Second Quarter and Half Year 2015 Results

Nordic Nanovector ASA

26 August 2015

NORDIC NANOVECTOR

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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 worth over USD 12 billion by 2018.

Betalutin® comprises a tumour-seeking anti-CD37 antibody (HH1) conjugated to a low intensity radionuclide (lutetium-177). It has shown promising efficacy and a favourable safety profile in a Phase 1 study, in a difficult-to-treat NHL patient population. The Company aims to rapidly develop Betalutin® for the treatment of major types of NHL with first approval anticipated by the end of 2018.

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.

Second quarter and half year 2015 highlights

- Updated results from the now fully enrolled Part 1 of the Phase 1/2 study with Betalutin® in patients with relapsed/refractory $CD37^+$ Follicular Lymphoma (FL) were presented at 13-ICML (Lugano, Switzerland) in June. The updated data confirmed the favourable safety profile of Betalutin® and its promising efficacy. New data also highlighted that clinical responses observed are sustained, with 5 out of 7 (71%) patients still in response, and duration of response ranging from 6 to 21+ months. The ongoing Phase 1/2 study continues with the intention to provide further insight on the selection of doses for the pivotal Phase 2 study. Further updates will be given in presentations at major scientific and clinical congresses.
- Preparations are well underway to initiate the pivotal Phase 2 study (PARADIGME) in the second half of 2015. This study has been designed to meet the regulatory filing requirements for a third line FL indication.
- Initial clinical studies of Betalutin® in patients with diffuse large B-cell lymphoma are being prepared to begin during the second half of 2015.
- A new Scientific Advisory Board, including experts in haematology-oncology and cancer drug development from leading academic/research institutions in the US and Europe, was established in May.
- The over-allotment option, in relation to the Company's upsized and oversubscribed Initial Public Offering (IPO), was exercised in April adding a further NOK 75 million to the NOK 500 million raised in the IPO. Total gross proceeds of the IPO were NOK 575 million (USD 73 million*) and will be used to advance the development of Betalutin® beyond first regulatory submission, planned in 2017. The IPO was conducted in conjunction with the listing of the Company's shares on Oslo Stock Exchange (OSE). The first day of trading for its shares on OSE was 23 March.
- Board changes in connection with the IPO: Gisela M Schwab, M.D., Executive VP and CMO at Exelixis, Inc. was elected to the Board of Directors in March replacing Alexandra Morris, Portfolio Manager at Odin Fund Management.

(* USD 1 = NOK 7.86 per 30 June 2015)

Key figures

Amounts in MNOK (except earnings/loss per share)	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Total operating revenue	0.14	0.12	0.22	0.24
Net total operating expenses	51.2	15.8	87.1	27.8
Operating profit (loss)	-51.1	-15.7	-86.9	-27.6
Financial items, net	3.4	0.5	5.5	1.0
Total comprehensive income (loss) for the period	**-47.7**	**-15.2**	**-81.4**	**-26.6**
Basic and diluted earnings (loss) per share	**-1.09**	**-1.32**	**-2.24**	**-2.34**
Number of employees	**28**	**13**	**28**	**13**
Net change in bank deposits, cash and equivalents	35.7	-16.0	480.1	-27.9
Cash and equivalents at beginning of period	781.4	67.7	337.0	79.6
Cash and equivalents at end of period	**817.1**	**51.6**	**817.1**	**51.6**

Operational review

A transformational six months for Nordic Nanovector

The past six months of 2015 have been a period of significant progress for Nordic Nanovector. At the start of the year, the Company was conducting a single Phase 1/2 study of Betalutin® for one indication at two clinical centres in Europe. Initial data from the study was promising and ambitious plans were being drawn up to advance Betalutin® through clinical development with speed and efficiency. The execution of these plans required significant additional funding, resources and the understanding of the medical needs and of the most appropriate market place into which Betalutin® is targeted to maximize its future revenue potential.

Six months on and the Company has completed one of the largest IPOs for a biotech company in Europe so far this year, raising NOK 575 million, based on the potential of Betalutin® to improve upon and complement current options for the treatment of NHL. This funding, together with existing cash, is enabling Nordic Nanovector to advance Betalutin® to regulatory filing in the two most prevalent forms of NHL: Follicular Lymphoma (FL) and Diffuse Large B Cell Lymphoma (DLBCL). In addition, extensive market research activities have provided important insight to the medical and commercial opportunity and to the clinical development plan designed to achieve an attractive target product profile. The Company is now close to completing preparations for PARADIGME a pivotal Phase 2 study in FL, which aims to enrol over 100 NHL patients at over 80 cancer centres in 18 countries, and its first clinical studies in DLBCL. Nordic Nanovector has also established manufacturing routes for these clinical studies and for later commercial supply.

