Third Quarter 2017 Report

Nordic Nanovector ASA

Q3'17 Highlights

- **Steady progress towards planned start of the pivotal Phase 2b study PARADIGME in 2H 2017 to investigate Betalutin® in patients with 3rd line relapsed, anti-CD20 Ab-refractory FL (R/R FL).**
  - PARADIGME expected to be a global, randomized Phase 2b trial comparing the two most promising dosing regimens identified from the LYMRIT-37-01 Phase 1/2 study in approximately 130 patients with R/R FL
  - Objective to generate the clinical data needed to support the filing for market approval of the best Betalutin® dosage regimen
  - Design builds on promising clinical results and is aligned with regulatory authority feedback
  - Protocol amendment submitted and under review by multiple regulatory authorities with further submissions expected in the coming weeks; other preparations to initiate trial underway
  - Patient screening anticipated to begin before end of 2017 (pending approval of the amendment)

- **Recruitment of DLBCL patients into Phase 1 dose-escalation study with Betalutin® ongoing**
  - Patient recruitment on track 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 (ARCHER-1)**
  - Phase 2 trial planned to begin in 2H 2017

- **Appointment of Dr. Reza Safaei as Head of Medical Affairs**
  - First field-based medical staff being recruited, to support patient enrolment into clinical trials in US and EU and to raise awareness of Nordic Nanovector's technology

Key figures Nordic Nanovector Group

Amounts in MNOK (except earnings/loss per share)	Third Quarter		Year to date		Full Year
	2017	2016	2017	2016	2016
Total revenues	0.1	0.1	0.3	0.2	0.3
Total operating expenses	72.7	50.4	214.9	151.3	216.7
Operating profit (loss)	-72.6	-50.3	-214.6	-151.1	-216.4
Net financial items	-12.9	-10.6	7.0	-24,9	-18.8
Total comprehensive income (loss) for the period	**-85.9**	**-61.3**	**-207.9**	**-176.5**	**-235.8**
Basic and diluted earnings (loss) per share	**-1.75**	**-1.37**	**-4.24**	**-3.95**	**-5.26**
Number of employees	**34**	**29**	**34**	**29**	**28**
Net change in bank deposits, cash and equivalents	-77.7	-58.3	-214.5[1]	-183.3	274.9
Cash and equivalents at beginning of period	881.4	618.4	1 018.2	743.4	743.4
Cash and equivalents at end of period	**803.7**	**560.1**	**803.7**	**560.1**	**1 018.2**

1) Net cash flow from operating activities -182.8

Nordic Nanovector is ready to initiate the pivotal Phase 2b study, PARADIGME, with Betalutin® in patients with relapsed, anti-CD 20 Ab-refractory FL (R/R FL), a high unmet medical need group, pending approval of the proposed trial design from regulatory authorities. PARADIGME is designed to generate the clinical data needed to support the filing of the best Betalutin® dosage regimen for this patient population. The PARADIGME design is aligned with health authority and clinical expert feedback. The company is also enrolling patients into its Phase 1 study in DLBCL, and making final preparations to start a Phase 2 combination study of Betalutin® and rituximab in iNHL patients (ARCHER-1) in 2017. Preparations to initiate a Phase 1 study of Humalutin® are also progressing.

Operational review

PARADIGME, a pivotal Phase 2b clinical trial with Betalutin® in 3rd line R/R FL

Nordic Nanovector is well placed to initiate PARADIGME with Betalutin® (^{177}Lu-lilotomab satetraxetan) in 3rd line recurrent/relapsed FL (R/R FL). The trial design is currently under review with several regulatory authorities.

The company's intention is that PARADIGME produces a strong and compelling clinical data package to support a Biologics License Application (BLA) in the US, Market Authorization Application (MAA) in Europe for Betalutin® and equivalent filings in the rest of the world.

The design for PARADIGME is a global, randomized Phase 2b clinical trial comparing the two most promising dosing regimens identified from the LYMRIT-37-01 Phase 1/2 study[1] in approximately 130 R/R FL patients:

- 15 MBq/kg Betalutin® after 40 mg lilotomab pre-dosing ("15/40");
- 20 MBq/kg Betalutin® after 100 mg/m^2 lilotomab pre-dosing ("20/100")

PARADIGME builds on the design of LYMRIT 37-01 and the positive results generated by both dosing regimens and is aligned with feedback from discussions with regulatory authorities and haematology experts. The streamlined trial design offers a seamless continuation of the LYMRIT 37-01 study.

