NORDIC NANOVECTOR

ANNUAL REPORT 2016

Nordic Nanovector's mission is to extend and improve the lives of patients with haematological cancers by developing and commercialising innovative Antibody Radionuclide Conjugates (ARCs) and Antibody Drug Conjugates (ADCs) using our proprietary targeting technology.

Contents

Who we are

Nordic Nanovector is a biopharmaceutical company dedicated to extending and improving the lives of patients with haematological cancers through the development and commercialisation of innovative targeted therapeutics (Antibody Radionuclide Conjugates, ARCs and Antibody Drug Conjugates, ADCs).

The company's lead clinical-stage product opportunity is Betalutin®, the first in a new class of ARC 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. The company's drug product candidate Betalutin®, which is currently undergoing clinical testing, is being developed for treatment of relapsed/refractory follicular lymphoma (FL) and relapsed/refractory diffuse large B-cell lymphoma (DLBCL). These two types of cancers are the most prevalent forms of NHL, together accounting for over 50 per cent of patients.

Nordic Nanovector was established in 2009, leveraging expertise in targeted cancer therapy from the Norwegian Radium Hospital, and has its main office and laboratories in Oslo, Norway. The company is listed on the Oslo Stock Exchange under the ticker "NANO".

OUR STRATEGY

Nordic Nanovector is committed to developing, manufacturing and delivering innovative therapies that address major unmet medical needs and advance cancer care. The company aspires to become a leader in the development of targeted therapies for haematological cancers. The strategic roadmap to realise this aspiration is:

- Primary focus on the clinical development of Betalutin® to achieve first regulatory filing in 3rd line FL in the first half of 2019, and in parallel to run additional trials in 2nd line FL with a combination of Betalutin® and rituximab; in 1st line FL with a new ARC consisting of a chimeric anti-CD37 antibody conjugated to lutetium-177; and in 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 company's proprietary technology and expertise to target challenging haematological cancers where the unmet medical need is high, such as NHL, acute myeloid leukaemia, chronic lymphocytic leukaemia, other B-cell malignancies and multiple myeloma, through focused investments in discovery research and strategic collaborations.

- Continue to reinforce the company's organisation by attracting key talents with strong technical and international experience, while maintaining flexibility and efficiency.

What we do

Nordic Nanovector is currently running clinical development programmes for Betalutin® in both FL and DLBCL. The company is also exploring several pipeline opportunities to expand our proprietary technology, based on extracting synergies from our technological expertise in ARCs and in particular around CD37-targeting ARCs/ADCs, our insights into haematological cancers and the clinical, regulatory and commercial platform that we are building for Betalutin®.

OUR TECHNOLOGY

Betalutin® is a first-in-class ARC in clinical development as a potential new targeted therapy to prolong the survival and improve the quality of life of patients who suffer from NHL. It is showing promising preliminary safety, efficacy and durability of response in Phase 1/2 clinical studies in a difficult-to-treat NHL patient population.

Betalutin® has been specifically designed to provide an alternative and complementary therapeutic mechanism of action to existing treatments for NHL, primarily CD20-targeted immunotherapies (e.g. rituximab). Betalutin® comprises a tumour-seeking anti-CD37 antibody conjugated to a low intensity radionuclide (lutetium-177) and is being prepared as a single injection, ready-to-use formulation for administration in an outpatient setting.

Key benefits of Betalutin® include:

- Betalutin® targets CD37, a novel therapeutic target, which is highly expressed on B-cells, including B-cell NHL. CD37-targeted ARC therapy is a promising approach for relapsed/refractory NHL patients not responding to standard CD20-based therapies.
- Betalutin® causes tumour cell death through irreversible DNA breaks, inhibition of tumour cell division and apoptosis. Targeting this activity to CD37-expressing tumours and the limited range of the beta-particle emission minimises the impact on healthy cells.
- In addition, Betalutin® induces neo-antigen formation and up-regulates CD20 antigen expression, as confirmed by experiments in preclinical NHL models, where Betalutin® increased binding of rituximab to NHL cells and uptake of rituximab in NHL tumours.
- Betalutin® is internalised when bound to CD37 thereby anchoring the lutetium-177 payload inside the cell and enabling a persistent induction of tumour cell death.

OUR PIPELINE

Indication	Product candidate	Discovery	Preclinical	Phase 1	Phase 2	Phase 3
FL, 3rd line	Betalutin®					
FL, 2nd line	Betalutin® + anti-CD20					
FL, 1st line	Chimeric ARC					
DLBCL, ineligible for ASCT	Betalutin®					
DLBCL, conditioning	Betalutin®					
Other NHL	Betalutin® + anti-CD20					
Leukaemia (CLL, AML)	NNV003 ARCs					
Leukaemia (CLL, AML)	NNV003 ADCs					
Multiple myeloma	Affilutin					

Betalutin® targets CD37, a novel therapeutic target which is highly expressed on B-cells, including B-cell NHL.

Disease areas

Nordic Nanovector develops innovative anticancer therapeutics for haematological cancers characterised by high unmet medical need. The most common types of blood cancer include non-Hodgkin Lymphoma (NHL), leukaemia and multiple myeloma.

NON-HODGKIN LYMPHOMA

Non-Hodgkin Lymphoma (NHL) is the most common type of blood cancer and the 10th most common cancer overall, accounting for 4.3 per cent of all cancers and 3.2 per cent of all cancer deaths. In the US and the five biggest EU countries, there are approximately 150 000 NHL patients that require treatment.

NHL is not a single disease but a group of closely related cancer types, which are typically divided into two sub-groups, indolent and aggressive, depending on whether the tumours are slow- or fast-growing. Nordic Nanovector is planning to evaluate Betalutin® for treatment of both types of NHL.

Follicular lymphoma (FL) is an indolent form of NHL and accounts for approximately 22 per cent of NHL cases, making it the most common type of indolent lymphoma and the second most common NHL overall. FL is an incurable disease and there is a need for new treatments with low side-effect profiles, both in earlier lines to replace the highly toxic chemotherapy regimens currently used and in late lines. Over time patients have shorter remission periods between treatments, and eventually become refractory to therapy (especially to anti-CD20 agents which are part of standard therapy).

Diffuse large B-cell lymphoma (DLBCL) is a fast-growing, aggressive form of NHL, which accounts for approximately 43 per cent of NHL cases and is the most common NHL subtype. Patients with relapsed DLBCL have a poor prognosis with a median survival of approximately 12 months for those who are able to undergo stem cell transplantation.

Non-Hodgkin Lymphoma (NHL) is the most common type of blood cancer and the 10th most common cancer overall.

LEUKAEMIA

Leukaemia is the third most common type of blood cancer and the most common type of cancer in children. Leukaemia begins in the bone marrow and results in a proliferation of cancerous white blood cells. It is a group of closely related cancers that are typically divided in two groups: chronic and acute leukaemia. Chronic means that the disease progresses slowly, while acute means that it can progress quickly if it is not treated soon after diagnosis. Nordic Nanovector is evaluating its anti-CD37 antibody with different payloads for treatment of both types of leukaemia, including chronic lymphocytic leukaemia (CLL) and acute myeloid leukaemia (AML), which account for approximately 21 000 and 20 000 new cases, respectively, in the US each year.

MULTIPLE MYELOMA

Multiple myeloma (MM) is the second most prevalent form of blood cancer after NHL and results in about 80 000 deaths every year. MM is considered treatable, but incurable. Nordic Nanovector is collaborating with the Swedish biopharmaceutical company Affibody to research and develop a new targeted treatment for MM.

Letter from CEO Luigi Costa

Dear shareholders,

2016 has been a very successful year for Nordic Nanovector. Not only did we deliver on key milestones promises, but data now seem to confirm that the development strategy we undertook in 2015 is the right one to make Betalutin® a significant alternative in the treatment of NHL. Our multiple achievements in clinical, as well as pipeline activities, exceeded expectations, demonstrating our strong scientific and execution capabilities. The progress we have made, our solid financial standing, dedicated employees and technological platform bode well for our continued journey towards developing novel cancer treatments.

Our core strategy is to develop Betalutin® for the treatment of patients with relapsed/refractory follicular lymphoma (FL), a major form of non-Hodgkins Lymphoma (NHL). Clinical trials advanced according to plan and generated promising patient data well regarded at leading medical conferences. Results from a broad base of patients confirmed Betalutin®'s competitive product profile and demonstrated strong efficacy and high duration of response combined with a favourable safety profile.

This has convinced us that we made the right strategic choice in 2015, expanding our Phase 1/2 trial to include multiple options of pre dosing to reduce haematological side effects, while testing higher doses of Betalutin®. Encouraging recommendations from the independent safety review committee last fall supported further dose escalation in Arm 4, the last cohort of Phase 1/2. Having recently initiated the new dose regimen, we feel confident that we are on track to decide on the optimal dosage to take into the pivotal trial (PARADIGME) later this year.

We remain focused on our mission to extend and improve the lives of patients by developing and commercialising innovative targeted therapies.

Pre-clinical studies in an NHL model combining Betalutin® and the established immunotherapy treatment rituximab delivered encouraging results, prompting plans to advance investigations into clinical trials in 2017. The results we have seen so far have strengthened our belief in the potential for Betalutin® beyond FL. We stepped up our efforts to maximise the commercial potential of our lead product during the year, extending our investigations towards developing an efficient treatment for diffuse large B-cell lymphoma (DLBCL), another NHL indication with high unmet medical need.

Our proprietary immuno-conjugate technology offers a wide range of attractive opportunities. We continued to build a diversified and robust pipeline portfolio, leveraging our core expertise and targeting additional disease areas within haematology. We also conducted further studies on the chimeric CD37 antibody, a chimeric version of the tumour-targeting component of Betalutin®. The chimeric antibody will enable us to broaden our reach within Antibody-Radionuclide Conjugates (ARCs) and Antibody-Drug Conjugates (ADCs), targeting multiple indications in the haematological cancer area with different types of anti-cancer compounds.

We are particularly pleased to have established collaborations with several acknowledged international partners last year, enhancing our efforts towards efficient development of novel front line treatments.

Our achievements would not have been possible without the expertise and talent of our dedicated team of employees. The performance highlights our strong capabilities in a number of areas including scientific innovation, drug development and regulatory affairs. Promising fundamentals and ambitions attracted further renowned international expertise to Nordic Nanovector, adding significant competencies to our executive management team and board of directors.

Our cost base in 2016 reflects higher development activity, as well as lean operations and efficient cost control throughout the organisation. The capital increase carried out in late 2016 further strengthened our financial headroom to execute our goals. We view the successful capital raising as a sign of investor confidence in our fundamentals and our ability to create attractive shareholder value.

Nordic Nanovector enters 2017 with a promising outlook. Our primary focus is to move forward on the clinical

development of Betalutin® remaining on track to file for regulatory approval during the first half of 2019. We will continue fruitful discussions with regulatory authorities and we will further step up commercialisation activities for Betalutin®, adding medical affairs capabilities to intensify our systematic activities with key opinion leaders. In parallel we plan to advance the clinical programme in DLBCL, as well as to initiate new clinical studies in 2nd line and 1st line FL. Finally, we will balance our efforts towards continued investment in our pipeline portfolio, selectively targeting other indications in haematology and oncology, where significant unmet medical needs exist.

We remain focused on our mission to extend and improve the lives of patients by developing and commercialising innovative targeted therapies. With a strong foundation in place, I am confident that we are well prepared to embark on the next exciting phase for our company, aiming at continued value creation for patients, investors, employees and the society at large.

Luigi Costa
Chief Executive Officer

Oslo, March 23rd, 2017

The management

Luigi Costa

Chief Executive Officer (CEO)

Luigi Costa (51) has more than 20 years of experience in the international pharmaceuticals and biotech industry. Previously, he held the position of Vice President Europe, Middle East and Africa at Onyx Pharmaceuticals, a global biopharmaceutical company based in San Francisco, California, where he was responsible building the company's international organisation and for the pre-launch and launch of its haematology product, Kyprolis, in over 50 countries outside the USA. Prior to joining Onyx Pharmaceuticals, Mr. Costa held several executive positions at Amgen including head of International Oncology Franchise and Managing Director of Italy and France. He also held various leadership positions with Eli Lilly in the US and Europe. He currently serves as director of the board of Oncopeptides AB. He has served as CEO of the company since September 2014. Mr. Costa holds a BSc in Business Administration and an MBA from Bocconi Business School. Mr Costa is an Italian citizen and resides in Switzerland.

Lisa Rojkjaer, MD

Chief Medical Officer (CMO)

Dr Rojkjaer (51) is a board certified haematologist with more than 15 years of expertise from global and regional clinical development and medical affairs in the biotech and pharma industries. She has extensive experience in the development of both biologics and small molecules in haematology and immunology. Previous positions include Global Clinical Program Head, Oncology Global Development at Novartis Pharmaceuticals, CMO at Molecular Partners and Vice President, Head of Clinical Development at Morphosys AG and Director of Clinical Development, Haematology in the US for Novo Nordisk. Dr Rojkjaer holds a medical degree from the University of Toronto and is board certified in both internal medicine and haematology. She has been with the company since November 2016. She is a Canadian citizen and resides in Switzerland.

Marco Renoldi, MD

Chief Operating Officer (COO)

Dr Renoldi (60) has served as chief operating officer since June 2016. He joined Nordic Nanovector in November 2014 as chief business officer from Shionogi, where he served as Senior Vice President & chief commercial officer in the EMEA Office in London from July 2012 to October 2014. Prior to that he served as Executive Director & International Franchise Head, Oncology-Hematology at Amgen, where he had previously headed the Italian affiliate. Prior to joining Amgen, Dr Renoldi held national, regional and global R&D and business roles at Novartis, Searle-Monsanto and Pharmacia. In his 30-year industry experience, Dr Renoldi has developed product lines and businesses, including start-ups at country and international level. Dr Renoldi holds a medical degree from the University of Milan and an MBA from Fondazione IDI/Assolombarda. Dr Renoldi is an Italian citizen and he resides in Switzerland.

Tone Kvåle

Chief Financial Officer (CFO)

Tone Kvåle (47) has more than 20 years of experience from the biotech industry. She has been chief financial officer (CFO) in Nordic Nanovector since November 2012. She has been CFO of NorDiag (publicly listed company), Kavli Holding and Dynal Biotech, and she has held senior management positions at Invitrogen/Life Technologies/now Thermo Fischer (US). She is currently a director of the board of Bonesupport AB. Ms Kvåle has a diploma in Finance & Administration from Harstad University College (1990). She is a Norwegian citizen and resides in Norway.

Jostein Dahle, PhD

Chief Scientific Officer (CSO)

Dr Dahle (44) has more than 20 years of experience in cancer research. He has previously been chief executive officer of Nordic Nanovector and leader of the radioimmunotherapy group at Institute for Cancer Research at the Norwegian Radium Hospital. He holds a PhD in radiation biology from University of Oslo (2000) and a MSc in biophysics from the Norwegian University for Science and Technology in Trondheim (1995). Dr Dahle is one of the inventors of Betalutin® and has been with the company since January 2011. He has published more than 50 papers in the field of cancer and biotechnology. Dr Dahle is a Norwegian citizen and resides in Norway.

Anniken Hagen

Chief Technical and Operations Officer (CTOO)

Anniken Hagen (54) has more than 25 years of experience from the pharmaceutical industry and extensive knowledge of radio-pharmacy. Prior to joining Nordic Nanovector in June 2012, she was Head of QA at Norsk medisinsk syklotronsenter AS and responsible for building facilities and QMS for GMP manufacturing of positron emission radiopharmaceuticals (PET). The organisation achieved manufacturing licence under her management and she was qualified person (QP) for the manufacturing activities. Previously, Ms Hagen worked in Algeta ASA as QC manager and was part of the team that compiled the quality dossier for IND application for Xofigo (radium-223 chloride). From a prior employer, Pronova Biomedical AS, she has experience with cell based drug delivery systems for, among others, anticancer therapeutics. Ms Hagen is a trained chemist and earned a Cand Scient in radiochemistry from the University of Oslo. She is a Norwegian citizen and resides in Norway.

