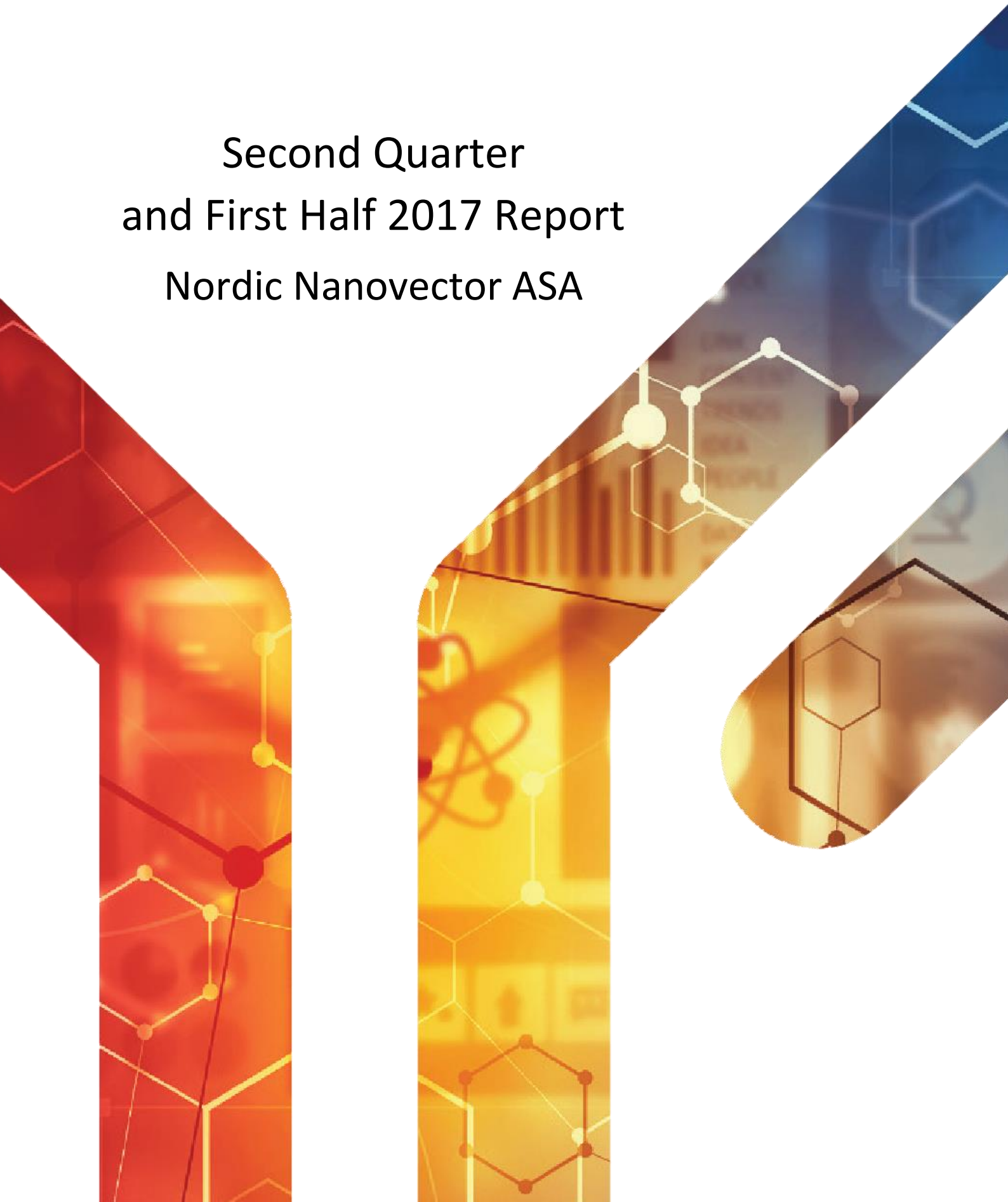
NORDIC NANOVECTOR

Second Quarter and First Half 2017 Report

Nordic Nanovector ASA



Q2'17 Highlights

- **Progress continues as planned towards start of the pivotal Phase 2 study, PARADIGME in 2H 2017, to investigate Betalutin® in patients with relapsed FL**

- **Results presented at ICML in June highlight strong clinical profile of single dose Betalutin® in recurrent iNHL patients**
  - Single dose Betalutin® is highly active in recurrent iNHL, especially in FL
  - Well-tolerated, no unexpected safety findings, predictable and manageable safety profile

- **Safety Review Committee recommends enrolling new patients into a Phase 2 expansion cohort of Arm 4**
  - To validate whether a higher lilotomab pre-dosing regimen may enable the use of a higher dose of Betalutin®

- **Recruitment of DLBCL patients into Phase 1 dose-escalation study with Betalutin® ongoing**
  - The study is actively enrolling patients in the US and Europe

- **Preparations advancing for Phase 2 clinical trial to investigate the potential of Betalutin® combined with rituximab in 2nd line FL**
  - Phase 2 trial expected to begin in 2H 2017

- **Preparations advancing for Phase 1 clinical study to investigate potential of Humalutin™ for treating 1st line NHL**
  - Phase 1 trial expected to begin in 2H 2017

Events after Q2'17

- **Dr. Reza Safaei, former Head of Medical Affairs, Europe with Seattle Genetics, appointed as Head of Medical Affairs**

