NORDIC NANOVECTOR

Third Quarter 2018 Report

Nordic Nanovector ASA



Q3'18 Highlights

- **Abstract reporting promising clinical results from LYMRIT 37-01 trial with Betalutin® published ahead of poster presentation at ASH**
  - Overall response rates of 69% in Arm 4 (100 mg/m^2 lilotomab followed by 20 MBq/kg Betalutin®) and 64% in Arm 1 (40 mg lilotomab followed by 15 MBq/kg Betalutin®) in relapsed/refractory follicular lymphoma patients
  - Median duration of response of 13.3 months for all patients (20.5 months for those with a complete response)
  - Well tolerated with predictable and manageable safety profile;
- **Site activations and patient recruitment progressing for pivotal Phase 2b PARADIGME trial**
  - As of November 5th, 51 (of 80-85) sites in 16 (of 20) countries are open for enrolment
  - First US site in Long Beach, CA open for enrolment
- **Betalutin® granted Promising Innovative Medicine (PIM) Designation in the UK for the treatment of advanced relapsed/refractory FL**
- **First patient dosed in Phase 1b Archer-1 trial of Betalutin® in combination with rituximab in second-line (2L) FL patients**
- **Promising results from a collaborative R&D project to develop a CD37-targeted alpha therapy published in abstract ahead of ASH presentation**
  - Next-generation targeted alpha therapy comprises Nordic Nanovector's chimeric anti-CD37 antibody (NNV003) linked to lead-212 for treating B-cell malignancies

Eduardo Bravo, CEO, commented: "The latest updated clinical results from a once-only administration of Betalutin®, to be presented at ASH in December, highlight the very promising clinical profiles of the two dosing regimens that are being evaluated in patients with relapsed/refractory indolent NHL. We are working hard to advance the PARADIGME study to confirm these results in a trial with 130 patients and to enable the selection of the best dosing regimen for our regulatory submissions. We are also pleased that Betalutin® has received PIM designation in the UK reflecting the high unmet medical need of the FL patient population as well as the potential of Betalutin® to offer therapeutic benefits to these patients. Both the PIM and Fast Track designations (granted by the FDA in June) provide opportunities for enhanced dialogue with health authorities and a route to bring Betalutin® to patients quicker. We have a clear focus on delivering results from PARADIGME in 1H 2020 and in building further value in Nordic Nanovector from our CD37-targeting approach to treating patients with NHL."

Key figures Nordic Nanovector Group

Amounts in MNOK (except earnings/loss per share)	Third Quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Total revenues	0.0	0.1	0.0	0.3	0.3
Total operating expenses	76.9	72.7	243.7	214.9	316.8
Operating profit (loss)	-76.9	-72.6	-243.7	-214.6	-316.5
Net financial items	1.5	-12.9	-4.8	7.0	23.1
Total comprehensive income (loss) for the period	**-75.4**	**-85.9**	**-249.1**	**-207.9**	**-295.6**
Basic and diluted earnings (loss) per share	**-1.54**	**-1.75**	**-5.08**	**-4.24**	**-5.99**
Number of employees	**40**	**34**	**40**	**34**	**36**
Net change in bank deposits, cash and equivalents	-70.5	-77.7	-256.9	-214.5	-261.6
Cash and equivalents at beginning of period	570.1	881.4	756.6	1 018.2	1 018.2
Cash and equivalents at end of period	**499.7**	**803.7**	**499.7**	**803.7**	**756.6**

Operational review

Nordic Nanovector's lead product candidate Betalutin® (^{177}Lu-satetraxetan-lilotomab) is in clinical development to evaluate its potential as a new once-only, targeted treatment for patients with non-Hodgkin's lymphoma (NHL). The company's priority is to develop Betalutin® as a new treatment for advanced recurrent follicular lymphoma (FL). The data from the ongoing pivotal Phase 2b trial (PARADIGME), if successful, are expected to identify the best Betalutin® dosing regimen and support market authorisation applications for Betalutin®.

Clinical results from the previous LYMRIT 37-01 Phase 1/2 study identified two recommended Phase 2 dosing regimens that demonstrate Betalutin® therapy has a very promising clinical profile, with encouraging efficacy and a favourable safety observed in patients studied, particularly those with recurrent/refractory (R/R) FL. Combined with the convenience of a once-only administration, Betalutin® shows a promising profile as a potential new therapy for R/R indolent NHL.

