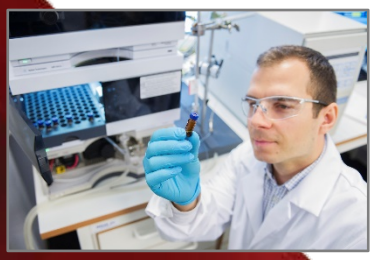
Second Quarter and First Half 2018 Report

Nordic Nanovector ASA



Q2'18 Highlights

- **Eduardo Bravo appointed as Chief Executive Officer**
  - Brings more than 25 years' experience from the biopharmaceutical industry

- **First patient dosed in pivotal Phase 2b PARADIGME trial investigating Betalutin® as a potential new treatment for patients with third-line relapsed antiCD20 refractory follicular lymphoma (3L R/R FL)**
  - Site activations continuing – as of August 21st, 41 (of 80-85) sites in 13 (of 20) countries are open for enrolment
  - First data read-out targeted for 1H 2020

- **Betalutin® granted Fast Track designation in the US for FL**
  - Based on promising safety and preliminary efficacy data from the LYMRIT 37-01 study

- **Phase 1b Archer-1 trial of Betalutin® in combination with rituximab in second-line (2L) FL patients approved in Norway**
  - First patient expected to be dosed in 2H 2018

- **Phase 1 study with Betalutin® in DLBCL advances to next dosing level**
  - First dosing regiments were found to be safe and well-tolerated

- **Further appointments to strengthen the Management Team and Board of Directors**
  - Maureen Deehan, PhD, appointed as Head of Corporate Development and Strategy
  - Rainer Boehm, MD, elected as a member of the Board of Directors

Eduardo Bravo, CEO, commented: "I am pleased to report a quarter marked by important progress in the development of lead candidate Betalutin® in follicular lymphoma. The first patients in the PARADIGME trial have now been dosed. Betalutin® was also granted Fast Track designation in June for relapsed or refractory 3L FL, adding to the Orphan drug designation for treating FL it received in 2014. These designations, granted based on the potential of Betalutin® to address an unmet patient need in FL, could support a quicker and smoother regulatory process and path to market, if PARADIGME is successful. We are also pleased that Archer-1 has been approved in Norway and we expect the first patient to be dosed before the end of 2018. Betalutin® is an exciting therapeutic candidate for NHL and Nordic Nanovector is well positioned to drive its development through clinical trials. I'm excited to join the Company at this important time and look forward to working with the excellent board and management team to realise the significant potential of Betalutin® and to provide a new treatment option to NHL patients who are in need of effective therapies."

Key figures Nordic Nanovector Group

Amounts in MNOK (except earnings/loss per share)	Second Quarter		First Half Year		Full Year
	2018	2017	2018	2017	2017
Total revenues	0.0	0.1	0.0	0.1	0.3
Total operating expenses	84.5	76.3	166.8	142.1	316.8
Operating profit (loss)	-84.5	-76.3	-166.8	-142.0	-316.5
Net financial items	1.9	10.0	-6.3	20.0	23.1
Total comprehensive income (loss) for the period	**-82.9**	**-66.3**	**-173.6**	**-122.1**	**-295.6**
Basic and diluted earnings (loss) per share	**-1.69**	**-1.35**	**-3.54**	**-2.49**	**-5.99**
Number of employees	**40**	**31**	**40**	**31**	**36**
Net change in bank deposits, cash and equivalents	-71.4	-51.9	-186.4	-136.8	-261.6
Cash and equivalents at beginning of period	641.6	933.3	756.6	1 018.2	1 018.2
Cash and equivalents at end of period	**570.1**	**881.4**	**570.1**	**881.4**	**756.6**

Operational review

Nordic Nanovector's lead product candidate Betalutin® (^{177}Lu-satetraxetan-lilotomab) is in clinical development to evaluate its potential as a new targeted treatment for patients with non-Hodgkin's lymphoma (NHL). The company's initial priority is to develop Betalutin® as a new treatment for third-line relapsed, anti-CD20 antibody-refractory follicular lymphoma (3L R/R FL) with the ongoing pivotal Phase 2b trial (PARADIGME).

Clinical results from the previous LYMRIT 37-01 Phase 1/2a study demonstrated that Betalutin® therapy has a promising clinical profile, with encouraging efficacy and a favourable toxicity profile observed in patients studied, particularly those with R/R FL. Combined with the convenience of a once-only administration, Betalutin® shows promise as a potential new therapy for R/R indolent NHL.

Betalutin® has been granted Fast Track designation in the US for the treatment of patients with R/R FL adding to Orphan Drug designation for FL in the USA and Europe received in 2014.

Betalutin® in combination with rituximab (RTX; anti-CD20 antibody therapy) will be investigated in second-line (2L) FL in the Phase 1b Archer-1 trial. Archer-1 is approved in Norway and the Company expects the first patient to be dosed in the second half of 2018.

A Phase 1 study of single agent Betalutin® in patients with R/R diffuse large B-cell lymphoma (DLBCL) (LYMRIT 37-05) is also ongoing.