Clinical development of Betalutin® moving forward

Updated results from the now fully enrolled part 1 of the Phase 1/2 study with Betalutin® in patients with relapsed / refractory $CD37^+$ Follicular Lymphoma (FL) were presented at 13^{th} International Conference on Malignant Lymphoma (13-ICML, Lugano, Switzerland) in June. The updated data confirmed the manageable safety profile of Betalutin® and its promising efficacy. New data also highlighted that clinical responses observed are sustained, with 5 out of 7 (71%) patients still in response, and duration of response ranging from 6 to 21+ months.

Other key findings are consistent with those presented at the American Society of Hematology (ASH) Conference in December 2014, and include:

- Betalutin® is well tolerated, with a predictable and manageable safety profile: most adverse events are haematological in nature, all transient and reversible.
- 15 MBq/kg b.w. Betalutin® with HH1 pre-dosing is currently recommended for part 2 of this Phase 1/2 study. This dose was endorsed by the Safety Review Committee.
- Betalutin® delivers a highly favourable response rate in this patient population: Overall Response Rate (ORR) 64% and Complete Response (CR) 36%.

Based on these positive results, Nordic Nanovector is advancing Betalutin® into part 2 of the Phase 1/2 study: a single-dose study to investigate tumour response rates in FL patients receiving Betalutin® and to further confirm its safety profile.

In parallel, the Company has amended part 1 of the study to further investigate the maximum tolerated dose of Betalutin® without pre-treatment with the unconjugated (cold) anti-CD37 antibody. The outcome of this study will provide additional insight to the selection of the doses of the pivotal Phase 2 study (PARADIGME).

Further updates of clinical data will be presented at major scientific and clinical congresses.

Pivotal Phase 2 study of Betalutin® (PARADIGME)

PARADIGME: Phase 2 **A**ntibody-**RADI**onuclide conjugate treatment of non-Hod**G**kin Lympho**M**a Pati**E**nts.

Nordic Nanovector is on track to initiate the PARADIGME study in the second half of 2015. This pivotal study is designed to meet the filing requirements for a 3rd line FL indication. The study employs an adaptive design starting with three arms initially, testing three different dose regimens of Betalutin®. The objective is to identify the best dose (based on efficacy and safety criteria) to move into the expansion part of the study based on the minimum number of patients treated at each dose level.

Based on the assessment of available clinical data, the following doses of Betalutin® are currently being considered for the run-in phase of the study:

- 15 MBq/kg pre-dosed with cold antibody
- 15 MBq/kg without cold antibody
- 10 MBq/kg without cold antibody

Each arm will enrol up to a maximum of 15 patients. The arm demonstrating the most promising results, in terms of efficacy and safety, will be expanded to enrol up to a further 100 patients in total in approximately 80 cancer centres. The Company's clinical team is completing the selection of sites at which the study could take place and is validating the sites in order to enable the start of the patient recruitment.

Recruitment into the trial is expected to begin in Europe, where the submission of the PARADIGME protocol to the European sites is ongoing and the protocol is under review by the local ethics committees.

The Company has been in discussions with FDA with the aim of including US patients into the PARADIGME trial. Following these discussions, the Company now intends to undertake a supplementary dosimetry study in the US prior to initiating PARADIGME. This study, currently being designed, will allow US investigators to gain experience of using Betalutin® and will generate additional safety information.

Investigating Betalutin® in second NHL indication

The financing of Nordic Nanovector earlier in the year allows the Company to maximise the commercial potential of Betalutin® by providing the funds needed to conduct and complete the Phase 1 and 2 studies in a second NHL indication, diffuse large B-cell lymphoma (DLBCL), which, together with FL, represent the most prevalent forms of NHL. The Company first plans to investigate Betalutin® in relapsed DLBCL patients who are ineligible for stem cell transplant. This represents the most prevalent relapsed DLBCL patient population and the one where the unmet medical need is the highest. The first clinical study is expected to begin by the end of the 2015.

Customer insights

Over the past few months, Nordic Nanovector has carried out two market research programs. These involved in-depth, face-to-face interactions with over 60 haematologists across the US and in the top five EU countries. The research provided further insight to the treatment continuum for both FL and DLBCL, and identified the key points in this continuum where Betalutin® would fit. The research also confirmed that the target product profile being developed for Betalutin® is attractive and provided further guidance for optimising the clinical development program needed to achieve this profile.

