Fourth Quarter Report 2015

Nordic Nanovector ASA

26 February 2016

NORDIC NANOVECTOR

Q4 Highlights

- **New clinical development plan for Betalutin® in follicular lymphoma (FL)**
  - Designed to maximize the possibility for Betalutin® to have a strong and competitive market position
  - Optimal dosing regimen to be established before starting pivotal Phase 2 PARADIGME trial
  - Planned dosimetry study to start soon in Germany

- **Good progress in the Phase 1/2 study (Lymrit 37-01) enrollment**
  - On track to meet timelines for selection of dose regimen for PARADIGME in 1H 2017

- **Progress made to initiate clinical plan for Betalutin® in a second non-Hodgkin Lymphoma (NHL) indication**
  - A Phase 1 dose-finding study in diffuse large B cell lymphoma (DLBCL) has been initiated; on track to enroll first patients in Q2 2016

- **Promising preclinical research presented at international cancer conferences of European Association of Nuclear Medicine (EANM) and American Society of Hematology (ASH)**
  - Posters presented at ASH demonstrated the potential of Betalutin® in combination with rituximab in NHL
  - The potential of a Lu-177-conjugated chimeric (humanized) version of the HH1 antibody in multiple indications was shown in the EANM poster

Key figures

Amounts in MNOK (except earnings/loss per share)	Quarter		Year to date	
	Q4 - 2015	Q4 - 2014	Q4 - 2015	Q4 - 2014
Total revenue	0.1	0.1	0.4	0.4
Total operating expenses	33.4	29.3	183.5	69.1
Operating profit (loss)	-33.3	-29.2	-183.1	-68.7
Net financial items	2.5	2.4	10.4	5.0
Total comprehensive income (loss) for the period	**-31.0**	**-27.0**	**-173.1**	**-63.8**
Basic and diluted earnings (loss) per share	**-0.70**	**-1.03**	**-4.28**	**-3.54**
Number of employees	**26**	**20**	**26**	**20**
Net change in bank deposits, cash and equivalents	-26.1	7.5	406.4	257.4
Cash and equivalents at beginning of period	769.5	329.5	337.0	79.6
Cash and equivalents at end of period	**743.4**	**337.0**	**743.4**	**337.0**

About Nordic Nanovector

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

Betalutin® comprises a tumour-seeking anti-CD37 antibody (HH1) conjugated to a low intensity radionuclide (lutetium-177). Preliminary data from an ongoing Phase 1/2 study, in a difficult-to-treat NHL patient population, has been encouraging, highlighting an attractive efficacy and safety profile for Betalutin®. The Company aims to rapidly develop Betalutin® for the treatment of major types of NHL with first regulatory submission in follicular lymphoma (FL) anticipated 1H 2019.

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

During the fourth quarter of 2015, a decision to amend the clinical development plan for Betalutin® in FL was taken. Execution of the amended plan progressed well according to the new schedule, and included enrollment of additional patients and approval of new arms in the ongoing Phase 1/2 study. Poster presentations at scientific conferences during the quarter further confirmed the strong features of Betalutin®. Efforts to explore pipeline opportunities continued with, among others, initiation of a clinical development plan for Betalutin® in a second NHL indication. Cash position remained at a solid level, expected to be sufficient until first regulatory submission of Betalutin®.