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

Betalutin® in combination with rituximab (RTX; anti-CD20 antibody therapy) is also being investigated in second-line (2L) FL in the Phase 1b Archer-1 trial, and a Phase 1 study of single-agent Betalutin® in patients with R/R diffuse large B-cell lymphoma (DLBCL) (LYMRIT 37-05) is ongoing.

In addition, the company is beginning to see encouraging results from R&D collaborations with third parties that leverage its anti-CD37 targeting approach for NHL and other types of haematological malignancies.

Updated results to be presented at ASH continue to highlight strong clinical profile of Betalutin®

On November 1st, an abstract reporting updated results from the LYMRIT 37-01 Phase 1/2 trial was published ahead of its presentation in a poster at the 60th American Society of Hematology (ASH) Annual Meeting & Exposition (December 1st - 4th, 2018) in San Diego, CA, USA.

The published dataset (as of June 22nd, 2018) includes 74 evaluable patients; all patients received Betalutin® as a single administration and have six or more months of follow-up. The complete dataset will be presented at ASH.

The conclusions from the updated study results are that Betalutin® is well-tolerated and has promising anti-tumour activity in recurrent iNHL, especially in follicular lymphoma (FL) patients. Key results are:

Patients	Number of patients (n)	Overall Response Rate (ORR)	Complete Responses (CR)
All iNHL patients	74	61%	26%
FL patients	57	65%	24%
3L FL patients (≥2 prior therapies)	37	70%	27%
FL patients in Arm 1 (40 mg lilotomab followed by 15 MBq/kg Betalutin®)	25	64%	28%
FL patients in Arm 4 (100 mg/m^2 lilotomab followed by 20 MBq/kg Betalutin®)	16	69%	19%

The median duration of response (mDoR), when treated with a single administration of Betalutin®, was 13.3 months for all patients (20.5 months for those with a CR) based on a median follow-up of 9.1 months (range 4.9-49.5 months). Twenty-six patients (35%) have remained free of disease for more than 12 months.

Betalutin® therapy was well tolerated with no unexpected safety findings and the safety profile is both predictable and manageable.

The data continue to highlight the encouraging clinical profile of single-agent Betalutin® therapy in iNHL patients, particularly in those with FL, the primary NHL population for which Betalutin® is being developed.

Two recommended Phase 2 doses were identified from this study and are now being compared in PARADIGME.

Further presentations from preclinical and non-clinical studies with Betalutin® providing insights to its molecular mechanism of action were made at the 32nd Annual Congress of the European Association of Nuclear Medicine in October 2018.

PARADIGME progress

PARADIGME is a pivotal, global, randomised Phase 2b trial comparing two Betalutin® dosing regimens, identified in the LYMRIT 37-01 trial, in relapsed, rituximab/anti-CD20 refractory FL patients who have received ≥2 prior therapies.

The dosing regimens are:

- 15 MBq/kg Betalutin® with a pre-dose of 40mg lilotomab, and
- 20 MBq/kg Betalutin® with a pre-dose of 100mg/m2 lilotomab

The primary endpoint for the trial is overall response rate (ORR) and secondary endpoints include duration of response (DoR), progression free survival (PFS), overall survival (OS), safety and quality of life. The trial is aiming to enrol 130 patients at 80-85 sites in 20 countries. The first patient was dosed in June 2018 and an initial efficacy and safety data read-out is targeted for the first half of 2020.

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

As at November 5th, 2018, PARADIGME is open for patient enrolment at 51 (of 80-85) sites in 16 (of 20) countries.

Activation of the first site in the USA, in Long Beach, CA, was announced on October 26th, 2018, and further sites in the US are expected to come online in the coming weeks.

The company also announced in October 2018 that Betalutin® therapy has been granted Promising Innovative Medicine (PIM) designation by the UK's Medicines and Healthcare Products Regulatory Agency (MHRA) for the treatment of patients with R/R FL who have received at least two prior systemic therapies, including those who are refractory to anti-CD20 immunotherapy. The designation was granted based on data from the Phase 1/2 LYMRIT 37-01 trial.

The grant of PIM designation, as with the grant of Fast Track designation in the US (in June), acknowledges the high unmet medical need of the target patient population as well as the potential of Betalutin® to offer therapeutic benefits to FL patients. These designations are very encouraging, as they provide opportunities for enhanced dialogue with health authorities and the potential to bring Betalutin® to patients quicker.