New Scientific Advisory Board established

In May, Nordic Nanovector established a new Scientific Advisory Board (SAB) in order to further support the development of Betalutin® and the development of its pipeline in the coming years. The SAB includes experts in haematology-oncology and cancer drug development from leading academic/research institutions in the US and Europe. Prof Pierluigi Zinzani and Prof Timothy Illidge are the co-chairmen of the SAB. The SAB met for the first time on 18 May 2015. The Board thanks the former SAB for its valuable input and guidance during the Company's early years.

IPO secures funds to execute clinical development strategy for Betalutin®

Nordic Nanovector undertook its 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. A further NOK 75 million (2,343,750 new shares) was raised from the full exercise of the Over-Allotment Option, announced in April, bringing the total amount raised to NOK 575 million. Based on the total amount raised, Nordic Nanovector wrapped up one of Europe's largest biotech IPOs in recent years. The IPO funds plus the NOK 300 million raised in a private placement in June 2014 puts Nordic Nanovector in a solid financial position to execute its development strategy for Betalutin®. This strategy aims to achieve the first regulatory filing in 2017 and first approval in 2018 for Betalutin® in its first NHL indication in patients with $CD37^+$ FL who have already received two systemic therapies (defined as 3rd line therapy).

Board changes

At the Company's Annual General Meeting in March and in connection with the IPO process, Gisela M Schwab, M.D., was elected Non-Executive Director and joined the Board of Directors. She replaces Alexandra Morris, who stepped down from the Board as her position as a portfolio manager at Odin Fund Management precludes her from being a board member of a listed company. Dr Schwab brings long-standing experience in the development of targeted cancer therapies. She is Executive Vice President and Chief Medical Officer of the US biopharmaceutical company Exelixis, Inc. and has previously held senior roles at Abgenix, Inc. and Amgen Inc. Dr Schwab is board certified in internal medicine and haematology and oncology.

The Company's Board of Directors consists of the following persons: Ludvik Sandnes (Chairman), Roy Hartvig Larsen, Per Samuelsson, Gisela M Schwab and Hilde H Steineger.

Financial review

The consolidated financial statements as of 30 June 2015 have been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

Consolidated statement of profit or loss

Revenues for the three months ended 30 June 2015 amounted to NOK 0.14 million compared to NOK 0.12 million three months ended 30 June 2014. Revenues relate to incubator services and sublease of office and laboratory.

Net operating expenses increased from NOK 15.8 million for the three months ended 30 June 2014 to NOK 51.2 million in the same quarter of 2015, following planned expansion of activities. Expenses were composed of NOK 9.6 million for payroll and related expenses (three months ended 30 June 2014: NOK 2.8 million), NOK 0.2 million in depreciation (three months ended 30 June 2014: NOK 0.07 million) and of NOK 41.3 million in other operating expenses (three months ended 30 June 2014: NOK 12.9 million). The cost increase was driven by hiring 15 new employees during 2014 and the first half of 2015, new infrastructure, costs related to the listing on Oslo Stock Exchange, development cost of the lead product candidate Betalutin® and new product candidates in the discovery and preclinical phase. The acceleration of other operating expenses are related to preparation cost for the pivotal Phase 2 study in FL and the first clinical studies in DLBCL. In addition, the Company has also established manufacturing routes for clinical and later commercial supply.

Net financial items in the second quarter of 2015 reached NOK 3.4 million compared to NOK 0.5 million the same quarter 2014, mainly due to interest income from bank deposits.

Nordic Nanovector's total comprehensive loss for the three months ended 30 June 2015 was NOK 47.7 million compared to a net loss of NOK 15.2 million in the same period of 2014.

Revenue in the first half-year 2015 slightly decreased to NOK 0.22 million from NOK 0.24 million first half-year 2014. The Company's total comprehensive loss in the first half-year 2015 increased from NOK 26.6 million first half-year 2014 to NOK 81.4 million. The development cost of the lead product candidate Betalutin® portion of the total operating expenses was NOK 48.6 million (56% of total operating expenses first half-year 2015).

Financial position

Assets

Total assets at 30 June 2015 amounted to NOK 838.3 million compared to NOK 795.4 million at 31 March 2015. A total amount of NOK 75 million in new equity was raised in April from the full exercise of the over-allotment option related to the stabilisation program in connection with the IPO in March.

