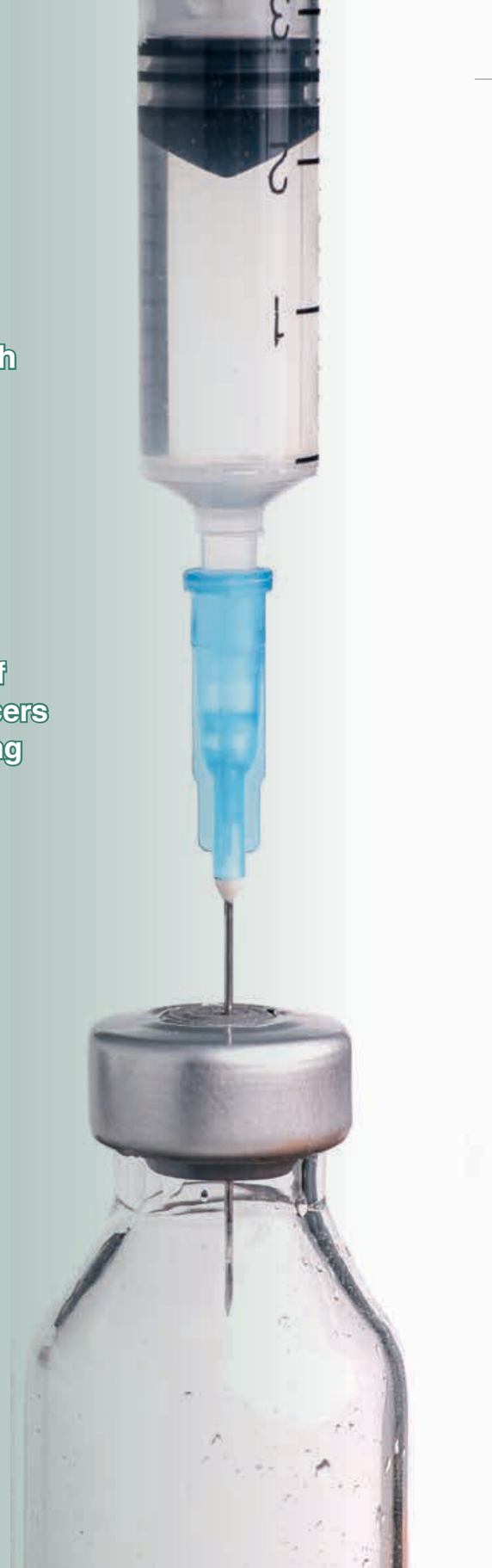
Annual Report 2020

NORDIC NANOVECTOR



Our Vision:

To significantly advance the treatment of cancer patients with innovative targeted therapies.

Our Mission:

To extend and improve the lives of patients with haematological cancers by developing and commercialising innovative targeted therapies.

Contents

Important events 2020

PARADIGME

- Strategic review conducted: clinical development strategy revised to focus on completing PARADIGME in a timely manner.
- Successful interim analysis for PARADIGME informed independent review committee recommendation to focus on a single dosage regimen for the remainder of the trial.
- Amendments made to the PARADIGME trial protocol designed to broaden the inclusion criteria and expand the pool of eligible patients. Further initiatives implemented globally aim to increase the rate of enrolment.
- Read out of preliminary three-month data moved to 2H'2021 to allow time for protocol amendments and operational initiatives to have a positive effect despite the negative impact the COVID-19 pandemic is having on recruitment into cancer clinical trials globally.
- Mature data from the positive Phase 1/2a (LYMRIT 37-01) study of Betalutin® in R/R iNHL published in Blood Advances, the official publication of the American Society of Hematology.

Pipeline

- Archer-1: Enrolment of FL patients into second safety cohort in Archer-1 Phase 1b Betalutin®+rituximab combination trial completed – trial paused to assess results and plans for further development.
- LYMRIT 37-05: Enrolment into the LYMRIT 37-05 Phase 1 clinical trial of Betalutin® in R/R DLBCL patients completed – trial paused to assess results and plans for further development.
- Preclinical trial demonstrated that Betalutin® reverses tumour resistance to rituximab in NHL disease models.
- US patent granted covering the use of Betalutin® to sensitise B-cell cancer cells to CD20 immunotherapy.
- Betalutin® granted Fast Track Designation from US FDA and Orphan Drug Designation in the European Union for Marginal Zone Lymphoma.
- EU patent granted covering the use of Alpha37 as a targeted alpha therapy for treating Chronic Lymphocytic Leukemia (CLL) and NHL.

Corporate

- Approximately NOK 231 million (USD 25 million) in gross proceeds raised through a private placement.
- Dr Lars Nieba, Nordic Nanovector's Chief Technology Officer, was appointed Interim Chief Executive Officer on 26 February 2020.
- Strategic review conducted: cost-saving initiatives implemented, including a company restructuring.
- The number of executives was reduced from nine to seven. Malene Brondberg was appointed Chief Financial Officer with the responsibilities for the areas Finance, Human Resources and Investor Relations.
- Dr Christine Wilkinson Blanc was appointed as Chief Medical Officer.
- Dr Karin Meyer was elected as new member of the board of directors. Pål Erik Robinson was elected as new member of the nomination committee.

Scientific publications 2020

Papers

- **FDG PET/CT parameters and correlations with tumor-absorbed doses in a phase 1 trial of ^{177}Lu-lilotomab satetraxetan for treatment of relapsed non-Hodgkin lymphoma**
  Ayca Løndalen, Johan Blakkisrud, Mona-Elisabeth Revheim, Ulf Erik Madsbu, Jostein Dahle, Arne Kolstad, Caroline Stokke
  European Journal of Nuclear Medicine and Molecular Imaging, Published online 16 November 2020.
- **Phase 1/2a study of ^{177}Lu-lilotomab satetraxetan in relapsed/refractory indolent non-Hodgkin lymphoma**
  Arne Kolstad, Tim Illidge, Nils Bolstad, Signe Spetalen, Ulf Madsbu, Caroline Stokke, Johan Blakkisrud, Ayca Løndalen, Noelle O'Rourke, Matthew Beasley, Wojciech Jurczak, Unn-Merete Fagerli, Michal Kaščák, Mike Bayne, Aleš Obr, Jostein Dahle, Lisa Rojkjaer, Veronique Pascal, Harald Holte
  Blood Adv (2020) 4 (17): 4091–4101.
- **^{177}Lu-lilotomab satetraxetan has the potential to counteract resistance to rituximab in non-Hodgkin lymphoma**
  Marion M. Malenge, Sebastian Patzke, Anne H. Ree, Trond Stokke, Peter Ceuppens, Brian Middleton, Jostein Dahle, and Ada H. V. Repetto-Llamazares
  Journal of Nuclear Medicine, published on April 3, 2020 as doi:10.2967/jnumed.119.237230.
- **Targeted alpha therapy for chronic lymphocytic leukaemia and non-Hodgkin lymphoma with the anti-CD37 radioimmunoconjugate 212Pb-NNV003**
  Astri Fjelde Maaland, Amal Saidi, Julien Torgue, Helen Heyerdahl, Tania A. Rozgaja Stallon, Arne Kolstad and Jostein Dahle
  PLOS ONE: https://doi.org/10.1371/journal.pone.0230526, March 18, 2020.

Creating shareholder value

Corporate snapshot

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 radioimmunotherapy designed to advance the treatment of non-Hodgkin lymphoma (NHL). NHL is an indication with substantial unmet medical need, representing a growing market forecast to be worth nearly USD 26 billion by 2028[1)]. Nordic Nanovector retains global marketing rights to Betalutin® and intends to actively participate in the commercialisation of Betalutin® in the US and other major markets.

Nordic Nanovector ASA was established in Oslo, Norway in 2009 by Dr Roy H. Larsen and Inven2 AS on behalf of Prof Øyvind S. Bruland and Dr Jostein Dahle. The company was founded with the aim to develop Betalutin® for the treatment of lymphoma. Betalutin® was invented by the three founders at the Norwegian Radium Hospital.

- Headquarters in Oslo Norway, with corporate entities in the UK, Switzerland and Denmark
- 36 (48) employed people
- The company was listed on Oslo Stock Exchange in March 2015 (NANOV)
- Market capitalisation USD 259 million

23 March 2021

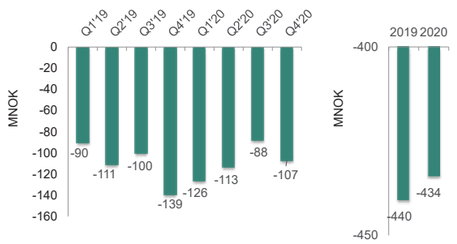
1) *Non-Hodgkin's Lymphoma and Chronic Lymphocytic Leukemia, Disease Landscape and Forecast, 2020, Decision Resources Group, Clarivate*

History

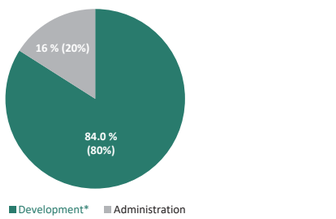
2009	• Betalutin® was invented by Dr Roy H. Larsen, Professor Øyvind S. Bruland and Dr Jostein Dahle.
2010	• 1st patent application was filed for Betalutin®.
2011	• 1st patent application was approved in Norwegian Patent Office. • The company established offices / lab in Oslo, Norway.
2012	• Received regulatory approval for clinical trials in Norway and Sweden. • First patient treated in the LYMRIT 37-01 Phase 1/2a trial.
2013	• Private placement of NOK 60 million. • HealthCap VI L.P. committed to invest NOK 50 million.
2014	• Betalutin® patent approved in Europe and US. • LYMRIT 37-01 trial advanced to Phase 2a. • Orphan-drug designations granted in the US and in EU for FL. • Private placement of NOK 300 million. • Listing of shares on the Norwegian OTC.
2015	• Nordic Nanovector listed on Oslo Børs (NANO) - NOK 575 million was raised. • LYMRIT 37-01 trial extended with 4 extra arms in Phase 1.
2016	• FDA granted Investigational New Drug (IND). • FDA approved dose-finding for DLBCL (37-05). • Collaboration agreements signed with Paul Scherrer Institute, Areva Med (Orano Med), LegoChem Bio and Heidelberg Pharma. • Private placement of NOK 499 million. • Humalutin® ready for clinical testing.
2017	• First patient dosed in DLBCL trial (37-05). • Phase 1 part of LYMRIT-37-01 completed.
2018	• Fast Track designation granted in the US for Betalutin®. • Phase 2a part of LYMRIT-37-01 completed. • First patient dosed in Phase 2b PARADIGME trial of Betalutin® in 3rd line FL. • Promising Innovative Medicine (PIM) granted in the UK for Betalutin®. • First patient dosed in ARCHER-1 trial of Betalutin® plus rituximab in 2nd line follicular lymphoma (LYMRIT 37-07).
2019	• Private placements net of NOK 445 million (USD 48 million). • European patent granted for Betalutin® or Humalutin® in combination with anti-CD20 antibodies for treating NHL.
2020	• Successful interim analysis for Phase 2b PARADIGME trial of Betalutin® in 3rd line FL with IRC recommendation to proceed with a single dose. • Publication of completed Phase 1/2a LYMRIT 37-01 trial in Blood Advances, an official journal of the American Society of Hematology. • Private placement of net NOK 215 million (USD 26 million). • Completion of enrolment into initial safety cohorts in Phase 1 trials in NHL (Archer-1) and DLBCL (LYMRIT 37-05).

Key figures

Operating results

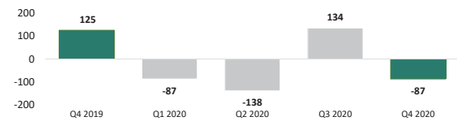


Distribution of total operating expenses

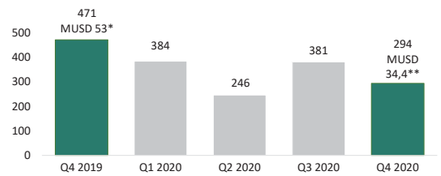


*Development costs: preclinical, clinical, medical affairs, regulatory affairs and CMC activities

Cash flow



Cash position



** USD/NOK 8.82
** USD/NOK 8.54

The share

Share price development

01.01.2020 - 23.03.2021

Share information

Ticker: NANOV (OSE/Oslo Stock Exchange)

Market Cap[1)] - at share price 23.18 NOK

2 208 NOK million / 259 USD million

Daily turnover in 2020

555 173 44%

No of shares turnover in % of total shares

Research analyst coverage

ABG Sundal Collier
DNB Bank ASA
Jefferies International Ltd
Kempen

[1)] 23 March 2021

Top 10 shareholders

Shareholders	No of shares	%
1. Folketrygdfondet	8 458 940	8,88 %
2. HealthCap VI L.P.	6 834 095	7,17 %
3. Fjarde AP-Fonden	3 700 696	3,88 %
4. OM Holding AS	3 524 692	3,70 %
5. Sundt AS	1 640 433	1,72 %
6. Nordnet Livsforsikring AS	1 554 450	1,63 %
7. Urbanium gruppen AS	1 020 000	1,07 %
8. RO invest AS	1 000 000	1,05 %
9. Norge AS	845 071	0,89 %
10. Birk Venture AS	800 000	0,84 %
Total 10 largest shareholders	29 378 377	30,84%
Others	65 890 357	69,16%
Total number of shares	95 268 734	100,00%

As per 23 March 2021

What we do

Overview of the business

Nordic Nanovector ASA was established in Oslo, Norway in 2009 by Dr Roy H. Larsen and Inven2 AS on behalf of Prof Øyvind S. Bruland and Dr Jostein Dahle. The company was founded with the aim to develop Betalutin® for the treatment of lymphoma. Betalutin® was invented by the three founders at the Norwegian Radium Hospital.

Dr Larsen and Professor Bruland were also founders of Algeta ASA, which successfully developed and launched Xofigo® (radium-223 dichloride) with partner Bayer AG for the treatment of adults with castration-resistant prostate cancer and symptomatic bone metastases. Algeta was acquired by the global pharmaceutical company Bayer in 2014.

Nordic Nanovector was listed on the Oslo Stock Exchange in 2015. The company has its headquarters and laboratories in Oslo/Norway and subsidiaries in Zug/Switzerland, London/UK, and a branch in Frederikshavn/Denmark.

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-conjugate designed to advance the treatment of non-Hodgkin lymphoma (NHL). NHL is an indication with substantial unmet medical need, representing a growing market forecast to be worth nearly USD 26.1 billion by 2028. Nordic Nanovector retains global marketing rights to Betalutin® and intends to actively participate in the commercialisation of Betalutin® in the US and other major markets.

The company is focusing its resources on completing the pivotal PARADIGME clinical trial with Betalutin® in patients with 3rd-line ("3L") relapsed, anti-CD20 refractory follicular lymphoma ("FL"), a common form of NHL.

The trial originally aimed to enrol 130 patients into two arms to compare different dosing regimens. A planned interim analysis (August 2020) confirmed that a single administration of Betalutin® in both arms was active and had a generally well-tolerated safety profile. The interim data set supported the selection of one-dosage arm with which to complete the trial: the regimen of 15MBq/kg Betalutin® following a pre-dose of 40 mg lilotomab ("40/15"). As a result of the change in the design of the study, and following interactions with the regulatory authorities, the company resolved that the required efficacy and safety database at the designated dose of 40/15 - to support a first regulatory filing - could be achieved by reducing the overall number of enrolled patients from 130 to 120.

The company also amended and broadened the trial protocol to include a more representative 3L patient population by adapting the inclusion criteria to allow entry of patients who have undergone autologous stem cell transplant ("ASCT") as well as patients with lower platelet counts at baseline (i.e. ≥100 x 109/L). The company has obtained approval for the corresponding protocol amendments from the regulators in each of the 24 countries in which PARADIGME is active. Patients have already been enrolled under the new protocol.

The company continues to target the completion of enrolment and expects to report preliminary three-month top-line data during H2'2021.

Betalutin® has Orphan Drug Designation ("ODD") for FL in the US and EU and Fast Track designation in the US. In May 2020, Betalutin® also received ODD in the EU for Marginal Zone Lymphoma ("MZL") and has applied for the equivalent designation in the US. In June 2020, Betalutin® was granted Fast Track designation for MZL in the US.

Two Phase 1 clinical trials with Betalutin® - Archer-1, where Betalutin® is combined with rituximab in 2L FL patients, and LYMRIT-37-05 in R/R diffuse large B-cell lymphoma ("DLBCL") have been paused for analysis after the completion of the dose finding cohorts. Once the data for these trials have been analysed, the company will re-assess its plans to progress development in these indications.

Alpha37 (212Pb-TCMC-NNV003) is an anti-CD37 alpha-particle emitting radioimmunoconjugate in preclinical development for treating chronic lymphatic leukaemia. Alpha37 is being developed in collaboration with Orano Med. The project is currently on hold due to the focus on resources on PARADIGME.

Humalutin® is a chimeric version of Betalutin®. Preclinical and CMC documentation was completed in 2018 and development is on hold due to the focus of resources on PARADIGME.

The technology

Betalutin® is a next generation radioimmunotherapy that targets the CD37 antigen and is a ready-to-use formulation for single-dose administration for treating NHL for 3L relapsed and/or refractory follicular lymphoma (R/R FL) patients. Betalutin® is a radioimmunoconjugate, which consists of the anti-CD37 murine (mouse) antibody lilotomab, conjugated to the chelator p-SCN-Bn-DOTA, which chelates the beta-emitting isotope lutetium-177 (^{177}Lu). Betalutin® is also referred to as lutetium (^{177}Lu) lilotomab satetraxetan.

In immunotherapy, a laboratory-produced molecule called a monoclonal antibody is engineered to recognise and bind to the surface of cancer cells. Monoclonal antibodies mimic the antibodies naturally produced by the body's immune system that attack invading foreign substances, such as bacteria and viruses.

The short-range beta-radiation can cause cell death in both the cells to which Betalutin® molecules bind and the surrounding cells with a mean penetration depth of approximately 0.23 millimetres (i.e. a localised tumour cell kill (40-cell radius) from irreparable double strand DNA). This crossfire effect makes it possible to also kill malignant cells that do not highly express the CD37 antigen or that are poorly perfused (i.e. have limited blood supply) within a tumour mass.

WHY TARGET CD37

What is CD37?

- CD37 is a protein found on the surface of immune cells and interacts with other proteins inside the cell.
- Although the exact physiological role is unclear, CD37 is thought to play a role in both cell survival and cell death.

Why target CD37?

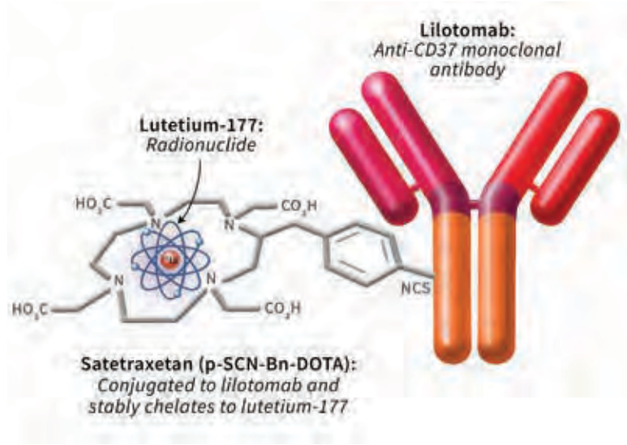
- CD37 is highly expressed on most B-cells and B-cell lymphomas.
- CD37 is absent on normal stem cells and is lost again following differentiation into plasma cells.
- Because of its high prevalence on the surface of B-cell lymphomas, CD37 is a target for several different agents in clinical development.
- Since most patients will eventually become refractory to anti-CD20-based therapies, targeting alternative pathways, such as CD37, may represent a promising therapeutic approach.

KEY BENEFITS OF BETALUTIN®

- Betalutin® is specifically designed as a one-time treatment for NHL: compelling, unique and differentiated value proposition.
- Betalutin® targets CD37, a different antigen compared to other drugs currently used for NHL. CD37 is highly expressed by B-cells and in B-cell lymphoma. It provides an alternative therapeutic target for anti-CD37-based therapies in recurrent lymphoma patients who do not respond to anti-CD20-based therapy (e.g. rituximab).
- The ^{177}Lu payload emits beta-particles with a mean range of approximately 0.23 millimetres. Beta-particles cause tumour cell death through irreversible double-stranded DNA breaks. The limited range of the beta-particles minimises their impact on healthy cells.
- The beta-particle radiation facilitates a localised "multi-cell kill" mechanism of action (also called the "crossfire effect"), which enhances the destruction of malignant cells within a tumour mass that do not express CD37 antigens or have limited blood supply. This represents a significant advantage over the single-cell kill effect of other immunotherapy approaches (monoclonal antibodies and ADCs), which may leave tumour cells that do not express the target antigen unaffected by treatment.
- The half-life of ^{177}Lu (6.7 days) matches the time required for maximal uptake of lilotomab in tumours. Betalutin® is prepared as a ready-to-use formulation that is administered as a single injection in an outpatient setting, with no radiolabelling needed at the treatment centre.
- High and durable response from one-time treatment in heavily pre-treated NHL patients.
- Predictable and manageable toxicity, important for elderly NHL patients who might not be able to tolerate chemotherapy.

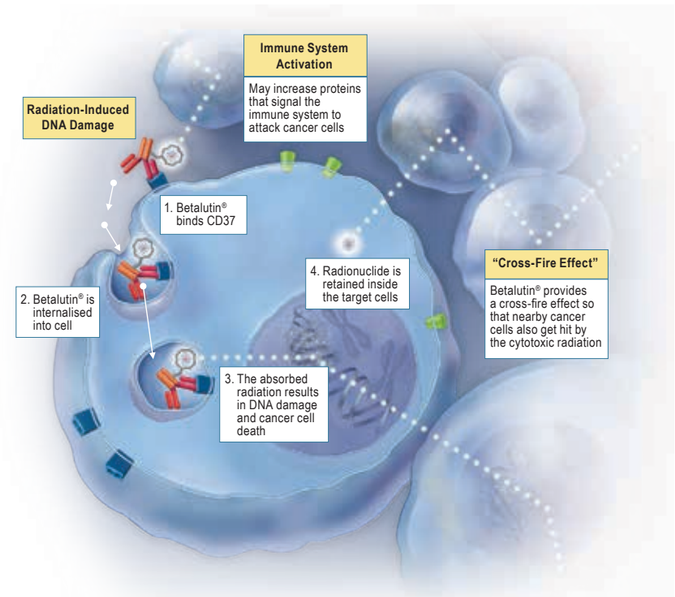
Betalutin®: A novel CD37-targeting radioimmunotherapy

- CD37 is highly expressed in B-NHL.
- ^{177}Lu: a low energy β-emitter with a half-life of 6.7 days.
- Mechanism of action:
  - Internalisation and cell death.
  - Crossfire effect targets cells with variable CD37 expression and poorly-vascularised tumour regions.



Betalutin®

- Betalutin® is an agent with a radioactive component fused to a molecule that binds to CD37.
- When CD37 and Betalutin® form a complex, that complex is internalised and retained inside the cell, allowing for prolonged irradiation of the cancer cell.
- The radiation from Betalutin® also hits nearby cancer cells, leading to cell death.
- Additionally, blocking of CD37 may increase the concentration of proteins that activate the immune system to attack the cancer cells.



Therapeutic areas

NON-HODGKIN LYMPHOMA

Nordic Nanovector develops innovative anticancer therapeutics for haematological cancers, such as non-Hodgkin lymphoma and leukaemia.

Currently, more than 200 different types of cancer exist, which can develop in 60 different organs in the body. Some cancer types are known for taking thousands of lives every year: these include breast, lung, prostate, colorectal, malignant melanoma and non-Hodgkin lymphoma ("**NHL**"), a haematological cancer.

NHL can be further divided in two groups; B-cell lymphomas (including, amongst other subtypes, Diffuse Large B-cell Lymphoma, Follicular Lymphoma, Chronic Lymphocytic Leukemia/Small Lymphocytic Lymphoma, Mantle Cell Lymphoma and Marginal Zone Lymphoma) and T-cell lymphomas (Precursor T-lymphoblastic Lymphoma/Leukemia and Peripheral T-cell Lymphomas).

NHL is a relatively common type of cancer that develops in either B lymphocytes or T lymphocytes, often referred to as B cells and T cells. B cells and T cells are white blood cells. B cells make up 85 per cent of the total lymphocytes, while T cells make up 15 per cent.

The number of diagnosed incident cases of NHL is expected to grow from 146,000 in 2018 to 171,100 in 2028, corresponding to 1.7 per cent annual growth[1].

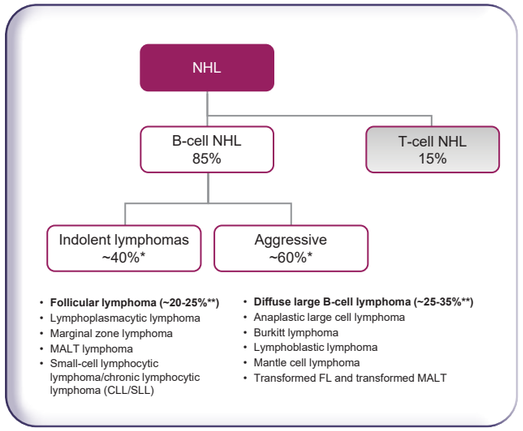
The NHL therapy market (including chronic lymphatic leukemia ("**CLL**")) is forecast to grow from USD 12.5 billion in 2018 to USD 26.1 billion in 2028 (7.6 per cent annual growth)[2]. This growth is expected to be fuelled by label expansions and the increased uptake of currently available therapies (venetoclax, ibrutinib, acalabrutinib, polatuzumab, zanubrutinib, tafasitamab, tazemetostat, umbralisib, selinexor, tisagenlecleucel-t and axi-cel), greater use of combination approaches (in particular rituximab+lenalidomide), and the approval of novel agents for this indication (which could include Betalutin® lisocabtagene maraleucel, mosunetuzumab, odronextamab, ublituximab, nivolumab, and loncastuximab tesirine).

1) *NHL and CLL Report, DRG, 2020, page 91.*

2) *NHL and CLL Report, DRG, 2020, page 15.*

3) *http://www.lymphoma.org/site/pp.asp?c=bkLTKaOQLmK8E&b=6300155 (Accessed 30 November 2016).*

4) *NHL and CLL Report, DGR 2020, page 96.*



FOLLICULAR LYMPHOMA (FL)

Follicular lymphoma, a B-cell lymphoma, is the most common indolent (slow-growing) form of NHL. Common signs of disease include enlargement of the lymph nodes in the neck, underarm, stomach, or groin, as well as fatigue, shortness of breath, night sweats, and weight loss. Often, people with FL have no obvious symptoms of the disease at diagnosis. Over time, some patients with FL may eventually develop a transformed lymphoma, which is often more aggressive and usually requires more intensive types of treatment[3]. The number of diagnosed incident cases of FL in the 7 major markets (U.S., key 5 European markets and Japan) was 32,123 in 2018 and is expected to be 36,678 in 2028[4].

Betalutin® is being developed for the treatment of R/R follicular lymphoma (i.e., 2L+, 3L+ and beyond), with 3L+ FL representing the first to market indication. FL is an incurable cancer type, and even patients who achieve remission after a given line of treatment will eventually relapse. In addition, 5-10 per cent of diagnosed incident cases will transform into DLBCL, a more aggressive tumor sub-type.

While immuno-chemotherapy regimens (an anti-CD20 antibody combined with bendamustine, CHOP, CVP, fludarabine or chlorambucil), which represent the standard of care in 1st line, are initially effective in inducing a response in most patients, the majority of patients will inevitably relapse, and the same therapies will show decreasing efficacy in the subsequent lines of therapies with repeated administration.

In addition, many patients become resistant or refractory to rituximab or rituximab-containing regimens, thus therapeutic targets other than CD20 are important. Treatment options for patients who have failed first line therapy (i.e., who are about to start second line) are selected based upon factors such as prior treatment used, patient age, performance status, presence of co-morbidities, and duration of response to prior therapy.

A series of novel agents have in the past few years received an accelerated approval in the US, one of which also received conditional approval in Europe, for treatment of adult FL patients who have received two prior lines of therapy (i.e., third line setting). Three of them are phosphatidylinositol-3-kinase inhibitors ("**PI3Kis**"): Gilead's idelalisib, Bayer's copanlisib and Verastem's duvelisib. More recently tazemetostat has also received accelerated approval for the treatment of 3L + FL who are positive for the EZH2 mutation, and umbralisib for treatment of 4L+ FL. Despite the availability of these new agents there is still a high unmet need for novel therapies which, in particular in elderly and fragile patients, can improve outcomes while maintaining a good quality of life ("**QoL**"), as most patients in this setting no longer respond to rituximab or other anti-CD20 based therapies, and most of them have co-morbidities, either related to their age (>70-yrs) or to prior chemotherapy (prolonged myelosuppression, neuropathies, cardiovascular disease), that prevent re-treatment with chemotherapy or other agents (approved Pi3k inhibitors or CAR-Ts and bispecific antibodies in development) associated to a high side-effect burden.