First patient dosed in Archer-1: evaluating Betalutin® in combination with rituximab in 2L FL

Rituximab (RTX) is a CD20-targeting antibody and the most widely used therapy administered to patients with newly-diagnosed or relapsed FL as a single agent or in combination with chemotherapy. Over time, patients may develop resistance to RTX, thus alternative targets are important. In addition, developing novel "chemo-free" regimens for patients as an alternative to chemotherapy is desirable.

The company believes that CD37, the molecule targeted by Betalutin®, could represent an important alternative target for new therapies for FL patients. Furthermore, the combination of anti-CD37 and anti-CD20 modalities could represent a novel dual immunotherapy approach for the treatment of these patients.

On November 2nd 2018, the company reported that the first patient had been dosed in the Archer-1 trial. Archer-1 is a Phase 1b open-label, single-arm, multi-centre dose-escalation trial to assess the safety and preliminary activity of combining CD37-targeted Betalutin® with RTX in 20-25 patients with relapsed/refractory FL who have received one or more prior therapies (2L). The trial is underway in Norway.

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

The rationale for Archer-1 was provided by preclinical data published in the *European Journal of Haematology* in July 2018 (Repetto-Llamazares, A.H.V. *et al*.). These data demonstrate that treatment with the combination of Betalutin® and RTX significantly prolonged overall survival in a murine model of NHL compared to treatment with either agent alone, possibly by reverting downregulation of CD20 and resistance to RTX.

Encouraging early results emerging from collaborative R&D project

On November 1st, 2018 Nordic Nanovector announced that an abstract reporting initial results from a research collaboration to develop a novel CD37-targeting alpha therapy for B-cell malignancies was published ahead of its presentation in a poster at ASH.

The research collaboration was established in June 2015 with Orano Med (formerly known as AREVA Med) to develop and investigate a next-generation targeted alpha therapy comprising Nordic Nanovector's chimeric anti-CD37 antibody (NNV003) with lead-212 (^{212}Pb), for the treatment of B-cell malignancies.

The results published in the abstract relate to promising findings from preclinical studies investigating the dose-dependent efficacy and tolerability of ^{212}Pb-NNV003 in human cell and mouse models of chronic lymphocytic leukaemia (CLL) and Burkitt's lymphoma (a type of NHL).

In the studies, ^{212}Pb-NNV003 was found to be well tolerated and led to a 90-100% survival rate in mouse models of NHL and CLL.

There is a strong scientific rationale for combining CD37-targeting approaches with other cytotoxic payloads, including radionuclides and toxins. CD37 is an important target for B-cell malignancies as it is selectively expressed on the surface of B-cell malignancies. Alpha-emitting radionuclides have demonstrated good potential for targeted cancer therapies because their high energy is limited to a very short distance (50–100 µm, a few cell widths) resulting in localised cytotoxicity while sparing surrounding healthy tissues. The development of ^{212}Pb-conjugated CD37-targeted alpha therapy therefore offers the potential to treat leukaemias and lymphomas where there is no substantial tumour mass and tumour cells are near healthy tissues.

Other research collaborations and projects investigating the potential of Nordic Nanovector's CD37-targeting approach with radionuclide and cytotoxic payloads are ongoing.

Financial review

The interim consolidated financial statements for Nordic Nanovector Group[1] as of September 30th, 2018 have been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

Interim consolidated statement of profit or loss

(Figures in brackets = same period 2017 unless stated otherwise)

Revenues in the second quarter of 2018 amounted to NOK 0 (NOK 0.1 million). The company has terminated the agreement for sales of incubator services and sublease of office and laboratory facilities. Revenues for the first nine months 2018 were NOK 0 (NOK 0.3 million).

Total operating expenses for the quarter came to NOK 76.9 million (NOK 72.7 million). Payroll and related expenses were NOK 21.2 million (NOK 21.9 million). Increased number of employees were partly offset by reduced non-cash costs related to previous granted options. Other expenses amounted to NOK 55.1 million during the quarter (NOK 50.5 million), the increase being driven by clinical trials and commercial preparation activities.

Total operating expenses for the first nine months 2018 increased to NOK 243.7 million (NOK 214.9 million), primarily reflecting higher operational activities (start of PARADIGME and Archer-1).

Research and development (preclinical, clinical, medical affairs, regulatory and CMC activities) expenses accounted for 73 % of total operating expenses (71 %) for the first nine months 2018.