Rita Dege

Chief Human Resources Officer (CHRO)

Rita Dege (50) has over 15 years of experience from global organisations and start-ups. Before joining Nordic Nanovector in June 2015, she served as head of human resources at an international environmental advisory firm. She has also held senior positions within human resources, learning and development with the global maritime industry, management consulting and finance. She holds a diploma in languages, business and finance from Euro Business and Language School, Germany. Ms Dege is a German citizen and resides in Norway.

We aim to reinforce the company's organisation by attracting key talents with strong technical and international expertise, while maintaining flexibility and efficiency.

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 October 30th, 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 January 27th, 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 of the company has adopted several corporate governance guidelines, including rules of procedure for the board of directors, instructions for the audit committee, instructions for the remuneration committee, instructions for the nomination committee, instruction for handling inside information, insider policy for primary insiders and employees that are not primary insiders, an anti-corruption manual and a corporate social responsibility policy.

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 purpose 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.

In December 2016, the company raised NOK 498 663 816 in new equity through a private placement of 4 374 244 new shares, completed at a subscription price of NOK 114 per share. The price was determined through an accelerated book-building process. The net proceeds of the new equity will be used to fund new studies, to accelerate the pipeline of pre-clinical assets to clinical trials, to prepare for commercial launch of Betalutin®, and general corporate purposes. Total issued share capital at December 31st, 2016 amounted to NOK 9 794 924, divided into 48 974 618 shares, each with a par value of NOK 0.20.

The equity ratio at December 31st, 2016 was 91.6 per cent and is considered suitable by the board.

The board has a clear and predictable dividend policy, which is also disclosed in the company's annual report: The financial resources of Nordic Nanovector are directed towards the clinical development of Betalutin® and further investigations in the company's product pipeline. The company does not anticipate paying any cash dividend until sustainable profitability is achieved.

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.

The annual general geeting held May 19th, 2016 granted an authorisation to increase the share capital limited to

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.

10 per cent of the share capital, to be used in connection with the share based incentive programmes for the group's employees. The authorisation is valid until the next annual general meeting, but no longer than June 30th, 2017. Of the 4 897 461 authorised options, 2 846 701 had been issued end of 2016.

The annual general meeting held May 19th, 2016 granted an authorisation to increase the share capital limited to 10 per cent of the share capital, to be used for general corporate purposes, including but not limited to financing and acquisitions of other companies, including issuance of consideration shares in connection with the above mentioned transactions. Of the authorised 4 897 461 shares, 4 374 244 have been used. The authorisation is valid until the next annual general meeting, but no longer than June 30th, 2017.

The annual general meeting held May 19th, 2016 granted an authorisation to increase the share capital limited to NOK 20 000 at par value. The authorisation may only be used to issue shares to members of the company's board of directors against contributions in NOK. Of the authorised 100 000 shares, 44 328 restricted stock units are outstanding. The authorisation is valid until May 19th, 2018. The authorisation has not been used.

Deviations from the Code: None

4. Equal treatment of shareholders and transaction with close associates

It is the company's policy to treat all shareholders equally. 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.

New share capital was raised in December 2016 through a private placement. The board considered the equal treatment requirements together with pros and cons related to carrying out the transaction as a private placement. The board considered that the waiver of the preferential rights inherent in a private placement was necessary, taking into consideration the time aspect and successful completion in the common interest of the company and its shareholders.

In the event of a material transaction between the company and its shareholders, a shareholder's parent company, board director, executive management or closely-related parties of any such parties, the board will arrange for a valuation to be obtained from an independent third party.

Board directors 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 any transactions with related parties in the annual report.

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 meetings

The board gives weight to ensuring 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 chair 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.

The 2017 annual general meeting will be held on May 24th, 2017. 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. The 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.

The 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: Not all board directors are participating in the AGM. Four out of six board directors are located outside of Norway, so it is difficult for all to participate both from a practical and a cost perspective.

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 board director, 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, May 19th, 2016, 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 meetings May 19th, 2016 and October 12th, 2016 and consists of; Ludvik Sandnes (chair), Jean-Pierre Bizzari, Joanna Horobin, Per Samuelsson, Gisela M. Schwab, and Hilde H. Steineger.

Ludvik Sandnes (chair), Jean-Pierre Bizzari, Joanna Horobin, Gisela M. Schwab and Hilde H. Steineger are independent of the company's executive personnel, material business and the company's major shareholder(s).

Ludvik Sandnes spends less than five per cent of his time looking for new potential investments for HealthCap in Norway.

Ludvik Sandnes, Per Samuelsson, Gisela M. Schwab, and Hilde H. Steineger were elected for the period until the annual general meeting in 2017. Jean-Pierre Bizzari and Joanna Horobin were elected for the period until the annual general meeting in 2018. The biographies of the board directors are presented on the company's website and the board directors' shareholding is disclosed in note 12 to the annual accounts. An overview of the board directors' meetings attendance is included in the biographies.
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 based on work performed and experiences gained 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 audit committee is also advisory and preparatory for the full board. The board of directors has established a remuneration committee consisting of Per Samuelsson (chair), Joanna Horobin, 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, including financial performance, are distributed to the board on a monthly 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 company has not granted share options to board directors. The company has, however, granted restricted stock units to board directors that have elected to receive all or part of their remuneration determined by the annual general meeting (the "AGM") in advance in the form of restricted stock units. The number of restricted stock units allocated to the board directors, is determined on the basis of the

volume weighted share price 10 trading days prior to the AGM. The remuneration of the board is thus not linked to the company's performance. If board directors, or companies associated with board directors, take on specific assignments for the company in addition to their appointments as board directors 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 and included in the annual report. 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 is committed to treat all shareholders equally and 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.
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

Patients first. The safety and well-being of patients will always come first – in everything we do.

"As a pharmacist I am strongly motivated to participate in the development of a new drug for the treatment of cancer. I enjoy being a member of a very professional team and appreciate the experience that I acquire from a challenging job."
Kristin Middelthon, Director Regulatory Affairs

Corporate social responsibility policy

INTRODUCTION

Nordic Nanovector's mission is to extend and improve the lives of patients with haematological cancers by developing and commercialising innovative Antibody Radionuclide Conjugates and Antibody Drug Conjugates (ARCs and ADCs). The company is still in a pre-commercial phase, with a strong focus on activities aiming to achieve regulatory approval of its product candidates. These priorities form an important background for the company's priorities of CSR topics. Responsible behaviour is key to build trust and protect reputation. Patients' safety and well-being are prerequisites to succeed. Nordic Nanovector's ability to succeed also rests on the interest, trust, relations and reputation among R&D partners, employees, regulatory authorities, shareholders and other stakeholders; across the value chain of the product candidate and in every phase of the R&D cycle. On this background, Nordic Nanovector focuses its CSR efforts on the following main topics and stakeholders:

- Safety & well-being (patients and employees)
- Compliance (all stakeholders, building trust)
- R&D and business ethics (all stakeholders)
- Environmental friendly supply, storage and handling of Betalutin® (all stakeholders)

CSR focus areas

1. Safety & well-being (patients and employees)
2. Compliance (all stakeholders, building trust)
3. R&D and business ethics (all stakeholders)
4. Environmental friendly supply, storage and handling of Betalutin® (all stakeholders)

POLICY

Nordic Nanovector is committed to build a responsible and credible business based on sustainable and sound business principles, with respect for people, the environment and the society. The company will strive to build confidence and good relations with R&D partners, employees, regulatory authorities, shareholders and other stakeholders; across the value chain of the product candidate and in every phase of the R&D cycle. Responsible behaviour should be a prominent role in all parts of our operations and in all interaction with our stakeholders. Nordic Nanovector has established the following key principles, reflecting the company's vision and values, nature of business and key stakeholders:

1. **Patients first.** The safety and well-being of patients will always come first – in everything we do.

2. **Focus on health, safety and good working environment for employees.** Employees' safety, well-being and job satisfaction are prerequisites to succeed in building a responsible and credible business. Nordic Nanovector shall have routines and measures in place to safeguard these concerns.

3. **Integrity and high ethical standards.** Every action taken by Nordic Nanovector, its board of directors and employees, should be characterised by strong integrity, high ethical standards and professional practices. The company shall have ethical guidelines and guidelines for whistle blowing. Nordic Nanovector has zero tolerance for corruption.

4. **Respect for the external environment.** Any business activity performed by the company, which has a potentially negative impact on the external environment should be conducted in an environmental friendly way.

5. **Compliance.** Medical research and development is subject to strict legal requirements. Nordic Nanovector is committed to operate in accordance with responsible, ethical and sound corporate and business principles, and will at all times strive to comply with applicable laws and public regulations. Each employee must at all times comply with the company's ethical guidelines and any other framework applicable to the company's activities.

Approved by the board of directors January 26th, 2017.

"What motivates me every day is the knowledge that cancer patients rely on our work to improve their lives and alleviate their suffering. Our work to develop therapies to improve their lives is critical to them and their families; they needed our help yesterday. It's not just some job to collect a paycheck; there are real people and families that need our help now. Every day and every hour is precious."
Adam O'Shea, Scientist

Compensation report and guidelines

INTRODUCTION

This statement regarding remuneration of the management team of Nordic Nanovector ASA and its subsidiaries has been prepared by the board of directors of Nordic Nanovector ASA 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 2017 and until new principles are resolved by the general meeting in accordance with the Norwegian Public Limited Companies Act at the ordinary general meeting in 2018 (the "Period").

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 the Period. However, the main principles for the share related long term incentive scheme discussed below will be subject to a separate vote, and will be binding for the board.

COMPENSATION COMMITTEE

The compensation committee

The compensation committee comprises members of the board of directors.

The members of the committee are:

- Per Samuelsson – chair
- Joanna Horobin (joined as a member of the committee as of January 26th, 2017)
- Ludvik Sandnes
- Hilde Hermansen Steineger

The board of directors with the assistance of the compensation committee determines the compensation policy as presented for decision by the annual general meeting of Nordic Nanovector. The committee is of the view that compensation practices must support the strategic aims of the business and enable the recruitment, motivation, and retention of senior executives in a competitive and international environment. Nordic Nanovector's practices must take into account the views of regulatory and governance bodies and the expectations of shareholders and the wider employee population.

The board of directors determines the total compensation of the CEO. The board of directors has final approval of the compensation of the management team, upon recommendation of the CEO and the compensation committee.

Committee activity

The committee met 12 times from the AGM 2016 until March 23rd, 2017. From time to time, various members of the management team, as well as outside advisors, were invited by the compensation committee to make presentations, to provide financial or other background information or to otherwise contribute to the committee meetings. The CEO, the CFO, and the CHRO attended selected meetings, providing advice and assisting with specific queries. No member of the management team participated in any deliberations or determinations regarding their own compensation or individual achievement of objectives.

The following matters were covered by the committee during the year:

- Review of feedback received from shareholders regarding compensation practice and disclosure at the company.
- Review of the overall compensation strategy and policies.
- Review of the market competitive positioning of the compensation for each member of the management team.
- Recommendation on the base salary increase of the CEO and a review of recommendations made by the CEO for the other members of the management team.
- Recommendation on the compensation offer for the newly hired chief medical officer.
- Recommendation on fulfillment of objectives for 2016 and on cash bonuses for the management team.

- Recommendation on the grant of share options to the members of the management team.
- Review of the current Nordic Nanovector long term strategy and equity practices among the peer group companies.
- Review of the disclosure within the 2016 compensation report. The committee has acted to increase the transparency of the compensation report.

OVERVIEW OF THE COMPENSATION POLICY

The compensation policy

Nordic Nanovector seeks to entertain a performance-oriented culture, where the individual achievement is clearly aligned with the company's overall strategic objectives. The company evaluates and rewards the managers based on their contributions to the achievement of the corporate priorities set early in the year. The performance of each member of the management team is reviewed on an annual basis.

During 2016 the following compensation principles were applied:

Principle	Summary
Market competitive compensation	Nordic Nanovector offers market competitive reward opportunities to enable us to attract, retain, and motivate the talent needed to achieve our mission and business objectives. The company balances the need to provide market competitive levels of reward against a desire to be cost-effective when determining reasonable and responsible reward outcomes.
Pay for performance	An appropriate proportion of the reward package is performance-based to ensure reward is linked to the achievement of key financial and non-financial objectives with a balance of short and long term performance components.
Transparency	Compensation programmes are designed and communicated in a manner that reinforces the linkage between business objectives, our vision and corporate culture.
Business alignment and consistency	Compensation decisions are made within a global framework to ensure local practices are aligned and consistent with our principles and policies. Our compensation practices will remain flexible enough to evolve as Nordic Nanovector's business priorities change.
Shareholder alignment	Our compensation programmes will align the interests of all employees driving long term value creation for our shareholders. We will endeavour to share in the success of the organisation with our employees.

Market comparison

We aim to attract and retain talented executives in a competitive market. The committee believes it is important for the board of directors to be informed as to the current practices of comparable companies with which we compete for talent when making compensation decisions. The committee reviews market data for each executive's position, including information relating to the mix of elements and levels of compensation. During 2016, the committee took independent advice from Radford, a part of Aon Hewitt company. Radford advised the committee and the company solely on the matter of executive compensation strategy and practices in European and US peer companies.

As part of its engagement, Radford was requested by the committee to develop a comparative group of peer companies and to perform analyses of competitive performance and compensation levels for that group. To reflect Nordic Nanovector's international business, with the assistance of its compensation consultant, the committee has selected to use a peer group consisting of European-based companies. In addition, a group of comparative US-based companies has been used for reference purposes. The constituents of the comparator groups are predominantly companies in mid- to late stage drug development phase. The size and scope of these comparators are, on average, comparable with Nordic Nanovector when it comes to e.g. organisation and market capitalisation. Larger companies have been included to reflect our medium term challenges in respect of attracting and retaining talent.

The details of the peer group constituents are:

2016 peer companies

Ablynx	Forward Pharma
Advanced Accelerator Applications	Hansa Medical
Adaptimmune Therapeutics	Innate Pharma
arGEN-X	Merus
Ascendis Pharma	Molecular Partners
Camurus	Morphosys
Cellectis	PhotoCure
Celyad	Wilson Therapeutics

Some of the characteristics of the group of peer companies can be summarised in the following table:

Comparative factor	Minimum	Maximum	Median
Number of employees	7	403	83
Revenues (MEUR, trailing 12 months)	0	104	12
R&D expenses (MEUR, trailing 12 months)	3	100	28
Market capitalisation (MEUR)	107	1 359	438

Source: Radford

COMPENSATION POLICY FOR EACH ELEMENT

Based on the compensation policy described above, Nordic Nanovector's performance-based compensation programme primarily consists of three components: 1) base salary, 2) short term cash bonus and 3) long term equity award. The board's view is that these three components best align the interests of the management team with those of our shareholders. This alignment is achieved by keeping a substantial portion of the total compensation allocated to "at-risk" performance-based incentives through the use of short term and long term incentive compensation. An appropriate level and mix of compensation components are determined with independent and relevant compensation data as important input. The policy for each element of compensation is described below, setting out the policy applied for 2016 and as planned for 2017.

Base salary

Base salaries for individual members of the management team are reviewed annually by the committee and the board of directors. The salaries are set by taking into consideration the scope of the role, the level of experience of the individual, the geographical location of the role, internal relativity, and external economic environment. The committee also makes reference to the mid-point of the market range for equivalent roles in peer companies.

The overall performance rating, employee potential, and current compensation market competitiveness will be combined to assess any proposed salary revision. The committee also takes into account subjective performance criteria, such as an individual's ability to lead, organise and motivate others.

Short term incentives: Annual cash bonus

The corporate priorities for each year are set by the board and used as the annual objectives for the CEO. For the balance of the management team, a major part of the objectives replicate those of the CEO, with the remaining part representing objectives relevant to the individuals' area of responsibility. The objectives for the management team are set by the CEO, based on principles defined by the board.

At the end of the year, the level of performance achieved and the amount of bonus to be awarded the members of the management team is reviewed by the committee, in discussion with the CEO, and approved by the board.

