OFFERING CIRCULAR **May 22, 2020**

Listing on First North Premier Growth Market Finland and First North Premier Growth Market Sweden
Share Issue of approximately EUR 70 million
Share Sale of a preliminary maximum of 2,318,605 Sale Shares
Subscription Price EUR 3.45 per Offer Share (preliminary corresponding to SEK 36.42 per Offer Share)

This offering circular (the "**Offering Circular**") has been prepared in connection with the initial public offering of the shares in Nanoform Finland Plc, a public limited liability company (in Swedish: *publikt aktiebolag*) incorporated in Finland ("**Nanoform**", the "**Company**" or the "**Issuer**"). The Company aims to raise gross proceeds of approximately EUR 70 million by offering a maximum of 20,289,856 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In addition, the existing shareholders in the Company listed in Annex A (the "**Sellers**") will offer for purchase initially a maximum of 2,318,605 existing shares in the Company (the "**Sale Shares**") (the "**Share Sale**", and together with the Share Issue, the "**Offering**"). Unless the context indicates otherwise, the New Shares, the Sale Shares and the Additional Shares (as defined below) are together referred to herein as the "**Offer Shares**".

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Finnish Public Offering**"), (ii) a public offering to private individuals and entities in Sweden (the "**Swedish Public Offering**", and together with the Finnish Public Offering the "**Public Offering**") and (iii) private placements to institutional investors in Finland, in Sweden and internationally pursuant to the applicable legislation (the "**Institutional Offering**"). All offers and sales outside the United States will be made in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and otherwise in compliance with the said regulation. The joint global coordinators and bookrunners for the Offering are Danske Bank A/S, Finland Branch ("**Danske Bank**") and Skandinaviska Enskilda Banken AB ("**SEB**" and together with Danske Bank, the "**Joint Global Coordinators**") and the joint bookrunners of the Offering are Stifel Nicolaus Europe Limited ("**Stifel**") and Swedbank AB (publ) ("**Swedbank**" and together with Stifel and the Joint Global Coordinators the "**Managers**"). In connection with the Offering, the Company may grant Danske Bank acting as stabilizing manager (the "**Stabilizing Manager**") the right to subscribe for, exercisable within 30 days from commencement of trading in the Company's shares (the "**Shares**") on Nasdaq First North Premier Growth Market maintained by Nasdaq Helsinki Ltd ("**First North Premier Finland**") and Nasdaq First North Premier Growth Market maintained by Nasdaq Stockholm Ltd ("**First North Premier Sweden**"), a maximum of 2,898,551 additional Shares (the "**Additional Shares**") solely to cover over-allotments in the Offering, if any (the "**Over-Allotment Option**").

Keel Capital, Fjärde AP-Fonden (AP4), Handelsbanken Fonder AB, certain funds managed by Sp-Fund Management Company Ltd, Mandatum Life Insurance Company Limited (part of Sampo Group), certain funds managed by OP Fund Management Company Ltd, and Avohoidon Tutkimussäätiö (together the "**Cornerstone Investors**") have given subscription commitments in relation to the Offering, under which they commit to subscribe for Offer Shares approximately to EUR 45 million in total at the Subscription Price (defined below) of the Offer Shares. The subscription commitments of the Cornerstone Investors are conditional upon, among others, that the number of Offer Shares covered in the subscription undertaking is allocated to the Cornerstone Investors, as described in "*Terms and Conditions of the Offering – Special terms and conditions of the Institutional Offering – Subscription Commitments*."

The subscription period for the Offering will commence on May 25, 2020 at 10:00 a.m. Finnish time (9:00 a.m. Swedish time) and end on or about June 2, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time) for the Finnish Public Offering and Swedish Public Offering and on or about June 3, 2020 at 12 noon Finnish time (11:00 a.m. Swedish time) for the Institutional Offering, unless the subscription period is discontinued or extended. The subscription and sale price for the Offer Shares is EUR 3.45 per Offer Share (corresponding to SEK 36.42 per Offer Share, and to be determined in accordance with the EUR/SEK exchange rate as set out in the terms and conditions of the Offering) (the "**Subscription Price**").

Prior to the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company intends to submit a listing application to the Helsinki Stock Exchange to list the Offer Shares on First North Premier Finland with trading symbol "NANOFH" and on First North Premier Sweden with trading symbol "NANOFS" (the listing to First North Premier Finland and First North Premier Sweden together the "**FN Listing**"). Trading in the Shares on First North Premier Finland and First North Premier Sweden is expected to commence on or about June 4, 2020. Danske Bank, who acts also as the Joint Global Coordinator of the Offering, will act as the Company's certified adviser (the "**Certified Adviser**") referred to in the Nasdaq First North Growth Market Rulebook (the "**First North Rulebook**").

The Offer Shares may not be offered or sold, directly or indirectly, in or into the United States, and the Offer Shares have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States except in transactions exempt from registration under the U.S. Securities Act and any applicable United States state law. The Offer Shares are being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act. See "*Important Information*".

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. Nasdaq Helsinki Oy approves the application for admission to trading.

The distribution of the Offering Circular may be restricted by law in certain jurisdictions. The Offering Circular may not be distributed in the United States, Canada, New Zealand, Australia, Japan, Hong Kong, Singapore, South Africa or any other jurisdiction in which such distribution may lead to a breach of any law or regulatory requirement.

An investment in the Offer Shares involves risks. Prospective investors should read this entire Offering Circular and, in particular, "*Risk Factors*," when considering an investment in the Offer Shares.

Joint Global Coordinators and Bookrunners

Joint Bookrunners

IMPORTANT INFORMATION

In connection with the FN Listing, the Company has prepared a Finnish language prospectus (the "**Finnish language Prospectus**") in accordance with the Finnish Securities Market Act (746/2012, as amended) (the "**Finnish Securities Market Act**"), Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary on a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus and a notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority ("**FIN-FSA**"). This Offering Circular also contains a summary in the format required by Article 7 of the Prospectus Regulation. Except for certain additional information included for the benefit of non-Finnish shareholders and prospective investors, this is an English language Offering Circular of the original Finnish language summary and prospectus. The FIN-FSA, as the competent authority under the Prospectus Regulation, has approved the Finnish Prospectus. The FIN-FSA only approves the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA of the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The journal number of the FIN-FSA's decision of approval of the Finnish Prospectus is FIVA 21/02.05.04/2020. In case of any discrepancies between the original Finnish Prospectus and the English language Offering Circular, the Finnish Prospectus shall prevail. In accordance with the Prospectus Regulation, a Swedish language summary together with a English language translation of the Finnish language Prospectus will be passported by way of notification to the Swedish Financial Supervisory Authority (in Swedish: *Finansinspektionen*) (the "**SFSA**") for use in Sweden.

In this Offering Circular, any reference to "**Nanoform**" and the "**Company**" or the "**Group**" means Nanoform Finland Plc and its subsidiaries collectively, except where it is clear from the context that the term refers only to Nanoform Finland Plc, its subsidiary or business operations, or to some of these collectively, as the case may be. References to the shares or share capital of the Company or to the administration of the Company, respectively, shall refer to the shares, share capital and administration of Nanoform Finland Plc.

The Company has prepared the Offering Circular only for the purpose that prospective investors can consider the subscription of the Offer Shares as well as to enable the listing of the Company's Shares on First North Premier Finland and First North Premier Sweden. Nothing contained in this Offering Circular shall constitute a promise or a representation by the Company or the Managers regarding the future and the Offering Circular should not be considered as such a promise or representation. Prospective investors should, prior to making an investment decision, carefully acquaint themselves with the entire Offering Circular. In making an investment decision, prospective investors must rely on their own examinations of the Company and the terms and conditions of the Offering, including the benefits and risks involved in them. Investors are advised to consult their own advisers, as they consider it necessary, before subscribing for or purchasing the Offer Shares. No person has been authorized to provide any information or to give any statements other than those contained in the Offering Circular in connection with the Offering. If such information is provided or such statements are given, it should be considered not to have been approved by the Company, the Sellers or the Managers. The distribution of the Offering Circular or any offering or sale based thereon does not mean, under any circumstances, that the information contained in the Offering Circular is accurate in the future or that there has been no change in the Company's business after the date of the Offering Circular. The Company will correct and supplement information given in the Finnish Prospectus as required pursuant to Article 23 of the Prospectus Regulation. If a significant new factor, material mistake or material inaccuracy relating to the information included into this Offering Circular arises, the obligation to supplement the Offering Circular under the Prospectus Regulation will end when the Offering circular expires. This Offering Circular is valid until the Offering ends in accordance with its terms and conditions.

The Managers are acting exclusively for the Company and the Sellers in connection with the Offering and the protection afforded by the Managers applies only to the Company and the Sellers. The Managers will not regard any other person (whether or not recipient of the Offering Circular) as its respective client in relation to the Offering. The Managers will not be responsible to anyone other than the Company and the Sellers for providing protection afforded to its clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to in the Offering Circular.

With the exception of those duties and responsibilities of the Managers under the Finnish law or under mandatory legislation of another jurisdiction in which the exclusion of liability would be illegal, invalid or unenforceable, the Managers assume no responsibility whatsoever for the contents of the Offering Circular or for any statement that is made or purported to have been made by it or in connection with the Company, the Group, the Sellers, the Offering or the Offer Shares. The Managers accordingly disclaim any and all liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of the Offering Circular or any such statement.

The Offer Shares may not be offered or sold, directly or indirectly, in or into, and the Offering Circular or any other material related to the Shares or advertisements may not be distributed or published in any jurisdiction where this would be illegal or require actions in accordance with laws other than those of Finland. As a result, investors outside of Finland may not be permitted to accept the Offering Circular or to purchase the Offer Shares. It is not the responsibility of the Company, the Sellers or the Managers to acquire appropriate information regarding the above restrictions or to comply with the above restrictions. The Offering Circular does not constitute an offer or a solicitation of an offer to purchase or subscribe for the Offer Shares in any jurisdiction where an offer or a solicitation would be illegal. The Company, the Sellers and the Managers and their representatives accept no legal responsibility for violations of such restrictions, regardless of whether or not such restrictions are known to those considering investments in the Offer Shares. The Company reserves the right, in its sole and absolute discretion, to reject any subscription that the Company or its representatives, after due consideration, consider to result in a breach or violation of any law, rule or regulation.

The Offering is governed by Finnish law. Any disputes arising in connection with the Offering will be settled by a court of competent jurisdiction in Finland.

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SUMMARY

Introduction and Warnings

*This summary contains all the sections required by the Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**") to be included in a summary for this type of securities and the issuer. This summary should be read as an introduction to the offering circular (the "**Offering Circular**"). Any decision to invest in the shares in Nanoform Finland Plc ("**Nanoform**", the "**Company**" or the "**Issuer**") should be based on consideration of the Offering Circular as a whole by the investor. An investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Offering Circular before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular, or where it does not provide, when read together with the other parts of this Offering Circular, key information in order to aid investors when considering whether to invest in the securities issued by the Company.*

The Issuer and the securities to be listed

The Issuer

Company	Nanoform Finland Plc
Business identity code	2730572-8
Legal entity identifier ("**LEI**")	743700JJO2NU8LBS1592
Domicile	Helsinki, Finland
Registered office	Viikinkaari 4, FI-00790 Helsinki, Finland

As at the date of this Offering Circular, the Company has one class of shares and the ISIN code for the shares registered at Euroclear Finland Oy ("**Euroclear Finland**") and Euroclear Sweden AB ("**Euroclear Sweden**") is FI4000330972.

The Company will submit a listing application to Nasdaq Helsinki Oy (the "**Helsinki Stock Exchange**") to be processed at the Helsinki Stock Exchange for the listing of the shares in the Company (the "**Shares**") on Nasdaq First North Premier Growth Market maintained by Helsinki Stock Exchange ("**First North Premier Finland**") and Nasdaq First North Premier Growth Market maintained by Nasdaq Stockholm Ltd (the "**Stockholm Stock Exchange**") ("**First North Premier Sweden**"). The trading code of the Shares listed on First North Premier Finland is "NANOFH" and the trading code of the Shares listed on First North Premier Sweden is "NANOFS".

The sellers offering shares for sale in the offering

The following table sets forth the existing shareholders in the Company who will offer for purchase existing shares in the Company in the Offering (as defined below) (the "**Sellers**"). Unless otherwise indicated, the address for the Sellers is c/o Nanoform Finland Plc, Viikinkaari 4, FI-00790 Helsinki, Finland.

The Sellers

- Helsingin Yliopiston Rahastot ("**Helsinki University Funds**")
  Address: P.O. Box 53
  FI-00014, University of Helsinki, Finland
  LEI: 743700USDHBZ5VDW2160
- Edward Hæggström
- Jouko Yliruusi
- Kai Falck
- Ilkka Lassila
- Mika Puittinen
- Sami Svanbäck
- Rabbe Klemets
- Mart Saarma
- Antti Meriläinen
- Niina Elo
- Jari Hovinen
- Markku Leskelä
- Kai Nordlund

The competent authority approving the prospectus

This is an English language Offering Circular of the original Finnish language prospectus (the "**Finnish Prospectus**"). The Finnish Prospectus has been approved by the Finnish Financial Supervisory Authority ("**FIN-FSA**") as the competent authority under the Prospectus Regulation on May 22, 2020. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation but is not liable for the correctness of the information presented therein. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Offering Circular. The record number of the FIN-FSA's approval decision concerning the Finnish Prospectus is FIVA 21/02.05.04/2020.

The contact details of the competent authority, FIN-FSA, approving the Finnish Prospectus are as follows: Financial Supervisory Authority, P.O. Box 103, FI-00101 Helsinki, Finland, tel.: +358 9 183 51 and email: registry@fiva.fi.

Key Information on Nanoform

Who is the Issuer of the Securities?

The issuer's legal and commercial name is Nanoform Finland Plc (previously Nanoform Finland Ltd) and it is domiciled in Helsinki. The Company is registered in the trade register maintained by the Finnish Patent and Registration Office (the "**Finnish Trade Register**") under business identity code 2730572-8 and LEI identifier 743700JJO2NU8LBS1592. The Company is a public limited liability company incorporated in Finland and operating under Finnish law.

Issuer's principal activities

The Company offers expert services in nanotechnology and drug particle engineering for the international pharma industry. The Company's commercial operations are at an early stage and in the year 2019 its affairs have consisted of both internal research and development ("**R&D**") activities and proof of concept ("**PoC**") type of R&D services provided to its customers. The Company employs a pioneering controlled expansion of supercritical solutions ("**CESS®**") technology to nanoform active pharmaceutical ingredients ("**APIs**") into crystalline or stable amorphous nanoparticles.

Major shareholders

Shareholders holding five percent or more of the shares or total voting rights in the shares in the Company have an interest in the Company's share capital which is notifiable pursuant to the Company's Articles of Association. The following table sets forth the shareholders owning individually or through the same sphere of control five percent or more of the Shares as at the date of this Offering Circular:

Shareholder	Number of Shares	Percent of Shares and votes
Helsinki University Funds	6,099,600	14.06
Edward Hæggström	6,010,450	13.85
Mandatum Life Insurance Company Limited	4,974,695	11.46
Ilmarinen Mutual Pension Insurance Company	3,521,126	8.11
Kai Falck	3,000,000	6.91
Jouko Yliruusi	3,000,000	6.91
Avohoidon Tutkimussäätiö sr	2,493,810	5.75

Danske Bank A/S, Finland Branch ("**Danske Bank**") as the Certified Adviser does not own any Shares.

No shareholder of the Company has control over the Company as referred in Chapter 2, Section 4 of the Finnish Securities Market Act (746/2012, as amended) (the "**Finnish Securities Market Act**"). All current shareholders of the Company have entered into shareholders' agreements concerning the Company (the "**Shareholders' Agreements**"). The Shareholders' Agreements shall terminate as and when the trading of the Shares commences on First North Premier Finland and First North Premier Sweden. The Company is not aware of any other such agreements concluded between its shareholders.

Board of Directors, Management Team and statutory auditor

The members of the Board of Directors of the Company are Miguel Calado (Chairman), Mads Laustsen (Vice Chairman) and Albert Hæggström (Board Member). The Company's management team (the "**Management Team**") consists of Dr. Edward Hæggström (Chief Executive Officer), Albert Hæggström (Chief Financial Officer), Dr. Gonçalo Andrade (Chief of Business Operations), Christian Jones (Chief Commercial Officer), Dr. Niklas Sandler (Chief Technology Officer), and Dr. David Rowe (Head of Manufacturing).

PricewaterhouseCoopers Oy, Authorized Public Accountants, acts as the Company's Auditor with Tomi Moisio, Authorized Public Accountant, as the Auditor with principal responsibility.

What is the key financial information regarding the Issuer?

The selected historical key financial information presented below has been derived from the Company's unaudited consolidated financial information as at and for the three months ended March 31, 2020 prepared in accordance with "*IAS 34 – Interim Financial Reporting*," including comparative figures for the three months ended March 31, 2019, and the Company's audited financial statements as at and for the financial years ended December 31, 2019, 2018 and 2017 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**EU**") ("**IFRS**"). The following tables set forth the key figures of the Company for the periods indicated:

Information of the statement of comprehensive income

(EUR thousand unless otherwise indicated)	**For the three months ended March 31,**		**For the year ended December 31,**		
	2020	**2019**	**2019**	**2018 (restated)**	**2017 (restated)**
	(unaudited)			**(audited)**	
Revenue	**150**	**-**	**49**	**235**	**65**
Operating loss	(4,365)	(1,083)	(7,344)	(1,987)	(486)
Loss for the period	(4,588)	(1,144)	(7,554)	(2,074)	(521)
Loss per share, basic and diluted loss, EUR	(0.12)	(0.03)	(0.19)	(0.07)	(0.02)

Information of the statement of financial position

(EUR thousand)	**As at March 31,**		**As at December 31,**		
	2020	**2019**	**2019**	**2018 (restated)**	**2017 (restated)**
	(unaudited)			**(audited)**	
Total assets	12,477	7,069	12,910	8,209	793
Total equity	3,520	3,898	7,932	5,033	(247)
Net debt	601	(2,120)	(3,640)	(3,194)	656

Information of the statement of cash flows

(EUR thousand)	**For the three months ended March 31,**		**For the year ended December 31,**		
	2020	**2019**	**2019**	**2018 (restated)**	**2017 (restated)**
	(unaudited)			**(audited)**	

Net cash used in operating activities	(2,240)	(969)	(5,798)	(1,504)	(669)
Net cash used in investing activities	(329)	(113)	(1,878)	(441)	(92)
Net cash from financing activities	236	62	9,415	7,442	474
Net change in cash and cash equivalents	(2,333)	(1,021)	1,739	5,497	(288)
Cash and cash equivalents at beginning of period	7,303	5,595	5,595	98	386
Cash and cash equivalents at end of period	4,799	4,550	7,303	5,595	98

What are the key risks that are specific to the Issuer?

- The Company is an early stage growth company, and it may fail to manage its growth effectively or to grow at all while developing pioneering nanoforming technology;
- to date, the Company has been operating at a loss, and if the Company is not able to continue the development of the CESS® technology and commercialize its services, the Company may not become profitable;
- nanoparticles nanoformed using CESS® technology have not been tested in humans, and if CESS® nanoparticles proved harmful to human health, the Company's business plan to nanoform APIs for its customers could be unsustainable;
- if the Company's CESS® technology cannot nanoform its customers' APIs or the technology otherwise does not meet customer requirements, the Company's ability to commercialize its CESS® technology could be hampered;
- the Company's CESS® technology might not be widely adopted by the pharmaceutical and biotechnology industries, which would lead the Company to receive less revenue than the Company has anticipated;
- if the Company is not able to substantially scale up its production capacity and sales activities, it will be unable to nanoform the anticipated volume of APIs;
- the Company is not profitable which could restrict the Company's ability to achieve its business targets and conduct its business operations;
- the Company is dependent on external financing if it, for example, pursues significant transactions or significant growth investments and the Company may have difficulties accessing additional financing on competitive terms or at all;
- the Company could lose the GMP Certificate for its production facility or could fail to receive new certificates for additional APIs and production lines extending the initial GMP Certificate, each event of which would impair the Company's ability to supply materials to its customers for clinical trials; and
- the Company will be subject to product and other liability risks, which may expose the Company to lawsuits.

Key Information on the Securities

What are the main features of the Securities?

The Company has one class of shares and the ISIN code for the shares registered at Euroclear Finland and Euroclear Sweden is FI4000330972. Each Share entitles its holder to one vote at the General Meeting of Shareholders of the Company and carries equal rights to dividends and other distributions by the Company. The rights attached to the Shares shall include, among others, pre-emptive rights to subscribe for new shares in the Company, right to participate and exercise voting power at the General Meeting of Shareholders of the Company, right to dividend and distribution of other unrestricted equity, and right to demand redemption at a fair price from a shareholder that holds shares representing more than 90 percent of all the shares and votes in the Company, as well as other rights generally available under the Finnish Limited Liability Companies Act (624/2006, as amended) (the "**Finnish Companies Act**"). The Offer Shares will carry rights equal to all other Shares in the Company and will entitle their holders to dividend and other distributions of funds (including distribution of funds in the event of the Company's insolvency) as well as other rights related to the Shares when the title has been transferred. As of the FN Listing, the Shares of the Company shall be freely transferrable. The trading code of the Shares will be "NANOFH" on First North Premier Finland and "NANOFS" on First North Premier Sweden.

As at the date of this Offering Circular, the Company's Articles of Association contain a redemption and consent clause. The Company's Annual General Meeting of Shareholders held on April 7, 2020 has resolved to remove the redemption and consent clause from the Articles of Association conditional upon the execution of the FN Listing. The removal will be notified to the Trade Register prior to the Shares have been admitted to public trading in the FN Listing.

According to Article 12 of the Company's Articles of Association in effect as of the FN Listing, a person whose holdings in the voting rights attached to all the Shares registered at the Finnish Trade Register exceed, after the Shares have been admitted to public trading on a stock market three tenths (3/10) or one half (1/2) shall be obliged to make an offer to purchase all the other Shares issued and options issued by the Company, and options which entitle the holder to new shares in the Company, from the other shareholders and holders of such options.

Article 11 of the Company's Articles of Association in effect as of the FN Listing contains an obligation to make a notification on a change of holdings. A shareholder shall notify the Company of any holdings that he/she may have in the voting rights attaching to issued shares in the Company, whether directly or indirectly, when such holdings reach, exceed or decrease below 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 30 percent, 50 percent, two thirds (2/3) and 90 percent of the total voting rights in the Shares registered at the Finnish Trade Register. When calculating such changes in holdings that the shareholders should notify, only shares, and not other financial instruments, that entitle to shares, are taken into consideration. A shareholder shall also make a notification on the change of holdings when he/she becomes a party to an agreement or other arrangement that upon implementation would result in the holdings of the shareholder reaching, exceeding or decreasing below any of above-mentioned thresholds. Article 11 of the Company's Articles of Association in effect as of the FN Listing shall be interpreted in accordance with Chapter 9 Section 5 of the Finnish Securities Market Act.