Operating loss for the quarter was NOK 76.9 million (loss of NOK 72.6 million), for the reasons stated above.

Operating loss for the first nine months 2018 was NOK 243.7 million (loss of NOK 214.6 million).

Net financial items for the quarter came to NOK 1.5 million (negative NOK 12.9 million), mainly reflecting the effect of currency fluctuations on bank deposits and interest income. Net financial items for the first nine months amounted to negative NOK 4.8 million (NOK 7.0 million), mainly due to non-cash negative currency fluctuations on bank deposits.

Nordic Nanovector's comprehensive loss for the quarter amounted to NOK 75.4 million (loss of NOK 85.9 million), due to the reasons stated above. Comprehensive loss for the first nine months was NOK 249.1 million (NOK 207.9 million).

Financial position

Total assets at September 30th, 2018, amounted to NOK 531.3 million, down from NOK 780.5 million at December 31st, 2017. The decline was primarily due to a lower cash holding following operational activities.

Total shareholders' equity at September 30th, 2018, was NOK 440.3 million (NOK 679.6 million at year end 2017), corresponding to an equity ratio of 83% (87% at year-end 2017).

Total liabilities at the end of the third quarter were NOK 91.1 million, down from NOK 100.9 million from year-end 2017, driven by payments of accounts payable.

Cash flow

Net cash flow from operating activities in the third quarter and first nine months 2018 was negative NOK 71.5 million (negative NOK 60.9 million) and negative NOK 249.0 million (negative NOK 182.8 million), respectively, mainly reflecting the impact of higher research and development activities and fluctuations in the working capital and exchange rate fluctuations.

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

Net cash flow from investing activities in the third quarter and first nine months 2018 was negative NOK 0.4 million (negative NOK 1.6 million) and negative NOK 1.9 million (negative NOK 1.9 million), respectively.

Net cash flow from financing activities for the third quarter and first nine months 2018 was NOK 1.0 million and NOK 2.2 respectively caused by exercise of options.

Exchange rate fluctuations in the third quarter and first nine months 2018 had an impact on cash and cash equivalents of NOK 0.3 million and negative NOK 8.2 million, respectively.

Cash and cash equivalents at September 30th, 2018 amounted to NOK 499.7 million, compared to NOK 570.1 million at the end of June 2018 and NOK 756.6 million at the end of December 2017.

Risks and uncertainties

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

Outlook

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

Betalutin®, the company's most advanced product candidate, has a highly differentiated, competitive, clinical profile for R/R FL, based on the promising results from the LYMRIT 37-01 Phase 1/2 clinical study. The company's pivotal Phase 2b PARADIGME trial with Betalutin® in 3L R/R FL is underway with the initial clinical data read-out targeted for 1H 2020 and subsequent filing in 2020 for marketing approval.

Betalutin® has been granted Fast Track and PIM designations in the US and UK, respectively, for the treatment of patients with R/R FL.

Nordic Nanovector intends to maximize the value of Betalutin® and other CD37-targeting opportunities across other stages of FL, NHL and other haematological cancer indications.

The company is confident that Betalutin® could become an attractive and convenient therapeutic option, which, based on detailed market research, has the potential to be commercially successful.

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

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

Amounts in NOK 1 000	Note	Third Quarter		Year to date		Full Year
		2018	2017	2018	2017	2017
Revenues		0	108	0	252	302
Total revenues		**0**	**108**	**0**	**252**	**302**
Payroll and related expenses	4, 5, 6	21 191	21 884	56 095	56 370	80 609
Depreciation		597	361	1 646	940	1 483
Other operating expenses	4, 6	55 127	50 503	185 955	157 545	234 732
Total operating expenses		**76 915**	**72 748**	**243 696**	**214 855**	**316 824**
Operating profit (loss)		**-76 915**	**-72 640**	**-243 696**	**-214 603**	**-316 522**
Net finance income (expense)	9	1 540	-12 937	-4 787	7 042	23 089
Loss before income tax		**-75 375**	**-85 577**	**-248 483**	**-207 561**	**-293 433**
Income tax		-145	-110	-544	-317	-381
Loss for the period		**-75 520**	**-85 687**	**-249 027**	**-207 878**	**-293 814**
Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods						
Translation effects		89	-196	-35	-60	86
Other comprehensive income (loss), net of income tax not to be reclassified to profit and loss in subsequent periods						
Re-measurement gains (losses) on defined benefit plans		0	0	0	0	-1 839
Total comprehensive income (loss) for the period		**-75 431**	**-85 883**	**-249 062**	**-207 938**	**-295 567**
Loss for the period attributable to owners of the company		-75 520	-85 687	-249 027	-207 878	-293 814
Total comprehensive income (loss) for the period attributable to owners of the company		-75 431	-85 883	-249 062	-207 938	-295 567
Earnings (loss) per share						
Basic and diluted earnings (loss) per share in NOK	8	-1.54	-1.75	-5.08	-4.24	-5.99

