

## Third Quarter Report 2019



**Q3 2019**

## Highlights

- Updated analysis from Phase 1/2a LYMRIT 37-01 trial of Betalutin® in relapsed/refractory follicular lymphoma (R/R FL) presented at R&D Day (September)
  - Median duration of response of 13.6 months for all responders and 32.0 months for complete responders (vs 9.0 and 20.7 months, respectively, reported at ASH 2018)
  - Median follow-up time for responders of 30.0 months (range: 12.0 - 60.7 months)
- Pivotal Phase 2b PARADIGME trial of Betalutin® in advanced, recurrent and CD20 antibody treatment refractory 3L FL is progressing
  - 87 sites in 24 countries open for enrolment as of November 18<sup>th</sup>, 2019
  - Patient enrolment is expected to be completed in the second half of 2020
- Phase 1b Archer-1 trial of Betalutin® in combination with rituximab (RTX) in patients with R/R 2<sup>nd</sup> line FL (2L FL) advanced to second cohort
  - 100% ORR (3/3 CRs) observed in the first patient cohort
- Promising preclinical results with Alpha37 for B-cell tumours presented at EANM conference by partner Orano Med
  - Alpha37 project received grant funding of EUR 0.6 million from Eurostars
- Approximately NOK 243 million (USD 26.4m) (gross) raised in private placement of new shares (announced October 18<sup>th</sup>) providing additional funds to support the continued clinical development of Betalutin® (including completion of enrolment of PARADIGME and all ongoing clinical trials), manufacturing and other activities in preparation for the commercialisation of Betalutin®
- Dr Gabriele Elbl appointed as VP Global Regulatory Affairs to drive the company's Regulatory Affairs strategy

**Eduardo Bravo, CEO, commented:** “We are encouraged with the clinical results emerging from the different clinical trials with Betalutin® in NHL. As stated by key opinion leaders in the field during the R&D Day hosted by Nordic Nanovector in September, the emerging profile of Betalutin® is unique and very competitive. There are many patients who suffer from these devastating diseases who lack effective, safe and convenient treatment options. We remain fully committed to deliver on our timelines to bring this novel product to the market as quickly as possible.”

## Key figures Nordic Nanovector Group

| Amounts in MNOK<br>(except earnings/loss per share)     | Third Quarter |              | Year to date  |               | Full Year     |
|---------------------------------------------------------|---------------|--------------|---------------|---------------|---------------|
|                                                         | 2019          | 2018         | 2019          | 2018          | 2018          |
| Total revenues                                          | 0.0           | 0.0          | 0.0           | 0.0           | 0.0           |
| Total operating expenses                                | 100.2         | 76.9         | 301.1         | 243.7         | 340.0         |
| Operating profit (loss)                                 | -100.2        | -76.9        | -301.1        | -243.7        | -340.0        |
| Net financial items                                     | 6.5           | 1.5          | 6.0           | -4.8          | 3.0           |
| <b>Total comprehensive income (loss) for the period</b> | <b>-93.6</b>  | <b>-75.4</b> | <b>-295.6</b> | <b>-249.1</b> | <b>-336.8</b> |
| <b>Basic and diluted earnings (loss) per share</b>      | <b>-1.70</b>  | <b>-1.54</b> | <b>-5.45</b>  | <b>-5.08</b>  | <b>-6.88</b>  |
| <b>Number of employees</b>                              | <b>46</b>     | <b>40</b>    | <b>46</b>     | <b>40</b>     | <b>38</b>     |
| Net change in bank deposits, cash and equivalents       | -97.6         | -70.5        | -94.2         | -256.9        | -316.5        |
| Cash and equivalents at beginning of period             | 443.5         | 570.1        | 440.1         | 756.6         | 756.6         |
| <b>Cash and equivalents at end of period</b>            | <b>345.9</b>  | <b>499.7</b> | <b>345.9</b>  | <b>499.7</b>  | <b>440.1</b>  |

## Operational review

### Introduction

Nordic Nanovector is developing, and aims to commercialise, its wholly owned lead candidate Betalutin® (<sup>177</sup>Lu-satetraxetan-lilotomab) as a new, targeted one-time treatment for patients with non-Hodgkin's lymphoma (NHL).

Betalutin® has been designed to offer a new chemotherapy-free treatment modality for NHL patients, many of whom become resistant to rituximab (RTX)-based regimens. Betalutin® is a radioimmunotherapy that targets the CD37 receptor on the surface of B-cell malignancies, which represents an alternative tumour target to CD20 upon which the current standard-of-care NHL therapies (such as RTX) are focused. It has been reported that 40-60% of NHL patients treated with an RTX-containing regimen are either refractory to therapy or develop resistance within five years<sup>1</sup>.

Nordic Nanovector believes that by targeting the significant unmet needs in follicular lymphoma (FL) and diffuse large B-cell lymphoma (DLBCL), the two largest NHL types, it could access a market opportunity worth nearly USD 5 billion per year with Betalutin®.

The company's priority is to develop Betalutin® as a one-time treatment for advanced recurrent FL, the most common form of indolent NHL (iNHL). Following the encouraging efficacy and safety profile demonstrated in the first part of the LYMRIT-37-01 Phase 1/2 trial, two Betalutin® dosing regimens are being compared in a pivotal, global, randomised Phase 2b trial in 3L FL (PARADIGME) to identify the best regimen and support the application for market authorisation. The company expects to complete enrolment of patients into PARADIGME during the second half of 2020 and expects the data read-out from the trial a few months later.

Based on the LYMRIT-37-01 trial data, Betalutin® has been granted Fast Track designation (June 2018) by the FDA in the US for the treatment of (R/R) FL after at least two prior systemic therapies and Promising Innovative Medicine (PIM) designation in the UK (October 2018) for the treatment of patients with advanced R/R FL. Betalutin® received Orphan Drug designation for FL in the US and Europe in 2014.

Betalutin® in combination with RTX has shown promising anti-tumour activity and increased survival in preclinical NHL models and this combination is now being investigated as a novel dual immunotherapy approach in 2L FL in the Phase 1b Archer-1 trial. The success of this programme could pave the way for Betalutin® to improve outcomes in patients with 2L FL and access a larger patient population within recurrent FL than 3L FL alone.

The company is also advancing a Phase 1 trial (LYMRIT 37-05) of single-agent Betalutin® in patients with R/R DLBCL, an aggressive form of NHL and the most common NHL subtype.

In addition, the company has finalised the discovery phase of its Alpha37 R&D collaboration with Orano Med. Alpha37 leverages Nordic Nanovector's chimeric anti-CD37 antibody, NNV003, chelated with the alpha-particle generating radionuclide <sup>212</sup>Pb; preparations for an IND application for potential treatment of NHL and chronic lymphocytic leukemia (CLL) are now advancing. Eurostars funding was recently awarded to the company for this project.

### Clinical results highlight strong clinical profile of Betalutin® in R/R FL

Clinical results to-date from the LYMRIT 37-01 trial demonstrate that a single administration of Betalutin® is well-tolerated and indicates encouraging anti-tumour activity in patients with recurrent iNHL, especially in FL and marginal zone lymphoma (MZL).

Updated results from LYMRIT-37-01 were presented most recently in a poster at the 60<sup>th</sup> American Society of Hematology (ASH) Annual Meeting (December 2018). The published dataset included 74 heavily pre-treated elderly patients with advanced-stage disease; all patients received Betalutin® and had six or more months of follow-up.