PARADIGME ongoing: a pivotal Phase 2b clinical trial with Betalutin® in 3L R/R FL

PARADIGME is a global randomised Phase 2b study designed to determine the best dosing regimen for Betalutin® as a new treatment option for 3L R/R FL patients. The data from this study, if successful, are expected to support market authorisation applications for Betalutin® in this indication.

PARADIGME will compare two dosing regimens that showed a promising clinical profile in the first part of the LYMRIT 37-01 trial: 15MBq/kg Betalutin® with a pre-dose of 40mg lilotomab and 20MBq/kg Betalutin® with a pre-dose of 100mg/m^2 lilotomab. The primary endpoint for the trial is overall response rate (ORR) and secondary endpoints include duration of response (DoR), progression free survival (PFS), overall survival (OS), safety and quality of life. The trial is aiming to enrol 130 patients at 80-85 sites in 20 countries. The first patient was dosed in June 2018 and an initial efficacy and safety data read-out is targeted for the first half of 2020.

Since the start of 2018, the company has been focused on the start-up activities for PARADIGME, which has involved activating clinical sites so that patient screening can commence in countries where the protocol has been approved.

As at August 21st, 2018, PARADIGME is open for patient enrolment at 41 (of 80-85) sites in 13 (of 20) countries.

In the USA, the Food & Drug Administration (FDA) has completed its review of the PARADIGME study and Nordic Nanovector expects US sites to be open for enrolment in the next month.

In June, Nordic Nanovector announced that the US FDA granted Fast Track designation to Betalutin® for the treatment of patients with relapsed or refractory 3L FL after at least two prior systemic therapies. Fast Track is a process designed to facilitate the development and expedite the review of drugs to treat serious diseases and fill an unmet medical need. The purpose is to get important new drugs to the patient earlier. The designation provides the opportunity for more frequent meetings with the FDA over the course of the development process. In addition, the Fast Track programme allows for Rolling Review, which enables a company to submit individual sections of its Biologic License Application (BLA) for review as they are ready, rather than waiting until all sections of the BLA are complete. Fast-track designation also enables eligibility for Accelerated Approval and Priority Review if relevant criteria are met.

Nordic Nanovector is targeting the first data read-out from PARADIGME in 1H 2020, and the first regulatory filing is targeted for 2020. The company revised its timelines for PARADIGME in April based on a re-assessment of expected recruitment rates combined with a delay in gaining Clinical Trial Application approval in Norway, the latter of which is now resolved.

The company is confident that PARADIGME offers the most robust design to confirm the significant potential of Betalutin® and to generate the data needed to support regulatory submissions for Betalutin® to become an important new treatment option for 3L FL patients.

Archer-1 approved and underway: evaluating Betalutin® in combination with RTX in 2L FL

As mentioned above, the Archer-1 Phase 1b trial was approved to start in Norway in June and the company expects the first patient to be dosed in the second half of 2018.

Archer-1 is a Phase 1b open label dose-escalation study to assess the safety and preliminary activity of combining Betalutin® with RTX in 20-25 patients with relapsed/refractory FL who have received one or more prior therapies.

- Starting doses of Betalutin® and lilotomab are 10MBq/kg and 40mg/m^2, respectively, with the option to increase the Betalutin® dose to 15MBq/kg.
- Patients will receive Betalutin® followed by four weekly doses of RTX. Responding patients will go on to receive up to two years of maintenance RTX therapy.
- The primary endpoint is safety, and secondary endpoints include ORR, DoR, PFS and OS.

The rationale for Archer-1 is supported by preclinical data reported at ASH in December 2016 showing that treatment with the anti-CD37/anti-CD20 combination of Betalutin® and RTX significantly prolonged the survival time of mice compared to those receiving either agent alone.

Further supportive preclinical data for this combination was presented in June 2018 at the Inaugural AACR International Meeting: Advances in Malignant Lymphoma in the US. The data showed that Betalutin® reverses acquired resistance to anti-CD20 treatment in NHL cells by increasing the expression of the CD20 receptor on the surface of cells. The increase in CD20 receptors was found to re-sensitize the cells to the CD20 immunotherapies RTX (Rituxan®) and obinutuzumab (Gazyva®/Gazyvaro®), causing increased tumour cell death.

Should these effects be confirmed in Archer-1 and subsequent clinical trials, it would represent a novel dual immunotherapy approach for the treatment of patients with 2L FL.

Phase 1 study with Betalutin® in DLBCL advances to next dosing level

A Phase 1 study evaluating Betalutin® in patients with R/R diffuse large B-cell lymphoma (DLBCL) (LYMRIT 37-05) is ongoing. DLBCL is an aggressive form of NHL and accounts for up to 43 percent of all cases, making it the most common type of NHL.

The Safety Review Committee for the trial recently reviewed the data from the first two cohorts of patients and recommended proceeding with Betalutin® dose escalation to 15MBq/kg, with a lilotomab pre-dose of 100mg/m^2.