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of financial position
Nordic Nanovector Group

Amounts in NOK 1 000	Note	September 30th, 2018	December 31st, 2017
ASSETS			
Non-current assets			
Property, plant and equipment		4 632	4 174
Total property, plant and equipment		**4 632**	**4 174**
Current assets			
Receivables			
Other current receivables	4	27 054	19 726
Total receivables		**27 054**	**19 726**
Cash and cash equivalents		**499 650**	**756 571**
Total current assets		**526 704**	**776 297**
TOTAL ASSETS		**531 336**	**780 471**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7	9 825	9 809
Share premium	7	1 437 088	1 434 896
Other paid in capital	5, 6	52 076	44 551
Accumulated losses		-1 058 704	-809 642
Total shareholders' equity		**440 285**	**679 614**
Liabilities			
Non-current liabilities			
Net employee defined benefit liabilities		3 823	3 619
Total non-current liabilities		**3 823**	**3 619**
Current liabilities			
Accounts payable		19 356	29 317
Tax payable		625	467
Other current liabilities		67 247	67 454
Total current liabilities		**87 228**	**97 238**
Total liabilities		**91 051**	**100 857**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**531 336**	**780 471**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of changes in equity
Nordic Nanovector Group

For the period ended September 30th, 2018								
Amounts in NOK 1 000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Remeasure-ment gains (losses)**	**Total equity**
Balance at January 1st, 2017		**9 795**	**1 433 743**	**19 826**	**-513 623**	**-452**	**0**	**949 289**
Loss for the year					-293 814			-293 814
Other comprehensive income (loss) for the year net of income tax						86	-1 839	-1 753
Total comprehensive income for the year		**0**	**0**	**0**	**-293 814**	**86**	**-1 839**	**-295 567**
Recognition of share-based payments	5, 6			24 725				24 725
Issue of ordinary shares	7	0	0					0
Issue of ordinary shares under share options	5, 7	14	1 613					1 627
Share issue costs	7		-460					-460
Balance at December 31st, 2017		**9 809**	**1 434 896**	**44 551**	**- 807 437**	**-366**	**-1 839**	**679 614**
Loss for the period					-249 027			-249 027
Other comprehensive income (loss) for the year, net of income tax						-35	0	-35
Total comprehensive income for the period		**0**	**0**	**0**	**-249 027**	**-35**	**0**	**-249 062**
Recognition of share-based payments	5, 6			7 525				7 525
Issue of ordinary shares under share options and RSUs	5, 6, 7	16	2 230					2 246
Share issue costs			-38					-38
Balance at September 30th, 2018		**9 825**	**1 437 088**	**52 076**	**-1 056 464**	**-401**	**-1 839**	**440 285**

Amounts in NOK 1 000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Remeasure-ment gains (losses)**	**Total equity**
Balance at January 1st, 2017		**9 795**	**1 433 743**	**19 826**	**-513 623**	**-452**	**0**	**949 289**
Loss for the period					-207 878			-207 878
Other comprehensive income (loss) for the year net of income tax						-60	0	-60
Total comprehensive income for the period		**0**	**0**	**0**	**-207 878**	**-60**	**0**	**-207 938**
Recognition of share-based payments	5, 6			18 702				18 702
Issue of ordinary shares under share options	5, 7	14	1 613					1 627
Share issue costs			-460					-460
Balance at September 30th, 2017		**9 809**	**1 434 896**	**38 528**	**-721 501**	**-512**	**0**	**761 220**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of cash flow
Nordic Nanovector Group