The results from this study shows that Betalutin® treatment was well-tolerated, with the most common adverse events reported being transient Grade 3/4 neutropenia and thrombocytopenia, with limited non-haematologic toxicity.

Encouraging anti-tumour activity was seen in recurrent iNHL patients (n=74, Overall response rate ORR 61%, Complete response CR 28%), especially in the subset of FL patients (n=57) who received two or more previous treatments.

Updated analysis on the median duration of response (mDoR) was presented at the company's R&D Day in September. With a median follow-up time for responders of 30.0 months (range: 12.0 - 60.7 months), the mDoR had increased to 13.6 months for all responders and 32.0 months for complete responders (vs 9.0 and 20.7 months, respectively, reported at ASH 2018).

Follow-up for mDoR is still ongoing.

### **PARADIGME update**

Based on the results of LYMRIT-37-01, two promising Betalutin® dosing regimens were identified and are being compared in PARADIGME, a pivotal, global, randomised Phase 2b trial in relapsed, RTX/anti-CD20 antibody refractory FL patients who have received two or more prior therapies.

The dosing regimens are:

- 15 MBq/kg Betalutin® with a pre-dose of 40 mg iliotomab, and
- 20 MBq/kg Betalutin® with a pre-dose of 100 mg/m<sup>2</sup> iliotomab

The primary endpoint for the trial is ORR and secondary endpoints include DoR, progression-free survival (PFS), overall survival (OS), safety and quality of life.

PARADIGME is currently open for enrollment at 87 sites in 24 countries (as of November 18<sup>th</sup>) and the company's intention is to add more clinical centers to ensure that the recruitment forecast is reached. Despite a slower than expected start, PARADIGME is now recruiting in line with the company's revised expectations and in line with previous clinical trials in similar patient populations. The company aims to complete recruitment of the targeted 130 patients in 2H 2020.

The company, working with the trial Contract Research Organisation (CRO), has initiated a suite of actions to meet this enrolment target. Specific actions include applying key learnings from high-recruiting sites, increased visits by senior management, other site engagement programmes and intensified efforts to raise the profile of PARADIGME and Betalutin® within the haematology community.

An interim analysis for futility for PARADIGME is targeted for 1H 2020.

### **Archer-1 progressing: a novel dual-targeting approach by Betalutin® + RTX in 2L FL**

Betalutin® and RTX used in combination significantly prolonged overall survival in a pre-clinical mouse model of NHL compared to treatment with either agent alone<sup>2</sup>, possibly by reversing downregulation of CD20 and resistance to RTX. The combination of anti-CD37 and anti-CD20 modalities could therefore represent a novel dual immunotherapy approach for the treatment of 2L FL patients, and the use of chemotherapy could potentially be avoided or delayed.

The company believes Betalutin® has great potential as a treatment for 3L FL and that the combination of Betalutin® with RTX could benefit FL patients in earlier stages of therapy based on these encouraging preclinical results. For 2L relapsed FL this could mean access to a market worth an estimated USD 1.5 billion per year<sup>4</sup>, more than twice of the opportunity in 3L R/R FL, the priority indication for single-agent Betalutin® in PARADIGME.

To assess the clinical safety and preliminary activity of this combination, Nordic Nanovector initiated Archer-1, a Phase 1b open-label, single-arm, multi-centre dose-escalation trial in 20–25 patients with R/R 2L FL.

In May, following a review of safety data from the first cohort of three patients receiving 10 MBq/kg Betalutin® with a pre-dose of 40 mg lilotomab, the trial was advanced into the second cohort of 3-6 patients for whom the Betalutin® dose was increased to 15 MBq/kg.

At the R&D Day in September, the company disclosed results from the first cohort following an evaluation for preliminary efficacy in which all three patients had a complete response (ORR 100%). The full data read out from this Phase 1b study is expected in the second half of 2020.

### **Phase 1 trial with Betalutin® in DLBCL – additional patients to be recruited**

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 most widely used first-line treatment regimen for DLBCL is rituximab-CHOP (cyclophosphamide, doxorubicin, vincristine and prednisone). However, approximately 40% of patients relapse following 1L therapy, and only 30-40% of relapsed patients respond with subsequent high-dose chemotherapy followed by stem cell transplant (SCT)<sup>3</sup>. There are currently very few therapeutic options for patients not eligible for SCT, which makes relapsed DLBCL a serious unmet medical need. The number of diagnosed cases of DLBCL in the US and Europe in 2016 that relapse after 1L and 2L treatment was approximately 18,000 and 10,000, respectively<sup>4</sup>.

DLBCL tumour cells express CD37 on their surfaces and this offers a clear rationale for investigating Betalutin® as a single-administration therapy for R/R DLBCL, a market opportunity worth approximately USD 2.7 billion per year.

LYMRIT 37-05 is a Phase 1 open-label, single-arm, dose-escalation trial designed to assess the safety, tolerability, pharmacokinetic profile and preliminary anti-tumour activity of Betalutin® in up to 24 patients with R/R DLBCL not eligible for SCT. The trial aims to identify a single dosing regimen for testing in an expansion cohort.

Preliminary results of the LYMRIT 37-05 trial are expected in 2H 2019.

### **New preclinical data with Betalutin® in DLBCL to be presented at ASH 2019**

In December, Nordic Nanovector will present a poster at the 61<sup>st</sup> Annual ASH meeting. Previously (EHA poster in 2018), a screen of more than 50 different NHL cell lines identified some cell lines that were resistant to Betalutin®. Two of the cell lines were the double-hit/double-expressor ABC-DLBCL cell lines RIVA and U2932. In the poster to be presented at ASH these two cell lines have been used in a new screen where Betalutin® has been combined with 384 different anti-cancer drugs to identify the Betalutin®/drug combinations that could revert the resistance.

### **Manufacturing and supply chain management**

With PARADIGME underway, Nordic Nanovector is increasing its focus and investment in its pre-commercialisation CMC (Chemistry, Manufacturing and Controls) strategy. As part of this strategy, the company has established and is validating the manufacturing and supply chain for Betalutin®, which involves experienced manufacturers in Norway and internationally, including the Institute for Energy Technology (IFE) and Diatec in Norway and 3P Biopharmaceuticals and Praxis in Spain.

In September, the company signed a long-term agreement with Isotope Technologies Garching GmbH (ITG) to ensure the supply of high quality, no-carrier-added (n.c.a.) lutetium-177, a key component of Betalutin® for R&D, clinical and commercial uses.

### **New funds raised to support clinical development and pre-commercialisation activities for Betalutin®**

In October, Nordic Nanovector successfully raised approximately NOK 243 million (USD 26.4 million) in gross proceeds through a private placement of 11,023,892 new shares to institutional investors in Norway and internationally. The company intends to use the new funds, alongside its existing cash resources, to support the

continued clinical development of Betalutin® (including completion of enrolment of PARADIGME and all ongoing clinical trials), manufacturing and other activities in preparation for the commercialisation of Betalutin®.

### Encouraging preclinical results with CD37-targeting alpha-therapy emerging from R&D collaboration

The company has an R&D collaboration underway with Orano Med to develop and investigate Alpha37, a next-generation targeted alpha therapy comprising Nordic Nanovector's chimeric anti-CD37 antibody (NNV003) with the alpha-particle generator lead-212 (<sup>212</sup>Pb), for the treatment of B-cell malignancies.