The corporate priorities will change from year to year depending on the development of the business, as well as the overall strategic direction. In 2016, the annual cash bonus plan was based upon the following key priorities, selected from a number of categories critical to the continued growth of the business.

In 2016, the annual cash bonus plan was based upon the following key priorities:

Comparative factor	Objectives (examples of):
Execution of Betalutin® development plan	• Patients enrolled • Opening of IND • CMC (chemistry, manufacturing, and controls) objectives • Publications in peer reviewed journals and at scientific conferences
Finance management	• Alignment to budget • Financial strategy formulation • Equity analyst coverage
Development of business and footprint	• Advance development of chimeric • R&D agreements • Betalutin® positioning
Human resources	• Hire new CMO • Leadership development • Employer branding

The corporate priorities include an additional performance level for the management team, one which is linked to stretch objectives. The stretch objectives require a superior level of performance to be achieved, far exceeding the level required for achieving the target objectives.

The annual bonus per centages shown below could be earned for achieving the target and stretch objectives. This policy will continue to apply for 2017.

The annual bonus per centages:

2016 annual bonus per centages	Target (% of base salary)	Maximum (% of base salary)
Chief executive officer	40%	60%
All other executives	25-30%	37.5-45%

The committee may, at its discretion, review the operation of the annual cash bonus plan and make recommendations to the board for approval. Any review will take into account the overall impact of the compensation package, the mix between fixed and variable pay, and the balance between short and long term performance measurement.

The board views 2016 as an outstanding year, where the company achieved several important milestones, and where many of the strategic, clinical and manufacturing priorities were fulfilled. The compensation committee recommended and the board approved that the achievement of the corporate priorities had reached 105 per cent of the target for 2016. With respect to achievements of objectives for 2016, the following bonus payments were made:

The achievement bonus payments:

Bonus payouts	2016 (% of base salary)
Chief executive officer	42%
All other executives (average)	29%

Long term incentives

The board believes that equity awards create incentives for the management team to further develop the company's long term strategic plan to create long term shareholder value. Equity awards also create an ownership culture, where the interests of the employees and the shareholders are aligned. With the vesting requirements of the equity awards we provide an incentive to the management team to remain employed during the vesting period, thereby contributing to a valuable retention of individual management team members.

The committee's long term incentive policy applied in 2016 is described below. The same policy will be applied in 2017.

Eligibility

All employees, including new hire employees, will be eligible for an equity award (share options), on a discretionary basis, taking into account overall performance, work responsibility, importance of retention, organisation level, and position.

The board of directors will exercise discretion as to who will receive an equity award in any given year, based on recommendations made by the committee. The board of directors intends to grant awards under the existing option plan on an annual basis to key individuals. None of the members of the management team is party to an employment agreement that provides for an automatic grant of share options. The board of directors will not be eligible to participate in the option plan. In 2016, no share options were granted to board directors.

Award size

The compensation committee shall recommend to the board the size of the overall equity award. The size of the equity award will be determined using an equity award grant schedule, which sets out the size of grant per employee level across the organisation. Assessment on an individual basis will also be considered when making recommendations on grants.

The grant schedule will be determined, and reviewed, on the basis of market competitiveness of the equity component of the compensation package and the overall size of the available share pool approved by shareholders.

Share options

During 2016 share options were granted under Nordic Nanovector's current share option plan, in which all employees are eligible to participate. Grants in 2017 are anticipated to be made under the same option plan.

The current option plan was established in 2014 and the first options under that plan were granted in July of 2014. Each option granted gives the holder a conditional right to acquire one share in the company.

The options' exercise price is equal to the volume weighted average share price five trading days prior to the grant date. Share option grants will not be subject to any performance-based vesting conditions. Share options will vest over a four-year period and will vest in accordance with the existing vesting schedule, as applied in 2016 and described later in this report. The company may settle options in cash.

Employee vesting schedule

Granted share options vest over a four-year period as follows: 25 per cent of the options vest on the first anniversary of the grant date, as long as the option holder is still employed; and the remaining 75 per cent of the options vest in equal monthly tranches over the next 36 months, as long as the option holder is still employed. Options expire seven years after the grant date.

Vested options may be exercised partly or fully during a period of 15 business days (in Norway) from the day following the day of the company's release of its annual or quarterly results. In addition, the board may allow exercise at other suitable times during the year.

In case of termination of employment, the employee will not vest further share options beyond notice of termination. Options which have vested prior to the date of the notice of resignation must be exercised no later than in the second

exercise period following the termination date for the option holder's employment (unless a later date has been resolved by the board). Options not exercised prior to the expiry of the second exercise period will lapse.

Limits

The board of Nordic Nanovector seeks authorisation from shareholders at the annual general meeting to issue a maximum number of share options in total for all grants. The annual general meeting held May 19th, 2016 granted an authorisation to issue a maximum number of share options in total for all grants limited to 10 per cent of the share capital and to increase the share capital limited to 10 per cent of the share capital, to be used in connection with the share based incentive programmes for the group's employees. This authorisation is sought every year and the current authorisation is valid until the next annual general meeting, but no longer than June 30th, 2017.

The authorisation of up to 10 per cent share options covers:

- Already granted options, vested, as well as unvested and
- Planned future grants of options

Going forward this authorisation will be capped at 10 per cent of outstanding shares and options (i.e. fully diluted).

As of December 31st, 2016, 2 846 701 share options are outstanding, of which 1 050 021 were vested and exercisable. The current management team held 2 315 243 share options, and 531 458 share options are held by other employees. Please see notes 12 and 13 of the consolidated financial statements for 2016 for an overview of options granted. As of March 23rd, 2017 the number of outstanding share options is 3 509 676 after exercise of 56 525 options in January, and 719 500 new options granted to employees of the group in February.

The authorisation proposed by the board for the annual general meeting in May 2017 amounts to 10 per cent of outstanding shares and options.

Pension

Nordic Nanovector ASA in Norway has a defined contribution pension scheme. The company is exceeding the statutory contribution of 2 per cent and sets up 5 per cent of the annual salary between 0G and 7.1G; and 8 per cent of the annual salary between 7.1G and 12G for each employee. "G" is the National Insurance Basic Amount set by the Norwegian Government each year. There are no contributions made for salaries exceeding 12G.

Nordic Nanovector GmbH in Switzerland has a pension scheme with the requirements of the Swiss Federal Social Insurance Legislation (BSV). Depending on the employee's age, the total contribution, which is split between the employee and the company, is between 7 per cent and 18 per cent of the annual salary.

Nordic Nanovector Ltd has currently no pension scheme, but will enroll the statutory pension scheme as of October 2017, as required by the UK government.

Other benefits

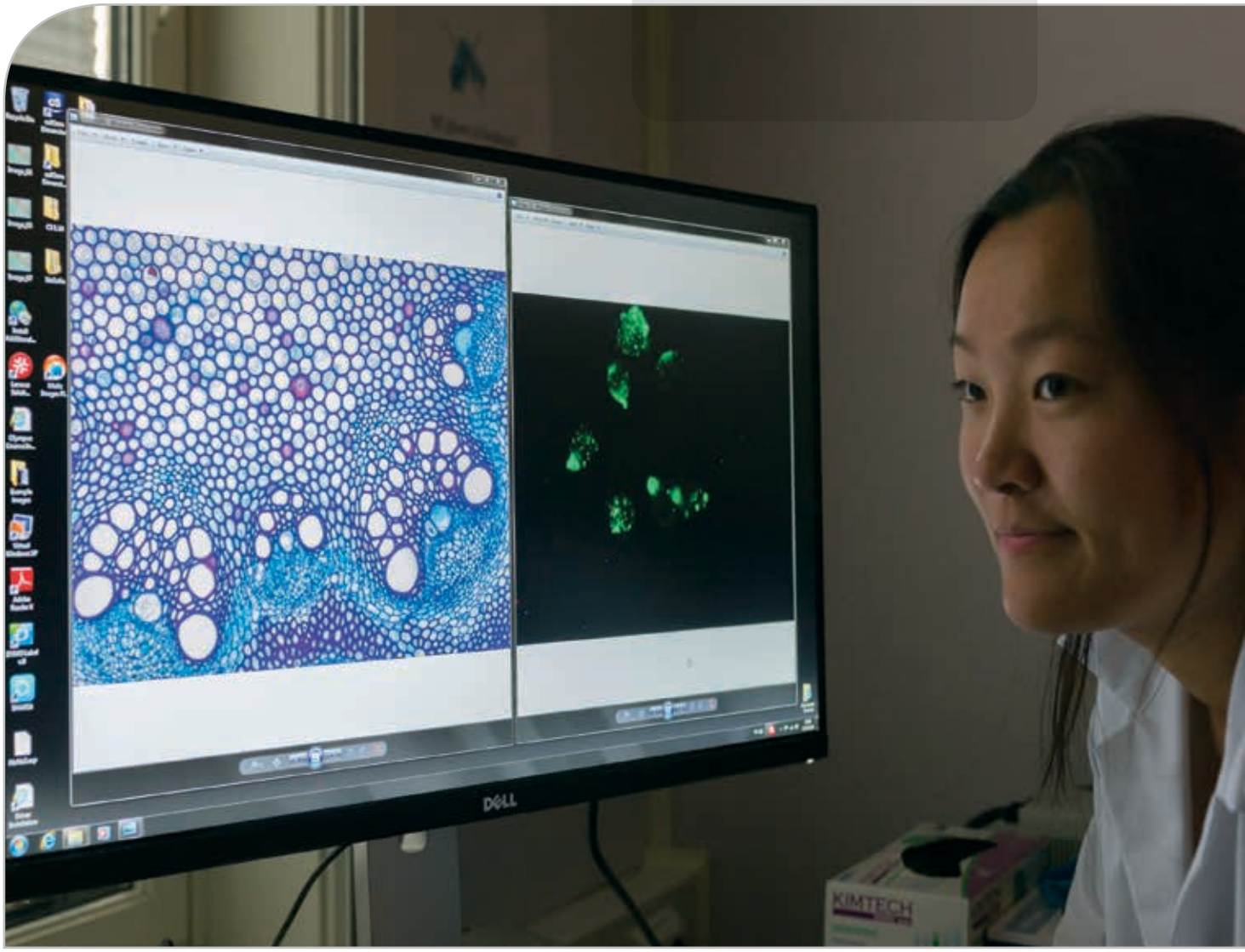
Benefits to the management will normally be in line with market practice, benefits may e.g. comprise cell phone expenses and payment of IT and telecommunication expenses. There are no specific restrictions on what other benefits may be agreed. In addition, representation allowance is given, if relevant.

Severance payment

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 COO, 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.

Nordic Nanovector's broader strategy is to expand its pipeline of targeted therapies, by leveraging its expertise alongside partners' complementary technologies to create opportunities for innovative pipeline products with other radionuclide and non-radionuclide payloads as tumour-killing agents.



Nordic Nanovector had a very successful 2016, achieving important operational milestones for the clinical development of Betalutin®.

Board of directors' report

Nordic Nanovector had a very successful 2016, achieving important operational milestones for the clinical development of Betalutin®, progress with its preclinical candidates towards the clinic and building a foundation of R&D innovation and expertise. New funds raised in a private placement reflect investors' confidence in the company, enabling expansion and extension of the development strategy for novel targeted therapeutics for major haematological cancers.

The clinical trial for Betalutin® in follicular lymphoma (FL), a common form of non-Hodgkins Lymphoma (NHL), advanced further in 2016, generating data which confirm the promising clinical profile of Betalutin® in 3rd line FL. Confidence in Betalutin® was further strengthened with the recommendation from the trial's safety review committee (SCR) on a new, higher dosing regimen in the Lymrit 37-01 trial. Patient recruitment into Arm 4 of the study is on track to enable a decision on the optimal dosing regimen for the pivotal Phase 2 PARADIGME trial in the first half of 2017.

Nordic Nanovector is also targeting other major haematological cancer indications with Betalutin®, including diffuse large B-cell lymphoma (DLBCL). The company's first clinical study in DLBCL opened for enrolment in the US and EU last year and patient screening is underway.

By targeting earlier stages of FL, Nordic Nanovector has the potential to access larger numbers of patients and consequently, a significantly enlarged and rapidly growing market opportunity. Promising data on the synergistic anti-tumour effect of Betalutin® in combination with rituximab in a preclinical NHL model support the company's decision to advance this combination into clinical development targeting 2nd line FL in 2017. Preclinical development with the chimeric anti-CD37 antibody radionuclide conjugate (ARC) was completed successfully during the year, prompting plans for start-up of the first clinical studies in 2017.

Recognising the significant unmet need for treatment of different types of leukaemia, and leveraging on the company's expertise within antibody conjugates, Nordic Nanovector entered into several collaboration agreements in 2016, aiming at further development of Antibody Radionuclide Conjugates (ARCs) and Antibody Drug Conjugates (ADCs).

The successful completion of a NOK 499 million private placement strengthened Nordic Nanovector's financial position. The additional funds enable the company to maximise the value of Betalutin®, alone and in combination with rituximab, and its chimeric anti-CD37 ARC across all stages of FL and in other major haematological cancer indications; to prepare for the commercialisation of Betalutin®; and to selectively extend its pipeline leveraging internal and external innovation and expertise in ARCs and ADCs.

HIGHLIGHTS OF 2016

- **Strong clinical results for Betalutin® in patients with relapsed / refractory CD37 positive FL**
  Results presented at scientific conferences during the year continue to highlight Betalutin®'s promising efficacy and favourable safety profile as a single agent in relapsed NHL patients.

- **Clinical development plan for Betalutin® in FL on track, advancing with a higher dosing regimen**
  The ongoing Lymrit 37-01 clinical trial progressed according to plan during 2016 and is on track to provide data for deciding on the optimal dosage to take into the pivotal trial. The study reached a new important milestone with the SRC recommendation to test a higher dosing regimen in Arm 4.

- **Initiating clinical study of Betalutin® in DLBCL**
  Nordic Nanovector continued with its preparations during 2016 to start the first clinical study in DLBCL, opening for patient enrolment in the US and EU. The clinical study is a Phase 1 open label, single injection, ascending dose study that aims to investigate various Betalutin® doses and lilotomab pre-dosing regimens.

- **Advancing Betalutin® into 2nd line FL in combination with rituximab**
  Encouraging results achieved during the year suggest a synergistic therapeutic effect of Betalutin® in combination with rituximab in a preclinical model of NHL.

- **Advancing a novel chimeric anti-CD37 ARC in FL**
  The company successfully completed both the preclinical studies with the chimeric ARC, and the manufacturing process for the naked chimeric antibody and the ARC, aiming at exploring opportunities for treatment of 1st line FL.

- **Additional R&D activities supported by complementary technologies from expert partners**
  The company continued to leverage its expertise in the field of antibody conjugates, initiating collaborations with AREVA Med and Paul Scherrer Institute to develop ARCs targeting leukaemias, in addition to LegoChem Biosciences and Heidelberg Pharma to explore the potential of ADCs.

- **The executive management team and board of directors further strengthened by strong international expertise in development of novel cancer therapies**
  Dr Lisa Rojkjaer, MD, joined as chief medical officer, Joanna Horobin, MD and Dr Jean-Pierre Bizzari, MD, were elected as non-executive directors during 2016.

- **New funds raised, enabling expanded and extended development strategy for novel targeted therapeutics**
  The company completed a successful private placement in December, raising NOK 499 million in gross proceeds.

OVERVIEW OF THE BUSINESS

The board 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. The company develops innovative therapeutics for haematological cancers. The company's lead clinical-stage product candidate is Betalutin®, the first in a new class of ARCs, designed to improve upon and complement current options for the treatment of NHL.

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. The headquarters and laboratories are located in Oslo, Norway.

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 and is associated to a high mortality rate. Despite recent improvements in available therapies, there is still a high unmet medical need.

The NHL market is expected to grow by seven per cent annually for the next years to exceed USD 20 billion worldwide in 2024.

Nordic Nanovector's lead product candidate, Betalutin® is the first of a new generation of ARCs. It consists of the tumour specific murine antibody (lilotomab) that targets the CD37 antigens on the surface of NHL cells and of a radioactive, beta-emitting isotope (lutetium-177). The isotope is chelated to the chemical linker DOTA, which in turn is conjugated to lilotomab.