The company will decide on the final structure and initiation of the PARADIGME study upon response from regulatory authorities. The management anticipates PARADIGME to start by the end of 2017 if the applications are approved, and expects the data read-out and the first submission for marketing approval in the second half of 2019.

Updated results highlight competitive clinical profile of single-dose Betalutin®

Betalutin® continues to demonstrate an attractive and competitive clinical profile in R/R indolent NHL (iNHL) patients who have received numerous prior therapies, including those who have failed standard CD20-targeted immunotherapy (rituximab).

Updated data will be presented in a poster at the 59th American Society of Hematology (ASH) Annual Meeting (9-12 December). An abstract for the poster was published on November 1 and included analysis on 55 evaluable patients as of the data cut off point in July 2017 prior to abstract submission.

[1] LYMRIT 37-01 is a Phase 1/2 open label, dose escalation study investigating the optimal treatment regimen of single dose Betalutin® with lilotomab pre-dosing in patients with recurrent iNHL.

The abstract analysed data from patient cohorts in Arm 1 and Arm 4 receiving the two most promising dosing regimens Arm 1 (15/40) and Arm 4 (20/100). The results (as of 3 July) confirm previous results from the LYMRIT-37-01 study:

- 64% ORR and 24% CR in 55 evaluable iNHL patients
- 81% ORR (CR 28%) in 21 FL patients in Arm 1
- Median duration of response (DOR) of 15 months in FL patients
- The data from Arm 4, while so far evaluable in only 6 FL patients as of 3 July 2017, are also encouraging with 50% ORR and CR 17%
- No unexpected safety findings, the safety profile is both predictable and manageable in both arms

The data continue to highlight the encouraging clinical profile of single-agent Betalutin® therapy in iNHL patients, particularly in those with FL, the primary NHL population for which Betalutin® is being developed. These data will continue to mature with a larger patient population up until presentation at ASH in December.

The clinical data from LYMRIT 37-01, combined with the convenience of being a one-time treatment, consistently demonstrates a highly competitive profile for Betalutin® when compared to other therapies in development or recently approved for FL.

In addition, further dosimetry and biodistribution analysis confirms that pre-dosing with lilotomab prior to therapy with Betalutin® significantly increases the ratio of absorbed radiation dose between tumour and red marrow. Dosimetry data for all arms in the LYMRIT-37-01 study were recently presented at the European Association of Nuclear Medicine annual meeting in October. Dosimetry data for normal tissue was recently published in the *Journal of Nuclear Medicine* (Blakkisrud *et al*, 2017).

Pre-commercialisation research: customer insights and case studies

Over the past quarters, Nordic Nanovector has conducted extensive primary research to understand the competitive environment in NHL and what customers perceive as the areas of unmet needs. Case studies have been conducted to analyse the reasons for negative or positive market performance of previously marketed radiopharmaceuticals.

This research confirmed that the value of Betalutin® is distinctly perceived by customers across all prioritized segments: efficacy is seen as a major strength, but what really enthuses Haematologist-Oncologists ("HaemOncs") is the "package" of potential benefits, including efficacy, manageable toxicity and convenience for patients and physicians. This attractive profile positions Betalutin® competitively to serve the unmet needs of patients who are frail or elderly, hence have co-morbidities that rule out oral therapies or chemotherapy, or who are refractory to rituximab.

Secondary market research has also been completed to understand the changes in the US healthcare environment and how they affect the process through which HaemOncs, the gatekeepers of NHL patients, refer a patient to a Radiation Oncologist (RadOnc) or a Nuclear Medicine (NM) specialist to receive a radiopharmaceutical product (referral pathway), when they are convinced it is the preferred option. The results have equipped the company with valuable knowledge about the US healthcare environment, the NHL market and target customers.

Approximately 80% of NHL patients in the US, the company's primary market, are treated in the community settings of care. This percentage has not changed in the past 15 years. However, the majority of community-based HaemOncs have today at least one affiliation with an external institution and only 15% of patients are seen in an independent private clinic, due to the effects of the ongoing consolidation of community-based practices. As a result, two of the primary reasons that prevented HaemOncs from recommending a radiopharmaceutical product, i.e. the concern of losing the patient to the receiving institution and the loss of financial incentives for not prescribing any injectable drug, are no longer relevant.