Key figures Nordic Nanovector Group

Amounts in MNOK (except earnings/loss per share)	Second Quarter		First Half Year		Full Year
	2017	2016	2017	2016	2016
Total revenues	0.1	0.1	0.1	0.2	0.3
Total operating expenses	76.3	48.1	142.1	100.9	216.7
Operating profit (loss)	-76.3	-48.1	-142.0	-100.7	-216.4
Net financial items	10.0	-3.0	20.0	-14.3	-18.8
Total comprehensive income (loss) for the period	**-66.3**	**-51.1**	**-122.1**	**-115.2**	**-235.8**
Basic and diluted earnings (loss) per share	**-1.35**	**-1.15**	**-2.49**	**-2.58**	**-5.26**
Number of employees	**31**	**27**	**31**	**27**	**28**
Net change in bank deposits, cash and equivalents	-51.9	-53.5	-136.8[1]	-125.0	274.9
Cash and equivalents at beginning of period	933.3	671.9	1 018.2	743.4	743.4
Cash and equivalents at end of period	**881.4**	**618.4**	**881.4**	**618.4**	**1 018.2**

1) Net cash flow from operating activities -121.8

Nordic Nanovector reported continued solid operational progress during the second quarter, with very encouraging clinical results from the ongoing Phase 1/2 study with Betalutin® presented at ICML. These results continue to highlight the significant potential of single dose Betalutin® for the treatment of recurrent iNHL and provide confidence that the company is on track to initiate the pivotal Phase 2 study, PARADIGME, in the second half of 2017. A phase 1 dose-escalation study in DLBCL is actively enrolling patients, and initial preparations for Phase 2 combination study of Betalutin® and rituximab as well as a Phase 1 study of Humalutin™ in iNHL patients are progressing.

Operational review

Solid progress towards PARADIGME with Betalutin® in recurrent indolent non-Hodgkin lymphoma (iNHL) patients

Nordic Nanovector continued to progress with its Phase 1/2 clinical study (LYMRIT 37-01) during the second quarter of 2017. With the presentation of promising updated clinical results in June at the International Conference on Malignant Lymphoma (ICML), the company remains confident that it will start its pivotal Phase 2 PARADIGME study trial with Betalutin® in the second half of 2017.

LYMRIT 37-01 is a Phase 1/2 open label, dose escalation study investigating the optimal treatment regimen of single dose Betalutin® (^{177}Lu-satetraxetan-lilotomab) with lilotomab pre-dosing in patients with recurrent iNHL.

Updated clinical results highlight promising clinical profile of single dose Betalutin®

The updated data presented at ICML confirm Betalutin®'s promising efficacy and safety profile through a single administration in recurrent iNHL patients who have failed multiple prior treatments, and who are eligible for assessment. The results were presented by the study's Principal Investigator Dr. Arne Kolstad from the Department of Oncology at the Oslo University Hospital, Radiumhospitalet.

Key conclusions

Single dose Betalutin® is highly active in recurrent iNHL:

- 64% Overall Response Rate (ORR) and 28% Complete Responses (CR) in the 47 evaluable patients
- Significant activity was seen in 33 patients with recurrent follicular lymphoma (FL) with 70% ORR and 27% CR - the primary indication for the continued Betalutin® development
- 87% of the patients showed a reduction in tumour size

Betalutin® was well-tolerated with no unexpected findings in the 59 patients evaluated for safety, with a predictable and manageable safety profile:

- The most common grade 3/4 adverse events were transient and reversible thrombocytopenia and neutropenia
- No grade 4 neutropenia/thrombocytopenia observed for patients receiving higher lilotomab pre-dosing

Based on these data, Betalutin® continues to demonstrate a very promising clinical profile in relapsed iNHL patients who have received numerous prior therapies, including those who have failed standard CD20-targeted chemo immunotherapy. The dataset in FL patients is particularly encouraging given this is the primary iNHL population for which Betalutin® is being developed and represents the target population for PARADIGME.

Phase 2 expansion of Arm 4 to explore higher dosing regimen ahead of final selection for PARADIGME

The majority of patients evaluable for both efficacy and safety and included in the dataset presented at ICML received the dosing regimen of 15 MBq/kg Betalutin® following pre-dosing with 40 mg lilotomab. Nordic Nanovector is continuing to recruit, treat and evaluate patients receiving 20 MBq/kg Betalutin® administered after pre-dosing with 100 mg/m^2 lilotomab in a Phase 2 expansion cohort in Arm 4. The decision to expand this arm was based on a review of the safety data from Arm 4 by the trial's Safety Review Committee (SRC) in May.
With the expansion arm, the company is further validating whether a higher pre-dosing regimen may enable the use of a potentially more efficacious dose of Betalutin®. In addition, the enrolment of new patients in Phase 2 expansion

of Arm 4, provides the opportunity to collect additional safety and efficacy data to support the selection of an optimal dosing regimen for PARADIGME.

The company will evaluate data from the full study to determine the final dosing regimen for investigation in PARADIGME, and preparations are underway to initiate this trial during the second half of 2017. Longer term clinical outcomes from the LYMRIT 37-01 study will be reported at future conferences.

Initial commercialisation planning commenced

As the company gets closer to entering the pivotal trial phase, it is making initial preparations for the commercialisation of Betalutin® in the first iNHL indication - 3rd line FL. Such activities include active engagement with relevant clinical experts from whom it is gathering important customer insights, with the intent to define the best market position for Betalutin® and to ensure the development programme delivers a product profile aligned to real-world medical needs. In addition, the company is exploring treatment practices in the different settings of care, with a special focus on the US market, to optimize the patient flow.

The company has further strengthened its leadership team with the appointment of Dr. Reza Safaei, MD, as Head of Medical Affairs. Dr. Safaei responsibility is to establish the company's Medical Affairs function and lead a team of field-based Medical Science Liaisons to strenghten the partnership with key opinion leaders. This function will be crucial to reinforce Nordic Nanovector presence in haematology and to successfully prepare for the commercialisation of Betalutin®.