Operational review

Clinical development plan for Betalutin® in FL

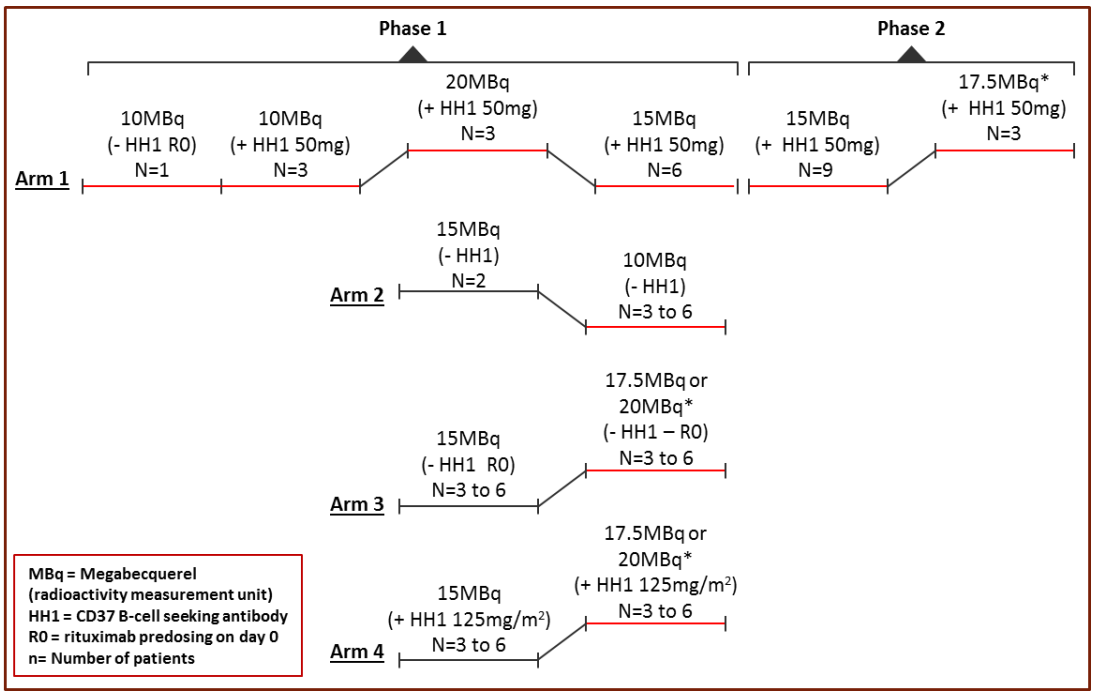
In October, Nordic Nanovector decided to modify the clinical development plan for Betalutin® to further investigate the combination of Betalutin® treatment with pre-dosing regimens with the goal of selecting the most effective combination to take forward into the pivotal Phase 2 PARADIGME trial.

The efficacy signal for Betalutin® at 15 MBq/kg is encouraging and it is clear that pre-dosing plays a role. Expansion of the Phase 1 part of the study and investigations of different modes of pre-dosing will provide the basis for elevating doses above 15 MBq/kg. The adapted trial strategy is expected to maximize the possibilities of bringing a competitive treatment for patients suffering from FL.

The key revision from the original plan sees the dose-finding element of the PARADIGME trial being expanded and integrated into the Phase 1/2 (Lymrit 37-01) trial that is currently underway. Previously, the dose-finding element was to be conducted in parallel as the 'run-in' phase of the pivotal PARADIGME study. The new PARADIGME trial will be a single arm, 85-patient Phase 2 efficacy and safety trial with patient enrollment both in Europe and the US. This means that PARADIGME will be based on fewer patients than previously planned. The first regulatory submission for Betalutin® based on data from this pivotal study is expected in 1H 2019, this was previously expected to be submitted in 2H 2017 prior to the clinical trial redesign.

The revised Phase 1/2 study now involves four different treatment arms to investigate various Betalutin® doses and pre-dosing regimens in order to select the best dose combination for the pivotal PARADIGME trial, as illustrated in the following chart.

Phase 1/2 trial (Lymrit 37-01)



During the fourth quarter the development plan showed good progress with respect to patient enrollment. The amended study is on track to meet timelines for the selection of the optimized dosing regimen for PARADIGME, which is expected to start in 1H 2017.

Protocol amendment was approved by Norwegian, UK and Austrian regulatory authorities and Ethics Committees in 1Q 2016. A total of 10 sites are qualified for the expanded Phase 1 plan as of February 2016: this is the total amount of sites needed for the expanded Phase 1 plan. 4 of these sites are ready to enroll patients in Arm 3 and 4. Arm 2, in which no pre-dosing regimen was used, is considered completed.

For the Phase 2 part of the study, a total of 14 sites are currently active, and 5 new sites have been qualified during the last months of 2015.