The outcome of analogues' case studies clearly suggests that radiopharmaceuticals, such as Betalutin®, can become commercially successful therapeutic options, provided certain prerequisites are met: (a) pre-launch education on the specific features of radiopharmaceuticals; (b) robust clinical development plan; (c) robust market access and

reimbursement programme; (d) optimized referral pathway; and (e) streamlined distribution via a centralized logistics partner.

Nordic Nanovector is committed to leverage these insights to develop strategies that offer the best chance of commercial success for Betalutin®.

The company intends to build a high-quality team to support its commercialisation plans starting with the appointment of Dr. Reza Safaei, MD, as Head of Medical Affairs. Dr. Safaei's responsibility is to establish the company's Medical Affairs function and lead a team of field-based Medical Science Liaisons to strengthen the partnership with key opinion leaders, support patient enrolment into clinical trials in US and EU and raise awareness of Nordic Nanovector's technology. This function will be crucial to reinforce Nordic Nanovector's presence in haematology and to successfully prepare for the commercialisation of Betalutin®.

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

In March 2017, the first patient was enrolled in the Phase 1 study evaluating Betalutin® in patients with relapsed/refractory diffuse large B-cell lymphoma (DLBCL) – LYMRIT 37-05. DLBCL is an aggressive form of NHL and accounts for up to 43% of all cases, making it the most common type of NHL. The study is actively enrolling patients in the US and Europe with the intention of identifying a dosing regimen to advance into Phase 2 studies. 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 (ARCHER-1)

Preclinical data demonstrating a synergistic anti-tumour effect of Betalutin® in combination with rituximab were reported at ASH in December 2016. Nordic Nanovector is now finalising preparations for a Phase 2 clinical study to investigate this combination in 2nd line FL patients, and is on-track to initiate the study before the end of 2017.

Phase 1 study to investigate the potential of Humalutin® for treating 1st line NHL in preparation

The company is continuing its preparations to start a Phase 1 clinical trial with Humalutin®, a novel lutetium-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 over USD 1.4 billion in 2024[2]. The company will complete the preparations to start the clinical study of Humalutin® in NHL in the first half of 2018.

Pipeline update

Early stage research in collaboration with partners aimed at identifying an effective payload for the chimeric anti-CD37 antibody for development in leukaemia has advanced in the third quarter 2017. A shortlist of payload candidates has been determined to conclude the selection process for further development during first half of 2018.

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

Financial review

The interim consolidated financial statements for Nordic Nanovector Group[3] as of 30 September 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 third 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 nine months of 2017 were NOK 0.3 million (NOK 0.2 million).

Total operating expenses for the quarter came to NOK 72.7 million (NOK 50.4 million). Payroll and related expenses rose to NOK 21.9 million (NOK 16.7 million) mainly due to a higher head count and an increase in non-cash costs related to granted options. Other expenses amounted to NOK 50.5 million during the quarter (NOK 33.4 million), the increase being driven by clinical trial and commercial preparation activities.

Total operating expenses for the first nine months of 2017 increased to NOK 214.9 million (NOK 151.3 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 % of total operating expenses in the third quarter of 2017 (73 %) and 71 % in the nine months of 2017 (71 %).

Operating loss for the quarter was NOK 72.6 million (loss of NOK 50.3 million), for the reasons stated above. Operating loss for the first nine months of 2017 was NOK 214.6 million (loss of NOK 151.1 million).

Net financial items for the quarter came to negative NOK 12.9 million (negative NOK 10.6 million), mainly reflecting the effect of currency fluctuations on bank deposits and interest income. Net financial items for the first nine months amounted to NOK 7.0 million (negative NOK 24.9 million), driven by currency fluctuations on bank deposits as well as interest income.

Nordic Nanovector's comprehensive loss for the quarter amounted to NOK 85.9 million (loss of NOK 61.3 million), due to the reasons stated above. Comprehensive loss for the first nine months was NOK 207.9 million (NOK 176.5 million).

Financial position

Total assets at 30 September 2017 amounted to NOK 837.3 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 September 2017 was NOK 761.2 million (NOK 949.3 million at year end 2016), corresponding to an equity ratio of 90.9% (90.9% at year-end 2016).

