- Regulatory authorities may fail to accept the Betalutin® BLA (Biologic License Application)/ MAA (Marketing Authorisation Application) for accelerated/conditional approval due to changes in the regulatory or competitive environment.
- New technologies/products, yet to be launched in the NHL market, may limit Betalutin®'s competitive edge.

- The antibody manufacturing scale up is in the early development phase, and may cause a potential shortage of clinical supplies.
- Changes in the healthcare/market access environment could preclude Nordic Nanovector from charging a premium price or obtaining coverage/reimbursement for Betalutin®.

Reference is made to the risk section in the prospectus dated 10 March 2015, which can be found on the company's web page.

Nordic Nanovector's board and management team will continue to monitor the operations and prepare mitigating actions to minimise the risks described above, among others. The actions include evaluation and optimisation of routines to meet regulatory guidelines and ensuring best regulatory practice, close collaboration with relevant expertise and important stakeholders, engagement with regulatory agencies, investigations on pipeline expansion, monitoring competitive environment and close follow-up of production facilities.

Financial risk

Interest rate risk

Nordic Nanovector has no interest-bearing debt. Bank deposits are placed in various banks and are exposed to market fluctuations in interest rates, which affects the financial income and the return on cash. Nordic Nanovector had NOK 12.2 million in financial income as of 31 December 2015.

Exchange rate risk

The value of non-Norwegian currency denominated revenues and costs will be affected by changes in currency exchange rates or exchange control regulations. The group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. The group is mainly exposed to fluctuations in euro (EUR), pounds sterling (GBP), US dollar (USD) and Swiss franc (CHF).

Nordic Nanovector strives to identify and manage material foreign currency exposures and to minimise the potential effects of currency fluctuations on the reported cash flow. In order to achieve this, and to provide an operational hedge for purchases made in foreign currencies, the company has placed the estimated expenditure of these four currencies for the next two to three years in foreign currency bank accounts.

The initial transfer of funds from NOK to currency-based deposits was executed in January 2016. See note 5 and 21 for further details on exchange rate sensitivity and hedge programme.

Credit risk

Nordic Nanovector is primarily exposed to credit risk associated with accounts receivable and other current receivables. The group has only revenues from incubator services with related parties. Nordic Nanovector has not suffered any loss on receivables during 2015. Other current receivables consists mainly of grants receivables from the governmental institutions Research Council and SkatteFUNN, and rental deposits deposited in bank. The group considers its credit risk as low.

Liquidity risk

Nordic Nanovector closely monitors its cash flow from both long- and short-term perspectives through planning and reporting. The group does not have any loan agreements. The company raised NOK 575 million in an IPO in the first half of 2015. Cash resources as recorded by year end 2015 are expected to be sufficient to reach the first regulatory submission for Betalutin® in FL in the first half of 2019. In order to fully exploit the opportunities in the pipeline, Nordic Nanovector may require additional capital in the future. The management will continue to focus on efficient operations, good planning and close monitoring of the liquidity situation and maintaining a clear business development strategy.

Going concern

Pursuant to section 3-3 (a) of the Norwegian Accounting Act, it is confirmed that the conditions for assuming that the group is a going concern are present, and that the financial statements have been prepared on the basis of this assumption. No events of major significance for the assessment of the company's financial position and results have occurred since the end of 2015, except those stated under the section "Subsequent events" in this report.

Allocation of the parent company's net result

Nordic Nanovector ASA's loss for 2015 amounted to NOK 170.1 million. The Board of Directors proposes that the loss is transferred to accumulated losses.

The financial resources of Nordic Nanovector are directed towards the clinical development of Betalutin® and further investigations in the company's product pipeline and does not anticipate paying any cash dividend until sustainable profitability is achieved.

Corporate governance

The Board of Directors considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to capital. In order to secure good and sustainable corporate governance, it is important that the company ensures a clear division of roles, good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

Corporate governance principles were established and implemented in connection with the listing of the company's shares on the Oslo Stock Exchange in 2015. These principles apply to the entire Nordic Nanovector group.

Nordic Nanovector is subject to corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 30 October 2014, may be found at www.nues.no.

The annual statement on corporate governance can be found in the section "Annual accounts 2015" in this report and on the company's web page.

Corporate social responsibility

Nordic Nanovector is subject to corporate social responsibility reporting requirements under section 3-3c of the Norwegian Accounting Act.

Nordic Nanovector has a mission to contribute to extending and improving the lives of patients with haematological cancers by addressing the major unmet medical needs and advancing cancer care. This business idea has an aspect of shared value, in the sense that creating value for patients will create value for society, as well as for the shareholders of the company.

To ensure that patients, research and development partners, employees, shareholders and other stakeholders feel confident about Nordic Nanovector's commitment to operate this business in accordance with responsible, ethical and sound corporate and business principles, the company has established a code of conduct for corporate social responsibility (CSR).

The CSR code of conduct applies to all employees and board members in the group. By agreement it may also apply to independent consultants, intermediaries or others acting on behalf of Nordic Nanovector. The document provides a framework for what Nordic Nanovector considers as responsible conduct, and defines the individual responsibilities of employees through a combination of broad principles and specific requirements.

The code of conduct is a guiding instrument, outlining the principles on which the everyday work is based.

The company is still in a pre-commercial phase, with a strong focus on activities aiming to achieve regulatory approval of its product candidates. The implementation of specific goals, strategies or action plans related to CSR has not yet been prioritised but will be developed along with the continuous development of Nordic Nanovector's products and operations.

The full code of conduct can be found on: http://www.nordicnanovector.com/investor-relations/corporate-governance/Corporate-Social-Responsibility.

Health, safety and the environment (HSE)

The working environment in the company is considered to be good. No severe accidents or injuries were registered in 2015 or in 2014. Sickness leave in Nordic Nanovector ASA totalled 55 working days in 2015, which corresponds to 1.02 per cent of total working days compared to 2.02 per cent (63 working days) in 2014. Nordic Nanovector ASA employs 22 of the Nordic Nanovector group's 26 employees.

Nordic Nanovector strives to achieve a vision of zero harm to people, the environment and society, and works purposefully and systematically to reduce the environmental impact. The group's services shall always be subject to strict requirements in terms of quality, safety and impacts on personal health and the environment.

The company strives not to pollute the external environment. All production and distribution are outsourced.

Employees, organisation and equal opportunities

At the end of 2015, the group employed 26 people, of which one is employed part time. This is an increase of six employees compared to the end of 2014. The parent company had 22 employees at 31 December 2015, with four employed in the subsidiaries.

Nordic Nanovector aims to foster a workplace with equal opportunities for women and men in all areas. The company has traditionally recruited from environments where the number of women and men is relatively equally represented. The team represents ten different nationalities and in terms of gender equality within the company, 58 per cent of the employees are women and 42 per cent are men. 40 per cent of the board members are women, as are 33 per cent of the senior management team.

Nordic Nanovector promotes a productive working environment and does not tolerate disrespectful behaviour. Nordic Nanovector is an equal opportunity employer. Discrimination in hiring, compensation, training, promotion, termination or retirement based on ethnic and national origin, religion, sex or other distinguishing characteristics is not accepted. Nordic Nanovector will not use force of any form or involuntary labour or employ any persons below the legal minimum age.

Changes to the Board of Directors and executive management

Gisela M. Schwab was elected as a board member, 9 March 2015. Gisela M. Schwab M.D., has served as Executive Vice President and Chief Medical Officer of Exelixis, Inc. since January 2008.

Chief Medical Officer Cristina Oliva resigned from her position in November 2015. The recruitment process for a replacement was initiated during the fourth quarter with a selection of highly qualified candidates. An experienced oncology specialist is in place pending appointment of the new CMO.

Subsequent events

In January 2016, the company received a grant of up to NOK 15 million from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The grant will be distributed to the company over the course of three years, with the first payment scheduled in 2016.

The company has placed the estimated expenditure of EUR, USD, GBP and CHF for the next two to three years in foreign currency bank accounts. A total amount of NOK 427 million was placed on 15 January 2016.

On 3 March 2016 the company granted 510,000 options to employees of the group. The total number of outstanding share options are as of 17 March 2016, 2,681,576 equivalent to 5.7 per cent of outstanding shares and options on a fully diluted basis.

Share information

As of 31 December 2015, there were 44 519 041 shares outstanding. The number of shareholders increased from 535 shareholders as of 31 December 2014 to 2,664 shareholders as of 31 December 2015. The proportion of shares held by foreign investors was 18.7 per cent at year end 2015.

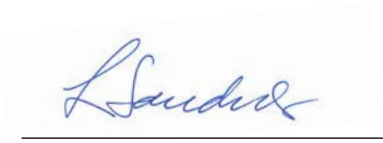
The price of the Nordic Nanovector ASA share was NOK 14.10 at year end 2015, corresponding to a total market capitalisation for the company of NOK 627.7 million. Further information on shareholders may be found in note 8.

Outlook

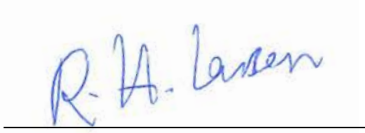
The current clinical development plan for Betalutin® in FL, the good progress made in advancing this new study and encouraging findings from the research and development pipeline bode well for Nordic Nanovector's operations going forward. Management will continue to focus its efforts on the efficient execution of its development plans and to meet anticipated clinical milestones. Current cash resources are expected to be sufficient to reach the first regulatory submission for Betalutin® in FL in the first half of 2019.

Oslo, 17 March 2016

The Board of Directors and the Chief Executive Officer of Nordic Nanovector ASA



Ludvik Sandnes
Chairman of the Board

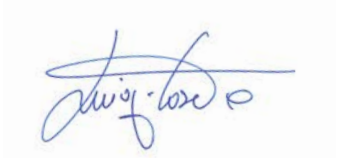


Roy Hartvig Larsen
Board Member

Per Samuelsson
Board Member

Gisela M. Schwab
Board Member

Hilde Hermansen Steineger
Board Member



Luigi Costa
Chief Executive Officer

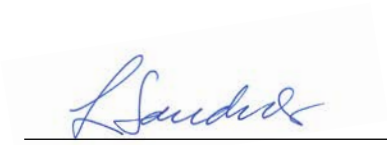
Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period from 1 January to 31 December 2015 have been prepared in accordance with IFRS as adopted by the European Union and generally accepted accounting practice in Norway, and give a true and fair view of the assets, liabilities and financial position and result of Nordic Nanovector ASA and the Nordic Nanovector group.

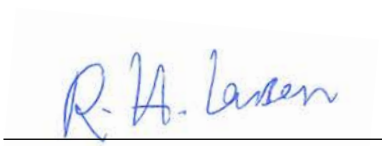
We also confirm, to the best of our knowledge, that the Board of Directors' report includes a true and fair overview of the development, performance and financial position of Nordic Nanovector ASA and the Nordic Nanovector group, together with a description of the principal risks and uncertainties they face.

Oslo, 17 March 2016

The Board of Directors and the Chief Executive Officer of Nordic Nanovector ASA

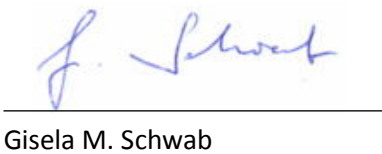


Ludvik Sandnes
Chairman of the Board

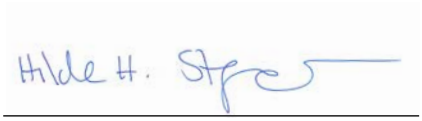


Roy Hartvig Larsen
Board Member

Per Samuelsson
Board Member



Gisela M. Schwab
Board Member



Hilde Hermansen Steineger
Board Member

Luigi Costa
Chief Executive Officer

The Board of Directors

Ludvik Sandnes (Chairman)

- More than 40 years of experience from international corporate finance and investment banking as Executive Director and as strategic advisor from The Royal Bank of Scotland, BDO Noraudit, PwC Financial Advisors, Christiania Bank, UNI Storebrand, Orkla Borregaard, Den norske Credtibank and Statoil.
- Current board position, Oslo Cancer Cluster, IC-T AS, Pre-Diagnostics AS and Pioner Fonds AS.
- Bachelor of Commerce and is a Certified European Financial Analyst (AFA).