The Company is initiating a dosimetry study in Germany. The study will provide important information about absorbed radiation dose by tumor and normal tissues.

Clinical results with Betalutin® announced to date

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

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

Clinical updates are expected to be presented at scientific/medical conferences in the coming months.

Investigating Betalutin® in a second NHL indication

Nordic Nanovector aims to maximise the commercial potential of Betalutin® by conducting clinical studies in a second NHL indication, DLBCL, which, together with FL, represent the most common forms of NHL. At first, the Company plans to investigate Betalutin® in relapsed DLBCL patients ineligible for stem cell transplant. This represents the most prevalent relapsed DLBCL patient population and the one with the greatest unmet medical need.

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

Pipeline development – R&D update

While Nordic Nanovector's main focus is on its clinical development programs, the Company is also undertaking further preclinical investigations to better understand Betalutin®'s mechanisms of action. The Company presented data on a project with its academic collaborations with INSERM in Toulouse and Montpellier, France, at the European Association of Nuclear Medicine (EANM) conference in October 2015.

The Company also presented a poster at the American Society of Hematology (ASH) annual meeting in December describing how the use of Betalutin® results in an increased binding of rituximab to NHL cell lines, indicating an upregulation of the CD20 expression. CD20 antigens on tumour cells are the target for rituximab, the gold standard 1st line therapy for NHL. The Company views these early results as promising because they suggest a rationale for a combination treatment with Betalutin® and rituximab in NHL. Further research is planned to confirm this rationale and potentially as a basis for further clinical combination studies.

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

A poster presentation at EANM in October described preclinical studies comparing Betalutin® with Lu-177-chHH1 ARC that the Company is developing. In the study, the Lu-177-chHH1 conjugate was shown to have certain features that suggest it might have applications in 1st line B-cell tumours. Such characteristics include its ability (1) to elicit reduced levels of human anti-drug antibody responses compared to murine HH1, thus offering the potential for multiple doses to be administered, and (2) to induce the innate immune system to destroy target tumour cells.

In January 2016, the Company received a grant of up to NOK 15 million from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The purpose of the grant is to support research and development of novel targeted therapeutics for leukaemia and NHL. The Company will investigate further the potential of chHH1 in a preclinical program with the intention, if successful, of taking it forward into clinical studies. The grant will be distributed to the Company over the course of three years, with the first payment scheduled in 2016.

Initial Public Offering (IPO) in 1H 2015

2015 was an eventful year for Nordic Nanovector, and saw the Company complete one of the largest Initial Public Offerings (IPO) of the year for a biotech company on a European stock exchange. The Company successfully raised NOK 575 million (USD 67 million) in an IPO in 1H 2015 based on the potential of Betalutin® to improve upon and complement current options for the treatment of NHL.

Management Updates

In November, the Company announced that Cristina Oliva, MD, Chief Medical Officer, had resigned. The recruitment process for a replacement was initiated during the fourth quarter with a selection of highly qualified candidates. An experienced oncology specialist is in place pending appointment of the new CMO.

Financial review

The interim consolidated financial statements as of 31 December 2015 have been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

Interim consolidated statement of profit or loss (Nordic Nanovector Group)

(Figures in brackets = Q4 2014 alternatively FY 2014)

Revenues for Q4 2015 amounted to NOK 0.143 million (NOK 0.126 million). Revenues for 2015 were stable at NOK 0.437 million (NOK 0.439 million). Revenues were related to incubator services and sublease of office and laboratory.

Total operating expenses for the quarter was NOK 33.4 million (NOK 29.3 million), driven by higher payroll expenses, partly offset by a reduction in other operating expenses. Payroll expenses rose 62 per cent to NOK 15.7 million (NOK 9.7 million), following additional headcounts due to planned increase in the

activity level. Other operating expenses for the quarter amounted to NOK 17.4 million (19.5 million), impacted by the amended clinical development plan for Betalutin® in FL.