Amounts in NOK 1 000	Note	Third Quarter		Year to date		Full Year
		2018	2017	2018	2017	2017
Cash flow from operating activities						
Loss for the period before income tax		**-75 375**	**-85 577**	**-248 483**	**-207 561**	**-293 433**
Adjustments for:						
Interest received		-60	-34	-202	-111	-5 846
Share option and PSU expenses employees	5	3 873	6 254	6 434	17 755	23 428
Restricted share units (RSUs) expenses	6	406	350	1 091	947	1 297
Taxes paid		-155	-74	-366	-282	-291
Depreciation		597	361	1 646	940	1 483
Currency (gains) losses not related to operating activities		-341	13 901	8 223	-2 780	-17 086
Changes in working capital and non-cash adjustments		-437	3 886	-17 348	8 331	41 018
Net cash flow from operating activities		**-71 492**	**-60 933**	**-249 005**	**-182 761**	**-249 430**
Cash flow from investing activities						
Investments in property, plant and equipment and intangible assets		-411	-1 603	-2 103	-1 977	-2 513
Interests received		60	34	202	111	5 846
Net cash flow from investing activities		**-351**	**-1 569**	**-1 901**	**-1 866**	**3 333**
Cash flows from financing activities						
Net proceeds from equity issue	7	1 022	-1 270	2 208	-32 635	-32 635
Net cash flow from financing activities		**1 022**	**-1 270**	**2 208**	**-32 635**	**-32 635**
Effects of exchange rate changes on cash and cash equivalents		**341**	**-13 901**	**-8 223**	**2 780**	**17 086**
Net change in bank deposits, cash and equivalents		-70 480	-77 673	-256 921	-214 482	-261 646
Cash and equivalents at beginning of period		570 130	881 408	756 571	1 018 217	1 018 217
Cash and equivalents at end of period		**499 650**	**803 735**	**499 650**	**803 735**	**756 571**

The interim financial information has not been subject to audit.

Notes to the condensed interim financial statements for the third quarter 2018

Note 1. General information

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

The figures in this third quarter 2018 report are non-audited figures.

These financial statements were approved for issue by the board of directors on November 5th, 2018.

Note 2. Basis for preparation and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements can be found in the group's Annual Report 2017. These policies have been consistently applied in all periods presented. Amounts are in Norwegian kroner (NOK) unless stated otherwise. The functional currency of the group is NOK.

Basis of preparation of the annual accounts

The Nordic Nanovector Group's interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the EU and are mandatory for financial years beginning on or after January 1st, 2018, and Norwegian disclose requirements listed in the Norwegian Accounting Act. The interim consolidated condensed financial statements have been prepared on the historical cost basis, with the exception of receivables and other financial liabilities which are recognised at amortised cost.

Standards issued but not yet effective

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

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

Critical accounting estimates and judgments

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31st, 2017.

Note 4. Government grants

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

Amounts in NOK 1 000	Third Quarter		Year to date	
	2018	2017	2018	2017
Payroll and related expenses	401	816	2 020	2 712
Other operating expenses	2 462	2 659	5 097	7 543

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

Amounts in NOK 1 000	September 30th, 2018	December 31st, 2017
Grants receivable	10 698	9 350

1) In 2016, the company received a new grant of up to NOK 15 million from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The project period is from 2016 to 2018. The purpose of the grant is to support research and development of novel targeted therapeutics for leukaemia and NHL. The grant will be distributed to the company over the course of three years. For the financial period ended September 30th, 2018, the company has recognised NOK 2.9 million (as of September 30th, 2017: NOK 3.8 million) classified partly as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

2) R&D projects have been approved for SkatteFUNN grants for the period 2017 through 2020. For the financial period ended September 30th, 2018, the company has recognised NOK 3.6 million compared to NOK 5.5 million for the same period in 2017. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

3) In 2016, The Research Council awarded a grant supporting a PhD for the period 2016 through 2019 of NOK 2.1 million. For the financial period ended September 30th, 2018, the company recognised NOK 0.6 million (September 30th, 2017: NOK 0.5 million) as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

4) The Research Council Eurostars awarded a grant supporting a collaboration research agreement with Affibody AB for the period 2014 through 2017 of NOK 4 million in total. For the financial period ended September 30th, 2017, the company recognised NOK 0.3 million partly as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses. The company has decided to discontinue the Affilutin project considering the current challenging market landscape in multiple myeloma, and concentrated efforts and resources on other leading discovery projects

Note 5. Employee share incentive programme

Performance Share Units (PSUs)

The Board of Directors of Nordic Nanovector ASA has on January 29th, 2018 decided to grant 216 550 PSUs to current and newly hired employees. In April and July 2018, an additional 285 000 PSUs was granted to newly hired employees, of which 250 000 was granted the new CEO.