Patients in the first two dosing cohorts received 10MBq/kg Betalutin® following 60mg/m^2 and 100mg/m^2 lilotomab, respectively. Both dosing regimens were found to be well tolerated with no unexpected safety issues. As expected, 10MBq/kg Betalutin showed limited activity in this aggressive tumour type. The two, final dose-escalation cohorts will evaluate whether higher Betalutin® doses have a greater therapeutic potential, as shown in the LYMRIT 37-01 study.

Patients are currently being recruited into the next cohort and will receive 15MBq/kg Betalutin® following 100mg/m^2 lilotomab.

In May 2018, Nordic Nanovector presented a preclinical analysis of genetic factors that correlate with the responsiveness of NHL cell lines to Betalutin® at the European Hematology Association meeting in Sweden, which indicated the promising activity of Betalutin® against DLBCL cell lines.

Resources focused on Betalutin® development programmes

Following the revised timeline for PARADIGME and the need to conserve cash until data read-out, as announced in April, the company decided to focus its resources on this pivotal study and its other Betalutin® clinical trials. This decision has led to the company postponing the start of the first-in-human clinical trial with Humalutin®, a ^{177}Lu-conjugated chimeric anti-CD37 antibody, in NHL patients.

Management and Board changes

In June, Nordic Nanovector appointed Eduardo Bravo as its Chief Executive Officer following the departure of Luigi Costa, who stepped down as CEO by agreement with the Board of Directors in April. Nordic Nanovector CFO Tone Kvåle served as interim CEO between April and July 2018.

Mr Bravo brings more than 25 years' experience in the biopharmaceutical industry and a strong track record in leading and growing international biotech and pharmaceutical organisations. Most recently, Mr Bravo served as CEO of biopharmaceutical company TiGenix from 2012 until June 2018, prior to its acquisition by Takeda Pharmaceutical Co. Ltd announced in January 2018 for €520 million. At TiGenix, Mr Bravo led the development of the company through several successful financing rounds, as well as its NASDAQ IPO, and secured European marketing approval of its lead asset. He has also held several senior management positions at Sanofi-Aventis and SmithKline Beecham. Mr Bravo took up the CEO position at Nordic Nanovector on July 2nd.

Also, in June, Nordic Nanovector appointed Maureen Deehan, PhD, as Head of Corporate Development and Strategy to further strengthen the management team. Dr Deehan has 25 years' experience in business development, clinical development and translational biology. Prior to her appointment, Dr Deehan served for seven years at Novimmune, a Swiss biotech company developing antibody-based drugs for the treatment of inflammatory diseases, immune-related disorders and cancer.

Rainer Boehm, MD, was elected as a member of the Board of Directors at the Company's Annual General Meeting on May 30th. Mr Boehm is an oncology expert with nearly 30 years' product development, commercial and corporate development experience working at Novartis, where since 2014 he has held the role of Chief Commercial & Medical Affairs Officer of Novartis Pharma (Switzerland). During his tenure at Novartis, Mr Boehm oversaw commercial launches of various oncology brands in the US and globally including Femara®, Zometa®, Glivec®, among others. Mr Boehm is a member of the Board of Directors at Cellectis SA and Humanigen Inc.

Financial review

The interim consolidated financial statements for Nordic Nanovector Group[1] as of June 30th, 2018 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 2017 unless stated otherwise)

Revenues in the second quarter of 2018 amounted to NOK 0 (NOK 0.1 million). The company has terminated the agreement for sales of incubator services and sublease of office and laboratory facilities. Revenues for the first half of 2018 were NOK 0 (NOK 0.1 million).

Total operating expenses for the quarter came to NOK 84.5 million (NOK 76.3 million). Payroll and related expenses increased to NOK 19.8 million (NOK 16.9 million) due to increased number of employees and severance payment to previous CEO. This was partly balanced out by non-cash gain of forfeited options and PSUs due to

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

termination of employment contracts. Other expenses amounted to NOK 64.2 million during the quarter (NOK 59.1 million), the increase being driven by clinical trials and commercial preparation activities.

Total operating expenses for the first half of 2018 increased to NOK 166.8 million (NOK 142.1 million), primarily reflecting higher operational activities (start of PARADIGME and Archer-1).

Research and development (preclinical, clinical, medical affairs, regulatory and CMC activities) expenses accounted for 72.2 % of total operating expenses (71 %) for the first half of 2018.

Operating loss for the quarter was NOK 84.5 million (loss of NOK 76.3 million), for the reasons stated above.

Operating loss for the first half of 2018 was NOK 166.8 million (loss of NOK 142.0 million).

Net financial items for the quarter came to NOK 1.9 million (NOK 10.0 million), mainly reflecting the effect of currency fluctuations on bank deposits and interest income. Net financial items for the first half amounted to negative NOK 6.3 million (NOK 20.0 million), mainly due to non-cash negative currency fluctuations on bank deposits.

Nordic Nanovector's comprehensive loss for the quarter amounted to NOK 82.9 million (loss of NOK 66.3 million), due to the reasons stated above. Comprehensive loss for the first half was NOK 173.6 million (NOK 122.1 million).

Financial position

Total assets at June 30th, 2018, amounted to NOK 598.5 million, down from NOK 780.5 million at December 31st, 2017. The decline was primarily due to a lower cash holding following operational activities.