Alpha-emitting radionuclides have demonstrated good potential for targeted cancer therapies because the high energy of the alpha-particles is limited to a very short distance (50–100 µm or a few cell diameters) resulting in localised cytotoxicity while sparing surrounding healthy tissues. The development of Alpha37 therefore offers the potential to treat leukaemias and lymphomas where there is no substantial tumour mass and tumour cells are near healthy tissues.

In October, Nordic Nanovector and its collaborators at Orano Med presented data and analyses from preclinical studies with Alpha37 for the treatment of leukaemia and lymphoma at the 2019 Annual Congress of the European Association of Nuclear Medicine (EANM) in Barcelona, Spain. In the study, the efficacy of Alpha37 was superior to ibrutinib in a CLL mouse model. Ibrutinib is a Bruton's tyrosine kinase (BTK) inhibitor that forms part of the standard of care for chronic lymphocytic leukaemia (CLL) and NHL, alongside chemotherapy and anti-CD20 immunotherapy. The study showed that a single injection of Alpha37 is safe and effective for the treatment of CD37-positive CLL and NHL in preclinical models, with promising efficacy in an ibrutinib-resistant CLL model.

Preparations for an IND application for potential treatment of NHL and chronic lymphocytic leukaemia (CLL) are now advancing. Nordic Nanovector has received grant funding of EUR 0.6 million from Eurostars, a Europe-wide R&D funding programme, to advance the Alpha37 programme.

### References

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

<sup>2</sup>Repetto-Llamazares, A.H.V. et al. *Combination of <sup>177</sup>Lu-lilotomab with rituximab significantly improves the therapeutic outcome in preclinical models of non-Hodgkin's lymphoma*. *Eur. J. Haematol.*, 2018 Oct;101(4):522-531.

<sup>3</sup>Raut, L.S. and Chakrabarti, P.P.: *Management of relapsed-refractory diffuse large B cell lymphoma (2014)* *South Asian J. Cancer* 3(1): 66–70

<sup>4</sup>Decision Resources, *Non-Hodgkin's Lymphoma* 2015

## Financial review

The interim consolidated financial statements for Nordic Nanovector Group<sup>1</sup> as of September 30<sup>th</sup>, 2019 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 2018 unless stated otherwise)*

Revenues in the third quarter of 2019 amounted to NOK 0.0 million (NOK 0.0 million). Revenues for the first nine months of 2019 were NOK 0.0 (NOK 0.0 million).

Total operating expenses for the quarter came to NOK 100.2 million (NOK 76.9 million). Payroll and related expenses were NOK 24.4 million (NOK 21.2 million), reflecting the increase of employees from 40 at the end of third quarter 2018 to 46 at the end of third quarter 2019. Other expenses amounted to NOK 72.2 million during the quarter (NOK 55.1 million). The increase being driven by clinical trials and manufacturing development activities for Betalutin®.

<sup>1</sup> "the group" embraces Nordic Nanovector ASA ("the parent company" or "the company") and its wholly owned subsidiaries

Total operating expenses for the first nine months of 2019 increased to NOK 301.1 million (NOK 243.7 million), primarily reflecting higher operational activities including scale-up and process validation as part of the pre-commercialisation of CMC (Chemistry, Manufacturing and Controls) strategy.

Research and development (preclinical, clinical, medical affairs, regulatory and CMC activities) expenses accounted for 78 % of total operating expenses in the first nine months of 2019 (73%).

Operating loss for the quarter was NOK 100.2 million (loss of NOK 76.9 million), for the reasons stated above. Operating loss for the first nine months of 2019 was NOK 301.1 million (loss of NOK 243.7 million).

Net financial items for the quarter came to NOK 6.5 million (NOK 1.5 million), mainly reflecting the effect of currency fluctuations and interests on bank deposits. Net financial items for the first nine months amounted to NOK 6.0 million (negative NOK 4.8 million) for the reasons stated above.

Nordic Nanovector's comprehensive loss for the quarter amounted to NOK 93.6 million (loss of NOK 75.4 million), due to the reasons stated above. Comprehensive loss for the first nine months was NOK 295.6 million (NOK 249.1 million).

### **Financial position**

Total assets at September 30<sup>th</sup>, 2019, amounted to NOK 402.1 million, down from NOK 473.6 million at December 31<sup>st</sup>, 2018. The decrease was primarily due to lower cash and cash equivalents position.

Total shareholders' equity at September 30<sup>th</sup>, 2019, was NOK 297.3 million (NOK 363.2 million at year-end 2018), corresponding to an equity ratio of 73.9% (76.7 % at year-end 2018).

Total liabilities at the end of the third quarter were NOK 104.8 million, down from NOK 110.4 million from year-end 2018, driven by decrease of accounts payable and other current liabilities.

### **Cash flow**

Net cash flow from operating activities in the third quarter and first nine months of 2019 was negative NOK 99.6 million (negative NOK 71.5 million) and negative NOK 310.1 million (negative NOK 249.0 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 third quarter and first nine months of 2019 was negative NOK 0.3 million (negative NOK 0.4 million) and negative NOK 0.1 million (negative NOK 1.9 million), respectively.

Net cash flow from financing activities for the third quarter of 2019 was negative NOK 2.9 (NOK 1.0 million), caused by change in lease liability. Net cash flow from financing activities for the first nine months of 2019 was NOK 213.9 (NOK 2.2 million) mainly due to the private placement and repair issue generating gross of NOK 225 million in proceeds announced in the first quarter 2019.

Exchange rate fluctuations in the third quarter and first nine months of 2019 of NOK 5.1 million and NOK 2.1 million, respectively.

Cash and cash equivalents amounted to NOK 345.9 million at the end of September 2019, compared to NOK 499.7 million at the end of September 2018 and NOK 440.1 million at the end of December 2018.

### **New funds raised to support clinical development and pre-commercialisation activities for Betalutin®**

In October, Nordic Nanovector successfully raised approximately NOK 243 million (USD 26.4 million) in gross proceeds through a private placement of 11,023,892 new shares to institutional investors in Norway and internationally.

### **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 risk factors which are described in the annual report for 2018 and published on the company's website: [www.nordicnanovector.com](http://www.nordicnanovector.com)

## Outlook

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

Betalutin®, the company's most advanced radioimmunotherapy candidate, is developing a highly differentiated, competitive, clinical profile. Nordic Nanovector is confident that Betalutin® could become an attractive and convenient once-only therapeutic option, which, based on detailed market research, has the potential to be commercially successful.

Betalutin® is being developed for recurrent FL, based on the promising results from the LYMRIT 37-01 Phase 1/2 clinical trial. The company's pivotal Phase 2b PARADIGME trial with Betalutin® in 3L R/R FL is underway. Patient enrolment is expected to be completed in the second half of 2020. The study's preliminary data read-out is planned a few months later. A BLA filing to gain marketing approval for Betalutin® is expected in the first half of 2021. Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin® in core markets.

Nordic Nanovector intends to maximize the value of Betalutin® across the major types of NHL (FL and DLBCL) and in earlier treatment lines in combination with standard treatments. The company is also evaluating opportunities with other CD37-targeting radioimmunotherapies across NHL and other haematological cancer indications.

