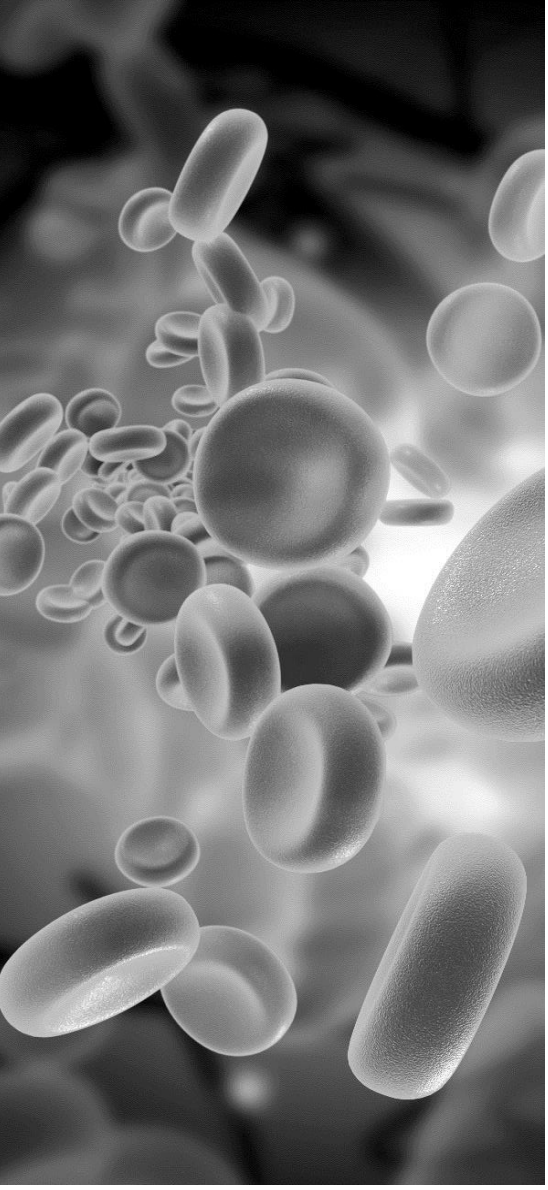


Second Quarter and First Half 2016 Report

Nordic Nanovector ASA

NORDIC NANOVECTOR

Q2'16 Highlights

- **Clinical study on Betalutin® in follicular lymphoma on track**
  - Patients enrolment according to schedule to meet timelines for selection of optimal dose regimen for the pivotal Phase 2 PARADIGME trial
  - Recruitment of sites is complete
- **Updated clinical results presented in April continue to show Betalutin®'s promising efficacy and increasing Duration of Response**
  - Strong Overall Response Rate (ORR) and Complete Response (CR) in the entire patient population increases in Phase 2 cohort; further increase in Duration of Response (DoR)
  - Highly favourable, predictable and manageable safety profile
- **Preparations towards initiation of clinical studies of Betalutin® in second NHL indication**
  - Received clearance of the Investigational New Drug (IND) application from the US Food and Drug Administration (FDA)
- **Progress on advancing platform to deliver future pipeline products**
  - R&D collaborations entered with Paul Scherrer Institute (PSI) and AREVA Med to develop new ARCs targeting leukaemias
- **New Chief Medical Officer signed on**
- **Board of Directors strengthened further with international experts in development and commercialization of innovative cancer therapies**
  - Dr. Renee P. Tannenbaum and Jean-Pierre Bizzari, MD, elected at the Annual General Meeting in May

Events after Q2'16

- **Completed recruitment of the first cohorts of Arm 3 and Arm 4 of expanded Phase 1/2 study of Betalutin® in NHL patients**

Key figures

Amounts in MNOK (except earnings/loss per share)	Second Quarter		First half year		Full Year
	2016	2015	2016	2015	2015
Total revenue	0.1	0.1	0.2	0.2	0.4
Total operating expenses	48.1	51.2	100.9	87.1	183.5
Operating profit (loss)	-48.1	-51.1	-100.7	-86.9	-183.1
Net financial items	-3.0	3.4	-14.3	5.5	10.4
Total comprehensive income (loss) for the period	**-51.1**	**-47.7**	**-115.2**	**-81.4**	**-173.1**
Basic and diluted earnings (loss) per share	**-1.15**	**-1.09**	**-2.58**	**-2.24**	**-4.28**
Number of employees	**27**	**28**	**27**	**28**	**26**
Net change in bank deposits, cash and equivalents	-53.5	35.7	-125.0	480.1	406.3
Cash and equivalents at beginning of period	671.9	781.4	743.4	337.0	337.0
Cash and equivalents at end of period	**618.4**	**817.1**	**618.4**	**817.1**	**743.4**

Nordic Nanovector has made progress across all aspects of its business in 2016. In April the company presented updated clinical results from the Lymrit 37-01 study that confirmed Betalutin®'s potential to be a novel, safe and effective therapy for relapsed NHL patients. The pace of patient recruitment into this Phase 1/2 study means Nordic Nanovector remains on track to make a decision on the optimal Betalutin dosing regimen for future clinical development in the first quarter of 2017. Additional clinical analyses reinforce the hypothesis that pre-dosing with lilotomab[1] (formerly referred to as HH1) prior to Betalutin® injection increases exposure to NHL cells while protecting against haematological side effects. The company has also initiated the clinical development of Betalutin® in DLBCL having received IND clearance from FDA in the US and the protocol design accepted by the EU regulatory authorities. The strategy to build the R&D pipeline is gaining momentum with new deals signed with AREVA Med and PSI. These collaborations are focused on developing innovative ARCs to treat leukemias with high unmet medical need. The senior management team has been strengthened with appointment of a new Chief Medical Officer.