In the Share Issue, the Company aims to raise gross proceeds of approximately EUR 70 million by offering a maximum of 20,289,856 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In addition, Sellers will offer for purchase initially a maximum of 2,318,605 existing shares in the Company (the "**Sale Shares**") (the "**Share Sale**", and together with the Share Issue, the "**Offering**"). Unless the context indicates otherwise, the New Shares, the Sale Shares and the Additional Shares (as defined below) are together referred to herein as the "**Offer Shares**".

Where will the Securities be traded?

The Company will apply for listing of the Shares on First North Premier Finland and First North Premier Sweden (the listing to First North Premier Finland and First North Premier Sweden together the "**FN Listing**"). Trading in the Shares is expected to begin on First North Premier Finland and First North Premier Sweden on or about June 4, 2020.

What are the key risks that are specific to the Securities?

- the Company does not expect to pay any dividend in the coming years and the amount of dividends paid by the Company in any given financial year in uncertain;
- Share ownership is concentrated, and the largest shareholders will continue to have significant decision-making power;
- the Shares have not previously been traded in any regulated market or multilateral trading facility, an active and liquid market may not develop on either or both exchanges, the price of the Shares may be volatile and possible investors may lose a part or all of their investment; and
- as a consequence of the FN Listing, the Company may incur unanticipated additional costs and new regulatory obligations, and if the Company fails to implement functions required for a listed company, it can delay or prevent the listing of the Company or the Company may face sanctions as a result.

Key Information on the Offer of Securities to the Public

Under which conditions and timetable can I invest in this Security?

General

The Company aims to raise gross proceeds of approximately EUR 70 million by offering a maximum of 20,289,856 New Shares for subscription. In addition, the Sellers are offering a preliminary maximum of 2,318,605 existing shares in the Company for sale. The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Finnish Public Offering**"), (ii) a public offering to private individuals and entities in Sweden (the "**Swedish Public Offering**", and together with the Finnish Public Offering the "**Public Offering**") and (iii) private placements to institutional investors in Finland, in Sweden and internationally pursuant to the applicable legislation (the "**Institutional Offering**").

In connection with the Offering, the Company may grant Danske Bank acting as stabilizing manager (the "**Stabilizing Manager**") the right to subscribe for, exercisable within 30 days from commencement of trading of the Shares on the First North Premier Finland and First North Premier Sweden, a maximum of 2,898,551 additional Shares (the "**Additional Shares**") at the Subscription Price in a directed share issue solely to cover over-allotments in connection with the Offering, if any (the "**Over-Allotment Option**").

The Offer Shares represent approximately a maximum of 35.5 percent of the Company's all shares after the Offering without the Over-Allotment Option (and approximately 38.3 percent assuming, that the Over-Allotment Option is exercised in full) assuming, that the Sellers sell the maximum amount of Sale Shares and that all the New Shares preliminary offered in the Share Issue will be subscribed.

Keel Capital, Fjärde AP-Fonden (AP4), Handelsbanken Fonder AB, certain funds managed by Sp-Fund Management Company Ltd, Mandatum Life Insurance Company Limited (part of Sampo Group), certain funds managed by OP Fund Management Company Ltd, and Avohoidon Tutkimussäätiö (together the "**Cornerstone Investors**") have given subscription commitments in relation to the Offering, under which they commit to subscribe for Offer Shares equal to EUR 45.5 million in total at the Subscription Price (as defined below) of the Offer Shares. The subscription commitments of the Cornerstone Investors are conditional upon, among others that the number of Offer Shares covered in the subscription undertaking is allocated to the Cornerstone Investors.

Subscription price and period

The subscription price for the Offer Shares in the Offering is EUR 3.45 per Offer Share (the "**Subscription Price**"). The Subscription Price which will be determined in EUR, and will be converted into SEK as based on the EUR/SEK exchange rate at 12 noon Finnish time (11:00 a.m. Swedish time) on the last day of the Offer period for the Institutional Offering (expected to be June 3, 2020) as displayed on the Bloomberg website under www.bloomberg.com/quote/EURSEK:CUR. The Subscription Price can be changed during the subscription period, which would be communicated through a company release. If the Subscription Price is changed, the Finnish language prospectus published by the Company in connection with the Offering would be supplemented and the supplement and its English language translation would be published through a company release.

The Company's Board of Directors will decide on execution of the Share Issue, the final number of the Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about June 3, 2020. The above will be published through a company release and will be available on the Company's website at www.nanoform.com/en/section/investors immediately after the Completion Decision and in the subscription places of the Public Offering no later than the banking day following the Completion Decision (*i.e.*, on or about June 4, 2020).

The subscription period for the Public Offering will commence on May 25, 2020 at 10:00 a.m. Finnish time (9:00 a.m. Swedish time) and end on or about June 2, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time).

The subscription period for the Institutional Offering will commence on May 25, 2020 at 10:00 a.m. Finnish time (9:00 a.m. Swedish time) and end on or about June 3, 2020 at 12 noon Finnish time (11:00 a.m. Swedish time).

The Company's Board of Directors has the right, in the event of an oversubscription, to discontinue the Institutional Offering and the Public Offering at the earliest on June 1, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time). The Institutional Offering and the Public Offering may or may not be discontinued independently of each other. A company release regarding any discontinuation would be published without delay.

The Company's Board of Directors has the right to extend the subscription period of the Institutional Offering and the Public Offering. Any possible extension of the subscription period would be communicated through a company release, which would indicate the new end date of the subscription period. The subscription period of the Institutional Offering and the Public Offering will in any case end on June 18, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time) at the latest. The Company's Board of Directors may or may not extend the subscription period of the Institutional Offering or the Public Offering independently of each other. The company release concerning the extension of the subscription period must be released at the latest on the above mentioned estimated end dates of the subscription periods of the Institutional Offering and the Public Offering.

Cancellation according to the Prospectus Regulation

If the Offering Circular is supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy relating to the information included in Offering Circular that has become known after the FIN-FSA has approved the Finnish Prospectus and before the closing of the offer period, investors who have committed to subscribe for Shares before the publication of a supplement or correction of the Offering Circular have, in accordance with the Prospectus Regulation, the right to cancel their subscription commitments within two (2) working days after the supplement has been published. The use of the cancellation right requires that the significant new factor, material mistake or material inaccuracy that led to the supplement or correction arose before the Offer Shares are delivered to the investors. Any cancellation of a commitment must concern the total number of Offer Shares covered by the commitment given by an individual investor. If the Offering Circular is supplemented, such supplement will be published through a company release. Such company release shall also contain information about the investors' right to cancel their commitments in accordance with the Prospectus Regulation.

Fees and expenses

The Company and the Sellers will pay to Danske Bank and Skandinaviska Enskilda Banken AB ("**SEB**" and together with Danske Bank, the "**Joint Global Coordinators**"), and the joint bookrunners of the Offering, Stifel Nicolaus Europe Limited ("**Stifel**") and Swedbank AB (publ) ("**Swedbank**" and together with Stifel and the Joint Global Coordinators, the "**Managers**") a fee for the services provided in connection with the Offering, which will be based on the total proceeds, including any Additional Shares issued pursuant to the Over-Allotment Option. In addition, the Company may pay severally to the Managers a discretionary fee. The Managers and/or their related parties, in the ordinary course of business, have delivered and may also deliver in the future advisory consulting and/or banking services to the Company.

Dilution of ownership

As a result of the issuance of New Shares in the Offering, the number of Shares could increase to 66,583,772 Shares assuming that the Company will issue 20,289,856 New Shares, which corresponds to a dilution for the existing shareholders of approximately 34.8 percent (assuming the Over-Allotment Option is exercised in full).

Why is this offering circular being produced?

The Company has prepared and published this Offering Circular in order to offer Offer Shares to the public and to apply for the trading of its Shares on First North Premier Finland and First North Premier Sweden.

Reasons for the offering

The objective of the Offering and the listing is to allow the Company to continue its growth strategy and continue to make investments in its business with the proceeds from the Share Issue.

The Offering and the FN Listing would also serve to increase the general interest towards the Company from investors, business partners and customers, as well as enhance the Company's ability to attract and retain the Management Team and key employees (together, the "**Key Personnel**"). Furthermore, the Offering will

provide the Company access to capital markets and broaden the ownership base with domestic and international investors. The Offering and the contemplated FN Listing also allow for a liquid market for the Shares going forward.

Use and estimated amounts of proceeds

The Company aims to raise gross proceeds of approximately EUR 70 million from the Share Issue (assuming that the Share Issue is fully subscribed for). The net proceeds for the Company from the Share Issue are estimated to amount to approximately EUR 57.5 million.

The net proceeds from the Share Issue are intended to be used to support Nanoform's growth strategy. The Company estimates that the funds raised through the Share Issue will provide the Company with increased financial flexibility for the Company to pursue growth opportunities in accordance with its strategy.

Conflicts of interest

The fees to be paid to the Managers are linked to the proceeds from the Offering. The Managers and their affiliates have engaged in transactions with and performed various investment banking, commercial banking and other services for the Company, the Sellers and their respective subsidiaries and affiliates in the past and may do so from time to time in the future and may be paid fees in connection with such services from time to time. However, all services provided by the Managers, including in connection with the Offering, have been provided as an independent contractor and not as a fiduciary to the Company or the Sellers. Certain members of the Company's Board of Directors have ownership interests in the Company (Albert Hæggström owns 1.52 percent) and, therefore, have beneficial interest in the Offering. The Management Team of the Company and certain other key employees have interests in the Offering due to the share based compensation plan. The Company is not aware of any other interest that is material to the Offering. The Company's Chief Financial Officer, who is also a member of the Board of Directors, and the Investor Relations Director are each entitled to a variable pay component based on the capital raised by the Company. The Sellers will sell Sale Shares in the Offering.

Applicable laws and dispute resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the issuance shall be settled by the court of competent jurisdiction in Finland.

SVENSK SAMMANFATTNING

Introduktion och varningar

*Denna sammanfattning innehåller alla de avsnitt som krävs av en sammanfattning för aktuell typ av värdepapper och emittent enligt Europaparlamentets och rådets förordning (EU) 2017/1129 av den 14 juni 2017 om prospekt som ska offentliggöras när värdepapper erbjuds till allmänheten eller tas upp till handel på en reglerad marknad, och om upphävande av direktiv 2003/71/EG, i ändrad lydelse ("**Prospektförordningen**"). Denna sammanfattning bör betraktas som en introduktion till prospektet ("**Prospektet**"). Varje beslut om att investera i aktierna i Nanoform Finland Plc ("**Nanoform**" eller "**Bolaget**") bör baseras på en bedömning av Prospektet i dess helhet från investerarens sida. En investerare som investerar i värdepapperen kan förlora hela eller delar av sitt investerade kapital. Om yrkande avseende uppgifterna i Prospektet anförs vid domstol, kan den investerare som är kärande i enlighet med medlemsstaternas nationella lagstiftning bli tvungen att svara för kostnaderna för översättning av Prospektet innan de rättsliga förfarandena inleds. Civilrättsligt ansvar kan endast åläggas de personer som lagt fram sammanfattningen, inklusive översättningar därav, men endast om sammanfattningen är vilseledande, felaktig eller oförenlig med andra delar av Prospektet eller om den inte, tillsammans med andra delar av Prospektet, ger nyckelinformation för att hjälpa investerare när de överväger att investera i Bolagets värdepapper.*

Emittenten samt värdepapperen som noteras

Emittenten

Bolaget	Nanoform Finland Plc
FO-nummer	2730572-8
LEI-kod ("**LEI**")	743700JJO2NU8LBS1592
Säte	Helsingfors, Finland
Registrerad adress	Viksbågen 4, FI-00790 Helsingfors, Finland

Per dagen för Prospektet har Bolaget ett aktieslag och ISIN-koden för aktierna som registrerats vid Euroclear Finland Oy ("**Euroclear Finland**") och Euroclear Sweden AB ("**Euroclear Sweden**") är FI4000330972.

Bolaget kommer att lämna in en ansökan om upptagande till handel till Nasdaq Helsinki Oy ("**Helsingforsbörsen**") för behandling av Nasdaq Helsingfors för notering av Bolagets aktier ("**Aktierna**") på Nasdaq First North Premier Growth Market upprätthållen av Helsingforsbörsen ("**First North Premier Finland**") och Nasdaq First North Premier Growth Market upprätthållen av och Nasdaq Stockholm Aktiebolag ("**Stockholmsbörsen**") ("**First North Premier Sweden**"). Kortnamnet för Aktierna på First North Premier Finland kommer vara "NANOFH" och kortnamnet för Aktierna på First North Premier Sweden kommer vara "NANOFS".

Säljarnas aktier som säljs i erbjudandet

Tabellen nedan visar de befintliga aktieägarna i Bolaget som kommer erbjuda befintliga aktier i Bolaget till försäljning i Erbjudandet (såsom definierat nedan) ("**Säljarna**"). Om inte annat anges är Säljarnas adress Nanoform Finland Plc, Viksbågen 4, FI-00790 Helsingfors, Finland.

Säljarna

- Helsingin Yliopiston Rahastot ("**Helsinki University Funds**")
  Adress: PB 53
  FI-00014, Helsingfors Universitet, Finland
  LEI: 743700USDHBZ5VDW2160
- Edward Hæggström
- Jouko Yliruusi
- Kai Falck
- Ilkka Lassila
- Mika Puittinen
- Sami Svanbäck
- Rabbe Klemets
- Mart Saarma
- Antti Meriläinen
- Niina Elo
- Jari Hovinen
- Markku Leskelä
- Kai Nordlund

Den behöriga myndigheten som godkänt prospektet

Detta är en svenskspråkig sammanfattning som upprättats i enlighet med det ursprungliga finskspråkiga Prospektet (det "**Finskspråkiga Prospektet**"). Det Finskspråkiga Prospektet godkändes av Finansinspektionen i Finland ("**FIN-FSA**") den 22 maj 2020. FIN-FSA är den behöriga myndigheten enligt Prospektförordningen. FIN-FSA har endast godkänt det Finskspråkiga Prospektet i den mån det är förenligt med standarderna på fullständighet, begriplighet och konsekvens som de uttrycks i Prospektförordningen men ansvarar inte för riktigheten av informationen i Prospektet. Ett sådant godkännande bör inte anses utgöra något slags stöd för Emittenten som avses i Prospektet. Diarienumret för FIN-FSA:s beslut avseende godkännande av det Finskspråkiga Prospektet är FIVA 21/02.05.04/2020.

Kontaktuppgifterna till den behöriga myndigheten, som godkänt det Finskspråkiga Prospektet är: Finansinspektionen PB 103, FI-00101 Helsingfors, Finland, tel.: +358 9 183 51 och e-post: registry@fiva.fi.

Nyckelinformation om Nanoform

Vem är emittenten av värdepapperen?

Emittentens företagsnamn och handelsbeteckning är Nanoform Finland Plc (tidigare Nanoform Finland Ltd) med säte i Helsingfors. Bolaget har registrerats i det av det finska Patent- och Registerstyrelsen upprätthållna handelsregistret ("**Handelsregistret**") med företags- och organisationsnummer 2730572-8 och LEI-kod (Legal Entity Identifier) 743700JJO2NU8LBS1592. Bolaget är ett publikt aktiebolag bildat i Finland som regleras av finsk lag.

Emittentens huvudverksamhet

Bolaget erbjuder experttjänster inom nanoteknologi samt teknik för läkemedelspartiklar för den internationella läkemedelsindustrin. Bolagets affärsverksamhet befinner sig i en tidig fas och under 2019 har dess verksamhet bestått av både intern forsknings- och utvecklingsverksamhet samt forsknings- och utvecklingstjänster som kan beskrivas som konceptvalidering ("**PoC**") för dess kunder. Bolaget tillämpar den banbrytande teknologin, kallad Controlled Expansion of Supercritical Solutions ("**CESS®**"), för att nanoformera aktiva läkemedelsingredienser till kristalliska eller stabila amorfa nanopartiklar.

Större aktieägare

Aktieägare som innehar fem procent eller mer av antalet aktier och röster i Bolaget har enligt Bolagets bolagsordning en skyldighet att anmäla detta. Följande tabell innehåller de aktieägare som antingen individuellt eller genom samma kontrollsfär innehar fem procent eller mer av antalet aktier i Bolaget, enligt den av Euroclear Finland förda aktieboken per dagen för Prospektet:

Aktieägare	Antalet aktier	Procentandel av aktier och röster
Helsinki University Funds	6 099 600	14,06
Edward Hæggström	6 010 450	13,85
Mandatum Livförsäkringsaktiebolag	4 974 695	11,46
Ömsesidiga Pensionsförsäkringsbolaget Ilmarinen	3 521 126	8,11
Kai Falck	3 000 000	6,91
Jouko Yliruusi	3 000 000	6,91
Avohoidon Tutkimussäätiö sr	2 493 810	5,75

Danske Bank A/S, Finland filial ("**Danske Bank**"), såsom Certified Adviser, äger inga Aktier.

Ingen aktieägare i Bolaget har bestämmande inflytande i Bolaget enligt 2 kap. 4 § i den Finska värdepappersmarknadslagen (746/2012) i uppdaterad lydelse ("**Finska Värdepappersmarknadslagen**"). Alla nuvarande aktieägare i Bolaget har ingått aktieägaravtal avseende Bolaget ("**Aktieägaravtalen**"). Aktieägaravtalen upphör att gälla då handeln med Aktierna påbörjas på First North Premier Finland och First North Premier Sweden. Bolaget känner inte till att andra sådana avtal mellan aktieägarna existerar.

Styrelse, Ledningsgrupp samt lagstadgad revisor

Bolagets styrelseledamöter är Miguel Calado (ordförande), Mads Laustsen (vice ordförande) och Albert Hæggström (styrelseledamot). Bolagets ledningsgrupp ("**Ledningsgruppen**") består av Dr. Edward

Hæggström (verkställande direktör), Albert Hæggström (ekonomichef), Dr. Gonçalo Andrade (verksamhetschef), Christian Jones (kommersiell chef), Dr. Niklas Sandler (teknologichef) och Dr. David Rowe (produktionschef).

Den auktoriserade revisorn PricewaterhouseCoopers Ab är Bolagets revisor med Tomi Moisio, auktoriserad revisor, som huvudansvarig revisor.

Vad är den finansiella nyckelinformationen för Emittenten?

Den utvalda historiska nyckelinformationen som presenteras nedan har hämtats från Bolagets oreviderade koncernredovisning för tremånadersperioden som avslutades den 31 mars 2020, som har upprättats i enlighet med ”*IAS 34 – Delårsrapportering*”, som även omfattar jämförbara siffror för tremånadersperioden som avslutades den 31 mars 2019 samt Bolagets reviderade bokslut för räkenskapsåren som avslutades den 31 december 2019, 2018 respektive 2017, som har upprättats i enlighet med International Financial Reporting Standards, såsom de antagits av den Europeiska Unionen (”**EU**”) (”**IFRS**”). Följande tabeller presenterar nyckelinformation för Bolaget för de indikerade perioderna:

Information om totalresultat

(tusen EUR, om inte annat anges)	**Tremånadersperioden som avslutades den 31 mars,**		**Räkenskapsåret som avslutades den 31 december,**		
	2020	**2019**	**2019**	**2018 (omräknad)**	**2017 (omräknad)**
	(oreviderad)			**(reviderad)**	
Omsättning	**150**	**-**	**49**	**235**	**65**
Rörelseförlust	(4 365)	(1 083)	(7 344)	(1 987)	(486)
Årets förlust	(4 588)	(1 144)	(7 554)	(2 074)	(521)
Förlust per aktie, före samt efter utspädning, EUR	(0,12)	(0,03)	(0,19)	(0,07)	(0,02)

Information om balansräkning

(tusen EUR)	**Per 31 mars,**		**Per 31 december,**		
	2020	**2019**	**2019**	**2018 (omräknad)**	**2017 (omräknad)**
	(oreviderade)			**(reviderad)**	
Summa tillgångar	12 477	7 069	12 910	8 209	793
Summa eget kapital	3 520	3 898	7 932	5 033	(247)
Nettoskuld	601	(2 120)	(3 640)	(3 194)	656

Information om kassaflödesanalys

(tusen EUR)	**Tremånadersperioden som avslutades den 31 mars,**		**Räkenskapsåret som avslutades den 31 december,**		
	2020	**2019**	**2019**	**2018 (omräknad)**	**2017 (omräknad)**
	(oreviderade)			**(reviderad)**	
Kassaflöde för operativ verksamhet (netto)	(2 240)	(969)	(5 798)	(1 504)	(669)
Kassaflöde för investeringsverksamhet (netto)	(329)	(113)	(1 878)	(441)	(92)
Kassaflöde för finansieringsverksamhet (netto)	236	62	9 415	7 442	474
Förändring i likvida medel (netto)	(2 333)	(1 021)	1 739	5 497	(288)
Likvida medel vid periodens början	7 303	5 595	5 595	98	386
Likvida medel vid periodens slut	4 799	4 550	7 303	5 595	98

Vilka är de mest väsentliga riskerna specifika för Emittenten?

- Bolaget är ett tillväxtbolag i tidig fas och det kan komma att misslyckas med att hantera sin tillväxt effektivt eller uppnå tillväxt över huvud taget i samband med utvecklingen av den banbrytande nanoformeringsteknologin;
- per dagen för Prospektet har Bolaget varit förlustbringande och om Bolaget inte klarar av att fortsätta utvecklingen av CESS®-teknologin och kommersialisera sina tjänster kan Bolaget komma att inte generera vinst;
- nanopartiklar som nanoformerats med CESS®-teknologin har aldrig testats i människor och om CESS®-teknologin visar sig vara skadlig för människors hälsa kan Bolagets affärsplan, att nanoformera aktiva läkemedelsingredienser till sina kunder, vara ohållbar;
- om Bolagets CESS®-teknologi inte kan nanoformera kundernas aktiva läkemedelsingredienser eller om teknologin inte annars uppfyller kundernas krav kan detta försvåra Bolagets förmåga att kommersialisera CESS®-teknologin;
- om Bolagets CESS®-teknologi inte tas i bruk av läkemedels- och bioteknikindustrin i bred utsträckning skulle det leda till att Bolaget erhåller lägre intäkter än vad Bolaget har förväntat sig;
- om Bolaget inte klarar av att märkbart öka sin produktionskapacitet och sina försäljningsaktiviteter kommer det inte att kunna nanoformera den förväntade volymen av aktiva läkemedelsingredienser;
- Bolaget är inte lönsamt vilket skulle kunna begränsa Bolagets förmåga att uppnå dess affärsmål och bedriva sin verksamhet;
- Bolaget är beroende av extern finansiering om Bolaget exempelvis skulle genomföra större transaktioner eller större tillväxtinvesteringar och det kan vara problematiskt för Bolaget att erhålla ytterligare finansiering på konkurrenskraftiga villkor eller att erhålla finansiering över huvud taget;
- Bolaget skulle kunna förlora sitt certifikat för Good Manufacturing Practice för sin produktionsanläggning eller misslyckas med att erhålla nya certifikat för ytterligare aktiva läkemedelsingredienser och produktionslinjer utöver det första certifikatet för Good Manufacturing Practice, vilka var för sig skulle förhindra Bolagets förmåga att förse dess kunder med material för kliniska prövningar; och
- Bolaget kommer att omfattas av produkt- och andra ansvarsrisker vilket kan exponera Bolaget för legala anspråk.