Dr. Safaei was formerly Head of Medical Affairs, Europe with Seattle Genetics, and has previous medical affairs experience in haematology with Amgen. The appointment of Dr. Safaei is another example of Nordic Nanovector's ability to attract talents and experience from internationally recognised biopharmaceutical companies.

Recruitment of DLBCL patients into Phase 1 study with Betalutin® ongoing

In March 2017, Nordic Nanovector announced that the first patient had been dosed in its Phase 1 study evaluating Betalutin® in patients with relapsed/refractory diffuse large B-cell lymphoma (DLBCL) – the LYMRIT 37-05 trial. The study is actively enrolling patients in the US and Europe.

DLBCL is an aggressive form of NHL and accounts for up to 43% of all cases, making it the most common form of NHL. After 1st line combination treatment with rituximab-chemotherapy (R-CHOP) approximately 40% of DLBCL patients relapse and only 30-40% of relapsed patients respond with subsequent high-dose chemotherapy followed by stem cell transplant (SCT). There are currently very few therapeutic options for patients not eligible for SCT, which make this disease a serious unmet medical need, with a population of over 14 000 patients in the US, EU-5 and Japan (orphan drug indication). The market for treatment of DLBCL is estimated to be worth more than USD 4.5 billion by 2024[1].

LYMRIT 37-05 is an open-label, single-arm, dose-escalation study designed to assess the safety, tolerability, pharmacokinetic profile and preliminary anti-tumour activity of Betalutin®, with the intention of identifying a dosing regimen to advance into Phase 2 studies. Up to 24 patients are planned to be enrolled in the US and EU. The first read out from this study is expected in the second half of 2018.

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

Nordic Nanovector has started its preparations to initiate clinical studies with Betalutin® to address 2nd line FL, a market that is estimated to be worth USD 1.5 billion in 2024[1], nearly three times larger than that for 3rd line therapies. The company is aiming to initiate the study during the second half of 2017.
The decision to initiate the study is supported by encouraging clinical results with Betalutin® in the LYMRIT 37-01 trial as well as preclinical results, presented at the American Society of Hematology (ASH) meeting in December

[1] Decision Resources, 2015, Non-Hodgkin's Lymphoma

2016 (Abstract no. 4189). These results demonstrated a synergistic anti-tumour effect of Betalutin® and rituximab in this combination, resulting in improved survival in preclinical NHL models.

Preparations advancing for Phase 1 clinical study to investigate the potential of Humalutin™ for treating 1st line NHL

The company is advancing its preparations to start a Phase 1 clinical trial with Humalutin™, a novel Lu-177-conjugated chimeric anti-CD37 Antibody-Radionuclide Conjugate (ARC). The company believes that Humalutin™ has the potential to target 1st line NHL, thereby further extending the potential reach of Nordic Nanovector's targeted therapies to a market estimated to be worth USD 1.4 billion in 2024[2].

Results presented in October 2016 at the European Association of Nuclear Medicine (EANM) conference from studies with Humalutin™ in preclinical lymphoma and leukaemia models provide the rationale for advancing this programme into clinical development.

The company has successfully completed both the preclinical studies with Humalutin™ and the manufacturing process for the naked chimeric anti-CD37 antibody.

Financial review

The interim consolidated financial statements for Nordic Nanovector Group[3] as of 30 June 2017 have been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

Interim consolidated statement of profit or loss

(Figures in brackets = same period 2016 unless stated otherwise)

Revenues in the second quarter of 2017 amounted to NOK 0.1 million (NOK 0.1 million), primarily consisting of sales of incubator services and sublease of office and laboratory facilities. Revenues for the first half of 2017 were NOK 0.1 million (NOK 0.2 million).

Total operating expenses for the quarter came to NOK 76.3 million (NOK 48.1 million). Payroll and related expenses rose to NOK 16.9 million (NOK 10.5 million) mainly due to an increase in costs related to granted options and a higher head count. Other expenses amounted to NOK 59.1 million during the quarter (NOK 37.3 million), the increase being driven by higher clinical trial and commercial preparation activities.

Total operating expenses for the first half of 2017 increased to NOK 142.1 million (NOK 100.9 million), primarily reflecting higher operational activities, staff increases and non-cash costs related to granted options.

Research and development (preclinical, clinical, regulatory and CMC activities) expenses accounted for 70.4 % of total operating expenses in the second quarter of 2017 (66.9 %) and 71.3 % in the first half of 2017 (70.6 %).

Operating loss for the quarter was NOK 76.3 million (loss of NOK 48.1 million), for the reasons stated above. Operating loss for the first half of 2017 was NOK 142.0 million (loss of NOK 100.7 million).

Net financial items for the quarter came to NOK 10.0 million (negative NOK 3.0 million), the increase in the finance income is mainly driven by currency fluctuations on bank deposits. Net financial items for the first half amounted to NOK 20.0 million (negative NOK 14.3 million), mainly due to currency gains on bank deposits.

Nordic Nanovector's comprehensive loss for the quarter amounted to NOK 66.3 million (loss of NOK 51.1 million), due to the reasons stated above. Comprehensive loss for the first half was NOK 122.1 million (NOK 115.2 million).

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[2] Decision Resources,eck th 2015, Non-Hodgkin's Lymphoma

[3] *"the group" embraces Nordic Nanovector ASA ("the parent company" or "the company") and its wholly owned subsidiaries*

Financial position

Total assets at 30 June 2017 amounted to NOK 911.4 million, down from NOK 1 044.7 million at 31 December 2016. The decline was primarily due to a lower cash holding following higher operational activities.