Total operating expenses for the year amounted to NOK 183.5 million (NOK 69.1 million). The increase was driven by increase in clinical study activities, new infrastructure, IPO and listing costs, and development cost for new product candidates in the discovery and preclinical phase. Research and development expenses amounted to NOK 130 million in 2015 (NOK 42.5 million), accounting for 70.5 per cent of total operating expenses for the year (61.5 per cent).

Net financial items for the quarter came to NOK 2.5 million (NOK 2.4 million). Net financial items for the year increased by NOK 5.4 million to NOK 10.4 million (NOK 5.0 million) mainly due to an increase in interest income resulting from a higher cash position.

Nordic Nanovector's loss for the quarter amounted to NOK 31.1 million (loss of NOK 26.9 million), due to the reasons stated above. Loss for the year amounted to NOK 173.1 million (loss of NOK 63.7 million).

Financial position

Assets

Total assets at 31 December 2015 amounted to NOK 760.4 million (NOK 345.7 million at 31 December 2014). The increase was due to a higher cash holding following proceeds from the IPO in March 2015 of NOK 575 million.

Total liabilities

The increase in current liabilities from NOK 15.5 million at 31 December 2014 to NOK 47.6 million at 31 December 2015 primarily arose from the planned increase in activity related to research and clinical studies.

Shareholders' equity

Total shareholders' equity for the Group was NOK 712.7 million at the end of December 2015, with an equity ratio of 93.7 per cent, compared to NOK 330.2 million end of December 2014 (equity ratio of 95.5 per cent).

Cash flow

Total net **cash flow from operating** activities for the Group was negative NOK 150.2 million in 2015, (negative NOK 58.2 million), driven by higher activity related to research and clinical studies.

Total net **cash flow from investing activities** for the Group was positive of NOK 10.1 million in 2015, compared to positive NOK 2.8 million in 2014, mainly due to an increase in interest income resulting from a higher cash position.

Total **cash flow from financing activities** for the Group was net NOK 546.4 million in 2015 compared to NOK 312.9 million in 2014. The IPO during 2015 generated net proceeds of NOK 546.4 million.

Cash and cash equivalents were NOK 743.4 million at the end of December 2015 for the Group, compared to NOK 337 million at the end of December 2014.

Strategy and outlook

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

- Primary focus of financial and other resources directed to the clinical development of Betalutin® to achieve first regulatory filings in NHL in 1H 2019, and in parallel to run additional trials in 2nd line FL and DLBCL;
- Establish a development and commercialisation plan for Betalutin® with the intent to deliver a differentiated Target Product Profile that meets the requirements of both regulatory and reimbursement agencies, while achieving a strong and competitive market position;
- Leverage the Company's proprietary ARC technology to target challenging haematological cancers where the unmet medical need is high, such as NHL, chronic lymphocytic leukaemia, multiple myeloma, and other B cell malignancies, through focused strategic investments in discovery research;
- Continue to reinforce the Company's organisation through attracting key talents with strong technical and international experience while maintaining flexibility and efficiency.

The current clinical development plan for Betalutin® in FL, the good progress made in advancing this new study and encouraging findings from our pipeline R&D bode well for Nordic Nanovector's operations going forward. Management will continue to focus its efforts on the efficient execution of its development plans to meet expected clinical milestones. Current cash resources are expected to be sufficient to reach the first regulatory submission for Betalutin® in FL in 1H 2019.

Oslo, 25 February 2016

The Board of Directors
Nordic Nanovector ASA

Interim condensed consolidated statement of profit or loss and other comprehensive income