Nyckelinformation om värdepapperen

Vilka är värdepapperens viktigaste egenskaper?

Bolaget har ett aktieslag och Aktiernas ISIN-kod som registrerats vid Euroclear Finland och Euroclear Sweden är FI4000330972. Varje Aktie berättigar innehavaren till en röst på Bolagets bolagsstämma och ger lika rätt till utdelning ur Bolaget. Rättigheterna som hänför sig till Aktierna omfattar bland annat företrädesrätt till att teckna nya aktier i Bolaget, rätt att delta och rösta på bolagsstämma i Bolaget, rätt till utdelning och rätt att kräva inlösen till skäligt pris för en aktieägare som innehar aktier som utgör mer än 90 procent av samtliga aktier och röster i Bolaget samt andra rättigheter som framgår av den finska aktiebolagslagen (624/2006) i ändrad lydelse (den ”**Finska aktiebolagslagen**”). De Erbjudna Aktierna (såsom definierat nedan) kommer ha lika rätt som övriga aktier i Bolaget och ge innehavare rätt till utdelning och andra värdeöverföring (inklusive utbetalning av medel för det fall att Bolaget blir insolvent) samt andra rättigeter som Aktierna medför när ägarskapet överförts. Per dagen för FN-noteringen är Aktierna i Bolaget fritt överlåtbara. Aktiernas kortnamn kommer att vara ”NANOFH” vid First North Premier Finland och ”NANOFS” vid First North Premier Sweden.

Per dagen för Prospektet innehåller Bolagets bolagsordning en inlösen- och samtyckesbestämmelse. På årsstämma i Bolaget den 7 april 2020 beslutades att ta bort inlösen- och samtyckesbestämmelsen, villkorad av att First North-noteringen genomförs. Det kommer att anmälans till Handelsregistret innan Aktierna tas upp till handel i First North-noteringen.

Med effekt från First North-noteringen kommer enligt punkt 12 i Bolagets bolagsordning en aktieägare som innehar fler än tre tiondelar (3/10) eller hälften (1/2) efter det att Aktierna som registrerats i Handelsregistret tagits upp till offentlig handel på en handelsplats vara skyldig att erbjuda att förvärva samtliga övriga

emitterade Aktier och optioner som emitterats av Bolaget samt optioner, som berättigar innehavaren till nya aktier i Bolaget, från övriga aktieägare och innehavare av sådana optioner.

Med effekt från First North-noteringen kommer punkt 11 i Bolagets bolagsordning innehålla en skyldighet att meddela förändringar i aktieägarens innehav vid vissa trösklar. En aktieägare ska meddela Bolaget om aktieägarens samtliga innehav, vare sig direkt eller indirekt, om sådana innehav uppnår, överskrider eller underskrider 5 procent, 10 procent, 15 procent, 20 procent, 25 procent, 30 procent, 50 procent, två tredjedelar (2/3) och 90 procent av de sammanlagda rösterna relaterade till Bolagets Aktier som registrerats i Handelsregistret. Vid beräkning av sådana förändringar av innehav som aktieägarna ska meddela ska endast aktier, och inte andra finansiella instrument som berättigar till aktier, tas i beaktande. En aktieägare bör också meddela om förändringar i innehav då aktieägaren blir part i avtal eller annat arrangemang vars verkställande skulle leda till att aktieägarens innehav uppnår, överskrider eller underskrider någon av de ovannämnda gränserna. Med effekt från First North-noteringen kommer punkt 11 i Bolagets bolagsordning tolkas i enlighet med den Finska Värdepappersmarknadslagens 9 kap. 5 §.

Bolagets avsikt är att ta in en bruttolikvid uppgående till cirka 70,0 miljoner euro genom att emittera och erbjuda högst 20 289 856 nya aktier i Bolaget (”**Nya Aktier**”) för teckning (”**Aktieemissionen**”). Därutöver erbjuder Säljarna preliminärt högst 2 318 605 befintliga aktier i Bolaget till försäljning (”**Försäljningsaktierna**”) (”**Aktieförsäljningen**” och tillsammans med Aktieemissionen ”**Erbjudandet**”). Såvida inte annat framgår av sammanhanget benämns de Nya Aktierna, Försäljningsaktierna och Tilläggsaktierna (såsom definierat nedan) tillsammans som de ”**Erbjudna Aktierna**”.

Var kommer värdepapperen att handlas?

Bolaget kommer ansöka om upptagande till handel av Aktierna på First North Premier Finland och First North Premier Sweden (upptagandet till handel på First North Premier Finland och First North Premier Sweden tillsammans ”**FN-noteringen**”). Beräknad första dag för handel på First North Premier Finland och First North Premier Sweden är den, eller omkring, 4 juni 2020.

Vilka nyckelrisker är specifika för värdepapperen?

- Bolaget väntas inte betala någon utdelning under de kommande åren och det är osäkert hur stor utdelningen kommer att vara vid varje givet räkenskapsår;
- Aktieägandet är koncentrerat och de största aktieägarna kommer även i fortsättningen att utöva betydande kontroll;
- Aktierna har inte tidigare varit föremål för handel på någon reglerad marknad eller multilateral handelsplattform, en aktiv och likvid marknad uppstår nödvändigtvis inte på någon eller båda marknadsplatserna, priset på Aktierna kan vara volatilt och potentiella investerare kan förlora hela eller delar av sin investering; och
- som en konsekvens av FN-noteringen kan Bolaget ådra sig ökade oväntade kostnader och nya regulatoriska krav och om Bolaget misslyckas med att uppfylla de krav som ställs på ett noterat bolag skulle det kunna försena noteringen av Bolaget eller medföra att Bolaget ådrar sig sanktioner som ett resultat därav.

Nyckelinformation om erbjudandet av värdepapper till allmänheten

På vilka villkor och enligt vilken tidsplan kan jag investera i detta värdepapper?

Allmänt

Bolagets avsikt är att ta in en bruttolikvid uppgående till cirka 70,0 miljoner euro genom att erbjuda högst 20 289 856 Nya Aktier för teckning. Därutöver erbjuder Säljarna preliminärt högst 2 318 605 befintliga aktier i Bolaget till försäljning. Erbjudandet består av (i) ett offentligt erbjudande till privatpersoner och juridiska personer i Finland (det ”**Finska Offentliga Erbjudandet**”), (ii) ett offentligt erbjudande till privatpersoner och juridiska personer i Sverige (det ”**Svenska Offentliga Erbjudandet**”) och (iii) privatplaceringar till institutionella investerare i Finland, i Sverige och internationellt i enlighet med tillämplig lagstiftning (det ”**Institutionella Erbjudandet**”).

I samband med Erbjudandet kan Bolaget ge Danske Bank, som stabiliseringsagent (”**Stabiliseringsagenten**”), en option som kan utnyttjas inom 30 dagar från och med att handeln med

Aktierna påbörjats på First North Premier Finland och First North Premier Sweden för att teckna högst 2 898 551 ytterligare Aktier (”**Tilläggsaktier**”) till Teckningspriset enbart i syfte att täcka eventuella övertilldelningar i samband med Erbjudandet (”**Övertilldelningsoptionen**”).

De Erbjudna Aktierna motsvarar högst cirka 35,5 procent av samtliga aktier i Bolaget efter Erbjudandet, exklusive Övertilldelningsoptionen (och cirka 38,3 procent förutsatt att Övertilldelningsoptionen utnyttjas till fullo), förutsatt att Säljarna säljer det högsta antalet Försäljningsaktier och att samtliga Nya Aktier som preliminärt erbjuds i Aktieemissionen tecknas.

Keel Capital, Fjärde AP-Fonden (AP4), Handelsbanken Fonder AB, några fonder förvaltade av Sp-Fund Management Company Ltd, Mandatum Life Insurance Company Limited (en del av Sampo Group), några fonder förvaltade av OP Fund Management Company Ltd, och Avohoidon Tutkimussäätiö (”**Ankarinvesterarna**”) har avgett teckningsåtaganden avseende Erbjudandet under vilka dessa åtar sig att teckna Erbjudna Aktier för 45,5 miljoner euro till Erbjudna Aktiernas Teckningspris (såsom definierat nedan). Ankarinvesterarnas teckningsåtaganden är bland annat villkorade av att antalet Erbjudna Aktier som teckningsåtagandet omfattar allokeras till Ankarinvesterarna.

Teckningspris samt teckningsperiod

Teckningspriset för de Erbjudna Aktierna i Erbjudandet uppgår till 3,45 euro per Erbjuden Aktie (”**Teckningspriset**”). Teckningspriset fastställs i euro och konverteras till svenska kronor enligt EUR/SEK-växlingskursen klockan 12.00 finsk tid (11.00 svensk tid) under den sista dagen av Erbjudandeperioden för det Institutionella Erbjudandet (vilket förväntas inträffa 3 juni 2020) såsom framgår på Bloomsbergs hemsidan under www.bloomberg.com/quote/EURSEK:CUR. Teckningspriset kan förändras under teckningsperioden vilket skulle kommuniceras genom ett bolagsmeddelande i Finland. Om Teckningspriset förändras kommer det Finskspråkiga Prospektet som publicerats av Bolaget i samband med Erbjudandet kompletteras, vilket, tillsammans med en engelsk översättning skulle publiceras genom ett bolagsmeddelande i Finland.

Bolagets styrelse kommer besluta om Aktieemissionen, det slutliga antalet Erbjudna Aktier och allokeringen av Erbjudna Aktier (det ”Slutliga Beslutet”) den eller omkring den 3 juni 2020. Informationen ovan kommer att publiceras genom ett bolagsmeddelande i Finland och kommer vara tillgängligt på Bolagets hemsida på www.nanoform.com/sv/sektion/investerare omedelbart efter det Slutliga Beslutet och på det Offentliga Erbjudandets teckningsplatser senast på bankdagen efter det Slutliga Beslutet (d.v.s. omkring den 4 juni 2020).

Teckningsperioden för det Offentliga Erbjudandet kommer inledas den 25 maj 2020 klockan 10.00 finsk tid (9.00 svensk tid) och avslutas omkring den 2 juni 2020 klockan 16.00 finsk tid (15.00 svensk tid).

Teckningsperioden för det Institutionella Erbjudandet kommer inledas den 25 maj 2020 klockan 10.00 finsk tid (9.00 svensk tid) och avslutas omkring den 3 juni 2020 klockan 12.00 finsk tid (11.00 svensk tid).

Bolagets styrelse har rätt att vid en överteckning avbryta det Institutionella Erbjudandet och det Offentliga Erbjudandet tidigast den 1 juni 2020 klockan 16.00 finsk tid (15.00 svensk tid). Det Institutionella Erbjudandet och/eller det Offentliga Erbjudandet kan komma att avbrytas oberoende av varandra. Om det Institutionella Erbjudandet och/eller det Offentliga Erbjudandet avbryts kommer det publiceras genom ett bolagsmeddelande i Finland utan dröjsmål.

Bolagets styrelse har rätt att förlänga teckningsperioden för det Institutionella Erbjudandet och det Offentliga Erbjudandet. En förlängning av teckningsperioden skulle kommuniceras genom ett bolagsmeddelande i Finland och innehålla teckningsperiodens nya slutdatum. Teckningsperioden för det Institutionella Erbjudandet och det Offentliga Erbjudandet kommer i varje fall att avslutas senast den 18 juni 2020 klockan 16.00 finsk tid (15.00 svensk tid). Bolagets styrelse kan komma att förlänga teckningsperioderna för det Institutionella Erbjudandet och/eller det Offentliga Erbjudandet oberoende av varandra. Ett bolagsmeddelande i Finland avseende förlängningen av teckningsperioden måste publiceras senast på de ovannämnda uppskattade slutdatumen för teckningsperioderna för det Institutionella Erbjudandet och det Offentliga Erbjudandet.

Återkallande i enlighet med Prospektförordningen

Om tillägg till Prospektet i enlighet med Prospektförordningen upprättas till följd av ny omständighet av betydelse, sakfel eller väsentlig felaktighet i förhållande till informationen som inkluderats i Prospektet och som blivit känd efter att FIN-FSA har godkänt det Finskspråkiga Prospektet och utgången av erbjudandeperioden, har investerare som redan samtyckt till att teckna Aktierna innan tillägget till eller korrigeringen av Prospektet offentliggjorts, enligt Prospektförordningen rätt att återkalla sitt samtycke till att teckna inom två (2) arbetsdagar efter att tillägget offentliggjorts. En förutsättning för rätten att återkalla samtycke är att den nya omständigheten av betydelse, sakfelet eller den väsentliga felaktigheten uppstod före de Erbjudna Aktierna levererades till investeraren. Återkallandet av samtycke måste gälla det totala antalet Erbjudna Aktier som den individuella investerarens samtycke omfattar. Om tillägg till Prospektet upprättas, kommer ett sådant tillägg offentliggöras genom ett pressmeddelande från Bolaget. Pressmeddelandet ska även innehålla information om investerarens rätt att återkalla samtycke till att teckna i enlighet med Prospektförordningen.

Avgifter och kostnader

Bolaget och Säljarna kommer betala Danske Bank och Skandinaviska Enskilda Banken AB (”SEB”, tillsammans med Danske Bank, ”Joint Global Coordinators”) och joint bookrunners för Erbjudandet, Stifel Nicolaus Europé Limited (”Stifel”) och Swedbank AB (publ) (”Swedbank”, tillsammans med Stifel och Joint Global Coordinators, ”Managers”) en avgift för tjänsterna som tillhandahållits i samband med Erbjudandet, vilken kommer baseras på den totala likviden, inklusive eventuella Tilläggsaktier emitterade enligt Övertilldelningsoptionen. Därutöver kan Bolaget betala en diskretionär avgift till Managers. Managers och/eller deras närstående parter har utfört och kan i framtiden komma att utföra rådgivnings- och/eller banktjänster till Bolaget inom den löpande verksamheten.

Utspädning av ägande

Som ett resultat av emissionen av Nya Aktier i Erbjudandet kan antalet Aktier öka till 66 583 772 Aktier under antagande att Bolaget emitterar 20 289 856 Nya Aktier, vilket motsvarar en utspädning för befintliga aktieägare om cirka 34,8 procent (under antagande att Övertilldelningsoptionen utnyttjas till fullo).

Varför upprättas detta prospekt?

Bolaget har upprättat och offentliggjort Prospektet för att erbjuda Erbjudna Aktier till allmänheten och för att ansöka om att Aktierna upptas till handel på First North Premier Finland och First North Premier Sweden.

Erbjudandets syfte

Syftet med Erbjudandet och noteringen är att ge Nanoform möjligheten att fortsätta dess tillväxtstrategi och göra investeringar i Bolagets affärsverksamhet med hjälp av intäkterna från Aktieemissionen.

Erbjudandet och FN-noteringen ökar även det allmänna intresset gentemot Bolaget bland investerare, affärspartners och kunder samt förbättrar Bolagets förmåga att locka och behålla ledande befattningshavare och anställda i nyckelpositioner. Dessutom kommer Erbjudandet att ge Bolaget tillgång till kapitalmarknaderna och bredda ägarbasen med inhemska och internationella investerare. Erbjudandet och den planerade FN-noteringen tillåter också fortsättningsvis en likvid marknad för Aktierna.

Användning av och uppskattad likvid

Bolagets avsikt är att ta in en bruttolikvid uppgående till cirka 70,0 miljoner euro från Aktieemissionen under förutsättning att Aktieemissionen tecknas fullt ut. Bolagets nettolikvid från Aktieemissionen förväntas uppgå till cirka 57,5 miljoner euro.

Avsikten är att nettointäkterna från Aktieemissionen ska användas för att stöda Nanoforms tillväxtstrategi. Bolaget beräknar att de medel som tillförs genom Aktieemissionen kommer att förse Bolaget med en ökad finansiell flexibilitet för Bolaget att sträva efter tillväxtmöjligheter i enlighet med dess strategi.

Intressekonflikter

Avgiften som ska betalas till Managers är kopplad till likviden från Erbjudandet. Managers och till dem närstående har tillhandahållit, och kan i framtiden, från tid till annan, komma att tillhandahålla, olika bank-, kommersiella och andra tjänster till Bolaget, Säljarna och deras dotterbolag och närstående, samt har deltagit i och kan i framtiden, från tid till annan, komma att delta i transaktioner med Bolaget, Säljarna och deras dotterbolag och närstående, och kan från tid till annan få ersättning från sådana tjänster. Alla tjänster som utförts av Managers, inklusive inom Erbjudandet, har tillhandahållits oberoende och inte som förtroendeman till Bolaget eller Säljarna. Vissa av Bolagets styrelseledamöter har ett ägandeintresse i Bolaget (Albert Hæggström äger 1,52 procent) och har därför ekonomiska intressen i Erbjudandet. Bolagets ledande befattningshavare och vissa andra nyckelpersoner har intresse i Erbjudandet mot bakgrund av det aktiebaserade incitamentsprogrammet. Bolaget är inte medvetet om några andra intressen som är väsentliga för Erbjudandet. Bolagets CFO, som också är styrelseledamot samt den ansvariga för investor relations, har båda rätt till rörlig kompensation i förhållande till den likvid Bolaget får in. Säljarna kommer sälja Aktier i Erbjudandet.

Tillämpliga lagar samt tvistlösning

På Erbjudandet tillämpas finsk lag. Tvister som uppstår i samband med Erbjudandet ska avgöras av domstol med behörighet i Finland.

RISK FACTORS

Potential investors should carefully consider the following risk factors, in addition to other information contained in this Offering Circular, before making any investment decisions.

The realization of any of the risk factors described below could have an adverse effect on the Company's business, operating results and/or financial condition and the value of the Shares. Should these risks lead to a decline in the market price of the Shares, investors who have invested in the Offer Shares could lose part or all of their investment. The risk factor description is based on facts known to and estimated by the Company's Board of Directors and management at the date of the Offering Circular, owing to which the description may not necessarily be comprehensive in nature. The risks and uncertainties described below are not the only factors that affect the Company's operations. Other facts and uncertainties currently unknown or deemed immaterial by the Company could also have a material adverse effect on the Company's business, results of operations and/or financial condition as well as on the value of the Offer Shares.

The risk factors presented in this Offering Circular have been divided into five risk categories based on their nature. These categories are:

- *risks related to the Company's business activities and industry;*
- *risks related to the Company's financial situation;*
- *legal, regulatory and compliance risks;*
- *risks related to the Shares; and*
- *risks related to the Offering and the Trading on First North Premier Finland and First North Premier Sweden.*

Within each category, the first presented risk factor is estimated to be most material based on an overall evaluation of the criteria set out in the Prospectus Regulation. In each category, the order in which the risk factors are presented after the first risk factor is not intended to reflect relative probability or the potential impact of the materialization of such risks. The order of risk categories, when compared to risk factors in another risk category, does not in any way represent evaluation of the materiality of the risk factors within that category.

Risks Related to the Company's Business Activities and Industry

The Company is an early stage growth company, and it may fail to manage its growth effectively or to grow at all while developing pioneering nanoforming technology

The Company is an early stage growth company, which is developing its proprietary CESS® technology to be applied in the field of medicine. Executing the Company's business plan and achieving its targets is associated with greater risks and uncertainties than the operations of companies with established business activities.

Execution of the Company's current business strategy places a significant strain on the Company's existing financial and human resources as the Company continues to invest in R&D, hire additional employees, increase its marketing efforts and increase its investments to good manufacturing practice ("**GMP**") and non-GMP production lines. The Company must implement and improve its operational, financial, management, sales, marketing and human resources infrastructure while simultaneously continuing to focus on the development of the CESS® technology and commercialize the technology. Difficulties associated with the Company's growth could impede the Company's ability to meet its near-term and long-term business targets and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

To date, the Company has been operating at a loss, and if the Company is not able to continue the development of the CESS® technology and commercialize its services, the Company may not become profitable

In relation to the development and commercialization of the CESS® technology, the Company has incurred and will continue to incur significant costs. To date, the Company has largely devoted its financial resources

to development of the CESS® technology and to expansion of its global commercial team. In the past the Company has financed its operations mainly with equity financing and with R&D loans ("**R&D loans**"), and to a small extent with payments from PoC projects with its customers. However, the operating cash flow generated from these PoC projects is insufficient to cover the costs associated with conducting such non-GMP PoC projects and service commercialization. Therefore, the Company is reliant on other sources of funding, such as equity financing, to continue operating.

Transforming the Company into a profitable business depends on the Company's ability to continue its development of the CESS® technology and to establish a market for this type of nanotechnology. To this end, the Company must complete several intermediate steps toward effective commercialization before finally reaching profitability. Such necessary steps include conducting focused commercial activity, entering into agreements with customers, and marketing the CESS® technology platform to prospective customers. The Company's ability to successfully market the CESS® technology platform to customers will at least in part depend on the Company's ability to convince the actors in the pharmaceutical industry of the safety, efficiency, benefits and value-creation of the CESS® technology for the pharmaceutical industry.

The Company does not anticipate reaching financial profitability for at least several years. The Company's management expects that a substantial part of the Company's future revenues will come from royalties from the sales of its customers' drugs that benefit from APIs nanoformed by the Company. The royalty agreements would be made only after the drug benefiting from a nanoformed API is about to enter into the pharmaceutical market. The Company's customers may be hesitant to accept the terms of royalty agreements, and the Company's ability to negotiate the terms of royalty payments with its customers is uncertain and depend on the relative performance of the Company's service and the CESS® technology offering compared to competing alternatives on the pharmaceutical market. There is a risk that the Company's CESS® technology works differently from what it expected and that it requires significant additional spending in order for the Company to reach the stage at which the Company receives royalties from the sales of its customers' drugs benefiting from APIs nanoformed by the Company. If such additional spending is required, the Company may be unable to secure funding or only be able to secure funding on unfavorable terms.