Total shareholders' equity at 30 June 2017 was NOK 840.5 million (NOK 949.3 million at year end 2016), corresponding to an equity ratio of 92.2% (90.9% at year end 2016).

Total liabilities were NOK 70.9 million at the end of the second quarter, down from NOK 95.5 million from year end 2016 primarily following payments of accounts payable related to the share issue in December 2016.

Cash flow

Net cash flow from operating activities in the second quarter and first half of 2017 was negative NOK 59.8 million (negative NOK 50.2 million) and negative NOK 121.8 million (negative NOK 108.6 million) respectively, mainly reflecting the impact of higher research and development activities.

Net cash flow from investing activities in the second quarter and first half of 2017 was negative NOK 0.3 million (NOK 0.04 million) and negative NOK 0.3 million (negative NOK 0.2 million) respectively.

Net cash flow from financing activities for the second quarter and first half of 2017 was negative NOK 0.1 million (NOK 0.5 million). The equivalent figure for the first half declined to negative NOK 31.4 million (NOK 0.5) following payment of costs related to the equity issue in December 2016 and exercise of share options during the first quarter.

Exchange rate fluctuations in the second quarter and first half of 2017 had a positive impact on cash and cash equivalents of NOK 8.3 million and NOK 16.7 million respectively.

Cash and cash equivalents amounted to NOK 881.4 million at the end of June 2017, compared to NOK 933.3 million at the end of March 2017 and NOK 1 018.2 million at the end of December 2016.

Risks and uncertainties

Nordic Nanovector is currently in a development phase involving activities which entail exposure to various risks.

The main development, operational and market risk factors are related to clinical trials and future regulatory approvals for Betalutin®, competitive new technologies/products being introduced in the market, scale up of antibody manufacturing and changes in the healthcare/market access environment. Nordic Nanovector will continue to monitor the operations and prepare mitigating actions, including evaluation and optimization of routines to meet regulatory guidelines and ensure best regulatory practice, close collaboration with relevant expertise and important stakeholders, engagement with regulatory agencies, investigations on pipeline expansion, monitoring competitive environment and close follow-up of production facilities.

Nordic Nanovector has no interest-bearing debt. Financial risk is primarily related to fluctuations in interest rates on bank deposits which are placed in various reputable banks.

The Nordic Nanovector 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 in euro, pounds sterling, US dollar and Swiss franc. The exposure is managed by placing estimated expenditure of these four currencies for the next two to three years in foreign currency bank accounts.

Nordic Nanovector's credit risk is limited, primarily associated with accounts receivable and other current receivables. The group's main source of revenue is currently incubator services with related parties.

Cash flow is monitored closely from both long and short term perspectives through planning and reporting. Management will continue to focus on efficient operations, close monitoring and planning of cash resources and maintaining a clear business development strategy.

Outlook

Nordic Nanovector aspires to become a leader in the field of precision therapies for haematological cancers. It intends to achieve this by developing, manufacturing and commercialising innovative therapies to address major unmet medical needs and advance cancer care.

Nordic Nanovector's operations remain on track. The company intends to maximise the value of Betalutin® across all stages of NHL and other haematological cancer indications. The company has made initial steps in preparing for the commercialisation of Betalutin®. A further element of Nordic Nanovector's strategy is to selectively extend its pipeline of novel targeted biopharmaceutical candidates to support future growth.

The profile of Betalutin® is well differentiated within the competitive landscape. Promising preliminary results and good progress in the LYMRIT 37-01 clinical study give the company confidence that it is on track to initiate the pivotal Phase 2 PARADIGME trial during the second half of 2017. Management will continue to focus its efforts on the efficient execution of its plans and to meet clinical milestones.

Current cash resources are expected to be sufficient to take the company beyond a first regulatory submission for Betalutin® in FL in the first half of 2019 and to meet value-generating clinical milestones in its other programmes.

Responsibility Statement

The Board of Directors and the CEO of Nordic Nanovector ASA have today considered and approved the condensed financial statements as at 30 June 2017 and for the six-month period ended 30 June 2017. The half year report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Norwegian regulations.

We confirm to the best of our knowledge that:

- the condensed consolidated financial statements for the six months ending 30 June 2017 have been prepared in accordance with applicable financial reporting standards
- the information provided in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and result for the period
- the financial review includes a fair review of significant events during the first six months of the year and their impact on the financial statements, any major related party transactions, and a description of the principal risk and uncertainties for the remaining six months of the year

Oslo, August 22nd, 2017

The Board of Directors
Nordic Nanovector ASA

_____	_____
Ludvik Sandnes Chairman of the Board	Jean-Pierre Bizzari Board Member
_____	_____
Joanna Horobin Board Member	Per Samuelsson Board Member
_____	_____
Gisela Schwab Board Member	Hilde Hermansen Steineger Board Member