Operational review

Phase 1/2 trial (Lymrit 37-01)

The Lymrit 37-01 study involves four different treatment arms to investigate various Betalutin® doses and pre-dosing regimens in order to select the best dose combination for the pivotal Phase 2 PARADIGME trial, as illustrated in the following chart. The study is on track to meet timelines for the selection of the optimised dosing regimen for PARADIGME, which is expected during the first quarter of 2017. Treatment of the first patient in the PARADIGME study is expected during the second half of 2017.

16 patients have been treated at the 15 MBq/kg dose level in the Phase 2 part of Arm 1. A decision on whether to increase the dose of Betalutin® to 17.5 MBq/kg will be taken by the Safety Review Committee based on the review of the safety data in 15 patients treated with 15 MBq/kg (from Arm 1; six from the Phase 1 part and nine from the Phase 2 part). This meeting is expected to take place in September and should the decision be favourable, the recruitment of patients into this dose-escalation phase will commence in the fourth quarter 2016.

The final two arms of the expanded study began enrolling patients during the second quarter. The first of up to 12 FL patients was enrolled into Arm 3 in May. Patients in this arm will be pre-treated with standard anti-CD20 immunotherapy (rituximab) prior to receiving Betalutin® at 15MBq/kg. The first patient in the last cohort (Arm 4) was also enrolled in the expanded Phase 1/2 study in May. Arm 4 is designed to investigate the safety and efficacy of Betalutin® in up to 12 patients with relapsed FL pre-dosed with high-dose lilotomab[1] on day 0, a few hours prior to the injection of Betalutin®. Nordic Nanovector announced in August that recruitment of the first cohorts of three patients into both Arm 3 and 4 was achieved. This will enable the decision to increase the dose of Betalutin® to 17.5 MBq/kg or 20 MBq/kg in one or the other arm, based on the evaluation of the safety data observed in the first three patients of both arms.

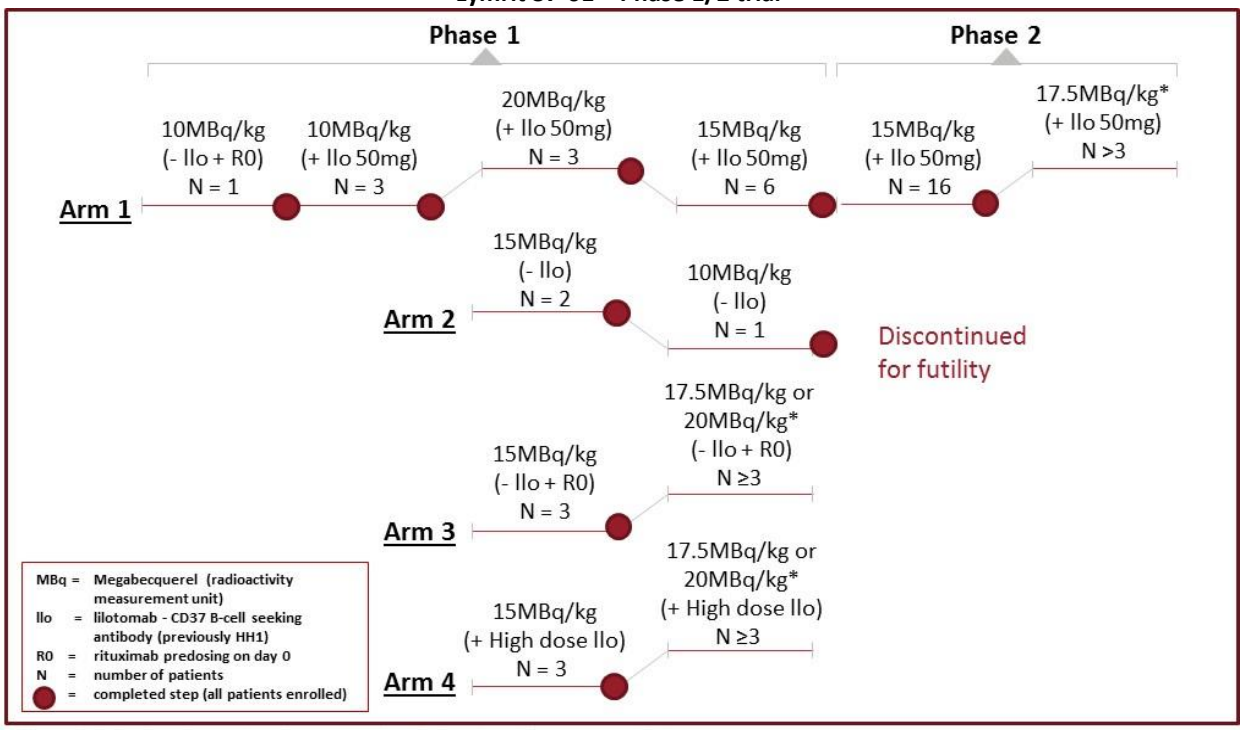
Arm 2, in which no pre-dosing regimen was used, was discontinued for futility and is considered completed.