Total shareholders' equity at June 30th, 2018, was NOK 510.4 million (NOK 679.6 million at year end 2017), corresponding to an equity ratio of 85.3% (87.1% at year-end 2017).

Total liabilities at the end of the second quarter were NOK 88.1 million, down from NOK 100.9 million from year-end 2017, driven by payments of accounts payable and reduced accrual related to social security on previously granted options.

Cash flow

Net cash flow from operating activities in the second quarter and first half of 2018 was negative NOK 72.4 million (negative NOK 59.8 million) and negative NOK 177.5 million (negative NOK 121.8 million), respectively, mainly reflecting the impact of higher research and development activities and fluctuations in the working capital.

Net cash flow from investing activities in the second quarter and first half of 2018 was negative NOK 1.0 million (negative NOK 0.3 million) and negative NOK 1.6 million (negative NOK 0.3 million), respectively.

Net cash flow from financing activities for the second quarter and first half of 2018 was NOK 1.2 million caused by exercise of options.

Exchange rate fluctuations in the second quarter and first half of 2018 had an impact on cash and cash equivalents of NOK 0.8 million and negative NOK 8.6 million, respectively.

Cash and cash equivalents at June 30th, 2018 amounted to NOK 570.1 million, compared to NOK 641.5 million at the end of March 2018 and NOK 756.6 million at the end of December 2017.

Risks and uncertainties

Nordic Nanovector is currently in a development phase involving activities which entail exposure to various risks. Nordic Nanovector's strategy is to continuously identify and manage risks. There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2017.

Outlook

Nordic Nanovector aspires to become a leader in the field of targeted 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, has a highly differentiated, competitive, clinical profile for R/R FL, based on the promising results from the LYMRIT 37-01 Phase 1/2a clinical study. The company's pivotal Phase 2b PARADIGME trial with Betalutin® in 3L R/R FL is underway with initial clinical data read-outs targeted for 1H 2020 and subsequent filing in 2020 for marketing approval.

Betalutin® has been granted Fast Track designation in the US for the treatment of patients with R/R FL.

Nordic Nanovector intends to maximize the value of Betalutin® across other stages of FL, NHL and other haematological cancer indications.

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.

Current cash resources are expected to be sufficient to reach data read-out from PARADIGME in 1H 2020.

Responsibility Statement

The Board of Directors and the CEO of Nordic Nanovector ASA have today considered and approved the condensed financial statements as at June 30th, 2018 and for the six-month period ended June 30th, 2018. 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 June 30th, 2018 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 21st, 2018

The Board of Directors
Nordic Nanovector ASA

_____	_____
Ludvik Sandnes Chairman of the Board	Jean-Pierre Bizzari Board Member
_____	_____
Rainer Boehm Board Member	Joanna Horobin Board Member
_____	_____
Per Samuelsson Board Member	Gisela Schwab Board Member
_____	_____
Hilde Hermansen Steineger Board Member	Eduardo Bravo 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
		2018	2017	2018	2017	2017
Revenues		0	66	0	144	302
Total revenues		**0**	**66**	**0**	**144**	**302**
Payroll and related expenses	4, 5, 6	19 751	16 914	34 904	34 486	80 609
Depreciation		546	300	1 049	579	1 483
Other operating expenses	4, 6	64 216	59 128	130 828	107 042	234 732
Total operating expenses		**84 513**	**76 342**	**166 781**	**142 107**	**316 824**
Operating profit (loss)		**-84 513**	**-76 276**	**-166 781**	**-141 963**	**-316 522**
Net finance income (expense)	9	1 941	10 014	-6 327	19 979	23 089
Loss before income tax		**-82 572**	**-66 262**	**-173 108**	**-121 984**	**-293 433**
Income tax		-279	-122	-399	-207	-381
Loss for the period		**-82 851**	**-66 384**	**-173 507**	**-122 191**	**-293 814**
Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods						
Translation effects		-36	99	-124	136	86
Other comprehensive income (loss), net of income tax not to be reclassified to profit and loss in subsequent periods						
Re-measurement gains (losses) on defined benefit plans		0	0	0	0	-1 839
Total comprehensive income (loss) for the period		**-82 887**	**-66 285**	**-173 631**	**-122 055**	**-295 567**
Loss for the period attributable to owners of the company		-82 851	-66 384	-173 507	-122 191	-293 814
Total comprehensive income (loss) for the period attributable to owners of the company		-82 887	-66 285	-173 631	-122 055	-295 567
Earnings (loss) per share						
Basic and diluted earnings (loss) per share in NOK	8	-1.69	-1.35	-3.54	-2.49	-5.99

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	June 30th, 2018	December 31st, 2017
ASSETS			
Non-current assets			
Property, plant and equipment		4 817	4 174
Total property, plant and equipment		**4 817**	**4 174**
Current assets			
Receivables			
Other current receivables	4	23 533	19 726
Total receivables		**23 533**	**19 726**
Cash and cash equivalents		**570 130**	**756 571**
Total current assets		**593 663**	**776 297**
TOTAL ASSETS		**598 480**	**780 471**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7	9 817	9 809
Share premium	7	1 436 073	1 434 896
Other paid in capital	5, 6	47 797	44 551
Accumulated losses		-983 272	-809 642
Total shareholders' equity		**510 414**	**679 614**
Liabilities			
Non-current liabilities			
Net employee defined benefit liabilities		3 662	3 619
Total non-current liabilities		**3 662**	**3 619**
Current liabilities			
Accounts payable		24 502	29 317
Tax payable		637	467
Other current liabilities		59 265	67 454
Total current liabilities		**84 404**	**97 238**
Total liabilities		**88 066**	**100 857**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**598 480**	**780 471**