Total liabilities were NOK 76.0 million at the end of the third 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 third quarter and first nine months of 2017 was negative NOK 60.9 million (negative NOK 46.5 million) and negative NOK 182.8 million (negative NOK 155.1 million) respectively, mainly reflecting the impact of higher research and development activities.

Net cash flow from investing activities in the third quarter and first nine months of 2017 was negative NOK 1.6 million (negative NOK 0.2 million) and negative NOK 1.9 million (negative NOK 0.3 million) respectively.

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

Net cash flow from financing activities for the third quarter and first nine months of 2017 was negative NOK 1.3 million (NOK 0.1 million). The equivalent figure for the first nine months was negative NOK 32.6 million (NOK 0.6) following payment of costs related to the equity issue in December 2016 and exercise of share options during the first three quarters.

Exchange rate fluctuations in the third quarter had a negative impact on cash and cash equivalents of NOK 13.9. The corresponding figure for the first nine months of 2017 was a positive impact of NOK 2.8 million.

Cash and cash equivalents amounted to NOK 803.7 million at the end of September 2017, compared to NOK 881.4 million at the end of June 2017 and NOK 1 018.2 million at the end of December 2016.

Outlook

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

Betalutin®, the company's most advanced product candidate, is developing a well differentiated, competitive, clinical profile for R/R FL, based on the promising preliminary results from the LYMRIT 37-01 Phase 1/2 clinical study. The company anticipates initiating its pivotal Phase 2b PARADIGME trial with Betalutin® in 3rd line R/R FL with the goal to have the data read-out and first submission for marketing approval in the second half of 2019.

Management will continue to focus its efforts on the efficient execution of its plans and to meet clinical and pre-commercialisation milestones. The company is confident that Betalutin® could become an attractive and convenient therapeutic option, which, based on detailed market research, has the potential to be commercially successful.

Nordic Nanovector intends to maximize the value of Betalutin® across other stages of FL, NHL and other haematological cancer indications. A further element of the company's strategy is to selectively extend its pipeline of novel targeted biopharmaceutical candidates to support future growth.

Current cash resources are expected to be sufficient until first regulatory filing of Betalutin® in 3L FL, based on the timely approval of the proposed new trial design, and to advance other key programmes.

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

Amounts in NOK 1 000	Note	Third quarter		Year to date		Full Year
		2017	2016	2017	2016	2016
Revenues		**108**	**78**	**252**	**235**	**314**
Total revenues		**108**	**78**	**252**	**235**	**314**
Payroll and related expenses	4, 5	21 884	16 703	56 370	40 185	62 362
Depreciation		361	299	940	831	1 160
Other operating expenses	4, 6	50 503	33 409	157 545	110 271	153 154
Total operating expenses		**72 748**	**50 411**	**214 855**	**151 287**	**216 676**
Operating profit (loss)		**-72 640**	**-50 333**	**-214 603**	**-151 052**	**-216 362**
Net finance income (expense)	13	- 12 937	- 10 640	7 042	-24 891	-18 809
Loss before income tax		**-85 577**	**-60 973**	**-207 561**	**-175 943**	**-235 171**
Income tax		-110	-158	-317	-225	-339
Loss for the period		**-85 687**	**-61 131**	**-207 878**	**-176 168**	**-235 510**
Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods						
Translation effects		-196	-125	-60	-296	-252
Total comprehensive income (loss) for the period		**-85 883**	**-61 256**	**-207 938**	**-176 464**	**-235 762**
Loss for the period attributable to owners of the company		-85 687	-61 131	-207 878	-176 168	-235 510
Total comprehensive income (loss) for the period attributable to owners of the company		-85 883	-61 256	-207 938	-176 464	-235 762
Earnings (loss) per share						
Basic and diluted earnings (loss) per share in NOK	9	-1.75	-1.37	-4.24	-3.95	-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	30.09.2017	31.12.2016
ASSETS			
Non-current assets			
Property, plant and equipment		4 181	3 145
Total property, plant and equipment		**4 181**	**3 145**
Current assets			
Receivables			
Other current receivables	4	29 347	23 377
Total receivables		**29 347**	**23 377**
Cash and cash equivalents		**803 735**	**1 018 217**
Total current assets		**833 082**	**1 041 594**
TOTAL ASSETS		**837 263**	**1 044 739**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7	9 809	9 795
Share premium	7	1 434 896	1 433 743
Other paid in capital	5,6	38 528	19 826
Accumulated losses		-722 013	-514 075
Total shareholders' equity		**761 220**	**949 289**
Liabilities			
Non-current liabilities			
Other non-current liabilities	12	2 379	0
Total non-current liabilities		**2 379**	**0**
Current liabilities			
Accounts payable		19 081	53 160
Tax payable		403	377
Other current liabilities	11	54 180	41 913
Total current liabilities		**73 664**	**95 450**
Total liabilities		**76 043**	**95 450**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**837 263**	**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 September							
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					-207 878		-207 878
Other comprehensive income (loss) for the year, net of income tax						-60	-60
Total comprehensive income for the year		**0**	**0**	**0**	**-207 878**	**-60**	**- 207 938**
Recognition of share-based payments	5,6			18 702			18 702
Issue of ordinary shares under share options and RSU's	5,6,7	14	1 613				1 627
Share issue costs	7	0	-460				-460
Balance at 30 September 2017		**9 809**	**1 434 896**	**38 528**	**-721 501**	**-512**	**761 220**