Roy Hartvig Larsen, Ph.D.

- Founder of Algeta and inventor of more than ten classes of patents/patent applications, including those related to Algeta's (now Bayer's) radium-223 and Thorium-227 and Nordic Nanovector's Betalutin® technology.
- Ph.D. and post doctoral experience in radiopharmaceutical chemistry from University of Oslo and Duke University.
- CSO of Algeta from 1997-2006. Founder of and Chairman of the board of Nordic Nanovector from 2009 until 2014.

Per Samuelsson

- Partner at Odlander Fredrikson/HealthCap, joined in 2000.
- More than 15 years of investment banking experience, mainly with Aros Securities in Sweden
- Current board positions include BioStratum, Oncopeptides, Nordic Vision Clinics, RSPR, SwedenBIO and Targovax.
- M.Sc. in Engineering from the Institute of Technology in Linköping.

Gisela M. Schwab, M.D

- Executive Vice President and Chief Medical Officer since January 2008 of Exelixis, Inc.
- More than 23 years industry experience including senior positions at Abgenix and Amgen.
- Current board position Cellerant Therapeutics, Inc.
- Doctor of Medicine degree from the University of Heidelberg. Board certified in internal medicine and haematology and oncology.

Hilde Hermansen Steineger, Ph.D.

- Head of Strategic Innovation Management, Nutrition & Health BASF.
- Former positions include VP Investor Relations and Communications at Pronova BioPharma, Senior Associate with Neomed Management, independent advisor focusing on start-ups within the Life Science/Health Care sector, equity analyst at Kreditkassen (now Nordea Markets) and clinical research and international marketing at Nycomed Pharma.
- Current board positions include Strongbridge BioPharma and PCI Biotech.
- B.Sc .and a Ph.D. in Medical Biochemistry from the University of Oslo.

The Management

Luigi Costa, Chief Executive Officer (CEO)

- More than 20 years of experience in the international pharmaceutical and biotech industry.
- Formerly VP of EMEA at Onyx Pharmaceuticals, several leadership positions at Amgen, including Head of International Oncology Franchise and General Manager of Italy and France, and at Eli Lilly.
- B.Sc. in Business Administration from the University of Parma and an MBA from SDA Bocconi.

Anniken Hagen, Chief Quality Officer (CQO)

- More than 20 years of experience from the pharmaceutical industry with specialty in radiopharmacy.
- Formerly Head of QA and QP at Norwegian Medical Cyclotron Centre, QC Manager at Algeta and scientist at Pronova Biomedical.
- M.Sc. in radiochemistry from the University of Oslo.

Jan A. Alfheim, Chief Operations Officer (COO)

- Over 30 years of experience in the healthcare and chemical industries.
- Formerly CEO of Nordic Nanovector, CBO at Clavis Pharma, President of Stempath, and Director of Business Development at Neurochem.
- M.Sc. in chemistry from Concordia University and a MBA from McGill University.

Jostein Dahle, Chief Scientific Officer (CSO)

- More than 20 years experience in cancer research and biotechnology.
- Formerly leader of the Radioimmunotherapy group at Institute for Cancer Research at the Norwegian Radium Hospital.
- Ph.D. in radiation biology from University of Oslo and a M.Sc. in biophysics from Norwegian University for Science and Technology in Trondheim.
- Co-inventor of Betalutin. Co-founder and previous CEO of Nordic Nanovector.

Marco Renoldi, MD, Chief Business Officer (CBO)

- Strong track record of commercial and financial results over 30 years of industry experience.
- Has developed product lines and businesses, including start-ups, for established and innovative companies such as Novartis, Searle/Pharmacia, Amgen and Shionogi.
- Medical degree and post-graduate studies in Child Neuropsychiatry from the University of Milan, and an MBA from Fondazione Istituto Dirigenti Italiani.

Tone Kvåle, Chief Financial Officer (CFO)

- More than 19 years of experience from the biotech industry.
- Formerly CFO in NorDiag and senior management positions at Kavli Holding, Invitrogen/Life Technologies and Dynal Biotech.
- Diploma in Finance and Administration from Harstad University College.

Annual accounts 2015

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Annual statement on corporate governance

Nordic Nanovector ASA (the "company") considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to capital. In order to secure strong and sustainable corporate governance, it is important that the company ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations. Nordic Nanovector's Board of Directors actively adheres to good corporate governance standards and will at all times ensure that Nordic Nanovector complies with "The Norwegian Code of Practice for Corporate Governance" (the "Code") most recently revised 30 October 2014 issued by the Norwegian Corporate Governance Policy Board (NCGB), or explain possible deviations from the Code. The Code can be found at www.nues.no. Nordic Nanovector has governance documents setting out principles for how business should be conducted, and these also apply to Nordic Nanovector's subsidiaries. The Code covers 15 topics, and this statement covers each of these topics and states Nordic Nanovector's adherence to the Code. Information concerning corporate governance pursuant to section 3-3 b of the Norwegian Accounting Standard Act is included in section below.

1. Implementation and reporting on corporate governance

A Corporate Governance Policy was adopted by the Board of Directors on 27 January 2015 for and on behalf of the company and is, in all material respects based on the Code, to which the board has resolved that the company shall adhere. The Board of Directors will ensure that the company at all times has sound corporate governance. An overall review of the company's corporate governance is included in the company's annual report to the shareholders and on the company's web page.

Deviations from the Code: None

2. Business

Nordic Nanovector ASA's business is defined in the company's articles of association as follows: The objective of the company is to develop, market and sell medical products and equipment and to run business related thereto or associated therewith. The strategies and primary objectives are included in the annual report.

Deviations from the Code: None

3. Equity and dividends

The company shall have an equity capital that is suitable for its objectives, strategy and risk profile. The board has a clear and predictable dividend policy which is disclosed in the company's annual report. The mandates to the board to increase Nordic Nanovector's share capital is tied to defined purposes, and limited in time no later than the date of the next annual general meeting.

Deviations from the Code: None

4. Equal treatment of shareholders and transaction with close associates

Nordic Nanovector ASA has only one class of shares. Each share in the company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. The nominal value of each share is NOK 0.2. If the board resolves to carry out a share issue without pre-emption rights for existing shareholders, then the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the share issue.

The board will arrange for a valuation to be obtained from an independent third party, in the event of a not immaterial transaction between the company and its shareholders, a shareholder's parent company, members of the board, executive management or closely-related parties of any such parties.

Members of the board and executive management are obliged to notify the board if they have a significant, direct or indirect, interest in any transaction carried out by the company other than by virtue of their position within the company. The Board of Directors will report in the annual report any transactions with related parties.

Deviations from the Code: None

5. Freely negotiable shares

All shares are freely negotiable with no form of restriction on negotiability.

Deviations from the Code: None

6. General meeting

The board shall take reasonable steps to ensure that as many shareholders as possible can exercise their voting rights in the company's general meetings, and that the general meetings are an effective forum for the views of shareholders and the board. The chairman of the Board of Directors, the CEO and CFO are present at the annual general meetings, along with the nomination committee and the company auditor. Shareholders who are unable to participate themselves may vote by proxy, and a person can also be appointed to vote for the shareholders as a proxy. Notice of the meeting and relevant documents, including the proposal of the nomination committee, are made available on the company website three weeks in advance of the general meeting. Notice of the general meeting is sent to all shareholders individually, or to their depository banks, three weeks in advance of the general meeting. The notice of the general meeting includes information regarding shareholders' rights, guidelines for registering and voting at the general meeting. The company provides information on the procedure for representation at the general meeting through proxy, nominates a person to vote on behalf of the shareholders, and to the extent possible prepare a form which allows separate voting instructions for each matter.

Deviations from the Code: None

7. Nomination committee

The nomination committee shall consist of three members. The general meeting elects the members of the nomination committee, its chair and determines the committee's remuneration. The majority of the members shall be independent of the Board of Directors and the management, and at least one member shall not be a member of the committee of representatives or the board. No more than one member of the committee shall be a member of the Board of Directors, and any such member shall not offer himself for re-election to the board. The nomination committee shall not include the chief executive or any other executive personnel.

The annual general meeting, 9 March 2015, elected Johan Christenson (chair), Ole Peter Nordby and Olav Steinnes as members of the nomination committee. The nomination committee's duties, if appointed, include proposing candidates for election to the board and the nomination committee and proposing fees to be paid to such members.

Deviations from the Code: None

8. Composition and independence of the board

The composition of the board shall ensure that it can act independently of any special interests. The board was elected at the annual general meeting 9 March 2015 and consists of; Ludvik Sandnes (chair), Roy H. Larsen, Gisela M. Schwab, Per Samuelsson and Hilde H. Steineger. Ludvik Sandnes (chair), Roy H. Larsen, Gisela M. Schwab and Hilde H. Steineger are independent of the company's executive personnel, material business and the company's major shareholder(s). The board was elected for the period until annual general meeting in 2016. The CVs of the board members are presented on the company's website and the board members' shareholding is disclosed in note 12.

Deviations from the Code: None

9. The work of the Board of Directors

The board prepares an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The board evaluates annually its performance and expertise in the previous year.

The Board of Directors has established an audit committee consisting of Hilde H. Steineger (Chair), Ludvik Sandnes and Per Samuelsson for the thorough and independent handling of questions concerning accounting, audit and finance. The Board of Directors has established a compensation committee consisting of Per Samuelsson (Chair), Ludvik Sandnes and Hilde H. Steineger which is a preparatory and advisory committee for the board in questions relating to the company's remuneration of the executive management. The board has also established instructions for the committees and the CEO.

Deviations from the Code: None

10. Risk management and internal control

It is the responsibility of the board to ensure that the company has sound internal controls in place and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The board conducts an annual review of the company's most important areas of exposure to risk, such as internal control arrangements. Board meetings are held frequently, and management reports are distributed to the board on a monthly basis. Financial performance is reported on a quarterly basis.

Deviations from the Code: None

11. Remuneration of the Board of Directors

The remuneration of the board is proposed by the nomination committee and decided by the shareholders at the annual general meeting of the company. The level of remuneration of the board reflects the responsibility of the board, its expertise and the level of activity in both the board and any board committees. The remuneration of the board is not linked to the company's performance.