MARGINAL ZONE LYMPHOMA

Marginal zone lymphoma ("**MZL**") is a heterogeneous indolent B-cell neoplasm originating from post-germinal centre marginal zone B cells in lymph nodes, the spleen and a variety of extra-nodal tissues.

The three major MZL subtypes are extranodal MZL of mucosa-associated lymphoid tissues ("**MALT**"), nodal MZL and splenic MZL ("**SMZL**"), all of which share similar immunophenotypes: CD19, CD20, CD37 and CD22 positive, and CD5, CD10 and usually CD23 negative. MZL more often affects older individuals, with the median age at diagnosis of approximately 70 years[5].

The aetiology of MZL has been associated with chronic infection (e.g., hepatitis C virus and Helicobacter pylori) which may induce B-cell receptor (BCR) signalling, resulting in aberrant B-cell survival and proliferation. MZLs represent approximately 5 per cent - 15 per cent of all non-Hodgkin lymphomas in the Western world (Zocca *et al.,* 2020). MZL arises in several epithelial tissues. The gastrointestinal tract is the most common site of involvement with the stomach being the most common site. Diagnosis of MZL is made based upon morphologic, immunophenotypic, and genetic analysis of biopsy materials taken from the site of disease in conjunction with clinical signs and symptoms.

DIFFUSE LARGE B-CELL LYMPHOMA (DLBCL)

DLBCL represents a sub-group of B-cell lymphoma within the NHL family. Accounting for approximately one-third of newly diagnosed cases of NHL, DLBCL is the most common type of NHL cancer. DLBCL occurs in both men and women, although it is slightly more common in men. Although DLBCL can occur in childhood, its incidence generally increases with age, and roughly half of patients are over the age of 60. DLBCL is an aggressive form of lymphoma, that can arise in lymph nodes or outside of the lymphatic system, in the gastrointestinal tract, testes, thyroid, skin, breast, bone, or brain. Often, the first sign of DLBCL is a painless, rapid swelling in the neck, underarms, or groin that is caused by enlarged lymph nodes. For some patients, the swelling may be painful. Other symptoms may include night sweats, fever, and unexplained weight loss. Patients may notice fatigue, loss of appetite, shortness of breath, or pain[6].

The number of diagnosed incident cases of DLBCL in the seven major markets (U.S., and key five European markets and Japan) was 64,172 in 2018 and is expected to be 74,927 in 2028[7].

Betalutin® is being developed in patients with R/R DLBCL who are ineligible for stem cell transplantation. A safety and tolerability phase 1 study is currently ongoing in that patient population (LYMRIT 37-05).

Rituximab plus CHOP (a combination of chemotherapy agents) is the standard of care for treatment of first line DLBCL patients. Despite being an aggressive tumour, approx. 60 per cent of patients are cured by first line treatment. For the 40 per cent who relapse, the only available option is high-dose chemotherapy followed by stem cell transplantation (SCT). However, 60-70 per cent of these patients, who fail or are unsuitable for SCT, have limited treatment options: tafasitamab, in combination with lenalidomide, has been approved for treatment of 2L+ DLBCL; four agents have also received accelerated approval for 3L+ DLBCL: two are CAR-T cell therapies, developed by Novartis and Gilead, one is an ADC (polatuzumab), administered in combination with Bendamustine and Rituximab and developed by Roche, and one is a selective inhibitor of nuclear export (selinexor) developed by Karyopharm. Despite newly available agents, life expectancy in these patients is poor. Hence the clinical need is high.

For DLBCL, 10-yr Overall Survival ranges between 30 and 40 per cent.

5) *www.orpha.net; Smith et al, 2015.*

6) *http://www.lymphoma.org/site/pp.asp?c=bkLTKaOQLmK8E&b=6300153 (Accessed 30 November 2016).*

7) *NHL and CLL Report, DGR 2020, page 96.*

Letter from the chairman

"In 2020, Nordic Nanovector has demonstrated the strengths and flexibility of our organisation as we continued to make progress in bringing Betalutin® closer to patients with NHL globally.

During the year, we faced several challenges, particularly due to the necessary but restrictive public health measures taken by many governments in response to the COVID-19 pandemic. These measures negatively impacted the execution of virtually all non-COVID-19 related clinical studies globally, including our pivotal PARADIGME Phase 2b trial with Betalutin® in patients with 3rd-line relapsed/refractory Follicular Lymphoma (3L R/R FL), which saw a much slower than anticipated patient enrolment rate during the year.

To maximise our chances of completing PARADIGME in a timely manner, and in light of the emerging COVID-19 situation, we quickly undertook and completed a detailed review of our strategy and clinical operations.

This review, the outcome of which we announced in April 2020, resulted in a range of improvements to our clinical development plans and changes to our organisation.

A key decision was to focus all clinical resources on PARADIGME to ensure the timely completion of this pivotal study with Betalutin®, for which we are targeting the readout of preliminary three-month top-line data in H2'2021 and which is critical to the company's future success.

We are very confident in the potential of a single administration of Betalutin® to play an important role in the treatment of patients with NHL, based on clinical data from earlier studies.

Our confidence has been reinforced during 2020 as we have continued to develop our market knowledge to support the design of our commercialisation strategy for Betalutin®. Our extensive market research has shown that Betalutin® clearly has the potential to provide an attractive solution for treating NHL.

If PARADIGME is positive, we believe that Betalutin® will have a unique therapeutic profile that could serve the unmet needs of the approximately 70 per cent of R/R FL patients who are elderly and frail, particularly those whose disease is refractory to anti-CD20 immunotherapy. These patients often have co-morbidities that prevent chemotherapy or targeted therapies, such as Pi3K inhibitors, that have a high side-effect burden from being an option.

Our decision to focus on PARADIGME has led us to suspend all other clinical trials with Betalutin® as well as investment in pre-clinical asset development to conserve our financial resources. In parallel, we actioned several cost-saving initiatives to extend the company's cash runway, including reducing staffing levels by approximately 20 per cent and consolidating several staff functions.

Protocol amendments to increase the eligible trial population

With our priority focus on PARADIGME, we took the opportunity to review the trial protocol. This led us to implement several important amendments that are designed to speed up recruitment and increase the pool of eligible patients and thereby increase the chances of achieving a successful and timely outcome for the trial.

The most important amendment, based on the promising safety profile of Betalutin®, was to allow for FL patients who have undergone autologous stem cell transplant (ASCT), or who have a lower platelet count at baseline, to be included in the trial. This amendment increases the potential pool of eligible patients by an estimated 30-50 per cent.

PARADIGME - positive interim analysis

A further key milestone in the PARADIGME study was the successful completion of a planned interim analysis by the trial's Independent Review Committee (IRC). This resulted in a major change to the study protocol as the IRC recommended focusing just on the arm testing the lower of the two-dosage regimens (15 MBq/kg Betalutin® following a pre-dose of 40 mg lilotomab – the "40/15" arm).

Following feedback from the US FDA and the positive outcome of the interim analysis, the company made the necessary protocol amendments and has now succeeded in gaining approvals for these from regulators in all 24 countries where PARADIGME is active, including the US.

Further initiatives to accelerate patient enrolment

Alongside the improvement to the trial protocol, the company has been implementing operational initiatives to improve the execution of PARADIGME, including enhancing its working relationship with the Clinical Research Organisation (CRO) managing the trial, and improving patient referral networks and interactions with study investigators and Key Opinion Leaders (KOLs).

Furthermore, in the US, the company has recently engaged with organisations that specialise in focused patient enrolment campaigns, including through use of targeted social media activities.

Significant impact on patient enrolment

We were delighted to see that the improvements to PARADIGME and the initiatives we have taken are beginning to have a significant positive impact on the rate of enrolment into PARADIGME during Q4 and into 2021 despite the COVID-19 pandemic.

We saw the rate increasing from approximately two patients per month to approximately five per month in Q4'2020. We believe this rate could further increase to at least seven patients on average per month by late spring /early summer with the expected lessening of COVID restrictions plus the ongoing operational improvements.

Data to support regulatory filing could be generated from a reduced number of patients

We announced further good news at our Q4'2021 results in February 2021, when we disclosed that the clinical data package to support a regulatory filing for Betalutin® in the US could be generated from a reduced number of patients. This view is based on our decision to focus exclusively on the 40/15 dose regimen and the consequent requirement to define a new objective for the now single-arm trial and re-evaluate the sample size needed to generate that data set.

Following discussions with the US FDA and an internal review, the company believes it will be possible to reduce the current PARADIGME patient target number in support of a regulatory filing from 130 to 120 patients.

New funding secured

In September 2020, we were able to raise approximately NOK 231 million (approximately USD 25 million) in gross proceeds through a private placement and in February 2021 we raised another NOK 361 million (approximately USD 42.5 million) in a private placement. We will use these new funds to continue to progress PARADIGME and to conduct the pharmacokinetics (PK) studies and chemistry, manufacturing and control (CMC) activities required for the planned filing of Betalutin®, to initiate the preparatory activities for the confirmatory Phase 3 trial and prepare for market launch.

As a result of this funding, Nordic Nanovector's cash runway was extended to the end of H1'2022.

Preliminary top-line PARADIGME data expected in H2 2021

Given all our efforts in 2020 and in 2021 to date, we believe the company is well positioned to deliver preliminary three-month top-line data from PARADIGME in H2'2021, paving the way for a planned regulatory filing with Betalutin® in 2022.

These data, if positive, would represent a key value-generating milestone for Nordic Nanovector, our shareholders and patients with NHL.

Positive data from PARADIGME would also allow us cement Nordic Nanovector's position at the forefront of radiopharmaceutical drug development, a field of exceptional promise and one that is attracting increasing investor and industry attention.

New CEO appointed to drive regulatory and commercialisation strategy

Moving forward, I am delighted with the very recent appointment of Peter Braun as our new CEO. Peter brings extensive commercial leadership experience from a nearly 30-year career at Roche, during which he led the Lifecycle Management teams for the successful targeted cancer therapies Herceptin® (trastuzumab) and Tarceva® (erlotinib). In addition, Peter held a number of operational roles, including affiliate General Manager roles. Peter is expected to play a key role in refining and driving the company's plans towards the regulatory filing and commercialisation of Betalutin®.

On behalf of the board, I would like to express my gratitude to Lars Nieba for his leadership during the last 12 months and look forward to his continued contribution as we get closer to key company milestones.

A great team effort

I would also like to take this opportunity to thank all Nordic Nanovector's employees and collaborators for their exceptional efforts in the last 15 months and to congratulate them on the progress the company has made in an extremely challenging environment."

Jan H. Egberts, MD
Chairman

Oslo, 26 March 2021

Governance

Compensation report and guidelines

This compensation report summarises the work of the compensation committee and the board in relation to the determination of salaries and other benefits for the management team of Nordic Nanovector ASA (Nordic Nanovector) and its subsidiaries and the company's compensation policy.

The board of directors (the board) is preparing and will present at the company's annual general meeting in 2021 (the 2021 AGM), an updated formal compensation policy for its executive management team pursuant to the newly updated section 6-16a of the Norwegian Public Limited Companies Act. Such updated compensation policy will be subject to a vote at the 2021 AGM.

The compensation committee

The compensation committee comprises of three members of the board.

The members of the committee are:

- Per Samuelsson – chair
- Joanna Horobin
- Karin Meyer

The board, with the assistance of the compensation committee, determines the compensation policy as presented for decision by the AGM 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 consider the views of regulatory and governance bodies, the expectations of shareholders and the wider employee population. The board determines the total compensation of the CEO.

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

Committee activity

The compensation committee met eight times from the AGM in 2020 until the end of March 2021. 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 and the CFO (responsible for Human Resources) attended selected meetings, provided advice and assisted 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.
- 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 of the CEO and a review of recommendations made by the CEO for the other members of the management team.
- Recommendation on fulfilment of objectives for 2020 and on cash bonuses for the management team.
- Recommendation on the grant of performance share units (PSUs) 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 2020 compensation report. The committee has acted to keep the transparency of the compensation report at a high level.

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 management team 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.

From AGM in 2020 until the AGM in 2021 the following compensation principles were applied:

Principle	Summary
Market competitive compensation	Nordic Nanovector offers market competitive reward opportunities to enable the company to attract, retain, and motivate the talent needed to achieve the company's 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 Nordic Nanovector's business objectives and its corporate culture.
Business alignment compensation	Compensation decisions are made within a global framework to ensure local practices are aligned and consistent with our principles and policies. The compensation practices will remain flexible enough to evolve as Nordic Nanovector's business priorities change.
Shareholder alignment	Nordic Nanovector's compensation programmes will align the long-term interests of all employees with those of our shareholders. The compensation programmes will also allow Nordic Nanovector's employees to share the success of the company.

Market comparison

Nordic Nanovector aims to attract and retain talented executives in a competitive market. The compensation committee believes it is important for the board to be informed as to the current practices of comparable companies with which the company competes for talent when making compensation decisions. The compensation committee reviews market data for each executive's position, including information relating to the mix of elements and levels of compensation. During 2018, the compensation committee took independent advice from Deloitte LLP, UK. Deloitte advised the compensation committee and the company solely on the matter of executive compensation strategy and practices in European peer companies. The compensation review for 2020 used the same report for input.

As part of its engagement, Deloitte was requested by the compensation 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 Deloitte, the compensation committee has selected to use a peer group consisting of European-based companies. The constituents of the comparator group 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 the company's medium-term challenges in respect of attracting and retaining talent.

The details of the peer group constituents are:

Peer companies	
4 D Pharma, UK	Innate Pharma, France
Adaptimmune Therapeutics, UK	Merus, Netherlands
Bavarian Nordic, Denmark	Molecular Partner, Switzerland
BerGenBio, Norway	Oasmia Pharmaceutical, Sweden
Cellectis, France	Oncopeptides, Sweden
Celyad, Belgium	Silence Therapeutics, UK
Circassia Pharmaceuticals, UK	Targovax, Norway
Erytech Pharma, France	Verona Pharma, UK
Hansa Medical, Sweden	Zealand Pharma, Denmark

COMPENSATION POLICY FOR EACH ELEMENT

Based on the compensation policy described earlier, Nordic Nanovector's performance-based compensation programme primarily consists of three components:

- base salary
- short-term cash bonus
- long-term equity award

The board's view is that these three components best align the interests of the management team with those of the company's shareholders. This alignment is achieved by keeping a substantial portion of the total compensation allocated to "at-risk" performance-based incentives using short- 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. This policy has been applied for the period from the AGM in 2020 until the AGM in 2021 and the board proposes a continuation of this policy for the period from the AGM in 2021 to the AGM in 2022 (period) as set out in the statement

Base salary

Base salaries for individual members of the management team are reviewed annually by the compensation committee and the board. 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, and external economic environment.

The review also refers 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 considers 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 replicates 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. Following the end of the year, the level of performance achieved and the amount of bonus to be awarded to the members of the management team is reviewed by the compensation 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 2020, the annual cash bonus plan was based upon the following key priorities, selected from several categories critical to the continued growth of the business.

From AGM in 2020 until the AGM in 2021 the following compensation principles were applied:

Comparative factor	Objectives
Execution of Betalutin® development plan	• Advancement of the PARADIGME trial • Plan and execute interim analysis of PARADIGME • Complete the cohort of DLBCL • Complete the cohort Archer-1 • CMC commercial readiness
Finance management	• Company sufficient funded to execute approved plan
Development of business	• Betalutin® positioning and awareness outside Nordic Nanovector

Bonus payments based on performance in 2020:

2020 annual bonus percentages	Target (% of base salary)	Maximum (% of base salary)	Actual
Chief Executive Officer[1)]	30%	45%	47.6%
All other executives (average)	30%	45%	30.8%

1) The actual bonus received by the CEO for 2020 includes an ad hoc bonus given to the CTO during his service as interim CEO.

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. Percentages shown above could be earned for achieving the target and stretch objectives. An updated policy will be proposed for approval at the AGM 28 April 2021.

The compensation 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 consider 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 compensation committee recommended, and the board approved, that the achievement of the corporate priorities had reached 76.4 per cent of the target for 2020.

Long-term incentives

The board believes that equity awards create incentives for the management team to further develop and implement 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. The vesting requirements of the equity awards provide an incentive to the management team and employees to remain employed during the vesting period, thereby contributing to a valuable retention of management team members and key employees.

The company's long-term equity incentive plan (EIP) was firstly approved at the EGM on 20 December 2017 (2017 EGM). The company's AGM on 30 May 2018 (2018 AGM) and 25 April 2019 (2019 AGM), 10 June 2020 (2020 AGM) approved a continuation of the EIP. The board proposes a continuation of the EIP.

Eligibility

Employees, including new hired employees, will be eligible for an equity award under the EIP, on a discretionary basis, considering overall performance, work responsibility, importance of retention, organisation level and position. Members of the board will not be eligible to participate in the EIP.

The board will exercise discretion as to who will receive an equity award in any given year, based on recommendations made by the compensation committee. The board intends to grant awards under the EIP on an annual basis within the maximum size of the awards approved at the company's AGM each year. The annual awards will normally be granted during the first quarter of the financial year following the financial year where the AGM is held.

Grants will also be made in connection with new recruitments. None of the members of the management team and other employees are party to an employment agreement that provides for an automatic grant of equity incentives.

General terms of the EIP

The EIP provides for the grant of performance share units (PSUs). PSUs will be granted by the board to members of the management team and other employees, including new recruitments on a discretionary basis.

The PSUs will vest three years after the date of grant. Upon vesting, the holder of the PSUs will receive Nordic Nanovector ASA shares (if any), with the number of shares issuable determined by multiplying the number of PSUs granted by a factor of between 0 per cent and 100 per cent. Vesting of half of the granted PSUs will be determined by an operational factor and vesting of the other half will be determined by a share price factor.

The operational factor shall be determined by the fulfilment of a selection of predefined annual operational objectives, which are considered important for the creation of long-term shareholder value. If all objectives are fulfilled the operational factor will be set at 100 per cent, which will result in full vesting of half of the granted PSUs. Partial fulfilment will lead to a partial or no vesting of half of the PSUs.

The share price factor shall be determined by the development of the company's share price over a three year period, using the volume weighted average share price for the 30 trading days immediately following the date of grant and the 30 trading days immediately preceding the third anniversary of the date of grant. Based on this measure, an increase in the share price by more than 60 per cent will result in a share price factor of 100 per cent, which translates into full vesting of half of the PSUs. A share price increase of 20 per cent will result in a share price factor of 33 per cent, which translates into vesting of 33 per cent of the half of the PSUs. Share price increases between 20 and 60 per cent will result in a share price factor between 33 and 100 per cent, calculated linearly. Share price increases below 20 per cent will result in a share price factor of 0 per cent, which will result in half of the PSUs not vesting. Upon vesting of PSUs the holder of the PSUs will have a right to subscribe for one new share in the company for each vested PSU, at a subscription price per share corresponding to the par value of the company's shares.

If the PSU holder resigns or is given summary dismissal, all unvested PSUs will lapse. If the PSU holder is dismissed all unvested PSUs will lapse, unless the board decides otherwise. For PSUs granted after the 2019 AGM the following amendment applies: if the PSU holder is dismissed or a severance agreement is entered into more than 12 months after the grant of the PSUs, due to circumstances related to the company, and there being at that time no circumstances related to the PSU holder that might give reason for justifiable dismissal or lawful summary dismissal, the PSU holder shall have the right to retain a number of his/hers unvested PSUs corresponding to 1/3 of the PSUs granted to him/her, plus an additional 1/24 of the remaining PSUs each month thereafter until the date of receipt of the notice of dismissal or the date the severance agreement is signed, with the first 1/24 earned 13 months after the grant date.

In the event of any share split, combination of shares, dividend payment or other distribution in cash above a certain threshold, rights issue or repair issue, standard adjustments will be made. If the PSUs are not replaced with a substitute incentive programme or cash settled in full, the PSUs will vest in full in the event of a change of control (as defined in the PSU agreements), a demerger or a merger where the company is not the surviving entity (merger). In case of a change of control (as defined in the PSU agreements) or a merger all unvested PSUs shall vest in full if, within 18 months following the completion of such event, the PSU holder's employment is terminated other than for cause as defined in the employment agreement (the double trigger). The PSU holders are not required to accept a substitute incentive programme unless it contains a double trigger clause.

The board is proposing that the 2021 AGM approves a continuation of the EIP.

Share ownership guidelines

The board believes that the management team of the company should own shares in the company to further align their interests with the long-term interests of shareholders and further promote the company's commitment to sound corporate governance.

The CEO will be recommended to hold a number of shares representing a market value equal to three times the CEO's annual base salary. The other members of the management team will be recommended to hold a number of shares representing a market value equal to between one and two times their respective base salary.

Unless a member of the management team has satisfied his or her applicable level of share ownership, he or she is expected to retain an amount equal to 50 per cent of the shares received (number of shares remaining after sale of shares to pay any applicable exercise price and tax obligations) as the result of the exercise of any equity awards granted to him or her. Each member of the management team that was employed prior to 1 January 2018 is expected to satisfy his or her applicable level of share ownership within five years calculated from 1 January 2018, and within five years calculated from the date of employment for other members of the management team.

Current authorisation

The 2020 AGM approved a continuation of the EIP and authorised the board to grant up to 1 200 000 PSUs during the period from the 2020 AGM to the 2021 AGM. Pursuant to the authorisation granted at the 2017, 2018 and 2020 AGMs, the board has granted 1 417 050 PSUs, which of 774 750 PSUs are outstanding per 31 December 2020. All PSUs are secured by a corresponding number of free-standing warrants as further described in note 6.3.1 to the annual accounts of Nordic Nanovector ASA. Per 31 December 2020 the total number of outstanding options and PSUs was 1 351 967 and 774 750 respectively. Subject to all vesting conditions being fulfilled exercise of the options and PSUs would have created a 2.6 per cent dilution per 31 December 2020 of the outstanding shares on a fully diluted basis.

New authorisation for the period 2021 AGM to 2022 AGM

Nordic Nanovector is in a critical phase of the development of Betalutin®. The company expects to, given a positive readout of clinical data, start preparing the filing for market approvals in various markets. In parallel, the company has started preparations for a commercial launch for Betalutin®. This will involve, among many other things, growing the current organisation by initiating the recruitment of a full commercial organisation. When recruiting experienced commercial managers and other key employees in the US and in Europe it will be important for Nordic Nanovector to be able to offer attractive compensation terms. A competitive equity-based incentive programme will be a key component in order to be able to attract and retain highly skilled and experienced individuals as Nordic Nanovector prepares for the commercial launch.

As set out in the statement, the board proposes that the shareholders at the 2021 AGM authorise the board to grant PSUs under the existing EIP during the period from the 2021 AGM until the AGM in 2022 (period). The board will propose the number of PSUs to be authorised and include this proposal to the notice of the 2021 AGM. The final allocation of PSUs will be determined, and reviewed, based on market competitiveness of the equity component of the compensation package and the overall size of the authorisation granted at the 2021 AGM.

The board further proposes that the shareholders at the 2021 AGM resolve to issue free-standing warrants to employees being awarded PSUs in the period. The sole purpose of the free-standing warrants is to ensure delivery of shares in the company upon exercise of the PSUs, and the free-standing warrants will not give the PSU holders a right to subscribe for any additional shares in the company.

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 in the UK has a statutory defined contribution pension scheme. The contribution is split between the company and the employee with 4 per cent and 5 per cent of the annual salary respectively.

Nordic Nanovector DK in Denmark contributes with up to 8 per cent of the annual salary to the pension insurance scheme.

Other benefits

Benefits to the management team will normally be in line with market practice, including 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. Representation allowance is given, if relevant.

Severance payment

In the event of termination of the employment agreement, the previous CEO was entitled to six months' pay. In the event of termination of the employment agreement, for reasons directly related to a change of control; and no later than 12 months subsequent to the change of control, the CEO was entitled to a total of 12 months' salary. 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. Apart from the above, no other member of management has entered into employment agreements which provide for any special benefits upon termination.

The management

Lars Nieba, PhD
Interim CEO and
Chief Technichal Officer

Dr Lars Nieba (53) joined Nordic Nanovector on 1 December 2019 from Bayer AG, where he served as VP and Strategic Product Lead, responsible for driving Bayer's CMC strategy related to CMC product development, product supply and life cycle management of certain of its products (e.g. EYLEA®). Mr. Nieba was announced as Interim Chief Executive Officer 26 February 2020. Mr. Nieba brings 20 years of leadership experience in the development of multiple pharmaceutical product candidates and innovative technologies. Mr. Nieba gained a PhD from the Max-Planck-Institute for Biochemistry, München, and Institute for Biochemistry at the University of Zürich, and an Executive MBA; University of St. Gallen, Switzerland. He holds dual Swiss/German nationality and resides in Switzerland.

Marco Renoldi, MD
Chief Operating Officer

Dr Renoldi (64) has served as Chief Operating Officer since June 2016. He joined Nordic Nanovector in November 2014 as Chief Business Officer from Shionogi, where he was senior Vice President and Chief Commercial Officer in the EMEA Office in London from July 2012 to October 2014. Prior to that he served as executive director and international oncology franchise head at Amgen, where he previously headed the Italian affiliate as managing director. 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+ years industry experience, Dr Renoldi has developed teams, 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. Mr. Renoldi is an Italian citizen and resides in Switzerland.

Jostein Dahle, PhD
Chief Scientific Officer

Dr Dahle (48) has more than 20 years of experience in cancer research. He is one of the inventors of Betalutin® and founders of Nordic Nanovector. Dr Dahle has previously held the position of CEO of Nordic Nanovector and leader of the radioimmunotherapy group at Institute for Cancer Research at the Norwegian Radium Hospital. He has published more than 50 papers in the field of cancer and biotechnology. Dr Dahle holds an MSc in biophysics from the Norwegian University for Science and Technology in Trondheim (1995), a PhD in radiation biology from University of Oslo (2000) and he received post-doctoral training in UV-carcinogenesis in the department of radiation biology at the Norwegian Radium Hospital (2001-2004). Dr Dahle has been with the company since incorporation in 2008. Mr. Dahle is a Norwegian citizen and resides in Norway.

Malene Brondberg
Chief Financial Officer

Ms Brondberg (48) joined Nordic Nanovector in February 2018 as Vice President investor relations and corporate communications. Ms. Brondberg was on 4 May 2020 announced as CFO with the responsibility for the areas Finance, Human Resources and Investor Relations. Ms. Brondberg brings over 20 years' operational experience in the financial services sector. Her career has included Global Head of Research managing a team of 67 people and member of the Executive Committee of the Nordic investment bank ABG Sundal Collier. Since 2011, Ms. Brondberg has worked as a management consultant within the financial sector, acting as an advisor in relation to investor relations and funding, and has held various Interim CEO, COO and Head of Compliance/HR/Finance management positions. Ms Brondberg holds a Master of Science in Economics and Business Administration from Aalborg University, Denmark. Ms Brondberg is a Danish citizen and resides in the UK.

Rosemarie Corrigan
Chief Quality Officer

Ms Corrigan (56) joined Nordic Nanovector in December 2017 as Chief Quality Officer with overall responsibility for quality assurance (QA) and compliance. Ms. Corrigan brings over 25 years of experience in global quality and compliance at pharmaceutical, biotechnology and clinical research organisations, spanning product life cycle from discovery to commercialisation. In her most recent role, Ms. Corrigan held the position of global head of QA and alliance manager at the biopharmaceutical company Oxurionn NV (previously ThromboGenics NV), supporting its products through development, launch and commercialisation. Prior to that, Ms. Corrigan was Vice President, global quality at Norgine, a European specialty pharma company, where she was responsible for development, manufacturing and supply, commercial and corporate compliance. Ms. Corrigan worked for over 10 years at Stiefel International (now part of GlaxoSmithKline), where she was an executive director with responsibility for all global R&D QA and compliance. Ms Corrigan is a British citizen and resides in the UK.

Christine Wilkinson
Blanc, MD
Chief Medical Officer

Dr Wilkinson Blanc (61) joined Nordic Nanovector in August 2020. She has been an independent consultant for over 10 years, during which time she has provided clinical development consultancy services across oncology and haematology to pharma and biotech companies including Roche, Pierre Fabre, Innate Pharma, IPSEN and Antisoma. She was also the Chief Medical Officer of Psioxus Therapeutics between 2013 and 2016. Prior to this she held international medical director roles at Ariad, GE Healthcare, Roche and Aventis. In her 30+ years industry experience, Dr Wilkinson Blanc has delivered projects on a wide range of therapies through all phases of clinical development. She has supported several successful MAAs. Dr Wilkinson Blanc holds a medical degree and a master of science from the University of Lille, France. She has dual French/British citizenship and resides in the UK.