[1] ***Note:*** *Nordic Nanovector is adopting new standard terminology with reference to Betalutin® and HH1 as defined by the World Health Organization's International Nonproprietary Names (INN) and the United States Adopted Names (USAN) for monoclonal antibodies:*

- Lilotomab is INN/USAN designation for the murine anti-CD37 antibody HH1 and will be used instead of HH1 in the future

- Betalutin® is lutetium (^{177}Lu) lilotomab satetraxetan

Lymrit 37-01 – Phase 1/2 trial



** Dose decision based on safety data and Safety Review Committee's recommendation*

All required sites for both Phase 1 and Phase 2 parts of the study are recruited (ten for Phase 1 and 16 for Phase 2).

A dosimetry study, complementing the information about absorbed radiation dose collected in the 37-01 study, will initiate in Germany upon validation of its protocol design by the German Radiation Agency (BfS).

Updated clinical results with Betalutin® in follicular lymphoma

Nordic Nanovector presented updated results of its ongoing Phase 1/2 (Lymrit 37-01) study with Betalutin® in relapsed/refractory NHL patients at the AACR Annual Meeting in New Orleans in April. Data confirm the favourable safety profile of Betalutin® and its promising efficacy as a single agent in patients who have failed several prior treatments regimens. Presented data also revealed an increased DoR. These results continue to give confidence that the emerging clinical profile of Betalutin® as a single agent therapy has the potential to provide a relevant and highly competitive new option for FL patients.

Lymrit 37-01 study is a Phase 1/2 single dose, open label, dose-finding study investigating three dose levels of Betalutin®. In the AACR presentation, 21 patients with relapsed CD37+ NHL (19 with FL and two with Mantle Cell Lymphoma), previously treated with up to eight treatment regimens were evaluated.

Key conclusions:

- Betalutin® is well tolerated, with a predictable and manageable safety profile. Most adverse events are haematological in nature, all transient and reversible.
- Betalutin® delivers a highly favourable response rate (best response) in this heavily treated patient population (ORR 63.2% and CR 31.6%).
- Clinical responses observed were sustained, with DoR exceeding 12 months in most responders in the 15 MBq/kg group who have been followed up for at least 12 months.

Results from further analyses of pre-dosing

Clinical results and analyses, presented at the 21st Congress of the European Hematology Association in June, demonstrated that pre-dosing with lilotomab prior to injection with Betalutin® significantly increases the blood concentration of Betalutin® and thereby the exposure of NHL tumour cells to Betalutin® ($p < 0.001$). Pre-dosing with lilotomab also protected the patient against haematological side effects by reducing the amount of radioactivity that reached the patient's bone marrow.

The results, which further support Nordic Nanovector's clinical development rationale for Betalutin®, were produced from a subset of 13 NHL patients in Lymrit 37-01 study, which measured the effects of different doses of Betalutin® administered either with or without lilotomab pre-dosing.

Investigating Betalutin® in a second NHL indication

Nordic Nanovector aims to maximise the commercial potential of Betalutin® by conducting clinical studies in DLBCL, a second NHL indication. DLBCL and FL are the two most common forms of NHL accounting for approximately 60 percent of cases. At first, the company plans to investigate Betalutin® in relapsed DLBCL patients ineligible for stem cell transplant. This represents the most prevalent relapsed DLBCL patient population and the one with the greatest unmet medical need with a market value estimated at over USD 4.5 billion by 2024.

The company received clearance of its Investigational New Drug (IND) application in May, enabling initiation of the study in the US. The protocol design was accepted by the EU regulatory authorities, via the Voluntary Harmonisation Procedure, in the first quarter. The study has a classical 3+3 dose-escalation design and is expected to enrol up to 24 patients in the US and Europe. The study is designed to identify an optimal dose regimen of Betalutin® in patients pre-dosed with lilotomab to take into Phase 2.

In approving the IND to commence this study, FDA requested that an additional 3+3 cohort to be included at the start of the study to investigate a regimen involving an intermediate pre-dose of lilotomab prior to Betalutin® injection. Nordic Nanovector intends to adopt the FDA requested amendment also in Europe and has begun the application process for the amended design with the relevant EU regulators.

Pending approval of the amended design, the company expects the first DLBCL patient to be enrolled and treated during of the fourth quarter of 2016. The study is expected to be conducted in both the US and Europe. Preparatory work is already under-way in identified sites.