The short-range beta-radiation can cause cell death in both the cells that the Betalutin® molecules are bound to and the surrounding cells up to a radius of approximately 0.5 millimetres (i.e. a radius of approximately 40 cells). This crossfire effect makes it possible to also kill malignant cells that do not express the CD37 antigen or that are poorly perfused (i.e. have limited blood supply) within a tumour mass.

Betalutin® is currently undergoing a Phase 1/2 open-label study in patients with relapsed/refractory CD37 positive FL, a subtype of NHL. Several patients have already been treated in the Phase 2 expansion of the dose-finding study Lymrit 37-01. The Phase 1 part of the study is a dose escalating study the objective of which is to define the maximum tolerable dose of Betalutin®, as well as to assess safety, toxicity, blood pharmacokinetics, tumour response, biodistribution and efficacy of Betalutin®.

The preliminary Phase 1 data indicate that Betalutin® can be safely administered to patients with NHL at the dosing regimen of 15 MBq/kg with a pre-dosing of 40 mg/m^2 lilotomab. A new dosing regimen of 20 MBq/kg with a pre-dosing of 100 mg/m^2 is being assessed.

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.

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 centre-based prescribing haematologists/oncologists and nuclear medicine and radiation oncology specialists.

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.

The company aspires to become a leader in the development of targeted therapies for haematological cancers.

Vision and strategy

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

- Primary focus of financial and human resources is on the clinical development of Betalutin® to achieve first regulatory filings in 3rd line FL in the first half of 2019, and in parallel to run additional trials in 2nd 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 company's proprietary technology and expertise to target challenging haematological cancers, where the unmet medical need is high, such as NHL, chronic lymphocytic leukaemia, other B-cell malignancies and multiple myeloma, through focused investments in discovery research and strategic collaborations.
- Continue to reinforce the company's organisation by attracting key talents with strong technical and international experience, while maintaining flexibility and efficiency.

OPERATIONAL REVIEW

The company's primary focus is to obtain approval for Betalutin® for the treatment of 3rd line FL, targeting a first regulatory filing in the first half of 2019. Significant progress was made during 2016 towards this goal as Betalutin® advanced through the Phase 1/2 Lymrit 37-01 trial. Lymrit 37-01 is a Phase 1/2 open label, single injection ascending dose study with four different treatment arms to investigate various Betalutin® doses and pre-dosing regimens in patients with relapsed/refractory NHL, predominantly FL.

During 2016, the company recruited patients into all four arms of the trial and generated important information towards defining the dosing regimen to take forward. On the basis of recommendations from the trial's safety review committee (SRC) during the fourth quarter 2016, which reviewed the available safety and efficacy data, the study advanced to its final stage, in which a new, higher dosing regimen is being tested in Arm 4 (20 MBq/kg Betalutin® following pre-dosing with 100 mg/m^2 lilotomab). Recruitment of patients into Arm 4 is on track to deliver results that are expected to enable the company to select the dosing regimen for evaluation in the pivotal Phase 2 trial.

An important reason for the SRC to recommend advancing Arm 4 is that the generated safety data demonstrate that pre-dosing with 100 mg/m^2 lilotomab prior to Betalutin® reduces bone marrow toxicity as a result of lower absorbed radiation to this tissue. In addition, available dosimetry data from Arm 4 showed that higher pre-dosing does not prevent therapeutically relevant amounts of Betalutin® being absorbed into the tumours. Dose escalation to the new higher regimen therefore allows the company to test a higher and potentially more efficacious dose of Betalutin® following increased pre-dosing with lilotomab.

The other remaining active arm is the Phase 2 element of Arm 1, which is investigating 15 MBq/kg Betalutin® with a pre-dose of 40 mg/m^2 lilotomab. The SRC agreed that the company can change the treatment regimen used in Arm 1/Phase 2 to match that used in Arm 4 pending review of the safety data from the first three patients treated in Arm 4 with 20 MBq/kg.

Updated safety and efficacy results (including duration of response) from the ongoing Lymrit 37-01 study were presented in a poster (abstract no. 1780) at the 58th American Society of Hematology (ASH) annual meeting in December 2016. The data presented at ASH confirm Betalutin®'s promising efficacy and favourable safety profile as a single agent in 38 relapsed NHL patients, having failed multiple prior regimens and being eligible for assessments.

The results were based on the data cut-off date of October 31st, 2016. Key conclusions were:

- A significant anti-tumour activity was observed in the 35 patients evaluable for efficacy: the overall response rate (ORR) was 63 per cent, with 29 per cent complete responses (CR).
- The 21 evaluable patients in the study who received Betalutin® at the dose of 15 MBq/kg predosed with 40 mg/m^2 lilotomab had an ORR of 62 per cent and a CR of 38 per cent; of these, 16 patients enrolled in the Phase 2 expansion of Arm 1 had an ORR of 69 per cent and a CR of 38 per cent.
- Durable responses were observed with a median duration of response of 20.7 months for all patients in Arm 1.
- Betalutin® is well tolerated, with a predictable and manageable safety profile: most adverse events are haematological in nature, and all have been transient and reversible.
- No dose-limiting toxicity was reported in Arm 4 (15 MBq/kg Betalutin® plus 100 mg/m^2 lilotomab pre-dosing) and this regimen demonstrated lower bone marrow toxicity than Arm 1, 2 and 3. Arm 4 is enrolling patients to evaluate the higher dosing regimen of 20 MBq/kg Betalutin® plus 100 mg/m^2 lilotomab.

These results continue to be very encouraging, and demonstrate the potential of Betalutin® to provide a strong clinical profile as a single agent therapy, and therefore, a relevant and highly competitive new option for FL patients. The company expects the results from the trial to enable the selection of an optimal dosing regimen for evaluation in a pivotal Phase 2 trial, which is expected to start in the second half of 2017.

Investigating Betalutin® in DLBCL

Nordic Nanovector continued with its preparations during 2016 to start the first clinical study in DLBCL. At first, the company 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.

The clinical study (called "Lymrit 37-05") is a Phase 1 open label, single injection, ascending dose study that aims to investigate various Betalutin® doses and lilotomab pre-dosing regimens in up to 24 patients in the US and Europe. The objective of the study is to identify the optimal dose regimen to take into Phase 2.

Prof. Timothy Illidge at The Christie NHS Foundation Trust in Manchester, UK, and co-chair of Nordic Nanovector's scientific advisory board, is the principal investigator for the trial. The first preliminary read out is expected in the second half 2018.

Advancing Betalutin® into 2nd line FL in combination with rituximab

Nordic Nanovector plans to initiate Phase 2 clinical studies with Betalutin® in combination with rituximab, the gold standard anti-CD20 immunotherapy for NHL, in the second half of 2017.

The decision to advance this clinical programme is enabled by the company's financial position and is supported by continued encouraging clinical results with Betalutin® in the Lymrit 37-01 trial, combined with encouraging results that demonstrate the synergistic therapeutic effect of Betalutin® in combination with rituximab in a preclinical model of NHL.

These results, presented (abstract no. 4189) at ASH 2016, show that treatment with Betalutin® increased both binding of rituximab to NHL cells and uptake of rituximab in NHL tumours. The study found that Betalutin® in combination with rituximab showed a stronger anti-tumour effect and significantly increased survival benefit compared to control groups and each of the treatments alone.

Should this effect be confirmed in clinical studies, it would represent a very promising development and an important new dual immunotherapy approach for the treatment of NHL that uses two different, but highly expressed antigens, on B-cell tumours; CD37 and CD20.

Advancing a novel chimeric anti-CD37 ARC in FL

Nordic Nanovector plans to initiate a Phase 1 clinical trial with a novel lutetium-177-conjugated chimeric anti-CD37 ARC targeting use in 1st line FL during the second half of 2017. The company believes that, alongside the existing efficacy and safety profile seen with Betalutin®, the chimeric anti-CD37 ARC will allow repeat dosing, which is essential for the treatment of 1st line FL.

Results presented in October 2016 at the European Association of Nuclear Medicine (EANM) conference from studies with the chimeric ARC in preclinical lymphoma and leukaemia models confirmed its therapeutic potential and the rationale for advancing this programme into clinical development.

The company has successfully completed preclinical studies with the chimeric ARC and also the manufacturing process for the naked chimeric antibody and the ARC for clinical trial use.

Additional pipeline development

Nordic Nanovector's broader strategy is to expand its pipeline of targeted therapies, by leveraging its expertise alongside partners' complementary technologies to create

opportunities for innovative pipeline products with other radionuclide and non-radionuclide payloads as tumour-killing agents.

During 2016, the company initiated collaborations with AREVA Med and Paul Scherrer Institute to develop ARCs targeting leukaemias. During the fourth quarter of 2016, Nordic Nanovector entered further research collaborations with LegoChem Biosciences and Heidelberg Pharma to explore the potential of ADCs including tumour-targeting antibodies conjugated to anti-cancer compounds that are not radionuclides.

These agreements are focused on developing ARCs and ADCs for treating types of leukaemia, which are orphan diseases with a significant unmet medical need, representing a growing market estimated to be worth over USD 5 billion by 2020.

New funds raised enable expanded and extended development strategy for novel targeted therapeutics

The company successfully raised NOK 499 million in a private placement with new and existing investors which is now enabling it to drive an extended and expanded development and commercialisation strategy aimed at maximising the opportunity in FL with Betalutin® (alone in 3rd line and in combination with rituximab in 2nd line) and its chimeric anti-CD37 ARC in 1st line FL.

During 2016, the company initiated collaborations with AREVA Med, Paul Scherrer Institute, LegoChem Biosciences and Heidelberg Pharma.

The company also intends to use its strengthened financial position to prepare for the commercialisation of Betalutin® in major markets, and to selectively extend its pipeline leveraging internal and external innovation and expertise in ARCs and ADCs to address other haematological cancers, such as leukaemia and multiple myeloma.

INTELLECTUAL PROPERTY

The US 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 radioimmunotherapy 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. The patent is also granted in Norway, Hong Kong, South Africa, Japan, New Zealand, Australia, Israel, Russia, Mexico and China. Patent applications are pending in Singapore, Thailand, Philippines, Brazil, Canada, Indonesia, India, Korea, and Ukraine.

The company has filed patent applications on chimeric versions of Betalutin® published as PCT application and has also filed divisional applications on the Betalutin® patent application. The applications have been filed in US, Hong Kong, South Africa, New Zealand, China, Mexico, Australia, Singapore, Thailand, Philippines, Brazil, Canada, Indonesia, Israel, India, Korea, Russia and in the EU.

The company has filed a patent application related to CD20/CD37 interaction and regulation.

Applications for protection of the trademark Betalutin® have been filed and approved in Australia, Canada, Switzerland, China, EU, Japan, Korea, Russia, Singapore, US, Israel, Mexico, New Zealand, South Africa and Norway.

FINANCIAL REVIEW

(All amounts in brackets are comparative figures for 2015 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 December 31st, 2016.

Income statement

Total operating revenues for 2016 amounted to NOK 0.314 million (NOK 0.437 million), consisting of revenues from incubator services and sublease of office and laboratory facilities. Total operating expenses for 2016 were NOK 216.7 million (NOK 183.5 million), reflecting higher headcount, social security accruals related to granted options and increased clinical trial and preclinical research and development activity. Payroll expenses for the year rose to NOK 62.4 million (NOK 52.4 million). Other operating expenses amounted to NOK 153.2 million (NOK 130.2 million). Operating loss for 2016 amounted to NOK 216.4 million (loss of NOK 183.1 million) for the reasons stated above.

Net financial items for the year were negative NOK 18.8 million (NOK 10.4 million) mainly due to currency fluctuations on bank accounts in foreign currencies.

Loss for the year amounted to NOK 235.5 million (loss of NOK 173.1 million). Total comprehensive loss for the year was NOK 235.8 million (loss of NOK 173.1 million). Loss per share was NOK 5.26 (loss of NOK 4.28).

Cash flow and financial position

Net cash flow from operating activities was negative NOK 170.2 million in 2016 (negative NOK 150.2 million), reflecting the impact of research and development activities. Net cash flow from investing activities was positive of NOK 3.0 million (positive NOK 10.1 million), primarily related to received interest on bank deposits. Net cash flow from financing activities was NOK 465.5 million (NOK 546.4 million), driven by proceeds from the private placement completed in December 2016.

Exchange rate fluctuations had a negative impact of NOK 23.4 million on cash and cash equivalents in 2016. Cash and cash equivalents were not impacted by exchange rate fluctuations in 2015.

Cash and cash equivalents as of December 31st, 2016 amounted to NOK 1 018.2 million (NOK 743.4 million).

Total assets at December 31st, 2016 increased to NOK 1 044.7 million (NOK 760.4 million), primarily due to an increase in equity following the private placement in December 2016.

Total liabilities were NOK 95.5 million at the end of 2016 (NOK 47.6 million), the increase mainly related to development cost of the lead product candidate Betalutin®, share issue costs paid in 2017 and accrued social security related to outstanding options.

Total shareholders' equity at December 31st, 2016 was NOK 949.3 million (NOK 712.7 million), corresponding to an equity ratio of 90.9 per cent (93.7 per cent).

Parent company

Nordic Nanovector ASA (the parent company) recorded a loss of NOK 226.5 million for 2016 (NOK 170.1 million). Total equity was NOK 951.7 million at December 31st, 2016 (NOK 710.1 million). The equity ratio of the parent company was 91.6 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. Nordic Nanovector uses external contract manufacturing organisations ("CMOs") to manufacture 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 150.6 million in 2016 (NOK 129.5 million).

RISK AND RISK MANAGEMENT

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.
- 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.
- The manufacturing scale up is in the 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®.

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

The Nordic Nanovector group has no interest-bearing debt. Bank deposits are exposed to market fluctuations in interest rates, which affects the financial income and the return on cash. Both Nordic Nanovector ASA and the group had NOK 4.4 million in financial interest income as of December 31st, 2016.

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 and development expenses. The group is mainly exposed to fluctuations in euro (EUR), pounds sterling (GBP), US dollar (USD) and Swiss franc (CHF).

Exchange rate fluctuations mainly impact cash and cash equivalents in the statement of financial position and financial items in the statement of profit and loss, reported as financial income or expenses.

Nordic Nanovector strives to identify and manage material foreign currency exposures and to minimise the potential effects of currency fluctuations on the 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 deposits was executed in January 2016, followed by a supplemental transfer of NOK 207 million in January 2017. The company's deposits in foreign currencies at year end 2016 amounted to an equivalent of NOK 285.9 million.

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 losses on receivables during 2016. Other current receivables are mainly related to grants from the government institution Research Council of Norway, and deposits for rental of office and lab facilities. The group considers its credit risk as low.

Liquidity risk

The company closely monitors plans and reports its cash flow, considering short and long term forecasts. The group does not have any loan agreements. The company raised NOK 499 million in a private placement completed in December 2016. Cash resources as recorded by year end 2016 are expected to be sufficient to take the company beyond first regulatory submission for Betalutin® in FL in the first half of 2019 and to meet value generating clinical milestones in its other programmes. In order to execute the clinical programmes and commercialise the products, the company will require new capital in the future. The management will continue to put strong efforts into focus on efficient operations, close monitoring and planning of the cash resources, 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 2016, 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 2016 amounted to NOK 226.5 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. The company 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.

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 October 30th, 2014, may be found at www.nues.no.

The annual statement on corporate governance can be found on page 13 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's mission is to extend and improve the lives of patients with haematological cancers by developing and commercialising innovative Antibody Radionuclide Conjugates (ARC). 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 directors 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 full code of conduct can be found on: *http://www.nordicnanovector.com/investor-relations/corporate-governance/Corporate-Social-Responsibility.*

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. Further development of the company's CSR policy will take place during 2017.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

The working environment in the company is considered to be good. No accidents or injuries were registered in 2016.