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					-176 168		-176 168
Other comprehensive income (loss) for the year net of income tax						-296	-296
Total comprehensive income for the year		**0**	**0**	**0**	**-176 168**	**-296**	**-176 464**
Recognition of share-based payments	5			4 475			**4 475**
Issue of ordinary shares under share options	5,7	16	581				598
Balance at 30 September 2016		**8 920**	**969 756**	**17 448**	**-454 281**	**-496**	**541 347**

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	Third Quarter		Year to date		Full Year
		2017	2016	2017	2016	2016 Restated*
Cash flow from operating activities						
Loss for the period before income tax		**-85 577**	**-60 973**	**-207 561**	**-175 943**	**-235 171**
Adjustments for:						
Interest received		-34	-38	-111	-116	-4 465
Share option expense employees	5	6 254	1 245	17 755	4 106	6 212
Restricted share units expenses	6	350	251	947	369	641
Taxes paid		-74	-132	-282	-199	-320
Depreciation		361	299	940	831	1 160
Currency (gains) losses not related to operating activities		13 901	11 748	-2 780	28 432	23 395
Changes in working capital and non-cash adjustments	10	3 886	1 082	8 331	-12 625	4 565
Net cash flow from operating activities		**-60 933**	**-46 518**	**-182 761**	**-155 145**	**-203 983**
Cash flow from investing activities						
Investments in property, plant and equipment and intangible assets		-1 603	-195	-1 977	-427	-1 498
Interests received		34	38	111	116	4 465
Net cash flow from investing activities		**-1 569**	**-157**	**-1 866**	**-311**	**2 967**
Cash flows from financing activities						
Net proceeds from equity issue	7,10	-1 270	85	-32 635	598	499 261
Net cash flow from financing activities		**-1 270**	**85**	**-32 635**	**598**	**499 261**
Effects of exchange rate changes on cash and cash equivalents		**- 13 901**	**-11 748**	**2 780**	**-28 432**	**-23 395**
Net change in bank deposits, cash and equivalents		- 77 673	-58 338	- 214 482	-183 290	274 850
Cash and equivalents at beginning of period		881 408	618 415	1 018 217	743 367	743 367
Cash and equivalents at end of period		**803 735**	**560 077**	**803 735**	**560 077**	**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 third quarter 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 third quarter report 2017 are non-audited figures.

These financial statements were approved for issue by the board of directors on November 21st 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:

	Third Quarter		Year to date	
Amounts in NOK 1 000	**2017**	**2016**	**2017**	**2016**
Payroll and related expenses	816	1 145	2 712	1 713
Other operating expenses	2 659	2 175	7 543	5 754

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

Amounts in NOK 1 000	**30.09.2017**	**31.12.2016**
Grants receivable	12 355	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 September, 2017, the company has recognised NOK 3.75 million (as of 30 September, 2016: NOK 3.3 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 September, 2017, the company has recognised NOK 0.3 million (30 September, 2016: NOK 1.0 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 September, 2017, the company has recognised NOK 5.5 million compared to NOK 3.0 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 September, 2017, the company recognised NOK 0.5 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 September, 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 September 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	**1 549 481**	**25.58**

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.
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 September 30th 2017, the total cash settlement would be NOK 84.5 million, if all vested options in the money (per September 30th 2017), were exercised. The exercise would also generate an obligation to pay social security tax of NOK 12.3 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	Number of RSUs exercised in 2017	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	7 054	2 946	7 054
Jean-Pierre Bizzari	NOK 275 000	1/3 RSU	982	3 527	982	3 527
Joanna Horobin	NOK 295 000 [5]	2/3 RSU	2 107	2 678	2 107	2 678
Total	**NOK 2 030 000**		**13 945**	**13 259**	**44 367**[6]	**140 009**

[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.