Liabilities

The rise in current liabilities from NOK 24.0 million at 31 March 2015 to NOK 37.7 million at 30 June 2015 primarily arose from the increase in accounts payable and accrued expenses due to higher activity level, clinical trial preparation costs and costs related to development of the lead product candidate Betalutin®.

Shareholders' equity

The Company's share capital as of 30 June 2015 was NOK 8,903,808 (31 March 2015: NOK 8,435,058), being 44,519,041 ordinary shares at a nominal value of NOK 0.20. All shares carry equal voting rights.

Total shareholders' equity for the Group was NOK 800.6 million at the end of June 2015, with an equity ratio of 95.5 per cent, compared to NOK 771.4 million end of March 2015 (equity ratio of 96.9 per cent).

Cash flow

Total net **cash flow from operating** activities for the Group was negative NOK 65.8 million for the first half year 2015, compared to negative NOK 28.0 million for the same period in 2014. Total net **cash flow from investing activities** for the Group was negative NOK 0.7 million for the first half year 2015, compared to negative NOK 0.4 million for the same period in 2014, mainly due to investment in infrastructure, lab equipment and IT hardware/software.

Total **cash flow from financing activities** for the Group was net NOK 546.6 million for the first half year 2015 compared to NOK 0.5 million the same period in 2014. The oversubscribed and upsized IPO completed in March and the exercise of the over-allotment option in April related to the stabilisation program in connection with the IPO, raised gross NOK 575 million and share issue costs amounted to NOK 28.4 million.

Cash and cash equivalents were NOK 817.1 million at the end of June 2015 for the Group, compared to NOK 51.6 million at the end of June 2014.

Risks and uncertainties

There are no major changes to the risk composition for the Group compared with that reported for 2014. Please refer to the annual report for 2014. Specially, note 15 to the consolidated financial statements and the risk factors section of the Board of Directors' report.

Strategy and outlook

Nordic Nanovector is committed to develop, manufacture and deliver innovative therapies to patients in an effort to address major unmet medical needs and advance cancer care. The Company aspires to become a leader in the development of targeted Antibody-Radionuclide-Conjugates (ARC) for haematological cancers. The strategic roadmap to realise this aspiration is:

1. Focus most of the Company's 2015-2017 resources to the lead asset Betalutin® to accelerate its clinical development in NHL and achieve the first regulatory approval in 3rd line FL by the end of 2018, and in parallel to run additional trials in 2nd line FL and DLBCL.

2. 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.

3. 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, multiple myeloma, and other B cell malignancies, through focused strategic investments in discovery research.

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

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 2015 and for the six-month period ended 30 June 2015. 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 2015 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, 25 August 2015

The Board of Directors
Nordic Nanovector ASA

Ludvik Sandnes
Chairman of the Board

Roy Hartvig Larsen

Per Samuelsson

Hilde Hermansen Steineger

Gisela Schwab

Luigi Costa
CEO

Interim consolidated statement of profit or loss and other comprehensive income

Amounts in NOK	Note	For the three months ended 30 June		For the six months ended 30 June		Full year
		2015	2014	2015	2014	2014
Revenues	8	**141 961**	**118 461**	**218 002**	**236 604**	**439 455**
Total operating revenue		**141 961**	**118 461**	**218 002**	**236 604**	**439 455**
Payroll and related expenses	4, 5	9 635 766	2 845 723	21 033 027	5 923 805	19 655 959
Depreciation		227 427	74 085	427 285	140 854	345 395
Other operating expenses	4, 8	41 342 920	12 913 350	65 644 897	21 778 205	49 107 055
Total operating expenses		**51 206 113**	**15 833 158**	**87 105 209**	**27 842 864**	**69 109 701**
Operating profit (loss)		**-51 064 152**	**-15 714 697**	**-86 887 207**	**-27 606 260**	**-68 669 600**
Finance income and finance expenses						
Finance income		3 570 717	496 099	5 900 182	1 040 375	5 042 897
Finance expenses		139 335	65	380 375	134	2 208
Financial items, net		**3 431 382**	**496 034**	**5 519 807**	**1 040 241**	**5 040 689**
Loss before income tax		**-47 632 770**	**-15 218 663**	**-81 367 400**	**-26 566 019**	**-63 628 911**
Income tax		-19 743	0	-19 743	0	-43 969
Loss for the period		**-47 652 513**	**-15 218 663**	**-81 387 143**	**-26 566 019**	**-63 672 880**
Other comprehensive income (loss), net of income tax						
Other comprehensive income (loss), net of income tax		-69 561	0	-20 010	0	-163 725
Total comprehensive income (loss) for the period		**-47 722 074**	**-15 218 663**	**-81 407 153**	**-26 566 019**	**-63 836 605**
Loss for the period attributable to owners of the company		-47 652 513	-15 218 663	-81 387 143	-26 566 019	-63 672 880
Total comprehensive income (loss) for the period attributable to owners of the company		-47 722 074	-15 218 663	-81 407 153	-26 566 019	-63 836 605
Earnings (loss) per share						
Basic and diluted earnings (loss) per share	9	-1.09	-1.32	-2.24	-2.34	-3.54