Overview of outstanding PSUs

Amounts in NOK	Year to date 2018
	Number of PSUs
Balance at January 1th,2018	0
Granted during the year	501 550
Exercised during the year	0
Forfeited	-40 300
Balance at September 30th, 2018	**461 250**
Hereof vested PSUs	**0**

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

Share options

Overview of outstanding options

Amounts in NOK	Year to date 2018	
	Number of options	Weighted average exercise price
Balance at January 1st, 2018	3 482 843	42.20
Granted during the year	0	0
Exercised during the year	-72 078	31.15
Forfeited	-441 391	53.52
Balance at September 30th, 2018	**2 969 374**	**40.81**
Hereof vested options	**2 347 159**	**34.81**

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

Note 6. Restricted Stock Units (RSUs)

At the annual general meeting held on May 30th, 2018, the shareholders approved the issuance of restricted stock units ("RSUs") to board members who elect to receive all or parts of their remuneration, for the period from the annual general meeting in 2018 to the annual general meeting in 2019, in the form of RSUs.

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

In July 2018, three of the board members of Nordic Nanovector ASA, Gisela Schwab, Joanna Horobin and Jean-Pierre Bizzari, resolved to settle a total number of 6,035 RSUs that were issued to them in June 2017.

The Board of Directors of the Company has, to fulfil the Company's obligations under the RSU agreements, resolved to issue 6,035 new shares at a subscription price of NOK 0.20 per share giving a total subscription amount of NOK 1,207. The shares are issued pursuant to the authorisation granted to the Board of Directors on the annual general meeting held on May 30th, 2018.

Overview of outstanding RSUs

Amounts in NOK	Year to date 2018
	Number of RSUs
Balance at January 1st, 2018	45 014
Granted during the year	29 412
Exercised during the year	-6 035
Forfeited	0
Balance at September 30th, 2018	**68 391**
Hereof vested RSUs	**38 979**

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

Note 7. Share capital and shareholder information

The share capital as at September 30th, 2018 is NOK 9 824 503 (December 31st, 2017: NOK 9 808 880), being 49 122 515 ordinary shares at a nominal value of NOK 0.20. All shares carry equal voting rights.

The change in the number of shares during the period was as follows:	Note	September 30th, 2018	December 31st, 2017
Ordinary shares at January 1st, 2018		**49 044 402**	**48 974 618**
Issue of ordinary shares under share options	5	72 078	56 525
Issue of ordinary shares under RSUs	6	6 035	13 259
Ordinary shares		**49 122 515**	**49 044 402**

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

Nordic Nanovector ASA had 8 540 shareholders as at September 30th, 2018

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	5 445 833	11.09 %
2	Folketrygdfondet	2 776 506	5.65 %
3	OM Holding AS	2 411 883	4.91 %
4	Nordnet Livsforsikring AS	1 463 665	2.98 %
5	State Street Bank and Trust Comp	862 200	1.76 %
6	Linux Solutions Norge AS	845 071	1.72 %
7	Sciencons AS (Roy Hartvig Larsen)	750 000	1.53 %
8	Radiumhospitalets Forskningsstiftelse	689 518	1.40 %
9	Must Invest AS	625 000	1.27 %
10	Inven2 AS	541 247	1.10 %
11	VPF Nordea Avkastning	508 251	1.03 %
12	Roy Hartvig Larsen	501 777	1.02 %
13	Ro Invest AS	450 000	0.92 %
14	Birk Venture AS	420 000	0.86 %
15	VPF Nordea Kapital	407 922	0.83 %
16	Netfonds Livsforsikring AS	394 484	0.80 %
17	Nordnet Bank AB	303 631	0.62 %
18	KLP Aksje Norge	300 000	0.61 %
19	Myrild AS	287 625	0.59 %
20	Statoil Pensjon	277 701	0.57 %
	Total shares for top 20 shareholders	**20 262 314**	**41.25 %**
	Total shares for other 8 520 shareholders	28 860 201	58.75 %
	Total shares (8 540 shareholders)	**49 122 515**	**100.00 %**

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

Note 8. Earnings per share

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

Amounts in NOK	Year to date 2018	Year to date 2017
Loss for the period	-249 027 000	- 207 878 000
Average number of outstanding shares during the year	49 061 456	49 026 004
Earnings (loss) per share - basic and diluted	**-5.08**	**-4.24**

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 9. Net finance income (expense)