The company has not granted share options to members of the board. If board members, or companies associated with board members, take on specific assignments for the company in addition to their appointments as members of the board: this will be reported to the board and the board will approve the remuneration for such additional duties.
Deviations from the Code: None

12. Remuneration of executive personnel

The board has established guidelines for the remuneration of the executive personnel. These guidelines are communicated to the Annual general meeting. The performance-related remuneration of the executive personnel, such as share option grants and bonus programmes, are linked to value creation for shareholders.
Deviations from the Code: None

13. Information and communications

Nordic Nanovector ASA will provide timely and precise information about the company and its operations to its shareholders, the Oslo Stock Exchange and the financial markets in general (through the Oslo Stock Exchange's information system). Such information will be given in the form of annual reports, quarterly reports, press releases, notices to the stock exchange and investor presentations. The company has published an annual, electronic finance calendar with an overview of the dates for important events, such as the annual general meetings and publishing of interim reports. Nordic Nanovector ASA complies with "the Oslo Børs Code of Practice for IR" as of 10 June 2014.
Deviations from the Code: None

14. Company take-overs

The Board of Directors has established guiding principles for how it will act in the event of a take-over offer. The Board of Directors will not attempt to influence, hinder or complicate the submission of bids for the acquisition of the company's operations or shares, or prevent the execution thereof. The Board of Directors will help ensure that shareholders are treated equally. If a take-over offer is made, the Board of Directors will obtain a valuation from an independent expert and issue a recommendation as to whether shareholders should accept the offer.
Deviations from the Code: None

15. Auditor

On an annual basis, the auditor presents to the audit committee the main features of the plan for the performance of the audit work. The auditor also participates in meetings of the Board of Directors that deal with the annual financial statements and, at least once a year, carries out a review of the company's procedures for internal control in collaboration with the audit committee. In addition, the external auditor meets with the Board of Directors, without management being present, at least once per year.
Deviations from the Code: None

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December
(Amounts in NOK 1000)

ASA				GROUP	
2014	**2015**		**Note**	**2015**	**2014**
439	437	Revenues	16	437	439
439	**437**	**Total operating revenue**		**437**	**439**
13 690	29 036	Payroll and related expenses	7, 12, 13	52 360	19 656
345	994	Depreciation	15	994	345
54 159	151 055	Other operating expenses	7, 9, 16, 18	130 178	49 108
68 194	**181 085**	**Total operating expenses**		**183 532**	**69 109**
-67 755	**-180 648**	**Operating profit (loss)**		**-183 095**	**-68 670**
		Finance income and finance expenses			
4 996	12 202	Finance income	5, 6, 10	12 214	5 043
0	1 673	Finance expenses	5, 10	1 796	2
4 996	**10 529**	**Net financial items**		**10 418**	**5 041**
-62 759	**-170 119**	**Loss before income tax**		**-172 677**	**-63 629**
0	0	Income tax	11	-398	-44
-62 759	**-170 119**	**Loss for the year**		**-173 075**	**-63 673**
		Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods			
0	0	Translation effects		-37	-164
-62 759	**-170 119**	**Total comprehensive income (loss) for the year**		**-173 112**	**-63 837**
-62 759	-170 119	Loss for the year attributable to owners of the parent		-173 075	-63 673
-62 759	**-170 119**	**Total comprehensive income (loss) for the year attributable to owners of the parent**		**-173 112**	**-63 837**
		Earnings (loss) per share			
-3.49	-4.21	Basic and diluted earnings (loss) per share	17	-4.28	-3.54

The accompanying notes are an integral part of these financial statements.

Consolidated statement of financial position

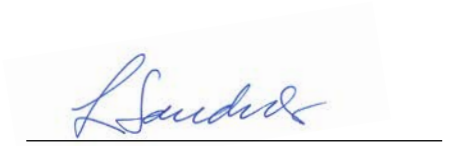
As at 31 December
(Amounts in NOK 1000)

ASA				GROUP	
2014	**2015**		**Note**	**2015**	**2014**
		ASSETS			
		Non-current assets			
1 573	2 807	Property, plant and equipment	15, 19	2 807	1 573
137	137	Shares in subsidiaries	20	0	0
45	0	Other non-current receivables	19	0	45
1 755	**2 944**	**Total non-current assets**		**2 807**	**1 618**
		Current assets			
		Receivables			
6 841	13 666	Other current receivables	5, 7, 14, 16, 19	14 193	7 076
6 841	**13 666**	**Total current receivables**		**14 193**	**7 076**
336 047	739 940	Cash and cash equivalents	5, 6, 10, 19	743 367	337 018
342 888	**753 606**	**Total current assets**		**757 560**	**344 094**
344 643	**756 550**	**TOTAL ASSETS**		**760 367**	**345 712**
		EQUITY AND LIABILITIES			
		Equity			
5 310	8 904	Share capital	8	8 904	5 310
426 339	969 175	Share premium		969 175	426 339
2 330	6 306	Other paid in capital	12, 13	12 973	3 763
-104 124	-274 244	Accumulated losses		-278 314	-105 201
329 855	**710 141**	**Total equity**		**712 738**	**330 211**
		Liabilities			
		Current liabilities			
6 029	19 568	Accounts payable	5, 16, 19	20 156	6 230
588	4 412	Current liabilities to group companies	20	0	0
0	0	Tax payable	11, 19	404	44
8 171	22 429	Other current liabilities	9, 19	27 069	9 227
14 788	**46 409**	**Total current liabilities**		**47 629**	**15 501**
14 788	**46 409**	**Total liabilities**		**47 629**	**15 501**
344 643	**756 550**	**TOTAL EQUITY AND LIABILITIES**		**760 367**	**345 712**

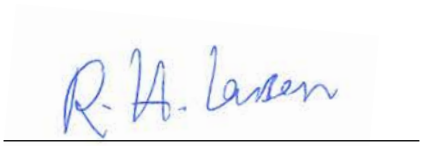
The accompanying notes are an integral part of these financial statements.

Oslo, 17 March 2016

The Board of Directors and the Chief Executive Officer of Nordic Nanovector ASA



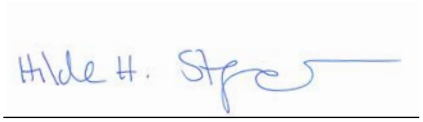
Ludvik Sandnes
Chairman of the Board



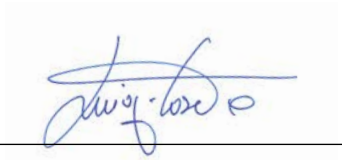
Roy Hartvig Larsen
Board Member

Per Samuelsson
Board Member

Gisela M. Schwab
Board Member



Hilde Hermansen Steineger
Board Member



Luigi Costa
Chief Executive Officer

Consolidated statement of changes in equity

For the year ended 31 December
(Amounts in NOK 1000)

GROUP

	Note	Share capital	Share premium	Convertible instruments	Equity-settled share-based payments	Accumulated losses	Translation effects	Total equity
Balance at 1 January 2014		**2 215**	**91 953**	**24 592**	**1 390**	**-41 364**	**0**	**78 785**
Loss for the year						-63 673		-63 673
Other comprehensive income (loss) for the year, net of income tax							-164	-164
Total comprehensive income for the year						**-63 673**	**-164**	**-63 837**
Conversion of convertible loan	8	333	24 667	-25 000				0
Recognition of share-based payments	13				1 859			1 859
Remuneration to the BoD	12				514			514
Issue of ordinary shares	8	2 737	322 266					325 003
Issue of ordinary shares under share options	8	25	794					819
Share issue costs			-13 341	408				-12 933
Balance at 31 December 2014		**5 310**	**426 339**	**0**	**3 763**	**-105 037**	**-164**	**330 211**
Loss for the year						-173 075		-173 075
Other comprehensive income (loss) for the year, net of income tax							-37	-37
Total comprehensive income for the year						**-173 075**	**-37**	**-173 112**
Recognition of share-based payments	13				9 210			9 210
Issue of ordinary shares	8	3 594	571 406					575 000
Issue of ordinary shares under share options	8							0
Share issue costs			-28 571					-28 571
Balance at 31 December 2015		**8 904**	**969 175**	**0**	**12 973**	**-278 113**	**-201**	**712 738**

The accompanying notes are an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December
(Amounts in NOK 1000)

ASA

	Note	Share capital	Share premium	Convertible instruments	Equity-settled share-based payments	Accumulated losses	Total equity
Balance at 1 January 2014		**2 215**	**91 953**	**24 592**	**1 390**	**-41 364**	**78 785**
Loss for the year						-62 759	-62 759
Other comprehensive income (loss) for the year, net of income tax						0	0
Total comprehensive income for the year						**-62 759**	**-62 759**
Conversion of convertible loan	8	333	24 667	-25 000			0
Recognition of share-based payments	13				426		426
Remuneration to the BoD	12				514		514
Issue of ordinary shares	8	2 737	322 267				325 003
Issue of ordinary shares under share options	8	25	794				819
Share issue costs			-13 341	408			-12 933
Balance at 31 December 2014		**5 310**	**426 339**	**0**	**2 330**	**-104 124**	**329 855**
Loss for the year						-170 119	-170 119
Other comprehensive income (loss) for the year, net of income tax						0	0
Total comprehensive income for the year						**-170 119**	**-170 119**
Recognition of share-based payments	13				3 976		3 976
Issue of ordinary shares	8	3 594	571 406				575 000
Issue of ordinary shares under share options	8						0
Share issue costs			-28 571				-28 571
Balance at 31 December 2015		**8 904**	**969 175**	**0**	**6 306**	**-274 244**	**710 141**

The accompanying notes are an integral part of these financial statements.

Consolidated statement of cash flow

For the year ended 31 December
(Amounts in NOK 1000)

ASA				GROUP	
2014	**2015**		**Note**	**2015**	**2014**
		Cash flows from operating activities			
-62 759	-170 119	Loss for the year before income tax		-172 677	-63 629
		Adjustments for:			
-4 343	-12 365	Interest received	5, 10	-12 365	-4 343
426	3 977	Share option expense employees	12, 13	9 210	1 859
514	0	Share-based payment Board of Directors	12	0	514
0	0	Taxes paid	11	-69	0
345	994	Depreciation	15	994	345
6 782	24 840	Change in net working capital e.g.		24 690	7 053
-59 035	**-152 673**	**Net cash flows from operating activities**		**-150 217**	**-58 201**
		Cash flows from investing activities			
-1 582	-2 228	Investment in property plant and equipment	15	-2 228	-1 582
-137	0	Investment in subsidiaries	20	0	0
4 343	12 365	Interest received	5, 10	12 365	4 343
2 624	**10 137**	**Net cash flows from investing activities**		**10 137**	**2 761**
		Cash flows from financing activities			
312 889	546 429	Net proceeds from equity issue	8	546 429	312 889
312 889	**546 429**	**Net cash flows from financing activities**		**546 429**	**312 889**
256 478	403 893	Net change in bank deposits, cash and equivalents		406 349	257 449
79 569	336 047	Cash and equivalents at beginning of year	6	337 018	79 569
336 047	**739 940**	**Cash and equivalents at end of year**	**6**	**743 367**	**337 018**

The accompanying notes are an integral part of these financial statements.

Note 1. General information

Nordic Nanovector ASA ("the company") is a limited company incorporated and domiciled in Norway. The address of the registered office is: Kjelsåsveien 168 B, 0884 Oslo.

Nordic Nanovector is a biotech company focusing on the development and commercialisation of novel targeted therapeutics in haematology and oncology. The company's lead clinical-stage product opportunity is Betalutin®, the first in a new class of Antibody-Radionuclide-Conjugates (ARCs), designed to improve upon and complement current options for the treatment of non-Hodgkin Lymphoma (NHL). NHL is an indication with substantial unmet medical need and orphan drug opportunities, representing a growing market expected to exceed USD 12 billion worldwide in 2018.

These financial statements were approved for issue by the Board of Directors on 17 March 2016.

Note 2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all periods presented. Amounts are in Norwegian kroner (NOK) for Nordic Nanovector ASA unless stated otherwise. The functional currency of Nordic Nanovector ASA is NOK.

Basis of preparation of the annual accounts

The consolidated financial statements have been prepared in accordance with EU-approved International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB) and disclosure requirements in accordance with the Norwegian Accounting Act. Only standards that are effective for the fiscal year ended 31 December 2015 have been applied.