Interim consolidated statement of financial position

Amounts in NOK	Note	30.6.2015	31.3.2015	31.12.2014
ASSETS				
Non-current assets				
Property, plant and equipment		2 561 329	2 533 849	1 572 996
Total property, plant and equipment		**2 561 329**	**2 533 849**	**1 572 996**
Receivables				
Other non-current receivables	4,8	44 800	44 800	44 800
Total non-current receivables		**2 606 129**	**2 578 649**	**1 617 796**
Current assets				
Receivables				
Other current receivables		18 576 372	11 371 197	7 075 966
Total receivables		**18 576 372**	**11 371 197**	**7 075 966**
Cash and cash equivalents		817 143 474	781 405 727	337 018 177
Total current assets		**835 719 846**	**792 776 924**	**344 094 143**
TOTAL ASSETS		**838 325 975**	**795 355 573**	**345 711 939**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	6	8 903 808	8 435 058	5 310 058
Share premium	6	969 379 075	895 529 356	426 338 822
Other paid in capital	5	8 901 103	6 287 553	3 762 642
Accumulated losses		-186 607 929	-138 885 855	-105 200 776
Total shareholders' equity		**800 576 057**	**771 366 112**	**330 210 746**
Liabilities				
Current liabilities				
Accounts payable	8	15 132 793	10 166 288	6 230 440
Tax payable		0	0	44 300
Other current liabilities	10	22 617 125	13 823 173	9 226 453
Total current liabilities		**37 749 918**	**23 989 461**	**15 501 193**
Total liabilities		**37 749 918**	**23 989 461**	**15 501 193**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**838 325 975**	**795 355 573**	**345 711 939**

Interim consolidated condensed statement of changes in equity

For the period ended 30 June 2015								
Amounts in NOK	**Note**	**Share capital**	**Share premium**	**Convertible instruments**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Total equity**
Balance at 1 January 2014		**2 214 942**	**91 952 684**	**24 591 975**	**1 389 862**	**-41 364 171**	**0**	**78 785 292**
Loss for the year		0	0	0	0	-63 672 880	0	-63 672 880
Other comprehensive income (loss) for the year net of income tax		0	0	0	0	0	-163 725	-163 725
Total comprehensive income for the year		**0**	**0**	**0**	**0**	**-63 672 880**	**-163 725**	**-63 836 605**
Conversion of convertible loan		333 333	24 666 667	-25 000 000	0	0	0	0
Recognition of share-based payments		0	0	0	1 858 730	0	0	1 858 730
Remuneration to the BoD		0	0	0	514 050	0	0	514 050
Issue of ordinary shares – capitalisation issue		2 736 783	322 266 657	0	0	0	0	325 003 440
Issue of ordinary shares under share options		25 000	793 750	0	0	0	0	818 750
Share issue costs		0	-13 340 936	408 025	0	0	0	-12 932 911
Balance at 31 December 2014		**5 310 058**	**426 338 822**	**0**	**3 762 642**	**-105 037 051**	**-163 725**	**330 210 746**
Loss for the year						-81 387 143	0	-81 387 143
Other comprehensive income (loss) for the year, net of income tax							-20 010	-20 010
Total comprehensive income for the year		**0**	**0**	**0**	**0**	**-81 387 143**	**-20 010**	**-81 407 153**
Recognition of share-based payments	5	0	0	0	5 138 461	0	0	5 138 461
Issue of ordinary shares – capitalisation issue	6	3 593 750	571 406 250	0	0	0	0	575 000 000
Issue of ordinary shares under share options		0	0	0	0	0	0	0
Share issue costs	6	0	-28 365 997	0	0	0	0	-28 365 997
Balance at 30 June 2015		**8 903 808**	**969 379 075**	**0**	**8 901 103**	**-186 424 194**	**-183 735**	**800 576 057**