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Luigi Costa
CEO

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

Amounts in NOK 1 000	Note	Second quarter		First Half Year		Full Year
		2017	2016	2017	2016	2016
Revenues		**66**	**79**	**144**	**157**	**314**
Total revenues		**66**	**79**	**144**	**157**	**314**
Payroll and related expenses	4, 5	16 914	10 538	34 486	23 482	62 362
Depreciation		300	271	579	532	1 160
Other operating expenses	4, 6	59 128	37 324	107 042	76 862	153 154
Total operating expenses		**76 342**	**48 133**	**142 107**	**100 876**	**216 676**
Operating profit (loss)		**-76 276**	**-48 054**	**-141 963**	**-100 719**	**-216 362**
Finance income and finance expenses						
Finance income		10 015	825	20 168	2 433	10 248
Finance expenses		1	3 791	189	16 684	29 057
Net financial items		**10 014**	**- 2 966**	**19 979**	**-14 251**	**-18 809**
Loss before income tax		**-66 262**	**-51 020**	**-121 984**	**-114 970**	**-235 171**
Income tax		-122	-36	-207	-67	-339
Loss for the period		**-66 384**	**-51 056**	**-122 191**	**-115 037**	**-235 510**
Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods						
Translation effects		99	-50	136	-171	-252
Total comprehensive income (loss) for the period		**-66 285**	**-51 106**	**-122 055**	**-115 208**	**-235 762**
Loss for the period attributable to owners of the company		-66 384	-51 056	-122 191	-115 037	-235 510
Total comprehensive income (loss) for the period attributable to owners of the company		-66 285	-51 106	-122 055	-115 208	-235 762
Earnings (loss) per share						
Basic and diluted earnings (loss) per share in NOK	9	-1.35	-1.15	-2.49	-2.58	-5.26

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of financial position
Nordic Nanovector Group

Amounts in NOK 1 000	Note	30.06.2017	31.12.2016
ASSETS			
Non-current assets			
Property, plant and equipment		2 939	3 145
Total property, plant and equipment		**2 939**	**3 145**
Current assets			
Receivables			
Other current receivables	4	27 018	23 377
Total receivables		**27 018**	**23 377**
Cash and cash equivalents		**881 408**	**1 018 217**
Total current assets		**908 426**	**1 041 594**
TOTAL ASSETS		**911 365**	**1 044 739**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7, 13	9 806	9 795
Share premium	7	1 434 897	1 433 743
Other paid in capital	5,6	31 924	19 826
Accumulated losses		-636 129	-514 075
Total shareholders' equity		**840 498**	**949 289**
Liabilities			
Non-current liabilities			
Other non-current liabilities	12	2 102	0
Total non-current liabilities		**2 102**	**0**
Current liabilities			
Accounts payable		22 986	53 160
Tax payable		391	377
Other current liabilities	11	45 388	41 913
Total current liabilities		**68 765**	**95 450**
Total liabilities		**70 867**	**95 450**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**911 365**	**1 044 739**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of changes in equity
Nordic Nanovector Group

For the period ended 30 June							
Amounts in NOK 1 000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Total equity**
Balance at 1 January 2016		**8 904**	**969 175**	**12 973**	**-278 113**	**-201**	**712 738**
Loss for the year					-235 510		-235 510
Other comprehensive income (loss) for the year net of income tax						-252	-252
Total comprehensive income for the year		**0**	**0**	**0**	**-235 510**	**-252**	**-235 762**
Recognition of share-based payments	5,6			6 853			6 853
Issue of ordinary shares	7	875	497 789				498 664
Issue of ordinary shares under share options	5,7	16	581				597
Share issue costs	7		-33 802				-33 802
Balance at 31 December 2016		**9 795**	**1 433 743**	**19 826**	**-513 623**	**-452**	**949 289**
Loss for the period					-122 191		-122 191
Other comprehensive income (loss) for the year, net of income tax						136	136
Total comprehensive income for the year		**0**	**0**	**0**	**-122 191**	**136**	**- 122 055**
Recognition of share-based payments	5,6			12 098			12 098
Issue of ordinary shares under share options	5,7	11	1 613				1 625
Share issue costs	7	0	-459				-459
Balance at 30 June 2017		**9 806**	**1 434 897**	**31 924**	**-635 814**	**-315**	**840 498**

Amounts in NOK 1 000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Total equity**
Balance at 1 January 2016		**8 904**	**969 175**	**12 973**	**-278 113**	**-201**	**712 738**
Loss for the period					-115 037		-115 037
Other comprehensive income (loss) for the year net of income tax						-171	-171
Total comprehensive income for the year		**0**	**0**	**0**	**-115 037**	**-171**	**-115 208**
Recognition of share-based payments	5			2 979			**2 979**
Issue of ordinary shares under share options	5,7	15	498				513
Balance at 30 June 2016		**8 919**	**969 673**	**15 952**	**-393 150**	**-372**	**601 022**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of cash flow
Nordic Nanovector Group

Amounts in NOK 1 000	Note	Second Quarter		First Half Year		Full Year
		2017	2016	2017	2016	2016 Restated*
Cash flow from operating activities						
Loss for the period before income tax		**-66 262**	**-51 020**	**-121 984**	**-114 970**	**-235 171**
Adjustments for:						
Interest received		-38	-40	-77	-78	-4 465
Share option expense employees	5	6 334	1 158	11 501	2 861	6 212
Restricted share units expenses	6	302	118	597	118	641
Taxes paid		-4	0	-208	-67	-320
Depreciation		300	271	579	532	1 160
Currency (gains) losses not related to operating activities		-8 250	3 791	-16 681	16 684	23 395
Changes in working capital and non-cash adjustments	10	7 821	-4 435	4 445	-13 707	4 565
Net cash flow from operating activities		**-59 797**	**-50 155**	**-121 828**	**-108 627**	**-203 983**
Cash flow from investing activities						
Investments in property, plant and equipment and intangible assets		-328	-82	-374	-232	-1 498
Interests received		38	38	77	78	4 465
Net cash flow from investing activities		**-290**	**-44**	**-297**	**-154**	**2 967**
Cash flows from financing activities						
Net proceeds from equity issue	7,10	-78	513	-31 365	513	499 261
Net cash flow from financing activities		**-78**	**513**	**-31 365**	**513**	**499 261**
Effects of exchange rate changes on cash and cash equivalents		**8 250**	**-3 791**	**16 681**	**-16 684**	**-23 395**
Net change in bank deposits, cash and equivalents		- 51 915	-53 477	- 136 809	-124 952	274 850
Cash and equivalents at beginning of period		933 323	671 892	1 018 217	743 367	743 367
Cash and equivalents at end of period		**881 408**	**618 415**	**881 408**	**618 415**	**1 018 217**

The interim financial information has not been subject to audit.
* See note 10 for further information.