There is no certainty as to whether the Company has the required financial resources to be able to continue the development of the CESS® technology, commercialize its services and earn royalties from the supply of nanoformed APIs to its customers. Fulfilling such conditions are key requirements to the Company becoming profitable in the future and failure to do so could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Nanoparticles nanoformed using CESS® technology have not been tested in humans, and if CESS® nanoparticles proved harmful to human health, the Company's business plan to nanoform APIs for its customers could be unsustainable

The Company's CESS® technology is young and unproven for human use. Nanoparticles nanoformed using the CESS® technology have never been tested in clinical trials. The target of Nanoform's management is that the first GMP project to nanoform APIs for clinical use will start in the end of 2020 and that the first dosing in humans of an API nanoformed by the Company is expected in 2021. For further information, please see "*Information on the Company and its Business – The Company's Services and Products – Service Model – The clinical trials and commercialization GMP phase*" and "*Information on the Company and its Business – Material Agreements – Quotient Agreement.*" There is a risk that data from clinical trials will reveal that nanoparticles nanoformed using the CESS® technology fail to achieve the expected clinical outcomes or that they show unexpected hazardous properties, which would materially affect the Company's ability to commercialize the CESS® technology, causing a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Moreover, nanomedicine is a young branch of science. Future evidence may prove that nanomedicine, including the nanoparticles nanoformed using the Company's CESS® technology, has adverse effects when used in humans, which would make it difficult for the Company to commercialize its CESS® technology and potentially subject the Company to future legal liability.

If the Company's CESS® technology cannot nanoform its customers' APIs or the technology otherwise does not meet customer requirements, the Company's ability to commercialize its CESS® technology could be hampered

The Company's growth strategy depends on CESS® technology platform being adopted by its customers for nanoforming APIs. The Company's growth strategy is to trial its CESS® technology on as many APIs as possible. However, at this point, the Company has only tested the technology on a small percentage of existing APIs. Not all APIs can be nanoformed for various reasons, and even if an API is successfully nanoformed, there may be additional factors including, but not limited to, throughput, yield, price or stability of the nanoformed material that affect the customer's willingness to adopt the Company's CESS® technology. There is a risk that the CESS® technology may be ineffective in nanoforming APIs on which it has not yet been tested. If this risk materializes, there would be a material adverse effect on the Company's ability to commercialize its CESS® technology, causing a material adverse effect to the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's CESS® technology might not be widely adopted by the pharmaceutical and biotechnology industries, which would lead the Company to receive less revenue than the Company has anticipated

The Company's CESS® technology might not be the most reliable, cost-effective, or, for any other reason, the most accepted method of producing nanometer sized APIs. New technologies frequently emerge on the market and the Company may fail to compete with a superior competing technology that could be developed at any time. The Company may have overestimated the market's overall demand or need for its CESS® technology, leading the Company to receive less revenue than it has anticipated and thus the Company may not be able to reach profitability. The Company may have also overestimated the pharmaceutical market's demand for nanoformed APIs as compared to regular APIs. If any of the foregoing factors were to materialize, the Company would receive less revenue from the provision of services to customers than the Company has anticipated which would have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

If the Company is not able to substantially scale up its production capacity and sales activities, it will be unable to nanoform the anticipated volume of APIs

Nanoform's strategy requires expansion of its nanoforming capacity by substantially scaling up its production capacity and its sales and marketing activities carried out by the Company's global commercial team. Expanding production capacity requires adding non-GMP and GMP production lines, and there is a risk that the expansion will not proceed as anticipated because of, for example, mistakes, delays, extra costs, dependence on outside suppliers and supply lead times. There is a risk that as production expands rapidly, the Company will have difficulties ensuring consistent production, which is essential to nanoforming APIs used in its customers' drugs that proceed to clinical trials, and if successful, reach the pharmaceutical market. Expansion of production capacity and sales and marketing activities carried out by the Company's global commercial team require additional personnel, and the Company may have difficulty in recruiting qualified personnel.

If any of the aforementioned risks were to materialize, the Company would be unable to meet the expected demands of its customers, having a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

If the Company is unable to guard its trade secrets, its competitive advantage would be eroded

The Company is a knowledge-intensive organization, and much of the Company's competitive advantage is based on the knowledge of the Board of Directors, the Management Team and key employees (together with the Management Team, "**Key Personnel**") of the Company's operations and industry. The Company is dependent on being able to guard trade secrets and know-how relating to its services that are not covered by patents, patent applications or other intellectual property rights ("**IPRs**"), including, but not limited to, information on inventions for which no patent applications have yet been made.

There is a risk that someone who has access to trade secrets and other confidential information, such as employees, consultants, advisors, business partners or customers, will disseminate or otherwise use this information in a manner that damages the Company. There is also a risk that the Company may fail to maintain trade secrets and other confidential information or protect such information using legal means, or

that such information could become known in another way because of circumstances beyond the Company's control. If the Company's trade secrets are revealed to its competitors, the Company's competitive advantage would be eroded. In addition, competitors or other external parties could independently develop similar know-how, which could damage the Company's competitive advantage.

If the Company fails to secure confidentiality of its trade secrets and know-how, or such information is spread without the Company's approval, this could have a material adverse effect on the Company's ability to commercialize its CESS® technology and would have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's commercial success depends in part on the Company maintaining and receiving new certificates for additional APIs and production lines extending the initial GMP Certificate for nanoforming APIs for use in clinical trials

The Company has a manufacturing facility including a GMP-grade production line that is intended for GMP-certified processing of APIs and the Company has received a GMP Certificate from the Finnish Medicines Agency ("**FIMEA**") on April 29, 2020. The GMP Certificate permits the Company to nanoform API material for use in clinical trials. Each production line within the Company's manufacturing facility that nanoforms particles for human use will require a separate GMP Certificate. Likewise, for each new API that the Company uses its CESS® technology to nanoform, the Company will need to obtain an extension to its GMP Certificate.

Although the Company believes that it is compliant with all applicable laws and regulations required to maintain the GMP Certificate and receive further GMP Certificates, it is not certain that FIMEA will grant any future iterative certification. If the Company does not maintain the GMP Certificate for its GMP-grade production line, the Company's ability to commercialize its CESS® technology would be significantly hampered because the Company would have to make sufficient changes to ensure that it could obtain a GMP Certificate in the future. In addition, Nanoform's management continuously assesses the need for non-GMP and GMP grade production lines based on, for example, discussions held with current and prospective customers. If the Company were to lose the GMP Certificate or if the Company fails to evaluate the need for non-GMP and GMP grade production lines, the Company's ability to commercialize its CESS® technology by supplying nanoformed APIs for use in clinical trials and in drugs sold commercially would be stymied, resulting in an unobtained revenue and having a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company currently has limited presence in the United States ("U.S.") market and failure to expand its presence in the U.S. could prevent the Company from meeting its business targets

The Company currently has limited presence in the U.S. market, and expanding its presence in the U.S. in the future is material for its growth strategy. The Company opened a subsidiary in the U.S. in January 2020 and is currently in the process of filling of the position of the Head of U.S. Sales. For more information on the Company's U.S. activities, please see "*Information on the Company and its Business – Sales and Marketing – Commercialization*". There is a risk that the Company may not be able to attract more customers in the U.S. because U.S. customers, for instance, may be reluctant to buy from a small Finnish company that is neither well known nor established in the market. Failure to attract more U.S. customers could have a material adverse effect on the Company's growth and ability to meet its business targets, and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's business strategy depends on the success of its customers

The success rate of pharmaceutical drugs from invention to development and onward from development to clinical trials and ultimately to the market is low. Thus, the Company's customers may be unsuccessful in bringing drugs benefiting from APIs nanoformed using the Company's CESS® technology to the market for reasons unrelated to the CESS® technology. If the Company's customers are unable to bring drugs benefiting from nanoformed APIs to the market, the Company will not receive revenue from royalties from the sales of such drugs and this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may be unable to safeguard the trade secrets of its customers, which would negatively affect the Company's ability to maintain existing and establish new customer relationships

APIs, formulations and methods used by the Company to nanoform APIs to customer specifications are in many cases subject to trade secret protection, patents or other protections owned or licensed by the relevant customer. The employment agreements of the Company's employees include non-disclosure provisions. The Company's employees could breach the non-disclosure provisions in such agreements or otherwise disclose the trade secrets of the Company's customers. The Company's customers could make claims that their proprietary information has been inappropriately disclosed. The Company could inappropriately disclose its customers' trade secrets due to a data breach or cyber intrusion. If any of the foregoing were to occur, it could, among other things, negatively affect the Company's ability to maintain existing and establish new customer relationships and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may unintentionally infringe on third parties' IPR causing such parties to take legal action against the Company, which would be costly and would negatively affect the Company's ability to maintain existing and establish new customer relationships

In its business operations, the Company may unintentionally infringe on third parties' IPR. Such third parties may take legal action for alleged infringement of these IPR, seek injunctions or bring claims to invalidate or rescind the IPR, and any such legal proceedings could have an adverse effect on the Company's patents, brands or business operations and result in trials and payment of damages. The defense of any legal actions for alleged infringement of IPR would be costly and could require additional financing. Any of the foregoing could negatively affect the Company's ability to maintain existing and to establish new customer relationships and, thus, could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

As the Company seeks to commercialize its CESS® technology and build a customer base, Company could become reliant on a single or a small number of customers, which may lead to such customers obtaining increased bargaining power, and the loss of any such customer or customers would translate to a significant loss of revenue for the Company

Nanoform's strategy anticipates that a substantial part of the Company's revenue will come from royalties agreed in contracts with pharmaceutical companies. There is a risk that, as the Company seeks to commercialize its CESS® technology and build a customer base, the Company becomes reliant on a single or a small number of customers, for example, if a single customer project or certain customer projects become disproportionately successful. In that case, the Company may become dependent on the contracts with its key customers and the success of these customers to sell their drugs nanoformed by the Company. Dependence on certain customers may lead to customers' increased bargaining power which may lead to adverse contractual changes of terms with such customer. In addition, the termination of any of such contract or loss of sales pursuant to any of them due to any of the foregoing or other factors, such as deterioration of the parties' business relationship or breach of contract, could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company depends on the Key Personnel and if such persons leave the Company or are not available and the Company is unable to attract new skilled personnel, the Company would be put at a competitive disadvantage

The Company's success is materially dependent on the professional skills of the Key Personnel and its ability to hire competent employees and to grow its operations and expand its production capacity. Employees managing different phases of the client projects in particular are required to have specific professional skills. Because the Company conducts most if its business operations in a laboratory environment requiring the involvement of highly skilled professionals, the Company's organic growth requires the availability of competent and committed employees.

The Company losing the services of any of the Key Personnel or the Key Personnel not being available for any significant period of time could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's failure to obtain or maintain patents, or to protect its existing or future patents, may impair the Company's ability to successfully execute its business plan

The Company's commercial success depends, in part, on its ability to obtain and maintain patent protection in respect of the CESS® technology. If the Company fails to adequately protect its current or future patents, its competitors may be able to erode, negate or pre-empt parts of the competitive advantage that the Company may have and the Company's customers may be less willing to pay a premium price for the Company's services. To protect the Company's competitive position, the Company has filed and will continue to file for patents covering the Company's CESS® technology. The process of identifying patentable subject matter and filing a patent application is expensive and time-consuming. The Company cannot guarantee that it will be able to file necessary or desirable patent applications at a reasonable cost, in a timely manner, or at all. Further, since certain patent applications are confidential until patents are issued, third parties may have filed patent applications for subject matters covered by the Company's pending patent applications unbeknownst to the Company, and the Company's patent applications may not have priority over the patent applications of others. In addition, the Company cannot guarantee that its future or pending patent applications will result in patents being granted. The standards that patent offices in different jurisdictions use to grant patents are not always applied predictably or uniformly and may also change.

Even if the Company has been or is able to obtain and maintain patent protection for its CESS® technology, if the scope of that patent protection is insufficient, the Company may not be able to rely on that patent protection to prevent third parties from developing or commercializing similar or identical technology to the Company's technology or certain parts thereof. The enforceability of patents in the pharmaceutical industry involves complex legal and scientific questions and can be uncertain. The process of enforcing a patent through litigation is expensive and time-consuming. Accordingly, the Company cannot guarantee that third parties will not successfully challenge the validity, enforceability or scope of its patents. A successful challenge to the Company's patents may limit the Company's ability to prevent others from using or commercializing similar or identical technology or the duration of the patent protection of the Company's CESS® technology. If any of the Company's patents are narrowed or invalidated, its business and operations may be adversely affected. In addition, the Company cannot guarantee that it will be able to detect unauthorized use or take appropriate, adequate and timely actions to enforce its patents. If the Company is unable to adequately protect or prove infringement of its patents, this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Even if the Company's patents and patent applications are unchallenged, they may not adequately protect the Company's technology or prevent third parties from designing around the Company's patents. If the patent applications the Company files or may file do not lead to patents being granted or if the scope of any of the Company's patent applications is challenged, the Company may face difficulties in developing its technology, third parties may be dissuaded from collaborating with the Company, and the Company's ability to commercialize its technology may be materially and adversely affected. The Company is unable to predict which of its patent applications will lead to patents or guarantee that any of its patents will not be found invalid or unenforceable or challenged by third parties.

Additionally, the issuance of a patent is not conclusive as to the inventorship of the patented subject matter, or its scope, validity or enforceability. The Company cannot guarantee that all of the potentially relevant prior art, that is, any evidence that an invention is already known, relating to the Company's patents and patent applications, has been found. If such prior art exists, it may be used to invalidate a patent or may prevent a patent from being issued.

In addition, the Company may fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. As a result, the Company may miss potential opportunities to strengthen its patent position, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Low sales of drugs benefiting from the Company's CESS® technology in the future could have a material adverse effect on the Company's ability to commercialize its technology

In the future, the Company may depend on, and would have no control over, end sales of the drugs benefiting from nanoformed APIs by the Company's customers. In addition, the level of revenue generated by the drugs benefiting from the APIs nanoformed using the Company's CESS® technology could be

adversely affected by, among other things, delays in clinical trials or regulatory approval, loss of patent and other IPR protection, emergence of competing products, including generics, the degree to which private and government drug plans subsidize payment for a particular product and changes in the marketing strategies for such products.

Furthermore, if the drugs benefiting from the APIs nanoformed by the Company for its customers utilizing the CESS® technology do not gain market acceptance, the Company's revenue and profitability may be adversely affected. The degree of market acceptance of the customers' APIs nanoformed utilizing the Company's technology will depend on a number of factors, including:

- the ability of the Company's customers to publicly establish and demonstrate the efficacy and safety of such drugs, including favorably comparing such products to competing products;
- the outcome of clinical trials with respect to such drugs;
- regulatory approval of, or regulatory actions taken with respect to, such drugs;
- the costs to potential end-user consumers and so called "third-party-payers" (*e.g.*, social insurance institutions) of using such drugs and the cost of competing drugs;
- marketing and distribution support for such drugs; and
- public perception of the Company's customers and industry of the Company's customers.

If production volumes of key products that are nanoformed by the Company's customer utilizing the Company's CESS® technology and related sales do not grow, the Company may suffer a material adverse effect on its business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The occurrence of a contagious disease or any other serious public health concerns around the world, and particularly in Finland, could negatively affect the Company's operations

Helsinki, where the Company operates, has been subject to the novel coronavirus ("**COVID-19**"). The COVID-19 pandemic, which began in late 2019 in Wuhan, China and spread globally during the spring of 2020 has had a significant adverse impact on the global economy and the adverse impacts may continue also in the future. In addition, there can be no assurance that there will not be another significant outbreak of a highly contagious disease in the future in the markets where the Company operates. Nor can there be any assurance that any precautionary measures taken against infectious diseases will be effective. The COVID-19 pandemic may also negatively affect the Company's operations by inhibiting the ability of the Company's customers to hold clinical trials and by disrupting logistical supply chains within the pharmaceutical industry in general. If the COVID-19 pandemic continues throughout 2020 and into 2021, the resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in areas where the Company operates, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Nanotechnology and nanomedicine are new fields that could become subject to additional restrictions or regulations, curtailing the Company's commercial activities

The Company nanoforms particles for use in drugs. Nanoparticles are a relatively new product category, and the health effects of nanoparticles are less well established compared to other formulation technologies. There is a risk that a regulatory body introduces additional restrictions or requirements on nanomedicine generally, nanoparticles under a specific size or specific formulations of nanoparticles because of proven or suspected risks to human health. Such restrictions may affect the Company directly if the Company's CESS® technology is subject to such restrictions or requirements, or indirectly through a general heightened scepticism in the pharmaceutical industry towards nanomedicine. If such risks were to materialize, the Company's ability to commercialize its CESS® technology would be significantly impaired, causing the Company to suffer a material adverse effect on its business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company must maintain its quality management systems and failure to do so could result in damaging existing customer relationships, adverse regulatory actions, including product recalls, product seizures, injunctions to halt manufacture and distribution, restrictions on the Company's operations, civil sanctions, including monetary sanctions, and criminal penalties

Because the Company operates in a highly regulated industry, as explained in more detail in " – *Legal, Regulatory and Compliance Risks*" below and "*Information on the Company and its Business – Regulation, Standards and Compliance*" below, the Company's must maintain consistent quality management systems and effectively train employees to consistently enforce high standards of quality management. A failure of the Company's quality control systems in its new and existing operations and facilities could result in problems with facility operations or the provision of services to the Company's customers. In each case, such problems could arise for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, such as the Company's customers providing APIs that are not compatible with the Company's CESS® or other technology, or environmental factors and damage to, or loss of, production capacity. Such problems could affect nanoforming of a particular batch or series of batches of APIs, requiring the destruction of such APIs or a halt of facility production altogether.

The Company must adhere to certain code of conduct requirements provided by its customers and regulations. Customer requirements for the handling of specific APIs may also differ. In addition, as the Company expects to nanoform APIs for customers globally, the Company must adhere to differing global regulatory and legal requirements. The Company faces the risk of operating in an increasingly complex industry with distinct local aspects.

If the Company fails to meet the required quality standards of any of its customers, the Company could damage its reputation for quality and service. Any such failure could lead to increased costs or lost revenue or could require reimbursement to customers for APIs. Any such failure could also lead to damage to and possibly termination of existing customer relationships. Moreover, a failure could lead to loss of time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or APIs. Production problems in the Company's production lines used for nanoforming could be particularly significant because the cost of APIs supplied by Company's customers is high.

As is the case for all companies operating in the pharmaceutical and biotechnology industries, if manufacturing or preparation problems or failures to meet required quality standards are not discovered before a product is released to the market, the Company may damage its existing customer relationships, be subject to adverse regulatory actions, including product recalls, product seizures, injunctions to halt manufacture and distribution, restrictions on the Company's operations, civil sanctions, including monetary sanctions, and criminal penalties. In addition, such problems or failures could subject the Company to litigation claims, including claims from the Company's customers for reimbursement for the cost of lost or damaged APIs, the cost of which could be significant. Failure of the Company to provide high quality and timely services to its customers could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Nanoform's strategy allows premium pricing, which requires offering superior value to customers compared to other available competing technologies

Nanoform's strategy allows the Company to charge premium prices for its services. To charge premium prices, the Company's service must offer superior value to the customers compared to other available competing technologies. For more information on premium pricing, please see "*Information on the Company and its Business – Key Strengths – Attractive business model.*" The Company's management considers that the demonstrated ability of the proprietary CESS® technology platform to produce crystalline or stable amorphous nanoparticles of APIs below 200 nanometer ("**nm**"), and at times as small as 10 nm, from solution without the use of solvents, excipients or complex productions processes provides the Company currently with a competitive advantage over other competing technologies.

The Company's competitors in the pharmaceutical and biotechnology industries include full-service expert companies, contract manufacturers focusing on a limited number of dosage forms, contract manufacturers providing multiple dosage forms and large pharmaceutical companies offering third-party manufacturing services to fill their excess capacity. The Company competes with rival formulation strategies that address the same challenge of poor solubility and bioavailability as the Company's technology.

The Company competes primarily based on its proprietary CESS® technology to produce nanoparticles. Increased competition may, among other things, result in a decrease in the fees paid for the Company's services and reduced demand for those services, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company is considering alternative payment methods in which the Company would receive equity in the customer as payment for the Company's services, which entails risks related to liquidity of the customer's shares, inability to sell the customer's shares, insider prohibitions on selling the customer's shares and other unforeseen risks

The Company is considering alternative payment methods such as the Company taking shares in a customer in exchange for the Company's services. If the Company begins to accept shares in customers as payment, the Company would face risks related to liquidity, cash flow, working capital, profitability and its balance sheet. If, having accepted equity as payment, not being able to sell a customer's shares at all or due to insider prohibitions or not being able to sell a customer's shares at the anticipated price could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may suffer interruptions or failures of its information technology ("IT"), network or communications systems and/or cyber security breaches

Security breaches of the Company's IT infrastructure can create system disruptions, shutdowns or unauthorized disclosure of confidential information. If the Company is unable to prevent such breaches, its operations could be disrupted, or it may suffer financial damage or loss because of lost or misappropriated information. The Company cannot be certain that criminal capabilities, new discoveries in the field of cryptography or other developments will not compromise or breach the technology protecting the networks that access its services. The Company may in the future need to employ an enterprise resource planning system. If any of these systems are interrupted, damaged by unforeseen events or fail for any extended period of time, including due to the actions of third parties, then the Company may not be able to effectively manage its business and significant reputational damage may occur for the Company, and this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may engage in acquisitions and joint ventures in the future, which, if the Company is able to carry out, may pose a number of significant risks including expending substantial amount of cash, incurring debt and assuming of loss-making divisions

The Company's future success may depend on its ability to acquire other businesses or technologies that could complement, enhance or expand its current business or offerings and services or that might otherwise offer it growth opportunities. The Company may face competition from other companies in pursuing acquisitions. The Company may not be able to complete such transactions due to a failure to secure financing. Any future acquisitions the Company undertakes may be financed through cash provided by operating activities and/or other debt or equity financing. All of these could reduce the Company's cash available for other purposes.

Any transactions that the Company is able to identify and complete may involve a number of risks, including but not limited to:

- the Company has not previously engaged in acquisitions or joint ventures and may therefore lack the needed internal processes for successfully executing an acquisition or joint venture;
- the diversion of the attention of the Company's management to negotiate the transaction and then integrate the acquired businesses;
- the possible adverse effects on the Company's operating results during the negotiation and integration process;
- significant costs, charges or write-downs;
- the potential loss of customers or employees of the acquired business;
- delays or reduction in realizing expected synergies;

- unexpected liabilities relating to an acquired business; and
- the Company's potential inability to achieve its intended objectives for the transaction.