Pipeline development – research and development update

While Nordic Nanovector's main focus is on its clinical development programmes, the company (with its academic partners) is undertaking research to further characterise the mechanism of action, dosimetry and biodistribution of Betalutin®. Nordic Nanovector is also conducting its own R&D to investigate the potential of Betalutin® in combination with rituximab, and with its chimeric anti-CD37 antibody (NNV003) in NHL. Studies are advancing and during the second quarter, three abstracts on these areas were accepted for presentation at the European Association of Nuclear Medicine (EANM) conference in October. Nordic Nanovector's divisional Betalutin® patent application covering NNV003 was granted in Europe and USA in June.

In addition, Nordic Nanovector aims to leverage its ARC expertise alongside partners' complementary technologies to identify and create opportunities for innovative ARC pipeline products with other radioactive nuclides as tumour-killing agents.

The company made good progress during the second quarter, initiating collaborations with AREVA Med in June and Paul Scherrer Institute in April to develop ARCs targeting leukaemias. Leukaemias are orphan drug diseases with more than 50 000 patients relapsing every year, worldwide, representing a significant unmet medical need. The market for leukaemia treatments is growing and expected to be worth over USD 5 billion by 2024.

In each case, Nordic Nanovector has the option to licence any resulting ARCs for further development and commercialisation. In addition, AREVA Med may, pending the success of the collaboration, negotiate a license to use Nordic Nanovector's NNV003 chimeric antibodies for the creation of ARCs for applications that do not compete with Nordic Nanovector candidates or products.

Nordic Nanovector and its partners will contribute to the respective collaborations, which will also benefit from up to NOK 15 million grant funding awarded to Nordic Nanovector in February 2016 from the Research Council of Norway's user-driven research-based innovation program (in Norwegian; Brukerstyrt innovasjonsarena, BIA).

Senior Management and Board strengthened

The company has signed on a new Chief Medical Officer with executive global and regional clinical development and medical affairs expertise as well as extensive experience from the field of haematology. Further details will be disclosed upon agreement with the involved parties.

Two new board members, Dr. Renee P. Tannenbaum and Jean-Pierre Bizzari, MD, were elected at the Annual General Meeting in May, further strengthening the base of international experience as well as oncology/ haematology, life science and commercialisation expertise of the company's board.

Dr. Tannenbaum has more than 30 years of experience in leading global biopharmaceutical companies, most recently as Head of Global Customer Excellence at AbbVie Inc., responsible for building global commercial capabilities for the organisation. She also has extensive leadership experience from Novartis, Bristol Myers Squibb and Merck.

Dr. Bizzari has significant industry experience from leadership positions in oncology at Celgene, Rhône-Poulenc and Sanofi-Aventis, where he was involved in the clinical development of several anticancer products, including Taxotere®, Eloxatin®, Revlimid®, Vidaza®, Abraxane® and Irinotecan®. He is a world-renowned oncology expert, member of the Scientific Advisory Board of the French National Cancer Institute and European Organization of Research and Treatment of Cancer and Chairman of the New Drug Advisory Committee.

Nordic Nanovector's founder Roy H. Larsen stepped down from the board at the AGM. Jan Alfheim, the company's current COO, has announced his intention to leave Nordic Nanovector to pursue other career opportunities. The Board would like to thank both for their valuable contribution to Nordic Nanovector.

Financial review

The interim consolidated financial statements for Nordic Nanovector Group[2] as of 30 June 2016 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 2015 unless stated otherwise)

Revenues in the second quarter of 2016 amounted to NOK 0.079 million (NOK 0.142 million), primarily consisting of sales of incubator services and sublease of office and laboratory facilities. Revenues for the first half of 2016 were NOK 0.157 million (NOK 0.218 million).

Total operating expenses for the quarter came to NOK 48.1 million (NOK 51.2 million). Payroll and related expenses rose to NOK 10.5 million (NOK 9.6 million) mainly due to a shift in the allocation of government grants registered as a reduction of total operating expenses, from payroll expenses to other operating expenses. Other expenses declined to NOK 37.3 million during the quarter (NOK 41.3 million) mainly due to preparation costs for the pivotal Phase 2 study in FL during the second quarter of 2015. Total operating expenses for the first half of 2016 increased to NOK 100.9 million (NOK 87.1 million), driven by higher clinical study activities for Betalutin® as well as research and development activities related to new product candidates in the discovery and preclinical phase.

Research and development (preclinical, clinical, regulatory and CMC activities) expenses accounted for 66.9 % of total operating expenses in the second quarter of 2016 (78.0 %) and 70.6 % in the first half of 2016 (67.1 %).

Operating loss for the quarter was NOK 48.1 million (loss of NOK 51.1 million), for the reasons stated above. Operating loss for the first half of 2016 was NOK 100.7 million (loss of NOK 86.9 million).

Net financial items came to negative NOK 3.0 million (NOK 3.4 million) mainly due to currency fluctuations on bank accounts in foreign currency and reduced interest income in the second quarter of 2016.

Nordic Nanovector's comprehensive loss for the quarter amounted to NOK 51.1 million (loss of NOK 47.7 million), due to the reasons stated above. Comprehensive loss for the first half was NOK 115.2 million (NOK 81.4 million).

Financial position

Total assets at 30 June 2016 amounted to NOK 638.8 million, down from NOK 760.4 million at 31 December 2015. The decline was primarily due to a lower cash holding following higher operational activities and currency fluctuations on bank deposits in foreign currencies.