The financial statements have been prepared on the historical cost basis, with the exception of receivables and other financial liabilities which are recognised at amortised cost.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in applying the group's accounting policies.

Areas involving a high degree of judgment or complexity, and areas in which assumptions and estimates are significant to the financial statements are disclosed in note 4.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

Change in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IFRS, which have been implemented by the group during the current financial year. We have listed the amendments in IFRS, which have been applicable for the group's financial statements, as well as the effect of the amendments.

The following new and amended standards and interpretations have been implemented for the first time in 2015.

The group implemented IFRS 13 Fair Value Measurement. This standard has not had material effects on the group.

Consolidation principles

The group's consolidated financial statements comprise the parent company and its subsidiaries as of 31 December 2015. An entity has been assessed as being controlled by the group when the group is exposed for or has the rights to variable returns from its involvement with the entity, and has the ability to use its decision over the entity to affect the amount of the group's returns.

Thus, the group controls an entity if, and only if, the group has all the following:

- Decision over the entity.
- The exposure, or rights, to variable returns from its involvement with the entity.
- The ability to use its power over the entity to affect the amount of the group's returns.

There is a presumption that if the group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has decision over the entity, including ownership interests, voting rights, ownership structure and relative power, as well as options controlled by the group and shareholder's agreement or other contractual agreements. The assessments are done for each individual investment. The group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Change in ownership interest without loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognised at fair value and the difference between the consideration and the carrying amount of the non-controlling interests is recognised at the equity attributable to the parent.

Loss of control

In cases where changes in the ownership interest of a subsidiary lead to loss of control, the consideration is measured at fair value. Assets (including goodwill) and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognised at the date when the control is lost. The fair value of the consideration received is recognised and any investment retained is recognised at fair value. Gain or loss is recognised in profit and loss at the date when the control is lost.

Functional currency and presentation currency

The functional currency is determined in each entity in the group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate. Currency gains or losses are classified as financial items. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction, and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognised continuously in the accounting period.

The group's presentation currency is NOK. This is also the parent company's functional currency. The statement of financial position figures of entities with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, and the exchange rate at the date of the transaction for profit and loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognised in other comprehensive income ("OCI").

Investment in subsidiaries

Shares and investments intended for long-term ownership are reported in the parent company's statement of financial position as long-term investments and valued at cost. The company determines at each reporting date whether there is any objective indication that the investment in the subsidiary is impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount in the income statement. Any realised and unrealised losses and any write-downs relating to these investments will be included in the parent's statement of comprehensive income as financial items.

Segments

The group's leading product has not yet obtained regulatory approval. For management purposes, the group is organised as one business unit and the internal reporting is structured in accordance with this. The group has thus only one operating segment.

Revenue recognition

Revenue comprises the fair value of consideration received or due consideration for the sale of services in regular business activities. Revenue is presented net of value added tax. Revenue is recognised when the service is performed or the goods delivered.

The group's products are still in the research and development phase, and there is no revenue from sales of products yet. Revenue arises from services related to incubator services, rent out of employees and income from sublease of laboratory space, instruments and services shared with other companies.

Government grants

Government grants are recognised at the value of the contributions at the transaction date. Grants are not recognised until it is probable that the conditions attached to the contribution will be achieved. The grant is recognised in the income statement in the same period as the related costs, which are presented net.

Government grants are normally related to either reimbursements of employee costs and classified as a reduction of payroll and related expenses or related to other operating activities and thus classified as a reduction of other operating expenses.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Internal development costs related to the group's development of products are recognised in the income statement in the year incurred unless it meets the asset recognition criteria of IAS 38 "Intangible Assets". An internally-generated asset arising from the development phase of an research and development project is recognised if, and only if, all of the following has been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Uncertainties related to the regulatory approval process and results from ongoing clinical trials, generally indicate that the criteria are not met until the time when marketing authorisation is obtained from relevant regulatory authorities. The group has currently no development expenditure that qualifies for recognition as an asset under IAS 38.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes expenditures that are directly attributable to the acquisition of the individual item. Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of the asset. If significant individual parts of the assets have different useful lives, they are recognised and depreciated separately. Depreciation commences when the assets are ready for their intended use. The estimated useful lives of the assets are as follows:

- Office equipment: Two to three years
- Laboratory equipment: Three to five years
- Permanent building fixtures: Two to five years
- Furniture and fittings: Three years
- Software: Three years

The estimated useful life of fixed assets related to the laboratory equipment, is based on the company's assessment of operational risk. Due to scientific and regulatory reasons there is a risk of termination of the project. This has been taken into account when determining the estimated useful life of the individual assets.

Leasing

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term. Incentives received on negotiating or renewing operating leases are also amortised on a straight-line basis over the lease terms. Any prepaid lease payments are recognised in the statement of financial position and amortised over the lease term on a straight-line basis. Any contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The group has not entered into any financial lease arrangements.

Impairment of non-financial assets

At the end of each reporting period, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that are subject to amortisation are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised if the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). An impairment loss is recognised immediately in profit or loss, reducing the carrying value to the recoverable amount.

Non-financial assets (or cash generating units) other than goodwill that have suffered impairment charges are reviewed for possible reversal of the impairment at each reporting date. A reversal is recognised immediately in profit or loss and increases the carrying amount of the asset to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years.

Financial assets

The group's financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the asset. The assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership to another party.

The group's financial assets consist of "trade and other receivables" and "cash and cash equivalents". Management determines the classification of its financial assets at initial recognition, and the classification of financial assets depends on the nature and purpose of the financial assets. Currently, all the group's financial assets are categorised as loans and receivables. They are included in current assets, except where maturity is more than 12 months after the balance sheet date. These are classified as non-current assets. The group has currently not recognised any non-current financial assets.

Financial assets are assessed for indicators of impairment at the end of the reporting period and are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of any issue costs.

The company classifies instruments as equity if both the following conditions are met:

- The instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the company.

- If the instrument will or may be settled in the company's own equity instruments, it is
  - a non-derivative that includes no contractual obligation for the company to deliver a variable number of its own equity instruments.
  - a derivative that will be settled only by the company exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Transaction costs directly attributable to the issue of equity are recognised directly in equity, net of tax.

Financial liabilities

The group's financial liabilities consist of accounts payable and other current liabilities and are classified as "current liabilities". Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable and other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share-based payments

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees and members of the board as consideration for equity instruments (options) in the company. Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, based on the company's estimate of equity instruments that will eventually vest. The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any non-market service and performance vesting conditions. The grant date fair value of the options granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (vesting period).

The fair value of the options granted is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate.

Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are recognised as share capital (nominal value) and share premium reserve.

Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

Defined contribution plans

The group has only contributions to local pension plans. These contributions have been made to the pension plan for full-time employees and equal 5-11 per cent of the employee's salary. The pension premiums are charged to expenses as they are incurred. See note 12.

Current and deferred tax

Income tax expense represents the sum of taxes currently payable and deferred tax.

Deferred taxes are recognised based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for taxable temporary differences and deferred tax assets arising from deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Currently, no deferred tax asset has been recognised in the financial statements of the company.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated as profit or loss attributable to ordinary shareholders of the company, adjusted for the effects of all dilutive potential options.

Events after the reporting period

New information on the company's financial position at the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position at the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

Note 3. Standards and interpretations in issue but not yet adopted

IASB has published certain new standards and interpretations and amendments to existing standards and interpretations that are not effective for the annual period ending 31.12.2015 and that are not applied when preparing these financial statements.

New and amended standards and interpretations expected to be relevant the group's financial position, performance or disclosures are disclosed below. None of the changes disclosed are EU-approved.

Changes/improvements	Standard
New standards	• IFRS 9 Financial Instruments: Classification and Measurement - IFRS 9 results in amendments to classification and measurement, hedge accounting and impairment.
Annual improvements 2010 – 2012	• IFRS 2 Share-based Payment - Performance condition and service condition are defined in order to clarify various issues. • IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - The amendment is implemented retrospectively and clarifies that the revaluation method may be used by reference to observable data. • IAS 24 Related Party Disclosures - The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures.

Management considers that the impact of the adoption of these new and revised/amended standards and interpretations will not be material to the financial statements of the group.

Note 4. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting estimates and judgments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant.

Deferred tax

The company considers that a deferred tax asset related to accumulated tax losses cannot be recognised in the statement of financial position until the product under development has been approved for marketing by the relevant authorities. However, this assumption is continually assessed and changes could lead to significant deferred tax asset being recognised in the future. This assumption requires significant management judgment.

Intangible assets

Research costs are recognised in the income statement as incurred. Internal development costs related to the group's development of products are recognised in the income statement in the year in which it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets. Uncertainties related to the regulatory approval process and other factors generally means that the criteria are not met until the time when the marketing authorisation is obtained with the regulatory authorities. This assessment requires significant management discretion and estimations.

Share-based payments

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value of the options granted is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Changes to the estimates may significantly influence the expense recognised during a period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 13.

Note 5. Financial instruments and risk management objectives and policies

The group's financial assets and liabilities comprise cash in banks, and various other financial assets and liabilities that originate from its operations. All financial assets and liabilities are carried at amortised cost. All financial assets and liabilities are short-term in nature and their carrying value approximates fair value.

The group seeks to minimise financial risk by primarily financing its activities by issuing equity instruments. The group does currently not use financial derivatives. The group is subject to market risks (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Credit risk

The Nordic Nanovector group is primarily exposed to credit risk associated with accounts receivable and other current receivables. The group has only revenues from incubator services with related parties. The Nordic Nanovector group has not suffered any loss on receivables during 2015. Other current receivables consists mainly of grants receivables from the governmental institutions Research Council and SkatteFUNN, and rental deposits deposited in bank. The group considers its credit risk as low.

Liquidity risk

The company closely monitors its cash flow from both long- and short-term perspectives through planning and reporting. The group does not have any loan agreements. The company raised NOK 575 million in an IPO in the first half of 2015. Cash resources as recorded by year end 2015 are expected to be sufficient to reach the first regulatory submission for Betalutin® in FL in the first half of 2019. In order to fully exploit the opportunities in the pipeline, Nordic Nanovector may require additional capital in the future. Management will continue to put strong efforts into focus on efficient operations, close planning and monitoring of the liquidity situation and maintaining a clear business development strategy.

Interest rate risk

The Nordic Nanovector group has no interest-bearing debt. Bank deposits are exposed to market fluctuations in interest rates, which affect the financial income and the return on cash. Nordic Nanovector had NOK 12.2 million in financial income as of 31 December 2015.

Exchange rate risk

The value of non-Norwegian currency denominated revenues and costs will be affected by changes in currency exchange rates or exchange control regulations. The group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. The group is mainly exposed to fluctuations in euro (EUR), pounds sterling (GBP), US dollar (USD) and Swiss franc (CHF).

Nordic Nanovector strives to identify and manage material foreign currency exposures and to minimise the potential effects of currency fluctuations on the reported cash flow. In order to achieve this, and to provide an operational hedge for purchases made in foreign currencies, the company has placed the estimated expenditure of these four currencies for the next two to three years in foreign currency bank accounts. The initial transfer of funds from NOK to currency-based deposits was executed in January 2016. See note 21 for further details on hedge programmes.

The table shows the company's sensitivity for potential changes in foreign currency exchange rates with all other factors constant.