Gabriele Elbl, PhD
VP Global Regulatory
Affairs

Dr Gabriele Elbl (59) joined Nordic Nanovector on 1 November 2019 from Mundipharma EDO, where she was Global Head of Regulatory Affairs Oncology. Dr Elbl is a pharmacist with more than 20 years' experience working in small and large pharmaceutical companies and at the European Medicines Agency (EMA). Dr Elbl has expertise in all regulatory aspects of pharmaceutical development and submission procedures for biologicals and small molecules in Europe and in the US with focus on oncology and haematologic malignancies. Dr Elbl has held senior leadership roles in global regulatory affairs at MorphoSys, Wilex and Sanofi-Winthrop (part of Sanofi). Dr Elbl holds a Ph.D. from the Institute of Pharmaceutical Biology from the Ludwig-Maximilians-University in Munich, Germany. Ms Elbl is a German citizen and resides in Switzerland.

The board of directors

Jan H. Egberts, MD
Chair

Dr Egberts (62) has over 25 years of experience in the pharmaceutical and medical devices sector. Currently, Dr Egberts serves as the managing partner of Veritas Investments, a private investment company focused on minority and controlling investments in healthcare companies. He gained his medical degree from Erasmus University Medical School in the Netherlands and pursued the clinical part of his medical training at Harvard Medical School. He also obtained an MBA from Stanford University. After Stanford, he joined McKinsey & Co. as a strategic consultant in New York. He subsequently held various business development and general management positions of increasing responsibility in the US at Merck & Co. and Johnson & Johnson. Thereafter, he served as senior advisor, Healthcare Investments for 3i, the private equity firm. He then became CEO of OctoPlus, a publicly traded specialty pharmaceutical company in the Netherlands. OctoPlus was subsequently acquired by Dr Reddy Laboratories. After this, he joined Agendia, a molecular diagnostics company, initially as board member and subsequently full time as Interim CEO. He also has held over 15 executive and non-executive supervisory board positions in the US and various European countries. He was elected chair in February 2019. He attended 19 of the 19 board meeting that occurred after he was elected as chair, in total there were 26 board meetings in 2019. Dr Egberts is a Dutch citizen and resides in the Netherlands. Dr Egberts attended 14 of 14 board meetings in 2020.

Jean-Pierre Bizzari, MD
Director

Dr Bizzari (66) has served as EVP, group head, and clinical oncology development at Celgene from 2008 to 2015. Prior to this, he spent 15 years as Vice President Clinical Development at Rhône-Poulenc Rorer, Aventis and 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 is chair of the New Drug Advisory Committee at the European Organisation of Research and Treatment of Cancer (EORTC). He serves as director of the boards of several biotech companies; Transgene, Onxeo, Oxford Bio-therapeutics, Halozyme Therapeutics and Pieris Pharmaceuticals. Dr. Bizzari has published more than 70 articles in peer-reviewed journals. 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 McGill Cancer Center in Canada. Dr. Bizzari has served as a director in the company since May 2016. He is an independent director of the board. He is a French and US citizen, and resides in the U.S. Dr Bizzari attended 13 of 14 board meetings in 2020.

Rainer Boehm, MD
Director

Mr Boehm (60) is an oncology expert with nearly 30 years' product development, commercial and corporate development experience working at Novartis, where since 2014 he has held the role of Chief Commercial & Medical Affairs Officer of Novartis Pharma globally. He has also held various other senior roles regionally and globally within the Oncology and Pharmaceutical divisions, including Executive Vice President, North America of Novartis Oncology in the US from 2005-2010. During his tenure at Novartis, Mr. Boehm oversaw the commercial launches of various oncology brands in the US and globally including Femara®, Zometa®, Glivec®, among others. Mr. Boehm is a member of the board of directors at Cellectis SA, Humanigen Inc. and BioCopy AG. He has a medical degree from the University of Ulm in Germany, and a MBA from Schiller University in France. He is a German citizen and resides in Switzerland. He is an independent director of the board. Mr Boehm attended 13 of 14 board meetings in 2020.

Joanna C. Horobin
Director

Ms Horobin (66) has comprehensive experience within the biopharmaceutical industry. In addition to serving on the board of Nordic Nanovector she is chair of the board of directors at iOnctura S.A. and an independent director of Liquidia Inc. and Kymera Therapeutics. She was previously CMO of Idera Pharmaceuticals Inc. and of Verastem Inc, and CEO of Syndax Pharmaceuticals. Additionally, 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® (camptothecin) for colorectal cancer, and played significant leadership roles in the approvals of several successful products. She has a MB ChB degree from the University of Manchester. She is a British citizen and resides in the U.S. Ms. Horobin has served as a director in the company since October 2016. She is an independent director of the board. Ms Horobin attended 14 of 14 board meetings in 2020.

Karin Meyer, PhD
Director

Dr Meyer (54) has more than 25 years of experience in the pharmaceutical/life sciences area, holding senior management and operational roles in private and public/non-profit organisations. She is currently CEO of the Swedish Pharmaceutical Society and Chairman of the board of two of its subsidiaries - Läkemedelsakademin i Stockholm AB and SPhS Stockholm Congress AB. She has spent more than 10 years working in senior roles within Contract Research Organisations (CROs), including as CEO for PCG Clinical Services AB/PCG Solutions AB and Vice President and Managing Director for Quintiles Scandinavia AB. She is also the former Deputy General Director of Uppsala University Innovations, with responsibility for the commercialisation of innovations from the University, as well as investments, management and exits of start-up companies. Dr Meyer is a Swedish citizen and resides in Sweden. Dr Meyer has served as a director in the company since June 2020. She is an independent director of the board. Ms Meyer attended 8 of 14 board meetings in 2020 (all after her election).

Per Samuelsson
Director

Mr Samuelsson (60) is a partner at Odlander Fredrikson/HealthCap, a life sciences venture capital firm, which is also the principal shareholder of Nordic Nanovector. Mr. Samuelsson has more than 15 years of investment banking experience, mainly with Aros Securities in Sweden. In his final position with Aros Securities, as a director of the 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 at Aros Securities. He currently holds board positions in several companies, including Targovax ASA, Oncopeptides AB and SwedenBIO. Mr. Samuelsson received his MSc in engineering from the Institute of Technology in Linköping. Mr. Samuelsson has served as a director in the company since November 2014. He is a Swedish citizen and resides in Sweden. Mr Samuelsson attended 12 of 14 board meetings in 2020.

Hilde H. Steineger, PhD
Director

Dr Steineger (55), is COO and co-founder of NorthSea Therapeutics B.V., and CEO of Staten Biotechnology. She has formerly served as Head of Strategic Innovation Management in Nutrition and Health Division (EN), BASF and Head of Global Omega-3 Innovation Management including; R&D, Medical Affairs and Business Development. She has also served as Vice President, Head of Investor Relations for Pronova BioPharma, Senior Associate at Neomed Management and as a Senior Analyst at Nordea Securities. Dr. Hilde Steineger has broad scientific knowledge with a PhD in medical biochemistry from the University of Oslo in 2000 and an MSc in molecular biology/biotechnology from 1992. 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. 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 14 of 14 board meetings in 2020.

Annual statement on corporate governance

Nordic Nanovector is committed to healthy corporate governance practices, strengthening and maintaining confidence in the company, and thereby contributing to long-term value creation for shareholders and other stakeholders. Strong and sustainable corporate governance practices include ethical business practices, reliable financial reporting and compliance with legislation and regulations. The objective of corporate governance is to regulate the division of roles between shareholders, the board and executive management more comprehensively than is required by legislation.

Nordic Nanovector's principles for corporate governance are based on the following key elements:

- All shareholders are treated equally.
- Nordic Nanovector will provide open, reliable and relevant communication to shareholders, governmental bodies and the public about the company's activities and its corporate governance commitment.
- Nordic Nanovector's board is fully independent of the company's executive management.
- The majority of the members of the board of Nordic Nanovector are independent of major shareholders.
- Nordic Nanovector pays particular attention to ensuring that there are no conflicts between the interests of its shareholders, the members of its board and its executive management.
- Nordic Nanovector will ensure a clear division of responsibility between the board and the executive management.

1. Implementation and reporting on corporate governance

Nordic Nanovector ASA's board actively adheres to good corporate governance standards, in line with Norwegian laws and regulations, as well as international best practice standards. A corporate governance policy was adopted by the board in January 2015 and updated on September 2018 for and on behalf of the company. The policy is, in all material aspects based on the Norwegian Code of Practice for Corporate Governance (the Code), to which the board has resolved that the company shall adhere.

Nordic Nanovector ASA is a Norwegian-registered public limited liability company with its shares listed on the Oslo Stock Exchange. The Norwegian Accounting Act Section 3-3b, which the company is subject to, sets out certain corporate governance related information, which is to be disclosed and reported on through the issuance of an annual reporting document. This report meets the requirements provided by the Accounting Act. The Accounting Act is available on www.lovdata.no.

Further, the continuing obligations of stock exchange listed companies issued by the Oslo Stock Exchange requires listed companies to publish an annual statement of their practice related to their policy on corporate governance (cf. Oslo Rule Book II, section 4.5). In addition to setting out certain minimum requirements for such reporting (equivalent to those under the Accounting Act), the continuing obligations require that the company reports on its compliance with the recommendations of the Code. Both the continuing obligations and the Code require that an explanation is provided where a company has chosen an alternative approach to specific recommendations in the Code (i.e. the "comply or explain" principle). Nordic Nanovector complies with the current Code, most recently revised on 17 October 2018. The company provides a report on its principles for corporate governance in its annual report and on its website. The continuing obligations are available on www.oslobors.no and the Code is available on www.nues.no.

The board of Nordic Nanovector has, in close cooperation with the company's executive management adopted several corporate governance guidelines:

- code of conduct and corporate social responsibility
- rules of procedure for the board
- instructions for the audit committee
- instructions for the compensation committee
- instructions for the nomination committee
- internal routines for handling take-over bids
- instruction for handling inside information
- insider policy for primary insiders and employees that are not primary insiders
- anti-corruption manual
- whistle blowing policy

The governance documents set 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.

Deviations from the Code: None

2. Business

Nordic Nanovector's business is clearly 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 board is responsible for defining the company's strategies, primary objectives and risk profiles and to support the company's value creation to shareholders. These are evaluated yearly and described in the annual report. The board has also adopted guidelines for how it integrates considerations related to its stakeholders into its value creation.

Deviations from the Code: None

3. Equity and dividends

The board shall ensure that the company has a capital structure that is suitable for its objectives, strategy and risk profile. Total issued share capital at 31 December 2020 amounted to NOK 15 878 122.40, divided into 79 390 612 shares, each with a par value of NOK 0.20. The equity ratio at 31 December 2020 was 56.8 per cent.

The board has established a clear and predictable dividend policy: the financial resources of Nordic Nanovector are directed towards the clinical development of Betalutin®, both as a stand-alone product and in combination with other treatments, further investigations in the company's product pipeline and preparing for product launch. The company does not anticipate paying any cash dividend until sustainable profitability is achieved. The mandate 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 AGM.

The AGM held 10 June 2020 granted an authorisation to increase the share capital by an amount limited to 20 per cent of the share capital, to be used to strengthen the company's equity, for general corporate purposes, including but not limited to financing of acquisitions of other companies, businesses or assets including issuance of consideration shares in connection with the above mentioned transactions. In September 2020, the company completed a private placement, raising approximately gross NOK 231 million, through the use of the authorisation granted by the AGM. An EGM was held on 21 October 2020. The EGM granted an authorization to increase the share capital by an amount limited to 20 per cent of the share capital to be used as stated above.

The AGM held 10 June 2020 further granted an authorisation to increase the share capital by an amount limited to NOK 50 000 at a subscription price corresponding to the par value of the shares. The authorisation may only be used to issue shares to members of the company's board, who have elected to receive all or part of their board remuneration in the form of restricted stock units (RSUs). The authorisation is valid until 10 June 2022. In 2020, the authorisation was used to issue 18 579 new shares to four board members that have exercised the RSUs. The number of RSUs currently outstanding is 85 233.

The extraordinary general meeting (the "EGM") held on 20 December 2017 approved the company's new share based incentive programme. In 2020, the AGM authorised the board to grant up to 1 200 000 perfomance share units (PSUs) to the company's employees. The AGM further resolved to issue up to 1 200 000 free-standing warrants to employees that were awarded PSUs. The sole purpose of the free-standing warrants is to ensure delivery of shares in the company upon exercise of the PSUs and the options. The free-standing warrants do not give the PSU holders or the option holders a right to subscribe for any additional shares in the company. See note 6.3 in the annual accounts of this annual report for information about the number of options, PSUs and free-standing warrants that are outstanding and their terms and conditions.

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 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 0.20.

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.

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

Deviations from the Code: None

5. Shares and negotiability

There are no restrictions related to owning, trading or voting for shares in Nordic Nanovector.

Deviations from the Code: None

6. General meetings

The board strives to ensure that as many shareholders as possible can participate – and 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, the CEO and CFO are present at the AGMs, along with the chair of the nomination committee and the company auditor.

Shareholders who are unable to participate themselves may cast a vote on each agenda item electronically or vote by 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 and guidelines for registering and voting at the general meeting. The company provides information on the procedure for representation at the general meeting through proxy, and a proxy form which allows separate voting instructions for each matter is attached to the notice.

Deviations from the Code: With six out of seven board members located outside of Norway, not all board directors participate in the AGM following practical and cost related considerations.

7. Nomination committee

The nomination committee is laid down in the company's articles of association and the general meeting has stipulated guidelines for the duties of the nomination committee.

The nomination committee consists 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 and the management. No more than one member of the committee shall be a board member, and any such member shall not offer himself for re-election to the board. The nomination committee shall not include the Chief Executive Officer or any other executive personnel.

All shareholders are invited to propose candidates for the board and the nomination committee. Information about the procedure is available at

www.nordicnanovector.com/our-company/leadership/nomination-committee/nominations.

The AGM held 10 June 2020, re-elected Johan Christenson (chair) and Egil Bodd, and elected Pål Erik Robinson as members of the nomination committee for a period until the AGM in 2021. The nomination committee's duties 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

Article 5 of Nordic Nanovector's articles of association states that the company's board shall consist of three to nine members and that the members shall serve for a term that ends at the next AGM. All the board members are consequently up for election at the next AGM.

The composition of the board shall ensure that it can act independently of any special interests. The board consists of; Jan H. Egberts (chair), Jean-Pierre Bizzari, Joanna Horobin, Per Samuelsson, Karin Meyer, Hilde H. Steineger and Rainer Boehm.

Jan H. Egberts (chair), Jean-Pierre Bizzari, Karin Meyer, Joanna Horobin, Hilde H. Steineger and Rainer Boehm, are independent of the company's executive personnel, material business contacts and the company's major shareholder(s). Per Samuelsson is independent of the company's executive personnel and material business contacts.

The biographies of the board members are presented on the company's website and the board members' shareholding in Nordic Nanovector ASA is disclosed in note 6.4 to the annual accounts. An overview of the board members' attendance at board meetings is included in their respective biographies in the annual report.

Deviations from the Code: None

9. The work of the board

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.

Members of the board and executive management are obliged to notify the board if they have a significant, direct or indirect, interest in items to be considered by the board. An overview of any transactions with related parties will be included in the annual report.

The board has established an audit committee consisting of Hilde H. Steineger (chair), Jan H. Egberts 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 in questions related to accounting, audit and finance. The board has established a compensation committee consisting of Per Samuelsson (chair), Joanna Horobin, and Karin Meyer, which is a preparatory and advisory committee for the board in questions relating to the company's compensation of the executive management. The board has also established a clinical committee consisting of Jean-Pierre Bizzari (chair), Rainer Boehm, and Joanna Horobin. The board has also established instructions for the committees and the CEO.

Deviations from the Code: None

10. Risk management and internal control

The board ensures 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 internal controls and systems also include the corporate governance related guidelines, as mentioned in section 1 and 2 above.

In addition to the annual risk assessment, the management present quarterly financial statements that will inform the board and shareholders on current business performance, including risks. These reports are reviewed by the board. Significant risks include strategic risks, financial risks, liquidity risks and operational risks including risks related to development of products. The company's significant risks are assessed on an ongoing basis and at least once a year by the board.

The company's finance function is responsible for the preparation of the financial statements and to ensure that these are prepared and reported according to applicable laws and regulations and in accordance with IFRS as adopted by EU. The audit committee performs reviews of the quarterly and annual financial statements with special focus on transaction types, which includes judgments, estimates or issues with major impact on the financial statement. Management controls are performed at a senior level in the company.

Deviations from the Code: None

11. Remuneration of the board

The remuneration of the board is proposed by the nomination committee and decided by the shareholders at the AGM 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 members. The company has, however, granted restricted stock units (RSUs) to board members that have elected to receive all or part of their remuneration determined by the AGM in advance in the form of restricted stock units. The number of restricted stock units allocated to the board members is determined on the basis of the volume weighted share price ten

trading days prior to the AGM. The remuneration of the board is thus not linked to the company's performance. If board members, or companies associated with board members, take on specific assignments for the company in addition to their appointments as board members, 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 AGM and included in the annual report. The performance-related remuneration of the executive personnel, such as equity incentives and bonus programmes, are linked to value creation for shareholders. The annual bonus element is subject to an absolute limit of 76.5 per cent for the company's CEO and 45 per cent for other executives. The guidelines are included in a separate compensation report in the annual report.

Deviations from the Code: None

13. Information and communications

Nordic Nanovector 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, capital market days and investor presentations.

The board has established several guidelines related to the company's disclosure of information to the financial markets, as mentioned in section 1 above.

The company publishes a financial calendar with an overview of the dates for important events, such as the AGMs and release of interim reports.

Deviations from the Code: None

14. Take-overs

The board has established guiding principles for how it will act in the event of a take-over offer. The board 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 will help ensure that shareholders are treated equally. If a take-over offer is made, the board 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

The board ensures that the company's auditor on an annual basis presents to the audit committee the main features of the plan for the performance of the audit work. The auditor participates in meetings with the board that deals 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, without management being present, at least once per year.

Deviations from the Code: None

The governance documents are also listed on the web: *https://www.nordicnanovector.com/investors-and-media/corporate-governance/governance-documents*

Approved by the board, 26 March 2021.

Corporate social responsibility policy

Nordic Nanovector's vision is to significantly advance the treatment of cancer patients with innovative targeted therapies. Nordic Nanovector's mission is to extend and improve the lives of patients with haematological cancers by developing and commercialising innovative targeted therapies. As the reporting of sustainability metrics continues to evolve, the board of directors and the executive management team at Nordic Nanovector continue to adapt and improve related disclosures.

The CSR section in our annual report discloses the main highlights of our CSR initiatives but does not reflect all ongoing activities.

Our CSR strategy focus is on four main areas:

1. **Safety and well-being of employees**
2. **Conducting business ethically and transparently**
3. **Research and Development ethics**
4. **Environment and recycling**

We believe responsible behavior is key to build trust and protect the reputation of the company, and our CSR framework provides an important means for us to prioritise our activities in this area.

Nordic Nanovector's ability to succeed also depends on the interest, trust, relationships and reputation among all key stakeholders including R&D partners, employees, regulatory authorities, and shareholders. This applies across the value chain of each product candidate and in every phase of the R&D cycle.

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 society. Responsible behavior plays a prominent role in all parts of our operations and in all interaction with our stakeholders.

In conducting our business, Nordic Nanovector complies with all relevant laws, regulations, standards and guidelines. Responsibility for our CSR policy is headed up by a member of our executive management in close collaboration with our human resources, investor relations/communication, legal, compliance, quality and R&D functions. This team ensures that Nordic Nanovector carries out its CSR activities effectively and communicates them clearly and openly.

The corporate social responsibility policy is also listed on the web: *https://www.nordicnanovector.com/investors-and-media/corporate-governance/corporate-social-responsibility.*

Safety and well-being of employees

Attracting, developing, and retaining high-quality staff is paramount to our success in delivering innovative therapies to patients to address major unmet medical needs and advance cancer care. Our employees are at the heart of this purpose through their commitment, dedication and contribution every day.

The key to achieving our mission is to make Nordic Nanovector a great place to work. Nordic Nanovector's working culture is based on collaboration and a distinct sense of commitment to the company's vision and strategy.

This was particularly important in 2020, which was a challenging year due to COVID-19 and the reorganisation in the second quarter that resulted in a headcount reduction of approximately 20 per cent of our staff as well as a reallocation of certain roles.

Nordic Nanovector promotes a productive working environment and does not tolerate disrespectful behavior. The company has a whistle blower strategy in place to deal with any staff concerns at any level within the organisation.

The company is an equal opportunity employer. Discrimination in hiring, compensation, training, promotion, termination or retirement based on ethnic or 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 in line with accepted international standards.

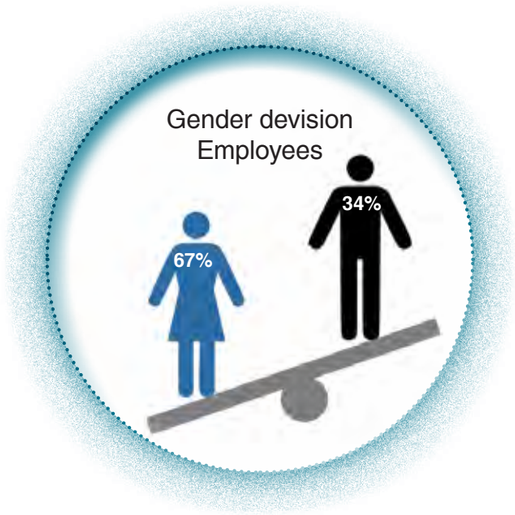
Nordic Nanovector provides mandatory onboarding programmes for all new employees. The parts of the onboarding programme that adhere to non-employees are mandatory for part-time employees or consultants.

At the end of 2020, the group employed 36 (48) people, of which 2 were part-time employees and 11 were employed in subsidiaries. Nordic Nanovector ASA employs 25 of the Nordic Nanovector group's 36 employees.

Nordic Nanovector aims to foster a workplace with equal opportunities for women and men in all areas. The group has traditionally recruited from environments with relatively equal representation of women and men. The team of employees consists of 67 per cent women and 34 per cent men, representing 12 different nationalities. The board consists of 43 per cent women. The executive management team consists of 57 per cent women and 43 per cent men.

No employee accidents or injuries were registered in 2020.

Sick leave in Nordic Nanovector ASA amounted to 217 working days in 2020. The breakdown of sickness absence in 2020 corresponds to 2.8 per cent of total working days. This compares to the 192.2 working days and 2.4 per cent of sick leave (short-term and long-term sickness absence) reported in 2019.



Conducting business ethically and transparently

Nordic Nanovector is committed to lawful and ethical behavior with all our stakeholders and requires all board of directors and staff to comply with the applicable laws and regulations.

Nordic Nanovector has implemented several policies, guidelines and procedures for ethical and transparent interactions with stakeholders, such as suppliers and healthcare professionals. We expect our staff to exercise reasonable judgment when conducting our business. We encourage our staff to familiarise themselves with and refer to these guidelines and policies to ensure that they are acting in accordance with them.

We expect our third-party suppliers to conduct business with integrity, ethics and respect for human rights. We expect them to actively avoid conflicts of interest, corruption and fraud. Our suppliers are required to adhere to contractual terms that include anti-bribery and anti-corruption provisions.

As a public company it is also important that our staff understand the legal requirements of the rules of Oslo Bors. A mandatory training course for employees takes place every year to maintain the highest standards of integrity towards our shareholders.

Research and development ethics

The biotech pharmaceutical industry is governed by extensive global and European regulations and laws. Pre-clinical and clinical trials must be conducted in compliance with the relevant regulations and laws. Nordic Nanovector is committed to operate in accordance with responsible, ethical and sound corporate and business principles and will always strive to comply with applicable laws and regulatory requirements in all areas of research and development.

Nordic Nanovector complies with international regulations, laws, guidelines and standards for development of new drugs such as:

- Good Laboratory Practice (GLP)
- Good Clinical Practice (GCP)
- Good Clinical Laboratory Practices (GCLP)
- Good Manufacturing Practice (GMP)

The company also complies with relevant regulation and guidelines issued by the Norwegian Medicines Agency (NOMA), European Medicines Agency (EMA), US Food and Drug Administration (FDA) and others.

We put our patients first and everything we do is driven by consideration for their safety, health and well-being. Yearly mandatory training sessions are held to make sure that all staff comply with the latest regulations and understand the importance of patient safety in every aspect of our work.

Our clinical trials are only initiated if they are scientifically and medically justified, and have been externally validated by clinical experts, and after approval by the relevant regulatory authorities and ethics committees. Clinical trial subjects (and or the legally authorised representative) must give written consent after being properly and fully informed of the trial, including its risks and potential benefits. Participants are duly informed that they can withdraw from the trial at any time, without any explanation, and then will receive appropriate standard care.

Nordic Nanovector and relevant authorities conduct regular site monitoring visits to ensure that clinical trials are conducted in accordance with the applicable approved study protocol.

All adverse events are monitored and reported to regulatory authorities and ethics committees as required, and appropriate actions are taken when needed. Our trials ensure all proper indemnification of participants in case a product candidate or trial procedure causes bodily harm.

We publish our trials on the appropriate clinical trial registries (e.g. clinicaltrials.gov) in a timely manner. We endeavor to publish results in peer-reviewed journals in accordance with Good Publication Practice and at relevant scientific meetings and congresses. In the interests of full disclosure, all our scientific posters and abstracts can be found on our website under Investors & Media – Scientific Papers.

As a publicly listed company we also have the obligation to communicate important trial results in a timely manner to shareholders and the wider investor community via press releases.

Environment and recycling

It is Nordic Nanovector's mission to bring new innovative drugs to patients in the most sustainable way and with respect for the environment. We are committed to keeping our environmental impact to a minimum, reducing waste, and handling it in a safe and responsible way.

The company's business involves use of hazardous materials, chemical, biological and radioactive compounds and is thus exposed to environmental risks. It is our goal to minimise the environmental impact from our laboratories by controlling the waste treatment of all such chemicals. We maintain safety monitoring records, in compliance with all applicable legislation. We treat our dangerous waste in accordance with local laws, and we ensure that training of employees takes place on all handling of hazardous materials, laboratory and other safety aspects, and on other relevant environmental policies for conducting our business.

Nordic Nanovector has no production sites, we do not own buildings, and our facilities have only minor environmental liabilities such as in waste handling. Nonetheless, we aim to continuously reduce our environmental impact, for example by recycling and replacing paper by digital means to the extent possible.

We also strive towards avoiding unnecessary travel and promote the use of online meeting facilities when possible to reduce CO_2 footprint to a minimum.

Approved by the board, 26 March 2021

Board of directors' report

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.

Nordic Nanovector's lead clinical-stage candidate is Betalutin®, a novel CD37-targeting radioimmunotherapy designed to advance the treatment of non-Hodgkin lymphoma (NHL). Betalutin® uses a monoclonal antibody to deliver a radioactive payload to NHL cells. NHL is an indication with substantial unmet medical need, representing a growing market forecast to be worth nearly USD 26 billion in 2028.

Betalutin® has been designed specifically to offer a new single administration, chemo-therapy-free treatment modality for NHL patients, many of whom become resistant to frequently used rituximab-based regimens. Betalutin® targets the CD37 receptor on the surface of B-cell tumours, which represents an alternative tumour target to CD20 upon which the current standard-of-care NHL therapies (such as rituximab) are focused.

It has been reported that 40-60 per cent of NHL patients treated with a rituximab-containing regimen are either refractory to therapy or develop resistance within five years[1)].

The company's priority is to develop Betalutin® as a single administration treatment for advanced recurrent follicular lymphoma (FL), the most common form of indolent NHL (iNHL).

The company is advancing Betalutin® in PARADIGME, a pivotal, global, randomised Phase 2b trial in 3rd-line refractory FL as a first-to-market indication based on compelling clinical data from earlier clinical studies. Preliminary three-month data are expected to be reported in the second half of 2021. The company is also investigating the potential of Betalutin® in earlier lines of treatment for FL and in other significant NHL types.

Betalutin® has been granted Fast Track designation in the US for the treatment of FL after at least two prior systemic therapies and Orphan Drug designation for FL in the US and Europe. Betalutin® has also been granted Fast Track designation in the US and Orphan Drug designation in Europe for marginal zone lymphoma (MZL). Beyond Betalutin®, the company leverages its R&D expertise and proprietary technologies to evaluate opportunities with other CD37-targeting immunotherapies across NHL and other haematological cancer indications.

1) Abdollahi, S., et al., The Impact of Rituximab Resistance on Overall Survival Rate in Low-Grade Follicular Lymphoma. Blood, 2008. 112(11): p. 3783-3783.

IMPORTANT EVENTS

PARADIGME

- Strategic review conducted: clinical development strategy revised to focus on completing PARADIGME in a timely manner.
- Successful interim analysis for PARADIGME informed independent review committee recommendation to focus on a single dosage regimen for the remainder of the trial.
- Amendments made to the PARADIGME trial protocol designed to broaden the inclusion criteria and expand the pool of eligible patients. Further initiatives implemented globally aim to increase the rate of enrolment, including improved management of CRO.
- Readout of preliminary three-month data moved to 2H'2021 to allow time for protocol amendments and operational initiatives to have effect despite the negative impact the COVID-19 pandemic is having on recruitment into cancer clinical trials globally
- Mature data from the positive Phase 1/2a (LYMRIT 37-01) study of Betalutin® in R/R iNHL published in Blood Advances, the official publication of the American Society of Hematology.