Nordic Nanovector– Notes to the condensed interim financial statements for the second quarter and first half of 2017

Note 1. General information

Nordic Nanovector (the group) consists of Nordic Nanovector ASA and its subsidiaries. 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.*

The figures in this second quarter report and first half 2017 are non-audited figures.

These financial statements were approved for issue by the board of directors on August 22nd 2017.

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 2016. 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 January 1st, 2016, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of December 31st, 2016. 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 December 31st, 2016.

Note 4. Government grants

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

	Second Quarter		First Half Year	
Amounts in NOK 1 000	**2017**	**2016**	**2017**	**2016**
Payroll and related expenses	815	137	1 895	568
Other operating expenses	2 725	2 075	4 884	3 579

Grants receivable presented as other current receivables in the statement of financial position:

Amounts in NOK 1 000	**30.06.2017**	**31.12.2016**
Grants receivable	11 120	9 000

1) In 2016, the company received a new grant of up to NOK 15 million grant from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The project period is from 2016 to 2018. 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 30 June, 2017, the company has recognised NOK 2.5 million (as of 30 June, 2016: NOK 2.1 million) classified partly as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

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 30 June, 2017, the company has recognised NOK 0.3 million (30 June, 2016: NOK 0.5 million) partly as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

3) R&D projects have been approved for SkatteFUNN grants for the period 2016 through 2017. For the financial period ended 30 June, 2017, the company has recognised NOK 3.6 million compared to NOK 1.5 million for the same period in 2016. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

4) In 2016, The Research Council awarded a grant supporting a PhD for the period 2016 through 2019 of NOK 2.1 million. For the financial period ended 30 June, 2017, the company recognised NOK 0.3 million as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

5) The company was awarded a grant from The Research Council programme for user-managed innovation arena (BIA) of NOK 10.5 million in total for the period 2012 through 1H 2016. For the financial period ended 30 June, 2016, the company has recognised NOK 0.1 million classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

Note 5. Employee share option programme

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

	Year to date June 2017	
Amounts in NOK	**Number of options**	**Weighted average exercise price**
Balance at 1 January	2 846 701	29.70
Granted during the year	719 500	90.37
Exercised during the year	- 56 525	28.74
Forfeited	- 3 333	36.60
Balance at period end	**3 506 343**	**42.16**
Hereof vested options	**1 393 035**	**25.69**

Options in the second option program have been granted in the period 2014 - 2017 and 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.

On January 24th, 2017, the board of directors of the company resolved to increase the company's share capital to fulfil the company's obligations under the option agreements. The share capital was increased by NOK 11 305 through the issuance of 56 525 new shares, each with a nominal value of NOK 0.20, against payment of a total subscription price of NOK 1 624 650. Following this the company's share capital is NOK 9 806 228.60 divided into 49 031 143 shares, each with a nominal value of NOK 0.20.

On February 1st, 2017, the board granted 719 500 share options to employees as resolved at the annual general meeting held on May 19th, 2016.

In the general meeting held on May 24th 2017 the general assembly voted down the proposed authorization to increase the share capital in connection with the company's share option program. The board of directors will revert with an amended proposal for a share incentive program. The intention with this program is that outstanding options shall be settled by issue of shares when exercised. Historically, exercised options have been settled by issue of new shares. If the general assembly continue to vote down such authorization, vested outstanding options will have to be settled in cash. As per June 30th 2017, the total cash settlement would be NOK 71.3 million, if all vested options in the money (per June 30th 2017), were exercised. The exercise would also generate an obligation to pay social security tax of NOK 11.2 million.

Note 6. Restricted Stock Units (RSUs)

At the AGM in May 2017, the shareholders approved the issuance of restricted stock units ("RSUs") to board members who elect to receive all or parts of their remuneration, for the period from the annual general meeting in 2017 to the annual general meeting in 2018, in the form of RSUs.

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 agreements.

The board members may elect to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs. The election made by each board member has been set out in the table below. The number of RSUs to be granted to the members of the Board of Directors is calculated as the NOK amount of the RSU opted portion of total compensation to the board member, divided by the market price of the Nordic Nanovector shares. The market price is calculated on the basis of the volume weighted average share price 10 trading days prior to the date of the AGM, i.e. NOK 93.34.

Pursuant to the RSU program, the board members and primary insiders have made the following election and hold the following number of RSUs and shares:

Name	Remuneration for the period 2017-2018	Allocation between cash and RSUs	Number of RSUs for the period 2017-2018	Total number of RSUs outstanding	Total number of shares
Ludvik Sandnes	NOK 515 000 [1]	100% RSU	5 517	27 121	126 000
Per Samuelsson	NOK 335 000 [2]	[3]	0	0	0
Hilde Hermansen Steineger	NOK 335 000 [4]	2/3 RSU	2 393	11 211	750
Gisela Schwab	NOK 275 000	100% RSU	2 946	10 000	0
Jean-Pierre Bizzari	NOK 275 000	1/3 RSU	982	4 509	0
Joanna Horobin	NOK 295 000 [5]	2/3 RSU	2 107	4 785	0
Total	**NOK 2 030 000**		**13 945**	**57 626**[6]	**126 750**

[1] NOK 475 000 as chairman of the Board, NOK 20 000 as a member of the audit committee and NOK 20 000 as a member of the compensation committee.
[2] NOK 275 000 as board member, NOK 40 000 as chairman of the compensation committee and NOK 20 000 as a member of the audit committee.
[3] Per Samuelsson is not allowed to hold equity in the company due to his affiliation with HealthCap, and will only receive cash.
[4] NOK 275 000 as board member, NOK 40 000 as chairman of the audit committee and NOK 20 000 as a member of the compensation committee.
[5] NOK 275 000 as board member, NOK 20 000 as a member of the compensation committee.
[6] In addition 647 RSU's are outstanding to prior member of the board, Renee P. Tannenbaum.