(Amounts in NOK 1000)

		Effect on operating profit/loss	
Currency	**Change in exchange rate**	**2015**	**2014**
EUR	+/- 10%	3 456	1 536
GBP	+/- 10%	2 283	225
USD	+/- 10%	3 004	292
CHF	+/- 10%	1 598	587
Total		**10 341**	**2 640**

The Nordic Nanovector group's cash reserves are deposited in NOK, CHF and GBP.

Capital management

The Board of Directors' goal is to maintain a strong capital base in order to preserve the confidence of investors, creditors and to develop business activities.

Non-financial risks

Development, operational and market risk

Nordic Nanovector is currently in a development phase involving activities which entail exposure to various risks. The main development, operational and market risk factors are described below:

- Betalutin® is currently undergoing a Phase 1/2 clinical trial for treatment of relapsed NHL. This is in an early stage of development and the company's clinical studies may prove not to be successful. Delays may occur due to external factors e.g. access to patients.
- Regulatory authorities may fail to accept the Betalutin® BLA (Biologic License Application)/ MAA (Marketing Authorisation Application) for accelerated/conditional approval due to changes in the regulatory or competitive environment.
- New technologies/products, yet to be launched in the NHL market, may limit Betalutin®'s competitive edge.
- The antibody manufacturing scale up is in the early development phase, and may cause a potential shortage of clinical supplies.
- Changes in the healthcare/market access environment could preclude Nordic Nanovector from charging a premium price or obtaining coverage/reimbursement for Betalutin®.

Reference is made to the risk section in the prospectus dated 10 March 2015, which can be found on the company's web page.

Nordic Nanovector's board and management team will continue to monitor the operations and prepare mitigating actions to minimise the risks described above. The actions include evaluation and optimisation of routines to meet regulatory guidelines and ensuring best regulatory practice, close collaboration with relevant expertise and important stakeholders, engagement with regulatory agencies, investigations on pipeline expansion, monitoring competitive environment and close follow-up of production facilities.

Note 6. Cash and cash equivalents

(Amounts in NOK 1000)

ASA			GROUP	
2014	**2015**		**2015**	**2014**
827	1 629	Employee withholding tax	1 629	827
30 000	10 000	Fixed rate bank deposit	10 000	30 000
305 220	728 311	Variable rate bank accounts	731 738	306 191
336 047	**739 940**	**Total cash and cash equivalents**	**743 367**	**337 018**

Of the total balance in cash and cash equivalents, NOK 1.6 million (2014: NOK 0.8 million) relates to restricted funds for employee withholding taxes. In the group deposit office lease of NOK 1.5 million is classified as other current receivables (2014: NOK 1.3 million), hereof 1.3 million is related to the parent in 2015 and 2014.

NOK 10 million is deposited from 6 June 2015 to 13 December 2016 with a fixed interest rate of 1.8 per cent. Usage of these funds prior to the maturity date would incur a minimum 0.25 per cent fee, calculated based on the principal amount. The remainder of the group's cash is deposited in various banks on variable rate terms.

Note 7. Government grants

(Amounts in NOK 1000)

ASA				GROUP	
2014	**2015**		**Note**	**2015**	**2014**
		Government grants have been recognised in profit or loss as a reduction for the related expenses with the following amounts:			
1 468	2 291	Payroll and related expenses	12	2 291	1 468
3 068	4 946	Other operating expenses		4 946	3 068
4 536	**7 237**	**Total**		**7 237**	**4 536**
		Grants receivable as at 31 December are detailed as follows:			
667	633	Grants from the Research Counsil BIA [1)]	14	633	667
148	0	Grants from the Research Counsil PhD [2)]	14	0	148
118	516	Grants from the Research Counsil Eurostars [3)]	14	516	117
1 900	3 729	Grants from SkatteFUNN[4)]	14	3 729	1 900
2 832	**4 878**	**Total**		**4 878**	**2 832**

[1)] The parent company has been awarded a grant from The Research Council programme for user-managed innovation arena (BIA) of NOK 10,500,000 in total for the period 2012 through 2015. For the financial period ended 31 December 2015, the parent company has recognised NOK 1.9 million (as of 31 December, 2014: NOK 2 million) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses. The Research Council awarded a grant in 2015 of NOK 0.06 million for use of students for research related work performed during the summer of 2015.

[2)] The Research Council awarded a grant supporting a PhD for the period 2011 through 2014 of NOK 1.9 million in total. For the financial period ended 31 December 2014, the parent company recognised NOK 0.4 million partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

[3)] The Research Council Eurostars has awarded a grant supporting a collaboration research agreement with Affibody AB for the period 2014 through 2017 of NOK 4 million in total. For the financial period ended 31 December 2015, the parent company has recognised NOK 1.5 million (31 December, 2014: NOK 0.2 million) partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses. In 2014, the company also received NOK 0.06 million in grant from The Research Council for filing the Eurostar application.

[4)] Research and development projects have been approved for SkatteFUNN grants for the period 2012 through 2017. For the financial period ended 31 December 2015, the parent company has recognised NOK 3.7 million compared to NOK 1.9 million for the same period in 2014. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

Note 8. Share capital and shareholder information

Share capital as at 31 December 2015 is NOK 8,903,808 (31 December 2014: 5,310,058), being 44,519,041 ordinary shares at a nominal value of NOK 0.20.

All shares carry equal voting rights.

The change in the number of shares during the year was as follows:

	ASA	
	2015	**2014**
Ordinary shares at 1 January	26 550 291	11 074 708
Issue of ordinary shares [1) 2)]	17 968 750	13 683 916
Issue of ordinary shares under share options [3)]	0	125 000
Issue of ordinary shares from conversion of loan [4)]	0	1 666 667
Ordinary shares at 31 December [5)]	**44 519 041**	**26 550 291**

1) Nordic Nanovector undertook its Initial Public Offering (IPO) in March 2015, in conjunction with the listing of its shares on the Oslo Stock Exchange. The IPO was upsized from NOK 400 million to NOK 500 million on the basis of strong investor demand, and oversubscribed at the issue price of NOK 32. As a result, Nordic Nanovector raised NOK 500 million in gross proceeds from the sale of 15,625,000 shares at the issue price, from domestic and international institutional investors (Europe and US) and retail investors in Norway.

No stabilisation activities were undertaken in connection with Nordic Nanovector's initial public offering in March. The stabilisation manager exercised 22 April 2015 the option to purchase from the company 2,343,750 new shares in the company, equalling 15 per cent of the aggregate number of new shares allocated in the public offering, at a price per share of NOK 32, which is equal to the offer price. The 2,343,750 shares were delivered to HealthCap VI L.P. from whom the same number of shares were borrowed in connection with the over-allotment and stabilisation activities in the offering.

After the issuance of the shares in connection with the exercise of the over-allotment option, the company had 44,519,041 shares in issue and received NOK 75 million in additional proceeds from the offering. Total gross proceeds from the offering increased to NOK 575 million.

2) In July 2014, 10,000,000 shares were subscribed for in a private placement among existing shareholders and new institutional investors at a share price of NOK 25 per share for total gross proceeds of NOK 250 million. In September 2014, 2,000,000 shares were subscribed for in the subsequent repair offering at a share price of NOK 25 per share for gross proceeds of NOK 50 million.

HealthCap VI L.P. subscribed in October 2014 for 1,666,666 shares at a share price of NOK 15. This transaction was a fulfilment of investment from September 2013.

At the extraordinary general meeting held on 12 November 2014 it was resolved that each board member should have the right to receive the remuneration in cash, or wholly or partly in the form of shares. The shares were subscribed at nominal value of NOK 0.20 each and the number of shares to be issued was determined on the basis of the then prevailing market price of NOK 30 per share (i.e. a discount of NOK 29.80 per share). A total of 17,250 shares were subscribed for.

3) In February 2014, employees exercised 80,000 share options. The shares were subscribed at a price of NOK 6.75 (60,000 shares) and NOK 6.5 (20,000 shares). In October 2014 one employee exercised 5,000 share options at a price of NOK 6.75, and in December 2014 one employee exercised 40,000 share options at a price of NOK 6.50.

4) HealthCap VI L.P. converted in May 2014 a convertible loan in the amount of NOK 25,000,005 made available to the company pursuant to the subscription agreement entered into on 26 September 2013 and the resolution made by the general meeting on the same date. The conversion price for the convertible loan was NOK 15, and the company issued 1,666,667 new shares to HealthCap VI L.P.

5) The annual general meeting held 9 March 2015 granted an authorisation to increase the share capital limited to 10 per cent of the share capital following the IPO, to be used in connection with the share based incentive programmes for the group's employees. Of the authorised 4.452,904 shares, 2,681,576 shares are granted (ref. notes 13 and 21) as of 17 March 2016. The authorisation is valid until 26 June 2016 and replaces the authorisation granted at the extraordinary general meeting held on 27 June 2014.

Nordic Nanovector ASA has 2,664 shareholders as at 31 December 2015.

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	5 445 833	12.23 %
2	Folketrygdfondet	3 665 685	8.23 %
3	Sciencons AS (Roy Hartvig Larsen)	1 200 000	2.70 %
4	Inven2 AS	1 091 675	2.45 %
5	Linux Solutions Norge AS	882 306	1.98 %
6	VPF Nordea Kapital	846 244	1.90 %
7	Storebrand Vekst	835 294	1.88 %
8	Must Invest AS	789 142	1.77 %
9	Radiumhospitalets Forskningsstiftelse	728 518	1.64 %
10	Invesco Perp EUR	659 209	1.48 %
11	Roy Hartvig Larsen	601 777	1.35 %
12	Miniaste AS	530 000	1.19 %
13	OM Holding AS	520 000	1.17 %
14	Skandinaviska Enskilda Banken AB	500 000	1.12 %
14	Portia AS	500 000	1.12 %
14	Viola AS	500 000	1.12 %
17	Storebrand Norge I	481 515	1.08 %
18	VPF Nordea Avkastning	480 310	1.08 %
19	Birk Ventures AS	460 000	1.03 %
20	Cressida AS	420 000	0.94 %
	Total shares for top 20 shareholders	**21 137 508**	**47.48 %**
	Total shares for other 2 644 shareholders	23 381 533	52.52 %
	Total shares (2 664 shareholders)	**44 519 041**	**100.00%**

The shares of Nordic Nanovector ASA have been traded on the Oslo Stock Exchange since 23 March 2015, and the shareholder base has increased from 535 shareholders as of 31 December 2014 to 2,664 shareholders as of 31 December 2015.

Note 9. Other current liabilities

(Amounts in NOK 1000)

ASA			GROUP	
2014	**2015**		**2015**	**2014**
1 575	2 398	Unpaid duties and charges	4 390	1 864
1 178	1 877	Unpaid vacation pay	1 877	1 178
5 418	18 154	Other accrued costs	20 802	6 185
8 171	**22 429**	**Other current liabilities**	**27 069**	**9 227**

Other accrued costs for the period ended 31 December 2015 are mainly related to development cost of the lead product candidate Betalutin®.

Note 10. Finance income and finance expenses

(Amounts in NOK 1000)

ASA				GROUP	
2014	**2015**		**Note**	**2015**	**2014**
		Finance income			
15	10	Interest income on tax repaid	11	10	15
4 660	12 186	Interest income on bank deposits	5, 6	12 186	4 660
316	0	Net currency gain	21	0	316
5	6	Other finance income		18	52
4 996	**12 202**	**Total finance income**		**12 214**	**5 043**
		Finance expense			
0	1 585	Net currency losses	5, 21	1 677	0
0	88	Other fees, charges		119	2
0	**1 673**	**Total finance expense**		**1 796**	**2**
4 996	**10 529**	**Net finance income**		**10 418**	**5 041**

All finance income and finance expense are related to financial assets and financial liabilities carried at amortised cost.