CORPORATE

- Approximately NOK 231 million (USD 25 million) in gross proceeds raised through a private placement.
- Dr Lars Nieba, Nordic Nanovector's Chief Technology Officer, was appointed Interim Chief Executive Officer on 26 February 2020.
- Strategic review conducted: cost-saving initiatives implemented, including a company restructuring.
- The number of executives was reduced from nine to seven. Malene Brondberg was appointed Chief Financial Officer with the responsibilities for the areas Finance, Human Resources and Investor Relations.
- Dr Christine Wilkinson Blanc was appointed as Chief Medical Officer.
- Dr Karin Meyer was elected as new member of the board of directors. Pål Erik Robinson was elected a new member of the nomination committee.

PIPELINE

- Archer-1: Enrolment of FL patients into second safety cohort in Archer-1 Phase 1b Betalutin®+rituximab combination trial completed – trial paused to assess results and plans for further development.
- LYMRIT 37-05: Enrolment into the LYMRIT 37-05 Phase 1 clinical trial of Betalutin® in R/R DLBCL patients completed – trial paused to assess results and plans for further development.
- Preclinical trial demonstrated that Betalutin® reverses tumour resistance to rituximab in NHL disease models.
- US patent granted covering the use of Betalutin® to sensitise B-cell cancer cells to CD20 immunotherapy.
- Betalutin® granted Fast Track Designation from US FDA and Orphan Drug Designation in the European Union for Marginal Zone Lymphoma.
- EU patent granted covering the use of Alpha37 as a targeted alpha therapy for treating Chronic Lymphocytic Leukemia (CLL) and NHL.

EVENTS AFTER THE YEAR END 2020

- Operational improvements and protocol changes implemented during 2020 resulted in a significant acceleration in PARADIGME recruitment rate from approximately two patients per month to approximately five patients per month.
- Announced that the clinical data package to support a regulatory filing for Betalutin® in the US could be generated from a reduced number of patients – 120 rather than 130.
- Approximately NOK 361 million (USD 42.5 million) in gross proceeds raised in a private placement to support to continued development of Betalutin® towards market launch.
- Cash runway was extended to the end of H1'2022.
- 17 March 2021, the company announced the appointment of Peter L Braun as Chief Executive Officer (CEO). He will take up the position on 6 April 2021.

OVERVIEW OF THE BUSINESS

The board's 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 and listed on the Oslo Stock Exchange in 2015. The company develops innovative targeted therapeutics for haematological cancers. The company's lead clinical-stage product candidate is Betalutin®, a next generation radioimmunotherapy, designed to improve upon and complement current options for the treatment of NHL.

The objective of Nordic Nanovector is clearly defined in section 3 of the company's articles of association:

The objective of the company is to develop, market and sell medical products and equipment and to run business related thereto or associated therewith.

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, while Nordic Nanovector Ltd is incorporated in London, England. Nordic Nanovector also has operations in Denmark through Nordic Nanovector DK, a branch of Nordic Nanovector ASA. The headquarters and laboratories are in Oslo, Norway.

Vision and strategy

Nordic Nanovector's vision is to significantly advance the treatment of cancer patients with innovative targeted therapies.

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

- Ensure Betalutin®'s development and commercialisation plans target a differentiated product profile that meets the requirements of both regulatory and reimbursement agencies, while achieving a strong and competitive market position.
- Initially focus on the pivotal study PARADIGME, to target first regulatory filing for accelerated approval in 3L FL.
- As a follow-on step, run a confirmatory phase 3 trial to secure a label extension in 2L FL, which is a larger opportunity than 3L FL.
- Leverage the most appropriate clinical development strategy to expand usage in R/R DLBCL, the largest NHL sub-type.
- Consider opportunities to assess the potential role of Betalutin® for the treatment of R/R MZL
- Leverage the company's proprietary technology and expertise to target underserved haematological cancers, through focused investments in discovery research, and strategic collaborations.
- Continue to reinforce the company's organisation by attracting key talent with strong technical and international experience, while maintaining flexibility and efficiency.

Nordic Nanovector intends to maximise the value of Betalutin® across lines of therapies in multiple NHL sub-types through an appropriate Life-Cycle Management plan.

Market, product and customers

Market

Currently, more than 200 different types of cancer exist, which can develop in 60 different organs in the body. Some cancer types are known for taking thousands of lives every year: these include breast, lung, prostate, colorectal, malignant melanoma and non-Hodgkin lymphoma ("NHL"), a haematological cancer.

NHL can be further divided in two groups; B-cell lymphomas (including, amongst other subtypes, Diffuse Large B-cell Lymphoma, Follicular Lymphoma, Chronic Lymphocytic Leukemia /Small Lymphocytic Lymphoma, Mantle Cell Lymphoma and Marginal Zone Lymphoma) and T-cell lymphomas (Precursor T-lymphoblastic Lymphoma/Leukemia and Peripheral T-cell Lymphomas).

NHL is a relatively common type of cancer that develops in either B lymphocytes or T lymphocytes, often referred to as B cells and T cells. B cells and T cells are white blood cells. B cells make up 85 per cent of the total lymphocytes, while T cells make up 15 per cent.

The number of diagnosed incident cases of NHL is expected to grow from 146 000 in 2018 to 171 100 in 2028, corresponding to 1.7 per cent annual growth[1)].

Follicular lymphoma, a B-cell lymphoma, is the most common indolent (slow-growing) form of NHL. Common signs of disease include enlargement of the lymph nodes in the neck, underarm, stomach, or groin, as well as fatigue, shortness of breath, night sweats, and weight loss. Often, people with FL have no obvious symptoms of the disease at diagnosis. Over time, some patients with FL may eventually develop a transformed lymphoma, which is often more aggressive and usually requires more intensive types of treatment[2)].

The number of diagnosed incident cases of FL in the seven major markets (U.S., key five European markets and Japan) was 32 123 in 2018 and is expected to be 36 678 in 2028[3)].

DLBCL represents a sub-group of B-cell lymphoma within the NHL family. Accounting for approximately one-third of newly diagnosed cases of NHL, DLBCL is the most common type of NHL cancer. DLBCL occurs in both men and women, although it is slightly more common in men. Although DLBCL can occur in childhood, its incidence generally increases with age, and roughly half of patients are over the age of 60. DLBCL is an aggressive form of lymphoma, that can arise in lymph nodes or outside of the lymphatic system, in the gastrointestinal tract, testes, thyroid, skin, breast, bone, or brain. Often, the first sign of DLBCL is a painless, rapid swelling in the neck, underarms, or groin that is caused by enlarged lymph nodes. For some patients, the swelling may be painful. Other symptoms may include night sweats, fever, and unexplained weight loss. Patients may notice fatigue, loss of appetite, shortness of breath, or pain[4)].

The number of diagnosed incident cases of DLBCL in the seven major markets (U.S., and key 5 European markets and Japan) was 64 172 in 2018 and is expected to be 74 927 in 2028[5)].

Product

Nordic Nanovector's lead product candidate, Betalutin®, is an anti-CD37 monoclonal antibody chelated to the lutetium-177 radionuclide (^{177}Lu) that upon cellular internalisation provides primary anti-tumour activity through targeted radiation induced DNA disruption. The short-range beta-radiation can cause cell death in both the cells to which Betalutin® molecules binds and the surrounding cells in a radius of approximately 0.23 millimetres (i.e. a radius of approximately 40 cells). This crossfire effect makes it possible to also kill malignant cells that do not highly express the CD37 antigen or that are poorly perfused (i.e. have limited blood supply) within a tumour mass. Betalutin® was specifically designed to provide an alternative and complementary therapeutic mechanism of action to existing treatments for NHL. Betalutin® is delivered as a single injection ready-to-use formulation. Clinical studies indicate a promising safety and efficacy profile for the treatment considering existing approved treatments, which together with the single dose administration potentially represent a major benefit to patients. Nordic Nanovector is evaluating Betalutin® for treatment of both aggressive and indolent NHL (iNHL).

Customers

The company will consider the various payer groups in the different geographic markets as key customers, e.g. U.S. Government (Medicaid, Medicare Part B, VA/DOD), U.S. commercial payers (employer-based insurances), and National Healthcare Systems in the various EU countries. In addition, the company will focus its targeting efforts towards community-based, regional hospital-based, and tertiary centre-based haematologists/oncologists, nuclear medicine and radiation oncology specialists.

Patients with non-Hodgkin lymphoma are generally referred to a haematologist or oncologist by their primary-care physician ("**PCP**") in order to receive diagnosis and treatment of NHL.

Major prescribers of NHL treatments are haematologists and oncologists in community or tertiary centres[6)]. The U.S. National Lymphocare Survey suggests that approximately 80 per cent of NHL patients are initially treated in community settings[7)]. Over the last few years there has been a marked decrease in the number of community-based independent/private oncology practices[8)].

A large number of private oncology practices have in fact been incorporated into Integrated Delivery Networks ("**IDN**") or have partnered with or been acquired by academic institutions. In Europe most patients are treated in tertiary centres with the exception of Germany[9)].

Patients for whom a treatment with Betalutin is deemed appropriate will need to be referred by the haematologist or oncologist (HemOnc) to another physician who is authorized to prescribe and administer radiopharmaceutical drugs. Nuclear Medicine and Radiation Oncology specialists are by default Authorized Users.

---

1) *NHL and CLL Report, DRG, 2020, page 91.*
2) *http://www.lymphoma.org/site/pp.asp?c=bkLTKaOQLmK8E&b=6300155 (Accessed 30 November 2016).*
3) *NHL and CLL Report, DGR 2020, page 96.*
4) *http://www.lymphoma.org/site/pp.asp?c=bkLTKaOQLmK8E&b=6300153 (Accessed 30 November 2016).*
5) *NHL and CLL Report, DGR 2020, page 96.*
6) *Centres, or community centres, are primary care centres and refers to health care given by care professional who act as a first point of consultation for all patients within the health care system. Secondary and tertiary care are specialised consultative health care centres, usually from referrals from a primary health professional, in a facility that has personnel and facilities for advanced medical investigation and treatment. Depending upon the locality, health system organiser, the organisation of the health care system the referral process may differ.*
7) *http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2738614/ (accessed 24 January 2015).*
8) *http://www.ajmc.com/journals/evidence-based-oncology/2012/2012-2-vol18-n5/oncologist-practice-consolidation-continues#sthash.qnzJgLqR.dpuf.*
9) *Annuals of Oncology (Supplement 5): v41 – v60, 2003, "European health systems and cancer care". http://annonc.oxfordjournals.org/content/14/suppl_5/v41.full.pdf (accessed 24 January 2015).*

OPERATIONAL REVIEW

2020 was a challenging year for Nordic Nanovector, particularly due to the necessary but restrictive public health measures taken by many governments in response to the COVID-19 pandemic. These measures negatively impacted the execution of virtually all non-COVID-19 related clinical studies globally, including PARADIGME, which saw a much slower than anticipated patient enrolment rate during the year.

To maximise its chances of completing PARADIGME in a timely manner, and in light of the emerging COVID-19 situation, the company initiated a detailed review of its strategy and clinical operations. The decisive action was taken in close collaboration with the board's Clinical Strategy Committee and the Scientific Advisory Board and was completed in Q2'2020. The process resulted in a range of actions focused on improving the execution of and recruitment into PARADIGME, while conserving financial resources:

- An evolved and streamlined strategy with all resources focused on PARADIGME to ensure the timely completion of the study.
- A clear plan to broaden PARADIGME's inclusion criteria via several protocol amendments based on its 'benign' safety profile and the continued implementation of initiatives designed to improve clinical trial execution globally.
- Pausing all other clinical trials once enrolment of patients into the current cohorts were completed. Investment into pre-clinical programmes was also halted.

In parallel, several additional cost-saving initiatives were undertaken to extend the company's cash runway including a restructuring that reduced staffing levels by approximately 20 per cent and consolidated several staff functions.

Protocol amendments to increase eligible trial population

Protocol amendments to PARADIGME, proposed by the company following its review of the trial and discussions with US FDA, were submitted in Q3'2020 to the regulators in each of the 24 countries where PARADIGME is active. These amendments were submitted following the positive outcome of a planned interim analysis on PARADIGME.

The protocol amendments have now been approved in all of the participating countries, including the US.

The amendments, based on Betalutin®'s benign safety profile, are aimed at broadening the trial's inclusion criteria to expand the size of the potential pool of patients eligible to participate in PARADIGME by an estimated 30-50 per cent once all trial sites have been activated according to the amended protocol.

One of the key measures is to allow FL patients who have undergone autologous stem cell transplant (ASCT) or who have a lower platelet count at baseline to be included in the trial.

In some countries, ASCT is frequently used for treating 2L FL and patients who have had an ASCT make up the majority of 3L FL patients in these countries. These patients were previously excluded from participation in PARADIGME.

PARADIGME – positive interim analysis

In August, Nordic Nanovector further amended PARADIGME following a successful interim analysis and the recommendation from the trial's Independent Review Committee (IRC) to focus the study on one of the two-dosage regimens being investigated.

The company decided to adopt the IRC recommendation and amended the trial to focus on the dosing regimen of the "40/15" arm for the remainder of the trial.

The arm evaluating the regimen of 20 MBq/kg Betalutin® following a pre-dose of 100 mg/m2 lilotomab ("100/20") has been discontinued. Patients who have received this regimen are continuing to be monitored as per protocol.

The interim analysis confirmed activity across both arms in this very difficult to treat patient population. In both arms, Betalutin®, as a single administration, was found to be active based on key efficacy measures, and was well-tolerated with a manageable safety profile, confirming findings from earlier clinical studies.

Further ongoing initiatives to accelerate patient enrolment

The company has been implementing operational initiatives to improve the execution of PARADIGME, including enhancing the working relationship with the Clinical Research Organisation (CRO) managing the trial, and improving patient referral networks and interactions with study investigators and Key Opinion Leaders (KOLs).

Furthermore, in the US, the company has recently engaged with organisations that specialise on focused patient enrolment campaigns, including through use of targeted social media activities.

The company continues to look at ways to further improve the rate of enrolment.

These recruitment initiatives, which were actioned in the second half of 2020 and continue to be implemented, are already having a positive impact on the PARADIGME enrolment rate despite the resurgence of COVID-19 and tightening of restrictions seen in multiple countries.

Nordic Nanovector expects the enrolment rate to continue improving over the remaining duration of the trial as the initiatives it has implemented start having a greater effect and on the basis that COVID-19 restrictions recede over time as the roll out of global vaccination programmes takes effect.

Betalutin® profile could be attractive to majority of elderly or frail R/R FL patients

In parallel with its clinical trial activities during 2020, Nordic Nanovector has continued to develop its market knowledge as a basis for designing a commercialisation strategy for Betalutin®. The company remains convinced that Betalutin® has an attractive profile for treating NHL based on extensive market research conducted over several years and the clinical data from earlier studies, which were published in September 2020 in Blood Advances, an official publication of the American Society of Hematology (ASH)[1].

If PARADIGME is positive and confirms these earlier results, the company believes that Betalutin® will have a unique therapeutic profile and be well positioned to address the unmet needs of the approximately 70 per cent of 3L FL patients who are elderly/frail, in particular those whose disease is refractory to anti-CD20 immunotherapy and who have gone through many lines of treatment.

The company views the safety and efficacy data generated to date from a single administration of Betalutin® as very promising in the difficult-to-treat patient population included in PARADIGME. Given the unmet medical need in the targeted first-to-market indication and its Orphan Drug designation in the US and Europe, the company believes positive results from PARADIGME could allow a rapid path to approval for Betalutin®.

Pipeline developments with Betalutin® during 2020

Given its clear strategic focus on PARADIGME, the company took the decision to pause its other ongoing Phase 1 trials after the current cohorts had been completed. These trials are the Archer-1 trial investigating the combination of Betalutin® and rituximab in 2L FL; and the LYMRIT 37-05 trial of Betalutin® in R/R DLBCL.

During Q4'2020, patient enrolment into the active cohorts in both trials was completed. Both trials have now been paused while the data is analysed, and the company evaluates its plans for the development of Betalutin® in these two significant indications. Preliminary results from both trials are expected in H1'2021.

Exploring the opportunity for Betalutin® in marginal zone lymphoma

An additional opportunity that the company is evaluating is the possible use of Betalutin® as a single-agent treatment for advanced marginal zone lymphoma (MZL), a rare type of indolent NHL. Betalutin® demonstrated a very promising clinical effect in nine MZL patients in the Phase 1/2a LYMRIT 37-01 trial. This indication was also granted Fast Track designation in the US and Orphan Drug designation in the European Union during H1'2020, reflecting the clear need for new therapeutic options for MZL patients who no longer respond to anti-CD20 immunotherapy.

The evaluation is ongoing and further development of Betalutin® in MZL will be dependent on available funds to support the clinical development plan.

Corporate developments focused on extending the cash runway

As a result of its strategic review, Nordic Nanovector undertook a significant restructuring during H1'2020 designed to extend cash resources into 2021, improve organisational efficiency and focus the business on delivering results from PARADIGME.

Investment and human resources have been prioritised on core clinical operations and Chemistry, Manufacturing and Controls (CMC), with spending on CMC aligned with clinical progress and investment into commercialisation of Betalutin® delayed into 2022.

Headcount was reduced by approximately 20 per cent, with a number of roles being consolidated, and talented staff reassigned to new functional roles.

Overall, the restructuring will result in approximately NOK 35 million in savings on an annual basis.

In September 2020, the company raised approximately NOK 231 million (approximately USD 25 million) in gross proceeds through a Private Placement.

In February 2021, the company successfully raised a further approximately NOK 361 million (approximately USD 42.5 million) in gross proceed from a Private Placement.

These funds will be used to continue to progress PARADIGME and to conduct the pharmacokinetics (PK) studies and other activities required for the planned Biological License Application (BLA) filing of Betalutin®. The funds will also be used to initiate the preparatory activities for a confirmatory Phase 3 trial and preparation of market launch.

1) *A. Kolstad et al. Phase I/IIa study of ^{177}Lu-lilotomab satetraxetan in relapsed/ refractory indolent non-Hodgkin's lymphoma, Blood Advances, vol. 4, issue 17, 2020, 10.1182/ bloodadvances.2020002583.*

The proceeds from the Private Placements are expected to finance the company to the end of H1'2022, providing an additional at least six months funding post the targeted readout of preliminary three-month top-line data from PARADIGME to enable the company to maximise shareholder value from this clinical trial.

INTELLECTUAL PROPERTY

The company has a "composition of matter" patent on the complete antibody-chelator-radionuclide complex of Betalutin® and has also filed divisional applications that cover chimeric versions. The issued claims cover the company's proprietary radioimmunotherapy technology. The expiry date for the patent is 2031 with possible extension for up to five years after initial patent term.

The patent is granted in US, EU (29 countries), the UK, Norway, Canada, Hong Kong, South Africa, Japan, New Zealand, Australia, Israel, Russia, Mexico, Korea, Singapore, Philippines and China. Patent applications are pending in Thailand, Brazil, Indonesia, India and Ukraine.

The company has filed patent applications on chimeric versions of Betalutin® published as PCT application number WO2013088363 and has also filed divisional applications on the Betalutin® patent application that cover chimeric versions of the antibody. The expiry date for the patent is 2032 with possible extension for up to five years after initial patent term. The application has now been abandoned in all countries except EU where it is focused on 212Pb-NNV003.

The company has filed a patent application related to upregulation of CD20 after Betalutin® treatment. This patent application has been published as WO2014195460. The expiry date for the patent is 2034, with possible extension for up to five years after initial patent term. The patent has been granted in US, EU, China and Japan and is not being prosecuted in other countries.

The company has filed a patent application related to different pre-dosing and pre-treatment regimens for clinical use of Betalutin®. This patent application is currently in the international PCT-phase and has been published as WO2018050851. The patent is currently pending in 20 territories.

The company has filed a patent application related to different combinations between radioimmunotherapy and other drugs.

The ownerships of the abovementioned patents and patent applications are held by the company. Except from the above, the company does not hold or license any patents that are business critical.

Betalutin® trademark registration is completed in: Australia, Canada, China, European Union (27 countries), the UK, India, Israel, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, South Korea, Switzerland, USA.

Humalutin® trademark registration is completed in: Australia, Canada, China, European Union (27 countries), the UK, Hong Kong, India, Israel, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Korea, Switzerland, USA. It is under prosecution in: Brazil, South Africa.

FINANCIAL REVIEW

(All amounts in brackets are comparative figures for 2019 unless otherwise specifically stated)

The consolidated financial statements of Nordic Nanovector ASA and its subsidiaries (the group) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU on 31 December, 2020

Income statement

Total operating revenues for 2020 amounted to NOK 0.0 million (NOK 0.0 million).

Total operating expenses decreased to NOK 434.2 million (NOK 440.4 million), primarily reflecting a reduction in payroll and related expenses. Payroll and related expenses were reduced to NOK 78.3 million (NOK 96.4 million) driven by less employees and lower imputed costs related to the company's share-based incentive scheme. Other expenses amounted to NOK 341 million (NOK 331.3 million). Costs driven by clinical and manufacturing development activities to prepare for Biologics License Application (BLA) readiness for Betalutin®.

Operating loss for 2020 ended at NOK 434.2 million (loss of NOK 440.4 million).

Net financial items for 2020 amounted to NOK 18.0 million (NOK 7.7 million), driven by currency fluctuations on bank deposits, as well as interest income.

Comprehensive loss for the year was NOK 417.6 million (loss of NOK 433.2 million).

Cash flow and financial position

Net cash flow from operating activities in 2020 was negative NOK 398.2 million (negative NOK 410.6 million). Net cash flow from investing activities ended at NOK 1.4 million (NOK 4.5 million), primarily related to received interest on bank deposits. Net cash flow from financing activities amounted to NOK 201.5 million (NOK 434.9 million), mainly due to the private placement announced in the third quarter of 2020.

Exchange rate fluctuations impacted cash and cash equivalents by NOK 18.5 million in 2020 (NOK 1.9 million). Cash and cash equivalents amounted to NOK 294 million at 31 December 2020, down from NOK 470.8 million at the end of December 2019.

Total assets were NOK 314.6 million at the end of 2020, down from NOK 515.7 million at the end of 2019. The decrease was primarily due to lower position of cash and cash equivalents.

Total shareholders' equity at 31 December 2020, was NOK 178.7 million (NOK 388.0 million at year-end 2019), corresponding to an equity ratio of 56.8 per cent (75.3 per cent at year-end 2019).

Total liabilities were NOK 135.9 million, up from NOK 127.7 million at the end of 2019, driven by increase of accounts payable.

Parent company

Nordic Nanovector ASA (the parent company) recorded a loss of NOK 428.5 million for 2020 (NOK 430.5 million). Total equity amounted to NOK 163.8 million at 31 December 2020 (NOK 376.9 million). The equity ratio of the parent company was 55.4 per cent (75.3 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®.

Expenditure on research activities is recognised as an expense in the period in which it was incurred. 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 (preclinical, clinical, medical affairs, regulatory and CMC activities) expenses amounted to 376.9 million in 2020 (NOK 354.9 million), accounting for 84.0 per cent (80.0 per cent) of total operating expenses.

RISK AND RISK MANAGEMENT

Operational and market risks

Nordic Nanovector is currently in a development phase involving activities, which entail exposure to various risks. Nordic Nanovector's strategy is to continuously identify, minimise and mitigate potential risks, and risk assessment and management are an integral part of Nordic Nanovector's operations.

The company's lead drug candidate Betalutin® is currently in a Phase 2b (PARADIGME) and two Phase 1 (ARCHER-1 and LYMRIT 37-05) trials. Thus, the company has not completed clinical development for any of its product candidates and has not previously filed for or obtained marketing approval from any regulatory authority for any product candidate.

Delay or failure of the company's clinical trials may adversely impact the company's ability to obtain regulatory approval for and commercialise its current and future product candidates. The company depends on the collaboration with Clinical Research Organisations ("CROs"), medical institutions, laboratories and drug product manufacturers in order to conduct clinical testing in compliance with requirements from appropriate regulatory authorities in the relevant jurisdictions. The company's ability to complete clinical trials in a timely fashion or at all may be impacted by several factors, including the following:

- delays in obtaining or failures to obtain regulatory approval to commence clinical trials because of safety concerns of regulators relating to the company's product candidate or failure to follow regulatory guidelines and general safety issues;
- actions by regulators to suspend a clinical trial or to temporarily or permanently stop a trial for a variety of reasons, principally for safety concerns;
- delays in recruiting patients to participate in a clinical trial, and the rate of patient enrolment, which is itself a function of many factors, including size of the patient population, the proximity of patients to the clinical trial sites, the eligibility criteria for the trial and the nature of the protocol;
- compliance of patients and investigators with the protocol and applicable regulations; failure of clinical trials and clinical investigators to comply with relevant clinical protocol, or similar requirements in other jurisdictions;
- failure of third-party contractors/external service providers to satisfy their contractual duties, comply with regulations or meet expected deadlines;

- delays or failures in reaching agreement on acceptable terms with prospective trial sites;
- determination by regulators that the clinical design is not adequate; and
- delays or failures in obtaining sufficient clinical supplies of Betalutin® for use in trials, due to failures in one or more steps of the manufacturing process and/or improper shipment/handling/delivery of Betalutin® by the Contract Manufacturing Organisations ("CMOs") to the clinical trial sites.
- Even if the company receives regulatory agency approval, the company may not be successful in commercialising approved product candidates.
- In most markets, drug prices and reimbursement levels are regulated or influenced by health authorities, other healthcare providers, insurance companies or health maintenance organisations. There is a risk that the company's drugs, following required approvals, will not obtain reimbursement in line with the selling prices or reimbursement levels anticipated by the company. If actual prices and reimbursement levels granted to the company's products happen to be lower than anticipated, this may have a negative impact on the profitability of its products and the overall business.
- The company has an IP-strategy to protect its intellectual property and know-how related to i.a. its products, methods, processes and other technologies, and trade secrets. Through its IP-strategy the company seeks to prevent third parties from infringing its proprietary rights and ensure that it operates without infringing the proprietary rights of third parties. As part of its IP-strategy, the company to date holds certain exclusive patent rights in major markets, however, the company cannot predict the degree and range of protection any patents will afford against competitors and competing technologies. There is always a risk that third parties may find ways to invalidate or otherwise circumvent the patents. There is a risk that current or future patent application submitted by the company may be delayed or rejected, and a risk that others may obtain patents claiming aspects similar to those covered by the company's patents and patents applications. There is also a risk that the company may need to initiate or defend litigation or administrative proceedings, to protect its own patents. Litigation or proceedings may be costly, and should the company's technology be found to infringe upon third parties' rights, that could limit the company's freedom to operate or could subject the company to significant damages or an injunction preventing the manufacture, sale or use of its affected products.
- The company currently maintains clinical trial liability insurance for each trial in each country. The company has clinical sites i.e. in the USA and the existing insurance programme may not be sufficient to cover claims that may be made against the company and may not be available in the future on acceptable terms, if at all. Any claims against the company, regardless of their merit, could materially and adversely affect its financial condition, in addition to consuming the time and attention of the management.
- The biotechnology and pharmaceutical industries are highly competitive with many large players and subject to rapid and substantial technological change. Developments by others may render the company's product candidates or technologies obsolete or uncompetitive. If competitor product candidates achieve a better therapeutic profile than Betalutin®, the company might not be able to obtain accelerated approval and therefore may need to perform an additional Phase 3 trial after finalisation of PARADIGME, which will have significant impact on the company's financial situation and outlook. The company's drug candidates may not gain the market acceptance required to be profitable even if they successfully complete clinical trials and receive approval for sale by the relevant regulatory authorities.
- The company is exposed to risk of relying upon third parties for clinical trials and manufacturing. The company cannot be certain that it will be able to enter into or maintain satisfactory agreements with third-party suppliers, such as CROs or CMOs, for the conduct of clinical trials or product manufacturing, respectively. The company's need to recruit, amend or change providers for the conduct of clinical trials might impact the timelines of the conduct of such trials.
- The company's failure to enter into agreements with such suppliers or manufacturers on reasonable terms, if at all, could have a material and adverse effect on the business, its financial condition and results of operations.
- Poor manufacturing performance of third-party manufacturers, a disruption in the supply or the company's failure to accurately predict the demand for any future commercial sale of a product could have a significant adverse effect on the company's business, financial condition or results of operations.
- The company believes that its safety procedures for handling and disposing of such materials comply with the highest environmental and safety standards; however, there will always be a risk of accidental contamination or injury. By law, radioactive materials may only be disposed of at certain approved facilities. When handling and disposing radioactive materials, there is a risk of accidental contamination or emission damage. Breach of rules for handling and disposing of radioactive materials may involve sanctions for the company, as well as a negative reputation for the company.
- COVID-19: The uncertainty around the duration, severity and geographic scope of the COVID-19 outbreak could cause further delays in patient enrolment into the company's clinical studies due to re-prioritisation of hospital activities, healthcare staff or patients being affected by the virus, or supply issues due to restriction of movement.