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

| Amounts in NOK 1 000                                                                                                        | Note     | Third Quarter   |                | Year to date    |                 | Full Year       |
|-----------------------------------------------------------------------------------------------------------------------------|----------|-----------------|----------------|-----------------|-----------------|-----------------|
|                                                                                                                             |          | 2019            | 2018           | 2019            | 2018            | 2018            |
| Revenues                                                                                                                    |          | 0               | 0              | 0               | 0               | 0               |
| <b>Total revenues</b>                                                                                                       |          | <b>0</b>        | <b>0</b>       | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| Payroll and related expenses                                                                                                | 4, 5, 10 | 24 428          | 21 191         | 66 524          | 56 095          | 79 208          |
| Depreciation                                                                                                                |          | 3 565           | 597            | 8 192           | 1 646           | 2 252           |
| Other operating expenses                                                                                                    | 4, 6, 10 | 72 161          | 55 127         | 226 370         | 185 955         | 258 553         |
| <b>Total operating expenses</b>                                                                                             |          | <b>100 154</b>  | <b>76 915</b>  | <b>301 086</b>  | <b>243 696</b>  | <b>340 013</b>  |
| <b>Operating profit (loss)</b>                                                                                              |          | <b>-100 154</b> | <b>-76 915</b> | <b>-301 086</b> | <b>-243 696</b> | <b>-340 013</b> |
| Net finance income (expense)                                                                                                | 9, 10    | 6 528           | 1 540          | 6 003           | -4 787          | 3 041           |
| <b>Loss before income tax</b>                                                                                               |          | <b>-93 626</b>  | <b>-75 375</b> | <b>-295 083</b> | <b>-248 483</b> | <b>-336 972</b> |
| Income tax                                                                                                                  |          | -247            | -145           | -644            | -544            | -800            |
| <b>Loss for the period</b>                                                                                                  |          | <b>-93 873</b>  | <b>-75 520</b> | <b>-295 727</b> | <b>-249 027</b> | <b>-337 772</b> |
| <b>Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods</b>     |          |                 |                |                 |                 |                 |
| Translation effects                                                                                                         |          | 285             | 89             | 100             | -35             | 369             |
| <b>Other comprehensive income (loss), net of income tax not to be reclassified to profit and loss in subsequent periods</b> |          |                 |                |                 |                 |                 |
| Re-measurement gains (losses) on defined benefit plans                                                                      |          | 0               | 0              | 0               | 0               | 633             |
| <b>Total comprehensive income (loss) for the period</b>                                                                     |          | <b>-93 588</b>  | <b>-75 431</b> | <b>-295 627</b> | <b>-249 062</b> | <b>-336 770</b> |
| <b>Loss for the period attributable to owners of the company</b>                                                            |          | <b>-93 873</b>  | <b>-75 520</b> | <b>-295 727</b> | <b>-249 027</b> | <b>-337 772</b> |
| <b>Total comprehensive income (loss) for the period attributable to owners of the company</b>                               |          | <b>-93 588</b>  | <b>-75 431</b> | <b>-295 627</b> | <b>-249 062</b> | <b>-336 770</b> |
| <b>Earnings (loss) per share</b>                                                                                            |          |                 |                |                 |                 |                 |
| Basic and diluted earnings (loss) per share in NOK                                                                          | 8        | -1.70           | -1.54          | -5.45           | -5.08           | -6.88           |

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 2019     | 31.12 2018     |
|---------------------------------------------------|------|----------------|----------------|
| <b>ASSETS</b>                                     |      |                |                |
| <b>Non-current assets</b>                         |      |                |                |
| Property, plant and equipment                     |      | 3 127          | 4 082          |
| Right-of-use-assets                               | 10   | 18 967         | 0              |
| <b>Total non-current assets</b>                   |      | <b>22 094</b>  | <b>4 082</b>   |
| <b>Current assets</b>                             |      |                |                |
| <b>Receivables</b>                                |      |                |                |
| Other current receivables                         | 4    | 34 131         | 29 435         |
| <b>Total receivables</b>                          |      | <b>34 131</b>  | <b>29 435</b>  |
| <b>Cash and cash equivalents</b>                  |      | <b>345 910</b> | <b>440 069</b> |
| <b>Total current assets</b>                       |      | <b>380 041</b> | <b>469 504</b> |
| <b>TOTAL ASSETS</b>                               |      | <b>402 135</b> | <b>473 586</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |      |                |                |
| <b>Shareholders' equity</b>                       |      |                |                |
| Share capital                                     | 7    | 11 024         | 9 886          |
| Share premium                                     | 7    | 812 641        | 593 399        |
| Other paid in capital                             | 5, 6 | 65 683         | 56 320         |
| Accumulated losses                                |      | -592 039       | -296 412       |
| <b>Total shareholders' equity</b>                 |      | <b>297 309</b> | <b>363 193</b> |
| <b>LIABILITIES</b>                                |      |                |                |
| <b>Non-current liabilities</b>                    |      |                |                |
| Lease liability                                   | 10   | 7 662          | 0              |
| Net employee defined benefit liabilities          |      | 3 637          | 3 371          |
| <b>Total non-current liabilities</b>              |      | <b>11 299</b>  | <b>3 371</b>   |
| <b>Current liabilities</b>                        |      |                |                |
| Accounts payable                                  |      | 27 705         | 34 040         |
| Tax payable                                       |      | 682            | 804            |
| Other current liabilities                         | 10   | 65 140         | 72 178         |
| <b>Total current liabilities</b>                  |      | <b>93 527</b>  | <b>107 022</b> |
| <b>Total liabilities</b>                          |      | <b>104 826</b> | <b>110 393</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> |      | <b>402 135</b> | <b>473 586</b> |

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 30.09.2019                                   |         |               |                |                                     |                    |                     |                              |                 |
|-------------------------------------------------------------------|---------|---------------|----------------|-------------------------------------|--------------------|---------------------|------------------------------|-----------------|
| Amounts in NOK 1 000                                              | Note    | Share capital | Share premium  | Equity-settled share-based payments | Accumulated losses | Translation effects | Remeasurement gains (losses) | Total equity    |
| <b>Balance at 31.12.2017</b>                                      |         | 9 809         | 1 434 896      | 44 551                              | - 807 437          | -366                | -1 839                       | 679 614         |
| Loss for the period                                               |         |               |                |                                     | -337 772           |                     |                              | -337 772        |
| Other comprehensive income (loss) for the year, net of income tax |         |               |                |                                     |                    | 369                 | 633                          | 1 002           |
| <b>Total comprehensive income for the period</b>                  |         | <b>0</b>      | <b>0</b>       | <b>0</b>                            | <b>-337 772</b>    | <b>369</b>          | <b>633</b>                   | <b>-336 770</b> |
| Recognition of share-based payments                               | 5, 6    |               |                | 11 769                              |                    |                     |                              | 11 769          |
| Issue of ordinary shares under share options and RSUs             | 5, 6, 7 | 77            | 8 599          |                                     |                    |                     |                              | 8 676           |
| Share issue costs                                                 |         |               | -96            |                                     |                    |                     |                              | -96             |
| Reclassification of accumulated losses                            |         |               | -850 000       |                                     | 850 000            |                     |                              | 0               |
| <b>Balance at 31.12.2018</b>                                      |         | <b>9 886</b>  | <b>593 399</b> | <b>56 320</b>                       | <b>-295 209</b>    | <b>3</b>            | <b>-1 206</b>                | <b>363 193</b>  |
| Loss for the period                                               |         |               |                |                                     | -295 727           |                     |                              | -295 727        |
| Other comprehensive income (loss) for the year, net of income tax |         |               |                |                                     |                    | 100                 |                              | 100             |
| <b>Total comprehensive income for the period</b>                  |         | <b>0</b>      | <b>0</b>       | <b>0</b>                            | <b>-295 727</b>    | <b>100</b>          | <b>0</b>                     | <b>-295 627</b> |
| Recognition of share-based payments                               | 5, 6    |               |                | 9 363                               |                    |                     |                              | 9 363           |
| Issue of ordinary shares                                          | 7       | 1 002         | 224 544        |                                     |                    |                     |                              | 225 546         |
| Issue of ordinary shares under share options and RSUs             | 5, 6, 7 | 136           | 15 450         |                                     |                    |                     |                              | 15 586          |
| Share issue costs                                                 |         |               | -20 752        |                                     |                    |                     |                              | -20 752         |
| <b>Balance at 30.09.2019</b>                                      |         | <b>11 024</b> | <b>812 641</b> | <b>65 683</b>                       | <b>-590 936</b>    | <b>103</b>          | <b>-1 206</b>                | <b>297 309</b>  |