In addition, the Company may be unable to maintain uniform standards, controls, procedures and policies with respect to an acquired business, leading to operational inefficiencies. To the extent that the Company is successful in making acquisitions, it may have to expend substantial amounts of cash, incur debt and assume loss-making divisions, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company has a single site of operation, any disruption to which, could adversely affect the Company's business.

The Company does not own the building in which the manufacturing is situated, and the facility is the Company's single site of operations. If the facility is damaged, for example in a fire, and its de-risk strategy options, such as holding safety stocks of APIs nanoformed off-site, fail, the Company's business would be interrupted, having a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Risks Related to the Company's Financial Situation

The Company is not profitable which could restrict the Company's ability to achieve its business targets and conduct its business operations

The Company has generated losses since its formation. For the three months ended March 31, 2020 and 2019, the Company recognized losses of EUR 4,588 thousand, EUR 1,144 thousand, respectively. In the financial years ended December 31, 2019, 2018 and 2017, the Company recognized losses of EUR 7,554 thousand, EUR 2,074 thousand and EUR 521 thousand, respectively. These losses have mainly arisen as a result of the increase of employee benefits, increased costs in marketing and communication and the increase of consultant and professional fees. In 2019, the hiring of a global commercial team, in particular, has generated additional costs. There is a significant risk as to whether the Company will be able to reach positive cash flow and results in the future, because the Company will be required to conduct further R&D work, business development, expansion of production capacity, and activities related to regulatory compliance. Such activities, together with anticipated general and administrative expenses associated with the growth strategy of the Company, will increase costs, and may reduce the Company's liquidity and prevent the Company from becoming profitable. There is a risk that the Company will not be able to generate sufficient revenue or achieve profitability to conduct its business operations in accordance with at each time applicable targets or strategies, which could restrict the Company's ability to achieve its business targets, maintain the scope of its operations, and its ability to obtain required additional funding. In the past, the Company has financed its operations mainly with equity financing and with R&D loans, and to lesser extent with income from contracts with customers. However, there can be no assurance that the Company will obtain sufficient financing in the future to carry out its planned activities and to engage into planned growth investments. Even if the Company does achieve profitability in the future, it may not be able to sustain profitability in subsequent periods. In addition, the Company's results of operations can fluctuate and, as a result, period-to-period comparisons are not necessarily meaningful and results of operations in prior financial periods should not be relied upon as an indication of the Company's future performance.

If the Company fails to generate sufficient income or achieve profitability, this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

A possible impairment of property, plant and equipment could have a material adverse effect on the Company's financial condition and results of operations

As at March 31, 2020, the Company's consolidated statement of financial position includes EUR 2,597 thousand of machinery and equipment and construction on progress that comprises mainly of GMP-ready production line and non-GMP production lines. The Company expects to commence its first GMP project before the end of 2020 and that first dosing in humans of drug containing nanoformed APIs will occur in 2021.

The carrying values of property, plant and equipment subject to depreciation are reviewed for impairment whenever there are indications that their carrying values could exceed their value in use or disposal value, if

disposal is considered as a possible option. The Company assesses such indications at the end of each reporting period. There is no certainty that the Company will not have to recognize an impairment loss on property, plant and equipment in the future.

The Company is dependent on external financing if it, for example, pursues significant transactions or significant growth investments and the Company may have difficulties accessing additional financing on competitive terms or at all

The Company is currently dependent on external financing acquired, for instance, via equity financing from current and new shareholders and R&D loans from Business Finland. Although the Company expects that funds to be received from the Offering will be sufficient to finance its strategy, the Company may still in the future require external financing if it, for example, pursues significant transactions or significant growth investments. The Company may not be able to obtain financing or it may only be able to obtain financing at significantly higher cost than what is currently the case. Factors such as financial market conditions, the general availability of credit, the fact that the Company is not profitable and the associated uncertainty around its profitability and creditworthiness, as well as that the Company does not have a credit rating issued by a credit rating agency, may affect the availability of financing. Global financial markets have experienced several periods of high volatility since the latest global financial crisis in 2008, including the COVID-19 pandemic described in " *– Risks Related to the Company's Business Activities and Industry – The occurrence of a contagious disease or any other serious public health concerns around the world, and particularly in Finland, could negatively affect the Company's operations*" above. Factors, including adverse macroeconomic development, sovereign debt crises and unstable political environment may affect financial market conditions. Future periods of uncertainty, increased volatility, disruptions or sustained adverse developments in the financial markets could constrain the Company's access to capital and result, for example, in a reduction of liquidity. A reduction in liquidity could make it more difficult to obtain funding for the Company at reasonable costs or at all. Being unable to obtain funding at a reasonable cost or at all, would affect the Company's ability to finance the operating and capital expenditure necessary to pursue further growth initiatives.

Difficulties in accessing additional financing could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company is exposed to foreign exchange rate risks arising from fluctuations in currency exchange rates

The Company is exposed to foreign exchange rate risks, both translation risks and transaction risks arising from fluctuations in currency exchange rates. The key currency in which the Company has the most significant exposure is the Swedish krona, the British pound sterling and the U.S. dollar. Currently, all loans and revenue of the Company are in euros, but some of the Company's costs are in British pound sterling, U.S. dollar and Swedish krona. At year end 2019, the most significant currency exposure arose from the SEK 32 million cash position consisting of the cross-border equity private placement. A 10 percent movement in SEK/EUR exchange rate would have resulted in EUR 300 thousand, EUR 170 thousand and EUR 0 thousand change in net result for the financial years ended December 31, 2019, 2018, and 2017, respectively and would have corresponded to approximately 4 percentage point movement in EUR 7.3 million cash and cash equivalent position as at December 31, 2019. The Company's exposure to other currencies has been limited. The Company's foreign exchange risks will increase further if its sales or costs in foreign currencies increase significantly. The Company monitors its currency positions but does not currently use any derivative instruments to hedge its exposure to foreign exchange risks.

The Company is exposed to interest risks that may have an adverse effect on the Company's earnings

The Company has at present exposure to potential interest risks through its R&D loans from Business Finland and through its cash bank balances. The risk with regard to the R&D loans from Business Finland is minimal. The interest on the R&D loans is variable. The interest is calculated as the base rate as defined by the Finnish Ministry of Finance minus three (3) percentage points, subject to a minimum rate of one (1) percent. There is risk regarding the cash bank balances that the European Central Bank, in the event of a much weaker economy, could further lower its policy rates or that the commercial banks would begin to demand interest for loans to small companies such as the Company for its cash balances.

The overall insurance coverage maintained by the Company may not be sufficient to cover unforeseen events

The Company maintains insurance coverage (including directors and officers' liability insurance) to protect its business operations, please see "*Information on the Company and its Business – Insurances*" for more information on the Company's insurances. The Company's production lines are concentrated in one production facility in Helsinki, Finland, which increases the consequences of an unforeseen event to the Company and its production facility. If the production lines were damaged, building a non-GMP production line would take approximately 4 to 6 months and building a GMP production line would take up to two years. The Company's management estimates that each non-GMP production line costs between EUR 200 thousand and EUR 400 thousand, and each GMP production line costs between EUR 2 million and EUR 12 million depending on characteristics of the line in question. For more information on the Company's production facility, please see "*Information on the Company and its Business – The Company's Production*." There is a risk that the overall insurance coverage will not be sufficient to cover the costs of the events that may lead to its invocation, and should such an unforeseen event occur, it could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Legal, Regulatory and Compliance Risks

The Company could lose the GMP Certificate for its production facility or could fail to receive new certificates for additional APIs and production lines extending the initial GMP Certificate, each event of which would impair the Company's ability to supply materials to its customers for clinical trials

The pharmaceutical industry is highly regulated. The Company is subject to local, state, federal, foreign and transnational laws and regulations, which include the operating and security standards of FIMEA, the European Medicines Agency ("**EMA**") in Europe, the EU member states and other comparable agencies and, in the future, any changes to such laws and regulations could adversely affect the Company.

In particular, the Company is subject to laws and regulations concerning GMP Certificates and drug safety. The Company will be required to register for permits and/or licenses with, and will be required to comply with the laws and regulations of FIMEA, as well as certain accrediting bodies depending upon the type of operations and location of product distribution, manufacturing and sale. For further information on the laws and regulations with the Company must comply, please see "*Information on the Company and Its Business – Regulation, Standards and Compliance*."

The anticipated future production, distribution and marketing of the Company's services for use in its customers' products will be subject to extensive ongoing regulation by the EMA and other equivalent regulatory authorities. In addition, like all commercial drug manufacturers, the Company will be subject to inspections by these regulatory authorities. For instance, the Company has constructed a GMP grade production facility that is intended to conduct GMP certified production and has received a GMP Certificate from FIMEA on April 29, 2020. For more information, see " *– Risks Related to the Company's Business Activities and Industry – The Company's commercial success depends in part on the Company maintaining and receiving new certificates for additional APIs and production lines extending the initial GMP Certificate for nanoforming APIs for use in clinical trials*" above.

Although the Company believes that it is in compliance in all material respects with applicable laws and regulations, there is a risk that a regulatory agency or tribunal will reach a different conclusion concerning the compliance of the Company's operations with applicable laws and regulations. In addition, there is a risk that the Company will be unable to maintain or renew existing certifications, permits or any other regulatory approvals or obtain, without significant delay, future certifications, permits or other approvals needed for the operation of its businesses. Any noncompliance by the Company with applicable laws and regulations or the failure to maintain, renew or obtain necessary permits and licenses could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company will be subject to product and other liability risks, which may expose the Company to lawsuits

If the Company's customers bring drugs benefiting from APIs nanoformed using the Company's CESS® technology to market, the Company may be named as a defendant in product liability lawsuits, which may

allege that services it, or any newly acquired business, has provided have resulted or could result in an unsafe condition or injury to consumers. The Company may be exposed to other liability lawsuits, such as tort, regulatory or intellectual property claims. Such lawsuits could be costly to defend and could result in reduced sales, significant liabilities and diversion of management's time, attention and resources. Even claims without merit could subject the Company to adverse publicity and require it to incur significant legal fees. Furthermore, product liability claims and lawsuits, regardless of their ultimate outcome could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Currently, the Company has sought to manage this risk through contractual indemnities and liability limitations in its agreements with customers. The Company monitors its exposure to product liability and will seek to ensure it has adequate product liability insurance in place when necessary. The availability of product liability insurance for companies in the pharmaceutical industry is generally more limited than insurance available to companies in other industries. Insurance carriers providing product liability insurance to those in the pharmaceutical and biotechnology industries generally limit the amount of available policy limits, require larger deductibles and exclude coverage for certain services and claims. If the Company's liability insurance is inadequate or the Company is unable to maintain such insurance, there may be claims asserted against the Company that such insurance does not cover. A partially or completely uninsured claim, if successful and of sufficient magnitude, could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company is subject to environmental, health and safety laws and regulations, which, if not complied with, could result in the Company's operations being limited or suspended and the Company incurring monetary and criminal penalties

The Company's facilities and operations are subject to environmental, health and safety laws and regulations. These laws and regulations govern, among other things, the use, handling and disposal of hazardous and other regulated substances and employee health and safety. Environmental, health and safety laws and regulations have increasingly become stricter, and the Company may incur additional expenses to ensure compliance with existing or new requirements in the future. Any failure by the Company to comply with such requirements could result in the limitation or suspension of its operations. The Company could also incur monetary fines, civil or criminal sanctions, third-party claims or clean up or other costs or damages pursuant to such requirements. In addition, compliance with environmental, health and safety requirements could restrict the Company's ability to expand its facilities or cause the Company to incur other significant expenses.

The materialization of any of the foregoing risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

If the Company undertakes to sponsor a clinical trial, the Company would be subject to additional regulatory requirements, including among others Good Clinical Practice ("GCP") requirements, which, if not fulfilled, could result in the Company's operations being limited or suspended and the Company incurring monetary and criminal penalties

The Company's first GMP-project and related clinical trial could be either a clinical trial sponsored by one of the Company's customers or the Company itself. If the Company itself sponsors a clinical trial, such clinical trial would be with nanoformed piroxicam in a small number of healthy volunteers and would take place in 2021. The Company has already taken steps to prepare to possibly sponsor the small clinical trial. If the Company chooses to go forward with sponsoring the clinical trial, or possible other clinical trials in the future, the Company would be subject to additional regulatory requirements, including among other GCP requirements, as well as laws and regulations of Nanoform's domicile and locally where the trial is conducted. Any failure by the Company to comply with these requirements could result in the limitation or suspension of its operations. The Company could also incur monetary fines, civil or criminal sanctions, third-party claims or other costs or damages pursuant to such requirements.

The materialization of any of the foregoing risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares. For information on the GCP standard, please see "*Information on the Company and its Business – Regulation, Standards and Compliance – Good Clinical Practice Standard."*

The Company may suffer failures or deficiencies in operational risk management and internal control processes

The Company has adopted and regularly assesses and develops its risk management and internal control processes and systems. Risk management strives to ensure that the Company can identify, assess and manage its key risks. However, the Company's risk management policies and internal control procedures may not achieve its intended effects. The Company's risk management function may not be able to identify or monitor all relevant risks or implement efficient risk management procedures. Despite adequate risk management procedures, some of the risks identified could be beyond the Company's control.

The Company may also experience the realization of operational risks. There is a risk that the Company's employees, suppliers and other intermediaries make decisions that are inconsistent with Nanoform's strategy and that internal guidelines and policy documents relating to internal and external regulatory compliance are not fully complied with. The personnel and the management may make mistakes, or commit negligence, vandalism, wrongdoing, fraud or other criminal behavior or the Company and its property and operations may become a victim of embezzlement or crime. If the Company is unable to identify and address problems on time or to prevent violations by employees, suppliers and other intermediaries, this could damage the Company's reputation and give rise to the Company incurring liability in damages and customers choosing to turn to the Company's competitors.

Furthermore, the Company is still in a growth phase and has not previously operated as a listed company according to the requirements of the Helsinki Stock Exchange and the Stockholm Stock Exchange. As such, there is a risk that current operational risk management and internal control processes may not remain adequate as the Company grows and that the Company may fail to update such processes. The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may be subject to complaints and litigation that could damage the Company's brand and reputation, divert management resources and have direct adverse financial effects

From time to time, the Company may be the subject to complaints and litigation from its employees or third parties, alleging injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations. In particular, even if the CESS® process in itself is free from hazardous chemicals, the projects performed for the Company's customer in the production facility may require that the Company's employees interact with hazardous materials, such as potent APIs. Any such complaints or claims, even if successfully resolved without direct adverse financial effect, could have a material adverse effect on the Company's brand and reputation and divert its financial and management resources from more beneficial uses. If the Company were to be found liable under any such claims, for instance claims relating to certain product or service deficiencies, it could, for example, be ordered to pay damages or compensation, which would have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Risks Related to the Shares

The Company does not expect to pay any dividend in the coming years and the amount of dividends paid by the Company in any given financial year in uncertain

The Company has distributed no dividends since its incorporation in 2015. Under the provisions of the Finnish Companies Act, the amount distributed by the Company as dividends may not exceed the amount of distributable funds shown on its latest audited financial statements adopted by the General Meeting of Shareholders. The possible distribution of dividends over a financial period depends on the Company's results of operations, financial condition, cash flow, investments, future outlook, terms of its financing agreements and other factors. As at the date of the Offering Circular, the Company has no funds available for dividend distribution. Under the Finnish Companies Act, the distribution of dividends is not permitted if it would jeopardize the Company's solvency. The amount of any dividends to be potentially paid by the Company in any given financial year is thus uncertain, and if the Company does not pay any dividend, an investor's potential return will depend solely on the future development of the share price. Furthermore, the dividends paid by the Company for a certain financial period are not an indication of the dividends to be paid for financial periods in the future, if any.

Share ownership is concentrated, and the largest shareholders will continue to have significant decision-making power

As at the date of this Offering Circular, the seven (7) largest shareholders of the Company hold 67.1 percent of all the Shares and votes issued and outstanding in the Company on a non-diluted basis. If the Offering is carried out as planned, the current largest shareholders of the Company, Helsinki University Funds, Edward Hæggström, Mandatum Life Insurance Company Limited, Ilmarinen Mutual Pension Insurance Company, Kai Falck, Jouko Yliruusi and Avohoidon Tutkimussäätiö sr would hold approximately 42.5 percent of all Shares and votes of the Company immediately following the completion of the Offering, and the Company may also have other single significant shareholders of the Company after the completion of the FN Listing.

The interests of the Company's largest shareholders will not necessarily correspond with those of other shareholders. Significant decisions made at a General Meeting of Shareholders of the Company include among other things, the adoption of the financial statements, discharge from liability of the management of the Company, deciding on allocation of distributable funds, payment of dividends and election of members of the Board of Directors of the Company and Auditors. Potential conflicting interests may have a material adverse effect on the position of other shareholders of the Company. Further, the concentration of ownership may delay or prevent change of control in the Company and adversely affect the market price and liquidity of the Company's Shares.

Foreign shareholders may not be able to exercise their pre-emptive subscription right

According to Finnish legislation, shareholders have specific subscription rights in proportion to their holdings when issuing new shares or securities entitling to the subscription of new shares. However, foreign shareholders of the Company may not be able to exercise their subscription rights due to prevailing laws and regulations of their home countries. This may lead to the dilution of the ownership in the Company of such shareholders. Furthermore, if the number of such shareholders who cannot exercise their subscription rights is large and their subscription rights are sold on the market, this may have an adverse effect on the price of the subscription rights. In addition, the legislation of the relevant country may limit the right of a foreign shareholder to receive information on share issues and other important transactions. For more information on shareholders' rights, see "*The Shares and Share Capital of the Company – Shareholders' Rights*".

Future share issues or sales of significant numbers of Shares may decrease the value of the Offer Shares and dilute the shareholders' relative share of Shares and votes

A significant issue of new Shares or a significant sale of the Shares by shareholders or an impression that such issuances or sales may occur in the future, may have an adverse effect on the market value of the Shares and on the Company's ability to acquire funds through share issues in the future. In addition, if shareholders decide not to use their subscription rights in possible future rights issues, or if the Company executed directed share issues, the shareholders' proportional ownership and the total share of the voting rights related to the Shares may be diluted.

Holders of nominee-registered Shares cannot necessarily exercise their voting rights

The holders of nominee-registered Shares cannot necessarily exercise their voting rights unless their ownership has been temporarily registered under their own name in Euroclear Finland and/or Euroclear Sweden prior to the General Meeting of Shareholders of the Company. The Company cannot give any assurances that the holders of nominee-registered Shares would receive a summons to the General Meeting of Shareholders of the Company in time to instruct their account operators to either temporarily register their Shares or otherwise exercise their voting rights as the actual owners wish. For more information, please see "*The Shares and Share Capital of the Company – Shareholders' Rights – Voting Rights*".

Investors with a reference currency other than euro will become subject to certain foreign exchange risks when investing the Shares

The Issuer uses euro as its reporting currency. The Shares admitted to trading on First North Premier Finland will be traded and settled in euro and any future payments of dividends on the Shares will be denominated in euro. The Shares admitted to trading on First North Premier Sweden, including the Offer Shares subscribed for in the Swedish Public Offering and in the Institutional Offering if the investor has elected First North Premier Sweden as the place for trading, will be traded and settled in Swedish krona. As regards to Shares held on the book-entry accounts in Euroclear Sweden, investors would receive dividends in Swedish krona after currency conversion from euro. For dividends paid in euro, Euroclear Sweden inquires the Company to provide the exchange rate two (2) days after the dividend record date.

Exchange rate fluctuations of the euro will therefore affect the market price of the Shares including the Shares traded on First North Premier Sweden and the shareholders' return on investments in the Shares, the amount of dividends as well as other distributions received and could result in an increase or decline of the value of Shares for an investor whose principal or reference currency is not euro. In addition, such investors could incur additional transaction costs when converting euro into another currency.

Risks Related to the Offering and the Trading on First North Premier Finland and First North Premier Sweden

The Shares have not previously been traded in any regulated market or multilateral trading facility, an active and liquid market may not develop on either or both exchanges, the price of the Shares may be volatile and possible investors may lose a part or all of their investment

Before the FN Listing, the Shares have not been traded in any regulated market or multilateral trading facility, and there is no certainty that after the FN Listing, an active and liquid market will develop for the Shares. Liquidity may also differ on First North Premier Finland and First North Premier Sweden. Accordingly, the liquidity of the Shares in the Company is uncertain. The dual listing of the Shares on both First North Premier Finland and First North Premier Sweden may reduce the liquidity of the Shares in one or both markets and may adversely affect the development of an active trading market on either or both exchanges. In addition, the Offer Shares are not publicly traded or traded in a multilateral trading facility during the subscription period, nor can the Offer Shares subscribed in the Offering be sold before the end of the subscription period and before the trading in the Offer Shares commences on First North Premier Finland and First North Premier Sweden. After the completion of the FN Listing, some of the Shares are for a limited period subject to a lock-up as described in section "*Plan of Distribution in the Offering – Underwriting Agreement – Lock-up*" which may in part have an adverse effect on the liquidity of the Shares.

After the FN Listing, the market price of the Shares may be subject to significant fluctuations due to various reasons, such as the Company's ability to reach its business objectives. The Company cannot foresee or estimate any such price fluctuations. In addition, international financial markets have occasionally faced significant price and volume fluctuations regardless of the business development or future outlook of individual companies. In addition, the market price on First North Premier Sweden will be subject to fluctuations in the foreign exchange rates between euro and the Swedish krona as the Company reports in euro but the Shares admitted to trading on First North Premier Sweden are traded and settled in Swedish krona. In addition, any weakening of the general market situation or securities markets regarding the same type of securities may have a material adverse effect on the value, markets and liquidity of the Shares.

Share prices and stock markets may from time to time experience significant price and volume fluctuations that may be unrelated to the Company's operating results or prospects. Further, the Company's operating results and prospects may be less than the expectations of the stock markets, market analysts and investors.

The Company cannot foresee or estimate these price fluctuations, and the market price of the Offer Shares may rise above or fall below the Subscription Price of the Offering. Any of these factors, if realized, could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

As a consequence of the FN Listing, the Company may incur unanticipated additional costs and new regulatory obligations, and if the Company fails to implement functions required for a listed company, it can delay or prevent the listing of the Company or the Company may face sanctions as a result

The Company's contemplated FN Listing will bring new and more demanding requirements including IFRS reporting and corporate governance requirements for listed companies. In addition to non-recurring costs, the FN Listing will incur the Company additional administration costs. It is possible that implementation of such operations and processes and the personnel's adjustment requires more resources than planned and that these tasks cannot be performed with the same level of quality as previously or that such operations will be suspended. The governance, planning, reporting, communications and monitoring systems required from a listed company are more extensive than those required from private limited liability companies. Furthermore, the Company must allocate management, personnel, and other resources to these purposes and ensure the financial requirements to comply with the regulation and guidelines.