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

Amounts in NOK 1 000	Third Quarter		Year to date		Full Year
	2018	2017	2018	2017	2017
Finance income	1 070	1 370	3 510	4 596	5 899
Finance expenses	0	0	1	1	10
Net currency gains (losses) on cash and cash equivalents	341	-13 901	-8 223	2 780	17 086
Net other currency gains (losses) related to operating items	129	-406	-73	-333	114
Net finance income (expense)	**1 540**	**-12 937**	**-4 787**	**7 042**	**23 089**

Additional information

Glossary of terms

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

(A)SCT: (Autologous) stem cell transplant

ADC: Antibody-Drug-Conjugate

AHCP: Allied Healthcare Professional

AML: Acute Myeloid Leukemia

ARC: Antibody-Radionuclide-Conjugate

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

ASH: American Society of Hematology

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

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

CD20: B-lymphocyte antigen CD20 is an activated-glycosylated phosphoprotein expressed in the surface of all B-cells beginning at the pro-B phase and progressively increasing in concentration until maturity

CD37: B-lymphocyte antigen CD-37 is a protein, a member of the transmembrane 4 superfamily, also known as the tetraspanin superfamily of cell surface antigens

chHH1: Chimeric version of the HH1 antibody

CLL: Chronic Lymphocytic Leukemia

CR: Complete Response

DLBCL: Diffuse Large B-Cell Lymphoma

DoR: Duration of Response

EANM: European Association of Nuclear Medicine

EMA: European Medicines Agency

EMEA: Europe, Middle East, and Africa

FDA: Food and Drug Administration (US)

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

FL: Follicular Lymphoma

GMP: Good Manufacturing Practice

Haem-Oncs: Haematologist-oncologist

HCP: Healthcare Professional

HH1: Lilotomab

Humalutin®: Chimeric anti-CD37 ARC

IND: Investigational New Drug

iNHL: Indolent non-Hodgkin Lymphoma

KI: Kinase Inhibitor

KOL: Key Opinion Leader

LCM: Life-cycle management

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

Lu-177: Radionuclide lutetium-177

M.D: Medical Doctor

mAb: Monoclonal antibody

MBq: Megabecquerel (radioactivity measurement unit)

MCL: Mantle Cell Lymphoma

Medicare: US government reimbursement programme for insured elderly

MedOnc: Medical oncologist

MoA: Mechanism of Action

MSL: Medical science liaison

nASCT: Not eligible for autologous stem cell transplant

NDA: New Drug Application

NHL: Non-Hodgkin's Lymphoma

NNV003: Chimeric anti-CD37 antibody developed by Nordic Nanovector

ODD: Orphan Drug Designation

ORR: Overall Response Rate (CR plus PR)

OS: Overall Survival

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

PD: Progressive Disease

PFS: Progression Free Survival

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

PR: Partial Response

QoL: Quality of Life

R/R: Relapsed/refractory

R: Rituximab

RadOnc: Radiation oncologist

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

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

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

R-CVP: Rituximab, cyclophosphamide, vincristine, prednisone

RIT: Radioimmunotherapy

R-Squared: Combination treatment consisting of rituximab plus lenalidomide

SAB: Scientific Advisory Board

SD: Stable Disease

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

T-cell: A type of lymphocyte (white blood cell) that plays a central role in cell-mediated immunity. Can be distinguished from other lymphocytes by the presence of a T-cell receptor (TCR) on the cell surface. They are called T-cells because they mature in the thymus

TKI: Tyrosine Kinase Inhibitor

TPP: Target Product Profile

US: United States

Financial calendar

Q3 2018 results:	November 6th, 2018
Q4 2018 results:	February 27th, 2019
Annual General meeting:	April 25th, 2019
Q1 2019 results:	May 23rd, 2019
Half-yearly results:	August 22nd, 2019
Q3 2019 results:	November 21st, 2019

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

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

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Forward–looking statements

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

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NORDIC NANOVECTOR

About Nordic Nanovector

Nordic Nanovector is committed to develop and deliver innovative therapies to patients to address major unmet medical needs and advance cancer care. The Company aspires to become a leader in the development of targeted therapies for haematological cancers.

Nordic Nanovector's lead clinical-stage candidate is Betalutin®, a novel CD37-targeting antibody-radionuclide-conjugate designed to advance the treatment of non-Hodgkin's lymphoma (NHL). NHL is an indication with substantial unmet medical need, representing a growing market forecast to be worth nearly USD 20 billion by 2024. Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin® in core markets.