Interim condensed consolidated statement of cash flow

Amounts in NOK	Note	For the six months ended 30 June		For the full year ended
		2015	2014	2014
Cash flow from operating activities				
Loss for the period before income tax		**-81 367 400**	**-26 566 019**	**-63 628 911**
Adjustments for:				
Interest paid		0	0	0
Interest received		-736 620	0	-4 343 148
Share option expense employees	5	5 138 461	33 789	1 858 730
Share-based expense Board of Directors		0	0	514 050
Taxes paid		-49 984	0	0
Depreciation		427 285	140 854	345 395
Changes in working capital e.g.		10 758 547	-1 621 063	7 053 074
Net cash flow from operating activities		**-65 829 711**	**-28 012 439**	**58 200 810**
Cash flow from investing activities				
Investments in property plant and equipment and intangible assets		-1 415 615	-444 792	-1 582 442
Interests received		736 620	0	4 343 148
Net cash flow from investing activities		**-678 995**	**-444 792**	**2 760 706**
Cash flows from financing activities				
Net proceeds from equity issue	6	546 634 003	535 000	312 889 279
Net cash flow from financing activities		**546 634 003**	**535 000**	**312 889 279**
Net change in bank deposits, cash and equivalents		480 125 297	-27 922 231	257 449 175
Cash and equivalents at beginning of period		337 018 177	79 569 002	79 569 002
Cash and equivalents at end of period		**817 143 474**	**51 646 771**	**337 018 177**

Nordic Nanovector ASA – Notes to the condensed interim financial statements for the three months and half year ended 30 June 2015

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.*

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 worth over USD 12 billion by 2018.

The figures in this second quarter and half year 2015 report are non-audited figures.

These financial statements were approved for issue by the Board of Directors on 25 August 2015.

Note 2. Basis for preparation and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. 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 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 2014, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31 December 2014. 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.

Segments

The Group's lead product has not yet obtained regulatory approval. For management purposes, the Group is organised as one business unit and the internal reporting is structured in accordance with this. The Group has thus only one operating segment.

Revenue recognition

Revenue comprises the fair value of consideration received or due consideration for the sale of services in regular business activities. Revenue is presented net of value added tax. Revenue is recognised when the service is performed or the goods delivered.

The Company's products are still in the research and development phase, and it has no revenue from sales of products yet. Revenue arises from services related to incubator services, renting out employees and income from sublease of laboratory space, instruments and services shared with other companies.

Government grants

Government grants are recognised at the value of the contributions at the transaction date. Grants are not recognised until it is probable that the conditions attached to the contribution will be achieved. The grant is recognised in the income statement in the same period as the related costs, which are presented net.

Government grants are normally related to either reimbursements of employee costs and classified as a reduction of payroll and related expenses or related to other operating activities and thus classified as a reduction of other operating expenses.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Internal development costs related to the Group's development of products are recognised in the income statement in the year incurred unless it meets the asset recognition criteria of IAS 38 "Intangible Assets". An internally-generated asset arising from the development phase of an R&D project is recognised if, and only if, all of the following has been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

Uncertainties related to the regulatory approval process and results from ongoing clinical trials generally indicate that the criteria are not met until the time when marketing authorisation is obtained from relevant regulatory authorities. The Company has currently no development expenditure that qualifies for recognition as an asset under IAS 38.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes expenditures that are directly attributable to the acquisition of the individual item. Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of the asset. If significant individual parts of the assets have different useful lives, they are recognised and depreciated separately. Depreciation commences when the assets are ready for their intended use. The estimated useful lives of the assets are as follows:

- Office equipment: 2 – 3 years
- Laboratory equipment: 3 – 5 years
- Permanent building fixtures: 2 – 5 years
- Furniture and fittings: 3 years
- Software: 3 years

The estimated useful life of fixed assets related to the laboratory equipment, is based on the Company's assessment of operational risk.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated as profit or loss attributable to ordinary shareholders of the Company, adjusted for the effects of all dilutive potential options.

Events after the reporting period

New information on the Company's financial position at the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the Company's financial position at the end of the reporting period but which will affect the Company's financial position in the future are disclosed if significant.

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 2014.

Note 4. Government grants

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

	For the three months ended 30 June		For the six months ended 30 June	
Amounts in NOK	**2015**	**2014**	**2015**	**2014**
Payroll and related expenses	1 241 178	417 452	1 799 245	855 015
Other operating expenses	589 405	723 427	1 499 942	1 378 531

1) The Company has been awarded a grant from The Research Council (program for user-managed innovation arena (BIA) of NOK 10,500,000 in total for the period 2012 through 2015. For the financial period ended 30 June 2015, the Company has recognised NOK 950,000 (as of June 30, 2014: NOK 996,000) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

2) The Research Council Eurostars has awarded a grant supporting a collaboration research agreement with Affibody AB for the period 2014 through 2017 of NOK 4 million in total. For the financial period ended 30 June 2015, the Company has recognised NOK 724,420 partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses. In Q2 2014, the Company received NOK 60,000 in grant from The Research Council for filing the Eurostar application.