Amounts in NOK 1000	Note	Quarter		Year to date	
		Q4 - 2015	Q4 - 2014	Q4 - 2015	Q4 - 2014
Revenues	8	**143**	**126**	**437**	**439**
Total revenues		**143**	**126**	**437**	**439**
Payroll and related expenses	4, 5	15 661	9 730	52 360	19 656
Depreciation		298	111	994	345
Other operating expenses	4, 8	17 441	19 484	130 178	49 108
Total operating expenses		**33 400**	**29 324**	**183 532**	**69 109**
Operating profit (loss)		**-33 257**	**-29 198**	**-183 095**	**-68 670**
Finance income and finance expenses					
Finance income		2 892	2 326	12 214	5 043
Finance expenses		397	- 96	1 796	2
Net financial items		**2 495**	**2 422**	**10 418**	**5 041**
Loss before income tax		**-30 762**	**-26 776**	**-172 677**	**-63 629**
Income tax		-334	-44	-398	-44
Loss for the period		**-31 096**	**-26 820**	**-173 075**	**-63 673**
Other comprehensive income (loss), net of income tax					
Translation effects		62	-164	-37	-164
Total comprehensive income (loss) for the period		**-31 034**	**-26 984**	**-173 112**	**-63 837**
Loss for the period attributable to owners of the Company		-31 096	-26 820	-173 075	-63 673
Total comprehensive income (loss) for the period attributable to owners of the Company		-31 034	-26 984	-173 112	-63 837
Earnings (loss) per share					
Basic and diluted earnings (loss) per share in NOK	9	-0.70	-1.03	-4.28	-3.54

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of financial position

Amounts in NOK 1000	Note	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Property, plant and equipment		2 807	1 573
Total property, plant and equipment		**2 807**	**1 573**
Receivables			
Other non-current receivables	4,8	0	45
Total non-current receivables		**0**	**45**
Current assets			
Receivables			
Other current receivables		14 193	7 076
Total receivables		**14 193**	**7 076**
Cash and cash equivalents		743 367	337 018
Total current assets		**757 560**	**344 094**
TOTAL ASSETS		**760 367**	**345 712**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	6	8 904	5 310
Share premium	6	969 175	426 339
Other paid in capital	5	12 973	3 763
Accumulated losses		-278 314	-105 201
Total shareholders' equity		**712 738**	**330 211**
Liabilities			
Current liabilities			
Accounts payable	8	20 156	6 230
Tax payable		404	44
Other current liabilities	10	27 069	9 227
Total current liabilities		**47 629**	**15 501**
Total liabilities		**47 629**	**15 501**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**760 367**	**345 712**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of changes in equity

For the period ended 31 December								
Amounts in NOK 1000	**Note**	**Share capital**	**Share premium**	**Convertible instruments**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Total equity**
Balance at 1 January 2014		**2 215**	**91 953**	**24 592**	**1 390**	**-41 364**	**0**	**78 785**
Loss for the year		0	0	0	0	-63 673	0	-63 673
Other comprehensive income (loss) for the year net of income tax		0	0	0	0	0	-164	-164
Total comprehensive income for the year		**0**	**0**	**0**	**0**	**-63 673**	**-164**	**-63 837**
Conversion of convertible loan	6	333	24 667	-25 000	0	0	0	0
Recognition of share-based payments	5	0	0	0	1 859	0	0	1 859
Remuneration to the BoD		0	0	0	514	0	0	514
Issue of ordinary shares	6	2 737	322 266	0	0	0	0	325 003
Issue of ordinary shares under share options	6	25	794	0	0	0	0	819
Share issue costs	6	0	-13 341	408	0	0	0	-12 933
Balance at 31 December 2014		**5 310**	**426 339**	**0**	**3 763**	**-105 037**	**-164**	**330 211**
Loss for the year						-173 075	0	-173 075
Other comprehensive income (loss) for the year, net of income tax							-37	-37
Total comprehensive income for the year		**0**	**0**	**0**	**0**	**-173 075**	**-37**	**-173 112**
Recognition of share-based payments	5	0	0	0	9 210	0	0	9 210
Issue of ordinary shares	6	3 594	571 406	0	0	0	0	575 000
Share issue costs	6	0	-28 571	0	0	0	0	-28 571
Balance at 31 December 2015		**8 904**	**969 175**	**0**	**12 973**	**-278 113**	**-201**	**712 738**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of cash flow