Sickness leave in Nordic Nanovector ASA totalled 63.5 working days in 2016, which corresponds to 1.09 per cent of total working days compared to 1.02 per cent (55 working days) in 2015. Nordic Nanovector ASA employs 23 of the Nordic Nanovector group's 28 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 group strives not to pollute the external environment. All production and distribution activities are outsourced.

EMPLOYEES, ORGANISATION AND EQUAL OPPORTUNITIES

At the end of 2016, the group employed 28 (26) people, of which two part time employees and five employed in 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 with relatively equal representation of women and men. The team of employees consists of 68 per cent women and 32 per cent men, representing ten different nationalities. The board of directors consists of 50 per cent women. The executive management team consists of 57 per cent women.

Nordic Nanovector promotes a productive working environment and does not tolerate disrespectful behaviour. The group 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

Dr Lisa Rojkjaer, MD, joined Nordic Nanovector as chief medical officer (CMO) and as a member of the executive management team in 2016. Dr Rojkjaer is a board-certified haematologist with more than 15 years of global and regional clinical development and medical affairs expertise in the biotech and pharma industry (including Novartis, Molecular Partners, MorphoSys and Novo Nordisk), where she developed an extensive experience in the development of both biologics and small molecules in haematology and immunology.

Nordic Nanovector's senior management team was reorganised during 2016. Marco Renoldi (formerly chief business officer) was appointed chief operating officer, replacing Jan Alfheim, who pursued opportunities outside the company. Anniken Hagen (formerly chief quality officer) was appointed chief technology and operations officer; and Rita Dege became chief human resources officer and a member of the executive management team.

Several board changes occurred during 2016 bringing in additional expertise in oncology drug development and commercialisation. In May, Dr Renee P Tannenbaum and Jean-Pierre Bizzari, MD, were elected as new board directors, while Nordic Nanovector founder Dr Roy Hartvig Larsen stepped down from the board to focus on new research projects. Dr Tannenbaum subsequently resigned from the board in October for personal reasons, and Joanna Horobin, MD was elected to the board.

Dr Bizzari has significant industry experience from leadership positions in oncology at Celgene, Rhône-Poulenc and Sanofi-Aventis, where he was involved in the clinical development of several anticancer products, including Taxotere®, Eloxatin®, Revlimid®, Vidaza®, Abraxane® and Irinotecan®. He is a world-renowned oncology expert, member of the scientific advisory board of the French National Cancer Institute and European Organisation of Research and Treatment of Cancer and chair of the new drug advisory committee.

Ms Horobin has comprehensive experience within the biopharmaceutical industry focused on the development and regulatory strategy, as well as on the execution of clinical trial programmes for novel cancer therapies. In addition, she held significant leadership roles in the approvals and launches of several successful products including Taxotere® (docetaxel) in breast cancer and Campto/ Camptosar® (CPT11) for colorectal cancer.

SUBSEQUENT EVENTS (REFER TO NOTE 21)

- On January 24th, participants in the company's employee share option programme, exercised a total number of 56 525 options out of which 600 options have a strike price of NOK 25, 49 675 options have a strike price of NOK 28 and 6 250 options have a strike price of NOK 35.

- On February 2nd, 2017 the company granted 719 500 options to employees of the group. The exercise price of the options allocated is NOK 90.37.

Share information

As of December 31st, 2016, Nordic Nanovector ASA had 48 974 618 shares outstanding. The number of shareholders increased to 7 026 (2 664) as of December 31st, 2016. At year end 2016, 21 (19) per cent of the shares were held by foreign investors.

The closing share price of the Nordic Nanovector ASA on the last trading day of 2016 was NOK 96.75, corresponding to a total market capitalisation for the company of NOK 4 738.3 million. Please refer to note 8 for further information on shareholders.

On February 2nd, 2017 the company granted 719 500 options to employees of the group. The exercise price of the options allocated is NOK 90.37. The total number of outstanding share options is, 3 509 676 equivalent to 6.7 per cent of outstanding shares and options on a fully diluted basis as of March 23rd, 2017.

OUTLOOK

Nordic Nanovector is committed to develop, manufacture and deliver innovative therapies to patients to address major unmet medical needs and advance cancer care. The company aspires to become a leader in the development of targeted therapies for haematological cancers.

2016 was a very successful year for the company with the achievement of important milestones in the clinical development of Betalutin®, in the progress with its preclinical candidates towards the clinic and in building a foundation of R&D innovation and expertise for the development of a pipeline of novel targeted therapies for major haematological cancers.

Looking forward, the company intends to leverage this progress and its strengthened financial position to drive an expanded and extended strategy towards achieving its broader long term ambitions: maximise the value of its novel targeted biopharmaceutical candidates across all stages of FL and other major haematological cancer indications, to prepare for the commercialisation of Betalutin® and to selectively extend its pipeline.

The competitive landscape for Betalutin® remains promising. Strong results and good progress in the Lymrit 37-01 clinical study give the company confidence that it is on track to select a dosing regimen for Betalutin® in Phase 2.

The management will continue to focus its efforts on the efficient execution of its plans and to meet anticipated clinical milestones. Current cash resources are now expected to be sufficient to take the company beyond planned regulatory submission for Betalutin® in FL in the first half of 2019 and to meet value-generating clinical milestones in its other programmes.

Oslo, March 23rd, 2017

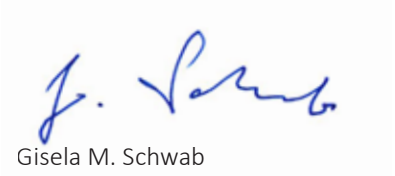
The board of directors and the chief executive officer of Nordic Nanovector ASA

Ludvik Sandnes
Chair

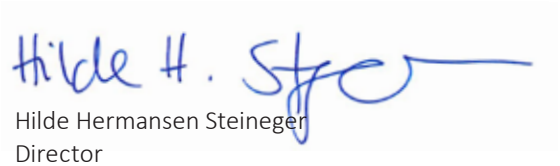
Jean-Pierre Bizzari
Director

Joanna C Horobin
Director

Per Samuelsson
Director



Gisela M. Schwab
Director



Hilde Hermansen Steineger
Director

Luigi Costa
Chief Executive Officer

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period from January 1st, to December 31st, 2016 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, March 23rd, 2017

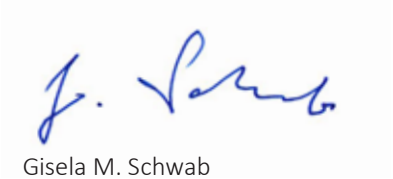
The board of directors and the chief executive officer of Nordic Nanovector ASA

Ludvik Sandnes
Chair

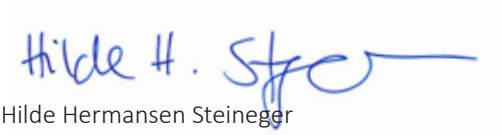
Jean-Pierre Bizzari
Director

Joanna C Horobin
Director

Per Samuelsson
Director



Gisela M. Schwab
Director



Hilde Hermansen Steineger
Director

Luigi Costa
Chief Executive Officer

The board of directors

Ludvik Sandnes
Chair

Ludvik Sandnes (68) has more than 40 years of experience from international corporate finance, asset management and investment banking from Norfund, The Royal Bank of Scotland, BDO Noraudit, PwC Financial Advisors, Christiania Bank, UNI Storebrand, Orkla Borregaard, Den Norske Creditbank and Statoil. His experience includes board positions in approximately 20 privately held and listed companies. Current board positions include: Oslo Cancer Cluster, Oncoinvent AS, Pioner Fonds AS, and Godthaab Helse og Rehabilitering. Mr Sandnes has a Bachelor of Commerce and a degree as Certified European Financial Analyst (AFA) from the Norwegian School of Economics and Business Administration, NHH. Mr Sandnes has served as a director in the company since June 2013 and as the chair since November 2014. He is a Norwegian citizen and resides in Norway. Mr Sandnes acts as special advisor to HealthCap, the principal shareholder of December 31st, 2016. He attended 18 board meetings in 2016.

Jean-Pierre Bizzari, MD
Director

Dr Bizzari (62) has served as EVP, Group Head, and Clinical Oncology Development (US, Europe, and Asia/Japan) at Celgene from 2008 to 2015. He has 15 years' experience as Vice President clinical development at Rhone Poulenc Rorer, Aventis, Sanofi-Aventis and has been involved in the clinical development of several anticancer agents such as Taxotere®, Eloxatin®, Revlimid®, Vidaza®, Abraxane®, Irinotecan® (CPT-11). Dr Bizzari is a world-renowned oncology expert and is a member of the scientific advisory board of the French National Cancer Institute (INCa), and European Organisation of Research and Treatment of Cancer (EORTC) as chair of the new drug advisory committee. He serves as director of the boards of several biotech companies; Transgene, Onxeo, Iteos, Halozyme Therapeutics and Pieris Pharmaceuticals. Dr Bizzari has published more than 70 articles in peer-reviewed journals and more than 160 abstracts in scientific congresses. He joined the pharmaceutical industry in 1983 as Head of Oncology at the Institut de Recherches Internationales SERVIER (France). Dr Bizzari holds a medical degree specialised in oncology from the University of Nice (France) and has trained successively at the Pitié-Salpêtrière hospital in Paris, at Ontario Cancer Institute, and Montreal Mac Gill Cancer Center in Canada. He is a French and US citizen and resides in the US. He has served as a director in the company since May 2016. Dr Bizzari is an independent director of the board. He attended 10 board meetings in 2016.

Joanna C Horobin
Director

Joanna Horobin (62) has comprehensive experience within the biopharmaceutical industry. She is currently Senior Vice President, chief medical officer and a Member of the Leadership Team at Idera Pharmaceuticals Inc in Cambridge, MA, USA. Ms Horobin's current role includes the development and regulatory strategy, as well as the execution of the clinical trial programme for the company's pipeline of novel oligonucleotides for the treatment of rare oncology and other indications. Prior to this position, she was chief medical officer of Verastem Inc, and CEO of Syndax Pharmaceuticals. Additionaly, Ms Horobin has held several roles of increasing responsibility at global pharmaceutical companies such as Rhône Poulenc Rorer (now Sanofi) where she led the global launch of TaXotere® (docetaxel) in breast cancer and Campto/Camptosar® (lenogratism) for colorectal cancer, and played significant leadership roles in the approvals of several successful products. She is a British citizen and resides in the US. She has served as a director in the company since October 2016. Ms Horobin is an independent director of the board. She attended 7 board meetings in 2016.

Per Samuelsson
Director

Per Samuelsson (56) is a partner at Odlander Fredrikson/HealthCap, the life sciences venture capital firm, which was also the principal shareholder of Nordic Nanovector at December 31st, 2016. Mr Samuelsson has also gained more than 15 years of investment banking experience, mainly with Aros Securities in Sweden. In his final position with Aros Securities, as a director in the firm's corporate finance department, he specialised in the areas of merger transactions, initial public offerings, and equity incentive programmes. Prior to this, Mr Samuelsson was Head of Research, also at Aros Securities. He currently holds several board positions at Targovax ASA, Nordic Vision Clinics AS, Oncopeptides AB, RSPR Pharma AB, RSPR Inventive AS, Ancilla AB, Cantando AB, Kip Jansson Film 1 AB and SwedenBIO. Mr Samuelsson received his MSc in Engineering from the Institute of Technology in Linköping. He has served as a director in the company since November 2014. He is a Swedish citizen, and resides in Sweden. Mr Samuelsson attended 17 board meetings in 2016.

Gisela M Schwab, MD
Director

Dr Schwab (60) is President Product Development and Medical Affairs and chief medical officer Exelixis Inc, where she has held several leading positions since 2006. She has also held the position of Senior Vice President and chief medical officer at Abgenix Inc, a human antibody-based drug development company. Her background includes different positions at Amgen Inc, most recently as Director of Clinical Research and Haematology/Oncology Therapeutic Area Team Leader. Dr Schwab has served as a director of the board of Topotarget A/S, a publicly-held biopharmaceutical company. She currently serves as director of the board of Cellerant Therapeutics Inc, a privately held biopharmaceutical company. She received her Doctor of Medicine degree from the University of Heidelberg, trained at the University of Erlangen-Nuremberg and the National Cancer Institute, Bethesda Maryland, USA, and is board certified in intemal medicine and haematology and oncology. She is a German citizen and resides in the US. Dr Schwab has served as a director in the company since March 2015. Dr Schwab is an independent director of the board. She attended 15 board meetings in 2016.

Hilde Hermansen Steineger, PhD
Director

Dr Steineger (51) is Head of Strategic Innovation management in Nutrition & Health at BASF. She has served as Vice President Business Development and Vice President Investor Relations and Communications at Pronova BioPharma (now part of BASF). Prior to this, she was Senior Associate with Neomed management, an international investment firm focusing on the healthcare and life science industry. Dr Steineger has also background as an independent adviser focusing on start-ups in the Life Science/Health Care sector and as an equity analyst at Kreditkassen (now part of Nordea Markets) based in Oslo and Copenhagen. She began her professional career at Nycomed Pharma, where she worked in the area of clinical research and international marketing. Current board positions include Strongbridge BioPharma Plc and PCI Biotech ASA. She holds a BSc and a PhD in Medical Biochemistry from the University of Oslo. She has served as a director in the company since November 2014. Dr Steineger is a Norwegian citizen and resides in Norway. She is an independent director of the board. Dr Steineger attended 18 board meetings in 2016.

Annual accounts 2016

Table of contents

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

ASA				GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	*Note*	**2016**	2015
437	**314**	Revenues	*16*	**314**	437
437	**314**	**Total operating revenue**		**314**	437
29 036	**37 956**	Payroll and related expenses	*5, 7, 12, 13*	**62 362**	52 360
994	**1 160**	Depreciation	*15*	**1 160**	994
151 055	**168 778**	Other operating expenses	*5, 7, 9, 16, 18*	**153 154**	130 178
181 085	**207 894**	**Total operating expenses**		**216 676**	183 532
-180 648	**-207 580**	**Operating profit (loss)**		**-216 362**	-183 095
		Finance income and finance expenses			
12 202	**10 124**	Finance income	*5, 6, 10*	**10 248**	12 214
1 673	**29 046**	Finance expenses	*5, 10*	**29 057**	1 796
10 529	**-18 922**	**Net finance income (expenses)**		**-18 809**	10 418
-170 119	**-226 502**	**Loss before income tax**		**-235 171**	-172 677
0	**0**	Income tax	*11*	**-339**	-398
-170 119	**-226 502**	**Loss for the year**		**-235 510**	-173 075
		Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods			
0	**0**	Translation effects		**-252**	-37
-170 119	**-226 502**	**Total comprehensive income (loss) for the year**		**-235 762**	-173 112
-170 119	**-226 502**	Loss for the year attributable to owners of the parent		**-235 510**	-173 075
-170 119	**-226 502**	**Total comprehensive income (loss) for the year attributable to owners of the parent**		**-235 762**	-173 112
		Earnings (loss) per share			
-4.21	**-5.06**	Basic and diluted earnings (loss) per share	*17*	**-5.26**	-4.28

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

Consolidated statement of financial position

For the year ended 31 December

ASA				GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	*Note*	**2016**	2015
		ASSETS			
		Non-current assets			
2 807	**3 145**	Property, plant and equipment	*15, 19*	**3 145**	2 807
137	**137**	Shares in subsidiaries	*20*	**0**	0
2 944	**3 282**	**Total non-current assets**		**3 145**	2 807
		Current assets			
		Receivables			
13 666	**22 421**	Other current receivables	*5, 7, 14, 16, 19*	**23 377**	14 193
13 666	**22 421**	**Total current receivables**		**23 377**	14 193
739 940	**1 012 975**	Cash and cash equivalents	*5, 6, 10, 19*	**1 018 217**	743 367
753 606	**1 035 396**	**Total current assets**		**1 041 594**	757 560
756 550	**1 038 678**	**TOTAL ASSETS**		**1 044 739**	760 367
		EQUITY AND LIABILITIES			
		Equity			
8 904	**9 795**	Share capital	*8*	**9 795**	8 904
969 175	**1 433 743**	Share premium	*8*	**1 433 743**	969 175
6 306	**8 938**	Other paid in capital	*12, 13*	**19 826**	12 973
-274 244	**-500 746**	Accumulated losses		**-514 075**	-278 314
710 141	**951 730**	**Total equity**		**949 289**	712 738
		Liabilities			
		Current liabilities			
19 568	**51 676**	Accounts payable	*5, 16, 19*	**53 160**	20 156
4 412	**3 773**	Current liabilities to group companies	*16, 20*	**0**	0
0	**0**	Tax payable	*11, 19*	**377**	404
22 429	**31 499**	Other current liabilities	*9, 16, 19*	**41 913**	27 069
46 409	**86 948**	**Total current liabilities**		**95 450**	47 629
46 409	**86 948**	**Total liabilities**		**95 450**	47 629
756 550	**1 038 678**	**TOTAL EQUITY AND LIABILITIES**		**1 044 739**	760 367