The group and the parent company's finance income largely relates to interest received on bank deposits.

Foreign exchange gain or loss includes gain or losses related to operating items (such as accounts payable and accounts receivable) and gains or losses related to financial items (such as borrowings and bank balances).

Note 11. Income tax

The difference between income tax calculated at the applicable income tax rate and the income tax expense attributable to loss before income tax are as follows:
(Amounts in NOK 1000)

ASA			GROUP	
2014	**2015**		**2015**	**2014**
-62 759	-170 119	Loss before income tax	-172 677	-63 629
27,0 %	27,0 %	Income tax rate	26,4 %	26,6 %
-16 945	-45 932	Expected income tax expense/(benefit)	-45 534	-16 901
-4 119	-8 724	Tax effect on non-taxable income	-8 724	-4 119
6	1 242	Tax effect on non-deductable expenses	1 242	6
-76	-69	Change in temporary differences	-69	-76
21 134	53 483	Change in deferred tax asset not recognised	53 483	21 134
0	**0**	**Income tax expense for the year**	**398**	**44**

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

2014	**2015**		**2015**	**2014**
-8	31	Property, plant and equipment	31	-8
0	-15	Provisions	-15	0
-34 314	-81 294	Tax losses carried forward	-81 294	-34 314
34 322	81 277	Deferred tax assets not recognised	81 277	34 322
0	**0**	**Deferred tax asset (liability)**	**0**	**0**

As of 01.01.2016 the tax rate in Norway was reduced to 25 per cent. Deferred tax assets as of 31.12.2015 have been calculated using a tax rate of 25 per cent.

The group is in the research phase of its product development and has incurred significant tax losses related to its operations.

The parent company has a total tax loss carried forward of NOK 325.1 million at 31 December 2015. At 31 December 2014 the total tax loss carried forward was NOK 127.1 million. The tax losses can be carried forward indefinitely.

Nordic Nanovector has not recognised a deferred tax asset in the statement of financial position as the group does not consider that taxable income in the near term will sufficiently support the utilisation of a deferred tax asset. No current or deferred tax charge or liability has been recognised for 2015 and 2014.

Note 12. Payroll and related expenses

(Amounts in NOK 1000)

ASA				GROUP	
2014	**2015**		**Note**	**2015**	**2014**
11 219	22 318	Salaries		37 481	13 418
2 184	2 747	Social Security tax		4 308	2 475
679	1 126	Pension expense		1 696	845
426	3 977	Share-based payment	13	9 210	1 859
194	-141	Employer's social security on share-based payment	13	-141	194
456	1 300	Other		2 097	2 333
-1 468	-2 291	Government grants	7	-2 291	-1 468
13 690	**29 036**	**Total payroll and related expenses**		**52 360**	**19 656**
13.2	**20.9**	**Average number of full-time equivalent employees**		**24.8**	**14.1**

The parent company has a defined contribution pension scheme that complies with the requirements of Norwegian occupational pension legislation (OTP). Nordic Nanovector GmbH has a defined contribution pension scheme that complies with the requirements of the Swiss Federal Social Insurance Legislation (BSV).

Remuneration to management

The total remuneration for the members of the management was NOK 27.5 million in 2015 on a cost to company basis, and total remuneration to the members of the management in 2014 was NOK 11.8 million.

Total remuneration to management during the year ended 31 December is as follows: 2015
(Amounts in NOK 1000)

Name and position	Salary [1]	Pension cost	Share-based payments excl. of social security tax [3]	Other remuneration [2]
Luigi Costa, CEO [5]	4 307	297	3 376	318
Anniken Hagen, CQO	1 373	49	550	66
Cristina Oliva, CMO [4, 5]	2 609	0	222	2 532
Jan A. Alfheim, COO	1 550	65	727	54
Jostein Dahle, CSO	1 392	51	510	71
Marco Renoldi, CBO [5]	3 027	248	1 175	228
Tone Kvåle, CFO	1 667	66	856	70
Total management remuneration	**15 926**	**777**	**7 416**	**3 338**

[1] Salary includes accrued performance bonus for 2015.

[2] Other remuneration includes, insurance, car allowance (if relevant), healthcare allowance (if relevant) and representation allowance (if relevant).

[3] Share-based payment represents cost charged to income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to management personnel, as part of their remuneration. Refer to note 13 for further details on these programmes.

[4] Cristina Oliva, CMO, resigned and left the company as per end of January 2016. She was entitled to an annual salary of GBP 165,000.

[5] For comparative purposes, the average exchange rates in 2015 for CHF/NOK and GBP/NOK published by DNB on 31 December 2015 have been used.

Shares in the company are held by the following members of the management group:

Name	Current position within the company	Employed with the company since	Shares 2015 [1]	Shares 2014
Luigi Costa	Chief Excecutive Officer	September 2014	73 186	64 000
Anniken Hagen	Chief Quality Officer	August 2012	48 771	48 771
Jan A. Alfheim	Chief Operations Officer	August 2011	70 334	70 334
Jostein Dahle	Chief Scientific Officer	January 2011	254 958	268 358
Marco Renoldi	Chief Business Officer	November 2014	70 000	0
Tone Kvåle	Chief Financial Officer	November 2012	139 854	35 167
Total shares owned by management			**657 103**	**486 630**

1) Including related parties

Benefits upon termination

The CEO, Luigi Costa, is in the event of termination of his employment agreement by the company for reasons other than cause entitled to 15 months' pay and the accrued target performance bonus up until the date of notice of termination of employment. Furthermore, the CBO Marco Renoldi, is in the event of termination of the employment agreement by the company for reasons other than cause entitled to 12 months' pay and the accrued target performance bonus up until the date of notice of termination of employment.

In addition, the CFO, Tone Kvåle, is entitled to six months' pay after termination of employment in connection with an acquisition of the company. Apart from the above, no employee, including any member of management, has entered into employment agreements which provide for any special benefits upon termination.

None of the board members or members of the nomination committee have service contracts and none will be entitled to any benefits upon termination of office.

Total remuneration to management during the year ended 31 December is as follows: 2014
(Amounts in NOK 1000)

Name and position	Salary	Pension cost	Share-based payments excl. of social security tax	Other remuneration
Luigi Costa, CEO [1]	907	111	1 291	529
Anniken Hagen, CQO	868	65	7	40
Bjørg Bolstad, Sr. Director Clinical Development [2]	741	57	10	44
Cristina Oliva, CMO [3]	308	0	234	1 780
Jan A. Alfheim, COO	1 327	69	-30	368
Jostein Dahle, CSO	891	58	10	60
Marco Renoldi, CBO [4]	339	45	208	55
Tone Kvåle, CFO	1 065	87	8	275
Total management remuneration	**6 446**	**492**	**1 738**	**3 151**

[1] Effective from 1 September 2014, Luigi Costa commenced as CEO of the company.
[2] Bjørg Bolstad was until 1 November 2014 the Chief Clinical Officer of the company.
[3] Effective from 1 November 2014, Cristina Oliva commenced as CMO of the company.
[4] Effective from 1 November 2014, Marco Renoldi commenced as CBO of the company.

Share-based payments/option programmes

The following members of the management participate in the Second Option Programme:
(Amounts in NOK 1000)

Option holder	Number of options outstanding as of 31 December 2015	Grant date	Expiry dated	Exercise price (NOK)
Luigi Costa, CEO	868 106	1 September 2014	1 September 2021	25
Anniken Hagen, CQO	112 000	7 January 2015	7 January 2022	28
Jan Alfheim, COO	150 000	7 January 2015	7 January 2022	28
Jostein Dahle, CSO	105 000	7 January 2015	7 January 2022	28
Marco Renoldi, CBO	278 137	1 November 2014	1 November 2021	30.50
Tone Kvåle, CFO	175 000	7 January 2015	7 January 2022	28
Total	**1 688 243**			

Number of options outstanding for the management in the First Option Programme:
(Amounts in NOK 1000)

Option holder	Number of options outstanding as of 31 December 2015	Grant date	Expiry dated	Exercise price (NOK)
Anniken Hagen, CQO	13 333	12 April 2012	12 April 2016	6.75
Jostein Dahle, CSO	20 000	5 July 2011	30 Juni 2016	6.25
Tone Kvåle, CFO	30 000	11 October 2012	11 October 2016	6.75
Total	**63 333**			

For more information about option programmes see notes 13 and 21.

The Board of Directors' declaration on determination of salaries and other remuneration for senior management - Guidelines for 2016:

1. Introduction

This statement regarding remuneration of the management (the "management") of Nordic Nanovector ASA and its subsidiaries (the "group") has been prepared by the Board of Directors (the "board") of Nordic Nanovector ASA (the "company") pursuant to section 6-16a of the Norwegian Public Limited Companies Act.

The principles set out for determination of salaries and other remuneration for the senior management in this declaration shall apply for the financial year 2016 and until new principles are resolved by the general meeting in accordance with the Companies Act. The annual general meeting in 2017 will review how the principles set out in this declaration have been pursued in 2016 and deal with the principles for 2016 in accordance with the Companies Act.

The principles set out in this declaration will be subject to approval by the company's annual general meeting. This declaration will be used by the board as a guideline for 2016. However, the main principles for the share related long-term incentive scheme discussed in item 3 below will be subject to a separate vote, and will be binding for the board.

The main principle of the group's remuneration policy for the management is to offer competitive terms in an overall perspective taking into account salary, short- and long-term incentives, pension plans and other benefits, to motivate and retain key staff.

2. Policy and principles

The group commenced in the fall of 2014 implementation of a remuneration policy for the management consisting of the following main elements:

- Fixed salary (base-salary)
- Short-term incentive (cash bonus)
- Long-term incentive (equity incentives)
- Benefits (primarily pension)

Prior to the implementation of such remuneration policy, the remuneration of management did not include annual option grant or bonuses.

The fixed salary for each member of the management shall be competitive and based on the individual's experience, responsibilities, as well as the results achieved during the previous year. Salaries, as well as other benefits, shall be reviewed annually and adjusted as appropriate.

The management will be eligible for a cash bonus as a short-term incentive.

The management is granted cash bonus following an assessment of criteria based on both the group's performance and the individual's performance. The targets to be reached by the CEO are to be determined by the board. The CEO sets relevant targets for the other members of the management team, based on principles defined by the board. The maximum potential of the bonus is determined on an individual basis.

The management will normally be given benefits in line with normal market practice, such as cell phone expenses and payment of IT and telecommunication expenses. There are no specific restrictions on what other benefits may be agreed. In addition, representation allowance is given, if relevant.

3. Long-term incentive – equity incentives

The board has used and will continue to use share options to recruit, incentivise and retain management and other key employees. The group will use share options in connection with the employment of new employees and can also grant share options on an annual basis to existing employees. The total number of share options outstanding shall not exceed 10 per cent of the outstanding shares in the company at any given time. The board will request the general meeting to make the resolutions required for the board to be authorised to issue new shares in an amount up to 10 per cent of the total number of shares outstanding in order to be able to honour options being exercised by the issuance of new shares.

The company has granted share options under two different option programmes. The first option programme was established in 2011 (the "First Option Programme"), and options under that programme were granted in 2011 and 2012. The second option programme was established in 2014 (the "Second Option Programme") and the first options under that programme were granted in the fall of 2014. Each option granted gives the holder a conditional right to acquire one share in the company. The exercise price is equal to the market price of the shares at the date of the grant. The company may settle options in cash.

As of 17 March 2016, there were 78,333 options outstanding under the First Option Programme. In general, 1/3 of the options granted under the First Option Programme vested immediately upon grant.