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 June 30th, 2018								
Amounts in NOK 1 000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Remeasure-ment gains (losses)**	**Total equity**
Balance at January 1st, 2017		**9 795**	**1 433 743**	**19 826**	**-513 623**	**-452**	**0**	**949 289**
Loss for the year					-293 814			-293 814
Other comprehensive income (loss) for the year net of income tax						86	-1 839	-1 753
Total comprehensive income for the year		**0**	**0**	**0**	**-293 814**	**86**	**-1 839**	**-295 567**
Recognition of share-based payments	5, 6			24 725				24 725
Issue of ordinary shares	7	0	0					0
Issue of ordinary shares under share options	5, 7	14	1 613					1 627
Share issue costs	7		-460					-460
Balance at December 31st, 2017		**9 809**	**1 434 896**	**44 551**	**- 807 437**	**-366**	**-1 839**	**679 614**
Loss for the period					-173 507			-173 507
Other comprehensive income (loss) for the year, net of income tax						-124	0	-124
Total comprehensive income for the year		**0**	**0**	**0**	**-173 507**	**-124**	**0**	**-173 631**
Recognition of share-based payments	5, 6			3 246				3 246
Issue of ordinary shares under share options and RSUs	5, 6, 7	8	1 188					1 196
Share issue costs			-11					-11
Balance at June 30th, 2018		**9 817**	**1 436 073**	**47 797**	**-980 944**	**-490**	**-1 839**	**510 414**

Amounts in NOK 1 000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Remeasure-ment gains (losses)**	**Total equity**
Balance at January 1st, 2017		**9 795**	**1 433 743**	**19 826**	**-513 623**	**-452**	**0**	**949 289**
Loss for the year					-122 191			-122 191
Other comprehensive income (loss) for the year net of income tax						136	0	136
Total comprehensive income for the year		**0**	**0**	**0**	**-122 191**	**136**	**0**	**-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			-459					-459
Balance at June 30th, 2017		**9 806**	**1 434 897**	**31 924**	**-635 814**	**-315**	**0**	**840 498**

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
		2018	2017	2018	2017	2017
Cash flow from operating activities						
Loss for the period before income tax		**-82 572**	**-66 262**	**-173 108**	**-121 984**	**-293 433**
Adjustments for:						
Interest received		-66	-38	-142	-77	-5 846
Share option and PSU expenses employees	5	-2 409	6 334	2 561	11 501	23 428
Restricted share units (RSUs) expenses	6	343	302	685	597	1 297
Taxes paid		0	-4	-211	-208	-291
Depreciation		546	300	1 049	597	1 483
Currency (gains) losses not related to operating activities		-797	-8 250	8 564	-16 681	-17 086
Changes in working capital and non-cash adjustments		12 523	7 821	-16 911	4 445	41 018
Net cash flow from operating activities		**-72 432**	**-59 797**	**-177 513**	**-121 828**	**-249 430**
Cash flow from investing activities						
Investments in property, plant and equipment and intangible assets		-1 021	-328	-1 692	-374	-2 513
Interests received		66	38	142	77	5 846
Net cash flow from investing activities		**-955**	**-290**	**-1 550**	**-297**	**3 333**
Cash flows from financing activities						
Net proceeds from equity issue	7	1 186	-78	1 186	-31 365	-32 635
Net cash flow from financing activities		**1 186**	**-78**	**1 186**	**-31 365**	**-32 635**
Effects of exchange rate changes on cash and cash equivalents		**797**	**8 250**	**-8 564**	**16 681**	**17 086**
Net change in bank deposits, cash and equivalents		-71 404	-51 915	-186 441	-136 809	-261 646
Cash and equivalents at beginning of period		641 534	933 323	756 571	1 018 217	1 018 217
Cash and equivalents at end of period		**570 130**	**881 408**	**570 130**	**881 408**	**756 571**

The interim financial information has not been subject to audit.

Notes to the condensed interim financial statements for the second quarter and first half 2018

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 and first half 2018 report are non-audited figures.

These financial statements were approved for issue by the board of directors on August 21th, 2018.

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 2017. 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, 2018, and Norwegian disclose requirements listed in the Norwegian Accounting Act. The interim consolidated condensed 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.

Standards issued but not yet effective

IFRS 16 Leases is effective for annual periods beginning on or after January 1st, 2019, with early application permitted. The Group plans to adopt the new standard on the required effective date using either the full retrospective or modified retrospective method. The new standard will impact the accounting of the lease agreements for office facilities in Oslo and Switzerland, which according to the new standard will be classified as a "right to use asset" and depreciated over estimated time of use (leasing term). It is expected that implementation of IFRS 16 will not have a material effect on the financial statements.