A total of 13 945 RSUs have thus been allocated following the AGM. The RSUs will vest on 24 May 2018. For further information about the RSU Program see note 12 to the company's annual accounts included in the company's annual report for 2016.

Note 7. Share capital and shareholder information

Share capital as at 30 June, 2017 is NOK 9 806 228,6 (December 31st, 2016: NOK 9 794 924), being 49 031 143 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:	30.06.2017	31.12.2016
Ordinary shares at 1 January	**48 974 618**	44 519 041
Issue of ordinary shares 1)	0	4 374 244
Issue of ordinary shares under share options 2)	56 525	81 333
Ordinary shares	**49 031 143**	**48 974 618**

1) Nordic Nanovector raised NOK 498 663 816 in gross proceeds in December 2016 through a private placement of 4 374 244 new shares. The Private Placement was completed at a subscription price of NOK 114 per share, which was determined through an accelerated book-building process. NOK 32.9 million of the cost related to the share issue was paid during 1H 2017.

2) Participants in Nordic Nanovector ASA's second share option programme has on January 25th, 2017 exercised a total number of 56 525 options at an average strike price of NOK 25.85 per share. Each option gives the right to receive one share in the company. The board of directors of the company has approved the exercise of the options and resolved to increase the company's share capital by NOK 11 305 through the issuance of 56 525 new shares, each at a nominal or par value of NOK 0.20.

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

The annual general meeting held May 24th, 2017 granted an authorisation to increase the share capital limited to NOK 20 000 at par value. The authorisation may only be used to issue shares to members of the company's board of directors against contributions in NOK (RSUs). Of the authorised 100 000 shares, 58 273 shares are granted (ref. note 6).

Nordic Nanovector ASA had 8 241 shareholders as at 30 June, 2017.

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	5 445 833	11.11 %
2	Folketrygdfondet	3 088 736	6.30%
3	Nordnet Livsforsikring AS	1 694 890	3.46 %
4	OM Holding AS	1 356 366	2.77 %
5	Sciencons AS (Roy Hartvig Larsen)	900 000	1.84 %
6	Linux Solutions Norge AS	887 306	1.81 %
7	Radiumhospitalets Forskningsstiftelse	739 518	1.51 %
8	Must Invest AS	625 000	1.27 %
9	Clearstream Banking SA	599 812	1.22 %
10	Netfonds Livsforsikring AS	543 945	1.11 %
11	Inven2 AS	541 247	1.10 %
12	DNB NOR Markets	519 959	1.06 %
13	Roy Hartvig Larsen	501 777	1.02 %
14	VPF Nordea Avkastning	484 235	0.99 %
15	Ro Invest AS	450 000	0.92 %
16	Skandinaviska Enskilda Banken AB	425 000	0.87 %
17	Birk Venture AS	400 015	0.82 %
18	VPF Nordea Kapital	392 054	0.80 %
19	Nordnet Bank AB	323 868	0.66 %
20	Statoil Pensjon	291 300	0.59 %
	Total shares for top 20 shareholders	**20 210 861**	**41.22 %**
	Total shares for other 8 221 shareholders	28 820 282	58.78 %
	Total shares (8 241 shareholders)	**49 031 143**	**100.00 %**

The shares of Nordic Nanovector ASA have been traded on the Oslo Stock Exchange since 23 March, 2015.

Note 8. Information about subsidiaries

The interim consolidated financial statements of the Group include:		% Equity interest	
Name	**Country of incorporation**	**2017**	**2016**
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 *Grafenauweg 10, 6301 Zug, Switzerland*. Nordic Nanovector Ltd is incorporated in

London, England, with its registered address *at Paternoster House, 65 St. Paul's Churchyard, London EC4M 8AB, United Kingdom.*

Note 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:

	First half 2017	First half 2016
Loss for the period (in NOK)	-122 191 000	-115 037 000
Average number of outstanding shares during the year	49 021 094	44 545 441
Earnings (loss) per share - basic and diluted	**-2.49**	**-2.58**

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. Restated consolidated statement of cash flow 2016

In the consolidated cash flow for 2016 the change in accounts payable related to the equity issue in December 2016 was classified as a change in working capital. In the restated consolidated cash flow, this change is reclassified and restated as part of the net proceeds from equity issue.

Amounts in NOK 1 000	Full Year		
	2016 as Reported	Reclassification	2016 as Restated
Cash flow from operating activities			
Changes in working capital and non-cash adjustments	38 367	-33 802	4 565
Net cash flow from operating activities	**-170 181**	**- 33 802**	**-203 983**
Cash flows from financing activities			
Net proceeds from equity issue	465 459	33 802	499 261
Net cash flow from financing activities	**465 459**	**33 802**	**499 261**

Note 11. Other current liabilities

Other accrued costs for period ended 30 June, 2017 are mainly related to development cost of the lead product candidate Betalutin®, preclinical activities and accrued social security related to outstanding share options and RSU's.