Financial risk

Interest rate risk

The Nordic Nanovector group has no interest-bearing debt except leasing liabilities, where the underlying interest rate is determined when the leasing agreement starts. Bank deposits are exposed to market fluctuations of interest rates, which impact the financial income. The Nordic Nanovector group had NOK 1.6 million (NOK 5.6 million) in interest income as of year-end.

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 made deposits in foreign currency bank accounts and continuously monitors the level of these funds. The parent's deposits in foreign currencies at year-end 2020 amounted to an equivalent of NOK 44.0 million (NOK 83.5 million).

Credit risk

The Nordic Nanovector group is primarily exposed to credit risk associated with accounts receivable and other current receivables. The group has no revenues. The Nordic Nanovector group has not suffered any losses on receivables during 2020. Other current receivables are mainly related to grants from the government institution Research Council of Norway, and prepayments of services to suppliers. 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 COVID-19 outbreak has impacted financial markets and caused investors to be much more selective in where they allocate funds. This could limit the company's ability to raise funds in the future resulting in the company needing to streamline its activities based on its financial resources.

The company has been successful in raising new funds totaling NOK 231 million in gross proceeds during 2020. The company raised an additional NOK 361 million in gross proceeds in February 2021. The company has a cash runway that extends to the end of first half 2022.

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 based on this assumption.

Major events that have occurred since the end of 2020 are included in the section "subsequent events", as well as in note 9.1 of the financial statements in this report.

ALLOCATION OF THE PARENT COMPANY'S NET RESULT

Nordic Nanovector ASA's loss for 2020 amounted to NOK 428.5 million (NOK 430.5 million). The board 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.

SHARE INFORMATION

As of 31 December 2020, Nordic Nanovector ASA had 79 390 612 shares outstanding. The number of shareholders increased to 11 387 (31 December 2019: 10 401). Please refer to note 5.5 for further information on shareholders.

The closing share price of the Nordic Nanovector ASA on the last trading day of 2020 was NOK 15.71 (NOK 31.7), corresponding to a total market capitalisation for the company of NOK 1 246 433 million (NOK 2 096 744 million).

On 30 November 2020, the company's ticker symbol on the Oslo Børs changed from "NANO" to "NANOV". The change of ticker follows Oslo Børs' integration into Euronext's trading platform Optiq.

Please refer to note 6.3 for information on options and performance share units (PSUs).

SUBSEQUENT EVENTS

In February 2021, the company announced that, despite COVID-19, it had seen a significant improvement in the enrolment rate from approximately two to approximately five patients per month. After the expected lessening of COVID-19 restrictions plus the ongoing operational improvements, this rate could further increase to at least seven patients on average per month by late spring.

14 patients were enrolled from November 2020 to 17 February 2021 (three patients from August to November 2020), with visibility on increasing numbers of patients in screening. 73 patients were enrolled as of 17 February 2021 (59 enrolled as of 18 November 2020).

In addition, following discussions with the US Food and Drug Administration and an internal review, the company believes that a robust clinical data set (safety and efficacy) to support a filing at the designated dosing regimen of 40/15 can be achieved with a reduction of the initially targeted population from 130 to 120 patients.

Also, in February 2021, the company announces that it has raised approximately NOK 361 million (equivalent to approximately USD 42.5 million) in gross proceeds through a private placement (the "Private Placement") of 15 878 122 new shares (the "Offer Shares"). The Private Placement was completed at a subscription price of NOK 22.75 per share, which was determined through an accelerated book-building process.

In March 2021, Peter L Braun was appointed as CEO, bringing extensive commercialisation experience with innovative oncology products and deep knowledge of pharmaceutical markets worldwide from a career spanning nearly 30 years at Hoffmann-La-Roche ("Roche"). During his career at Roche, Mr Braun led the Lifecycle Management teams for the successful targeted cancer therapies Herceptin® (trastuzumab) and Tarceva® (erlotinib).

On 22 March 2021 the EGM resolved to grant an authorisation to the company's board of directors to carry out a repair offering following the private placement in February 2021. Pursuant to the authorisation, the company's board of directors resolved to increase the share capital by minimum NOK 0.20 and maximum NOK 539 856, by issuance of minimum one and maximum 2 699 280 new shares at a subscription price of NOK 22.75 in connection with the repair offering. The subscription period in the repair offering will commence at 09:00 hours (CET) on 25 March 2021 and expire at 16:30 hours (CET) on 9 April 2021.

The board of directors decided on 26 March 2021 to grant 1 070 000 PSUs to employees in accordance with the authorisation granted at the annual general meeting held on 10 June 2020.

CORPORATE GOVERNANCE

Nordic Nanovector is committed to healthy corporate governance practices, strengthening and maintaining confidence in the company, and thereby contributing to long-term value creation for shareholders and other stakeholders. Strong and sustainable corporate governance practices include ethical business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

Nordic Nanovector ASA's board actively adheres to good corporate governance standards, in line with Norwegian laws and regulations, as well as international best practice standards. A corporate governance policy was adopted by the board in January 2015 and updated on September 2018 for and on behalf of the company. The policy is, in all material aspects based on the Norwegian Code of Practice for Corporate Governance (the Code), to which the board has resolved that the company shall adhere.

Nordic Nanovector ASA is a Norwegian-registered public limited liability company with its shares listed on the Oslo Stock Exchange. The Norwegian Accounting Act Section 3-3b, which the company is subject to, sets out certain corporate governance related information, which is to be disclosed and reported on through the issuance of an annual reporting document. This report meets the requirements provided by the Acounting Act. The Accounting Act is available on www.lovdata.no.

Further, the continuing obligations of stock exchange listed companies issued by the Oslo Stock Exchange requires listed companies to publish an annual statement of their practice related to their policy on corporate governance. In addition to setting out certain minimum requirements for such reporting (equivalent to those under the Accounting Act), the continuing obligations require that the company reports on its compliance with the recommendations of the Code. Both the continuing obligations and the Code require that an explanation is provided where a company has chosen an alternative approach to specific recommendations in the Code (i.e. a "comply or explain" basis). Nordic Nanovector complies with the current Code, most recently revised on 17 October 2018. The company provides a report on its principles for corporate governance in its annual report and on its website. The continuing obligations are available on www.oslobors.no and the Code is available on www.nues.no.

The annual statement on corporate governance can be found on page 37 in this report and on the company's web page. The board's signatures in the annual report shall be deemed to include the statement of corporate governance.

ORGANISATION

At the end of 2020, the group employed 36 (48) people, of which two are part time employees and 11 employed in subsidiaries. Nordic Nanovector ASA employs 25 of the Nordic Nanovector group's 36 employees.

Changes to the board

The board consists of seven board members, Gisela Schwab was replaced by Karin Meyer in June 2020.

For more information about the experience and expertise of the directors of the board, as well as an overview of other board positions and attendance to board meetings, see the separate overview of the board on pages 30 and 31 in this report.

Changes to the management

In February 2020, and prior to the strategic review, Lars Nieba was appointed Interim Chief Executive Officer replacing Eduardo Bravo, who left the company to pursue other opportunities. Dr Nieba joined Nordic Nanovector as Chief Technology Officer in December 2019.

Following the strategic review, the number of Executive Officers was reduced from nine to seven.

In May 2020, Malene Brondberg was appointed Chief Financial Officer (CFO) with responsibilities for the areas of Finance, Human Resources and Investor Relations. Ms Brondberg joined Nordic Nanovector in February 2018 as Vice President Investor Relations and Corporate Communications bringing over 20 years' operational experience in the financial services sector.

Christine Wilkinson Blanc was appointed as Chief Medical Officer (CMO) in August 2020. She is a seasoned pharmaceutical physician with over 25 years' clinical development experience in oncology and haematology with both large pharmaceutical and emerging biotechnology companies.

For more information about the members of the management team, please see the separate overview of the management on pages 28 and 29 in this report.

OUTLOOK

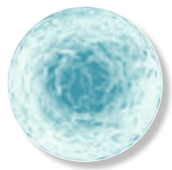
Nordic Nanovector will continue to focus its resources on completing PARADIGME and continues to target the preliminary readout of three-month top line data from PARADIGME in H2'2021.

The company believes that, if positive, these trial data could represent a significant value inflection point for the company and its shareholders, confirming Betalutin® as a highly promising new targeted radioimmunotherapy that can address the unmet needs of R/R FL patients.

The company has streamlined its organisation and taken further steps to conserve cash. Following the successful private placement in February 2021, Nordic Nanovector has a cash runway that extends to the end of first half 2022.

Despite the challenging times, the many positive actions the company has taken during 2020 have improved the prospects of delivering preliminary readout of three-month top line data from PARADIGME, although the future impact of COVID-19 remains uncertain and may still impact the trial timelines. However, the recent improvements in recruitment pace for PARADIGME, while the COVID-19 pandemic has been severe, are encouraging.

The company also expects the readout of three-month top line data from the second cohort of the Archer-1 trial and the LYMRIT 37-05 trial in DLBCL in first half 2021. As stated, the company will assess these data and evaluate its plans for further development in these important NHL indications.



Oslo, 26 March 2021

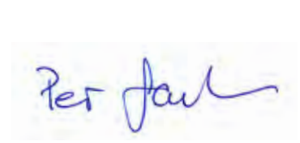
The board of directors and the Chief Executive Officer of Nordic Nanovector ASA

Jan H. Egberts, MD
Chairman

Jean-Pierre Bizzari, MD
Director

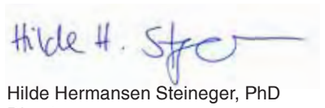
Rainer Boehm, MD
Director

Joanna C Horobin
Director



Per Samuelsson
Director

Karin Meyer, PhD
Director



Hilde Hermansen Steineger, PhD
Director

Dr Lars Nieba
Interim CEO and Chief Technology Officer

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period from 1 January to 31 December, 2020 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 results of Nordic Nanovector ASA and the Nordic Nanovector group.

We also confirm, to the best of our knowledge, that the board' 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, 26 March 2021

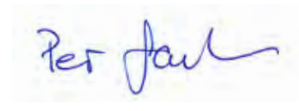
The board of directors and the Chief Executive Officer of Nordic Nanovector ASA

Jan H. Egberts, MD
Chairman

Jean-Pierre Bizzari, MD
Director

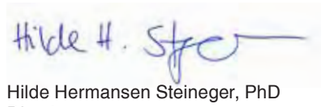
Rainer Boehm, MD
Director

Joanna C Horobin
Director



Per Samuelsson
Director

Karin Meyer, PhD
Director



Hilde Hermansen Steineger, PhD
Director

Dr Lars Nieba
Interim CEO and Chief Technology Officer

Financial statements

Contents

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
0	**0**	Revenues	9.4	**0**	0
0	**0**	**Total operating revenue**		**0**	0
53 064	**43 248**	Payroll and related expenses	3.2	**78 301**	96 409
12 659	**14 895**	Depreciation	4.1, 4.2	**14 895**	12 659
371 953	**389 158**	Other operating expenses	3.1	**340 965**	331 284
437 676	**447 301**	**Total operating expenses**		**434 161**	440 352
-437 676	**-447 301**	**Operating profit (loss)**		**-434 161**	-440 352
		Finance income and finance expenses			
5 607	**1 588**	Finance income	5.6	**1 610**	5 635
1 015	**843**	Finance expenses	5.6	**860**	1 018
2 714	**18 224**	Net currency gains (loss)	5.6	**17 250**	3 076
7 306	**18 969**	**Net finance income (expenses)**		**18 000**	7 693
-430 370	**-428 332**	**Loss before income tax**		**-416 161**	-432 659
-132	**-173**	Income tax	7.1	**-914**	-938
-430 502	**-428 505**	**Loss for the year**		**-417 075**	-433 597
		Other comprehensive income (loss), net of income tax that may be reclassified to profit and loss in subsequent periods			
0	**0**	Translation effects		**423**	326
		Other comprehensive income (loss), net of income tax not to be reclassified to profit and loss in subsequent periods			
0	**0**	Remeasurement gains (losses) on defined benefit plans	6.5	**-912**	101
-430 502	**-428 505**	**Total comprehensive income (loss) for the year**		**-417 564**	-433 170
-430 502	**-428 505**	Loss for the year attributable to owners of the parent		**-417 075**	-433 597
-430 502	**-428 505**	**Total comprehensive income (loss) for the year attributable to owners of the parent**		**-417 564**	-433 170
		Earnings (loss) per share			
-7,61	**-6,16**	Basic and diluted earnings (loss) per share	5.7	**-5,99**	-7,66

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

Consolidated statement of financial position

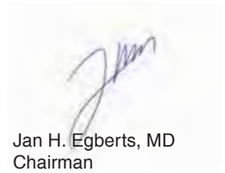
For the year ended 31 December

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
		ASSETS			
		Non-current assets			
2 648	**1 394**	Property, plant and equipment	4.1	**1 394**	2 648
17 747	**4 290**	Right-of-use assets	4.2	**4 290**	17 747
137	**137**	Shares in subsidiaries	8.1	**0**	0
20 532	**5 821**	**Total non-current assets**		**5 684**	20 395
		Current assets			
		Receivables			
22 612	**13 968**	Other current receivables and prepayments	3.4	**14 951**	24 499
22 612	**13 968**	**Total current receivables**		**14 951**	24 499
457 145	**275 876**	Cash and cash equivalents	5.3	**293 975**	470 824
479 757	**289 844**	**Total current assets**		**308 926**	495 323
500 289	**295 665**	**TOTAL ASSETS**		**314 610**	515 718
		EQUITY AND LIABILITIES			
		Equity			
13 229	**15 878**	Share capital	5.5	**15 878**	13 229
335 336	**118 370**	Share premium		**118 371**	335 336
28 853	**28 527**	Other paid in capital		**61 565**	69 025
-495	**1 000**	Retained earnings		**-17 146**	-29 582
376 923	**163 775**	**Total equity**		**178 668**	388 008
		Liabilities			
		Non-current liabilities			
4 571	**2 356**	Lease liability	4.2	**2 356**	4 571
0	**0**	Net employee defined benefit liabilities	6.5	**5 025**	3 348
4 571	**2 356**	**Total non-current liabilities**		**7 381**	7 919
		Current liabilities			
44 268	**65 433**	Accounts payable	5.4	**65 862**	45 956
9 718	**10 647**	Current liabilities to group companies	5.4, 8.2	**0**	0
131	**152**	Tax payable	5.4, 7.1	**803**	949
13 751	**2 211**	Lease liability	4.2	**2 211**	13 751
50 927	**51 091**	Other current liabilities	3.6, 5.4	**59 685**	59 135
118 795	**129 534**	**Total current liabilities**		**128 561**	119 791
123 366	**131 890**	**Total liabilities**		**135 942**	127 710
500 289	**295 665**	**TOTAL EQUITY AND LIABILITIES**		**314 610**	515 718

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

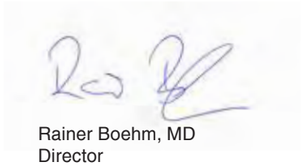
Oslo, 26 March 2021

The board of directors and the Chief Executive Officer of Nordic Nanovector ASA



Jan H. Egberts, MD
Chairman

Jean-Pierre Bizzari, MD
Director

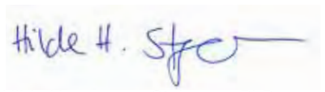


Rainer Boehm, MD
Director

Joanna C Horobin
Director

Per Samuelsson
Director

Karin Meyer, PhD
Director



Hilde Hermansen Steineger, PhD
Director

Dr Lars Nieba
Interim CEO and Chief Technology Officer

Consolidated statement of changes in equity – Group

For the year ended 31 December

GROUP (Amounts in NOK 1 000)	Note	Share capital	Share premium	Other paid in capital	Accumulated losses	Translation effects	Remeasurement gains (losses)	Total equity
Balance at 01.01.2019		**9 886**	**593 399**	**56 320**	**-295 209**	**3**	**-1 206**	**363 193**
Loss for the year					-433 597			-433 597
Other comprehensive income (loss) for the year, net of income tax						326	101	427
Total comprehensive income for the year					**-433 597**	**326**	**101**	**-433 170**
Recognition of share based payments - options and PSUs	3.2, 6.3			11 271				11 271
Recognition of share based payments - RSUs	3.1, 6.3			1 434				1 434
Issue of ordinary shares	5.5	3 207	464 865					468 072
Issue of ordinary shares under share options and RSUs	5.5	136	15 450					15 586
Share issue costs			-38 378					-38 378
Reclassification of accumulated losses			-700 000		700 000			0
Balance at 31.12.2019		**13 229**	**335 336**	**69 025**	**-28 806**	**329**	**-1 105**	**388 008**
Loss for the year					-417 075			-417 075
Other comprehensive income (loss) for the year, net of income tax						423	-912	-489
Total comprehensive income for the year					**-417 075**	**423**	**-912**	**-417 564**
Recognition of share based payments - options and PSUs	3.2, 6.3			-8 484				-8 484
Recognition of share based payments - RSUs	3.1, 6.3			1 024				1 024
Issue of ordinary shares	5.5	2 646	228 856					231 502
Issue of ordinary shares under share options and RSUs	5.5	4	0					4
Share issue costs			-15 821					-15 821
Reclassification of accumulated losses			-430 000		430 000			0
Balance at 31.12.2020		**15 878**	**118 371**	**61 565**	**-15 881**	**752**	**-2 017**	**178 668**

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

Consolidated statement of changes in equity – Parent

For the year ended 31 December

PARENT (Amounts in NOK 1 000)	Note	Share capital	Share premium	Other paid in capital	Accumu-lated losses	Total equity
Balance at 01.01.2019		**9 886**	**593 399**	**24 639**	**-269 993**	**357 931**
Loss for the year					-430 502	-430 502
Other comprehensive income (loss) for the year, net of income tax						0
Total comprehensive income for the year					**-430 502**	**-430 502**
Recognition of share based payments - options and PSUs	3.2, 6.3			2 781		2 781
Recognition of share based payments - RSUs	3.1, 6.3			1 434		1 434
Issue of ordinary shares	5.5	3 207	464 865			468 072
Issue of ordinary shares under share options and RSUs	5.5	136	15 450			15 586
Share issue costs			-38 378			-38 378
Reclassification of accumulated losses			-700 000		700 000	0
Balance at 31.12.2019		**13 229**	**335 336**	**28 853**	**-495**	**376 923**
Loss for the year					-428 505	-428 505
Other comprehensive income (loss) for the year, net of income tax						0
Total comprehensive income for the year					**-428 505**	**-428 505**
Recognition of share based payments - options and PSUs	3.2, 6.3			-1 350		-1 350
Recognition of share based payments - RSUs	3.1, 6.3			1 024		1 024
Issue of ordinary shares	5.5	2 646	228 856			231 502
Issue of ordinary shares under share options and RSUs	5.5	4	0			4
Share issue costs			-15 821			-15 821
Reclassification of accumulated losses			-430 000		430 000	0
Balance at 31.12.2020		**15 878**	**118 370**	**28 527**	**1 000**	**163 775**

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

Consolidated statement of cash flows

For the year ended 31 December

PARENT 2019	PARENT 2020	(Amounts in NOK 1 000)	Note	GROUP 2020	GROUP 2019
		Cash flows from operating activities			
-430 370	**-428 332**	**Loss before income tax**		**-416 161**	-432 659
		Adjustments for:			
771	**471**	Interest paid	5.6	**471**	771
-5 595	**-1 590**	Interest received	5.6	**-1 590**	-5 611
2 781	**-1 350**	Share based payment expense employees	3.2, 6.3	**-8 484**	11 271
1 434	**1 024**	Share based payment expense restricted share units (RSUs) board	3.1, 6.3	**1 024**	1 434
-36	**-158**	Taxes paid	7.1	**-1 068**	-805
12 659	**14 895**	Depreciation	4.1	**14 895**	12 659
-1 907	**-18 490**	Currency (gains) losses not related to operating activities (unrealised)	5.6	**-18 490**	-1 907
8 423	**30 905**	Change in net working capital e.g.		**31 197**	4 226
-411 840	**-402 625**	**Net cash flows from operating activities**		**-398 206**	-410 621
		Cash flows from investing activities			
-1 066	**-185**	Investment in property plant and equipment	4.1	**-185**	-1 066
5 595	**1 590**	Interest received	5.6	**1 590**	5 611
4 529	**1 405**	**Net cash flows from investing activities**		**1 405**	4 545
		Cash flows from financing activities			
483 657	**231 505**	Gross proceeds from equity issue	5.5	**231 505**	483 657
-38 378	**-15 821**	Share issue cost		**-15 821**	-38 378
-9 584	**-13 751**	Payment of principle portion of lease liabilities	4.2	**-13 751**	-9 584
-771	**-471**	Interest paid	5.6	**-471**	-771
434 924	**201 462**	**Net cash flows from financing activities**		**201 462**	434 924
1 907	**18 490**	Effects of exchange rate changes on cash and cash equivalents	5.6	**18 490**	1 907
29 520	**-181 269**	Net change in bank deposits, cash and equivalents		**-176 849**	30 755
427 625	**457 145**	Cash and equivalents at beginning of year		**470 824**	440 069
457 145	**275 876**	**Cash and equivalents at end of year**	5.3	**293 975**	470 824

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

Section 1 - Background

1.1 CORPORATE 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 “PARENT”.

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 radioimmunotherapy designed to advance the treatment of non-Hodgkin lymphoma (NHL). NHL is an indication with substantial unmet medical need, representing a growing market forecast to be worth nearly USD 26 billion by 2028. Nordic Nanovector retains global marketing rights to Betalutin® and intends to actively participate in the commercialisation of Betalutin® in the US and other major markets.

Section 2 - General 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.

2.1 BASIS FOR PREPARATION OF THE ANNUAL ACCOUNTS

The consolidated financial statements for the group and the parent have been prepared in accordance with EU-approved International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB) and disclosure requirements in accordance with the Norwegian Accounting Act. Only standards that are effective for the fiscal year ended 31 December 2020 have been applied.

The financial statements have been prepared on the historical cost basis. 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 2.4. The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

The company works continuously to ensure financial flexibility in the short and long-term to achieve its strategic and operational objectives. To date, the company has financed its operations through private placements, grants, repair offerings and the initial public offering in connection with the listing of the company’s shares on Oslo Børs in 2015. In February 2021 the company raised approximately NOK 361 million in gross proceeds through a private placement, which will ensure financing to the end of the first half of 2022. The board of directors has confirmed that the conditions for assuming that the group is a going concern are present, and that the financial statements have been prepared based on this assumption.

2.2 CONSOLIDATION PRINCIPLES

The group’s consolidated financial statements comprise the parent company and its subsidiaries as of 31 December 2020. 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:

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

There is a presumption that if the group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power 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 reassesses 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.

2.3 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).

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Critical accounting estimates and judgements

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements 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.

Critical judgements in applying the group's accounting policies

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. See note 7.1.

Development costs

Research and development 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 judgement.

Key sources of estimation uncertainty - critical accounting estimates

Share-based payments

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. Calculation of fair value involves estimates and assumptions. 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 equity instruments 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 6.3.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 6.5.

Section 3 - Operating activities

3.1 OTHER OPERATING EXPENSES

Accounting policy

Other operating expenses are recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided. For additional information on calculation of costs related to share based payments as RSUs see note 6.3 and 6.3.2.

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
289 443	**311 662**	Research and development costs	3.5	**318 583**	300 616
-10 319	**-6 791**	Government grants	3.3	**-6 791**	-10 319
1 434	**1 024**	Cost of share based payment (RSUs)	6.3	**1 024**	1 434
59 185	**59 193**	Charges from group companies	8.2	**0**	0
32 210	**24 070**	Other administrative costs		**28 149**	39 553
371 953	**389 158**	**Total other operating expenses**		**340 965**	331 284

3.2 PAYROLL AND RELATED EXPENSES

Accounting policy

Payroll and related expenses are recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided. For additional information on calculation of costs related to share based payments as options and PSUs see note 6.3, 6.3.1 and 6.3.3.

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
43 331	**38 109**	Salaries and bonus	6.2, 6.3	**73 441**	73 289
6 744	**5 180**	Social security tax		**8 923**	10 755
2 542	**2 267**	Pension expense	6.5	**4 780**	3 750
2 781	**-1 349**	Share based payment employees	6.3	**-8 484**	11 271
-2 435	**-762**	Accrued employer's social security on share based payment	6.3	**-1 439**	-3 781
1 581	**762**	Other		**2 039**	2 605
-1 480	**-959**	Government grants	3.3	**-959**	-1 480
53 064	**43 248**	**Total payroll and related expenses**		**78 301**	96 409
31.9	**29.2**	**Average number of full-time equivalent employees**		**40.8**	44.9

3.3 GOVERNMENT GRANTS

Accounting policy

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 for 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.

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
		Government grants have been recognised in the statement of profit or loss as a reduction for the related expenses with the following amounts:			
1 480	**959**	Payroll and related expenses	3.2	**959**	1 480
10 319	**6 791**	Other operating expenses	3.1	**6 791**	10 319
11 799	**7 750**	**Total**		**7 750**	11 799
		Grants receivable are detailed as follows:			
213	**0**	Grants from the Research Council PhD		**0**	213
1 000	**1 000**	Grants from the Research Council Eurostars		**1 000**	1 000
9 000	**4 750**	Grants from SkatteFUNN		**4 750**	9 000
10 213	**5 750**	**Total 31.12**	3.4	**5 750**	10 213

1) In 2016, the company received a new grant of up to NOK 15 million from the Research Council of Norway's user-driven research-based innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The project period is from 2016 to 2019. The purpose of the grant is to support research and development of novel targeted therapeutics for leukemia and NHL. The grant will be distributed to the company over the course of three years. For the financial period ended 31 December 2019, the company has recognised NOK 1.2 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. For the financial period ended 31 December 2019, the company recognised NOK 0.4 million as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

3) Research and development projects have been approved for SkatteFUNN grants through 2020. For the financial period ended 31 December 2020, the company has recognised NOK 4.8 million compared to NOK 9.0 million for the same period in 2019. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

4) The company has finalised the discovery phase of its Alpha37 R&D collaboration with Orano Med. Alpha37 leverages Nordic Nanovector's chimeric anti-CD37 antibody, NNV003, chelated with the alpha particle generating radionuclide 212Pb; preparations for an IND application for potential treatment of NHL and chronic lymphocytic leukemia (CLL) are now advancing. For the financial period ended 31 December 2020, the company recognised NOK 3.0 million (31 December 2019: NOK 1.0 million) partly as a reduction of payroll and related expenses and other operating expenses.

5) The Research Council has awarded miscellaneous de minimis aid. For the financial period ended 31 December 2019, the company recognised NOK 0.2 million partly as a reduction of payroll and related expenses and other operating expenses.

3.4 OTHER CURRENT RECEIVABLES AND PREPAYMENTS

Accounting policy

In determining the recoverability of an other receivable, the company performs a risk analysis considering the type and the age of the outstanding receivable and the creditworthiness of the counterparties.

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
10 213	**5 750**	Government grants	3.3	**5 750**	10 213
7 343	**6 514**	Refundable VAT		**6 851**	8 124
2 161	**126**	Prepaid expenses		**336**	2 522
1 547	**1 548**	Rental deposits		**1 576**	1 892
1 348	**30**	Other receivables		**438**	1 748
22 612	**13 968**	**Other current receivables and prepayments 31.12**		**14 951**	24 499

3.5 RESEARCH AND DEVELOPMENT EXPENSES

Accounting policy

The group's products are still in the research and development phase, and there are no revenue from sales of products yet.

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.

Research and development expenses are presented gross, before deduction of government grants . Total cost does not include cost related to share-based payments.

Research and development expenses

Cost related to research and development is expensed. During the financial year 2020 expenses for research and development were NOK 376.9 million whereas, NOK 318.6 million is classified as other operating expenses, NOK 11.8 million is classified as depreciation and NOK 46.5 million is classified as payroll. In 2019 the research and development expenses were NOK 354.9 million whereas NOK 300.6 million is classified as operating expenses, NOK 8.5 million is classified as depreciation and NOK 45.8 million is classified as payroll respectively. Research and development expenses above are presented as gross amounts, before deduction of government grants. See note 3.3 for more information about government grants presented as a reduction of operating costs.

3.6 OTHER CURRENT LIABILITIES

Accounting policy

Other liabilities 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.