It is also possible that the Company fails to implement and organize the functions required from a listed company or to maintain these functions partly or entirely. If the Company fails to implement and organise the functions required from a listed company, the Helsinki Stock Exchange and Stockholm Stock Exchange may not accept the Company's listing application to First North Premier Finland and First North Premier Sweden, respectively, which may delay or prevent the FN Listing.

Tight communication schedules and dependence on data systems and Key Personnel may pose challenges to the correctness of financial and other information and to the timely release of such information. If information published by the Company turns out to be incorrect, misleading or otherwise not in compliance with all applicable laws, rules and regulations, the Company may lose the trust of its investors and other interest groups and face sanctions as a result of such actions.

Increased costs or the realization of the other above-mentioned risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Investors cannot revoke their investment decisions

Subscriptions made in the Offering are binding and cannot be cancelled or changed, notwithstanding the exception specified in the terms and conditions of the Offering, once a subscription has been made. For more information on the binding subscriptions and cancellation of subscription commitments, see "*Terms and Conditions of the Offering – Cancellation of the commitments.*" Therefore, investors must make their investment decision prior to having knowledge of the final outcome of the Offering.

The Offering may not be carried out

In case the Offering does not result in a sufficient amount of subscriptions for the Offer Shares, the Offering will not be completed. The completion of the Offering is also conditional upon the signing of the underwriting agreement. The underwriting agreement concerning the Offering includes certain customary conditions concerning such aspects as the accuracy and correctness of certain contractual representations and warranties given by the Company and the Sellers. Should one or more of the conditions of the underwriting agreement be breached, the underwriting agreement may not be entered into or it may be terminated, as a result of which the Offering will not be carried out. For more information on the underwriting agreement, please see "*Plan of Distribution in the Offering – Underwriting Agreement*."

The Company's Articles of Association include provisions on notification on the change of holdings and obligation to purchase Shares for the protection of shareholders but if the shareholders do not comply with such provisions, it could result in restricting the exercise of voting rights and non-redemption of Shares

Neither the regulation on mandatory tender offers of the Finnish Securities Markets Act nor the rules regarding mandatory offers in the takeover rules published by the Swedish Corporate Governance Board apply to the Company. The Articles of Association of the Company in effect as of the FN Listing contain provisions on the shareholders' obligation to notify the Company of the change of holdings and obligation to purchase Shares if certain thresholds are met.

When the holdings of a shareholder reaches, exceeds or decreases significantly, the shareholder has the obligation to notify the Company on the change of holdings in accordance with the Articles of Association of the Company. When calculating changes in holdings that the shareholders should notify, only Shares, and not other financial instruments that entitle to shares, are taken into consideration. If a shareholder does not notify the Company of the change of holdings in accordance with the Company's Articles of Association, the shareholder may not exercise its voting rights with regard to such Shares, which acquisition has not been notified in accordance with the Articles of Association.

It is possible that a shareholder may gain control of the Company without the other shareholders being informed about it. A shareholder, whose holdings to the Shares in the Company exceeds three tenths (3/10) or one half (1/2) is in accordance with the Company's Articles of Association obligated to purchase Shares from the other shareholders of the Company. Enforcement of the obligation to purchase Shares in accordance of the Articles of Association of the Company will be the sole responsibility of the Board of Directors of the Company and no other securities market authority is responsible for overseeing the enforcement. It is therefore possible that a shareholder who is obliged to purchase Shares in accordance with the Articles of Association, and does not comply with such obligation, cannot be compelled to comply as efficiently as when such obligation is based on law or on an order of an authority. If a shareholder does not comply with the provisions of the Articles of Association or the Articles of Association are not efficiently enforced by the Company's Board of Directors, this could result in restricting the exercise of voting rights of the shareholder who is obliged to buy Shares as well as non-redemption of the Shares of those shareholders whose Shares should be redeemed in accordance with the Articles of Association of the Company.

The materialization of any of the foregoing risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares. For more information on the provision on notification on the change of holdings and obligation to purchase Shares, please see "*The Shares and Share Capital of the Company – Redemption Right and Obligation and Obligation to Purchase Shares*" and "*The Shares and Share Capital of the Company – Notification on the Change of Holdings*" as well as the Company's Articles of Association included as Annex B to this Offering Circular.

The companies listed on First North Premier Finland and First North Premier Sweden are subject to less extensive securities market regulation than companies listed on regulated markets, and therefore investing in such company may contain more risks than investing in companies listed on regulated markets

First North Premier Finland and First North Premier Sweden are multilateral trading facilities operated by Helsinki Stock Exchange and Stockholm Stock Exchange, respectively. The companies listed on First North Premier Finland and First North Premier Sweden are subject to less extensive regulation than companies listed on regulated markets and therefore regulation on, for example, provisions on notification of major shareholdings and mandatory public tender offers in the Finnish Market Securities Act or the rules regarding mandatory offers in the takeover rules published by the Swedish Corporate Governance Board do not apply to securities admitted to trading in First North Premier Finland and First North Premier Sweden. The Company has, however, included provisions in its Articles of Association on notification on the change of holdings and the obligation to purchase Shares if certain thresholds of share ownership are met. For more information on the risks related to the provisions on notification on the change of holdings and the obligation to purchase Shares, please see " – *The Company's Articles of Association include provisions on notification on the change of holdings and obligation to purchase Shares for the protection of shareholders but if the shareholders do not comply with such provisions, it could result in losing of the trust of investors*" above. Due to these and other differences in regulation, the companies listed on First North Premier Finland and First North Premier Sweden and the rights and obligations of their shareholders differ from the rights and

obligations of the companies on regulated markets and their shareholders. Investing in a company listed on First North Premier Finland and First North Premier Sweden may contain more significant risks than investing in a company listed on regulated markets.

PARTIES RESPONSIBLE FOR THE INFORMATION GIVEN IN THE OFFERING CIRCULAR

Company

Nanoform Finland Plc
Viikinkaari 4
FI-00790 Helsinki
Finland

Sellers

See Annex A

Statement Regarding Information in the Offering Circular

The Company is responsible for the information included in the Offering Circular. The Company declares that, to the best of its knowledge, the information included in the Offering Circular is in accordance with the facts and contains no omission likely to affect its import.

The Sellers are responsible for the information included in the Offering Circular regarding the Sellers and their shareholdings. To the best knowledge of the Sellers, the information included in the Offering Circular regarding the Sellers is in accordance with the facts and contains no omission likely to affect its import.

THE BOARD OF DIRECTORS, AUDITORS AND ADVISORS

The Members of the Board of Directors of the Company

Name	Position
Miguel Calado	Chairman
Mads Laustsen	Vice Chairman
Albert Hæggström	Member

The address of the Board of Directors of the Company is Viikinkaari 4, FI-00790 Helsinki, Finland.

Joint Global Coordinators and Bookrunners

Danske Bank A/S, Finland Branch
Televisiokatu 1
FI-00240 Helsinki, Finland

Skandinaviska Enskilda Banken AB
Kungsträdgårdsgatan 8
SE-10640 Stockholm, Sweden

Joint Bookrunners

Swedbank AB (publ)
Landsvägen 40
SE-172 63 Sundbyberg, Sweden

Stifel Nicolaus Europe Limited
4th Floor 150 Cheapside
London, United Kingdom
EC2V 6ET

Legal Advisors to the Company

as to Finnish law
Borenius Attorneys Ltd
Eteläesplanadi 2
FI-00130 Helsinki, Finland

as to Swedish law
Advokatfirman Vinge KB
Stureplan 8
SE-111 87 Stockholm, Sweden

Legal Advisors to the Managers

as to Finnish law
White & Case LLP
Aleksanterinkatu 44
FI-00100 Helsinki, Finland

as to Swedish law
White & Case LLP
Biblioteksgatan 12
SE-114 85 Stockholm, Sweden

Auditor of the Company

PricewaterhouseCoopers Oy
Authorized Public Accountants
Itämerentori 2
FI-00180 Helsinki, Finland

CERTAIN MATTERS

Forward-Looking Statements

The Offering Circular includes forward-looking statements about, among other things, present views and expectations of the Company's management on the results, financial position, business strategy and plans and goals for future operations and objectives. Such statements are presented in "*Summary*," "*Risk Factors*," "*Information on the Company and its Business*," "*Operating and Financial Review*" and elsewhere in the Offering Circular.

Forward-looking statements pertain to both the Company, such as certain financial goals that the Company has set for itself, and the sectors and industry in which it operates. Statements containing the expressions "*aim*," "*anticipate*," "*assume*," "*believe*," "*come*," "*continue*," "*could*," "*estimate*," "*expect*," "*intend*," "*may*," "*plan*," "*predict*," "*seek*," "*target*," "*will*" or other similar expressions express forward-looking statements.

All forward-looking statements in the Offering Circular reflect the present views of the management of the Company of future events, and involve risks, uncertainties and assumptions concerning the Company's business operations, results, financial position, growth strategy and liquidity. Such risks and factors of uncertainty are described, for example, in section "*Risk Factors*," which should be read together with other cautionary statements in the Offering Circular. These forward-looking statements apply only to the situation on the date of the Offering Circular and the Company's actual business operations, results, financial position and liquidity could differ materially from those indicated in the forward-looking statements. Moreover, even if the results of the Company's operations, financial position and liquidity, as well as development in the sectors where the Company operates, were in line with the forward-looking statements presented in the Offering Circular, the results and development are not necessarily indicative of the mentioned results and development of any future periods.

Unless otherwise required under the obligations set in applicable regulations (including the Finnish Securities Market Act), the Company will not update or re-evaluate the forward-looking statements in the Offering Circular based on new information, future events or other factors. The statements made in this section apply to all subsequent written or oral forward-looking statements related to the Company or persons acting on behalf of it in their entirety. Persons considering investment should, prior to making an investment decision, carefully consider all factors mentioned in the Offering Circular due to which the Company's actual business operations, results, financial position and liquidity may differ from expectations.

Information from Third-Party Sources

This Offering Circular contains statistics, data and other information relating to the markets, market size, market shares, market positions and other industry data pertaining to the Company's business and markets. The information is derived from multiple sources. Where certain information contained in this Offering Circular has been derived from third party sources, such sources have been identified herein. Such information derived from third-party sources has been appropriately reproduced herein and that as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

However, the Company does not have access to all of the facts, assumptions and postulates underlying the third party information, or statistical information and economic indicators contained in sources of third party information, and the Company is unable to verify such information. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward looking and speculative. Therefore, changes in the postulates and their premises on which market studies are based, could have a significant influence on the analyses and conclusions made.

The statements in this Offering Circular on the Company's market position and on other companies operating in its market areas are based solely on the experiences, internal investigations and assessments of the Company, as well as the reports and surveys it has commissioned, which the Company deems reliable. The Company cannot guarantee that any of these statements are accurate or give an accurate description of the Company's position in its market, and none of the Company's internal investigations or information has been verified using external sources independent of those commissioned by the Company.

Unless otherwise identified, information in the Offering Circular related to the quantity of Shares and votes as well as shareholder's equity have been calculated on information that was registered in the Finnish Trade Register at latest by the date of the Offering Circular.

Presentation of Financial Statements and Certain Other Information

Certain financial information incorporated into this Offering Circular are derived from the Company's unaudited consolidated interim financial information as at and for the three months ended March 31, 2020, prepared in accordance with "*IAS 34 – Interim Financial Reporting*," including comparative figures for the three months ended March 31, 2019, and the Company's audited financial statements as at and for the financial years ended December 31, 2019, 2018 and 2017 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**EU**") ("**IFRS**"). These interim financial information and audited financial statements have been included in the F-pages to this Offering Circular.

The Company has prepared its financial statements in accordance with IFRS since January 1, 2018 with transition date of January 1, 2017. Prior to 2018, the Company prepared its financial statements in accordance with the Finnish Accounting Act (1336/1997, as amended), the Finnish Accounting Ordinance (1339/1997, as amended), and the guidelines and opinions of the Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment (together the "**FAS**").

Certain of the historical financial information as at and for the years ended December 31, 2019, 2018 and 2017 presented in this Offering Circular differ from the historical financial information in Nanoform's audited statutory financial statements adopted by the Annual General Meeting of Shareholders due to supplements of certain note information, restatements made in connection with the preparation of the Company's financial statements for the year ended December 31, 2019 and due to transition to IFRS in 2018.

The going concern assessment under Note 2.3 (*Going concern*) to the financial statements as at and for the financial years ended December 31, 2019, 2018 and 2017 incorporated into this Offering Circular has been updated from the going concern assessment in the Company's 2019 statutory financial statements to reflect the status of the contemplated FN Listing and the receipt of subscription commitments from Cornerstone Investors. Assuming that the FN Listing will be completed and that the Company receives the proceeds from subscription commitments, the material uncertainty disclosed in 2019 statutory financial statements related to the Company's ability to continue as going concern has resolved in the financial statements incorporated into this Offering Circular.

Financial statements included in this Offering Circular for the years ended December 31, 2018 and 2017 were restated as follows:

- *Accounting for leases*: The Company has reassessed the discount rate applied previously in determining the present value of lease liabilities to reflect the estimated collateral value of right-of-use assets. This reassessment lead into changes in the lease liabilities and right-of-use assets as well as depreciations and interest expenses and presentation of statement of cash flows. Further, a premature recognition of right-of-use asset and lease liability as at December 31, 2018 for premises which were taken into use as at September 1, 2019 reduced the amount of right-of-use assets and lease liabilities as at December 31, 2018. During the financial year ended December 31, 2018, the Company adjusted also the depreciations and interest expenses for leased premises for which lease term commenced in 2018, but for which the Company had not previously recognized depreciations and interest expenses.

- *Government grants:* The Company has adjusted amounts recognized during previous periods for government grants received in form of indirect government assistance through the government loans from Business Finland with interest-rates below the market rate. The adjustments for the grants received in form of below-market rate loans relates to the recognition of grant income on an accrual basis to align with the recognition of the expenses that the government grant is intended to compensate. Previously, the indirect interest related grant was recognized only at the time the R&D loan was withdrawn.

- *Patents:* In 2015 the Company acquired patents with a contract, in which the consideration was settled in several instalments during years 2015–2019. Previously, the Company recognized the cost of the patents on a cash basis. Since the Company received the control over the patents already in 2015 and the assets acquired fulfilled other recognition criteria for an intangible asset, the Company

has adjusted the intangible assets and trade payables. Further, the Company has revised the useful economic lives of patents and concluded, that the five-year amortization period previously used did not reflect the average legal protection period of the patents. The Company has therefore lengthened the amortization period for the patents to ten years and adjusted the amortizations retrospectively effective from the acquisition dates.

- *Property, plant and equipment:* The Company has capitalized acquisition costs of certain machinery and equipment, which were previously recognized as expenses. These adjustments impacted the carrying value of property, plant and equipment and the depreciation expense and the materials and services in the statement of comprehensive income.

- *Other adjustments:* The Company has adjusted the deferred taxes to the extent the deferred tax assets have been recognized during previous reporting periods. In addition, the Company has adjusted the classification of certain items in the statement of financial position.

For more information on the restatements, see Note 2.2. (*Restatements of previously issued financial statements*) to the Company's audited financial statements for the years ended December 31, 2019, 2018 and 2017 included in the F-pages to this Offering Circular.

The Company's audited financial statements included in the Offering Circular have been audited by PricewaterhouseCoopers Oy, Authorized Public Accountants, with Tomi Moisio, Authorized Public Accountant, as the Auditor with principal responsibility. The Annual General Meeting of Shareholders of the Company on April 7, 2020 resolved on re-electing PricewaterhouseCoopers Oy, Authorized Public Accountants, as the Company's Auditor with Tomi Moisio, Authorized Public Accountant, as the Auditor with principal responsibility.

Alternative Performance Measures

The Company presents in this Offering Circular certain alternative performance measures of historical financial performance, financial position and cash flows, which, in accordance with the "Alternative Performance Measures" guidance issued by the European Securities and Markets Authority ("**ESMA**") are not accounting measures defined or specified in IFRS (the "**Alternative Performance Measures**") and are therefore considered Alternative Performance Measures. The Company presents the following Alternative Performance Measures:

- gross profit
- operating loss
- operative free cash flow
- net debt excluding lease liabilities
- EBITDA
- investments in property, plant and equipment
- net debt to equity ratio (percent)
- net debt

The exact definitions for calculating these Alternative Performance Measures that are not based on the IFRS and the reason why the Company believes that the use of each Alternative Performance Measure is beneficial are presented under "*Selected Financial Information – Key Performance Indicators of the Company*." The reconciliation of Alternative Performance Measures is presented in section "*Selected Financial Information – Reconciliation of Certain Alternative Performance Measures*" and "*Operating and Financial Review – Liquidity and Capital Resources – Net Debt to Equity Ratio*."

The Company presents the Alternative Performance Measures as additional information to financial measures presented in the statement of comprehensive income, the statement of financial position and the statement of cash flows prepared in accordance with IFRS. In the Company's view, the Alternative Performance Measures provide the management, investors, securities market analysts and other parties with significant additional information related to Company's results of operations, financial position and cash flows, and are widely used by analysts, investors and other parties.

Unless otherwise stated, the Alternative Performance Measures are unaudited.

Roundings

Certain figures in the Offering Circular, including financial data, have been rounded. Therefore the sums of table columns and rows may not necessarily precisely correspond to the figures given as row or column totals. In addition, certain percentages reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Availability of the Prospectus

The Finnish Prospectus will be available on or about May 25, 2020 on the websites of the Company at www.nanoform.com/listautuminen, of Danske Bank at www.danskebank.fi/nanoform and of SEB at www.seb.fi/en. In addition, the Finnish Prospectus will be available as a printed copy on or about May 25, 2020 at the registered head office of the Company at Viikinkaari 4, FI-00790 Helsinki, as well as at the reception of the Helsinki Stock Exchange at Fabianinkatu 14, FI-00100 Helsinki, Finland.

This Offering Circular will be available on or about May 25, 2020 on the websites of the Company at www.nanoform.com/ipo, of Danske Bank at www.danskebank.fi/nanoform-en and of SEB at www.seb.fi/en.

No Incorporation of Website Information

The Offering Circular and the possible supplements of the Offering Circular, which will become part of the Offering Circular, will be published on the website of the Company. The other contents of the Company's website or any other website do not form a part of the Offering Circular and the FIN-FSA has not reviewed or approved them. Prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

Information Available in the Future

The Company plans to publish its annual report, which includes audited consolidated financial statements and the report of the Board of Directors, for the financial year ending December 31, 2020 onwards, as well as a half-year report for the six months period ending June 30, 2020 and subsequent quarterly interim reports.

A half-year report for the six months period ending June 30, 2020 is planned to be published on August 28, 2020, and an interim report for the nine months period ending September 30, 2020 is planned to be published on November 27, 2020. The annual reports, including financial statements and the report of the Company's Board of Directors are published in English and in Finnish and the Company's interim reports and the company releases are published in English.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Reasons for the Offering and Listing

The objective of the Offering and the listing is to allow investments in Nanoform's business with the proceeds from the Share Issue and support the Company's continued growth strategy.

The Offering and the FN Listing would also serve to increase the general interest towards the Company from investors, business partners and customers, as well as enhance the Company's ability to attract and retain Key Personnel. Furthermore, the Offering will provide the Company access to capital markets and broaden the ownership base with domestic and international investors. The Offering and the FN Listing also allow for a liquid market for the Shares going forward.

Use of Proceeds

The Company aims to raise gross proceeds of approximately EUR 70 million from the Share Issue (assuming that the Share Issue is fully subscribed for). The net proceeds for the Company from the Share Issue are estimated to amount to approximately EUR 57.5 million.

The net proceeds from the Share Issue are intended to be used to support the Company's growth strategy, primarily in the following:

- approximately 50 percent to investments in production lines in order to have in place 25 operating production lines of which 5 to 10 are expected to be GMP production lines by 2025 in line with Nanoform's business targets;
- approximately 25 percent to operating expenses including expansion of the manufacturing and quality control and assurance teams;
- approximately 10 percent to sales and marketing through strengthening the global commercial team and marketing efforts;
- approximately 10 percent to investments in R&D including continuous business development within AI and biologics; and
- approximately 5 percent to cover other unforeseeable costs that may occur in the Company's ongoing business.

The Company estimates that the funds raised through the Share Issue will provide increased financial flexibility to pursue growth opportunities in accordance with its strategy.

For information on the effect of the Offering on the Company's capitalization and indebtedness, see "*Capitalization and Indebtedness.*"

Costs of the Offering

The Company estimates that it will incur total fees and expenses related to the Offering of approximately a maximum of EUR 13.7 million, assuming that the Company will issue 23,188,407 New Shares (the number of New Shares is calculated assuming that the Over-Allotment Option will be exercised in full) and that a discretionary fee to the syndicate will be paid in full.

The Sellers will receive gross proceeds of approximately EUR 8.0 million from the Share Sale (assuming that all of the Sale Shares will be sold). Based on the above assumptions the Sellers expect to pay approximately EUR 40 thousand in fees and expenses in connection with the Offering.

The Company and the Sellers expect to pay approximately EUR 13.8 million in total fees and expenses in connection with the Offering. Out of the total amount approximately EUR 8.8 million would be paid to the Managers, and approximately EUR 3.7 million to two members of the Key Personnel of the Company. For more information on the payments to the Key Personnel of the Company, please see "*The Company's Administration, Management and Auditors – Management Remuneration and Incentive Schemes – Director Agreement Regarding Variable Pay Component*" and "*Information on the Company and its Business – Material Agreements – Investor Relations Director Agreement* " for further information.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Company's capitalization and indebtedness as at March 31, 2020 (i) as realized based on the Company's unaudited consolidated financial information (IFRS) for the three months ended March 31, 2020 and (ii) as adjusted to reflect the share capital increase registered on April 24, 2020, the estimated gross proceeds of EUR 70 million from the Share Issue and the estimated expenses of Share Issue and the FN Listing of EUR 12.5 million assuming that the events presented as adjustments would have occurred on March 31, 2020. When reading the following table, it should be noted that the realization of the Offering is not certain.

The following table should be read together with "*Selected Financial Information*" and "*Operating and Financial Review*" as well as the Company's unaudited interim financial information and audited financial statements included in this Offering Circular.