Amounts in NOK 1 000	30.06.2017	31.12.2016
Unpaid duties and charges	2 412	2 211
Unpaid vacation pay	1 490	2 345
Other accrued costs	41 486	37 357
Other current liabilities	**45 388**	**41 913**

Note 12. Non-current liabilities

The non-current liabilities are related to the net pension benefit obligations calculated in accordance with IAS 19.

Note 13. Subsequent events

On 10 July, three of the board members of the Company, Gisela Schwab, Joanna Horobin and Jean-Pierre Bizzari, have resolved to settle a total number of 13 259 RSUs that were issued pursuant to an authorisation granted to the board of directors at the annual general meeting in 2016.

The Board of Directors of the company has, to fulfil the company's obligations under the RSU agreements, resolved to issue 13 259 new shares at a subscription price of NOK 0.20 per share giving a total subscription price of NOK 2 651.80. The Company's share capital will through the issuance of the new shares, be increased by NOK 2 651.80. Subsequent to the issuance of the new shares, the Company's share capital will be NOK 9,808,880.40 divided into 49 044 402 shares, each with a nominal of NOK 0.20

Gisela Schwab, Joanna Horobin and Jean-Pierre Bizzari have subscribed for 7 054 new shares, 2 678 new shares and 3 527 new shares respectively at a subscription price of NOK 0.20 per share. The three board members will following issuance of the new shares, have the following holding of shares and RSUs in the company:

Name	Total number of RSUs	Total number of shares
Gisela Schwab	2 946	7 054
Joanna Horobin	2 107	2 678
Jean-Pierre Bizzari	982	3 527

Additional information

Glossary of terms

- **1L, 2L, 3L**: first, second and third line of treatment
- **ADC**: Antibody-Drug Conjugate
- **ARC:** Antibody-Radionuclide Conjugate
- **(A)SCT**: (Autologous) stem cell transplant
- **ASH:** American Society of Hematology annual meeting
- **B-cell:** A type of lymphocyte (white blood cell) in the humoral immunity of the body's adaptive immune system. Can be distinguished from other lymphocytes by the presence of a protein on the B-cell's outer surface known as a B cell receptor (BCR). This specialised receptor protein allows a B-cell to bind to a specific antigen.
- **CD20:** B-lymphocyte antigen CD20 is an activated-glycosylated phosphoprotein expressed in the surface of all B-cells beginning at the pro-B phase and progressively increasing in concentration until maturity
- **CD37:** B-lymphocyte antigen CD-37 is a protein, a member of the transmembrane 4 superfamily, also known as the tetraspanin superfamily of cell surface antigens
- **CR:** Complete response
- **DLBCL**: Diffuse Large B-Cell Lymphoma
- **FL:** Follicular Lymphoma
- **FDA:** Food and Drug Administration
- **Humalutin™:** Chimeric anti-CD37 ARC
- **ICML:** International Conference on Malignant Lymhoma
- **IFRS:** International Financial Reporting Standard
- **IND**: Investigational New Drug
- **iNHL**: Indolent non-Hodgkin Lymphoma
- **IPO**: Initial Public Offering
- **KOL**: Key opinion leader
- **LCM:** Lifecycle management
- **Lilotomab:** Betalutin® consists of the radionuclide lutetium-177 conjugated to the B-cell seeking anti-CD37 antibody lilotomab (formerly referred to as HH1).
- **Lu-177:** Radionuclide lutetium-177
- **mAb:** Monoclonal antibody
- **MBq:** Megabecquerel (radioactivity measurement unit)
- **MD:** Medical doctor
- **nASCT:** Not eligible for autologous stem cell transplant
- **NNV003**: chimeric anti-CD37 antibody developed by Nordic Nanovector
- **NHL:** non-Hodgkin Lymphoma
- **OSE**: Oslo Stock Exchange
- **ORR**: Overall response rate (the CR and PR, jointly)
- **PARADIGME:** Name of Nordic Nanovector's pivotal Phase 2 study
- **PFS**: Progression free survival
- **PR:** Partial response
- **QoL**: Quality of life
- **R:** Rituximab
- **RIT:** Radioimmunotherapy
- **SAB:** Scientific Advisory Board
- **SD:** Stable disease
- **SRC:** Safety Review Committee

- **T-cell:** A type of lymphocyte (white blood cell) that plays a central role in cell-mediated immunity. Can be distinguished from other lymphocytes by the presence of a T-cell receptor (TCR) on the cell surface. They are called T-cells because they mature in the thymus.

Financial calendar

Q3 2017 results and capital markets day: November 22nd, 2017

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

Investor contact

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

Forward–looking statements

This report may contain certain forward-looking statements and forecasts based on uncertainty, since they relate to events and depend on circumstances that will occur in the future and which, by their nature, will have an impact on Nordic Nanovector's business, financial condition and results of operations. The terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. There 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.

Luigi Costa

Chief Executive Officer
Cell: (+41) 79 12 48 601
E-mail: ir@nordicnanovector.com

Tone Kvåle

Chief Financial Officer
Cell: (+47) 91 51 95 76
E-mail: ir@nordicnanovector.com

Headoffice

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

Subsidiary

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

Subsidiary

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

www.nordicnanovector.com

NORDIC NANOVECTOR

About Nordic Nanovector

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

Nordic Nanovector's lead clinical-stage candidate is Betalutin®, a novel CD37-targeting Antibody-Radionuclide-Conjugates (ARC) designed to 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 20 billion by 2024.

The Company aims to rapidly develop Betalutin®, alone and in combination with other therapies, for the treatment of major types of NHL, targeting first regulatory submission in relapsed/refractory follicular lymphoma in 1H 2019. Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin® in core markets.

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