  

| Amounts in NOK 1 000                                              | Note | Share capital | Share premium    | Equity-settled share-based payments | Accumulated losses | Translation effects | Remeasurement gains (losses) | Total equity    |
|-------------------------------------------------------------------|------|---------------|------------------|-------------------------------------|--------------------|---------------------|------------------------------|-----------------|
| <b>Balance at 31.12.2017</b>                                      |      | 9 809         | 1 434 896        | 44 551                              | - 807 437          | -366                | -1 839                       | 679 614         |
| Loss for the period                                               |      |               |                  |                                     | -249 027           |                     |                              | -249 027        |
| Other comprehensive income (loss) for the year, net of income tax |      |               |                  |                                     |                    | -35                 | 0                            | -35             |
| <b>Total comprehensive income for the period</b>                  |      | <b>0</b>      | <b>0</b>         | <b>0</b>                            | <b>-249 027</b>    | <b>-35</b>          | <b>0</b>                     | <b>-249 062</b> |
| Recognition of share-based payments                               | 5, 6 |               |                  | 7 525                               |                    |                     |                              | 7 525           |
| Issue of ordinary shares under share options and RSUs             | 5, 6 | 16            | 2 230            |                                     |                    |                     |                              | 2 246           |
| Share issue costs                                                 |      |               | -38              |                                     |                    |                     |                              | -38             |
| <b>Balance at 30.09.2018</b>                                      |      | <b>9 825</b>  | <b>1 437 088</b> | <b>52 076</b>                       | <b>-1 056 464</b>  | <b>-401</b>         | <b>-1 839</b>                | <b>440 285</b>  |

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       |
|----------------------------------------------------------------------|------|----------------|----------------|-----------------|-----------------|-----------------|
|                                                                      |      | 2019           | 2018           | 2019            | 2018            | 2018            |
| <b>Cash flow from operating activities</b>                           |      |                |                |                 |                 |                 |
| Loss for the period before income tax                                |      | -93 626        | -75 375        | -295 083        | -248 483        | -336 972        |
| Adjustments for:                                                     |      |                |                |                 |                 |                 |
| Interests paid                                                       |      | 215            | 0              | 525             | 0               | 0               |
| Interest received                                                    |      | -263           | -60            | -726            | -202            | -4 570          |
| Share option and PSU expenses employees                              | 5    | 3 079          | 3 873          | 8 214           | 6 434           | 10 271          |
| Restricted share units (RSUs) expenses board                         | 6    | 285            | 406            | 1 150           | 1 091           | 1 498           |
| Taxes paid                                                           |      | -13            | -155           | -333            | -366            | -487            |
| Depreciation                                                         |      | 3 565          | 597            | 8 192           | 1 646           | 2 252           |
| Currency (gains) losses not related to operating activities          |      | -5 130         | -341           | -2 146          | 8 223           | 866             |
| Changes in working capital and non-cash adjustments                  |      | -7 708         | -437           | -29 876         | -17 348         | 515             |
| <b>Net cash flow from operating activities</b>                       |      | <b>-99 596</b> | <b>-71 492</b> | <b>-310 083</b> | <b>-249 005</b> | <b>-326 627</b> |
| <b>Cash flow from investing activities</b>                           |      |                |                |                 |                 |                 |
| Investments in property, plant and equipment and intangible assets   |      | -518           | -411           | -871            | -2 103          | -2 159          |
| Interests received                                                   |      | 263            | 60             | 726             | 202             | 4 570           |
| <b>Net cash flow from investing activities</b>                       |      | <b>-255</b>    | <b>-351</b>    | <b>-145</b>     | <b>-1 901</b>   | <b>2 411</b>    |
| <b>Cash flows from financing activities</b>                          |      |                |                |                 |                 |                 |
| Net proceeds from equity issue                                       | 7    | 92             | 1 022          | 220 380         | 2 208           | 8 580           |
| Change in lease liabilities                                          |      | -2 778         | 0              | -5 932          | 0               | 0               |
| Interests paid                                                       |      | -215           | 0              | -525            | 0               | 0               |
| <b>Net cash flow from financing activities</b>                       |      | <b>-2 901</b>  | <b>1 022</b>   | <b>213 923</b>  | <b>2 208</b>    | <b>8 580</b>    |
| <b>Effects of exchange rate changes on cash and cash equivalents</b> |      | <b>5 130</b>   | <b>341</b>     | <b>2 146</b>    | <b>-8 223</b>   | <b>-866</b>     |
| Net change in bank deposits, cash and equivalents                    |      | -97 622        | -70 480        | -94 159         | -256 921        | -316 502        |
| Cash and equivalents at beginning of period                          |      | 443 532        | 570 130        | 440 069         | 756 571         | 756 571         |
| <b>Cash and equivalents at end of period</b>                         |      | <b>345 910</b> | <b>499 650</b> | <b>345 910</b>  | <b>499 650</b>  | <b>440 069</b>  |

The interim financial information has not been subject to audit.

## Notes to the condensed interim financial statements for the third quarter 2019

### 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 are non-audited figures.

These financial statements were approved for issue by the board of directors on November 18<sup>th</sup>, 2019.

### 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 2018. 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 1<sup>st</sup>, 2019, and Norwegian disclosure 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.

#### IFRS 16 Leases (effective from 1 January 2019)

IFRS 16 supersedes IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

Lessees are required to account for most leases under a single on-balance sheet model, and the distinction between operating and finance leases for lessees as was required by IAS 17 has been eliminated. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17.

In accordance with IFRS 16, the group recognises a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset), and recognises depreciation of the right-of-use assets separately from interest on lease liabilities in the income statement.

The group has made the following accounting policy choices:

- Leases with a lease term of 12 months or shorter are not capitalised (short-term leases).
- Low-value leases, meaning mainly leased office equipment, are not capitalised.
- Fixed non-lease components embedded in the lease contract are separated and hence not recognised as lease liabilities or capitalised as right-of-use assets.
- Right-of-use assets and non-current lease liabilities are presented separately in the statement of financial position.