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
4 004	**3 663**	Unpaid duties and charges		**4 159**	4 850
3 717	**2 554**	Unpaid vacation pay		**2 913**	3 965
1 101	**339**	Accrued social security related to outstanding non exercised options, PSUs and RSUs		**649**	2 088
42 105	**44 535**	Other accrued costs		**51 964**	48 232
50 927	**51 091**	**Other current liabilities 31.12**		**59 685**	59 135

Social security contributions on share options

The provision for social security contributions on share options, PSUs and RSUs are calculated based on the number of options and PSUs 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 31 December 2020 of NOK 15.71 per share (2019: NOK 31.74 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 31 December 2020 are mainly related to development cost of the lead product candidate Betalutin®. Several contracts with CMOs have elements of milestone based payments. The company makes accruals towards the achievement of these milestones.

3.7 AUDITORS FEE

Accounting policy

Auditors fee is expensed and recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided. Amounts are presented exclusive of VAT.

Fees to auditors for the year ended 31 December

PARENT			GROUP	
2019	2020	(Amounts in NOK 1 000)	2020	2019
310	**320**	Audit fee	**367**	354
161	**47**	Audit related work	**47**	161
136	**4**	Tax services	**4**	136
607	**371**	**Total**	**418**	651

Audit fee in the table above is the agreed audit fee for the accounting year and does not necessarily correspond to actual expensed audit fee for the period as some of the services performed incurred after year-end.

In 2020 audit fees and non-audit services to auditors other than the group auditor was NOK 0.05 million and NOK 0.16 million respectively (2019: NOK 0.04 million and NOK 0.20 million respectively).

3.8 SEGMENTS

Accounting policy

The group's leading product Betalutin® is still in the development phase. 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.

In the tables below, assets and liabilities are broken down by geographical areas based on the location of the companies:

As per 31 December 2020

Assets (Amounts in NOK 1 000)	Norway	Switzerland	United Kingdom
Non-current assets	5 684	0	0
Current receivables	13 968	485	498
Cash and cash equivalents	275 876	13 123	4 976
Liabilities			
Total non-current liabilites	2 356	5 025	0
Total current liabilites	119 197	4 600	4 764

As per 31 December 2019

Assets (Amounts in NOK 1 000)	Norway	Switzerland	United Kingdom
Non-current assets	20 395	0	0
Current receivables	22 612	759	1 128
Cash and cash equivalents	457 145	11 104	2 575
Liabilities			
Total non-current liabilites	4 571	3 348	0
Total current liabilites	110 064	3 788	5 939

Section 4 - Asset base

4.1 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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 projects. This has been taken into account when determining the estimated useful life of the individual assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of the property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

All 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.

PARENT (Amounts in NOK 1 000)	Laboratory equipment	Software licences	Office equipment	Permanent building fixtures	Furniture & fittings	Total
Cost at 01.01.2019	**3 447**	**752**	**2 449**	**3 910**	**1 391**	**11 949**
Additions in the year	470	0	533	63	0	1 066
Disposals in the year						0
Cost at 31.12.2019	**3 917**	**752**	**2 982**	**3 973**	**1 391**	**13 015**
Additions in the year	0	0	113	54	17	185
Disposals in the year						0
Cost at 31.12.2020	**3 917**	**752**	**3 095**	**4 027**	**1 408**	**13 200**
Accumulated depreciations 01.01.2019	**1 671**	**752**	**1 655**	**2 995**	**795**	**7 868**
Depreciations in the year	603	0	617	920	360	2 499
Accumulated depreciation at 31.12.2019	**2 273**	**752**	**2 272**	**3 915**	**1 155**	**10 367**
Depreciations in the year	603	0	575	34	226	1 439
Accumulated depreciation at 31.12.2020	**2 876**	**752**	**2 847**	**3 949**	**1 381**	**11 806**
Net carrying amount at 31.12.2019	**1 644**	**0**	**711**	**58**	**236**	**2 648**
Net carrying amount at 31.12.2020	**1 041**	**0**	**248**	**78**	**27**	**1 394**
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	

4.2 LEASES

Accounting policy

Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The company applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The group remeasures the lease liability upon the occurrence of certain events (e.g. a change in the lease term, or a change in future lease payments resulting from a change in an index or rate used to determine those payments). Generally, the amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The group also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Incremental borrowing rate

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Significant judgement in determining the lease term of contracts with renewal options

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew a lease contract, considering all relevant factors that create an economic incentive for the group to exercise the renewal or not exercise an option to terminate.

The main part of the group's lease contracts relates to production and office facilities.

Lease contracts

The group has lease contracts related to external production facilities at one of the CMO's manufacturing sites, office facilities and offices machines.

Carrying amount of right-of-use assets and movements.

PARENT (Amounts in NOK 1 000)	Production facilities and equipment	Office facilities	Office machines	Total
Cost at 01.01.2019	**0**	**6 086**	**545**	**6 631**
Additions in the year	19 367	1 909	0	21 276
Disposals in the year	0	0	0	0
Cost at 31.12.2019	**19 367**	**7 995**	**545**	**27 907**
Additions in the year	0	0	0	0
Disposals in the year	0	0	0	0
Cost at 31.12.2020	**19 367**	**7 995**	**545**	**27 907**
Accumulated depreciation at 01.01.2019	**0**	**0**	**0**	**0**
Depreciations in the year	8 056	1 968	136	10 160
Accumulated depreciation at 31.12.2019	**8 056**	**1 968**	**136**	**10 160**
Depreciations in the year	11 311	2 009	136	13 456
Accumulated depreciation at 31.12.2020	**19 367**	**3 977**	**272**	**23 616**
Net carrying amount at 31.12.2019	**11 311**	**6 027**	**409**	**17 747**
Net carrying amount at 31.12.2020	**0**	**4 018**	**273**	**4 290**
Interest rate applied	4.35% - 5.25%	2.9%	5.25%	

All the right-of-use 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.

Carrying amount of lease liabilities and movements during the period.

PARENT (Amounts in NOK 1 000)	2019	2020
Liabilites at 01.01	6 631	**18 322**
Additions	21 276	0
Accretion of interests	771	471
Payments	-10 355	-14 226
Liabilites at 31.12	18 322	**4 567**
Current	13 751	2 211
Non-current	4 571	2 356

The table below summarises the maturity profile of lease liabilities.

As per 31 December 2020

PARENT (Amounts in NOK 1 000)	Less than 3 months	3 to 12 months	13 to 24 months	25 to 36 months	Total
Lease liabilities	539	1 672	2 356	0	4 567

The non-current liabilites of NOK 2.4 million is payable during 12-24 months. Interest rates are between 2.9 per cent and 5.25 per cent. Maturity is during 2022.

As per 31 December 2019

PARENT (Amounts in NOK 1 000)	Less than 3 months	3 to 12 months	13 to 24 months	25 to 36 months	Total
Lease liabilities	3 326	10 425	2 211	2 360	18 322

The following are the amounts recognised in the profit and loss.

PARENT 2019	PARENT 2020	(Amounts in NOK 1 000)	Note	GROUP 2020	GROUP 2019
12 659	**13 457**	Depreciation of right-of-use assets		**13 457**	12 659
770	**471**	Interest expense on lease liabilities		**471**	770
0	**102**	Expense related to short-term lease		**876**	2 301
39	**0**	Expense relating to low value assets		**0**	39
13 468	**14 030**	**Total amount recognised in profit and loss**		**14 804**	15 769

Total cash ouflow for leases.

PARENT 2019	PARENT 2020	(Amounts in NOK 1 000)	Note	GROUP 2020	GROUP 2019
10 355	**14 329**	Total cash outflow for leases		**15 102**	12 694

The group also had no non-cash additions to right-of-use assets and lease liabilities in 2020 (NOK 21.3 million in 2019).

The company and the group has one significant lease contract that includes an extention option. Undiscounted potential future rental payment related to periods following the excercise date of extention and termination options that are not included in the lease term, is NOK 4.4 million both in 2020 and 2019. All payments are within a five year period. Management exercise significant judgement in determining whether these extension options are reasonable to be exercised.

Section 5 - Risk management, financial instruments, capital structure and equity

5.1 RISK MANAGEMENT OBJECTIVES AND POLICIES

Operational and market risks

Nordic Nanovector is currently in a development phase involving activities, which entail exposure to various risks. Nordic Nanovector's strategy is to continuously identify, minimise and mitigate potential risks, and risk assessment and management are an integral part of Nordic Nanovector's operations.

The company's lead drug candidate Betalutin® is currently in a Phase 2b (PARADIGME) and two Phase 1 (ARCHER-1 and LYMRIT 37-05) trials. Thus, the company has not completed clinical development for any of its product candidates and has not previously filed for or obtained marketing approval from any regulatory authority for any product candidate.

Delay or failure of the company's clinical trials may adversely impact the company's ability to obtain regulatory approval for and commercialise its current and future product candidates. The company depends on the collaboration with Clinical Research Organisations ("CROs"), medical institutions, laboratories and drug product manufacturers in order to conduct clinical testing in compliance with requirements from appropriate regulatory authorities in the relevant jurisdictions. The company's ability to complete clinical trials in a timely fashion or at all may be impacted by several factors, including the following:

- delays in obtaining or failures to obtain regulatory approval to commence clinical trials because of safety concerns of regulators relating to the company's product candidate or failure to follow regulatory guidelines and general safety issues;
- actions by regulators to suspend a clinical trial or to temporarily or permanently stop a trial for a variety of reasons, principally for safety concerns;
- delays in recruiting patients to participate in a clinical trial, and the rate of patient enrolment, which is itself a function of many factors, including size of the patient population, the proximity of patients to the clinical trial sites, the eligibility criteria for the trial and the nature of the protocol;
- compliance of patients and investigators with the protocol and applicable regulations; failure of clinical trials and clinical investigators to comply with relevant clinical protocol, or similar requirements in other jurisdictions;
- failure of third-party contractors/external service providers to satisfy their contractual duties, comply with regulations or meet expected deadlines;
- delays or failures in reaching agreement on acceptable terms with prospective trial sites;
- determination by regulators that the clinical design is not adequate; and
- delays or failures in obtaining sufficient clinical supplies of Betalutin® for use in trials, due to failures in one or more steps of the manufacturing process and/or improper shipment/handling/delivery of Betalutin® by the Contract Manufacturing Organisations ("CMOs") to the clinical trial sites.
- Even if the company receives regulatory agency approval, the company may not be successful in commercialising approved product candidates.
- In most markets, drug prices and reimbursement levels are regulated or influenced by health authorities, other healthcare providers, insurance companies or health maintenance organisations. There is a risk that the company's drugs, following required approvals, will not obtain reimbursement in line with the selling prices or reimbursement levels anticipated by the company. If actual prices and reimbursement levels granted to the company's products happen to be lower than anticipated, this may have a negative impact on the profitability of its products and the overall business'
- The company has an IP-strategy to protect its intellectual property and know-how related to i.a. its products, methods, processes and other technologies, and trade secrets. Through its IP-strategy the company seeks to prevent third parties from infringing its proprietary rights and ensure that it operates without infringing the proprietary rights of third parties. As part of its IP-strategy, the company to date holds certain exclusive patent rights in major markets, however, the company cannot predict the degree and range of protection any patents will afford against competitors and competing technologies. There is always a risk that third parties may find ways to invalidate or otherwise circumvent the patents. There is a risk that current or future patent application submitted by the company may be delayed or rejected, and a risk that others may obtain patents claiming aspects similar to those covered by the company's patents and patents applications. There is also a risk that the company may need to initiate or defend litigation or administrative proceedings, to protect its own patents. Litigation or proceedings may be costly, and should the company's technology be found to infringe upon third parties' rights, that could limit the company's freedom to operate or could subject the company to significant damages or an injunction preventing the manufacture, sale or use of its affected products.

- The company currently maintains clinical trial liability insurance for each trial in each country. The company have clinical sites i.e. in the USA and the existing insurance programme may not be sufficient to cover claims that may be made against the company and may not be available in the future on acceptable terms, if at all. Any claims against the company, regardless of their merit, could materially and adversely affect its financial condition, in addition to consuming the time and attention of the management.
- The biotechnology and pharmaceutical industries are highly competitive with many large players and subject to rapid and substantial technological change. Developments by others may render the company's product candidates or technologies obsolete or uncompetitive. If competitor product candidates achieve a better therapeutic profile than Betalutin®, the company might not be able to obtain accelerated approval and therefore may need to perform an additional Phase 3 trial after finalisation of PARADIGME, which will have significant impact on the company's financial situation and outlook. The company's drug candidates may not gain the market acceptance required to be profitable even if they successfully complete clinical trials and receive approval for sale by the relevant regulatory authorities.
- The company is exposed to risk of relying upon third parties for clinical trials and manufacturing. The company cannot be certain that it will be able to enter into or maintain satisfactory agreements with third-party suppliers, such as CROs or CMOs, for the conduct of clinical trials or product manufacturing, respectively. The company's need to recruit, amend or change providers for the conduct of clinical trials might impact the timelines of the conduct of such trials.
- The company's failure to enter into agreements with such suppliers or manufacturers on reasonable terms, if at all, could have a material and adverse effect on the business, its financial condition and results of operations.
- Poor manufacturing performance of third-party manufacturers, a disruption in the supply or the company's failure to accurately predict the demand for any future commercial sale of a product could have a significant adverse effect on the company's business, financial condition or results of operations.
- The company believes that its safety procedures for handling and disposing of such materials comply with the highest environmental and safety standards; however, there will always be a risk of accidental contamination or injury. By law, radioactive materials may only be disposed of at certain approved facilities. When handling and disposing radioactive materials, there is a risk of accidental contamination or emission damage. Breach of rules for handling and disposing of radioactive materials may involve sanctions for the company, as well as a negative reputation for the company.
- COVID-19: The uncertainty around the duration, severity and geographic scope of the COVID-19 outbreak could cause further delays in patient enrolment into the company's clinical studies due to re-prioritisation of hospital activities, healthcare staff or patients being affected by the virus, or supply issues due to restriction of movement. The COVID-19 outbreak has also impacted financial markets and caused investors to be much more selective in where they allocate funds. This could limit the company's ability to raise funds in the future resulting in the company needing to streamline its activities based on its financial resources.

Financial risk

Interest rate risk

The Nordic Nanovector group has no interest-bearing debt except leasing liabilities, where the underlying interest rate is determined when the leasing agreement starts. Bank deposits are exposed to market fluctuations of interest rates, which impact the financial income. The Nordic Nanovector group had NOK 1.6 million (NOK 5.6 million) in interest income as of year-end.

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 made deposits in foreign currency bank accounts and continuously monitors the level of these funds. The parent's deposits in foreign currencies at year-end 2020 amounted to an equivalent of NOK 44.0 million (NOK 83.5 million).

Credit risk

The Nordic Nanovector group is primarily exposed to credit risk associated with accounts receivable and other current receivables. The group has no revenues. The Nordic Nanovector group has not suffered any losses on receivables during 2020. Other current receivables are mainly related to grants from the government institution Research Council of Norway, and prepayments of services to suppliers. 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 has been successful in raising new funds totaling NOK 231 million in gross proceeds during 2020. The company raised an additional NOK 361 million in gross proceeds in February 2021. The company has a cash runway that extends to the end of first half 2022.

Financial instruments' sensitivity for changes in exchange rate at year end

GROUP (Amounts in NOK 1 000)		Effect on profit/loss before tax[3]	
Currency[1]	Change in exchange rate[2]	2020	2019
EUR	-10%	**-3 151**	-5 558
	+10%	**3 151**	5 558
GBP	-10%	**-238**	-750
	+10%	**238**	750
USD	-10%	**-285**	-2 028
	+10%	**285**	2 028
CHF	-10%	**-722**	-18
	+10%	**722**	18

1) The group's cash reserves are deposited in NOK, EUR, USD, CHF and GBP.
2) Positiv change represents an increased cost in NOK to purchase foreign currency.
3) Positive figure represents reduced loss while negative figures increases loss.

5.2 FINANCIAL INSTRUMENTS

Accounting policy

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 other current receivables and prepayments 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, the group's financial assets are categorised as financial assets at amortised cost. 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.

The group's financial liabilities consist of accounts payable, other current liabilities and non-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. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the effective interest rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

GROUP (Amounts in NOK 1 000)	Note	31.12.2020 Financial assets at amortised costs	Other liabilities	Total	31.12.2019 Financial assets at amortised costs	Other liabilities	Total
ASSETS							
Cash and cash equivalents	5.3	293 975		293 975	470 824		470 824
Other current receivables and prepayments	3.3, 3.4	14 951		14 951	24 499		24 499
Total financial assets		**308 926**		**308 926**	**495 323**		**495 323**
LIABILITIES							
Other liabilities							
Accounts and other payables	5.4		126 350	126 350		106 040	106 040
Total liabilities		**0**	**126 350**	**126 350**	**0**	**106 040**	**106 040**

PARENT (Amounts in NOK 1 000)	Note	31.12.2020 Financial assets at amortised costs	Other liabilities	Total	31.12.2019 Financial assets at amortised costs	Other liabilities	Total
ASSETS							
Cash and cash equivalents	5.3	275 876		275 876	457 145		457 145
Other current receivables and prepayments	3.3, 3.4	13 968		13 968	22 612		22 612
Total financial assets		**289 844**		**289 844**	**479 757**		**479 757**
LIABILITIES							
Other financial liabilities							
Accounts and other payables	5.4		127 323	127 323		105 044	105 044
Total financial liabilities		**0**	**127 323**	**127 323**	**0**	**105 044**	**105 044**

Changes in liabilities arising from financing activities

As per 31 December 2020

PARENT (Amounts in NOK 1 000)	01.01.2020	Cash flows	New leases	Other	31.12.2020
Current lease liabilities	13 751	-13 751	0	2 211	2 211
Non-current lease liabilities	4 571	0	0	-2 215	2 356
Total liabilities from financing activities	**18 322**	**-13 751**	**0**	**-4**	**4 567**

As per 31 December 2019

PARENT (Amounts in NOK 1 000)	01.01.2019	Cash flows	New leases	Other	31.12.2019
Current lease liabilities	1 495	-1 495	13 752	-1	13 751
Non-current lease liabilities	5 136	-8 089	7 524	0	4 571
Total liabilities from financing activities	**6 631**	**-9 584**	**21 276**	**-1**	**18 322**

All lease liabilities in the group, with a recognised right-of-use asset associated, are related to leases in Nordic Nanovector ASA, thus the disclosure for Nordic Nanovector ASA is identical to the disclosure for the group.

5.3 CASH AND CASH EQUIVALENTS

Accounting policy

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.

PARENT			GROUP	
2019	2020	(Amounts in NOK 1 000)	2020	2019
1 824	**1 095**	Employee withholding tax	**1 095**	1 824
455 321	**274 781**	Variable interests rate bank accounts	**292 880**	469 000
457 145	**275 876**	**Total cash and cash equivalents 31.12**	**293 975**	470 824

Of the total balance of cash and cash equivalents, NOK 1.1 million (2019: NOK 1.8 million) relates to restricted funds for employee withholding taxes. The remainder of the group's cash is deposited in various banks on variable interests rate terms. In the group NOK 62.1 million (2019: NOK 97.2 million) are placed in bank accounts with a different currency than NOK as of 31 December 2020. Of this total, NOK 44.0 million (2019: NOK 83.5) are placements in the parent. Bank deposits related to office lease of NOK 1.6 million is classified as other current receivables (2019: NOK 1.9 million), hereof NOK 1.5 million is related to the parent in 2020 and NOK 1.5 million in 2019 (see section 3.4).

5.4 CURRENT LIABILITIES

Accounting policy

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.

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments.

As per 31 December 2020

GROUP (Amounts in NOK 1 000)	On demand	Less than 3 months	3 to 12 months	Total
Accounts payable		65 862		65 862
Unpaid duties and charges		4 159		4 159
Unpaid vacation pay			2 913	2 913
Tax payable			803	803
Accrued social security expenses related to outstanding non exercised options, PSUs and RSUs[1)]	649			649
Lease liabilities	539	1 672		2 211
Other accrued costs		31 538	20 426	51 964
Total current liabilities 31.12.20	**1 188**	**103 231**	**24 142**	**128 561**

As per 31 December 2019

GROUP (Amounts in NOK 1 000)	On demand	Less than 3 months	3 to 12 months	Total
Accounts payable		45 956		45 956
Unpaid duties and charges		4 850		4 850
Unpaid vacation pay			3 965	3 965
Tax payable			949	949
Accrued social security expenses related to outstanding non exercised options, PSUs and RSUs[1)]	2 088			2 088
Lease liabilities		3 326	10 425	13 751
Other accrued costs		45 385	2 847	48 232
Total current liabilities 31.12.19	**2 088**	**99 517**	**18 186**	**119 791**

The tables below summarise the maturity profile of the parent's financial liabilities on contractual undiscounted payments.

As per 31 December 2020

PARENT (Amounts in NOK 1 000)	On demand	Less than 3 months	3 to 12 months	Total
Accounts payable		65 433		65 433
Unpaid duties and charges		3 663		3 663
Unpaid vacation pay			2 554	2 554
Tax payable			152	152
Accrued social security expenses related to outstanding non exercised options, PSUs and RSUs[1)]	339			339
Current liabilities to group companies		10 647		10 647
Lease liabilities	539	1 672		2 211
Other accrued costs		24 109	20 426	44 535
Total current liabilities 31.12.20	**878**	**105 524**	**23 132**	**129 534**

As per 31 December 2019

PARENT (Amounts in NOK 1 000)	On demand	Less than 3 months	3 to 12 months	Total
Accounts payable		44 268		44 268
Unpaid duties and charges		4 004		4 004
Unpaid vacation pay			3 717	3 717
Tax payable			131	131
Accrued social security expenses related to outstanding non exercised options, PSUs and RSUs[1)]	1 101			1 101
Current liabilities to group companies		9 718		9 718
Lease liabilities		3 326	10 425	13 751
Other accrued costs		39 258	2 847	42 105
Total current liabilities 31.12.19	**1 101**	**56 306**	**17 120**	**118 795**

1) Social security is payable when the equity instruments are exercised. See note 6.3 for additional information.

5.5 SHARE CAPITAL AND SHAREHOLDER INFORMATION

As at 31 December 2020 the company's share capital is NOK 15 878 122 (31 December 2019: NOK 13 228 673), being divided into 79 390 612 ordinary shares, each with a nominal value of NOK 0.20. All shares carry equal voting rights.

PARENT	Note	2020	2019
Ordinary shares at 01.01		66 143 363	49 430 945
Issue of ordinary shares[1)]		13 228 670	16 036 037
Issue of ordinary shares under share options	6.3.3	0	630 420
Issue of ordinary shares under RSUs[2)]	6.3.2	18 579	45 961
Ordinary shares at 31.12		**79 390 612**	**66 143 363**

1) On 23 September 2020, the company announced that it had raised approximately NOK 231 million in gross proceeds through a private placement of 13 228 670 new shares. The private placement was completed at a subscription price of NOK 17.50 per share, which was determined through an accelerated book-building process.

2) In May 2020, three of the members of the board of Nordic Nanovector ASA, Gisela Schwab, Joanna Horobin and Jean-Pierre Bizzari resolved to settle a total number of 9 761 RSUs. The RSU's were issued to them in May 2019 after they had elected to receive all or part of their remuneration for the period from the 2019 to 2020 AGM in RSUs. In addition, board member Hilde Steineger has resolved to settle a total number of 8 818 RSUs previously issued as remuneration under the RSU programme. Each RSU gives the right to subscribe for one share in the company at a subscription price of NOK 0.20. To fulfil the company's obligations under the RSU agreements, the board resolved to issue 18 579 new shares at a subscription price of NOK 0.20 per share giving a total subscription amount of NOK 3 715.80. The shares were issued pursuant to the authorisation granted to the board at the 2019 AGM. See note 6.3.2 for more information on RSUs.

The 2020 AGM granted an authorisation to the board to increase the share capital by 20 per cent of the company's share capital at the time the authorisation is used. The authorisation was utilised in the private placement in September 2020. The 2020 AGM also granted an authorisation to the board to increase the share capital with up to NOK 50 000 through the issuance of new shares at par value. The authorisation may only be used to issue shares to members of the board as part of the RSU programme. The 2020 AGM also resolved to issue up to 1 200 000 free-standing warrants to employees that were awarded PSUs.

The 2020 EGM held in October 2020 granted an authorisation to the board to increase the share capital by 20 per cent of the company's share capital at the time the authorisation is used. The authorisation has not been used during 2020. See section 9.1 for events after the reporting date.

The general meetings have since December 2017 resolved to issue free-standing warrants to employees awarded performance share units (PSUs), and employees awarded options under the discontinued option programme. Each free-standing warrant shall, subject to specific terms, give the right to subscribe for one new share in the company with nominal value NOK 0.20. The sole purpose of these free-standing warrants is to ensure delivery of shares in the company upon exercise of PSUs or options. As per 31 December 2020, 774 750 warrants related to PSUs, and 1 351 967 warrants related to options, are exercisable under specific terms and can be converted into shares. See note 6.3 for further information about the share based incentive programme.

Nordic Nanovector ASA had 11 387 shareholders as at 31 December 2020

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	6 607 960	8.32%
2	Folketrygdfondet	5 427 115	6.84%
3	OM Holding AS	2 665 352	3.36%
4	Nordnet Livsforsikring AS	1 676 480	2.11%
5	Ro Invest AS	900 000	1.13%
6	Fjarde AP-Fonden	872 610	1.10%
7	Linux Solutions Norge AS	845 071	1.06%
8	Verdipapirfondet Nordea Kapital	778 910	0.98%
9	Birk Venture AS	750 000	0.94%
10	Nordnet Bank AB	704 011	0.89%
11	Must Invest AS	700 000	0.88%
12	Sciencons AS	700 000	0.88%
13	Sundt AS	690 433	0.87%
14	Radiumhospitalets Forskningsstiftelse	684 972	0.86%
15	Verdipapirfondet Nordea Avkastning	656 251	0.83%
16	Verdipapirfondet KLP AksjeNorge	588 992	0.74%
17	Inven2 AS	541 247	0.68%
18	Myna AS	485 254	0.61%
19	Lucellum AS	480 000	0.60%
20	UBS Switzerland AG	465 740	0.59%
	Total shares for top 20 shareholders	**27 220 398**	**34.29%**
	Total shares for other 11 367 shareholders	**52 170 214**	**65.71%**
	Total shares (11 387 shareholders)	**79 390 612**	**100.00%**

The shares of Nordic Nanovector ASA have been traded on the Oslo Stock Exchange since 23 March 2015. The shareholder base has increased from 10 401 shareholders as of 31 December 2019 to 11 387 shareholders as of 31 December 2020.

5.6 FINANCE INCOME AND FINANCE EXPENSES

Accounting policy

The group and parent company's finance income largely relates to interest received on bank deposits. Net currency gain or loss related to operating items includes gain or losses on accounts payable and accounts receivable.

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
		Finance income			
27	**60**	Interest income on tax repaid		**60**	27
5 568	**1 528**	Interest income on bank deposits	5.3	**1 550**	5 596
12	**0**	Other finance income		**0**	12
5 607	**1 588**	**Total finance income**		**1 610**	5 635
		Finance expense			
771	**471**	Interest expense leasing		**471**	771
244	**372**	Other fees, charges		**389**	247
1 015	**843**	**Total finance expense**		**860**	1 018
		Net currency gain (loss)			
807	**-266**	Net currency gain related to operating items		**-1 239**	1 169
1 907	**18 490**	Net currency gain (loss) related to foreign exchange differences of currency bank accounts		**18 490**	1 907
2 714	**18 224**	**Total net currency gain**		**17 250**	3 076
7 306	**18 969**	**Net finance income (expenses)**		**18 000**	7 693

Net currency gain (loss) related to revaluation of bank deposits in other currencies than NOK is specified in the table below.

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
533	**12 866**	EUR	5.3	**12 866**	533
478	**1 585**	USD	5.3	**1 585**	478
1 107	**2 042**	CHF	5.3	**2 042**	1 107
-211	**1 996**	GBP	5.3	**1 996**	-211
1 907	**18 490**	**Net currency gain (loss)**		**18 490**	1 907

5.7 EARNINGS PER SHARE (EPS)

Accounting policy

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. Issued share options, performance share units and restricted stock units have a potential dilutive effect on earnings per share (see note 6.3 for details on share based payments). 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 effect.

The calculation of basic and diluted earnings per share attributable to the ordinary shareholders of the parent is based on the data presented in the table below

PARENT				GROUP	
2019	2020	(Amounts in NOK, except number of shares)	Note	2020	2019
-430 502 000	**-428 505 000**	Loss for the year		**-417 075 000**	-433 597 000
56 592 292	**69 574 504**	Average number of outstanding shares during the year[1)]	5.5	**69 574 504**	56 592 292
-7,61	**-6,16**	**Earnings (loss) per share - basic and diluted (in NOK per share)**		**-5,99**	-7,66

1) The weighted number of shares takes into account the weighted average effect of changes in shares during the year.

Exercise of all outstanding PSUs and options as per 31 December 2020 would increase the total number of shares in the company by 2 126 717. See note 6.3 for more details.