Total liabilities were NOK 37.8 million at the end of the second quarter, down from NOK 47.6 million from year end 2015 primarily following payments of accounts payable.

Total shareholders' equity at 30 June 2016 was NOK 601.0 million (NOK 712.7 million at year end 2015), corresponding to an equity ratio of 94.1 % (93.7 % at year end 2015).

Cash flow

Net cash flow from operating activities in the second quarter and first half of 2016 was negative NOK 50.2 million (negative NOK 39.1 million) and negative NOK 108.6 million (negative NOK 65.8 million) respectively, reflecting the impact of higher research and development activities.

Net cash flow from investing activities in the second quarter and first half of 2016 was negative NOK 0.04 million (NOK 0.5 million) and negative NOK 0.2 million (negative NOK 0.7 million) respectively, primarily related to investments in infrastructure, lab equipment and IT hardware and software.

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

Net cash flow from financing activities for the second quarter and first half of 2016 was NOK 0.5 million (NOK 74.3 million and NOK 546.6 million respectively), related to exercise of share options in Q2 2016.

Exchange rate fluctuations in the second quarter and first half of 2016 had a negative impact on cash and cash equivalents of NOK 3.8 million and NOK 16.7 million respectively.

Cash and cash equivalents amounted to NOK 618.4 million at the end of June 2016, compared to NOK 671.9 million at the end of March 2016 and NOK 743.4 million at the end of December 2015.

Risks and uncertainties

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

The main development, operational and market risk factors are related to the ongoing Phase 1/2 clinical trial and future regulatory approvals for Betalutin®, competitive new technologies/products being introduced in the market, scale up of antibody manufacturing and changes in the healthcare/market access environment. Nordic Nanovector will continue to monitor its own operations and the competitive landscape and to prepare mitigating actions, including optimisation routines to meet regulatory guidelines, seamlessly engage with regulatory agencies and ensure best regulatory practice, to monitor competitive environment and proactively correct its own strategic course, to de-risk the company by investigating pipeline expansion opportunities, and to closely follow-up of contract manufacturing facilities.

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

The Nordic Nanovector group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses in euro, pounds sterling, US dollar and Swiss franc. The exposure is managed by placing estimated expenditure of these four currencies for the next two to three years in foreign currency bank accounts.

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

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

Strategy and outlook

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

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

- Continue to reinforce the company's organisation through attracting key talents with strong technical and international experience while maintaining flexibility and efficiency.

The competitive landscape for Betalutin® is promising. Strong results and good progress in the Phase 1/2 study in addition to encouraging findings from the research and development pipeline bode well for Nordic Nanovector's operations going forward. Management will continue to focus its efforts on the efficient execution of its plans and to meet anticipated clinical milestones. Current cash resources are expected to be sufficient to reach the first regulatory submission for Betalutin® in FL in the first half of 2019.

Responsibility Statement

The Board of Directors and the CEO of Nordic Nanovector ASA have today considered and approved the condensed financial statements as at 30 June 2016 and for the six-month period ended 30 June 2016. The half year report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Norwegian regulations.

We confirm to the best of our knowledge that:

- the condensed consolidated financial statements for the six months ending 30 June 2016 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, 23 August 2016

The Board of Directors
Nordic Nanovector ASA

Ludvik Sandnes
Chairman of the Board

Jean-Pierre Bizzari
Board Member

Per Samuelsson
Board Member

Gisela M. Schwab
Board Member

Hilde Hermansen Steineger
Board Member

Renee P. Tannenbaum
Board Member

Luigi Costa
CEO

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

Amounts in NOK 1000	Note	Second quarter		First half year		Full year
		2016	2015	2016	2015	2015
Revenues		**79**	**142**	**157**	**218**	**437**
Total revenues		**79**	**142**	**157**	**218**	**437**
Payroll and related expenses	4, 5, 6	10 538	9 636	23 482	21 033	52 360
Depreciation		271	227	532	427	994
Other operating expenses	4	37 324	41 343	76 862	65 645	130 178
Total operating expenses		**48 133**	**51 206**	**100 876**	**87 105**	**183 532**
Operating profit (loss)		**-48 054**	**-51 064**	**-100 719**	**-86 887**	**-183 095**
Finance income and finance expenses						
Finance income		825	3 571	2 433	5 900	12 214
Finance expenses		3 791	139	16 684	380	1 796
Net financial items		**-2 966**	**3 431**	**-14 251**	**5 520**	**10 418**
Loss before income tax		**-51 020**	**-47 633**	**-114 970**	**-81 367**	**-172 677**
Income tax		-36	-20	-67	-20	-398
Loss for the period		**-51 056**	**-47 653**	**-115 037**	**-81 387**	**-173 075**
Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods						
Translation effects		-50	-70	-171	-20	-37
Total comprehensive income (loss) for the period		**-51 106**	**-47 722**	**-115 208**	**-81 407**	**-173 112**
Loss for the period attributable to owners of the Company		-51 056	-47 653	-115 037	-81 387	-173 075
Total comprehensive income (loss) for the period attributable to owners of the Company		-51 106	-47 722	-115 208	-81 407	-173 112
Earnings (loss) per share						
Basic and diluted earnings (loss) per share in NOK	9	-1.15	-1.09	-2.58	-2.24	-4.28