IFRS 9 Financial Instruments: The standard replaces IAS 36 Financial Instruments. Recognition and Measurement. The standard will have accounting effect from 1 January 2018 and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 will have no impact on the classification and measurement of the group's financial assets and hedge accounting.

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, 2017.

Note 4. Government grants

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

Amounts in NOK 1 000	Second Quarter		First Half Year	
	2018	2017	2018	2017
Payroll and related expenses	730	815	1 618	1 895
Other operating expenses	1 072	2 725	2 635	4 885

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

Amounts in NOK 1 000	June 30th, 2018	December 31st, 2017
Grants receivable	9 747	9 350

1) In 2016, the company received a new grant of up to NOK 15 million from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The project period is from 2016 to 2018. The purpose of the grant is to support research and development of novel targeted therapeutics for leukaemia and NHL. The grant will be distributed to the company over the course of three years. For the financial period ended June 30th, 2018, the company has recognised NOK 2.2 million (as of June 30th, 2017: NOK 2.5 million) classified partly as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

2) R&D projects have been approved for SkatteFUNN grants for the period 2017 through 2019. For the financial period ended June 30th, 2018, the company has recognised NOK 1.6 million compared to NOK 3.6 million for the same period in 2017. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

3) 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 June 30th, 2018, the company recognised NOK 0.4 million (June 30th, 2017: NOK 0.3 million) as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

4) The Research Council Eurostars 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 June 30th, 2017, the company recognised NOK 0.3 million partly as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses. The company has decided to discontinue the Affilutin project considering the current challenging market landscape in multiple myeloma, and concentrated efforts and resources on other leading discovery projects

Note 5. Employee share incentive programme

Performance Share Units (PSUs)

The Board of Directors of Nordic Nanovector ASA has on January 29th, 2018 decided to grant 216 550 PSUs to current and newly hired employees. On April 23rd, 2018 an additional 15 000 PSUs was granted.

Overview of outstanding PSUs

Amounts in NOK	Year to date 2018
	Number of PSUs
Balance at 1 January 2018	0
Granted during the year	231 550
Exercised during the year	0
Forfeited	-36 500
Balance at June 30th, 2018	**195 050**
Hereof vested PSUs	**0**

For further information about the PSU programme see note 13 to the company's annual accounts included in the company's annual report for 2017 and note 10 in this report.

Share options

Overview of outstanding options

Amounts in NOK	Year to date 2018	
	Number of options	Weighted average exercise price
Balance at January 1st, 2018	3 482 843	42.20
Granted during the year	0	-
Exercised during the year	-41 246	29.01
Forfeited	-418 565	52.86
Balance at June 30th, 2018	**3 023 032**	**40.90**
Hereof vested options	**2 261 061**	**34.31**

For further information about the share option programme see note 13 to the company's annual accounts included in the company's annual report for 2017.

Note 6. Restricted Stock Units (RSUs)

At the annual general meeting held on May 30th, 2018, 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 2018 to the annual general meeting in 2019, in the form of RSUs.

A total of 29 412 RSUs have thus been allocated following the annual general meeting held on May 30th, 2018. The RSUs will vest on May 30th, 2019.

Amounts in NOK	Year to date 2018
	Number of RSUs
Balance at January 1st, 2018	45 014
Granted during the year	29 412
Exercised during the year	0
Forfeited	0
Balance at June 30th, 2018	**74 426**
Hereof vested RSUs	**45 014**

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

Name	Remuneration for the period 2018-2019	Allocation between cash and RSUs	Number of RSUs for the period 2018-2019	Total number of RSUs outstanding	Total number of shares
Ludvik Sandnes	NOK 515 000	100% RSU	9 679	36 800	126 000
Per Samuelsson	NOK 345 000	100% Cash [1]	0	0	0
Hilde Hermansen Steineger	NOK 345 000	2/3 RSU	4 322	15 533	750
Gisela Schwab	NOK 305 000	100% RSU	5 732	8 678	7 054
Joanna Horobin	NOK 325 000	2/3 RSU	4 072	6 179	2 678
Jean-Pierre Bizzari	NOK 325 000	1/3 RSU	2 036	3 018	3 527
Rainer Boehm	NOK 285 000	2/3 RSU	3 571	3 571	-
Total			**29 412**	**73 779**	**140 009**

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

For further information about the RSU programme see note 12 to the company's annual accounts included in the company's annual report for 2017 and note 10 in this report.

Note 7. Share capital and shareholder information

The share capital as at June 30th, 2018 is NOK 9 817 130 (December 31st, 2017: NOK 9 808 880), being 49 085 648 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:	June 30th, 2018	December 31st, 2017
Ordinary shares at January 1st, 2018	**49 044 402**	**48 974 618**
Issue of ordinary shares under share options	1) 41 246	56 525
Issue of ordinary shares under RSUs	0	13 259
Ordinary shares	**49 085 648**	**49 044 402**

(1) A participant in Nordic Nanovector ASA's second share option programme exercised on June 27th, 2018 a total number of 41 246 options through exercise of a corresponding number of free-standing warrants at an average strike price of NOK 29.01 per share. The board of directors of the company approved the exercise of the options and resolved to increase the company's share capital by NOK 8 249.20 through the issuance of 41 246 new shares, each at a nominal or par value of NOK 0.20, against payment of a total subscription price of NOK 1 196 603.