Section 6 - Remuneration

6.1 REMUNERATION TO MANAGEMENT

Total remuneration to management during the year ended 31 December 2020

(Amounts in NOK 1 000)	Salary increase in local currency	Salary	Bonus	Pension expense	Other remune-ration	Total
Current management[7]						
Lars Nieba[1,2] Interim Chief Executive Officer and Chief Technology Officer	0,0%	3 011	1 433	245	236	4 925
Malene Brondberg[1,3] Chief Financial Officer	+13,3%	2 438	1 232	98	378	4 146
Rosemarie Corrigan[1] Chief Quality Officer	0,0%	2 326	620	93	449	3 488
Jostein Dahle Chief Scientific Officer	0,0%	1 734	421	75	71	2 301
Gabriele Elbl[1] Vice President Global Regulatory Affairs	0,0%	2 910	776	271	208	4 165
Marco Renoldi[1] Chief Operating Officer	0,0%	3 194	852	326	231	4 603
Christine Wilkinson Blanc[4] Chief Medical Officer						
Former management members						
Eduardo Bravo Former Chief Executive Officer (until 26 February 2020)	0,0%	1 223		33	4 748	6 004
Lisa Rojkjaer Former Chief Medical Officer (until 23 May 2020)	0,0%	1 065		99	222	1 386
Tone Kvåle, former CFO[5] Former Chief Financial Officer (until 1 May 2020)	0,0%	1 728		56	1 145	2 929
Rita Dege[5] Former Chief Human Resources Officer (until 1 May 2020)	0,0%	1 220		56	752	2 028
Domenic Smethurst[6] Former Chief Medical Officer (from 23 March to 10 August 2020)						
Total management remuneration		**20 849**	**5 334**	**1 352**	**8 440**	**35 975**

Salary includes holiday pay if applicable. Other remuneration includes: insurance, car allowance (if relevant), healthcare allowance (if relevant), representation allowance (if relevant) and other. For former members of the management team, other remuneration also includes severance pay. Bonus refers to accrued bonus for 2020, which will be paid out in 2021.

1) The average exchange rate in 2020 for CHF/NOK (10,04) and GBP/NOK (12,08) has been used to convert remuneration in other currency than NOK. The NOK value of remuneration paid in CHF and GBP has in 2020 increased by 13.3 per cent and 7.5 per cent repectively, compared to the NOK value of the same costs using average exchange rates from 2019. The average exchange rate in 2019 was CHF/NOK 8.86 and GBP/NOK 11.24.

2) Lars Nieba was appointed Interim Chief Excecutive Officer on 26 February 2020. Due to the restructuring of the company, he has served the role as Interim CEO and CTO since end of February.

3) Malene Brondberg was appointed Chief Financial Officer in May 2020. Following the restructuring of the company in May 2020, she is also responsible for investor relations and human resources. Brondberg received a salary increase effective from 1 May 2020.

4) Christine Wilkinson Blanc was appointed Chief Medical Officer in August 2020, hired through Weatherden Ltd until 1 January 2021. During this period, the company has paid NOK 2.1 million for her services as Chief Medical Officer.

5) Includes 7 months salary and payment of vacation pay accrued during 2019 and 2020.

6) Domenic Smethurst served as Interim Chief Medical Officer from 23 March to 10 August 2020, hired through DPS Medical Limited. During this period the company has paid NOK 1.0 million for his services.

7) 17 March 2021, the company announced the appointment of Peter L Braun as Chief Executive Officer (CEO). He will take up the position on 6 April 2021.

Total remuneration paid in cash to current and former members of management, including severance pay, was NOK 36.0 million in 2020. In 2019, total remuneration was 27.9 million, converted to NOK using average exchange rates for 2019. If average exchange rates for 2020 had been applied, total remuneration to management in 2019 would have increased by NOK 2.1 million to NOK 30.0 million, driven by the change in average foreign exchange rate from 2019 to 2020.

In addition, management has been granted options at various exercise prices and PSUs which are disclosed in this note. The calculated cost of options and PSUs has resulted in a gain of NOK 9.4 million in 2020 as certain options and PSUs have lapsed (compared to a cost of NOK 10.1 million in 2019). Calculated costs related to options and PSUs for the current management team was NOK 2.6 million. These costs have been calculated in accordance with IFRS 2 and recognised as payroll and related expenses (see note 3.2). For more information about calculation of fair value of share-based payments see note 6.3. The actual benefit related to options and PSUs are dependent on the share price at time of exercise and the exercise price and may be different than estimated for the calculation of costs associated.

Benefits upon termination

Chief Operating Officer, Marco Renoldi, is in the event of termination of the employment agreement by the company, for reasons other than cause, entitled to 12 months' pay and the accrued target performance bonus up until the date of notice of termination of employment. Apart from the above, no employee, including any member of management, has entered into employment agreements which provide for any special benefits upon termination.

In 2020, the Group has used the professional services of its chairperson in relation to consulting services. The consulting services is related to work beyond regular board duties. See note 8.2 for details. None of the other 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 2019

(Amounts in NOK 1 000)	Salary	Bonus	Pension expense	Other remune-ration	Total
Lars Nieba[1,2] Interim Chief Executive Officer and Chief Technology Officer	221	0	19	538	778
Malene Brondberg[1] Vice President Investor Relations	2 084	462	78	307	2 931
Rosemarie Corrigan[1] Chief Quality Officer	2 164	623	81	389	3 257
Jostein Dahle Chief Scientific Officer	1 714	419	74	76	2 283
Rita Dege Chief Human Resources Officer	1 490	327	74	15	1 906
Gabriele Elbl[1,3] Vice President Global Regulatory Affairs	428	0	40	385	853
Tone Kvåle Chief Financial Officer	2 228	558	74	73	2 933
Marco Renoldi[1] Chief Operating Officer	2 820	825	285	204	4 134
Lisa Rojkjaer[1] Chief Medical Officer	2 820	0	225	184	3 229
Eduardo Bravo Former Chief Executive Officer	4 528	0	56	994	5 578
Total management remuneration	**20 497**	**3 214**	**1 006**	**3 165**	**27 882**

Salary includes holiday pay if applicable. Other remuneration includes: insurance, car allowance (if relevant), healthcare allowance (if relevant), representation allowance (if relevant) and other. Bonus refers to accrued bonus for 2019 which was paid out in 2020.

1) The average exchange rate in 2019 for CHF/NOK (8,86) and GBP/NOK (11,24) has been used to convert remuneration in other currency than NOK. Using average exchange rates from 2020 total management remuneration would have been NOK 30.0 million.

2) Lars Nieba joined the company as Chief Technology Officer (CTO) on 1 December 2019.

3) Gabriele Elbl joined Nordic Nanovector on 1 November 2019 as Vice President Global Regulatory Affairs.

Shares in the company held by the members of the management group on 31 December 2020

(Amounts in NOK 1 000)	Current position within the company	Employed with the company since	Number of shares 2020 [1]	Number of shares 2019 [1]
Current management				
Lars Nieba	Interim Chief Executive Officer and Chief Technology Officer	December 2019	9 523	0
Malene Brondberg	Chief Financial Officer	February 2018	16 804	9 455
Rosemarie Corrigan	Chief Quality Officer	December 2017	2 436	2 436
Jostein Dahle	Chief Scientific Officer	January 2011	204 958	204 958
Gabriele Elbl	Vice President Global Regulatory Affairs	November 2019	0	0
Marco Renoldi	Chief Operating Officer	November 2014	86 698	74 000
Christine Wilkinson Blanc	Chief Medical Officer	August 2020	0	-
Total shares owned by management			**320 419**	**290 849**

1) Including shares held by related parties.

Options held by members of the management group on 31 December 2020

Outstanding options (Amounts in NOK 1 000)	2014	2015	2016	2017	Outstanding as of 31.12.2020
Lars Nieba Interim Chief Executive Officer and Chief Technology Officer					0
Malene Brondberg Chief Financial Officer					0
Rosemarie Corrigan Chief Quality Officer					0
Jostein Dahle Chief Scientific Officer		105 000	30 000	15 000	150 000
Gabriele Elbl Vice President Global Regulatory Affairs					0
Marco Renoldi Chief Operating Officer	278 137		90 000	96 000	464 137
Christine Wilkinson Blanc Chief Medical Officer					0
Total	**278 137**	**105 000**	**120 000**	**111 000**	**614 137**

Exercise price outstanding options (Amounts in NOK 1 000)	2014	2015	2016	2017
Jostein Dahle Chief Scientific Officer		28	14.24	90.37
Marco Renoldi Chief Operating Officer	30.5		14.24	90.37

See note 6.3.3 for more information on the option programme.

Performance share units (PSUs) held by members of the management group

Outstanding PSUs (Amounts in NOK 1 000)	Granted 2018	Outstanding as of 31.12.2018	Granted 2019	Outstanding as of 31.12.2019	Granted 2020	Outstanding as of 31.12.2020
Lars Nieba Interim Chief Executive Officer and Chief Technology Officer		0	50 000	50 000	60 000	110 000
Malene Brondberg Chief Financial Officer	20 000	20 000	20 000	40 000	45 000	85 000
Rosemarie Corrigan Chief Quality Officer	20 000	20 000	20 000	40 000	45 000	85 000
Jostein Dahle Chief Scientific Officer	12 000	12 000	20 000	32 000	45 000	77 000
Gabriele Elbl Vice President Global Regulatory Affairs		0	30 000	30 000	20 000	50 000
Marco Renoldi Chief Operating Officer	25 000	25 000	25 000	50 000	45 000	95 000
Total	77 000	**77 000**	**165 000**	**242 000**	**260 000**	**502 000**

Vesting of PSUs are subject to specific vesting criterias as share price factor and operational factor further described in 6.2. Vesting of all outstanding PSUs will require 100 per cent fullfillment of all vesting criterias. Outstanding PSUs where vesting criterias are not met, will laps.

See note 9.1 for more information on the PSUs granted on 26 March 2021.

6.2 THE BOARD'S STATEMENT REGARDING SALARIES AND OTHER REMUNERATION FOR THE MANAGEMENT TEAM

INTRODUCTION

This compensation report summarises the work of the compensation committee and the board in relation to the determination of salaries and other benefits for the management team of Nordic Nanovector ASA (Nordic Nanovector) and its subsidiaries and the company's compensation policy. This statement was subject to a vote at the company's AGM in 2020.

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 management team 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.

Market comparison

Nordic Nanovector aims to attract and retain talented executives in a competitive market. The compensation committee believes it is important for the board to be informed as to the current practices of comparable companies with which the company competes for talent when making compensation decisions as further described in the compensation report and guidelines on page 21 of this annual report.

COMPENSATION POLICY FOR EACH ELEMENT

Based on the compensation policy described earlier, Nordic Nanovector's performance-based compensation programme primarily consists of three components:

- base salary
- short-term cash bonus
- long-term equity award

The board's view is that these three components best align the interests of the management team with those of the company's shareholders. This alignment is achieved by keeping a substantial portion of the total compensation allocated to "at-risk" performance-based incentives using short- 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. This policy has been applied for the period from the AGM in 2020 until the AGM in 2021 and the board proposes a continuation of this policy for the period from the AGM in 2021 to the AGM in 2022 (period) as set out in the statement.

Base salary

Base salaries for individual members of the management team are reviewed annually by the compensation committee and the board. 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, and external economic environment.

The review also refers 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 considers 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 replicates those of the CEO, with the remaining part representing objectives relevant to the individual's area of responsibility. The objectives for the management team are set by the CEO, based on principles defined by the board. Following the end of the year, the level of performance achieved and the amount of bonus to be awarded to the members of the management team is reviewed by the compensation 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 2020, the annual cash bonus plan was based upon key priorities, selected from a number of categories critical to the continued growth of the business.

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. Percentages shown below could be earned for achieving the target and stretch objectives. This policy will continue to apply for 2021.

The compensation 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 consider the overall impact of the compensation package, the mix between fixed and variable pay, and the balance between short- and long-term performance measurement.

Long-term incentives

The board believes that equity awards create incentives for the management team to further develop and implement 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. The vesting requirements of the equity awards provide an incentive to the management team and employees to remain employed during the vesting period, thereby contributing to a valuable retention of management team members and key employees.

The company's long-term equity incentive plan (EIP) was firstly approved at the EGM on 20 December 2017 (2017 EGM). The company's AGM on 30 May 2018 (2018 AGM) and 25 April 2019 (2019 AGM), 10 June 2020 (2020 AGM) approved a continuation of the EIP. The board proposes a continuation of the EIP.

Eligibility

Employees, including new hired employees, will be eligible for an equity award under the EIP, on a discretionary basis, considering overall performance, work responsibility, importance of retention, organisation level and position. Members of the board will not be eligible to participate in the EIP.

The board will exercise discretion as to who will receive an equity award in any given year, based on recommendations made by the compensation committee.

The board intends to grant awards under the EIP on an annual basis within the maximum size of the awards approved at the company's AGM each year. The annual awards will normally be affected during the first quarter of the financial year following the financial year where the AGM is held.

Grants will also be made in connection with new recruitments. None of the members of the management team and other employees is party to an employment agreement that provides for an automatic grant of equity incentives.

General terms of the EIP

The EIP provides for the grant of performance share units (PSUs). PSUs will be granted by the board to members of the management team and other employees, including new recruitments on a discretionary basis.

The PSUs will vest three years after the date of grant. Upon vesting, the holder of the PSUs will receive Nordic Nanovector ASA shares (if any), with the number of shares issuable determined by multiplying the number of PSUs granted by a factor of between 0 per cent and 100 per cent. Vesting of half of the granted PSUs will be determined by an operational factor and vesting of the other half will be determined by a share price factor.

The operational factor shall be determined by the fulfilment of a selection of predefined annual operational objectives, which are considered important for the creation of long-term shareholder value. If all objectives are fulfilled, the operational factor will be set at 100 per cent, which will result in full vesting of half of the granted PSUs. Partial fulfilment will lead to a partial or no vesting of half of the PSUs.

The share price factor shall be determined by the development of the company's share price over a three year period, using the volume weighted average share price for the 30 trading days immediately following the date of grant and the 30 trading days immediately preceding the third anniversary of the date of grant. Based on this measure, an increase in the share price by more than 60 per cent will result in a share price factor of 100 per cent, which translates into full vesting of half of the PSUs. A share price increase of 20 per cent will result in a share price factor of 33 per cent, which translates into vesting of 33 per cent of the half of the PSUs. Share price increases between 20 and 60 per cent will result in a share price factor between 33 and 100 per cent, calculated linearly. Share price increases below 20 per cent will result in a share price factor of 0 per cent, which will result in half of the PSUs not vesting. Upon vesting of PSUs, the holder of the PSUs will have a right to subscribe for one new share in the company for each vested PSU, at a subscription price per share corresponding to the par value of the company's shares.

If the PSU holder resigns or is given summary dismissal, all unvested PSUs will lapse. If the PSU holder is dismissed all unvested PSUs will lapse, unless the board decides otherwise. For PSUs granted after the 2019 AGM the following amendment applies: if the PSU holder is dismissed or a severance agreement is entered into more than 12 months after the grant of the PSUs, due to circumstances related to the company, and there being at that time no circumstances related to the PSU holder that might give reason for justifiable dismissal or lawful summary dismissal, the PSU holder shall have the right to retain a number of his/hers unvested PSUs corresponding to 1/3 of the PSUs granted to him/her, plus an additional 1/24 of the remaining PSUs each month thereafter until the date of receipt of the notice of dismissal or the date the severance agreement is signed, with the first 1/24 earned 13 months after the grant date.

In the event of any share split, combination of shares, dividend payment or other distribution in cash above a certain threshold, rights issue or repair issue, standard adjustments will be made. If the PSUs are not replaced with a substitute incentive programme or cash settled in full, the PSUs will vest in full in the event of a change of control (as defined in the PSU agreements), a demerger or a merger where the company is not the surviving entity (merger). In case of a change of control (as defined in the PSU agreements) or a merger all unvested PSUs shall vest in full if, within 18 months following the completion of such event, the PSU holder's

employment is terminated other than for cause as defined in the employment agreement (the double trigger). The PSU holders are not required to accept a substitute incentive programme unless it contains a double trigger clause.

The board is proposing that the 2021 AGM approves a continuation of the EIP.

Share ownership guidelines
The board believes that the management team of the company should own shares in the company to further align their interests with the long-term interests of shareholders and further promote the company's commitment to sound corporate governance.

The CEO will be expected to hold a number of shares representing a market value equal to three times the CEO's annual base salary. The other members of the management team will be expected to hold a number of shares representing a market value equal to between one and two times their respective base salary.

Unless a member of the management team has satisfied his or her applicable level of share ownership, he or she is expected to retain an amount equal to 50 per cent of the shares received (number of shares remaining after sale of shares to pay any applicable exercise price and tax obligations) as the result of the exercise of any equity awards granted to him or her. Each member of the management team that was employed prior to 1 January 2018 is expected to satisfy his or her applicable level of share ownership within five years calculated from 1 January 2018, and within five years calculated from the date of employment for other members of the management team.

Current authorisation
The 2020 AGM approved a continuation of the EIP and authorised the board to grant up to 1 200 000 PSUs during the period from the 2020 AGM to the 2021 AGM. Pursuant to the authorisation granted at the 2017, 2018 and 2020 AGMs, the board has granted 1 417 050 PSUs, which of 774 750 PSUs are outstanding per 31 December 2020. All PSUs are secured by a corresponding number of free-standing warrants as further described in note 6.3.1 to the annual accounts of Nordic Nanovector ASA. Per 31 December 2020 the total number of outstanding options and PSUs was 1 351 967 and 774 750 respectively. Subject to all vesting conditions being fulfilled exercise of the options and PSUs would have created a 2.6 per cent dilution per 31 December 2020 of the outstanding shares on a fully diluted basis.

New authorisation for the period 2021 AGM to 2022 AGM
Nordic Nanovector is in a critical phase of the development of Betalutin®. The company expects to, given a positive readout of clinical data, start preparing the filing for market approvals in various markets. In parallel, the company has started preparations for a commercial launch for Betalutin®. This will involve, among many other things, growing the current organisation by initiating the recruitment of a full commercial organisation. When recruiting experienced commercial managers and other key employees in the US and in Europe it will be important for Nordic Nanovector to be able to offer attractive compensation terms. A competitive equity-based incentive programme will be a key component in order to be able to attract and retain highly skilled and experienced individuals as Nordic Nanovector prepares for the commercial launch.

As set out in the statement, the board proposes that the shareholders at the 2021 AGM authorise the board to grant PSUs under the existing EIP during the period from the 2021 AGM until the AGM in 2022 (period). The board will propose the number of PSUs to be authorised and include this proposal to the notice of the 2021 AGM. The final allocation of PSUs will be determined, and reviewed, based on market competitiveness of the equity component of the compensation package and the overall size of the authorisation granted at the 2021 AGM.

The board further proposes that the shareholders at the 2021 AGM resolve to issue free-standing warrants to employees being awarded PSUs in the period. The sole purpose of the free-standing warrants is to ensure delivery of shares in the company upon exercise of the PSUs, and the free-standing warrants will not give the PSU holders a right to subscribe for any additional shares in the company.

Pension
Nordic Nanovector ASA in Norway has a defined contribution pension scheme. The company is exceeding the statutory contribution of two per cent and sets up five per cent of the annual salary between 0G and 7.1G; and eight 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 in line 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 seven per cent and 18 per cent of the annual salary.

Nordic Nanovector Ltd in the UK has a statutory defined contribution pension scheme. The contribution is split between the company and the employee with four per cent and five per cent of the annual salary respectively.

Nordic Nanovector DK in Denmark contributes with up to eight per cent of the annual salary to the pension insurance scheme.

Other benefits
Benefits to the management team will normally be in line with market practice, including 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. Representation allowance is given, if relevant.

Severance payment
In the event of termination of the employment agreement, the previous CEO was entitled to six months' pay. In the event of termination of the employment agreement, for reasons directly related to a change of control; and no later than 12 months subsequent to the change of control, the CEO was entitled to a total of 12 months' salary. 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. Apart from the above, no member of management has entered into employment agreements which provide for any special benefits upon termination.

6.3 SHARE BASED INCENTIVE PROGRAMME

Accounting policy

The company operates equity-settled, share based compensation plans, under which the entity receives services from employees in the group and board directors, and as consideration the employees or board members receive an equity instrument (options, performance stock units (PSUs) or restricted stock units (RSUs)) 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 equity instrument are 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 the fair value of the instrument granted, excluding the impact of any non-market service and performance vesting conditions. The grant date fair value of the instrument granted is recognised as an expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the equity instrument (vesting period). 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 equity instruments 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 equity instrument is 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 programme. Social security is accrued until the award is exercised/released. Social security is accrued over the corresponding vesting period.

6.3.1 PERFORMANCE SHARE UNITS (PSUs)

Accounting policy

Vesting of PSUs are dependent on two factors. Fifty per cent of the PSUs will vest given that internal performance conditions are met. The other fifty per cent will vest given that Nordic Nanovector shares deliver a total shareholder return (TSR) above 20%. This leads to a 33% vesting, while a TSR of 60 % or higher leads to a vesting of 100%. TSR between 20% and 60% will lead to a linear vesting structure.

The fair value of the granted PSUs with market condition is measured using the Monte-Carlo model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, vesting period, expected dividends, the risk-free interest rate and the share price appreciation condition. The expected volatility is calculated based on the historic data of the Nordic Nanovector share price that corresponds to the expected life of the PSU. The Monte-Carlo model simulates future share prices in the risk-neutral framework, which results in simulated payoff of PSU. The average discounted simulated payoff across simulations is the calculated fair value of one PSU with market condition. The fair value of the granted PSUs with operational performance is measured using the share price at grant date minus the nominal value of the Nordic Nanovector share.

Overview

The annual general meeting on 10 June 2020 approved to continue the company's share based incentive programme and authorised the board of directors to grant up to 1 200 000 PSUs from the date of the annual general meeting in 2020 to the annual general meeting in 2021.

During 2020, 561 500 new PSUs have been granted. As of 31 December 2020, there are 774 750 PSUs outstanding. In accordance with the resolution at the EGM in December 2017, AGM in May 2018, April 2019 and June 2020, the PSUs are secured by a corresponding number of free-standing warrants. The sole purpose of these warrants is to ensure delivery of shares in the company upon exercise of the PSUs. The warrants do not give the PSU holders a right to subscribe for any additional shares in the company. See note 6.2 for more information.

The PSUs are granted without consideration. The PSUs are non-transferable and will vest three years after the date of grant, subject to satisfaction of the applicable vesting conditions. Upon vesting, the holder of the PSUs will receive Nordic Nanovector ASA shares (if any), with the number of shares issuable determined by multiplying the number of PSUs granted by a factor of between 0 per cent and 100 per cent. Vesting of half of the granted PSUs will be determined by an operational factor and vesting of the other half will be determined by a share price factor (see note 6.2 for more information about how these factors are determined). Upon vesting of PSUs, the holder of the PSUs will have a right to subscribe for one new share in the company for each vested PSU, at a subscription price per share corresponding to the par value of the company's shares currently being NOK 0.20. Share based payment expenses related to options and PSU's are recognised in the income statement and disclosed in note 3.2.

Overview of outstanding PSUs

	2020			2019		
The number of PSUs and average exercise prices:	Number of PSUs	Weighted average exercise price in NOK	Weighted average fair value in NOK	Number of PSUs	Weighted average exercise price in NOK	Weighted average fair value in NOK
Balance at 01.01	775 250	0,20	45,18	461 250	0,20	57,11
Granted during the year	561 500	0,20	10,75	354 000	0,20	30,92
Exercised during the year	0	0,20	-	0	0,20	-
Forfeited	-562 000	0,20	40,19	-40 000	0,20	60,47
Balance at 31.12	**774 750**	**0,20**	23,85	**775 250**	**0,20**	45,18
Hereof vested PSUs	0			0		
Weighted average remaining years to vesting	1,82			2,00		

Remaining contractual lifetime of outstanding performance stock units per 31 December

	2020		2019	
	Number of PSUs	Weighted average exercise price in NOK	Number of PSUs	Weighted average exercise price in NOK
0 - 1 year	120 250	0,20	0	0,20
1 - 2 years	183 000	0,20	429 250	0,20
2 - 3 years	471 500	0,20	346 000	0,20
Total	**774 750**	**0,20**	**775 250**	**0,20**

The table below shows input and assumptions that have been used for the calculation of fair value of PSUs

	2020	2019
Dividends (NOK)	0	0
Expected volatility (%)	79,59%	62,2% - 69%
Exercise price (NOK)	0,2	0,2
Value weighted average share price	18,90	19,49
Share price (NOK)	13,57	38,44
Risk-free interest rate (%)	0,38%	1,17 %-1,38%
Vesting date	3 years	3 years

6.3.2 RESTRICTED STOCK UNITS (RSUs)

Accounting policy

The fair value of the granted RSUs without market condition is measured using the share price at grant date.

Overview

At the AGM in 2020, the company resolved to issue restricted stock units (RSUs) to board directors who elected to receive all or parts of their remuneration, in the form of RSUs. Each board member must make such election immediately following the AGM resolution i.e.at the beginning of the board period. 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 number of RSUs to be granted to the board 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. Share based payment expenses related to RSUs are recognised in the income statement and disclosed in note 3.1.

As per 31 December 2020

Name	Remuneration for the period 2020-2021 in NOK	Allocation between cash and RSUs	Remuneration for the period 2020-2021 in cash	Number of RSUs for the period 2020-2021[8)]	Market price on grant date[9)] in NOK	Number of RSUs exercised in 2020[10)]	Number of RSUs outstanding
Jan H. Egberts[1)]	520 000	1/3 RSU	346 667	8 740	19,83		16 607
Hilde Hermansen Steineger[2)]	340 000	100% RSU	0	17 146	19,83	8 818	29 106
Jean-Pierre Bizzari[3)]	340 000	2/3 RSU	113 333	11 430	19,83	2 477	11 430
Joanna Horobin[4)]	340 000	2/3 RSU	113 333	11 430	19,83	4 953	11 430
Karin Meyer[5)]	320 000	1/3 RSU	213 333	5 379	19,83		5 379
Per Samuelsson[6)]	360 000	100% Cash	360 000				
Rainer Boehm[7)]	320 000	1/3 RSU	213 333	5 379	19,83		11 281
Total	**2 540 000**		**1 360 000**	**59 504**		**16 248**	**85 233**

1) *NOK 500 000 as chairman of the board and NOK 20 000 as a member of the audit committee.*
2) *NOK 300 000 as board member and NOK 40 000 as chair of the audit committee.*
3) *NOK 300 000 as board member and NOK 40 000 as chair of the clinical committee.*
4) *NOK 300 000 as board member, NOK 20 000 as member of the clinical committee and NOK 20 000 as member of the compensation committee.*
5) *NOK 300 000 as board member and NOK 20 000 as member of the compensation committee. Karin Meyer, PhD, was elected as a non-executive director at the AGM in June 2020.*
6) *NOK 300 000 as board member, NOK 40 000 as chair of the compensation committee and NOK 20 000 as a member of the audit committee. Per Samuelsson is not allowed to hold equity in the company due to his affiliation with HealthCap and will only receive cash.*
7) *NOK 300 000 as board member and NOK 20 000 as member of the clinical committee.*
8) *The RSUs will vest on 10 June 2021.*
9) *The market price is calculated as volume weighted average share price the 10 trading days prior to the date of the AGM on 10 June 2020, i.e. NOK 19.83.*
10) *Gisela Schwab, who served as a non-executive director on the board of Nordic Nanovector since March 2015, decided not to stand for re-election at the AGM in June 2020. She exercised 2 331 RSUs during 2020.*

The number of outstanding RSUs	2020	2019
Balance at 01.01	44 308	68 391
Granted during the year	59 504	25 204
Exercised during the year	-18 579	-45 961
Forfeited	0	-3 326
Balance at 31.12	**85 233**	**44 308**
Hereof vested RSUs	25 729	19 104

6.3.3 SHARE OPTION PROGRAMME

Accounting policy

The fair value of the equity instrument 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 last grant of options historic volatility of the Nordic Nanovector share price did not provide sufficient historic data that corresponds to the expected life of the option. The expected volatility was 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 exercise 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.

Overview

The share option programme was discontinued in 2017 and no options have been granted in 2019 or 2020, but options granted under the programme will remain valid with its existing terms. In accordance with the resolution at the EGM held on 20 December 2017, the options previously granted are secured by a corresponding number of free-standing warrants. The sole purpose of these warrants is to ensure delivery of shares in the company upon exercise of the options. The warrants do not give the option holders a right to subscribe for any additional shares in the company.

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 quarterly results, unless the board resolves otherwise. The options expire seven years from grant date. Share based payment expenses related to options and PSU's are recognised in the income statement and disclosed in note 3.2.