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

Oslo, March 23rd, 2017

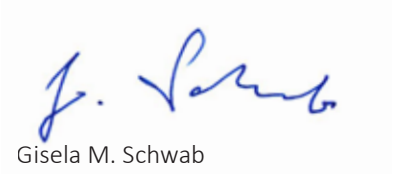
The board of directors and the chief executive officer of Nordic Nanovector ASA

Ludvik Sandnes
Chair

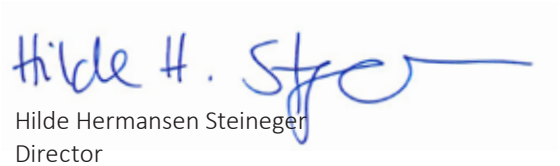
Jean-Pierre Bizzari
Director

Joanna C Horobin
Director

Per Samuelsson
Director



Gisela M. Schwab
Director



Hilde Hermansen Steineger
Director

Luigi Costa
Chief Executive Officer

Consolidated statement of changes in equity - Group

For the year ended 31 December

(Amounts in NOK 1000) GROUP	*Note*	Share capital	Share premium	Equity-settled share-based payments	Accumulated losses	Translation effects	Total equity
Balance at 1 January 2015		**5 310**	**426 339**	**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	*12, 13*			9 210			9 210
Issue of ordinary shares	*8*	3 594	571 406				575 000
Share issue costs			- 28 571				- 28 571
Balance at 31 December 2015		**8 904**	**969 175**	**12 973**	**-278 113**	**-201**	**712 738**
Loss for the year					-235 510		-235 510
Other comprehensive income (loss) for the year, net of income tax						-252	-252
Total comprehensive income for the year					**-235 510**	**-252**	**-235 762**
Recognition of share-based payments - options	*12, 13*			6 212			6 212
Recognition of share-based payments - RSU's	*12*			641			641
Issue of ordinary shares	*8*	875	497 789				498 664
Issue of ordinary shares under share options	*8*	16	581				597
Share issue costs			-33 802				-33 802
Balance at 31 December 2016		**9 795**	**1 433 743**	**19 826**	**-513 623**	**-452**	**949 289**

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

Consolidated statement of changes in equity - ASA

For the year ended 31 December

(Amounts in NOK 1000) ASA	*Note*	Share capital	Share premium	Equity-settled share-based payments	Accumulated losses	Total equity
Balance at 1 January 2015		**5 310**	**426 339**	**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	*12, 13*			3 976		3 976
Issue of ordinary shares	*8*	3 594	571 406			575 000
Share issue costs			-28 571			-28 571
Balance at 31 December 2015		**8 904**	**969 175**	**6 306**	**-274 244**	**710 141**
Loss for the year					-226 502	-226 502
Other comprehensive income (loss) for the year, net of income tax						0
Total comprehensive income for the year					**-226 502**	**-226 502**
Recognition of share-based payments - options	*12, 13*			1 991		1 991
Recognition of share-based payments - RSU's	*12*			641		641
Issue of ordinary shares	*8*	875	497 789			498 664
Issue of ordinary shares under share options	*8*	16	581			597
Share issue costs			-33 802			-33 802
Balance at 31 December 2016		**9 795**	**1 433 743**	**8 938**	**-500 746**	**951 730**

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

Consolidated statement of cash flow

For the year ended 31 December

ASA				GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	*Note*	**2016**	2015
		Cash flows from operating activities			
-170 119	**-226 502**	Loss for the year before income tax		**-235 171**	-172 677
		Adjustments for:			
-12 365	**-4 465**	Interest received	*5, 10*	**-4 465**	-12 365
3 977	**1 991**	Share option expense employees	*12, 13*	**6 212**	9 210
0	**641**	Share-based payment board of directors (RSU's)	*12*	**641**	0
0	**0**	Taxes paid	*11*	**-320**	-69
994	**1 160**	Depreciation	*15*	**1 160**	994
0	**23 395**	Currency (gains) losses not related to operating activities (unrealised)	*10*	**23 395**	0
24 840	**31 784**	Change in net working capital e.g.		**38 367**	24 690
-152 673	**-171 996**	**Net cash flows from operating activities**		**-170 181**	-150 217
		Cash flows from investing activities			
-2 228	**-1 498**	Investment in property plant and equipment	*15*	**-1 498**	-2 228
12 365	**4 465**	Interest received	*5, 10*	**4 465**	12 365
10 137	**2 967**	**Net cash flows from investing activities**		**2 967**	10 137
		Cash flows from financing activities			
546 429	**465 459**	Net proceeds from equity issue	*8*	**465 459**	546 429
546 429	**465 459**	**Net cash flows from financing activities**		**465 459**	546 429
0	**-23 395**	Effects of exchange rate changes on cash and cash equivalents	*10*	**-23 395**	0
403 893	**273 035**	Net change in bank deposits, cash and equivalents		**274 850**	406 349
336 047	**739 940**	Cash and equivalents at beginning of year	*6*	**743 367**	337 018
739 940	**1 012 975**	**Cash and equivalents at end of year**	*6*	**1 018 217**	743 367

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

Notes to the annual accounts

NOTE 1: GENERAL INFORMATION

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

Nordic Nanovector is committed to develop and deliver innovative therapies to patients to address major unmet medical needs and advance cancer care. The company aspires to become a leader in the development of targeted therapies for haematological cancers.

Nordic Nanovector's lead clinical-stage candidate is Betalutin®, a novel CD37-targeting Antibody Radionuclide Conjugates (ARC) 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 forecast to be worth nearly USD 20 billion by 2024. The company aims to rapidly develop Betalutin®, alone and in combination with other cancer therapies, for the treatment of major types of NHL, targeting first regulatory submission in relapsed/refractory follicular lymphoma in first half of 2019. Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin® in core markets.

The company is also advancing a pipeline of ARCs and other immunotherapies for multiple cancer indications.

These financial statements were approved for issue by the board of directors on March 23rd 2017.

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) 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 December 31st, 2016 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. Below 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 2016:

- *Amendments to IAS 1: Disclosure Initiative* - The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. Changes in this standard have not had material effects on the group.
- *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception* - These amendments are applied retrospectively and do not have any impact on the group as the group does not apply the consolidation exception.

Consolidation principles

The group's consolidated financial statements comprise the parent company and its subsidiaries as of December 31st, 2016. 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; and
- 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 a 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 to five 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; or
    - 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 board directors as consideration for equity instruments (options or restricted stock units (RSU's)) 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. The company will be liable for social security on the gain from the share based incentive program. The social security is accrued until the award is exercised/released. The social security is accrued over the corresponding vesting period.

Pension plans
Nordic Nanovector ASA in Norway has a defined contribution pension scheme. The company is exceeding the statutory contribution of 2 per cent and sets up 5 per cent of the annual salary between 0G and 7.1G and 8 per cent of the annual salary between 7.1G and 12G. "G" is the National Insurance Basic Amount set by the Norwegian government each year. There are no contributions made for salaries exceeding 12G.

Nordic Nanovector GmbH in Switzerland has a pension scheme with the requirements of the Swiss Federal Social Insurance Legislation (BSV). Depending on the employee's age, the total contribution, which is split between the employee and the company, is between 7 per cent and 18 per cent of the annual salary.

Nordic Nanovector Ltd has currently no pension scheme, but will enroll the statutory pension scheme as of October 2017, as required by the UK government. 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 December 31st, 2016 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. The 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.

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 2012 – 2014	Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions. Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses. Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016)

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 losses on receivables during 2016. Other current receivables are mainly related to grants from the government institution Research Council of Norway, and deposits for rental of office and lab facilities. The group considers its credit risk as low.

Liquidity risk

The company closely monitors plans and reports its cash flow, considering short and long term forecasts. The group does not have any loan agreements. The company raised NOK 499 million in a private placement completed in December 2016. Cash resources as recorded by year end 2016 are expected to be sufficient to take the company beyond first regulatory submission for Betalutin® in FL in the first half of 2019 and to meet value generating clinical milestones in its other programmes. In order to execute the clinical programmes and commercialise the products, the company will require new capital in the future. The management will continue to put strong efforts into focus on efficient operations, close monitoring and planning of the cash resources, 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 affects the financial income and the return on cash. Both Nordic Nanovector ASA and the group had NOK 4.4 million in financial interest income as of December 31st, 2016.

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 and development expenses. The group is mainly exposed to fluctuations in euro (EUR), pounds sterling (GBP), US dollar (USD) and Swiss franc (CHF).

Exchange rate fluctuations mainly impact cash and cash equivalents in the statement of financial position and financial items in the statement of profit and loss, reported as financial income or expenses.

Nordic Nanovector strives to identify and manage material foreign currency exposures and to minimise the potential effects of currency fluctuations on the 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 deposits was executed in January 2016, followed by a supplemental transfer of NOK 207 million in January 2017. The company's deposits in foreign currencies at year end 2016 amounted to an equivalent of NOK 285.9 million.

The table below shows the company's sensitivity for the year for potential changes in foreign currency exchange rates, with all other factors constant. The impact on the groups profit before tax is mainly due to:

- Change in the fair value of monetary assets and liabilities impacting the value of cash and cash equivalents and financial items.
- Change in NOK value related to purchases in other currencies than NOK during the year, presented as operating expenses.

(Amounts in NOK 1000)		Effect on profit/loss before tax	
Currency [1]	Change in exchange rate [2]	**2016**	2015
EUR	-10%	**-13 377**	3 456
	+10%	**13 377**	- 3 456
GBP	-10%	**-468**	2 283
	+10%	**468**	-2 283
USD	-10%	**-397**	3 004
	+10%	**397**	-3 004
CHF	-10%	**-902**	1 598
	+10%	**902**	- 1 598

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

2) Positive change represents an increased cost in NOK to purchase foreign currency.

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.
- 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.
- The manufacturing scale up is in the 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®.

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

NOTE 6: CASH AND CASH EQUIVALENTS

ASA			GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	**2016**	2015
1 629	**1 065**	Employee withholding tax	**1 065**	1 629
10 000	**10 265**	Fixed rate bank deposit	**10 265**	10 000
0	**1 688**	Paid in share capital related to exercise of options	**1 688**	0
728 311	**999 957**	Variable rate bank accounts	**1 005 199**	731 738
739 940	**1 012 975**	**Total cash and cash equivalents**	**1 018 217**	743 367

Of the total balance of cash and cash equivalents, NOK 1.1 million (2015: NOK 1.6 million) relates to restricted funds for employee withholding taxes. NOK 10.3 million is deposited from December 9th, 2016 to December 12th, 2017 with a fixed interest rate of 1.75 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. NOK 1.7 million is paid-in share capital by employees for exercise of options, pending approval of the exercise from the board of directors.

The remainder of the group's cash is deposited in various banks on variable rate terms. In the group NOK 285.9 million is placed on bank accounts with a different currency than NOK. Of this total, NOK 280.7 million are placements in the parent.

In the group, bank deposits related to office lease of NOK 1.6 million is classified as other current receivables (2015: NOK 1.5 million), hereof 1.3 million is related to the parent in 2016 and 2015.

NOTE 7: GOVERNMENT GRANTS

ASA				GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	*Note*	**2016**	2015
		Government grants have been recognised in the statement of profit or loss as a reduction for the related expenses with the following amounts:			
2 291	**2 905**	Payroll and related expenses	*12*	**2 905**	2 291
4 946	**10 448**	Other operating expenses		**10 448**	4 946
7 237	**13 353**	**Total**		**13 353**	7 237
		Grants receivable as at 31 December are detailed as follows:			
633	**1 666**	Grants from the Research Council BIA [1)]	*14*	**1 666**	633
0	**309**	Grants from the Research Council PhD [2)]	*14*	**309**	0
516	**445**	Grants from the Research Council Eurostars [3)]	*14*	**445**	516
3 729	**6 580**	Grants from SkatteFUNN [4)]	*14*	**6 580**	3 729
4 878	**9 000**	**Total**		**9 000**	4 878

1) In 2016, the company received a new grant of up to NOK 15 million grant from the Research Council of Norway's user-driven research-based Innovation programme (in Norwegian; brukerstyrt innovasjonsarena, BIA). The project period is from 2016 through 2018. The purpose of the grant is to support research and development of novel targeted therapeutics for leukaemia and NHL. The grant will be distributed to the company over the course of three years, with the first payment in 2016. For the financial period ended December 31st, 2016, the company has recognised NOK 5.0 million classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses. The company has also been awarded a grant from The Research Council programme for user-managed innovation arena (BIA) of NOK 10.5 million in total for the period 2012 through w 2016. For the financial period ended December 31st, 2016, the company has recognised NOK 0.1 million (December 31st, 2015: NOK 1.9 million) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

2) The Research Council awarded a grant supporting a PhD for the period 2016 through 2019 of NOK 2.2 million in total. For the financial period ended December 31st, 2016, the parent company recognised NOK 0.3 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 December 31st, 2016, the parent company has recognised NOK 1.3 million (December 31st, 2015: NOK 1.5 million) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

4) Research and development projects have been approved for Skattefunn grants for the period 2012 through 2017. For the financial period ended December 31st, 2016, the parent company has recognised NOK 6.6 million compared to NOK 3.7 million for the same period in 2015. 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 2016 is NOK 9 794 924 (31 December 2015: 8 903 808), being 48 974 618 ordinary shares at a nominal value of NOK 0.20. All shares carry equal voting rights.

	ASA	
Change in the number of shares during the year:	**2016**	2015
Ordinary shares at 1 January	**44 519 041**	26 550 291
Issue of ordinary shares [1)]	**4 374 244**	17 968 750
Issue of ordinary shares under share options [2)]	**81 333**	0
Ordinary shares at 31 December [3)]	**48 974 618**	44 519 041

1) Nordic Nanovector raised NOK 498 663 816 in gross proceeds in December 2016 through a private placement of 4 374 244 new shares. The Private Placement was completed at a subscription price of NOK 114 per share.

2) Participants in Nordic Nanovector ASA's first share option programme from 2011/2012 exercised a total number of 30 000 options April 20th, 2016 at a strike price of NOK 6.25, and 48 333 options at a strike price of NOK 6.75. Each option gives the right to receive one share in the company. The board of directors of the company approved the exercise of the options and resolved to increase the company's share capital by NOK 15 666.6 through the issuance of 78 333 new shares, each at a nominal or par value of NOK 0.20. A participant in Nordic Nanovector ASA's second share option programme has exercised a total number of 3 000 options on August 30th, 2016 at a strike price of NOK 28 per share. Each option gives the right to receive one share in the company. The board of directors of the company has approved the exercise of the options and resolved to increase the company's share capital by NOK 600 through the issuance of 3 000 new shares, each at a nominal or par value of NOK 0.20.

3) The annual general meeting held May 19th, 2016 granted an authorisation to increase the share capital limited to 10 per cent of the share capital, to be used in connection with the share based incentive programmes for the group's employees. Of the authorised 4 897 461 shares, 81 333 have been used. The authorisation is valid until the next annual general meeting, but no longer than June 30th, 2017. Of the 4 897 461 authorised options, 2 846 701 have been issued (ref. note 13).