	March 31, 2020	
(EUR thousand)	**Actual**	**Adjusted**
	(unaudited)	
CAPITALIZATION		
Current finance debt		
Guaranteed/secured	599	599
Unguaranteed/unsecured	78	78
Total current finance debt	**677**	**677**
Non-current finance debt		
Guaranteed/secured	3,858	3,858
Unguaranteed/unsecured	865	865
Total non-current finance debt	**4,723**	**4,723**
Total finance debt	**5,400**	**5,400**
Equity		
Share capital	3	80[(1
Reserve for invested unrestricted equity	17,707	79,194[(1,(2,(3
Accumulated deficit	(9,601)	(9,601)
Loss for the period	(4,588)	(6,971)[(3
Total equity	**3,520**	**62,702**
Total equity and borrowings	**8,920**	**68,102**
INDEBTEDNESS		
Liquidity (A)		
Cash and cash equivalents	4,799	62,395[(2,(3
Total liquidity	**4,799**	**62,395**
Current finance debt (B)		
R&D loans	78	78
Lease liabilities	599	599
Total current finance debt	**677**	**677**
Net current indebtedness (C = B - A)	**(4,122)**	**(61,718)**
Non-current finance debt (D)		
R&D loans	865	865
Lease liabilities	3,858	3,858
Total non-current finance debt	**4,723**	**4,723**
Net indebtedness (C+ D)	**601**	**(56,995)**

1) The Company's share capital increase EUR 78 thousand from the reserve for invested unrestricted equity, which was decided by the Annual General Meeting of Shareholders of the Company held on April 7, 2020, has been adjusted to increase share capital and to deduct the reserve for invested unrestricted equity.
2) The Company aims to raise gross proceeds of approximately EUR 70 million from the Share Issue (assuming that the Share Issue is fully subscribed for). The gross proceeds improve Company's capital structure by increasing the reserve for invested unrestricted equity and cash and cash equivalents with equal amount.
3) The estimated expenses of Share Issue and the FN Listing amount to a total of EUR 12.5 million, of which EUR 1.6 million has incurred and expensed in the three months ended March 31, 2020. The gross proceeds recognized in the reserve for invested unrestricted equity are adjusted with the EUR 8.4 million estimated expenses relating to the Share Issue. Loss for the period has been adjusted with other estimated costs related to FN Listing of EUR 2.4 million, which will be incurred and expensed after the three months period ended March 31, 2020. Cash and cash equivalents have been adjusted with the unpaid transaction costs of EUR 12.4 million. The adjustment of cash and cash equivalents includes EUR 1.7 million transaction costs that were included in the trade payables and accrued expenses as at March 31, 2020.

Apart from the events described above, there have been no material changes in the Company's capitalization and indebtedness since March 31, 2020.

More information on the Company's contingent liabilities and certain other off-balance sheet commitments is presented in section "*Operating and Financial Review – Balance Sheet Information – Equity and Liabilities*."

Working Capital Statement

In the opinion of the Company's management, the Company's working capital is sufficient for the Company's present needs for the next 12 months following the date of this Offering Circular.

DIVIDENDS AND DIVIDEND POLICY

Under the provisions of Finnish Companies Act, the amount of dividend that the Company will be permitted to distribute is limited to the amount of distributable funds shown in its latest audited financial statements adopted by the General Meeting of Shareholders, provided that the distribution does not endanger the Company's financial standing. The General Meeting of Shareholders resolves on the distribution of dividends in accordance with the proposal for distribution of dividend made by the Board of Directors of the Company. Dividends on shares in a Finnish limited liability company, if any, are generally declared once a year.

During its existence the Company's operations have been unprofitable and no dividend has been distributed. In the forthcoming years, the Company will focus on financing the growth and the development of its business. The Company will adhere to this very stringent dividend policy, tied to the Company's results and financial standing. The Company expects to distribute no dividends in the near to mid-term.

In the event dividends are distributed, all Shares entitle to equal dividends.

IMPORTANT DATES

Subscription period of the Offering commences	May 25, 2020 at 10:00 a.m. Finnish time (9:00 a.m. Swedish time)
The Offering may be discontinued at the earliest	June 1, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time)
Subscription periods of the Finnish Public Offering and the Swedish Public Offering end on or about	June 2, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time)
Subscription period of the Institutional Offering ends on or about	June 3, 2020 at 12 noon Finnish time (11:00 a.m. Swedish time)
Announcement of the final results of the Offering on or about	June 3, 2020
Offer Shares subscribed for in the Finnish Public Offering and the Swedish Public Offering registered in the investors' book-entry accounts on or about	June 4, 2020
Trading in the Shares commences on First North Premier Finland and First North Premier Sweden on or about	June 4, 2020
The Offer Shares offered in the Institutional Offering are ready to be delivered against payment through Euroclear Finland and Euroclear Sweden on or about	June 8, 2020

TERMS AND CONDITIONS OF THE OFFERING

The term "subscription" refers in the following to an investor's offer or commitment in the Offering (as defined below) to subscribe for or purchase Offer Shares (as defined below), and an investor may be allocated either New Shares (as defined below) or Sale Shares (as defined below). Similarly the terms "subscriber," "offer period," "subscription place," "offer price," "purchase offer" and "commitment" (or other similar terms) refer to both the Share Issue (as defined below) and Share Sale (as defined below).

General Terms and Conditions of the Offering

Offering

Nanoform Finland Plc, a public limited liability company incorporated in Finland (the "**Company**" or "**Nanoform**"), aims to raise gross proceeds of approximately EUR 70 million by offering a maximum of 20,289,856 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In addition, the existing shareholders in the Company listed in Annex A (the "**Sellers**") will offer for purchase initially a maximum of 2,318,605 existing shares in the Company (the "**Sale Shares**") (the "**Share Sale**", and together with the Share Issue, the "**Offering**"). Unless the context indicates otherwise, the New Shares, the Sale Shares and the Additional Shares (as defined below) are together referred to herein as the "**Offer Shares**".

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Finnish Public Offering**"), (ii) a public offering to private individuals and entities in Sweden (the "**Swedish Public Offering**," and together with the Finnish Public Offering the "**Public Offering**"), and (iii) private placements to institutional investors in Finland, Sweden and internationally pursuant to applicable legislation (the "**Institutional Offering**"). All offers and sales outside the United States will be made in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and otherwise in compliance with the said regulation. The Shares (including the Offer Shares) have not been registered, and they will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S of the U.S. Securities Act).

The Offer Shares represent up to approximately 35.5 percent of the Company's shares (the "**Shares**") and votes after the Share Issue assuming that the Over-Allotment Option (as defined below) will not be exercised (approximately 38.3 percent assuming that the Over-Allotment Option will be exercised in full), assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 20,289,856 New Shares. With the Share Issue, the Company aims to raise gross proceeds of approximately EUR 70 million.

The terms and conditions of the Offering are comprised of the general terms and conditions of the Offering presented herein as well as the special terms and conditions of the Public Offering and the Institutional Offering.

Share Issue

The Annual General Meeting of Shareholders of the Company resolved on April 7, 2020 to authorize the Company's Board of Directors to decide on an issue of a maximum of 30,000,000 New Shares in the Company. Based on this authorization, the Company's Board of Directors resolved on May 21, 2020 preliminarily to issue New Shares in the Share Issue. With the Share Issue, the Company aims to raise gross proceeds of approximately EUR 70 million by offering New Shares for subscription. The Company will issue a maximum of 20,289,856 New Shares. The New Shares so issued will represent approximately 31.9 percent of the Shares and votes after the Share Issue.

The New Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Shares on the Nasdaq First North Premier Growth Market maintained by Nasdaq Helsinki Ltd ("**First North Premier Finland**") and Nasdaq First North Premier Growth Market maintained by Nasdaq Stockholm Ltd ("**First North Premier Sweden**") (the "**FN Listing**"). The payment made to the Company for the approved New Share subscriptions will be booked in its entirety in the invested unrestricted equity fund; therefore, the Company's share capital will not increase in connection with the Share Issue. As a result of the Share Issue, the number of the Shares may increase to a maximum of 66,583,772 Shares (assuming that the Over-Allotment Option is exercised in full).

Share Sale

The Sellers will offer for purchase preliminarily a maximum of 2,318,605 Sale Shares in the Share Sale. The Sale Shares represent approximately 3.6 percent of the Shares and votes after the Share Issue assuming that the Over-Allotment Option will not be exercised (approximately 3.5 percent assuming that the Over-Allotment Option will be exercised in full) assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 20,289,856 New Shares.

Procedure in Undersubscription Situations

If the Offering is not subscribed for in full and the Offering is nevertheless completed, the subscriptions would be allocated first to New Shares, and, thereafter, to Sale Shares. In such case, the number of Sale Shares sold by each Seller would be reduced on a pro rata basis according to the number of Sale Shares initially offered for purchase by such Seller.

Joint Global Coordinators, Joint Bookrunners, Managers and Subscription Place

Danske Bank A/S, Finland Branch ("**Danske Bank**") and Skandinaviska Enskilda Banken AB ("**SEB**") have been appointed to act as joint global coordinators and joint bookrunners for the Offering (Danske Bank and SEB together, the "**Joint Global Coordinators**"). In addition, Swedbank AB (publ) ("**Swedbank**") and Stifel Nicolaus Europe Limited ("**Stifel**") have been appointed to act as joint bookrunners for the Offering (Swedbank and Stifel together with the Joint Global Coordinators, the "**Managers**") and Nordnet Bank AB ("**Nordnet**") to act as the subscription place in the Public Offering.

Over-Allotment Option

In connection with the Offering, the Company may grant Danske Bank, acting as stabilizing manager (the "**Stabilizing Manager**"), the right to subscribe for a maximum of 2,898,551 Shares in a directed share issue at the Subscription Price (the "**Additional Shares**") solely to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option is exercisable within 30 days from the commencement of trading in the Shares on First North Premier Finland and First North Premier Sweden (which is estimated to occur between June 4, 2020 and July 3, 2020 (the "**Stabilization Period**")). The maximum number of Additional Shares represents approximately 12.8 percent of the Offer Shares and votes assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 20,289,856 New Shares. However, the Additional Shares always represent no more than 15 percent of the total number of Offer Shares.

Stabilization

After the Offering, the Stabilizing Manager may, but is not obliged to, within the Stabilization Period, engage in measures that stabilize, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of Shares than the total number of Offer Shares, which would create a short position. The short position is covered if it does not exceed the number of Additional Shares. The Stabilizing Manager may close the covered short position by exercising the Over-Allotment Option and/or by purchasing Shares in the market. In determining the acquisition method of the Shares to cover the short position, the Stabilizing Manager may consider, among other things, the market price of the Shares in relation to the Subscription Price. In connection with the Offering, the Stabilizing Manager may also bid for or purchase Shares in the market to stabilize the market price of the Shares. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, the stabilization measures may not be conducted at a price higher than the Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilizing Manager or the Company on behalf of the Stabilizing Manager will publish information regarding the stabilization required by legislation or other applicable regulations at the end of Stabilization Period.

Any stabilization measures will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "**Market Abuse Regulation**") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

The Stabilizing Manager and Mandatum Life Insurance Company Limited are expected to enter into a share lending agreement related to the settlement and stabilization in connection with the Offering. In accordance with the share lending agreement, the Stabilizing Manager may borrow a number of Shares equal to the maximum number of Additional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilizing Manager borrows Shares pursuant to the share lending agreement, it must return an equal number of Shares to Mandatum Life Insurance Company Limited. For additional information, see "*Plan of Distribution in the Offering*."

Underwriting Agreement

The Company, the Managers, and of the Sellers the Helsinki University Funds and Edward Hæggström are expected to enter into an underwriting agreement on or about June 3, 2020 (the "**Underwriting Agreement**"). In the Underwriting Agreement, the Company will agree to issue and the Helsinki University Funds and Edward Hæggström will agree to sell Offer Shares to subscribers or purchasers procured by the Managers or, failing which, to the Managers themselves, and each of the Managers, severally will agree to procure subscribers or purchasers for, or failing which, to subscribe for or purchase, the Offer Shares, provided certain conditions are fulfilled. The other Sellers will not be parties to the Underwriting Agreement, but have each given share sale commitments under which they have undertaken to sell Offer Shares in the Offering. For additional information, see "*Plan of Distribution in the Offering*."

Offer Period

The subscription period for the Public Offering will commence on May 25, 2020 at 10:00 a.m. Finnish time (9:00 a.m. Swedish time) and end on or about June 2, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time).

The subscription period for the Institutional Offering will commence on May 25, 2020 at 10:00 a.m. Finnish time (9:00 a.m. Swedish time) and end on or about June 3, 2020 at 12 noon Finnish time (11:00 a.m. Swedish time).

The Company's Board of Directors has the right, in the event of an oversubscription, to discontinue the Institutional Offering and the Public Offering at the earliest on June 1, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time). The Institutional Offering and the Public Offering may or may not be discontinued independently of each other. A company release regarding any discontinuation would be published without delay.

The Company's Board of Directors has the right to extend the subscription period of the Institutional Offering and the Public Offering. Any possible extension of the subscription period would be communicated through a company release, which would indicate the new end date of the subscription period. The subscription period of the Institutional Offering and the Public Offering will in any case end on June 18, 2020 at 4:00 p.m. Finnish time (3:00 p.m. Swedish time) at the latest. The Company's Board of Directors may or may not extend the subscription period of the Institutional Offering or the Public Offering independently of each other. The company release concerning the extension of the subscription period must be released at the latest on the above mentioned estimated end dates of the subscription periods of the Institutional Offering and the Public Offering.

Offer Price

The subscription price for the Offer Shares in the Offering is EUR 3.45 per Offer Share (the "**Subscription Price**"), corresponding to approximately SEK 36.42, as based on the EUR/SEK exchange rate one the day of the approval of the Finnish Prospectus (*i.e.*, May 22, 2020, at 10:00 a.m. Finnish time (9:00 p.m. Swedish time) as displayed on the Bloomberg website under www.bloomberg.com/quote/EURSEK:CUR). If the Subscription Price is changed, the Finnish language prospectus published by the Company in connection with the Offering (the "**Finnish Prospectus**") would be supplemented and the supplement and its English language translation would be published through a company release. If the Finnish Prospectus is supplemented, investors who have given their Commitments (as defined below) before the supplement or correction of the Finnish Prospectus have the right to cancel their Commitments as described below in section "– *Cancellation of the Commitments.*"

Offer Shares delivered through Euroclear Finland to investors in the Institutional Offering and the Finnish Public Offering will be payable in EUR.

Offer Shares in the Swedish Public Offering will be payable in SEK. Offer Shares delivered through Euroclear Sweden to investors in the Institutional Offering will be payable in SEK or in EUR at the request of the investor.

The Subscription Price which will be determined in EUR, and will be converted into SEK as based on the EUR/SEK exchange rate at 12 noon Finnish time (11:00 a.m. Swedish time) on the last day of the Offer period for the Institutional Offering (expected to be June 3, 2020) as displayed on the Bloomberg website under www.bloomberg.com/quote/EURSEK:CUR (the "**SEK Converted Offer Price**").

The Conditionality, Execution and Publishing of the Offering

The Company's Board of Directors will decide on execution of the Share Issue, the final number of the Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about June 3, 2020. The above will be published through a company release and will be available on the Company's website at www.nanoform.com/en/section/investors immediately after the Completion Decision and in the subscription places of the Public Offering no later than the banking day following the Completion Decision (*i.e.*, on or about June 4, 2020). In case the Offering does not result in a sufficient amount of subscriptions for the Offer Shares, the Offering will not be completed. The execution of the Offering is conditional upon the signing of the Underwriting Agreement.

Cancellation of the Commitments

A commitment to subscribe for or purchase Offer Shares in the Public Offering (a "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**").

Cancellation in Accordance with the Prospectus Regulation

If the Finnish Prospectus is supplemented in accordance with the Prospectus Regulation due to a material error or omission or due to material new information that has become known after the FIN-FSA has approved the Finnish Prospectus and before the closing of the offer period, investors who have given their Commitments before the supplement or correction of the Finnish Prospectus have, in accordance with the Prospectus Regulation, the right to cancel their Commitments within two (2) banking days after the supplement has been published. The use of the cancellation right requires that the error, omission or material new information that led to the supplement or correction has become known prior to the delivery of the Offer Shares to the investors. Any cancellation of a Commitment must concern the total number of Offer Shares covered by all Commitments given by an individual investor. If the Finnish Prospectus is supplemented, the supplement and its English language translation will be published through a company release. The company release will also include information on the right of the investors to cancel their Commitments in accordance with the Prospectus Regulation.

Procedure to Cancel a Commitment

Finland

The cancellation of a Commitment must be notified in writing to the subscription place where the initial Commitment was made and within the time limit set for such cancellation, with following exceptions:

- A Commitment made by telephone to the Danske Bank Investment Center may be cancelled by telephone using Danske Bank's bank identifiers.
- The cancellation of a Commitment made online via the Danske Bank eBanking service, corporate eBanking services or e-subscription can be made by visiting a Danske Bank office (excluding corporate offices) in person or through an authorized representative or by calling Danske Bank Investment Center using Danske Bank's bank identifiers.

The subscription submitted through Nordnet must be cancelled by sending a written cancellation request within the set time limit by email to operations.fi@nordnet.fi or by delivering the cancellation with the following exceptions:

- the Commitment submitted by Nordnet's own customers through Nordnet's online service can be cancelled through an authorised representative or through Nordnet's online service by accepting a separate cancellation of Commitment by using the Nordnet's bank identifier.

The possible cancellation of a Commitment must concern the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If a Commitment made in the Finnish Public Offering is cancelled, the place of subscription will return the amount paid for the Offer Shares to the bank account stated in the Commitment. The money will be refunded as soon as possible after the cancellation, approximately within five (5) banking days of the cancellation notice being given to the subscription place. If an investor's bank account is in a different financial institution than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet's own customers with security deposit accounts who gave their Commitment through Nordnet, the amount to be refunded will be paid only to Nordnet cash account. No interest will be paid on the refunded amount.

Sweden

The cancellation of a Commitment must be notified to the subscription place where the initial Commitment was made and within the time limit set for such cancellation, as follows:

- A Commitment submitted by SEB customers through SEB's online service may be cancelled by telephone (+46 771 365 365), by using SEB's bank identifiers.
- The Commitment submitted by Nordnet's own customers through Nordnet's online service can be cancelled through an authorised representative or through Nordnet's online service by accepting a separate cancellation of Commitment by using the Nordnet's bank identifier

The possible cancellation of a Commitment must concern the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid.

Registration of Offer Shares to Book-Entry Accounts

Finland

Finnish investors who have submitted a Commitment in the Finnish Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland.

Investors must specify the number of their book-entry account in their Commitment. Commitments to share savings accounts can be submitted through Danske Bank to share savings accounts registered with Danske Bank. Commitments to share savings accounts can be submitted through Nordnet to share savings accounts registered with Nordnet. Offer Shares issued in the Public Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Completion Decision takes place (*i.e.*, on or about June 4, 2020).

In the Institutional Offering, investors should contact the Managers of the Offering with respect to the book-entry accounts. In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about June 8, 2020 through Euroclear Finland Ltd.

Sweden

Registration of allotted Offer Shares with Euroclear Sweden is, for both institutional investors and Offer Shares allotted via SEB to the general public in Sweden, expected to be effected on or about June 8, 2020, after which Euroclear Sweden will distribute notices stating the number of shares that have been registered in the receiver's securities account. Notification to shareholders whose holdings are nominee-registered will take place in accordance with the practices of the respective nominee. Submitting a Commitment through Nordnet's online service requires a valid investment service agreement with Nordnet. Offer Shares allocated via Nordnet in the Swedish Public Offering will be entered into the book-entry accounts of investors whose Commitments have been approved on or about the first banking day after the Completion Decision (i.e., on or about June 4, 2020).

Title and Shareholder Rights

The title to the Offer Shares will be transferred when the Offer Shares are paid for, the New Shares are registered in the Trade Register maintained by the Finnish Patent and Registration Office (the "**Finnish Trade Register**") and the Offer Shares are recorded in the investor's book-entry account. The Offer Shares will carry rights equal to all other Shares in the Company and will entitle their holders to dividend and other

distributions of funds (including distribution of funds in the event of the Company's insolvency) as well as other rights related to the Shares when the title has been transferred.

Transfer Tax and Other Expenses

No transfer tax will be payable in Finland or Sweden in connection with the issue of or subscription for the New Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of the Shares. The Sale Shares are being sold in connection with commencement of trading in the Shares on First North Premier Finland and First North Premier Sweden, and no transfer tax is expected to be payable for these transfers in Finland or Sweden. Should transfer tax be payable, the Sellers will pay any transfer tax payable on transfers of their Sale Shares.

Trading in the Shares

Before the execution of the Offering, the Shares of the Company have not been subject to trading on any regulated market or multilateral trading facility. The Company will submit listing applications for the listing of the Shares on First North Premier Finland and First North Premier Sweden. Trading in the Shares is expected to begin on or about June 4, 2020. The share trading code of the Shares is "NANOFH" in Finland and "NANOFS" in Sweden, and the ISIN code of the Shares is FI4000330972.

When the trading on First North Premier Finland and First North Premier Sweden commences on or about June 4, 2020, not all of the Shares may necessarily have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Shares purchased or subscribed for by it in the Offering, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

Right to Cancel the Offering

The Sellers may cancel the Share Sale and the Company's Board of Directors may cancel the Share Issue at any time before the decision to complete them is made on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If the Sellers decide to cancel the Share Sale and/or the Company's Board of Directors decides to cancel the Share Issue, the subscription prices paid by the investors will be refunded in approximately five (5) banking days from the cancellation decision. If an investor's bank account is in a different financial institution than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To those Nordnet's own customers who gave their Commitments via Nordnet's subscription place, the refunded amount will be paid to Nordnet cash account. No interest will be paid on the refunded amount.

Lock-up

The Company and the Sellers, except Edward Hæggström, Jouko Yliruusi, Kai Falck and Ilkka Lassila (Edward Hæggström, Jouko Yliruusi, Kai Falck and Ilkka Lassila collectively, the "**Founders**"), are expected to agree that during the period that will end on the date that falls 180 days from the FN Listing, without the prior written consent of the Joint Global Coordinators, not to offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; or submit to the Company's shareholders a proposal to effect any of the foregoing. The lock-up does not apply to the measures related to the execution of the Offering or to remuneration or incentive programs described in this Offering Circular.

The members of the Board of Directors and the Management Team of the Company are expected to agree that during the period that will end on the date that falls 360 days from the FN Listing without the prior written consent of the Joint Global Coordinators, not to issue, offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transactions are to be settled by delivery of Shares or other

securities, in cash or otherwise, or submit to the Company's shareholders a proposal to effect any of the foregoing. The lock-up does not apply to the measures related to the execution of the Offering or to remuneration or incentive programs described in this Offering Circular.