Amounts in NOK 1000	Note	For the full year ended	
		2015	2014
Cash flow from operating activities			
Loss for the period before income tax		**-172 677**	**-63 629**
Adjustments for:			
Interest received		-12 365	-4 343
Share option expense employees	5	9 210	1 859
Share-based payment Board of Directors		0	514
Taxes paid		-69	0
Depreciation		994	345
Changes in working capital e.g.		24 690	7 053
Net cash flow from operating activities		**-150 217**	**-58 201**
Cash flow from investing activities			
Investments in property plant and equipment and intangible assets		-2 228	-1 582
Interests received		12 365	4 343
Net cash flow from investing activities		**10 137**	**2 761**
Cash flows from financing activities			
Net proceeds from equity issue	6	546 429	312 889
Net cash flow from financing activities		**546 429**	**312 889**
Net change in bank deposits, cash and equivalents		406 349	257 449
Cash and equivalents at beginning of period		337 018	79 569
Cash and equivalents at end of period		**743 367**	**337 018**

The interim financial information has not been subject to audit.

Nordic Nanovector ASA – Notes to the condensed interim financial statements for the twelve months ended 31 December 2015

Note 1. General information

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

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

The figures in this fourth quarter 2015 report are non-audited figures.

These financial statements were approved for issue by the Board of Directors on 25 February 2016.

Note 2. Basis for preparation and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements can be found in the Group's Annual Report 2014. These policies have been consistently applied in all periods presented. Amounts are in Norwegian kroner (NOK) unless stated otherwise. The functional currency of the Group is NOK.

Basis of preparation of the annual accounts

The Nordic Nanovector Group's interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2014, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31 December 2014. The financial statements have been prepared on the historical cost basis, with the exception of receivables and other financial liabilities which are recognised at amortised cost.

Note 3. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting estimates and judgments

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014.

Note 4. Government grants

Government grants have been recognised in profit or loss as a reduction of the related expense with the following amounts:

	Quarter		Year to date	
Amounts in NOK 1000	**Q4 - 2015**	**Q4 - 2014**	**Q4 - 2015**	**Q4 - 2014**
Payroll and related expenses	347	454	2 291	1 468
Other operating expenses	1 974	795	4 946	3 068

1) The Company has been awarded a grant from The Research Council program for user-managed innovation arena (BIA) of NOK 10,500,000 in total for the period 2012 through 2015. For the financial period ended 31 December 2015, the Company has recognised NOK 1,900,000 (as of 31 December, 2014: NOK 2,000,000) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses. The Research Council awarded a grant in 2015 of NOK 60,000 for use of students for research related work performed during the summer of 2015.

2) The Research Council Eurostars has awarded a grant supporting a collaboration research agreement with Affibody AB for the period 2014 through 2017 of NOK 4 million in total. For the financial period ended 31 December 2015, the Company has recognised NOK 1,548,000 (31 December, 2014: NOK 193,000) partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses. In 2014, the Company also received NOK 60,000 in grant from The Research Council for filing the Eurostar application.

3) R&D projects have been approved for Skattefunn grants for the period 2012 through 2017. For the financial period ended 31 December 2015, the Company has recognised NOK 3,728,788 compared to NOK 1,899,608 for the same period in 2014. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

4) The Research Council awarded a grant supporting a PhD for the period 2011 through 2014 of NOK 1,940,000 in total. For the financial period ended 31 December 2014, the Company recognised NOK 443,000 partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

Note 5. Employee share option program

Overview

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

In general, 1/3 of the options granted in the 2011 to 2012 vested immediately upon grant. The remaining 2/3 vested in two portions (1/3 each time) at the achievement of defined milestones. The options granted under this program may be exercised twice a year, either in the period from 15 January to 15 February, or 1 August to 15 September each year from the date of vesting until expiry.

The options granted in 2014 and 2015 vest in accordance with the following vesting schedule: (i) 25% of the options vest 12 months after the date of grant and (ii) 1/36 of the remaining options vest each month thereafter. It is a condition for vesting that the option holder is an employee of the Group at the time of vesting. Vested options may be exercised in a period of 15 Norwegian business days from the day following the day of the Company's release of its annual or quarterly results, unless the Board of Directors resolves otherwise. The options expire seven years from grant date.