The annual general meeting held May 19th, 2016 granted an authorisation to increase the share capital limited to 10 per cent of the share capital, to be used for general corporate purposes, including but not limited to financing and acquisitions of other companies, including issuance of consideration shares in connection with the above mentioned transactions. Of the authorised 4 897 461 shares, 4 374 244 have been used. The authorisation is valid until the next annual general meeting, but no longer than June 30th, 2017.

The annual general meeting held May 19th, 2016 granted an authorisation to increase the share capital limited to NOK 20 000 at par value. The authorisation may only be used to issue shares to members of the company's board of directors against contributions in NOK. Of the authorised 100 000 shares, 44 328 RSU's are outstanding (ref. note 12). The authorisation is valid until May 19th, 2018. The authorisation has not been used.

Nordic Nanovector ASA had 7 026 shareholders as at 31 December 2016

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	5 445 833	11.12%
2	Folketrygdfondet	3 903 736	7.97%
3	OM Holding AS	1 856 366	3.79%
4	Nordnet Livsforsikring AS	1 394 522	2.85%
5	Sciencons AS (Roy Hartvig Larsen)	1 000 000	2.04%
6	Linux Solutions Norge AS	896 200	1.83%
7	Radiumhospitalets Forskningsstiftelse	803 518	1.64%
8	Must Invest AS	789 142	1.61%
9	Inven2 AS	613 401	1.25%
10	Credit Suisse Securities	573 168	1.17%
11	Roy Hartvig Larsen	501 777	1.02%
12	Netfonds Livsforsikring AS	491 156	1.00%
13	VPF Nordea Avkastning	480 310	0.98%
14	Ro Invest AS	450 000	0.92%
15	Birk Venture AS	400 015	0.82%
16	KLP Aksje Norge Index	369 669	0.75%
17	Boddco AS	360 000	0.74%
18	Skandinaviska Enskilda Banken AB	300 000	0.61%
19	VPF Nordea Kapital	292 427	0.60%
20	Nordnet Bank AB	286 785	0.59%
	Total shares for top 20 shareholders	21 208 025	43.30%
	Total shares for other 7 006 shareholders	27 766 593	56.70%
	Total shares (7 026 shareholders)	**48 974 618**	**100.00%**

The shares of Nordic Nanovector ASA have been traded on the Oslo Stock Exchange since March 23rd, 2015. The shareholder base has increased from 2 664 shareholders as of December 31st, 2015 to 7 026 shareholders as of December 31st, 2016.

NOTE 9: OTHER CURRENT LIABILITIES

ASA			GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	**2016**	2015
2 398	**1 908**	Unpaid duties and charges	**2 211**	4 390
1 877	**2 333**	Unpaid vacation pay	**2 345**	1 877
0	**7 294**	Accrued social security related to outstanding not exercised options	**13 848**	0
18 154	**19 964**	Other accrued costs	**23 509**	20 802
22 429	**31 499**	**Other current liabilities**	**41 913**	27 069

Social security contributions on share options
The provision for social security contributions on share options is calculated based on the number of options outstanding at the reporting date that are expected to be exercised. The provision is based on market price of the shares at the reporting date (NOK 96.75 per share), which is the best estimate of the market price at the date of exercise.

Other accrued costs
Other accrued costs for period ended December 31st, 2016 are mainly related to development cost of the lead product candidate Betalutin® and preclinical activities.

NOTE 10: FINANCE INCOME AND FINANCE EXPENSES

ASA				GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	*Note*	**2016**	2015
		Finance income			
10	**12**	Interest income on tax repaid	*11*	**12**	10
12 186	**4 367**	Interest income om bank deposits	*5, 6*	**4 379**	12 186
0	**80**	Net currency gain related to operating items	*5*	**172**	0
0	**5 652**	Currency gain related to revaluation of currency bank accounts	*5, 6*	**5 652**	0
6	**13**	Other finance income		**33**	18
12 202	**10 124**	**Total finance income**		**10 248**	12 214
		Finance expense			
1 585	**0**	Net currency losses related to operating items	*5*	**0**	1 677
0	**29 046**	Currency loss related to revaluation of currency bank accounts	*5, 6*	**29 046**	0
88	**0**	Other fees, charges		**11**	119
1 673	**29 046**	**Total finance expense**		**29 057**	1 796
10 529	**-18 922**	**Net finance income (expenses)**		**-18 809**	10 418

All finance income and finance expense are related to financial assets and financial liabilities carried at amortised cost. The group and parent company's finance income largely relates to interest received on bank deposits and currency gain on bank deposits in other currencies than NOK.

Finance expenses are driven by currency loss on bank accounts in other currencies than NOK. Net currency gain or loss related to operating items includes gain or losses related to operating items such as accounts payable and accounts receivable.

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:

ASA			GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	**2016**	2015
27,0%	**25,0%**	Income tax rate	**23,9%**	26,4%
-45 932	**-56 626**	Expected income tax expense/(benefit)	**-56 287**	-45 534
-8 724	**-10 099**	Tax effect on non-taxable income	**-10 099**	-8 724
1 242	**687**	Tax effect on non-deductable expenses	**687**	1 242
46 955	**60 150**	Change in deferred tax asset not recognised	**60 150**	46 955
6 459	**5 888**	Effect of changes in tax rates	**5 888**	6 459
0	**0**	**Income tax expense for the year**	**339**	398

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

ASA			GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	**2016**	2015
31	**52**	Property, plant and equipment	**52**	31
-15	**-1 751**	Provisions	**-1 751**	-15
-81 294	**-139 728**	Tax losses carried forward	**-139 728**	-81 294
81 277	**141 427**	Deferred tax assets not recognised	**141 427**	81 277
0	**0**	**Deferred tax asset (liability)**	**0**	0

As of 01.01.2017 the tax rate in Norway was reduced to 24 per cent. Deferred tax assets as of 31.12.2016 have been calculated using a tax rate of 24 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 582.2 million at December 31st, 2016. At December 31st, 2015 the total tax loss carried forward was NOK 325.1 million. The tax losses can be carried forward indefinitely.

However, the group nor the parent company has not recognised a deferred tax asset in the statement of financial position as the parent company 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 2016 and 2015.

NOTE 12: PAYROLL AND RELATED EXPENSES

ASA				GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	*Note*	**2016**	2015
22 318	**24 482**	Salaries		**35 803**	37 481
2 747	**3 893**	Social Security tax		**4 932**	4 308
1 126	**1 325**	Pension expense		**1 978**	1 696
3 977	**1 991**	Share-based payment (options)	*13*	**6 212**	9 210
0	**641**	Share-based payment (RSU's)		**641**	0
-141	**7 235**	Accrued employer's social security on share based payment	*13*	**13 788**	-141
1 300	**1 294**	Other		**1 913**	2 097
-2 291	**-2 905**	Government grants	*7*	**-2 905**	-2 291
29 036	**37 956**	**Total payroll and related expenses**		**62 362**	52 360
20.9	**22.4**	**Average number of full-time equivalent employees**		**26.6**	24.8

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 pension scheme that complies with the requirements of the Swiss Federal Social Insurance Legislation (BSV). Nordic Nanovector Ltd in the UK will enroll the statutory pension scheme as of October 1st, 2017 as required by the UK government.

Remuneration to management

Total remuneration for the members of the management was NOK 24.1 million in 2016 on a cost to company basis (2015: 27.5 million).

Total remuneration to management during the year ended 31 December is as follows:

	2016			
(Amounts in NOK 1000)	Salary [1]	Pension cost	Share-based payments excl. of social security tax [2]	Other remuneration [3]
Name and position				
Luigi Costa, CEO [5]	5 011	320	2 200	287
Jostein Dahle, CSO [6]	1 852	77	363	369
Rita Dege, CHRO	1 234	55	123	34
Anniken Hagen, CTOO	1 905	78	380	238
Tone Kvåle, CFO	2 329	67	564	500
Marco Renoldi, COO [5]	3 382	258	824	194
Lisa Rojkjaer, CMO [4]	316	34	809	278
Total management remuneration	**16 029**	**889**	**5 262**	**1 900**

1) Salary includes accrued performance bonus for 2016.

2) 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.

3) Other remuneration includes; benefit of exercised options (if relevant), insurance, car allowance (if relevant), healthcare allowance (if relevant) and representation allowance (if relevant).

4) Lisa Rojkjaer MD was appointed CMO of the company on November 15th, 2016.

5) For comparative purposes, the average exchange rate in 2016 for CHF/NOK has been used.

6) Jostein Dahle has a personal loan of NOK 137 888. The loan carries interest at 3 per cent per year.

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

	Current position within the company	Employed with the company since	**Shares 2016** [1]	Shares 2015 [1]
Name				
Luigi Costa	Chief executive officer	September 2014	**79 115**	73 186
Jostein Dahle	Chief scientific officer	January 2011	**204 958**	254 958
Rita Dege	Chief human resources officer	June 2015	**4 754**	0
Anniken Hagen	Chief technical and operations officer	August 2012	**63 858**	48 771
Tone Kvåle	Chief financial officer	November 2012	**179 608**	139 854
Marco Renoldi	Chief operating officer	November 2014	**74 000**	70 000
Lisa Rojkjaer	Chief medical officer	November 2016	**2 186**	0
Total shares owned by management			**608 479**	586 769

1) Including shares held by 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 COO Marco Renoldi, is in the event of termination of the employment agreemens 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 directors 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:

	2015			
(Amounts in NOK 1000)	Salary	Pension cost	Share-based payments excl. of social security tax	Other remuneration
Name and position				
Luigi Costa, CEO	4 307	297	3 376	318
Jan A. Alfheim, COO	1 550	65	727	54
Jostein Dahle, CSO	1 392	51	510	71
Anniken Hagen, CQO	1 373	49	550	66
Tone Kvåle, CFO	1 667	66	856	70
Cristina Oliva, CMO	2 609	0	222	2 532
Marco Renoldi, CBO	3 027	248	1 175	228
Total management remuneration	**15 926**	**777**	**7 416**	**3 338**

Share-based payments/option programmes

The following members of the management participate in the company's option programme:

Granted options

Option holder	2014	2015	**2016**	2017	**Outstanding as of 31 December 2016**	Outstanding as of 23 March 2017
Luigi Costa, CEO	868 106		**220 000**	250 000	**1 088 106**	1 338 106
Jostein Dahle, CSO		105 000	**30 000**	15 000	**135 000**	150 000
Rita Dege, CHRO		17 000	**15 000**	35 000	**32 000**	67 000
Anniken Hagen, CTOO		112 000	**30 000**	35 000	**142 000**	177 000
Tone Kvåle, CFO		175 000	**35 000**	105 000	**210 000**	315 000
Marco Renoldi, COO	278 137		**90 000**	96 000	**368 137**	464 137
Lisa Rojkjaer, CMO			**340 000**	35 000	**340 000**	375 000
Total	**1 146 243**	**409 000**	**760 000**	**571 000**	**2 315 243**	**2 886 243**

Exercise price of granted options

Option holder	2014	2015	**2016**	2017
Luigi Costa, CEO	25		**14.24**	90.37
Jostein Dahle, CSO		28	**14.24**	90.37
Rita Dege, CHRO		28	**14.24**	90.37
Anniken Hagen, CTOO		28	**14.24**	90.37
Tone Kvåle, CFO		28	**14.24**	90.37
Marco Renoldi, COO	30.5		**14.24**	90.37
Lisa Rojkjaer, CMO			**66.74**	90.37

For more information about share-based payments (option programmes) see notes 13 and 21.

The board of directors' declaration on determination of salaries and other remuneration for senior management - Guidelines for 2017:

1. INTRODUCTION

This statement regarding remuneration of the management team of Nordic Nanovector ASA and its subsidiaries has been prepared by the board of directors of Nordic Nanovector ASA 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 2017 and until new principles are resolved by the general meeting in accordance with the Norwegian Public Limited Companies Act at the ordinary general meeting in 2018 (the "Period").

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 the Period. However, the main principles for the share related long term incentive scheme discussed below will be subject to a separate vote, and will be binding for the board.

2. OVERVIEW OF THE COMPENSATION POLICY

Nordic Nanovector seeks to entertain a performance-oriented culture, where the individual achievement is clearly aligned with the company's overall strategic objectives. The company evaluates and rewards the Managers based on their contributions to the achievement of the corporate priorities set early in the year. The performance of each member of the management team is reviewed on an annual basis.

We aim to attract and retain talented executives in a competitive market. The committee believes it is important for the board of directors to be informed as to the current practices of comparable companies with which we compete for talent when making compensation decisions. The committee reviews market data for each executive's position, including information relating to the mix of elements and levels of compensation.

3. COMPENSATION POLICY FOR EACH ELEMENT

Based on the compensation policy described above, Nordic Nanovector's performance-based compensation programme primarily consists of three components: 1) base salary, 2) short term cash bonus and 3) long term equity award. The board's view is that these three components best align the interests of the management team with those of our shareholders. This alignment is achieved by keeping a substantial portion of the total compensation allocated to "at-risk" performance-based incentives through the use of short term and long term incentive compensation. An appropriate level and mix of compensation components are determined with independent and relevant compensation data as important input. The policy for each element of compensation is described below, setting out the policy applied for 2016 and as planned for 2017.

- **Base salary**

Base salaries for individual members of the management team are reviewed annually by the committee and the board of directors. The salaries are set by taking into consideration the scope of the role, the level of experience of the individual, the geographical location of the role, internal relativity, and external economic environment. The committee also makes reference to the midpoint of the market range for equivalent roles in peer companies. The overall performance rating, employee potential, and current compensation market competitiveness will be combined to assess any proposed salary revision. The committee also takes into account subjective performance criteria, such as an individual's ability to lead, organise and motivate others.

- **Short term incentives: Annual cash bonus**

The corporate priorities for each year are set by the board and used as the annual objectives for the CEO. For the balance of the management team, a major part of the objectives replicate those of the CEO, with the remaining part representing objectives relevant to the individuals' area of responsibility. The objectives for the management team are set by the CEO, based on principles defined by the board. At the end of the year, the level of performance achieved and the amount of bonus to be awarded the member of the management team is reviewed by the committee, in discussion with the CEO, and approved by the board.

- **Long term incentives**

The board believes that equity awards create incentives for the management team to further the company's long term strategic plan to create long term shareholder value. Equity awards also create an ownership culture where the interests of the employees and the shareholders are aligned. With the vesting requirements of the equity awards we provide an incentive to the management team to remain employed during the vesting period, thereby contributing to a valuable retention of individual management team members. The committee's long term incentive policy applied in 2016 is described below. The same policy will be applied in 2017.

- **Other benefits**

Benefits to the management will normally be in line with market practice, benefits may e.g. comprise 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.

- **Pension**

Nordic Nanovector ASA in Norway has a defined contribution pension scheme. The company is exceeding the statutory contribution of 2 per cent and sets up 5 per cent of the annual salary between 0G and 7.1G and 8 per cent of the annual salary between 7.1G and 12G. "G" is the National Insurance Basic Amount set by the Norwegian government each year. There are no contributions made for salaries exceeding 12G.

Nordic Nanovector GmbH in Switzerland has a pension scheme with the requirements of the Swiss Federal Social Insurance Legislation (BSV). Depending on the employee's age, the total contribution, which is split between the employee and the company, is between 7 per cent and 18 per cent of the annual salary.

Nordic Nanovector Ltd has currently no pension scheme, but will enroll the statutory pension scheme as of October 2017, as required by the UK government.

4. SEVERANCE PAYMENT

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 COO, 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.

Remuneration to the board of directors

The annual general meeting held on May 19th, 2016 resolved changes to the composition of the board of directors and remuneration of the board directors for the period from the annual general meeting May 19th, 2016 until the annual general meeting in 2017 as follows:

(Amounts in NOK 1000, exclusive of social security)	Board of directors	Audit committee [1)]	Compensation committee [1)]	Nomination committee
Chair	450	40	40	40
Director	240	20	20	25

1) The board directors are entitled to a fixed compensation of NOK 4 000 per meeting in the sub-committees that they attend. The chair is entitled to NOK 8 000 per meeting. The remuneration in the table above is the minimum amount for the period.