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of financial position

Amounts in NOK 1000	Note	30.06.2016	31.12.2015
ASSETS			
Non-current assets			
Property, plant and equipment		2 506	2 807
Total property, plant and equipment		**2 506**	**2 807**
Receivables			
Other non-current receivables		0	0
Total non-current receivables		**0**	**0**
Current assets			
Receivables			
Other current receivables	4	17 882	14 193
Total receivables		**17 882**	**14 193**
Cash and cash equivalents		**618 415**	**743 367**
Total current assets		**636 297**	**757 560**
TOTAL ASSETS		**638 803**	**760 367**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7	8 919	8 904
Share premium	7	969 673	969 175
Other paid in capital	5,6	15 952	12 973
Accumulated losses		-393 522	-278 314
Total shareholders' equity		**601 022**	**712 738**
Liabilities			
Current liabilities			
Accounts payable		10 019	20 156
Tax payable		308	404
Other current liabilities	10	27 454	27 069
Total current liabilities		**37 781**	**47 629**
Total liabilities		**37 781**	**47 629**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**638 803**	**760 367**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of changes in equity

For the period ended 30 June							
Amounts in NOK 1000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Total equity**
Balance at 1 January 2015		**5 310**	**426 339**	**3 763**	**-105 037**	**-164**	**330 211**
Loss for the year					-173 075	0	-173 075
Other comprehensive income (loss) for the year net of income tax					0	-37	-37
Total comprehensive income for the year		**0**	**0**	**0**	**-173 075**	**-37**	**-173 212**
Recognition of share-based payments	5	0	0	9 210	0	0	9 210
Issue of ordinary shares	7	3 594	571 406	0	0	0	575 000
Share issue costs	7	0	-28 571	0	0	0	-28 571
Balance at 31 December 2015		**8 904**	**969 175**	**12 973**	**-278 113**	**-201**	**712 738**
Loss for the year					-115 037	0	-115 037
Other comprehensive income (loss) for the year, net of income tax						-171	-171
Total comprehensive income for the year		**0**	**0**	**0**	**-115 037**	**-171**	**-115 208**
Recognition of share-based payments	5,6	0	0	2 979	0	0	2 979
Issue of ordinary shares	5,7	15	498				513
Balance at 30 June 2016		**8 919**	**969 673**	**15 952**	**-393 150**	**-372**	**601 022**

Amounts in NOK 1000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Total equity**
Balance at 1 January 2015		**5 310**	**426 339**	**3 763**	**-105 037**	**-164**	**330 211**
Loss for the period					-81 387	0	-81 387
Other comprehensive income (loss) for the year net of income tax					0	-20	-20
Total comprehensive income for the year		**0**	**0**	**0**	**-81 387**	**-20**	**-81 407**
Recognition of share-based payments	5	0	0	5 138	0	0	5 138
Issue of ordinary shares	7	3 594	571 406	0	0	0	575 000
Share issue costs	7	0	-28 366	0	0	0	-28 366
Balance at 30 June 2015		**8 904**	**969 379**	**8 901**	**-186 424**	**-184**	**800 576**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of cash flow

Amounts in NOK 1000	Note	Second quarter 2016		1st half year		Full Year
		2016	2015	2016	2015	2015
Cash flow from operating activities						
Loss for the period before income tax		**-51 020**	**-47 633**	**-114 970**	**-81 367**	**-172 677**
Adjustments for:						
Interest received		-40	-535	-78	-737	-12 365
Share option expense employees	5	1 158	2 613	2 861	5 138	9 210
Restricted share units expenses	6	118	0	118	0	0
Taxes paid		0	-1	-67	-50	-69
Depreciation		271	227	532	427	994
Currency (gains) losses not related to operating activities		3 791	0	16 684	0	0
Changes in working capital and non-cash adjustments		-4 435	6 214	-13 707	10 759	24 690
Net cash flow from operating activities		**-50 155**	**-39 115**	**-108 627**	**-65 830**	**-150 217**
Cash flow from investing activities						
Investments in property plant and equipment and intangible assets		-82	-1	-232	-1 416	-2 228
Interests received		38	535	78	737	12 365
Net cash flow from investing activities		**-44**	**534**	**-154**	**-679**	**10 137**
Cash flows from financing activities						
Net proceeds from equity issue	7	513	74 318	513	546 634	546 429
Net cash flow from financing activities		**513**	**74 318**	**513**	**546 634**	**546 429**
Effects of exchange rate changes on cash and cash equivalents		**-3 791**	**0**	**-16 684**	**0**	**0**
Net change in bank deposits, cash and equivalents		-53 477	35 737	-124 952	480 125	406 349
Cash and equivalents at beginning of period		671 892	781 406	743 367	337 018	337 018
Cash and equivalents at end of period		**618 415**	**817 143**	**618 415**	**817 143**	**743 367**

The interim financial information has not been subject to audit.