The group has further elected to apply the modified retrospective approach for transition to IFRS 16, meaning that comparatives for 2018 are not restated and the cumulative effect of initially applying the standard has been recognised as an adjustment to the opening balance of equity as of 1 January 2019. Right-of-use assets and liabilities have been measured at the same amount.

- Discount rate has been estimated to 2.9% for rental of facilities and 5.25% for office machines based on an evaluation of incremental borrowing rate.
- The group did not have any lease agreement classified as financial lease as of December 31<sup>st</sup> 2018.

## **New accounting principles**

### **Right-of-use assets**

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

### **Lease liabilities**

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

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

### **Short-term leases and leases of low-value assets**

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

### **Incremental borrowing rate**

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

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

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

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

**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 31<sup>st</sup>, 2018.

**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         | Third Quarter |       | Year to date |       |
|------------------------------|---------------|-------|--------------|-------|
|                              | 2019          | 2018  | 2019         | 2018  |
| Payroll and related expenses | 408           | 401   | 1 427        | 2 020 |
| Other operating expenses     | 1 305         | 2 462 | 6 330        | 5 097 |

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

| Amounts in NOK 1 000 | 30.09.2019 | 31.12.2018 |
|----------------------|------------|------------|
| Grants receivable    | 13 284     | 7 827      |

- 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 August 2019. 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 and eight months. For the financial period ended September 30<sup>th</sup>, 2019, the company has recognised NOK 1.5 million (as of September 30<sup>th</sup>, 2018: NOK 2.9 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 2020. For the financial period ended September 30<sup>th</sup>, 2019, the company has recognised NOK 5.7 million compared to NOK 3.6 million for the same period in 2018. 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 2.2 million. For the financial period ended September 30<sup>th</sup>, 2019, the company recognised NOK 0.4 million (September 30<sup>th</sup>, 2018: NOK 0.6 million) partly as a reduction of payroll and related expenses and other operating expenses.
- 4) In 2019, The Research Council awarded miscellaneous de minimis aid year to date 2019 up to NOK 0.2 million. For the financial period ended September 30<sup>th</sup>, 2019, the company recognised NOK 0.2 million (September 30<sup>th</sup>, 2018: NOK 0.0 million) partly as a reduction of payroll and related expenses and other operating expenses.

## Note 5. Employee share incentive programmes

### Performance Share Units (PSUs)

The Board of Directors of Nordic Nanovector ASA decided on January 31<sup>st</sup>, 2019 to grant 259 000 PSUs to current and newly hired employees. On May 23<sup>rd</sup> an additional 10 000 were granted to a new employee.

### Overview of outstanding PSUs

|                              | Year to date 2019 |
|------------------------------|-------------------|
|                              | Number of PSUs    |
| Balance at 01.01.2019        | 461 250           |
| Granted during the period    | 269 000           |
| Exercised during the period  | 0                 |
| Forfeited                    | -37 500           |
| <b>Balance at 30.09.2019</b> | <b>692 750</b>    |
| <b>Hereof vested PSUs</b>    | <b>0</b>          |

For further information about the PSU programme see note 6.3.1 to the company's annual accounts included in the company's annual report for 2018.

### Share options

### Overview of outstanding options

|                              | Year to date 2019 |                                      |
|------------------------------|-------------------|--------------------------------------|
|                              | Number of options | Weighted average exercise price, NOK |
| Balance at 01.01.2019        | 2 659 174         | 43.09                                |
| Granted during the year      | 0                 | 0                                    |
| Exercised during the year    | -630 420          | 24.72                                |
| Forfeited                    | -216 517          | 60.47                                |
| <b>Balance at 30.09.2019</b> | <b>1 812 237</b>  | <b>47.41</b>                         |
| <b>Hereof vested options</b> | <b>1 541 384</b>  | <b>42.99</b>                         |

For further information about the share option programme see note 6.3.3 to the company's annual accounts included in the company's annual report for 2018.

## Note 6. Restricted Stock Units (RSUs)

### Allocation of restricted stock units (RSUs) to the board of directors May 10<sup>th</sup>, 2019

At the AGM, 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 2019 to the annual general meeting in 2020, in the form of RSUs.

The RSUs are non-transferable and each RSU give 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 share) 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 is calculated as the NOK amount of the RSU opted portion of total compensation to the board member, divided by the market price for the Nordic Nanovector share. The market price is calculated as volume weighted average share price 10 trading days prior to the date of the AGM, i.e. NOK 45.76.

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

| Name                | Remuneration for the period 2019-2020 | Allocation between cash and RSUs | Number of RSUs for the period 2019-2020 | Total number of RSUs | Total number of shares |
|---------------------|---------------------------------------|----------------------------------|-----------------------------------------|----------------------|------------------------|
| Jan H. Egberts      | NOK 540 000 <sup>1</sup>              | 2/3 RSUs                         | 7 867                                   | 7 867                | 0                      |
| Per Samuelsson      | NOK 360 000 <sup>2</sup>              | 100% Cash <sup>3</sup>           | 0                                       | 0                    | 0                      |
| Hilde H.Steineger   | NOK 360 000 <sup>4</sup>              | 2/3 RSUs                         | 5 245                                   | 20 778               | 750                    |
| Gisela Schwab       | NOK 320 000 <sup>5</sup>              | 1/3 RSUs                         | 2 331                                   | 2 331                | 15 732                 |
| Joanna Horobin      | NOK 340 000 <sup>6</sup>              | 2/3 RSUs                         | 4 953                                   | 4 953                | 8 857                  |
| Jean-Pierre Bizzari | NOK 340 000 <sup>7</sup>              | 1/3 RSUs                         | 2 477                                   | 2 477                | 6 545                  |
| Rainer Boehm        | NOK 320 000 <sup>8</sup>              | 1/3 RSUs                         | 2 331                                   | 5 902                | 0                      |

1. NOK 500 000 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 300 000 as board member, NOK 40 000 as chair of the compensation committee and NOK 20 000 as a member of the audit committee.

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 300 000 as board member, NOK 40 000 as chair of the audit committee and NOK 20 000 as a member of the compensation committee.

5. NOK 300 000 as board member and NOK 20 000 as member of the clinical committee.

6. NOK 300 000 as board member, NOK 20 000 as member of the clinical committee and NOK 20 000 as member of the compensation committee.

7. NOK 300 000 as board member and NOK 40 000 as chair of the clinical committee.

8. NOK 300 000 as board member and NOK 20 000 as member of the clinical committee.

A total of 25 204 RSUs have thus been allocated following the AGM. The RSUs will vest on 25 April 2020.

### Overview of outstanding RSUs

|                              | Year to date 2019 |
|------------------------------|-------------------|
|                              | Number of RSUs    |
| Balance at 01.01.2019        | 68 391            |
| Granted during the year      | 25 204            |
| Exercised during the year    | -45 961           |
| Forfeited                    | -2 679            |
| <b>Balance at 30.09.2019</b> | <b>44 955</b>     |
| <b>Hereof vested RSUs</b>    | <b>19 751</b>     |

For further information about the RSU programme see note 6.3.2 to the company's annual accounts included in the company's annual report for 2018.