Fees to the board of directors are summarised below:

(Amounts in NOK 1000, except number of shares)	Served since	**2016**		2015	
		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 directors					
Ludvik Sandnes, chair [1]	June 2013	**490**	**126 000**	280	125 000
Jean-Pierre Bizzari	May 2016	**240**			
Joanna Horobin	October 2016	**144**			
Per Samuelsson [3]	November 2014	**300**		180	
Gisela M. Schwab	March 2015	**240**		120	
Hilde Hermansen Steineger [2]	November 2014	**300**	**750**	180	750
Previous members of the board and committees					
Roy H. Larsen				120	1 801 777
Renee P Tannenbaum [4]	May 2016	**44**			
Total		**1 758**	**126 750**	880	1 927 527

1) Ludvik Sandnes is a member of the audit- and compensation committee. He holds 126 000 shares in the company.
2) Hilde Hermansen Steineger is also the chair of the audit committee and a member of the compensation committee.
3) Per Samuelson is also the chair of the compensation committee and member of the audit commitee.
4) Renee P. Tannenbaum stepped down from the board of directors on October 12th, 2016.
5) Shareholdings not included for representatives who are no longer members as of December 31st, 2016.

The aggregated remuneration for the board of directors recognised in 2016 was NOK 1.7 million, hereof NOK 1.1 mill in fees and NOK 0.6 million in costs related to share-based payments (RSUs) described below. Total remuneration for the board of directors was 0.9 in 2015. Fee to the board of directors is classified as other operating expenses and includes fees for committee work.

Restricted Stock Units (RSUs)

At the general meeting, the company resolved to issue restricted stock units ("RSUs") to board directors who elect to receive all or parts of their remuneration, for the period from the annual general meeting in 2016 to the annual general meeting in 2017, in the form of RSUs pursuant to the respective restricted share units agreements ("RSU Agreement") entered into between the company and the relevant board directors.

The RSUs are non-transferable and each RSU gives the right and obligation to acquire one share in the company at a price of NOK 0.20 per share (corresponding to the nominal value of the shares) subject to satisfaction of the applicable vesting conditions stated in the RSU Agreement.

The board directors who elect to receive RSUs, must elect to either (i) receive 100 per cent of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs. The election made by each board director has been set out in the table on the next page. The number of RSUs to be granted to the members of the board of directors is calculated as the NOK amount of the RSU opted portion of total compensation to the board director, divided by the market price for the Nordic Nanovector share. The market price is calculated as volume weighted average share price the 10 trading days prior to the grant date.

Pursuant to the RSU programme, the board directors and primary insiders of the company received the following number of RSUs as of 31 December 2016:

Name	Remuneration for the period 2016-2017 in NOK	Allocation between cash and RSUs	Number of RSUs for the period 2016-2017	Total number of RSUs outstanding	Market price on grant date [4] in NOK	Total number of shares
Ludvik Sandnes	490 000	100% RSU	21 604	21 604	22.68	126 000
Jean-Pierre Bizzari	240 000	1/3 RSU	3 527	3 527	22.68	0
Joanna Horobin [1]	144 000	100% RSU	2 678	2 678	53.77	0
Per Samuelsson	300 000	[2]	0	0	22.68	0
Gisela Schwab	240 000	2/3 RSU	7 054	7 054	22.68	0
Hilde Hermansen Steineger	300 000	2/3 RSU	8 818	8 818	22.68	750
Renee P. Tannenbaum [3]	44 055	1/3 RSU	647	647	22.68	0
Total			**44 328**	**44 328**		**126 750**

1) Joanna Horobin was elected as board director on October 12th, 2016.

2) Per Samuelsson is not allowed to hold equity in the company due to his affiliation with HealthCap, and will only receive cash.

3) Renee P. Tannenbaum stepped down from the board of directors on October 12th, 2016.

4) The market price is calculated as volume weighted average share price the 10 trading days prior to the grant date.

NOTE 13: EMPLOYEE SHARE OPTION PROGRAMME

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 programme

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 December 31st, 2016 there are no outstanding options granted in 2011 to 2012. The remaining 78 333 options were exercised on April 20th, 2016.

Second Option Programme

As of December 31st, 2016, there were 2 846 701 options outstanding.

The options granted 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:	**2016**		2015	
	Number of options	Weighted average exercise price in NOK	Number of options	Weighted average exercise price in NOK
Balance at 1 January	**2 171 576**	**26.77**	1 616 281	25.94
Granted during the year [1)]	**880 000**	**34.80**	953 200	29.22
Exercised during the year	**-81 333**	**7.35**	0	0
Forfeited	**-123 542**	**29.24**	-397 905	29.25
Balance at 31 December	**2 846 701**	**29.70**	**2 171 576**	**26.77**
Of which fully vested	**1 050 021**	**27.28**	416 008	23.82

1) The weighted average fair value of the share options granted during 2016 was NOK 16.05 (2015: 10.05).

Calculation of fair value of share-based payments

Option cost were calculated using the Black-Scholes model. The historic volatility of the Nordic Nanovector shareprice does not provide sufficient 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 one year after vesting date on all grants except for options granted before March 2015. For options granted before March 2015 expected exercise date is vesting date. 1 035 000 options has been 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.

Remaining contractual lifetime of outstanding share options per 31 December 2016:

	Number of options	Average exercise price in NOK
4 - 5 years	1 200 843	26.34
5 - 6 years	765 858	41.30
6 - 7 years	880 000	35.95
Total	**2 846 701**	**29.70**

The table shows input and assumptions that has been used for the calculation of fair value of options granted:

	2016	2015
Dividends (NOK)	**0**	0
Expected volatility (%)	**51%-59%**	60% and 55%
Risk-free interest rate (%)	**0,41% -1,19%**	0,65% - 1,20%
Average expected life from grant date (years)	**3.24**	2.3

NOTE 14: OTHER CURRENT RECEIVABLES

ASA				GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	*Note*	**2016**	2015
4 878	**9 000**	Government grants	*7*	**9 000**	4 878
2 262	**4 110**	Refundable VAT		**4 421**	2 396
4 312	**7 031**	Prepaid expenses		**7 417**	4 540
1 342	**1 343**	Rental deposits	*15*	**1 597**	1 507
92	**133**	Account receivables	*16*	**133**	92
94	**9**	Accrued interest income	*5, 10*	**9**	94
686	**795**	Other receivables [1]		**800**	686
13 666	**22 421**	**Other current receivables**		**23 377**	14 193

1) Total loans to employees are NOK 137 888 as of December 31st, 2016. There are no loans as of December 31st, 2015.

NOTE 15: PROPERTY PLANT AND EQUIPMENT

Year ended 31 December 2016

(Amounts in NOK 1000) ASA	Laboratory equipment	Software licences	Office equipment	Permanent building fixtures	Furniture & fittings	Total
Cost at 1 January 2016	1 560	752	1 068	1 929	470	5 779
Additions in the year	1 107	0	144	156	91	1 498
Disposals in the year						0
Cost at 31 December 2016	2 667	752	1 212	2 085	561	7 277
Accumulated depreciations at 1 January 2016	359	227	684	1 481	221	2 972
Depreciations in the year	293	262	341	159	105	1 160
Accumulated depreciation at 31 December 2016	652	489	1 025	1 640	326	4 132
Net carrying amount at 31 December 2016	**2 015**	**263**	**187**	**445**	**235**	**3 145**
Estimated useful life	3 - 5 years	3 years	2-3 years	2-5 years	3-5 years	
Depreciation method	straight-line	straight-line	straight-line	straight-line	straight-line	

Year ended 31 December 2015

(Amounts in NOK 1000) ASA	Laboratory equipment	Software licences	Office equipment	Permanent building fixtures	Furniture & 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	

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. During the financial year 2016 expenses for research and development were NOK 150.6 million, whereas NOK 128.2 million is classified as other operating expenses and NOK 22.4 million is classified as payroll. In 2015 the research and development expenses were NOK 129.5 million, whereas NOK 103 million and NOK 26.5 million were 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 group rents office premises in Zug, Switzerland. The annual rental amount for these facilities are NOK 0.9 million.

Rental of office space	Expiry date
Third floor office/laboratory space (sub-leased from January 2014) and basement storage, Oslo, Norway	31.12.2019
Fourth floor office/laboratory space (from January 2014), Oslo, Norway	31.12.2019
Office space (from October 2014), Zug, Switzerland	30.09.2017

Operating leases

Future minimum rental payable under non-cancellable operating leases as of 31 December:

ASA			GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	**2016**	2015
1 929	**1 960**	Within 1 year	**2 808**	2 542
4 596	**2 936**	Within 1-5 years	**3 143**	5 091
0	**0**	Over 5 years	**0**	0
6 525	**4 896**	**Total**	**5 951**	7 633

Minimum lease payments recognised as an operating lease expense:

ASA			GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	**2016**	2015
2 017	**2 051**	**Minimum lease payments**	**3 044**	2 749

NOTE 16: TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the company and related parties**.**
During the year, the company entered into the following transaction with related parties.

	Sales (included in revenue)		Purchases (included in other operating expenses)	
(Amounts in NOK 1000)	**2016**	2015	**2016**	2015
Companies controlled by previous board directors	**314**	437	**73**	135
Subsidiary - Nordic Nanovector GmbH [1)]	**0**	0	**15 886**	15 276
Subsidiary - Nordic Nanovector Ltd [1)]	**0**	0	**5 895**	12 009

	Amounts owed by related parties (included in other receivables)		Amounts owed to related parties (included in accounts payables or current liabilities to group companies)	
(Amounts in NOK 1000)	**31.12.2016**	31.12.2015	**31.12.2016**	31.12.2015
Companies controlled by previous board directors	**133**	92	**42**	20
Subsidiary - Nordic Nanovector GmbH [1)]	**0**	0	**2 671**	4 193
Subsidiary - Nordic Nanovector Ltd [1)]	**0**	0	**1 102**	219

1) Transactions and balances are eliminated in the reporting for the group.

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:

ASA			GROUP	
2015	**2016**	*(Amounts in NOK 1000, except number of shares)*	**2016**	2015
-170 119	**-226 502**	Loss for the year	**-235 510**	-173 075
40 443 234	**44 776 248**	Average number of outstanding shares during the year	**44 776 248**	40 443 234
-4.21	**-5.06**	**Earnings (loss) per share - basic and diluted (in NOK per share)**	**-5.26**	-4.28

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: AUDITORS FEE

Fees to auditors (exclusive of VAT) for the year ended 31 December:

ASA			GROUP	
2015	**2016**	*(Amounts in NOK 1000)*	**2016**	2015
230	**250**	Audit fee	**287**	276
382	**142**	Audit related work	**142**	382
555	**201**	Tax services	**201**	555
0	**0**	Other non-audit services	**78**	67
1 167	**593**	**Total**	**708**	1 280

In 2016 audit fees and non-audit services to auditors other than the group auditor was NOK 0.04 million and NOK 0.08 million respectively (2015: NOK 0.05 million and NOK 0.07 million respectively).

NOTE 19: SEGMENTS

The group's lead product candidate 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:

		2016	
(Amounts in NOK 1000)	Norway	Switzerland	United Kingdom
Assets			
Non-current assets	3 145	0	0
Current receivables	22 421	710	246
Cash and cash equivalents	1 012 975	3 794	1 448
Liabilities			
Total current liabilites	89 729	3 667	2 054

		2015	
(Amounts in NOK 1000)	Norway	Switzerland	United Kingdom
Assets			
Non-current assets	2 807	0	0
Current receivables	13 666	354	173
Cash and cash equivalents	739 940	424	3 003
Liabilities			
Total current liabilites	41 997	2 822	2 810

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 of interest	
Name	Country of incorporation	Book value	**2016**	2015
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 *Grafenauweg 10, 6301 Zug, Switzerland.* Nordic Nanovector Ltd is incorporated in London, England, with its registered address at *Paternoster House, 65 St. Paul's Churchyard, London EC4M 8AB, United Kingdom.*

NOTE 21: EVENTS AFTER THE REPORTING DATE

Exercise of employee share options and increase of share capital
On January 24th, participants in the company's employee share option programme, exercised a total number of 56 525 options out of which 600 options have a strike price of NOK 25, 49 675 options have a strike price of NOK 28 and 6 250 options have a strike price of NOK 35. Each option gives the right to receive one share in the company. To fulfil the company's obligations under the option agreements, the board of directors resolved to increase the company's share capital by NOK 11 305 through the issuance of 56 525 new shares, each with a nominal value of NOK 0.20, against payment of a total subscription price of NOK 1 624 650. Subsequent to the issuance of the new shares, the company's share capital is NOK 9 806 228.60 divided into 49 031 143 shares, each with a nominal value of NOK 0.20.

Share options granted in 2017
On February 2nd, 2017 the company granted 719 500 options to employees of the group. The exercise price of the options allocated is NOK 90.37. The total number of outstanding share options are, 3 509 676 equivalent to 6.7 per cent of outstanding shares and options on a fully diluted basis as of March 23rd, 2017.

Number of options outstanding for the management:

Option holder	Number of options outstanding
Luigi Costa, CEO	1 338 106
Jostein Dahle, CSO	150 000
Rita Dege, CHRO	67 000
Anniken Hagen, CTOO	177 000
Tone Kvåle, CFO	315 000
Marco Renoldi, COO	464 137
Lisa Rojkjaer, CMO	375 000
Total options outstanding 23.3.2017	**2 886 243**

Auditor's report

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 24 01
www.ey.no
Medlemmer av den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Nordic Nanovector ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nordic Nanovector ASA, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the statement of financial position as at 31 December 2016, the statements of profit and loss and other comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of Nordic Nanovector ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2016 and their financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board and CEO (management) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other

Building a better working world

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and in the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and in the statements on corporate governance and corporate social responsibility, the going concern assumption and 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 management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 23 March 2017
ERNST & YOUNG AS

Tommy Romskaug
State Authorised Public Accountant (Norway)

Glossary of terms

- 1L, 2L, 3L: first, second and third line of treatment
- ADC: Antibody-Drug Conjugate
- 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 super-family of cell surface antigens.
- CR: Complete response
- DLBCL: Diffuse Large B-Cell Lymphoma
- FL: Follicular lymphoma
- FDA: Food and Drug Administration
- IFRS: International Financial Reporting Standard
- IND: Investigational New Drug
- IPO: Initial Public Offering
- KOL: Key opinion leader
- LCM: Lifecycle management
- Lilotomab: Betalutin® consists of the radionuclide lutetium-177 conjugated to the B-cell seeking anti-CD37 antibody lilotomab (formerly referred to as HH1).
- Lu-177: Radionuclide lutetium-177
- mAb: Monoclonal antibody
- MBq: Megabecquerel (radioactivity measurement unit)
- MD: Medical doctor
- nASCT: Not eligible for autologous stem cell transplant
- NNV003: chimeric anti-CD37 antibody developed by Nordic Nanovector
- 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
- SRC: Safety Review Committee
- 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

- Q1-2017 results: May 24th, 2017
- Annual general meeting: May 24th, 2017
- Q2-2017 results: August 23rd, 2017
- Capital markets day: September 27th, 2017
- Q3-2017 results: November 22nd, 2017

The dates are subject to change. The time and location of the presentations will be announced in due time.

Investor contact

Contact person: Tone Kvåle, CFO
Phone: +47 91 51 95 76
E-mail: ir@nordicnanovector.com
Web: www.nordicnanovector.com/investor-relations/

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 is 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.

Contact information

HEADOFFICE

Nordic Nanovector ASA
Kjelsåsveien 168 B
0884 Oslo
Norway
Phone: +47 22 18 33 01
Fax: +47 22 58 00 07
E-mail: mail@nordicnanovector.com
Web: www.nordicnanovecor.com

SUBSIDIARIES

Nordic Nanovector GmbH
Grafenauweg 10
6301 Zug
Switzerland
Phone: +41 41 723 27 30
E-mail: mail@nordicnanovector.com

Nordic Nanovector Limited
Paternoster House
65 St. Paul's Churchyard
London EC4M 8AB
United Kingdom
Phone: +41 41 723 27 30 (CH)
E-mail: mail@nordicnanovector.com

ANNUAL REPORT

2016

NORDIC NANOVECTOR