Amounts in NOK	**2015**		**2014**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Balance at 1 January	1 616 281	25.94	253 334	6.53
Granted during the year	953 200	29.22	1 517 947	27.20
Exercised during the year	0	0	-125 000	6.51
Forfeited	-397 905	29.30	-30 000	6.75
Balance at period end	**2 171 576**	**26.77**	**1 616 281**	**25.94**

Note 6. Share capital and shareholder information

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

The change in the number of shares during the period was as follows:	2015	2014
Ordinary shares at 1 January	26 550 291	11 074 708
Issue of ordinary shares [1) 2)]	17 968 750	13 683 916
Issue of ordinary shares under share options [3)]	0	125 000
Issue of ordinary shares from conversion of loan [4)]	0	1 666 667
Ordinary shares [5)]	**44 519 041**	**26 550 291**

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

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

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

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

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

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

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

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

5) The Annual General Meeting held 9 March 2015 granted an authorisation to increase the share capital limited to 10% of the share capital following the IPO, to be used in connection with the share based incentive programs for the Group's employees. Of the authorised 4.451,904 shares, 2,171,576 shares are granted (ref. note 5). The authorisation is valid until 26 June 2016 and replaces the authorisation granted at the Extraordinary General Meeting held on 27 June 2014.

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

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

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

Note 7. Information about subsidiaries

The interim consolidated financial statements of the Group include			
		% Equity interest	
Name	**Country of incorporation**	**2015**	**2014**
Nordic Nanovector GmbH	Switzerland	100	100
Nordic Nanovector Ltd	United Kingdom	100	100

Nordic Nanovector is a public limited company incorporated and domiciled in Norway. The Company is the parent Company in the 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, with its registered address at *Dammstrasse 19, Zug, Switzerland*. Nordic Nanovector Ltd is incorporated in London, England, with its registered address *at Paternoster House, 65 St. Paul's Churchyard, London EC4M 8A, United Kingdom.*

Note 8. Transactions with related parties

Details of transactions between the Group and related parties are disclosed below:

GROUP				
During the year, the Company entered into the following trading transactions with related parties:				
	Sales (included in revenue)		**Purchases (included in other operating expenses)**	
	2015	**2014**	**2015**	**2014**
Companies controlled by board member	437	437	135	361
At 31 December, the Company had the following balances with related parties:				
	Amounts owed by related parties (included in other receivables)		**Amounts owed to related parties (included in accounts payable)**	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
Companies controlled by board member	92	0	20	0

Note 9. Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary shareholders of the parent is based on the following data:

Amounts in NOK	Q4 - 2015	Q4 - 2014
Loss for the period	-31 096 000	-26 820 314
Average number of outstanding shares during the year	44 519 041	26 079 554
Earnings (loss) per share - basic and diluted	**-0.70**	**-1.03**
	2015	**2014**
Loss for the year	-173 075 000	-63 672 880
Average numbers of outstanding shares during the year	40 443 234	17 964 454
Earnings (loss) per share - basic and diluted	**-4.28**	**-3.54**

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

Note 10. Other current liabilities

Amounts in NOK 1000	31.12.2015	31.12.2014
Unpaid duties and charges	4 390	1 864
Unpaid vacation pay	1 877	1 178
Other accrued costs	20 802	6 185
Other current liabilities	**27 069**	**9 227**

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

Note 11. Events after reporting date

BIA

In January 2016, the Company received a grant of up to NOK 15 million grant from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The purpose of the grant is to support research and development of novel targeted therapeutics for leukemia and NHL. The Company will investigate further the potential of chHH1 in a preclinical program with the intention, if successful, of taking it forward into clinical studies. The grant will be distributed to the Company over the course of three years, with the first payment scheduled for in 2016.

Placement of cash in foreign currency

Nordic Nanovector ASA strives to identify and manage material foreign currency exposures and to minimize the potential effects of currency fluctuations on the reported cash flow. In order to achieve this, and to provide an operational hedge for purchases made in foreign currencies, the Company has placed the estimated expenditure of these four currencies for the next 2-3 years in foreign currency bank accounts. The initial transfer of funds from NOK to currency-based deposits was executed in January 2016.