	2020		2019	
The number of employee share options and average exercise prices	Number of options	Weighted average exercise price in NOK	Number of options	Weighted average exercise price in NOK
Balance at 01.01	1 805 126	47,35	2 659 174	43,09
Granted during the year	0	-	0	-
Exercised during the year	-5 000	14,24	-630 420	24,72
Forfeited / cancelled	-448 159	67,67	-223 628	60,52
Balance at 31.12	**1 351 967**	**40,74**	**1 805 126**	**47,35**
Hereof vested options	1 343 937	40,45	1 601 899	43,75

Remaining contractual lifetime of outstanding share options per 31 December 2020

	Number of options	Excercise price in NOK
0 - 1 years	752 137	28,87
1 - 2 years	287 500	17,88
3 - 4 years	312 330	90,37
Total	**1 351 967**	**40,74**

6.4 REMUNERATION TO THE BOARD

The AGM held on 10 June 2020 resolved remuneration to the board and the nomination committee for the period from the 2020 AGM until the AGM in 2021 as shown in the table below.

(Amounts in NOK 1 000, exclusive of social security)	Board of directors	Audit committee	Compensation committee	Clinical committee	Nomination committee
Chair	500	40	40	40	45
Directors	300	20	20	20	25

Members of the board committees, such as the audit committee, the compensation committee and the clinical committee shall receive remuneration of NOK 4 000 per committee meeting, but not less than NOK 20 000 for each committee member. The chair of each committee will receive NOK 8 000 per meeting and minimum NOK 40 000. In order to attract international board members, it was approved to pay board members EUR 100 per lost working hour when traveling to attend board meetings.

At the 2020 AGM, the shareholders approved the issuance of restricted stock units (RSUs) to board members, who elected to receive all or parts of their remuneration in the form of RSUs. The board member's election of RSUs as part of their remuneration is disclosed in note 6.3.2.

	Remuneration to the board for the 12 month period from AGM to AGM the following year			Shares held by the board at year end	
		Board fee and fees for committee work[8]		Number of shares as of 31.12[9]	
(Amounts in NOK 1 000, except number of shares)	Served since	2020	2019	2020	2019
Current board					
Jan H. Egberts[1]	February 2019	520	520	6 349	0
Hilde Hermansen Steineger[2]	November 2014	340	360	9 568	750
Jean-Pierre Bizzari[3]	May 2016	340	340	9 022	6 545
Joanna Horobin[4]	October 2016	340	340	13 810	8 857
Karin Meyer[5]	June 2020	320	-	571	-
Per Samuelsson[6]	November 2014	360	360	0	0
Rainer Boehm[7]	May 2018	320	320	5 904	0
Previous member of the board					
Gisela M. Schwab[10]	March 2015	-	340	-	15 732
Total		**2 540**	**2 580**	**45 224**	**31 884**

1) Jan H. Egberts is chairman of the board and a member of the audit committee. In 2020 the group has used the professional services of its chairperson in relation to consulting services. The consulting services are related to work beyond regular board duties. See section 8.2 for details.
2) Hilde Hermansen Steineger is the chair of the audit committee.
3) Jean-Pierre Bizzari is the chair of the clinical committee.
4) Joanna Horobin is a member of the clinical committee.
5) Karin Meyer is a member of the compensation committee.
6) Per Samuelson is the chair of the compensation committee and member of the audit commitee.
7) Rainer Boehm is a member of the clinical committee.
8) Minimum fees for committee work included i.e. five meetings per period.
9) Shareholdings are not included for representatives who are no longer members as of 31 December 2020.
10) Gisela Schwab was a member of the clinical committee.

As part of the restructuring of the group in 2020, the board agreed to reduce the payable board fees by 20 per cent for the period from the 2019 AGM to the 2020 AGM, which was paid out in June 2020.

The total remuneration for the board recognised in the accounts for 2020 was NOK 2.3 million (NOK 3.2 million), hereof NOK 2.1 million in fees payable in cash (NOK 1.8 million) and NOK 1.0 million (NOK 1.4 million) for imputed costs related to share based payments (RSUs), which has no cash effect. Total remuneration to the board is classified as other operating expenses and includes fees for committee work and compensation for lost working hours when traveling to attend the board meetings.

6.5 PENSION

Accounting policy

Defined contribution plans

The pension premiums related to defined contribution plans are charged to expenses as they are incurred.

Defined benefit plans

Defined benefit plans are valued at the present value of accrued future pension benefits at the end of the reporting period. Pension plan assets are valued at their fair value.

The current service cost and net interest income/costs are recognised immediately and are presented as payroll and related expenses in the income statement. Net interest income/costs are calculated by using the discount rate of the liability at the beginning of the period on the net liability, but classified as part of payroll and related costs. Changes in net pension liabilities as a result of payments of premiums and pension payments have been taken into consideration. The difference between the actual return and the accounted return is recognised continuously through other comprehensive income. The pension costs are affecting the payroll and related expenses in the income statement. Actuarial gains and losses, including changes in value, both for assets and liabilities, are recognised through other comprehensive income. Actuarial gains and losses are not reclassified over profit and loss.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised through profit and loss when the curtailment or settlement occurs.

A curtailment occurs when the group decides to make a material reduction in the number of employees covered by a plan or amends the terms of a defined benefit plan, such that a considerable part of the current employees' future earnings will no longer qualify for benefits or will qualify only for reduced benefits.

The introduction of a new defined benefit plan or an improvement to the current defined benefit plan will lead to changes in the pension liabilities. These will be charged to expenses in a straight line during the period until the effect of the change has been accrued. The introduction of new plans or changes to existing plans, which take place with retroactive effect so that the employees immediately accrue a paid-up policy (or a change in a paid-up policy) are recognised in the statement of comprehensive income immediately. Gains or losses linked to curtailments or terminations of pension plans are recognised in the statement of comprehensive income when they arise.

Defined contribution plan

The parent company has a defined contribution pension scheme that complies with the requirements of Norwegian occupational pension legislation (OTP). 21 employees are included in this scheme as of 31 December 2020 (2019: 33 employees). Nordic Nanovector Ltd has a statutory pension scheme as required by the UK government, which has seven active participants. Nordic Nanovector's Danish Branch has a defined contribution scheme with four active member (2019: four employees).

Defined benefit plan

Nordic Nanovector's subsidiary in Switzerland has a pension scheme in line with the requirements of the Swiss Federal Social Insurance Legislation (BSV). The plan is classed as a cash balance plan, valued as a defined benefit plan for IFRS purposes (IAS 19). The plan has four active participants and zero pensioners as at 31 December 2020 (2019: five active employees).

Total pension expense (recognised in the consolidated statement of profit or loss)

PARENT				GROUP	
2019	2020	(Amounts in NOK 1 000)	Note	2020	2019
2 542	**2 267**	Pension contributions		**3 104**	2 952
0	**0**	Defined benefit plan in Nordic Nanovector GmbH		**1 676**	798
2 542	**2 267**	**Total pension expense**	3.2	**4 780**	3 750

Description of plan characteristics and associated risks

Nordic Nanovector GmbH meets its obligations to provide retirement and risk benefits to employees via a (fully insured) contract with Sammelstiftung BVG Allianz Suisse Lebensversicherungs-Gesellschaft (Allianz). The company has overall responsibility for deciding on the level and structure of plan benefits subject to certain minimum legal requirements. The plan is governed by Allianz. The company has a pension committee which is equally represented by employees and employer representatives. The duties of the pension committee are expressed in the organisational rules of Allianz and mainly cover choice of appropriate plan design, control of contributions into the plan, periodic information to its plan members, use of excess assets if any and others.

The company and employees pay fixed contributions to the plan. Each employee has an account balance which consists of accumulated contributions and interest credited by Allianz. The level of interest granted each year is discretionary and determined by Allianz considering the minimum legal requirements for interest. At retirement, employees can choose whether to take their benefits as a lump sum or receive an annual pension. The amount of annual pension depends on the factor in force at the time of retirement that is set by Allianz.

The plan includes a number of guarantees which expose the company to risks. The main risks that the plan has include:

- Investment risk: There is a guaranteed return on employees' account balances of at least zero per cent p.a. on the total account balance. The investment strategy is set by Allianz and therefore the asset held by the company is effectively the insurance contract rather than the underlying assets.

- Pensioner longevity and investment risk: The pension plan offers a lifelong pension in lieu of the cash lump sum at retirement. The plan has defined rates for converting the lump sum to a pension and there is the risk that the members live longer than implied by these conversion rates and / or that the pension assets do not achieve the investment return implied by these conversion rates.

The nature of the risks of Swiss pension plans means that plans can become underfunded if assumptions are not borne out in practice; however, these risks are borne by Allianz and effectively the company's plan has constantly a funding level of 100 per cent according to funding requirements. The company remains responsible for providing benefits to members if the Allianz contract is cancelled or Allianz is unable to meet its obligations. If the contract is cancelled, or Allianz is unable to meet its obligations, it could be possible to take out an equivalent contract with a different provider. The Allianz contract is automatically renewed each year.

Determination of economic benefit available

No determination of economic benefit available has been made since the plan has a deficit according to the IAS 19 valuation.

Balance sheet position	GROUP	
(Amounts in NOK 1 000)	31.12.2020	31.12.2019
Defined benefit obligation	**-20 002**	-16 138
Plan assets	**14 977**	12 790
Defined benefit (liability)	**-5 025**	-3 348

Assumptions	2020	2019
Discount rate	**0,05%**	0,05%
Interest credit rate	**0,25%**	0,15%
Annual salary increase	**2,50%**	2,50%
Actuarial tables	**BVG 2015**	BVG 2015
Turnover rates	**200% BVG 2015**	200% BVG 2015
Remeasurement gain (losses) on defined benefit plans	**-912**	101

Section 7 - Tax

7.1 INCOME TAX

Accounting policy

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. 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.

The company is in the research phase of its product development and has incurred significant tax losses related to its operations. The deferred tax asset has not been recognised in the statement of financial position, as the company does not consider that taxable income in the short-term will sufficiently support the use of a deferred tax asset.

Basis for tax calculation

PARENT			GROUP	
2019	2020	(Amounts in NOK 1 000)	2020	2019
-430 502	**-428 505**	Total comprehensive income (loss) for the period	**-417 564**	-433 170
4 382	**-77**	Non-deductible expenses	**-131**	4 453
-9 027	**-5 010**	Non-taxable income	**-5 010**	-9 027
-38 378	**-15 821**	Share issue costs	**-15 821**	-38 378
-836	**-746**	Change in temporary differences	**-747**	-836
-474 361	**-450 159**	**Basis for tax calculation**	**-439 273**	-476 958
132	**173**	**Income tax expense**	**914**	938

Income tax expense

PARENT			GROUP	
2019	2020	(Amounts in NOK 1 000)	2020	2019
-94 578	**-94 098**	Expected tax expense	**-93 347**	-93 786
964	**-17**	Non-deductible expenses	**-27**	978
-1 986	**-1 102**	Non-taxable income	**-1 102**	-1 986
-8 443	**-3 481**	Share issue costs	**-3 481**	-8 443
104 176	**98 871**	Change in deferred tax assets not recognised	**98 871**	104 176
0	**0**	Effect from changes in tax rate	**0**	0
132	**173**	**Income tax expense**	**914**	938

The corporate tax rate in Norway was 22 per cent in 2020 and 2019. In Switzerland the tax rate in 2020 and 2019 was 11.91 per cent and 14.35 per cent respectively. In UK, the tax rate was 19 per cent in both periods.

Deferred tax assets

PARENT			GROUP	
2019	2020	(Amounts in NOK 1 000)	2020	2019
1 678 733	**2 128 892**	Tax losses carried forward	**2 128 892**	1 678 733
2 830	**2 083**	Temporary differences	**2 083**	2 830
1 681 563	**2 130 975**	**Temporary differences and tax loss carry forward**	**2 130 975**	1 681 563
369 944	**468 815**	**Deferred tax assets - not recognised in statement of financial position**	**468 815**	369 944

Deferred tax assets as of 31 December 2020 and 2019 have been calculated using a tax rate of 22 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 2 128.9 million at 31 December 2020. At 31 December 2019, the total tax loss carried forward was NOK 1 678.7 million. The tax losses can be carried forward indefinitely.

The group nor the parent company has 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 utilization of a deferred tax asset. No current or deferred tax charge or liability has been recognised for 2020 and 2019.

The income tax expense in the parent relates to profit before income tax in Nordic Nanovector DK, branch of Nordic Nanovector ASA. Profit before tax in the subsidiaries in UK and Switzerland leads to a tax expense for the group.

Section 8 - Group structure

8.1 INFORMATION ABOUT SUBSIDIARIES

Accounting policy

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.

The consolidated financial statements of the group include

(Amounts in NOK 1 000)			Equity of interest	
Name	**Country of incorporation**	**Book value**	**2020**	**2019**
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 of 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 8, 6300 Zug, Switzerland. Nordic Nanovector Ltd is incorporated in London, England, with its registered address at 1 Brassey Road, Old Potts Way, Shrewsbury SY3 7FA, United Kingdom.

Nordic Nanovector also has operations in Denmark through Nordic Nanovector DK, a branch of Nordic Nanovector ASA. The branch was established in October 2017 and is reported as costs incurred in the parent.

8.2 TRANSACTIONS WITH RELATED PARTIES

Accounting policy

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Transactions and balances between companies, which are a member of the group, have been eliminated in the consolidated accounts for the group. Note 8.1 provides information about the group's structure.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

(Amounts in NOK 1 000)	Note	Purchases (included in other operating expenses) 2020	2019
Purchase of professional services from Veritas Investments B.V.[1)]	6.4	**425**	0
Subsidiary - Nordic Nanovector GmbH	3.1	**24 281**	22 445
Subsidiary - Nordic Nanovector Ltd	3.1	**34 912**	36 740

The following table provides overview of amounts owed to and by related parties for the relevant financial year.

(Amounts in NOK 1 000)	Note	Amounts owed to related parties (included in current liabilities to group companies) 31.12.2020	31.12.2019
Subsidiary - Nordic Nanovector GmbH	5.4	**4 530**	2 426
Subsidiary - Nordic Nanovector Ltd	5.4	**6 117**	7 292

1) In 2020, the group has used the professional services of its chairman in relation to consulting services. The consulting services are related to work beyond regular board duties. The contract for these services is based on market rates and conditions for such services. These services have been invoiced by Veritas Investments B.V., a company controlled by the chairman of the board.

For information on remuneration and shareholding to the board see note 6.4.

Section 9 - Other disclosures

9.1 EVENTS AFTER REPORTING DATE

Accounting policy

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.

Patient enrolment into PARADIGME
In February 2021, the company announced that, despite COVID-19, it had seen a significant improvement in the enrolment rate from approximately two to approximately five patients per month. After the expected lessening of COVID-19 restrictions plus the ongoing operational improvements, this rate could further increase to at least seven patients on average per month by late spring. 14 patients were enrolled from November 2020 to 17 February 2021 (three patients from August to November 2020), with visibility on increasing numbers of patients in screening. 73 patients were enrolled as of 17 February 2021 (59 enrolled as of 18 November 2020).

Private placement
In February 2021, the company announced that it has raised approximately NOK 361 million (equivalent to approximately USD 42.5 million) in gross proceeds through a private placement (the "Private Placement") of 15 878 122 new shares (the "Offer Shares"). The private placement was completed at a subscription price of NOK 22.75 per share, which was determined through an accelerated book-building process. Jan Egberts was allocated 22 697 shares in the private placement and holds 29 046 shares in the company as per 26 March 2021. Interim CEO Lars Nieba, CFO Malene Brondberg and COO Marco Renoldi was allocated 6 190, 4 392 and 6 190 shares respectively. Their shareholding following the private placement is listed in the table below.

Appointment of new Chief Executive Officer
17 March 2021, the company announced the appointment of Peter L Braun as Chief Executive Officer (CEO). He will take up the position on 6 April 2021.

Repair offering
On 22 March 2021 the EGM resolved to grant an authorisation to the company's board of directors to carry out a repair offering following the private placement in February 2021. Pursuant to the authorisation, the company's board of directors resolved to increase the share capital by minimum NOK 0.20 and maximum NOK 539 856, by issuance of minimum one and maximum 2 699 280 new shares at a subscription price of NOK 22.75 in connection with the repair offering. The subscription period in the repair offering will commence at 09:00 hours (CET) on 25 March 2021 and expire at 16:30 hours (CET) on 9 April 2021.

Allocation of performance share units (PSUs)
The board of directors decided on 26 March 2021 to grant 1 070 000 PSUs to employees in accordance with the authorisation granted at the annual general meeting held on 10 June 2020. PSUs granted to current management and the new Chief Executive Officer can be found in the table below:

(Amounts in NOK 1 000)	PSUs granted 26 March 2021	Number of PSUs outstanding 26 March 2021	Number of shares 26 March 2021
Lars Nieba Interim Chief Executive Officer and Chief Technology Officer	90 000	200 000	15 713
Malene Brondberg Chief Financial Officer	90 000	155 000	21 196
Rosemarie Corrigan Chief Quality Officer	45 000	110 000	2 436
Jostein Dahle Chief Scientific Officer	45 000	110 000	204 958
Gabriele Elbl Vice President Global Regulatory Affairs	45 000	95 000	0
Marco Renoldi Chief Operating Officer	45 000	115 000	92 888
Christine Wilkinson Blanc Chief Medical Officer	95 000	95 000	0
Total	**455 000**	**880 000**	**337 191**
Peter Braun Chief Executive Officer (starting 6 April 2021)	350 000	350 000	

9.2 STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED

IASB has published certain new standards and interpretations and amendments to existing standards and interpretations that are not effective for the annual period ending 31 December 2020, 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.

Changes / improvements	Standard
New standards	No new standards in issue but not yet adopted that is expected to have material impact on the financial statements.
Amendments	• **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current** A narrow-scope amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. *The amendments will have accounting effect from 1 January 2023. The implementation is not expected to have material impact on the financial statements.* • **Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies** Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, IASB has issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. *The amendments will have accounting effect from 1 January 2023. The implementation is not expected to have material impact on the financial statements.* • **Amendments to IAS 8 - Definition of Accounting Estimates** IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. *The amendments will have accounting effect from 1 January 2023. The implementation is not expected to have material impact on the financial statements.*

9.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

Changes / improvements	Standard
New standards	No new standards have been implemented in 2020.
Amendments	• **Amendments to IFRS 3 - Definition of a business** The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the board has provided supplementary guidance. The standard is effective from 1 January 2020 and was implemented the same year. *The implementation did not have any material impact on the financial statements.* • **Amendment to IFRS 16 - COVID-19-related rent concessions** The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The standard is effective from 1 June 2020 and was implemented on effective date. *The implementation did not have any material impact on the financial statements.* • **Amendments to references to the conceptual framework** Amendments to references to the conceptual framework in IFRS standards sets out amendments to IFRS standards, their accompanying documents and IFRS practice statements to reflect the issue of the revised conceptual framework for financial reporting in 2018. *The amendments had accounting effect from 1 January 2020. Implementation did not have material impact on the financial statements.*

9.4 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.

Auditor's report

Statsautoriserte revisorer
Ernst & Young AS

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

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

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 balance sheets as at 31 December 2020, income statement, statements of 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 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 2020 and their financial performance and cash flows 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 and the Group 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 for 2020. 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 of Directors and Chief Executive Officer (management) are 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 on the other information obtained prior to the date of the auditor's report, 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.

Penneo Dokumentnøkkel: IKOHW-DPEZQ-O3Y4Z-6PYOE-PDE44-2S13J

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

Building a better working world

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 on 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 and in the statements on corporate governance and corporate social responsibility concerning the financial statements, 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.

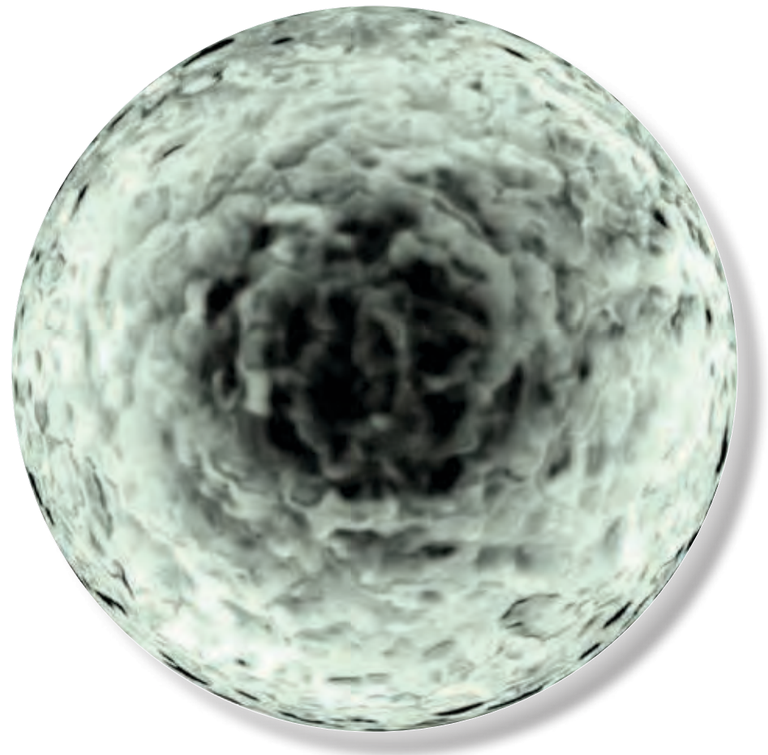
Opinion on registration and documentation

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, 26 March 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Tommy Romskaug
State Authorised Public Accountant (Norway)



Other information

Financial calendar

- Q1 2021 results: 26 May 2021
- Q2 2021 results: 27 August 2021
- Q3 2021 results: 18 November 2021

A two-week quiet period takes place ahead of full year and quarterly reports. During the quiet periods, the company will not participate in meetings, seminars or engage with external individuals or groups (including analysts, investors and media).

- Q1 2021 – Quiet period: 12 – 25 May 2021
- Q2 2021 – Quiet period: 13 – 26 August 2021
- Q3 2021 – Quiet period: 04 – 17 November 2021

Investor contact

contact person: Malene Brondberg, Chief Financial Officer
phone: +44 7561 431762
email: ir@nordicnanovector.com
web: www.nordicnanovector.com/investors-and-media/events-and-media/ir-contact

Forward-looking statements

This report contains certain forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances, 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", "targets", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward looking statements. These forward-looking statements are not historic facts. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in the forward-looking statements. Factors that could cause these differences include, but are not limited to, risks associated with implementation of Nordic Nanovector's strategy, risks and uncertainties associated with the development and/or approval of Nordic Nanovector's product candidates, ongoing and future clinical trials and expected trial results, the ability to commercialise Betalutin®, technology changes and new products in Nordic Nanovector's potential market and industry, Nordic Nanovector's freedom to operate (competitors patents) in respect of the products it develops, 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. The information and opinions in this report is provided as at the date hereof and subject to change without notice. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the company's financial or trading position or prospects. This report does not constitute investment, legal, accounting, regulatory, taxation or other advice and does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the company. You are solely responsible for seeking independent professional advice in relation to the company. No responsibility or liability is accepted by any person for any of the information or for any action taken by you or any of your officers, employees, agents or associates on the basis of such information.

Glossary of terms

- **^{177}Lu:** Lutetium-177 radionuclide
- **1L, 2L, 3L:** 1st, 2nd and 3rd line of treatment
- **AGM:** Annual general meeting
- **ARC:** Antibody-radionuclide-conjugate
- **ARCHER-1:** Name of Nordic Nanovector's combination study; Betalutin® and rituximab
- **ASH:** American Society of Hematology
- **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.
- **Betalutin®:** Nordic Nanovector's lead clinical-stage candidate
- **BLA:** Biologics license applications
- **BTK:** Bruton's tyrosine kinase
- **CAGR:** Compound annual growth rate
- **CAR-T:** Chimeric antigen receptor T-cell
- **CD20:** B-lymphocyte antigen CD20 is an activated-glycosylated phosphoprotein expressed in the surface of all B-cells beginning at the pro-B phase and progressively increasing in concentration until maturity
- **CD37:** B-lymphocyte antigen CD-37 is a protein, a member of the transmembrane 4 superfamily, also known as the tetraspanin superfamily of cell surface antigens
- **CLL:** Chronic lymphocytic leukaemia
- **CMC:** Chemistry, manufacturing and control
- **CMO:** Contract manufacturing organisation
- **COVID-19:** An infectious disease caused by severe acute respiratory syndrome coronavirus 2
- **CR:** Complete response
- **CRO:** Contract research organisation
- **CSR:** Corporate social responsibility
- **DLBCL:** Diffuse large B-cell lymphoma
- **DLT:** Dose limiting toxicity
- **DoR:** Duration of response
- **EANM:** Annual Congress of the European Association of Nuclear Medicine
- **EGM:** Extraordinary general meeting
- **EIP:** Long-term equity incentive plan
- **EIR:** Effective interest rate
- **EMA:** European Medicines Agency
- **EMEA:** Europe, Middle East and Africa
- **EU:** European Union
- **FDA:** Food and Drug Administration (US)
- **FL:** Follicular lymphoma
- **GMP:** Good manufacturing practice
- **GxP:** Good Clinical, Laboratory, and Manufacturing Practices
- **HaemOncs:** Haematologist-oncologist
- **Humalutin®:** Chimeric anti-CD37 ARC
- **IAS:** International accounting standards
- **IAS 17:** International accounting standard for leases
- **IAS 38:** International accounting standard for intangible assets
- **IDN:** Integrated delivery networks
- **IFE:** Institute for Energy Technology
- **IFRS:** International financial reporting standards
- **IFRS 16:** International financial reporting standard for leases
- **ITM:** Isotopen Technologien München AG
- **IND:** Investigational new drug
- **iNHL:** Indolent non-Hodgkin lymphoma
- **IPO:** Initial public offering
- **Lilotomab (llo):** Betalutin® consists of the radionuclide lutetium-177 conjugated to the B-cell seeking anti-CD37 antibody lilotomab
- **Lu-177:** Radionuclide lutetium-177
- **Lymphoma:** Cancer of the immunosystem and white blood cells
- **LYMRIT 37-01:** Clinical study for Betalutin® in 3L R/R FL
- **LYMRIT 37-05:** Clinical study for Betalutin® in DLBCL
- **MBq:** Megabecquerel (radioactivity measurement unit)
- **MD:** Medical doctor
- **mDoR:** Median duration of response
- **Medicare:** US government reimbursement programme for insured elderly
- **MHRA:** Medicines and Healthcare Products Regulatory Agency
- **MOS:** Median overall survival
- **MZL:** Marginal Zone lymphoma
- **n:** Number
- **NHL:** non-Hodgkin lymphoma
- **NM:** Nuclear medicine
- **NNV003:** Chimeric anti-CD37 antibody developed by Nordic Nanovector
- **OCI:** Other comprehensive income
- **ORR:** Overall response rate (CR plus PR)
- **OS:** Overall survival
- **OTP:** Mandatory occupational pension scheme
- **PARADIGME:** Name of Nordic Nanovector's pivotal Phase 2b study
- **PCP**: Primary-care physician
- **PD:** Progressive disease
- **PFS:** Progression free survival
- **PIM:** Promising innovative medicine
- **PR:** Partial response
- **p-SCN-Bn-DOTA:** Chemical linker
- **PSU:** Performance share units
- **R&D:** Research and development
- **R/R:** Relapsed/refractory
- **R:** Rituximab
- **RadOnc:** Radiation oncologist
- **R-CHOP:** Rituximab, hydroxydaunorubicin (doxorubicin), oncovin (vincristine), prednisolone
- **RSU:** Restricted share units
- **SCT:** Stem sell transplant
- **SD:** Stable disease
- **SOP:** Standard operating procedure
- **US:** United States

Notes

Contact information

Headoffice
Nordic Nanovector ASA
Kjelsåsveien 168 B
0884 Oslo
Norway

phone: +47 22 18 33 01
email: mail@nordicnanovector.com
web: www.nordicnanovector.com

Subsidiaries
Nordic Nanovector GmbH
Grafenauweg 8
6300 Zug
Switzerland

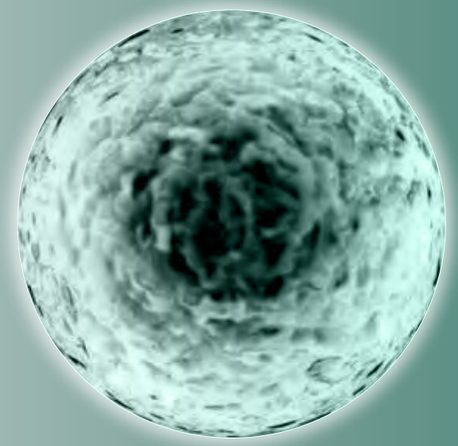
phone: +47 22 18 33 01
email: mail@nordicnanovector.com

Nordic Nanovector Limited
1 Brassey Road
Old Potts Way
Shrewsbury SY3 7FA
United Kingdom

phone: +47 22 18 33 01
email: mail@nordicnanovector.com

Branch
Nordic Nanovector Denmark,
branch of Nordic Nanovector ASA, Norway
Th. Bergs Gade 12
9900 Frederikshavn
Denmark

phone: +47 22 18 33 01
email: mail@nordicnanovector.com



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.nordicnanovector.com

NORDIC NANOVECTOR