13 259 RSUs were exercised in Q3 2017 (see note 7 for further details).

Note 7. Share capital and shareholder information

Share capital as at 30 September 2017 is NOK 9 808 880,4 (December 31st, 2016: NOK 9 794 924), being 49 044 402 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:	30.09.2017	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
Issue of ordinary shares under RSUs [3)]	13 259	0
Ordinary shares	**49 044 402**	**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 33.8 million of the cost related to the share issue was paid during the first nine months of 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.

3) On July 10th, three of the board members of Nordic Nanovector ASA, Gisela Schwab, Joanna Horobin and Jean-Pierre Bizzari, 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. Each RSU gives the right to subscribe for one share in the Company at a subscription price of NOK 0.20. The board members were granted the RSUs after the annual general meeting in 2016 after having elected to receive all or part of their remuneration for the period from the annual general meeting in 2016 to the annual general meeting in 2017 in RSUs. 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 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).

Nordic Nanovector ASA had 8 132 shareholders as at 30 September 2017.

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	5 445 833	11.10 %
2	Folketrygdfondet	3 081 897	6.28 %
3	Nordnet Livsforsikring AS	1 615 879	3.29 %
4	OM Holding AS	1 156 366	2.36 %
5	Sciencons AS (Roy Hartvig Larsen)	900 000	1.84 %
6	Linux Solutions Norge AS	880 306	1.79 %
7	Radiumhospitalets Forskningsstiftelse	739 518	1.51 %
8	Must Invest AS	625 000	1.27 %
9	Clearstream Banking SA	603 774	1.23 %
10	Inven2 AS	541 247	1.10 %
11	Netfonds Livsforsikring AS	516 592	1.05 %
12	VPF Nordea Avkastning	508 251	1.04 %
13	VPF Nordea Kapital	505 398	1.03 %
14	Roy Hartvig Larsen	501 777	1.02 %
15	Skandinaviska Enskilda Banken AB	500 000	1.02 %
16	DNB NOR Markets	476 866	0.97 %
17	Ro Invest AS	450 000	0.92 %
18	Birk Venture AS	400 015	0.82 %
19	KLP Aksjenorge	300 000	0.61 %
20	Nordnet Bank AB	296 784	0.61 %
	Total shares for top 20 shareholders	**20 045 503**	**40.87 %**
	Total shares for other 8 112 shareholders	28 998 899	59.13 %
	Total shares (8 132 shareholders)	**49 044 402**	**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:

	Year to date 2017	**Year to date 2016**
Loss for the period (in NOK)	-207 878 000	-176 168 000
Average number of outstanding shares during the year	49 026 004	44 563 129
Earnings (loss) per share - basic and diluted	**-4.24**	**-3.95**

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
Cash flows from financing activities	**465 459**	**33 802**	**499 261**

Note 11. Other current liabilities

Other accrued costs for period ended 30 September 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	30.09.2017	31.12.2016
Unpaid duties and charges	1 805	2 211
Unpaid vacation pay	2 120	2 345
Other accrued costs	50 255	37 357
Other current liabilities	**54 180**	**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. Net finance income (expense)

Net finance income (expense) is mainly driven by interests on bank deposits and the currency gain (loss) on cash and cash equivalents in foreign currency.

Amounts in NOK 1 000	Third quarter		Year to date		Full Year
	2017	2016	2017	2016	2016
Finance income	1 370	896	4 596	3 179	4 424
Finance expenses	0	1	1	1	10
Net currency gains (losses) on cash and cash equivalents	-13 901	-11 748	2 780	-28 432	-23 395
Net other currency gains (losses) related to operating items	-406	213	-333	363	172
Net finance income (expense)	**-12 937**	**-10 640**	**7 042**	**-24 891**	**-18 809**

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

Q4 2017 results:	February 27, 2018
Q1 2018 results:	May 30, 2018
Q2 2018 results:	August 22, 2018
Q3 2018 results:	November 21, 2018

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 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.