## Note 7. Share capital and shareholder information

The share capital as at September 30<sup>th</sup>, 2019 is NOK 11 023 894 (December 31<sup>st</sup>, 2018: NOK 9 886 189), being 55 119 471 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: | Note | 30.09.2019        | 31.12.2018        |
|----------------------------------------------------------------------|------|-------------------|-------------------|
| Ordinary shares at beginning of the period                           |      | 49 430 945        | 49 044 402        |
| Issue of ordinary shares <sup>1)</sup>                               |      | 5 012 145         | 0                 |
| Issue of ordinary shares under share options <sup>2)</sup>           | 5    | 630 420           | 380 508           |
| Issue of ordinary shares under RSUs <sup>3)</sup>                    | 6    | 45 961            | 6 035             |
| <b>Ordinary shares at end of the period</b>                          |      | <b>55 119 471</b> | <b>49 430 945</b> |

<sup>1)</sup> On January 25<sup>th</sup>, 2019 the company raised approximately NOK 222 million in gross proceeds through a private placement of 4 943 094 new shares. The Private Placement was completed at a subscription price of NOK 45 per share, which was determined through an accelerated book-building process. The company's carried out a repair offering of 69 051 new shares and raised gross proceeds of approximately NOK 3.1 million in March 2019.

<sup>2)</sup> Participants in Nordic Nanovector ASA's previous share option program, not being primary insiders, exercised a total number of 630 420 options through exercise of a corresponding number of free-standing warrants. Each free-standing warrant gives the right to receive one share in the company.

<sup>3)</sup> On May 31<sup>st</sup>, 2019 three of the board members of Nordic Nanovector ASA, resolved to settle a total number of 11 840 RSUs that were issued to them in June 2018 after they had elected to receive all or part of their remuneration for the period from the annual general meeting in 2018 to the annual general meeting in 2019 in RSUs. In addition, a former board member has during the first half 2019 resolved to settle 34 121 RSUs that the Company previously issued as remuneration under the RSU-program. Each RSU gives the right to subscribe for one share in the Company at a subscription price of NOK 0.20.

**Nordic Nanovector ASA had 8 672 shareholders as at September 30<sup>th</sup>, 2019**

|    | Shareholders                                | Number of shares  | Percentage of total shares |
|----|---------------------------------------------|-------------------|----------------------------|
| 1  | HealthCap VI L.P.                           | 5 710 833         | 10.36 %                    |
| 2  | Folketrygdfondet                            | 3 046 954         | 5.53 %                     |
| 3  | OM Holding AS                               | 2 589 797         | 4.70 %                     |
| 4  | Nordnet Livsforsikring AS                   | 1 618 901         | 2.94 %                     |
| 5  | Linux Solutions Norge AS                    | 845 071           | 1.53 %                     |
| 6  | Sciencons AS (Roy Hartvig Larsen)           | 725 000           | 1.32 %                     |
| 7  | Must Invest AS                              | 700 000           | 1.27 %                     |
| 8  | VPF Nordea Kapital                          | 685 807           | 1.24 %                     |
| 9  | Radiumhospitalets Forskningsstiftelse       | 639 518           | 1.16 %                     |
| 10 | VPF Nordea Avkastning                       | 592 251           | 1.07 %                     |
| 11 | Inven2 AS                                   | 541 247           | 0.98 %                     |
| 12 | SEB Prime Solutions Sissener Canopus        | 500 000           | 0.91 %                     |
| 13 | Ro Invest AS                                | 472 222           | 0.86 %                     |
| 14 | Roy Hartvig Larsen                          | 454 801           | 0.83 %                     |
| 15 | Birk Venture AS                             | 450 000           | 0.82 %                     |
| 16 | Nordnet Bank AB                             | 415 302           | 0.75 %                     |
| 17 | UBS Switzerland AG                          | 413 688           | 0.75 %                     |
| 18 | Interactive Brokers LLC                     | 401 321           | 0.73 %                     |
| 19 | KLP Aksje Norge                             | 362 500           | 0.66 %                     |
| 20 | Equinor Pensjon                             | 325 874           | 0.59 %                     |
|    | <b>Total shares for top 20 shareholders</b> | <b>21 491 087</b> | <b>39.00 %</b>             |
|    | Total shares for other 8 652 shareholders   | 33 628 384        | 61.00 %                    |
|    | <b>Total shares (8 672 shareholders)</b>    | <b>55 119 471</b> | <b>100.00 %</b>            |

The shares of Nordic Nanovector ASA have been traded on the Oslo Stock Exchange since March 23<sup>rd</sup>, 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                                       | Year to date 2019 | Year to date 2018 |
|------------------------------------------------------|-------------------|-------------------|
| Loss for the period                                  | -295 726 000      | - 249 027 000     |
| Average number of outstanding shares during the year | 54 253 422        | 49 061 456        |
| <b>Earnings (loss) per share - basic and diluted</b> | <b>-5.45</b>      | <b>-5.08</b>      |

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                                         | Third Quarter |              | Year to date |               | Full Year    |
|--------------------------------------------------------------|---------------|--------------|--------------|---------------|--------------|
|                                                              | 2019          | 2018         | 2019         | 2018          | 2018         |
| Finance income                                               | 1 078         | 1 070        | 3 875        | 3 510         | 4 584        |
| Finance expenses                                             | 270           | 0            | 724          | 1             | 2            |
| Net currency gains (losses) on cash and cash equivalents     | 5 130         | 341          | 2 146        | -8 223        | -866         |
| Net other currency gains (losses) related to operating items | 590           | 129          | 706          | -73           | -675         |
| <b>Net finance income (expense)</b>                          | <b>6 528</b>  | <b>1 540</b> | <b>6 003</b> | <b>-4 787</b> | <b>3 041</b> |

Finance expenses year to date September 2019 include interest expenses on lease liabilities of NOK 0.5 million, as an effect of IFRS 16.

**Note 10. IFRS 16 Leases****The effects of adoption of IFRS 16**

The group has lease contracts related to external production facilities at one of the CMO's manufacturing sites, office facilities and offices machines. Before the adoption of IFRS 16 Leases 1 January 2019, the group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. As of December 31<sup>st</sup>, 2018 the group had no agreements that classified as financial lease. In an operating lease, the leased asset was not capitalised, and the lease payments were recognised in the income statement on a straight-line basis over the lease terms. Any prepaid rent and accrued rent were recognised under other current receivables and accounts payables, respectively. Upon adoption of IFRS 16, the group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases where it is the lessee, except for short-term leases and leases of low-value assets. The tables below show the impacts arising from IFRS 16 on the opening balance and for the first nine months of 2019.