3) R&D projects have been approved for a Skattefunn grant for the period 2012 through 2017. For the financial period ended 30 June 2015, the Company has recognised NOK 1,624,767 compared to NOK 894,000 for the same period in 2014. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

4) The Research Council awarded a grant supporting a PhD for the period 2011 through 2014 of NOK 1,940,000 in total. For the financial period ended 30 June 2014, the Company recognised NOK 283,546 partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

Note 5. Employee share option program

Overview

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.

The following equity incentive schemes were in existence during the current and prior years:

Grant date	Number of options	Expiry date	Exercise price	Fair value at grant date
5 July 2011	150 000	30 June 2016	6.25	2.61
2 February 2012	90 000	2 February 2016	6.75	3.14
12 April 2012	40 000	12 April 2016	6.75	3.14
17 April 2012	15 000	30 June 2016	6.75	2.77
11 October 2012	50 000	11 October 2016	6.75	3.15
9 July 2014	43 800	9 July 2021	25.00	8.07
1 September 2014	868 106	1 September 2021	25.00	8.49
1 October 2014	15 000	1 October 2021	30.00	8.72
1 November 2014	591 041	1 November 2021	30.50	8.68
7 January 2015	718 200	7 January 2022	28,00	9.38
20 March 2015	80 000	2 March 2022	34,00	11.41

In general, 1/3 of the options granted in the 2011 to 2012 vested immediately upon grant. The remaining 2/3 vested in two portions (1/3 each time) at the achievement of defined milestones. The options granted under this program may be exercised twice a year, either in the period from 15 January to 15 February, or 1 August to 15 September each year from the date of vesting until expiry.

The options granted in 2014 and 2015 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.

	Six months ended June 2015		End of 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	1 616 281	25.94	253 334	6.53
Granted during the year	798 200	28.60	1 517 947	27.20
Exercised during the year	0	0	-125 000	6.51
Forfeited	-33 425	14.80	-30 000	6.75
Balance at period end	**2 381 056**	**27.16**	**1 616 281**	**25.94**

Note 6. Share capital and shareholder information

Share capital as at 30 June 2015 is NOK 8,903,808 (31 December 2014: 5,310,058), being 44,519,041 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:	Six months ended June 2015	2014
Ordinary shares at 1 January	26 550 291	11 074 708
Issue of ordinary shares [1) 2)]	17 968 750	13 683 916
Issue of ordinary shares under share options [3)]	0	125 000
Issue of ordinary shares from conversion of loan [4)]	0	1 666 667
Ordinary shares [5)]	**44 519 041**	**26 550 291**

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) In July 2014, 10,000,000 shares were subscribed for in a private placement among existing shareholders and new institutional investors at a share price of NOK 25 per share for total gross proceeds of NOK 250 million. In September 2014, 2,000,000 shares were subscribed for in the subsequent repair offering at a share price of NOK 25 per share for gross proceeds of NOK 50 million.

   HealthCap VI L.P. subscribed in October 2014 for 1,666,666 shares at a share price of NOK 15. This transaction was a fulfilment of investment from September 2013.

   At the Extraordinary General Meeting held on 12 November 2014 it was resolved that each board member should have the right to receive the remuneration in cash, or wholly or partly in the form of shares. The shares were subscribed at nominal value of NOK 0.20 each and the number of shares to be issued was determined on the basis of the then prevailing market price of NOK 30 per share (i.e. a discount of NOK 29.80 per share). A total of 17,250 shares were subscribed for.

3) In February 2014, employees exercised 80,000 share options. The Shares were subscribed at a price of NOK 6.75 (60,000 shares) and NOK 6.5 (20,000 shares). In October 2014 one employee exercised 5,000 share options at a price of NOK 6.75, and in December 2014 one employee exercised 40,000 share options at a price of NOK 6.50.

4) HealthCap VI L.P. converted in May 2014 a convertible loan in the amount of NOK 25,000,005 made available to the Company pursuant to the subscription agreement entered into on 26 September 2013 and the resolution made by the General Meeting on the same date. The conversion price for the convertible loan was NOK 15, and the Company issued 1,666,667 new shares to HealthCap VI L.P.