Nordic Nanovector ASA – Notes to the condensed interim financial statements for the second quarter and first half of 2016

Note 1. General information

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

The figures in this second quarter and first half of 2016 report are non-audited figures.

These financial statements were approved for issue by the Board of Directors on 23 August 2016.

Note 2. Basis for preparation and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements can be found in the group's Annual Report 2015. These policies have been consistently applied in all periods presented. Amounts are in Norwegian kroner (NOK) unless stated otherwise. The functional currency of the group is NOK.

Basis of preparation of the annual accounts

The Nordic Nanovector Group's interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2015, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31 December 2015. The financial statements have been prepared on the historical cost basis, with the exception of receivables and other financial liabilities which are recognised at amortised cost.

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

Critical accounting estimates and judgments

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2015.

Note 4. Government grants

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

	Second quarter		First half year	
Amounts in NOK 1000	**2016**	**2015**	**2016**	**2015**
Payroll and related expenses	137	1 241	568	1 799
Other operating expenses	2 075	589	3 579	1 499

1) In 2016, the company received a new grant of up to NOK 15 million grant from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The project period is from 2016 to 2018. The purpose of the grant is to support research and development of novel targeted therapeutics for leukemia and NHL. The company will investigate further the potential of chHH1 in a preclinical programme with the intention, if successful, of taking it forward into clinical studies. The grant will be distributed to the company over the course of three years, with the first payment scheduled for in 2016. For the financial period ended 30 June 2016, the company has recognised NOK 2.1 million classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

2) The company has been awarded a grant from The Research Council programme for user-managed innovation arena (BIA) of NOK 10.5 million in total for the period 2012 through 1H 2016. For the financial period ended 30 June 2016, the company has recognised NOK 0.1 million (as of 30 June, 2015: NOK 0.95 million) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

3) The Research Council Eurostars has awarded a grant supporting a collaboration research agreement with Affibody AB for the period 2014 through 2017 of NOK 4 million in total. For the financial period ended 30 June 2016, the company has recognised NOK 0.5 million (30 June, 2015: NOK 0.7 million) partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

4) R&D projects have been approved for SkatteFUNN grants for the period 2012 through 2017. For the financial period ended 30 June 2016, the company has recognised NOK 1.5 million compared to NOK 1.6 million for the same period in 2015. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

Note 5. Employee share option programme

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

Amounts in NOK	**First half of 2016**	
	Number of options	**Weighted average exercise price**
Balance at 1 January	2 171 576	26.77
Granted during the year	525 000	14.39
Exercised during the year	- 78 333	6.56
Forfeited	- 103 125	28.00
Balance at period end	**2 515 118**	**24.76**

As of 30 June 2016 there are no outstanding options granted in 2011 to 2012. The remaining 78 333 options were exercised on 20 April 2016.The options granted in 2014, 2015 and 2016 vest in accordance with the following vesting schedule: (i) 25% of the options vest 12 months after the date of grant and (ii) 1/36 of the remaining options vest each month thereafter. It is a condition for vesting that the option holder is an employee of the group at the time of vesting. Vested options may be exercised in a period of 15 Norwegian business days from the day following the day of the company's release of its annual or quarterly results, unless the Board of Directors resolves otherwise. The options expire seven years from grant date.

Note 6 Restricted Stock Units (RSUs)

At the general meeting, the Company resolved to issue 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 2016 to the annual general meeting in 2017, in the form of RSUs pursuant to the respective restricted share units agreements ("RSU Agreement") entered into between the Company and the relevant board members.

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 shares) subject to satisfaction of the applicable vesting conditions stated in the RSU Agreement.

The board members who elect to receive RSU's, must elect to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs. The election made by each board member has been set out in the table below. The number of RSUs to be granted to the members of the Board of Directors is calculated as the NOK amount of the RSU opted portion of total compensation to the board member, divided by the market price for the Nordic Nanovector share. The market price is calculated as volume weighted average share price the 10 trading days prior to the grant date, i.e. NOK 22.68.

Pursuant to the RSU programme, the board members and primary insiders of the Company received the following number of RSUs:

Name	Remuneration for the period 2016-2017	Allocation between cash and RSUs	Number of RSUs for the period 2016-2017	Total number of RSUs	Total number of shares
Ludvik Sandnes	NOK 490,000 [1]	100% RSU	21,604	21,604	125,000
Per Samuelsson	NOK 300,000 [2]	[3]	0	0	0
Hilde Hermansen Steineger	NOK 300,000 [4]	2/3 RSU	8,818	8,818	750
Gisela Schwab	NOK 240,000	2/3 RSU	7,054	7,054	0
Renee P. Tannenbaum	NOK 240,000	1/3 RSU	3,527	3,527	0
Jean-Pierre Bizzari	NOK 240,000	1/3 RSU	3,527	3,527	0
Total			**44,530**	**44,530**	**125,750**

[1] NOK 450,000 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 240,000 as board member, NOK 40,000 as chairman of the compensation committee and NOK 20,000 as a member of the audit committee
[3] Per Samuelsson is not allowed to hold equity in the Company due to his affiliation with HealthCap, and will only receive cash.
[4] NOK 240,000 as board member, NOK 40,000 as chairman of the audit committee and NOK 20,000 as a member of the compensation committee.