**Implementation effect of IFRS 16 as per January 1<sup>st</sup>, 2019.**

| Consolidated statement of financial position<br>Amounts in NOK 1 000 | 31.12 2018 | Implementation<br>effect of IFRS 16 | 01.01 2019 |
|----------------------------------------------------------------------|------------|-------------------------------------|------------|
| <b>Non-current assets</b>                                            |            |                                     |            |
| Property, plant and equipment                                        | 4 082      | 6 631                               | 10 713     |
| <b>Non-current liabilities</b>                                       |            |                                     |            |
| Lease liability                                                      | 0          | 5 136                               | 5 136      |
| <b>Current liabilities</b>                                           |            |                                     |            |
| Other current liabilities                                            | 72 178     | 1 495                               | 73 673     |

| <b>Reconciliation of lease commitments to lease liabilities</b>         |              |
|-------------------------------------------------------------------------|--------------|
| <b>Amounts in NOK 1 000</b>                                             |              |
| Finance lease liabilities at 31.12.2018                                 | 0            |
| +/- Sublease reclassifications and short-term lease exemptions          | 0            |
| Non-cancellable operating lease commitments at 31.12.2018               | 3 980        |
| + Extension options reasonably certain to be exercised                  | 3 111        |
| - Discounting using the incremental borrowing rate                      | -460         |
| <b>Lease liabilities recognised at initial application 01.01.2019</b>   | <b>6 631</b> |
| The weighted average incremental borrowing rate applied:                | 3,1%         |
| <b>Right-of-use assets recognized at initial application 01.01.2019</b> | <b>6 631</b> |
| <b>Amount recognised in retained earnings at initial application</b>    | <b>0</b>     |

| <b>Interim consolidated income statement</b><br>Amounts in NOK 1 000 | <b>Year to date 2019</b> | <b>Impact</b>  | <b>Year to date 2019</b> |
|----------------------------------------------------------------------|--------------------------|----------------|--------------------------|
|                                                                      | <b>IFRS 16</b>           | <b>IFRS 16</b> | <b>IAS 17</b>            |
| Revenues                                                             | 0                        | 0              | 0                        |
| <b>Total operating revenue</b>                                       | <b>0</b>                 | <b>0</b>       | <b>0</b>                 |
| Payroll and related expenses                                         | 66 524                   | 0              | 66 524                   |
| Depreciation                                                         | 8 192                    | -6 366         | 1 826                    |
| Other operating expenses                                             | 226 370                  | 6 457          | 232 827                  |
| <b>Total operating expenses</b>                                      | <b>301 086</b>           | <b>91</b>      | <b>301 177</b>           |
| <b>Operating profit (loss)</b>                                       | <b>-301 086</b>          | <b>-91</b>     | <b>-301 177</b>          |
| <b>Finance income and finance expenses</b>                           |                          |                |                          |
| Finance income                                                       | 14 282                   | 0              | 14 282                   |
| Finance expenses                                                     | 8 279                    | -525           | 7 754                    |
| <b>Financial items, net</b>                                          | <b>6 003</b>             | <b>525</b>     | <b>6 528</b>             |
| <b>Loss before income tax</b>                                        | <b>-295 083</b>          | <b>434</b>     | <b>-294 649</b>          |

| <b>Interim consolidated statement of financial position</b><br>Amounts in NOK 1 000 | <b>30.09.2019</b> | <b>Impact IFRS 16</b> | <b>30.09.2019</b> |
|-------------------------------------------------------------------------------------|-------------------|-----------------------|-------------------|
|                                                                                     | <b>IFRS 16</b>    |                       | <b>IAS 17</b>     |
| Total non-current assets                                                            | 22 094            | -18 967               | 3 127             |
| Total non-current receivables                                                       | 0                 | 0                     | 0                 |
| Total current assets                                                                | 34 131            | 0                     | 34 131            |
| Cash and cash equivalents                                                           | 345 910           | 0                     | 345 910           |
| <b>TOTAL ASSETS</b>                                                                 | <b>402 135</b>    | <b>-18 967</b>        | <b>383 168</b>    |
| Total shareholders' equity                                                          | 297 309           | 434                   | 297 743           |
| Total non-current liabilities                                                       | 11 299            | -7 662                | 3 637             |
| Total current liabilities                                                           | 93 527            | -11 739               | 81 788            |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                                   | <b>402 135</b>    | <b>-18 967</b>        | <b>383 168</b>    |

**Note 11. Subsequent events****New funds raised to support clinical development and pre-commercialisation activities for Betalutin®**

In October, Nordic Nanovector successfully raised approximately NOK 243 million (USD 26.4 million) in gross proceeds through a private placement of 11,023,892 new shares to institutional investors in Norway and internationally. The company intends to use the new funds, alongside its existing cash resources, to support the continued clinical development of Betalutin® (including completion of enrolment of PARADIGME and all ongoing clinical trials), manufacturing and other activities in preparation for the commercialisation of Betalutin®.

## Additional information

### Glossary of terms

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

**ADC:** Antibody-Drug-Conjugate

**ARC:** Antibody-Radionuclide-Conjugate

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

**ASH:** American Society of Hematology

**B-cell:** A type of lymphocyte (white blood cell) in the humoral immunity of the body's adaptive immune system. Can be distinguished from other lymphocytes by the presence of a protein on the B-cell's outer surface known as a B cell receptor (BCR). This 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)

**FL:** Follicular Lymphoma

**GMP:** Good Manufacturing Practice

**Haem-Oncs:** Haematologist-oncologist

**HH1:** Lilotomab

**Humalutin®:** Chimeric anti-CD37 ARC

**IND:** Investigational New Drug

**iNHL:** Indolent non-Hodgkin Lymphoma

**KI:** Kinase Inhibitor

**KOL:** Key Opinion Leader

**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)

**MCL:** Mantle Cell Lymphoma

**MSL:** Medical science liaison

**MZL:** Marginal zone lymphoma

**NDA:** New Drug Application

**NHL:** Non-Hodgkin's Lymphoma

**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 trial

**PD:** Progressive Disease

**PFS:** Progression Free Survival

**PI3K:** Phosphoinositide 3-kinase; class of PI3K inhibitors include idelalisib, copanlisib, duvelisib

**PR:** Partial Response

**QoL:** Quality of Life

**R/R:** Relapsed/refractory

**R:** Rituximab

**RIT:** Radioimmunotherapy

**RTX:** Rituximab

**SAB:** Scientific Advisory Board

**SCT:** Stem cell transplant

**SD:** Stable Disease

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

**TAT11:** 11th International Symposium on Targeted-Alpha-Therapy

**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

**TRP11:** Targeted Radiopharmaceuticals Summit

**US:** United States

## Financial calendar

|                         |                  |
|-------------------------|------------------|
| Q4 and FY 2019 results: | 27 February 2020 |
| Q1 2020 results:        | 26 May 2020      |
| Q2 and 1H 2020 results: | 27 August 2020   |
| Q3 2020 results:        | 19 November 2020 |

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 has introduced 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).

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## Forward-looking statements

This report contains certain forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances, since they relate to events and depend on circumstances that will occur in the future and which, by their nature, will have an impact on Nordic Nanovector's business, financial condition and results of operations. The terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "targets", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. These forward-looking statements are not historic facts. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in the forward-looking statements. Factors that could cause these differences include, but are not limited to, risks associated with implementation of Nordic Nanovector's strategy, risks and uncertainties associated with the development and/or approval of Nordic Nanovector's product candidates, ongoing and future clinical trials and expected trial results, the ability to commercialise Betalutin®, technology changes and new products in Nordic Nanovector's potential market and industry, Nordic Nanovector's freedom to operate (competitors patents) in respect of the products it develops, the ability to develop new products and enhance existing products, the impact of competition, changes in general economy and industry conditions, and legislative, regulatory and political factors. No assurance can be given that such expectations will prove to have been correct. Nordic Nanovector disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Notes

## Notes

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## 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<sup>®</sup>, a novel CD37-targeting radioimmunotherapy 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 29 billion by 2026. Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin<sup>®</sup> in core markets.