The annual general meeting held on May 30th, 2018 (the "AGM") approved the company's share based incentive programme and authorised the board of directors to grant up to 600 000 PSUs to the company's employees. The AGM further resolved to issue up to 600 000 to free-standing warrants to employees that were awarded PSUs.

Nordic Nanovector ASA had 8 796 shareholders as at June 30th, 2018

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	5 445 833	11.10 %
2	Folketrygdfondet	2 776 506	5.66 %
3	OM Holding AS	2 295 857	4.68 %
4	Nordnet Livsforsikring AS	1 592 328	3.25 %
5	Linux Solutions Norge AS	845 071	1.72 %
6	Sciencons AS (Roy Hartvig Larsen)	750 000	1.53 %
7	Radiumhospitalets Forskningsstiftelse	689 518	1.41 %
8	State Street Bank and Trust Comp	682 568	1.39 %
9	Must Invest AS	625 000	1.27 %
10	Inven2 AS	541 247	1.10 %
11	VPF Nordea Avkastning	508 251	1.04 %
12	Roy Hartvig Larsen	501 777	1.02 %
13	Ro Invest AS	450 000	0.92 %
14	VPF Nordea Kapital	438 488	0.89 %
15	Birk Venture AS	410 000	0.84 %
16	Netfonds Livsforsikring AS	388 632	0.79 %
17	Myrild AS	300 000	0.61 %
17	KLP Aksje Norge	300 000	0.61 %
19	Nordnet Bank AB	293 079	0.60 %
20	Statoil Pensjon	292 701	0.60 %
	Total shares for top 20 shareholders	**20 126 856**	**41.00 %**
	Total shares for other 8 776 shareholders	28 958 792	59.00 %
	Total shares (8 796 shareholders)	**49 085 648**	**100.00 %**

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

Note 8. Earnings per share

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

Amounts in NOK	First Half 2018	First Half 2017
Loss for the period	-173 507 000	- 122 191 000
Average number of outstanding shares during the year	49 045 319	49 21 094
Earnings (loss) per share - basic and diluted	**-3.54**	**-2.49**

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 9. 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	Second Quarter		First Half Year		Full Year
	2018	2017	2018	2017	2017
Finance income	1 180	1 504	2 440	3 226	5 899
Finance expenses	0	1	1	1	10
Net currency gains (losses) on cash and cash equivalents	797	8 250	-8 564	16 681	17 086
Net other currency gains (losses) related to operating items	-36	261	-202	73	114
Net finance income (expense)	**1 941**	**10 014**	**-6 327**	**19 979**	**23 089**

Note 10. Subsequent events

Eduardo Bravo has been appointed as its Chief Executive Officer. On joining Nordic Nanovector July 2nd, Mr Bravo was granted 250 000 PSUs (performance share units) and the company's Board of Directors has undertaken to grant him a further 50 000 PSUs as part of the company's annual grant of PSUs in the first quarter of 2019.

On July 3rd, 2018, three of the board members of Nordic Nanovector ASA, Gisela Schwab, Joanna Horobin and Jean-Pierre Bizzari, decided to settle a total number of 6 035 RSUs that were issued to them in June 2017 after they had elected to receive all or part of their remuneration for the period from the annual general meeting in 2017 to the annual general meeting in 2018 in RSUs. Each RSU gives the right to subscribe for one share in the Company at a subscription price of NOK 0.20. Gisela Schwab, Joanna Horobin and Jean-Pierre Bizzari have subscribed for 2 946 new shares, 2 107 new shares and 982 new shares, respectively.

The Board of Directors of the Company has, to fulfil the Company's obligations under the RSU agreements, resolved to issue 6 035 new shares at a subscription price of NOK 0.20 per share giving a total subscription amount of NOK 1 207. The Company's registered share capital will, following issuance of the new shares, increase by NOK 1 207. Subsequent to the issuance of the new shares, the Company's registered share capital will be NOK 9 818 336.60 divided into 49 091 683 shares, each with a nominal value of NOK 0.20.

After the issuance of the new shares, the three board members have the following holding of shares and RSUs in the Company:

Name	Total number of RSUs	Total number of shares
Gisela Schwab	5 732	10 000
Joanna Horobin	4 072	4 785
Jean-Pierre Bizzari	2 036	4 509

On July 3rd, 2018, The Board of Directors also resolved to grant 20 000 performance share units (PSUs) to new employees who are not primary insiders under the Company's equity incentive plan that was approved at the Company's annual general meeting on May 30th, 2018 (the "AGM"). In accordance with the resolution at the AGM the PSUs will be secured by a corresponding number of free-standing warrants.