A total of 44,530 RSUs have thus been granted. The RSUs will vest on 19 May 2017.

Note 7. Share capital and shareholder information

Share capital as at 30 June 2016 is NOK 8 919 475 (31 December 2015: NOK 8 903 808), being 44 597 374 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:	First half of 2016	2015
Ordinary shares at 1 January	44 519 041	26 550 291
Issue of ordinary shares [1)]	0	17 968 750
Issue of ordinary shares under share options [3)]	78 333	0
Ordinary shares [2)]	**44 597 374**	**44 519 041**

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

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

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

2) The Annual General Meeting held 19 May 2016 granted an authorisation to increase the share capital limited to 10% of the share capital, to be used in connection with the share based incentive programmes for the group's employees. Of the authorised 4 459 737 shares, 2 515 118 shares are granted (ref. note 5). The authorisation is valid until the next Annual General Meeting, but no longer than 30 June 2017.

   The Annual General Meeting held 19 May 2016 granted an authorisation to increase the share capital limited to 10% of the share capital, to be used for general corporate purposes, including but not limited to financing and acquisitions of other companies, including issuance of consideration shares in connection with the above mentioned transactions. The authorisation is valid until the next Annual General Meeting, but no longer than 30 June 2017.

   The Annual General Meeting held 19 May 2016 granted an authorisation to increase the share capital limited to NOK 20 000 at par value. The authorisation may only be used to issue shares to members of the Company's board of directors against contributions in NOK. Of the authorised 100 000 shares, 44 530 shares are granted (ref. note 6). The authorisation is valid until 19 May 2018.

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

Nordic Nanovector ASA had 3 156 shareholders as at 30 June 2016.

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	5 445 833	12.21 %
2	Folketrygdfondet	3 650 011	8.18 %
3	Sciencons AS (Roy Hartvig Larsen)	1 000 000	2.24 %
4	OM Holding AS	953 068	2.14 %
5	Linux Solutions Norge AS	890 306	2.00 %
6	Must Invest AS	789 142	1.77 %
7	Radiumhospitalets Forskningsstiftelse	728 518	1.63 %
8	Invesco Perp EUR	659 209	1.48 %
9	Nordnet Livsforsikring AS	653 342	1.46 %
10	Inven2 AS	613 401	1.38 %
11	Roy Hartvig Larsen	601 777	1.35 %
12	Ro Invest AS	600 000	1.35 %
13	VPF Nordea Kapital	598 394	1.34 %
14	Birk Venture AS	550 000	1.23%
15	Boddco AS	533 630	1.20 %
16	Skandinaviska Enskilda Banken AB	500 000	1.12 %
17	VPF Nordea Avkastning	480 310	1.08 %
18	Portia AS	400 000	0.90 %
19	KLP Aksje Norge Index	359 871	0.81 %
20	Netfonds Livsforsikring AS	345 435	0.77 %
	Total shares for top 20 shareholders	**20 352 247**	**45.64 %**
	Total shares for other 3 136 shareholders	24 245 127	54.36 %
	Total shares (3 156 shareholders)	**44 597 374**	**100.00 %**

The shares of Nordic Nanovector ASA have been traded on the Oslo Stock Exchange since 23 March 2015, and the shareholder base has increased from 535 shareholders as of 31 December 2014 to 3 156 shareholders as of 30 June 2016.

Note 8. Information about subsidiaries

The interim consolidated financial statements of the Group include:		% Equity interest	
Name	**Country of incorporation**	**Q2 2016**	**2015**
Nordic Nanovector GmbH	Switzerland	100	100
Nordic Nanovector Ltd	United Kingdom	100	100

Nordic Nanovector is a public limited company incorporated and domiciled in Norway. The company is the parent company in the group. The group's operations are carried out by the company and its wholly owned subsidiaries Nordic Nanovector GmbH and Nordic Nanovector Ltd. Nordic Nanovector GmbH is incorporated in Zug, Switzerland, with its registered address at *Dammstrasse 19, Zug, Switzerland*. Nordic Nanovector Ltd is incorporated in London, England, with its registered address *at Paternoster House, 65 St. Paul's Churchyard, London EC4M 8A, United Kingdom.*

Note 9. Earnings per share

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

	First half of 2016	First half of 2015
Loss for the period (in NOK)	-115 037 000	-81 387 000
Average number of outstanding shares during the year	44 545 441	36 276 854
Earnings (loss) per share - basic and diluted	**-2.58**	**-2.24**

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

Note 10. Other current liabilities

Amounts in NOK 1000	30.06.2016	31.12.2015
Unpaid duties and charges	1 823	4 390
Unpaid vacation pay	1 442	1 877
Other accrued costs	24 189	20 802
Other current liabilities	**27 454**	**27 069**

Other accrued costs for period ended 30 June 2016 are mainly related to development cost of the lead product candidate Betalutin®.

Additional information

Glossary of terms

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

Financial calendar

Q3 2016 results:	23 November 2016
Q4 2016 results:	28 February 2017

Investor contact

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Forward–looking statements

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

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

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NORDIC NANOVECTOR

About Nordic Nanovector

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

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

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