5) The Annual General Meeting held 9 March 2015 granted an authorisation to increase the share capital limited to 10% of the share capital following the IPO, to be used in connection with the share based incentive programs for the Group's employees. Of the authorised 4.452,904 shares, 2,381,056 shares are granted (ref. note 5).The authorisation is valid until 26 June 2016 and replaces the authorisation granted at the Extraordinary General Meeting held on 27 June 2014.

Nordic Nanovector ASA has 1,865 shareholders as at 30 June 2015.

	Shareholders	Number of shares	Percentage share of total shares
1	HealthCap VI L.P.	5 445 833	12.23 %
2	Folketrygdfondet	3 490 300	7.84 %
3	Sciencons AS (Roy Hartvig Larsen)	1 162 000	2.61 %
4	Inven2 AS	1 091 675	2.45 %
5	Linux Solutions Norge AS	882 306	1.98 %
6	Arctic Funds PLC	802 250	1.80 %
7	Must Invest AS	789 142	1.77 %
8	Portia AS	750 000	1.68%
9	Storebrand Vekst	732 712	1.65 %
10	Radiumhospitalets Forskningsstiftelse	728 518	1.64 %
11	Storebrand Norge I	724 639	1.63 %
12	VPF Nordea Kapital	638 164	1.43 %
13	Viola AS	600 000	1.35 %
13	Roy Hartvig Larsen	600 000	1.35 %
15	OM Holding AS	520 000	1.17 %
16	Miniaste AS	510 000	1.15 %
17	VFP Nordea Avkastning	471 310	1.06 %
18	Verdipapirfondet Storebrand Optima	456 054	1.02 %
19	Skandinaviska Enskilda Banken AB	455 122	1.02 %
20	Invesco Perp EUR	448 566	1.01 %
	Total shares for top 20 shareholders	**21 298 591**	**47.84 %**
	Total shares for other 1845 shareholders	23 220 450	52.16 %
	Total shares (1865 shareholders)	**44 519 041**	**100.00%**

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

Note 7. Information about subsidiaries

The consolidated financial statements of the Group include		% Equity interest
Name	**Country of incorporation**	**2015**
Nordic Nanovector GmbH	Switzerland	100
Nordic Nanovector Ltd	United Kingdom	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 200 Brook Drive, Green Park, Reading RG2 6UB, United Kingdom.*

Note 8. Transactions with related parties

Details of transactions between the Group and related parties are disclosed below:

GROUP				
During the period, the Company entered into the following trading transactions with related parties:				
	Sales (included in revenue)		**Purchases (included in other operating expenses)**	
	30.6.2015	**30.6.2014**	**30.6.2015**	**30.6.2014**
Companies controlled by board member (previous Chairman of the Board)	218 002	234 227	43 955	322 608
At 30 June, the Company had the following balances with related parties:				
	Amounts owed by related parties (included in other receivables)		**Amounts owed to related parties (included in accounts payable)**	
	30.6.2015	**30.6.2014**	**30.6.2015**	**30.6.2014**
Companies controlled by board member (previous Chairman of the Board)	47 346	0	54 944	83 192

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:

	Six months ending 30 June 2015	Six months ending 30 June 2014
Loss for the period	-81 407 153	-26 566 019
Average number of outstanding shares during the year	36 276 854	11 330 721
Earnings (loss) per share - basic and diluted	**-2.24**	**-2.34**

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

	30.6.2015	31.3.2015	31.12.2014
Unpaid duties and charges	1 956 318	1 805 431	1 863 882
Unpaid vacation pay	1 124 924	1 933 200	1 177 953
Other accrued costs	19 535 883	10 084 542	6 184 618
Other current liabilities	**22 617 125**	**13 823 173**	**9 226 453**

Other accrued costs for period ended 30 June 2015 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
- **HH1:** Betalutin® consists of the radionuclide lutetium-177 which is joined to the B-cell seeking antibody HH1. The HH1 antibody in Betalutin® binds to the CD37 antigen B-cells (NHL cells).
- **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
- **NHL:** Non-Hodgkin Lymphoma
- **OSE**: Oslo Stock Exchange
- **ORR**: Overall response rate (the CR and PR, jointly)
- **PARADIGME:** Name of Nordic Nanovector's pivotal Phase 2 study
- **PFS**: Progression free survival
- **PR:** Partial response
- **QoL**: Quality of life
- **R:** Rituximab
- **RIT:** Radioimmunotherapy
- **SAB:** Scientific Advisory Board
- **SD:** Stable disease
- **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

Q2 2015 results: 26 August 2015

Q3 2015 results: 21 October 2015

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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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