The remaining 2/3 vested in two portions (1/3 each time) at the achievement of defined milestones. The options granted under the First Option Programme may be exercised twice a year, either in the period from 15 January to 15 February or 1 August to 15 September each year from the date of vesting until expiry. The options expire during 2016.

As of 17 March 2016, there were 2,603,243 options outstanding under the Second Option Programme. The vesting schedule means that 25 per cent of each option holder's options will vest 12 months after the day of grant as long as the option holder is still employed. Thereafter, 1/36 of the remaining options will vest each month as long as the option holder is still employed, with the first 1/36 vesting 13 months after the day of grant.

Vested options may be exercised in a period of 15 Norwegian business days from the day following the day of the company's release of its annual or quarterly results, unless the Board of Directors resolves otherwise. The options expire seven years from grant date.

The group will continue to grant options under the Second Option Programme, while no additional options will be granted under the First Option Programme.

4. Severance pay arrangement

The CEO is in the event of termination of his employment agreement by the group for reasons other than cause entitled to 15 months' pay and the accrued target performance bonus up until the date of notice of termination of employment. Furthermore, the CBO, is in the event of termination of his employment agreement by the group for reasons other than cause entitled to 12 months' pay and the accrued target performance bonus up until the date of notice of termination of employment. In addition, the CFO is entitled to six months' pay after termination of employment in connection with an acquisition of the company. Apart from the above, no member of management has entered into employment agreements which provide for any special benefits upon termination.

5. Pension scheme

All members of the management are included in the group's occupational pension scheme for the group's employees. The pension scheme is a defined contribution scheme and contributions range from 5 per cent to 8 per cent of the employee's salary up to 12G (Norwegian base amount) in the company, and in the range from 5 per cent to 11 per cent in the group.

6. Execution of the remuneration policy and principles in 2015

The options allocated to the management of the company is in accordance with the Board of Director's Declaration on salaries and other remuneration to the senior executive management, as approved by the company's annual general meeting held 9 March 2015.

7. Agreements entered into or amended in 2015 and their impact on the company and its shareholders

Since the last annual general meeting, the board has entered into option agreements with certain members of the management in connection with the Second Option Programme. The board believes that the long term equity incentives promote value creation in the company and that the impact they have on the company and shareholders is positive.

8. The decision-making process

The board has appointed a compensation committee consisting of board members. The compensation committee is a preparatory body for the board and its main objective is to assist the board in its work relating to the terms of employment for the management. The board determines the CEO's salary and other terms of his employment.

The compensation committee answers to the board alone for the performance of its duties. The work of the committee does not alter the responsibility of the board or the individual board member.

Remuneration to the Board of Directors

(Amounts in NOK 1000 and exclusive of social security)

The extraordinary general meeting held on 9 March 2015 resolved changes to the composition of the Board of Directors and remuneration of the board members for the period from the annual general meeting 9 March 2015 until the annual general meeting in 2016 as follows:

Name	Board of Directors	Audit Committee [1]	Compensation Committee [1]	Nomination Committee
Chairman	240	40	40	40
Member	120	20	20	25

[1] The members of the board are entitled to a fixed compensation per meeting in the subcommittees that they attend. The remuneration in the table above is the minimum amount for the period.

Fees paid to the Board of Directors are summarised below:
(Amounts in NOK 1000, except number of shares)

		2015		2014	
Name	**Served since**	**Board fee and fees for committee work**	**Number of shares as of 31 December [5]**	**Board fee and fees for committee work**	**Number of shares as of 31 December [5]**
Current Board of Directors					
Ludvik Sandnes, Chairman [1]	June 2013	280	125 000	283	120 500
Gisela M. Schwab	March 2015	120			
Hilde Hermansen Steineger [2]	November 2014	180	750	45	750
Per Samuelsson [3]	November 2014	180		68	
Roy Hartvig Larsen [4]	July 2009	120	1 801 777	119	1 755 949
Previous members of the Board of Directors	**Served until**				
Alexandra Morris	9 March 2015			90	
Bente-Lill Bjerkelund Romøren	12 November 2014			45	
Bjørn Odlander	12 November 2014			38	
Jonas Einarsson	12 November 2014			45	
Theresa Comiskey Olsen	12 November 2014			45	
Vidar Hansson	1 July 2014			11	
		880	**1 927 527**	**789**	**1 877 199**

[1] Ludvik Sandnes is also a member of the audit and compensation committee. He holds 125,000 shares in the company, of which 107,626 are held through Ekornhuset AS.

[2] Hilde Hermansen Steineger is also the chairman of the audit committee and a member of the compensation committee.

[3] Per Samuelsson is also the chairman of the compensation committee and member of the audit commitee

[4] Chairman until 12 November 2014. Roy Larsen holds 1,801,777 shares in the company, of which 1,200,000 are held through Sciencons AS.

[5] Shareholdings are not included for representatives who are no longer members as of 31 December 2015.

The aggregated remuneration for the Board of Directors recognised in 2015 was NOK 0.9 million and NOK 0.8 million in 2014. The amount is classified as other operating expenses and includes fees for committee work.

At the extraordinary general meeting held on 12 November 2014 it was resolved that each board member should have the right to receive the remuneration in cash, or wholly or partly in the form of shares. The shares were subscribed to at nominal value of NOK 0.20 each and the number of shares to be issued was determined on the basis of the then prevailing market price of NOK 30 per share (i.e. a discount of NOK 29.80 per share). Subscription was made by the following board members: Ludvik Sandnes (9,500 shares), Roy H. Larsen (4,000 shares), Hilde Steineger (750 shares), Bente-Lill Romøren (1,500 shares) and Theresa Comiskey Olsen (1,500 shares).

Note 13. Employee share option programmes

The company has a share option scheme for all employees of the group. Each share option gives the right to acquire one ordinary share of the company on exercise. The company may settle options in cash.

Share option programmes

Overview

The company has granted share options under two different option programmes. The first option programme was established in 2011 (the "First Option Programme"), and options under that programme were granted in 2011 and 2012. The second option programme was established in 2014 (the "Second Option Programme").

Each option granted gives the holder a conditional right to acquire one share in the company. The exercise price is equal to the market price of the shares at the date of the grant. The company may settle options in cash.

First Option Programme

As of 31 December 2015, there were 78,333 options outstanding under the First Option Programme.

In general, 1/3 of the options granted under the First Option Programme vested immediately upon grant. The remaining 2/3 vested in two portions (1/3 each time) at the achievement of defined milestones.

The options granted under the First Option Programme may be exercised twice a year, either in the period from 15 January to 15 February or 1 August to 15 September each year from the date of vesting until expiry. The options expire during 2016.

Second Option Programme

As of 31 December 2015, there were 2,093,243 options outstanding under the Second Option Programme.

The options granted under the Second Option Programme vest in accordance with the following vesting schedule: (i) 25 per cent of the options vest 12 months after the date of grant, and (ii) 1/36 of the remaining options vest each month thereafter. It is a condition for vesting that the option holder is an employee of the group at the time of vesting.

Vested options may be exercised in a period of 15 Norwegian business days from the day following the day of the company's release of its annual or quarterly results, unless the Board of Directors resolves otherwise. The options expire seven years from grant date.

The number of employee share options and average exercise prices for Nordic Nanovector and development during the year:

	2015		2014	
Name	**Number of options**	**Weighted average exercise price in NOK**	**Number of options**	**Weighted average exercise price in NOK**
Balance at 1 January	1 616 281	25.94	253 334	6.53
Granted during the year [1)]	953 200	29.22	1 517 947	27.20
Exercised during the year	0	0	-125 000	6.51
Forfeited	-397 905	29.25	-30 000	6.75
Balance at 31 December	**2 171 576**	**26.77**	**1 616 281**	**25.94**
Of which fully vested	416 008	23.82	66 050	6.66

[1)] The weighted average fair value of the share options granted during 2015 was NOK 10.05.

Remaning contractual lifetime of outstanding share options per 31 December 2015:

	Number of options	Exercise price in NOK
0 - 1 year	78 333	6.56
5 - 6 years	1 200 843	26.34
6 - 7 years	892 400	29.12
Total	**2 171 576**	**26.77**

Input and assumptions used for the calculation of fair value of options granted:

	2015	2014
Dividends (NOK)	0	0
Expected volatility (%)	60% and 55%	60%
Risk-free interest rate (%)	0.65% - 1.20%	1.18% - 1.62%
Expected life from grant date (years)	2.3	2.2

Calculation of fair value of share-based payments

Option cost was calculated using the Black-Scholes model. The historic volatility of the Nordic Nanovector shareprice does not provide historic data that corresponds to the expected life of the option. The expected volatility is therefore estimated based on the volatility of comparable listed companies. Risk free interest rates should be equal to the expected term of the option being valued. For the options quoted in NOK, rates from Norges Bank on grant date are used (Bonds and Certificates). The rates are interpolated in order to match the expected term.

For calculation of fair value of the options, it is assumed that expected excercise is vesting date on all grants except for options granted after March 2015. For options granted after March 2015 expected exercise date is one year after vesting date. 155,000 options were granted after March 2015. The estimate was updated based on experience gained through monitoring the programme. Share-based payment expenses recognised in the income statement are disclosed in note 12.

Note 14. Other current receivables

(Amounts in NOK 1000)

ASA				GROUP	
2014	2015		Note	2015	2014
2 832	4 878	Government grants	7	4 878	2 832
887	2 262	Refundable VAT		2 396	924
746	4 312	Prepaid expenses		4 540	909
1 341	1 342	Rental deposits	15	1 507	1 449
0	92	Account receivables	16	92	0
264	94	Accrued interest income	5, 10	94	264
771	686	Other receivables		686	698
6 841	**13 666**	**Other current receivables**		**14 193**	**7 076**

Note 15. Property, plant and equipment

(Amounts in NOK 1000)

Year ended 31 December 2015	Laboratory equipment	Software licences	Office equipment	Permanent building fixtures	Furniture and fittings	Total
Cost at 1 January 2015	504	424	606	1 615	402	3 551
Additions in the year	1 056	328	462	314	68	2 228
Disposals in the year	0	0	0	0	0	0
Cost at 31 December 2015	1 560	752	1 068	1 929	470	5 779
Accumulated depreciations at 1 January 2015	214	0	302	1 350	112	1 978
Depreciations in the year	145	227	382	131	109	994
Accumulated depreciation at 31 December 2015	359	227	684	1 481	221	2 972
Net carrying amount at 31 December 2015	**1 201**	**525**	**384**	**448**	**249**	**2 807**
Estimated useful life	3 - 5 years	3 years	2-3 years	2-5 years	3 years	
Depreciation method	straight-line	straight-line	straight-line	straight-line	straight-line	

Year ended 31 December 2014	Laboratory equipment	Software licences	Office equipment	Permanent building fixtures	Furniture and fittings	Total
Cost at 1 January 2014	249	0	298	1 361	61	1 969
Additions in the year	255	424	308	254	341	1 582
Disposals in the year	0	0	0	0	0	0
Cost at 31 December 2014	504	424	606	1 615	402	3 551
Accumulated depreciations at 1 January 2014	170	0	150	1 294	19	1 633
Depreciations in the year	44	0	152	56	93	345
Accumulated depreciation at 31 December 2014	214	0	302	1 350	112	1 978
Net carrying amount at 31 December 2014	**289**	**424**	**304**	**265**	**291**	**1 573**
Estimated useful life	3 - 5 years	3 years	2-3 years	2-5 years	3 years	
Depreciation method	straight-line	straight-line	straight-line	straight-line	straight-line	

All the fixed assets in the group are owned by Nordic Nanovector ASA, thus the disclosure for Nordic Nanovector ASA is identical to the disclosure for the group.