Additional information

Glossary of terms

1L, 2L, 3L: First, second and third line of treatment

(A)SCT: (Autologous) stem cell transplant

ADC: Antibody-Drug-Conjugate

AHCP: Allied Healthcare Professional

AML: Acute Myeloid Leukemia

APAC: Asia-Pacific

ARC: Antibody-Radionuclide-Conjugate

ARCHER-1: Name of Nordic Nanovector's combination study; Betalutin® and rituximab

ASH: American Society of Hematology

Authorized User: Physician authorized to prescribe and administer a radiopharmaceutical drug

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 specialized 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

chHH1: Chimeric version of the HH1 antibody

CLL: Chronic Lymphocytic Leukemia

CR: Complete Response

DLBCL: Diffuse Large B-Cell Lymphoma

DoR: Duration of Response

EANM: European Association of Nuclear Medicine

EMA: European Medicines Agency

EMEA: Europe, Middle East, and Africa

FDA: Food and Drug Administration (US)

FDG PET/CT: Positron emission tomography with 2-deoxy-2-[fluorine-18]fluoro- D-glucose integrated with computed tomography

FL: Follicular Lymphoma

GMP: Good Manufacturing Practice

Haem-Oncs: Haematologist-oncologist

HCP: Healthcare Professional

HH1: Lilotomab

Humalutin®: Chimeric anti-CD37 ARC

ICML: International Conference on Malignant Lymphoma

IND: Investigational New Drug

iNHL: Indolent non-Hodgkin Lymphoma

KI: Kinase Inhibitor

KOL: Key Opinion Leader

LCM: Life-cycle management

Lilotomab (llo): Betalutin® consists of the radionuclide lutetium-177 conjugated to the B-cell seeking anti-CD37 antibody lilotomab

Lu-177: Radionuclide lutetium-177

M.D: Medical Doctor

mAb: Monoclonal antibody

MBq: Megabecquerel (radioactivity measurement unit)**CL:** Mantle Cell Lymphoma

Medicare: US government reimbursement programme for insured elderly

MedOnc: Medical oncologist

MoA: Mechanism of Action

MSL: Medical science liaison

nASCT: Not eligible for autologous stem cell transplant

NCCN: National Comprehensive Cancer Network

NDA: New Drug Application

NET: Neuroendocrine tumour

NHL: Non-Hodgkin's Lymphoma

NM: Nuclear medicine specialist

NNV003: Chimeric anti-CD37 antibody developed by Nordic Nanovector

ODD: Orphan Drug Designation

ORR: Overall Response Rate (CR plus PR)

OS: Overall Survival

PARADIGME: name of Nordic Nanovector's pivotal Phase 2b study

PD: Progressive Disease

PFS: Progression Free Survival

Pi3K: Phosphoinositide 3-kinase; class of Pi3K inhibitors include idelalisib, copanlisib, duvelisib

PR: Partial Response

PRA: PRA Health Sciences, a clinical research and data analytics company

QoL: Quality of Life

R/R: Relapsed/refractory

R: Rituximab

RadOnc: Radiation oncologist

R-Benda/R-B/RB: Rituximab, bendamustine

R-Chemo: Combination treatment consisting of rituximab plus one (i.e., bendamustine, fludarabine) or more (i.e., CHOP, CVP) chemotherapy agents

R-CHOP: Rituximab, hydroxydaunorubicin (doxorubicin), oncovin (vincristine), prednisolone

R-CVP: Rituximab, cyclophosphamide, vincristine, prednisone

RIT: Radioimmunotherapy

R-Squared: Combination treatment consisting of rituximab plus lenalidomide

SAB: Scientific Advisory Board

SD: Stable Disease

SPECT/CT: Single photon emission computed tomography (SPECT) integrated with computed tomography (CT)

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

TKI: Tyrosine Kinase Inhibitor

TPP: Target Product Profile

TTR: Time to Recurrence

US: United States

Financial calendar

Q2 2018 results: (webcast)	August 22nd, 2018
Q2 2018 results: (Norwegian presentation)	August 23rd, 2018
Q3 2018 results:	November 21st, 2018
Q4 2018 results:	February 2019

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

In accordance with its new corporate disclosure policies, the company will introduce a two-week quiet period ahead of its full year and quarterly results announcements. During the quiet periods, the company will not participate in meetings, seminars or engage with external individuals or groups (including analysts, investors, media).

The quiet periods for the remainder of 2018 are as follows and end on the date of the company's results.

Q2 results: August 8th – 22nd
Q3 results: November 7th – 21st

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Forward–looking statements

This report contains 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", "targets", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statement There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in these forward-looking statements. Factors that could cause these differences include, but are not limited to, risks associated with implementation of Nordic Nanovector's strategy, risks and uncertainties associated with the development and/or approval of Nordic Nanovector's products candidates, ongoing and future clinical trials and expected trial results, the ability to commercialise Betalutin®, technology changes and new products in Nordic Nanovector's potential market and industry, Nordic Nanovector's freedom to operate (competitors patents) in respect of the products it develops, the ability to develop new products and enhance existing products, the impact of competition, changes in general economy and industry conditions, and legislative, regulatory and political factors No assurance can be given that such expectations will prove to have been correct Nordic Nanovector disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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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-conjugate designed to advance the treatment of non-Hodgkin's 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. Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin® in core markets.