A total amount of NOK 427 million was placed in EUR, USD, GBP and CHF on January 15th 2016 as summarized in the table below:

Amounts in 1000

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

All monetary assets and liabilities in foreign currencies must be translated at the exchange rate as at the reporting date. If the reporting date was February 24th 2016, approximately NOK 3.2 million would have been recognized as net currency loss related to these bank accounts in foreign currencies*. Currency exchange gains and losses are classified as financial items (net currency gain/loss) in the statement of comprehensive income.

*Currency rates from Norges Bank

Additional information

Glossary of terms

- **1L, 2L, 3L**: first, second and third line of treatment
- **ARC:** Antibody-Radionuclide-Conjugate
- **(A)SCT**: (Autologous) stem cell transplant
- **ASH:** American Society of Hematology Annual Meeting
- **B-cell:** A type of lymphocyte (white blood cell) in the humoral immunity of the body's adaptive immune system. Can be distinguished from other lymphocytes by the presence of a protein on the B-cell's outer surface known as a B cell receptor (BCR). This specialised receptor protein allows a B-cell to bind to a specific antigen.
- **CD20:** B-lymphocyte antigen CD20 is an activated-glycosylated phosphoprotein expressed in the surface of all B-cells beginning at the pro-B phase and progressively increasing in concentration until maturity.
- **CD37:** B-lymphocyte antigen CD-37 is a protein, a member of the transmembrane 4 superfamily, also known as the tetraspanin superfamily of cell surface antigens.
- **CR:** Complete response
- **DLBCL**: Diffuse Large B-Cell Lymphoma
- **FL:** Follicular Lymphoma
- **FDA:** Food and Drug Administration
- **HH1:** Betalutin® consists of the radionuclide lutetium-177 which is joined to the B-cell seeking antibody HH1. The HH1 antibody in Betalutin® binds to the CD37 antigen B-cells (NHL cells).
- **IFRS:** International Financial Reporting Standard
- **IND**: Investigational New Drug
- **IPO**: Initial Public Offering
- **KOL**: Key opinion leader
- **LCM:** Lifecycle management
- **Lu-177:** Radionuclide lutetium-177
- **MBq:** Megabecquerel (radioactivity measurement unit)
- **M.D:** Medical doctor
- **nASCT:** Not eligible for autologous stem cell transplant
- **NHL:** Non-Hodgkin Lymphoma
- **OSE**: Oslo Stock Exchange
- **ORR**: Overall response rate (the CR and PR, jointly)
- **PARADIGME:** Name of Nordic Nanovector's pivotal Phase 2 study
- **PFS**: Progression free survival
- **PR:** Partial response
- **QoL**: Quality of life
- **R:** Rituximab
- **RIT:** Radioimmunotherapy
- **SAB:** Scientific Advisory Board
- **SD:** Stable disease
- **T-cell:** A type of lymphocyte (white blood cell) that plays a central role in cell-mediated immunity. Can be distinguished from other lymphocytes by the presence of a T-cell receptor (TCR) on the cell surface. They are called T-cells because they mature in the thymus.

Financial calendar

Q1 2016 results: 19 May 2016

Q2 2016 results: 24 August 2016

Q3 2016 results: 16 November 2016

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Forward–looking statements

This report may contain certain forward-looking statements and forecasts based on uncertainty, since they relate to events and depend on circumstances that will occur in the future and which, by their nature, will have an impact on Nordic Nanovector's business, financial condition and results of operations. The terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in a forward-looking statement or affect the extent to which a particular projection is realised. Factors that could cause these differences include, but are not limited to, implementation of Nordic Nanovector's strategy and its ability to further grow, risks associated with the development and/or approval of Nordic Nanovector's products candidates, ongoing clinical trials and expected trial results, the ability to commercialise Betalutin®, technology changes and new products in Nordic Nanovector's potential market and industry, the ability to develop new products and enhance existing products, the impact of competition, changes in general economy and industry conditions and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Nordic Nanovector disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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