Cost related to research and development is expensed. Expenses for research and development for the financial year 2015 is NOK 129.5 million whereas, NOK 103 million is classified as other operating expenses and NOK 26.5 million is classified as payroll. In 2014 the research and development costs were NOK 42.5 million, whereas NOK 31.1 million and NOK 11.4 million was classified as other operating expenses and payroll respectively.

The group has not entered into any arrangements that are classified as finance leases.

The following arrangements are classified as operating leases:

The parent company rents premises in Oslo for office and laboratory purposes under two rental agreements (one for 1,075 square meters and one for 350 square meters). The parent company will in addition to this amount be charged for a proportionate share of common variable costs related to building management.

The rental agreement for the 350 square meters expires on 31 December 2017. The rental agreements may not be terminated during the rental period. The parent company has the right to extend the rental agreements with three years. A part of the rented area is shared with a third party as an incubator service. The third party is a company controlled by Roy H. Larsen, who is a board member and a shareholder of the company. The annual rental amount for this space is NOK 0.46 million.

The rental agreement also includes parking and basement storage (limited), at NOK 0.08 million p.a. The annual rental amount for the additional office and laboratory space is NOK 1.4 million. The parent company will in addition to this amount be charged for a proportionate share of common costs related to building management (variable).

The parent company has an option to renew the arrangement for 3 years at the time, under the same conditions as currently entered into, but adjusted to market rent.

The group rents office premises in Zug, Switzerland and Reading, United Kingdom. The annual rental amount for these facilities are NOK 0.4 million and NOK 0.2 million respectively.

Rental of office space	Expiry date
Third floor office/laboratory space (sub-leased from January 2014) and basement storage, Oslo, Norway	31.12.2017
Fourth floor office/laboratory space (from January 2014), Oslo, Norway	31.12.2019
Office space (from October 2014), Zug, Switzerland	30.09.2016
Office space (from March 2015), Reading, United Kingdom (terminated as of 28 February 2016)	28.02.2016

Future minimum rental payable under non-cancellable operating leases as of 31 December: (Amounts in 1000)

ASA			GROUP	
2014	**2015**		**2015**	**2014**
2 004	1 929	Within 1 year	2 542	2 352
5 851	4 596	Within 1-5 years	5 091	5 851
0	0	Over 5 years	0	0
7 855	**6 525**	**Total**	**7 633**	**8 203**

Minimum lease payments recognised as an operating lease expense: (Amounts in NOK 1000)

ASA		GROUP	
2014	**2015**	**2015**	**2014**
1 764	2 017	2 749	1 890

Note 16. Transactions with related parties

Details of transactions between the company and related parties:
(Amounts in NOK 1000)

	Sales (included in revenue)		Purchases (included in other operating expenses)	
	2015	**2014**	**2015**	**2014**
Companies controlled by board member	437	437	135	361

	Amounts owed by related parties (included in other receivebles)		Amounts owed to related parties (included in accounts payables)	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
Companies controlled by board member	92	0	20	0

In 2014 Nordic Nanovector ASA bought consulting services of NOK 0.3 million from board member and shareholder Roy H. Larsen through his 100 per cent owned company Sciencons AS.

Note 17. Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary shareholders of the parent is based on the following data:
(Amounts in NOK 1000, except number of shares)

ASA			GROUP	
2014	**2015**		**2015**	**2014**
-62 759	-170 119	Loss for the year	-173 075	-63 673
17 964 454	40 443 234	Average number of outstanding shares during the year	40 443 234	17 964 454
-3.49	-4.21	Earnings (loss) per share - basic and diluted (in NOK per share)	-4.28	-3.54

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognised as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the company is currently loss-making an increase in the average number of shares would have anti-dilutive effects.

Note 18. Auditor's fee

Fees to auditors (exclusive of VAT) for the year ended 31 December:
(Amounts in NOK 1000)

ASA			GROUP	
2014	**2015**		**2015**	**2014**
80	230	Audit fee	276	80
272	382	Audit related work	382	272
455	555	Tax services	555	455
0	0	Other non-audit services	67	0
807	**1 167**	**Total**	**1 280**	**807**

NOK 0.06 million of fees to auditors was registered as share issue cost in 2015. Audit fees and non-audit services to auditors other than the group auditor was NOK 0.05 million and NOK 0.07 million respectively.

Note 19. Segments

The group's lead product Betalutin®, has not yet obtained regulatory approval. For management purposes, the group is organised as one business unit and the internal reporting is structured in accordance with this.

Geographical breakdown of assets and liabilities:
(Amounts in NOK 1000)

	2015			2014		
	Norway	Switzerland	United Kingdom	Norway	Switzerland	United Kingdom
Assets						
Non-current assets	2 807	0	0	1 618	0	0
Current receivables	13 666	354	173	6 841	235	0
Cash and cash equivalents	739 940	424	3 003	336 047	971	0
Liabilities						
Total current liabilites	41 997	2 822	2 810	14 200	1 301	0

Assets and liabilities are broken down by geographical areas based on the location of the companies.

Note 20. Information about subsidiaries

The consolidated financial statements of the group include:
(Amounts in NOK 1000)

			% Equity interest	
Name	Country of incorporation	Book value	2015	2014
Nordic Nanovector GmbH	Switzerland	137	100%	100%
Nordic Nanovector Ltd	United Kingdom	0	100%	100%

Nordic Nanovector ASA is a public limited company incorporated and domiciled in Norway, and is the parent company in the group. The group's operations are carried out by the parent company and its wholly-owned subsidiaries Nordic Nanovector GmbH and Nordic Nanovector Ltd. Nordic Nanovector GmbH is incorporated in Zug, Switzerland, with its registered address at Dammstrasse 19, Zug, Switzerland. Nordic Nanovector Ltd is incorporated in London, England, with its registered address at Paternoster House, 65 St. Paul's Churchyard, London EC4M 8A, United Kingdom.

Note 21. Events after the reporting date

BIA

In January 2016, the parent company received a grant up to NOK 15 million from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA) to support the research and development of novel targeted therapeutics for leukemia and NHL.

The company will investigate further the potential of chHH1 in a preclinical programme with the intention, if successful, of taking it forward into clinical studies. The grant will be distributed to the company over the course of three years, with the first payment scheduled for in 2016.

Placement of cash in foreign currency

Nordic Nanovector ASA strives to identify and manage material foreign currency exposures and to minimise the potential effects of currency fluctuations on the reported cash flow. In order to achieve this, and to provide an operational hedge for purchases made in foreign currencies, the company has placed the estimated expenditure of EUR, USD, GBP and CHF for the next two to three years in foreign currency bank accounts. The initial transfer of funds from NOK to currency-based deposits was undertaken in January 2016.

A total amount of NOK 427 million was placed on 15 January 2016 as summarised in the table below.

(Amounts in NOK 1000)

Currency	Purchased amount
EUR	20 812
USD	10 217
GBP	3 799
CHF	4 677

All monetary assets and liabilities in foreign currencies must be translated at the exchange rate as at the reporting date.

Share options granted in 2016

On 3 March 2016 the company granted 510,000 options to employees of the group. The total number of outstanding share options are as of 17 March 2016, 2,681,576 equivalent to 5.7 per cent of outstanding shares and options on a fully diluted basis. The exercise price of the options allocated on 3 March 2016 is NOK 14,24.

Number of options outstanding for the management:

Option holder	Number of options outstanding
Luigi Costa, CEO	1 088 106
Anniken Hagen, CQO	155 333
Jan Alfheim, COO	150 000
Jostein Dahle, CSO	155 000
Marco Renoldi, CBO	368 137
Tone Kvåle, CFO	240 000
Total options outstanding 17.03.2016	**2 156 576**

Auditor‘s report

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To the Annual Shareholders' Meeting of
Nordic Nanovector ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Nordic Nanovector ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Auditor's report

Building a better working world

Opinion on the financial statements

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statement on corporate governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 17 March 2016
ERNST & YOUNG AS

Tommy Romskaug
State Authorised Public Accountant (Norway)

Additional information

Glossary of terms

- **ARC:** Antibody Radionuclide Conjugate
- **(A)SCT:** (Autologous) stem cell transplant
- **ASH:** American Society of Hematology Annual Meeting
- **B-cell:** A type of lymphocyte (white blood cell) in the humoral immunity of the body's adaptive immune system. Can be distinguished from other lymphocytes by the presence of a protein on the B-cell's outer surface known as a B-cell receptor (BCR). This specialised receptor protein allows a B-cell to bind to a specific antigen.
- **CD20:** B-lymphocyte antigen CD20 is an activated-glycosylated phosphoprotein expressed in the surface of all B-cells beginning at the pro-B phase and progressively increasing in concentration until maturity.
- **CD37:** B-lymphocyte antigen CD-37 is a protein, a member of the transmembrane 4 superfamily, also known as the tetraspanin superfamily of cell surface antigens.
- **CR:** Complete response
- **DLBCL:** Diffuse Large B-Cell Lymphoma
- **FL:** Follicular Lymphoma
- **FDA:** Food and Drug Administration
- **HH1:** Betalutin® consists of the radionuclide ^{177}Lu which is joined to the B-cell seeking antibody HH1. The HH1 antibody in Betalutin® binds to the CD37 antigen B-cells (NHL cells).
- **IFRS:** International Financial Reporting Standard
- **IND:** Investigational New Drug
- **IPO:** Initial Public Offering
- **KOL:** Key opinion leader
- **LCM:** Lifecycle management
- **^{177}Lu:** Radionuclide lutetium-177
- **MBq:** Megabecquerel (radioactivity measurement unit)
- **M.D:** Medical doctor
- **nASCT:** Not eligible for autologous stem cell transplant
- **NHL:** Non-Hodgkin Lymphoma
- **OSE:** Oslo Stock Exchange
- **ORR:** Overall response rate (the CR and PR, jointly)
- **PARADIGME:** Name of Nordic Nanovector's pivotal Phase 2 study
- **PFS:** Progression free survival
- **PR:** Partial response
- **QoL:** Quality of life
- **R:** Rituximab
- **RIT:** Radioimmunotherapy
- **SAB:** Scientific Advisory Board
- **SD:** Stable disease
- **T-cell:** A type of lymphocyte (white blood cell) that plays a central role in cell-mediated immunity. Can be distinguished from other lymphocytes by the presence of a T-cell receptor (TCR) on the cell surface. They are called T-cells because they mature in the thymus.

Financial calendar

First quarter 2016 results:	**19 May 2016**
Annual general meeting:	**19 May 2016**
Capital markets day:	**31 May 2016**
Second quarter 2016 results:	**24 August 2016**
Third quarter 2016 results:	**16 November 2016**

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Forward-looking statements

This report may contain certain forward-looking statements and forecasts based on uncertainty, since they relate to events and depend on circumstances that will occur in the future and which, by their nature, will have an impact on Nordic Nanovector's business, financial condition and results of operations. The terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in a forward-looking statement or affect the extent to which a particular projection is realised. Factors that could cause these differences include, but are not limited to, implementation of Nordic Nanovector's strategy and its ability to further grow, risks associated with the development and/or approval of Nordic Nanovector's products candidates, ongoing clinical trials and expected trial results, the ability to commercialise Betalutin®, technology changes and new products in Nordic Nanovector's potential market and industry, the ability to develop new products and enhance existing products, the impact of competition, changes in general economy and industry conditions and legislative, regulatory and political factors.
No assurance can be given that such expectations will prove to have been correct.

Nordic Nanovector disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Notes

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