The Founders are expected to enter into a lock-up agreement with similar terms to that of the Company and the Sellers, save for the exception that the agreement may be waived by the Joint Global Coordinators during the period that will end on the date that falls 360 days from the FN Listing and thereafter by the Board of Directors of the Company until December 31, 2022.

In aggregate, the terms of the lock-up agreements apply to approximately 34.0 percent of the Shares after the Offering, without the Over-Allotment Option (approximately 32.5 percent with the Over-Allotment Option), assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 20,289,856 New Shares.

Other Issues

Other issues and practical matters relating to the Share Issue will be resolved by the Company's Board of Directors.

Other issues and practical matters relating to the Share Sale will be resolved by the Sellers.

Documents on Display

The Company's audited financial statements and the related Auditor's report for the financial years ended December 31, 2019, 2018 and 2017 incorporated to the Offering Circular as well as the other documents pursuant to Chapter 5, Section 21 of the Finnish Companies Act, are available during the subscription period at the offices of the Company located at Viikinkaari 4, FI-00790 Helsinki, Finland.

Governing Law

The Offering is governed by the laws of Finland. Any disputes arising in connection with the Offering will be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions of the Public Offering

General

Preliminarily a maximum of 1,300,000 Offer Shares are being offered in the Public Offering for subscription by private individuals and entities in Finland and Sweden. The Company may, based on demand, reallocate Offer Shares between the Institutional Offering and the Public Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 1,300,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

The subscription place has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions set forth herein or if it is otherwise incomplete.

Right to Participate, the Minimum and Maximum Amounts for Commitments

Investors whose domicile is in Finland or Sweden and who submit their Commitments in Finland or Sweden may participate in the Public Offering. Entities submitting a Commitment must have a valid LEI code. In the Public Offering, the Commitment must concern a minimum of 300 Offer Shares and a maximum of 30,000 Offer Shares. Each investor may only provide one Commitment in the Public Offering. If an investor provides Commitments in the Public Offering in more than one place of subscription, only the first Commitment will be considered when allocating the Offer Shares.

Places of Subscription and Submission of Commitments

A Commitment is considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with the instructions of the place of subscription or when the investor has confirmed the Commitment with bank identifiers in accordance with the instructions of the place of subscription and paid for the subscription concerned by the Commitment. A Commitment submitted

through e-subscription is deemed to have been made when the investor has made the Commitment in accordance with the terms and conditions of the e-subscription. Any more detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment. Commitments can only be cancelled in the manner and situations referred to under " – *General Terms and Conditions of the Offering – Cancellation of the Commitments*" above.

Finland

The places of subscription in the Finnish Public Offering for customers with a book-entry or share savings account in Danske Bank are:

- Danske Bank's eBanking service with bank identifiers for private customers at www.danskebank.fi;
- Danske Bank corporate eBanking services in the Markets Online module for Business Online customers;
- Danske Bank's Investment Center with Danske Bank's bank identifiers by telephone, 9:00 a.m. to 6:00 p.m. Monday to Friday (Finnish time), tel. +358 200 20109 (local network charge/mobile call charge). Danske Bank's Investment Center calls will be recorded;
- Danske Bank offices in Finland during normal business hours; and
- Danske Bank Private Banking offices in Finland (for Danske Bank Private Banking customers only).

Submitting a Commitment by phone via Danske Bank's Investment Center or Danske Bank eBanking service requires a valid eBanking agreement with Danske Bank.

Commitments to share savings accounts can be submitted through Danske Bank to share savings accounts registered with Danske Bank.

The places of subscription in the Finnish Public Offering for persons who are not book-entry account customers of Danske Bank are:

- Danske Bank's e-subscription for private customers at www.danskebank.fi. A Commitment can be made through the online service with the bank identifiers of Aktia, Danske Bank, Handelsbanken, Nordea, Oma Savings Bank, Osuuspankki, POP Bank, S-Bank, Savings Bank, and Ålandsbanken; and
- Danske Bank offices (excluding corporate offices) in Finland during normal business hours. Information on the offices offering subscription services is available by phone using Danske Bank's Investment Center, 9:00 a.m. to 6:00 p.m. Monday to Friday (Finnish time), tel. +358 200 20109 (local network charge/mobile call charge) or online at www.danskebank.fi. Danske Bank's Investment Center calls will be recorded.

Through the e-subscription of Danske Bank, individual investors can submit Commitments up to EUR 100,000 in the Finnish Public Offering. If the subscription exceeds EUR 100,000 the Commitment can be given at Danske Bank banking offices.

The Offer Shares covered by a Commitment must be paid using an account in the name of the investor making the Commitment.

Corporations may not submit Commitments via Danske Bank's eBanking service or e-subscription.

The place of subscription in the Finnish Public Offering for Nordnet and other banks' book-entry account customers is:

- Nordnet's online service at www.nordnet.fi/fi/nanoform. The Commitment can be made through the online service with the bank identifiers of Nordnet and Aktia, Danske Bank, Handelsbanken, Nordea, Oma Savings Bank, Osuuspankki, POP Bank, S-Bank, Savings Bank as well as Ålandsbanken. Subscriptions to share savings accounts can be made through Nordnet only to share savings accounts provided by Nordnet; and
- When separately agreed, a Commitment in the Public Offering can be made at Nordnet Bank AB, Finnish Branch's office at Yliopistonkatu 5, FI-00100 Helsinki, Finland, on weekdays from 1.00 p.m. to 5.00 p.m. (Finnish time);

- A Commitment can also be made on behalf of a corporation through Nordnet's online service. Estates of a deceased person or persons under guardianship, who are not Nordnet's own customers, cannot submit the Commitment through Nordnet's online service, but instead they have to submit the Commitment at the office of Nordnet.

Commitments by or on behalf of persons under the age of 18, or otherwise under guardianship, must be made by their legal guardians and may require the consent of the local guardianship authority in Finland. A guardian may not subscribe for Shares without the permission of the local guardianship authority, as the Shares are not subject to trading on a multilateral trading facility at the time of the Commitment.

Sweden

Customers with a securities depository account or an Investment Savings Account at SEB:

Persons subscribing Offer Shares through SEB must hold a securities depository account or an Investment Savings Account ("**ISK**") at SEB. Persons who do not hold a securities depository account or an ISK must open such account prior to submission of the application. Please note that it may take some time to open a securities depository account or an ISK. In connection with acquisitions of shares that are to be registered in an ISK, payment must always be made using the funds available on the ISK.

The cash balance on the securities depository account or the ISK with SEB must, for the period commencing 0:00 a.m. (Swedish time) on June 2, 2020 until 11:59 p.m. (Swedish time) on June 8, 2020, correspond to at least the amount to which the application relates, calculated on the basis of the Subscription Price. This means that the account holder undertakes to keep the amount available on the designated securities depository account or ISK during the aforementioned period and that the holder is aware that Offer Shares may not be allotted if the amount during such period is insufficient. Note that the amount may not be withdrawn during the aforementioned period. As soon as possible after share allotment has taken place, the funds will be freely available for those who do not receive any share allotment. Funds which are not available will carry an entitlement to interest during the aforementioned period in accordance with the terms and conditions of the securities depository account or ISK specified in the application.

In order to participate in the Offering via SEB, an application to acquire Offer Shares must take place via SEB's Internet bank using a Digipass, BankID or Mobilt BankID (detailed instructions are available on SEB's website, www.seb.se). Applications through SEB's Internet bank must be received by SEB during the subscription period.

Customers with a Depository Account in Nordnet Sweden:

- Nordnet's online service by using Nordnet's bank identifiers at www.nordnet.se

To ensure that they do not lose their right to allotment, customers with Nordnet account must have sufficient cash balance available in their account during the period from 3:00 p.m. (Swedish time) on June 2, 2020 until on or about June 4, 2020. If the Offering is discontinued on June 1, 2020, the customers must have sufficient cash balance available in their account during the period from 3:00 p.m. (Swedish time) on June 1, 2020 until on or about June 4, 2020. Additional information on the subscription procedure is available at www.nordnet.se. Submitting a Commitment through Nordnet's online service requires a valid investment service agreement with Nordnet.

In Sweden, the Commitments by or on behalf of persons under the age of 18 must be made through Nordnet by their legal guardians or through an authorised representative.

Payment of the Offer Shares

Finland

When submitting a Commitment, the price to be paid for the Offer Shares is the Subscription Price (*i.e.*, EUR 3.45 per Offer Share), multiplied by the number of Offer Shares covered by the Commitment.

The payment of a Commitment submitted in a banking office of Danske Bank, Danske Bank's Private Banking offices or via Danske Bank's Investment Center will be debited directly from the investor's bank account in Danske Bank, or it may be paid by bank transfer. The payment corresponding to a Commitment that has been submitted through Danske Bank eBanking service or Danske Bank corporate eBanking services will be charged from the investor's bank account when the investor confirms the Commitment with

his or her bank identifiers. The payment of a Commitment submitted through Danske Bank e-subscription must be made in accordance with the terms and conditions and instructions of e-subscription immediately after the Commitment has been submitted.

The Commitments submitted through Nordnet's online service will be debited in connection with the subscription when the investor confirms the Commitment with his/her bank identifier.

Sweden

Payment for shares allocated through SEB

Payment for allotted Offer Shares will be deducted from the specified bank account, securities depository account or ISK on June 8, 2020. If sufficient funds are not available on the bank account, securities depository account or ISK on the settlement date, June 8, 2020, or if full payment is not made in due time, allotted Offer Shares may be transferred and sold to another party. The party who initially received allotment of Offer Shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the Subscription Price.

Payment for shares allocated through Nordnet

The Commitments submitted through Nordnet's online service will be debited from the cash account on the date of the Completion Decision (*i.e.*, on or about June 3, 2020).

ISK at SEB

The following shall apply in respect of ISK at SEB, respectively: where an application has resulted in allotment, SEB, respectively, will acquire a corresponding number of shares in the Offering for sale to the ISK account holder at the Subscription Price. The ISK account holder will acquire the shares from SEB by using funds that are kept available on the account holder's ISK.

Approval of Commitments and Allocation

In the Public Offering, the Company will decide on the allocation of Offer Shares to investors after the Completion Decision. The Company will decide on the procedures in the event of a potential oversubscription. The Commitments can be accepted or rejected partially or wholly. The Company aims to approve Commitments in Finland and in Sweden for up to 300 Offer Shares in full and, for Commitments exceeding this amount, to allocate the Offer Shares in proportion to the amount of Commitments unmet.

A confirmation letter (Sw: *Avräkningsnota*) regarding the approval of the Commitments and allocation of the Offer Shares will be sent as soon as possible after allocation and on or about June 10, 2020 at the latest to all investors who have submitted their Commitments in the Public Offering and been allocated Offer Shares. Investors who have submitted their Commitments as Nordnet's customers through Nordnet's online service, will see their Commitments as well as allocation of Offer Shares on the transaction page of Nordnet's online service.

Refunding of Paid Amount (only investors in Finland)

If a Commitment is rejected or approved only in part, the excess amount paid will be refunded to the investor who submitted the Commitment approximately five (5) banking days after the Completion Decision *(i.e.*, on or about June 10, 2020) to the bank account stated in the Commitment. If an investor's bank account is in a different financial institution than the subscription place, the refund will be paid to a bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet's own customers who gave their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to Nordnet cash accounts. No interest will be paid on the refunded amount. See also " – *General Terms and Conditions of the Offering – Cancellation of the Commitments*" above.

Registration of Offer Shares to Book-Entry Accounts

Finland

Investors who have submitted a Commitment in the Finnish Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and investors must specify the

number of their book-entry account in their Commitment. Commitments to share savings accounts can be submitted only through Danske Bank to share savings accounts registered with Danske Bank. Subscriptions to share savings accounts can be submitted only through Nordnet and only to a share savings account provided by Nordnet. It is expected that the Offer Shares allocated in the Finnish Public Offering will be entered into the book-entry accounts of investors whose Commitments have been approved on the first banking day after the Completion Decision (*i.e.*, on or about June 4, 2020).

Sweden

Registration of allotted Offer Shares with Euroclear Sweden is, for both institutional investors and Offer Shares allotted via SEB to the general public in Sweden, expected to be effected on or about June 8, 2020, after which Euroclear Sweden will distribute notices stating the number of shares that have been registered in the receiver's securities account. Notification to shareholders whose holdings are nominee-registered will take place in accordance with the practices of the respective nominee. Submitting a Commitment through Nordnet's online service requires a valid investment service agreement with Nordnet. Offer Shares allocated via Nordnet in the Swedish Public Offering will be entered into the book-entry accounts of investors whose Commitments have been approved on or about the first banking day after the Completion Decision (i.e., on or about June 4, 2020).

Special Terms and Conditions of the Institutional Offering

General

Preliminarily a maximum of 24,207,012 Offer Shares are being offered in the Institutional Offering to institutional investors through private placements in Finland, Sweden and internationally in certain other countries. The Company may, based on demand, reallocate Offer Shares between the Institutional Offering and the Public Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 1,300,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

The Offer Shares are being offered in the Institutional Offering to institutional investors in Finland, Sweden and internationally pursuant to the applicable legislation. All offers and sales outside the United States will be made in offshore transactions in compliance with Regulation S under the U.S. Securities Act. For additional information on restrictions concerning the offering of the Offer Shares, see "*Important Information*."

Right to Participate

An investor whose Purchase Offer is for at least 30,001 Offer Shares may participate in the Institutional Offering through private placements. Entities submitting a Purchase Offer must have a valid LEI code. The CFO and the Investor Relations Director of the Company, among others, have been invited to participate in the Institutional Offering provided that they make their subscriptions in the beginning of the subscription period of the Institutional Offering. The CFO and the Investor Relations Director of the Company have expressed an interest in participating.

Purchase Offers by institutional investors may be submitted to the Managers of the Offering.

Subscription Commitments

Keel Capital, Fjärde AP-Fonden (AP4), Handelsbanken Fonder AB, certain funds managed by Sp-Fund Management Company Ltd, Mandatum Life Insurance Company Limited (part of Sampo Group), certain funds managed by OP Fund Management Company Ltd, and Avohoidon Tutkimussäätiö (together the "**Cornerstone Investors**"), have each individually in May 2020 given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain conditions being fulfilled, including a condition that the maximum valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares), based on the Subscription Price, does not exceed EUR 230 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking. The Cornerstone Investors will not be compensated for their subscription undertakings. The Cornerstone Investors have given subscription undertakings as follows:

- The commitment of Keel Capital's undertaking amounts to EUR 15 million.

- The commitment of Fjärde AP-Fonden (AP4)'s undertaking amounts to EUR 10 million.
- The commitment of Handelsbanken Fonder AB's undertaking amounts to EUR 10 million.
- The commitment of certain funds managed by Sp-Fund Management Company Ltd's undertaking amounts to EUR 4 million.
- The commitment of Mandatum Life Insurance Company Limited's (part of Sampo Group) undertaking amounts to EUR 3 million.
- The commitment of certain funds managed by OP Fund Management Company Ltd's undertaking amounts to EUR 3 million.
- The commitment of Avohoidon Tutkimussäätiö's undertaking amounts to EUR 500 thousand.

Approval of the Purchase Offers and Allocation

In the Institutional Offering, the Company will decide on the approvals of the Purchase Offers after the Completion Decision. The Cornerstone Investors have allocation priority in the Offering. The Company will decide on the procedures in the event of a potential oversubscription. Purchase Offers can be accepted or rejected partially or wholly. A confirmation of the accepted Purchase Offers in the Institutional Offering will be provided as soon as practicable after the allocation of the Offer Shares.

Payment of the Offer Shares

Institutional investors must pay for the Offer Shares corresponding to their accepted Purchase Offer in accordance with the instructions issued by the Managers on or about June 8, 2020. If necessary in connection with a Purchase Offer being made or before the approval of a Purchase Offer, the Managers have the right provided by the duty of care set for securities intermediaries to require that the investor provides information concerning its ability to pay for the Offer Shares corresponding to its Purchase Offer or require that the amount corresponding to the Purchase Offer be paid in advance. The amount to be paid in this connection is the Subscription Price (*i.e.*, EUR 3.45), multiplied by the number of Offer Shares covered by the Purchase Offer. Potential refunds of payments will be made on or about on the fifth (5th) banking day following the Completion Decision (*i.e.*, on or about June 10, 2020). No interest will be paid on the refunded amount.

MARKET AND INDUSTRY REVIEW

The following description contains market and industry information derived from third-party sources and the estimates of the Company's management. Where such information has been derived from third-party sources, the name of the source is given herein. These estimates are based on information available to the Company from non-public sources and the knowledge of the Company's management of the industries and markets involved. For further information on the sources for the market and industry information, see "Certain Matters – Information from Third-Party Sources."

Nanoform offers expert services in nanotechnology and drug particle engineering for the global pharma industry. The Company employs a pioneering CESS® technology used to nanoform APIs into crystalline or stable amorphous nanoparticles. The Company has a growing pipeline of customers that represent global large, mid-sized and specialty pharmaceutical, as well as biotechnology companies. Nanoform's main focus is currently on small chemical molecules. In addition, the Company sees significant potential in developing solutions in the biologics field and the Company has initiated initiatives that it pursues in this field.

Pharma market overview

Pharma market characteristics

The drug development industry is highly regulated and characterized by a step-by-step development process, from discovery and clinical trials to market sale. During clinical trials sufficient information regarding a potential drug candidate is gathered in order to submit a marketing application. After submission of the marketing application, regulators assess whether the information gathered is enough to evidence, for example, that the benefits of the drug candidate sufficiently outweigh its disadvantages, in order for it to be used to treat illness. In case a marketing permission is granted, the results from clinical trials will also likely affect the price of the drug.

Drug development with a commercial agenda typically proceeds from pre-clinical trials to clinical Phase I trials, where a drug candidate's safety is investigated. If Phase I trials are proved successful, these are then followed by clinical Phase II trials, which focus on assessing a drug candidate's efficacy for treating a specific condition. Should this be successful, the drug candidate proceeds into clinical Phase III trials, where its safety and efficacy are finally verified. A concluding step, conditional on successfully completed clinical trial phases, is a regulatory review process, during which a drug candidate may gain formal regulatory market approval. However, not all drug candidates manage to successfully proceed past all clinical phases in the development process, and some drug candidates may be required to repeat trials in a certain clinical phase or may have to return to a prior stage if, for example, the results are unclear or the dosage of the drug candidate is changed. The development of some drug candidates is discontinued because their pharmaceutical properties are deemed unsuitable for continued clinical development. Success rates for the different phases of the development process vary substantially, and the overall probability on average for a new drug candidate in pre-clinical development to gain regulatory market approval in the U.S. is 2 to 4 percent.[1] In cases where an already approved drug is reformulated or combined with another approved drug, for the purpose of, for example, a new indication, dosage form or delivery mechanism, the market average likelihood of regulatory market approval in the U.S. increases to 23 percent,[2] due to the fact that previous results and materials can be utilized[3] by authorities when assessing the properties of the modified, existing drug.

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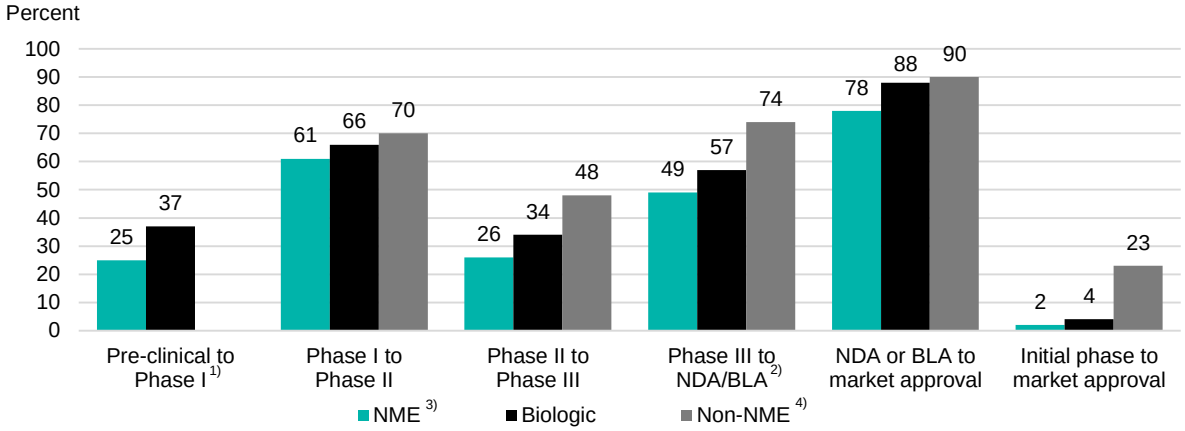
1 Source: Takebe, T., Imai, R. & Ono, S., Clinical and Translational Science, The Current Status of Drug Discovery and Development as Originated in United States Academia: The Influence of Industrial and Academic Collaboration on Drug Discovery and Development, June 2018; BIO, Biomedtracker & Amplion, Clinical Development Success Rates 2006-2015, June 2016.

2 Source: BIO, Biomedtracker & Amplion, Clinical Development Success Rates 2006-2015, June 2016.

3 Source: Camargo Pharmaceutical Services, A Guide to the 505(b)(2) Regulatory Pathway (accessed on March 29, 2020).

The following chart describes the average probability of success in percentages in drug development in the U.S.:



Note: Generic and over-the-counter (OTC) drugs not included in clinical success rates.
[1] Takebe, T., Imai, R. & Ono, S., Clinical and Translational Science, The Current Status of Drug Discovery and Development as Originated in United States Academia: The Influence of Industrial and Academic Collaboration on Drug Discovery and Development, June 2018.
[2] New drug application ("**NDA**") / biologic license application ("**BLA**").
[3] New molecular entity ("**NME**").
[4] Non-NMEs often use 505(b)(2) pathway to gain FDA approval.[4]
Source: Takebe, T., Imai, R. & Ono, S., Clinical and Translational Science, The Current Status of Drug Discovery and Development as Originated in United States Academia: The Influence of Industrial and Academic Collaboration on Drug Discovery and Development, June 2018; BIO, Biomedtracker & Amplion, Clinical Development Success Rates 2006-2015, June 2016.

The following chart sets forth an illustration of the average timeline of drug development:

Timeline (years)	**Pre-clinical**	**Phase I**	**Phase II**	**Phase III**	**Approval**	**Total**
Novel drugs	~4	~2	~2	~4	~1	~13
Existing drugs	-	Clinical development for 505(b)(2) ~2-5			~1	~3-6

Source: Kaur, J., Sharma, A. & Sharma, D., Journal of Drug Delivery & Therapeutics, Overview of Drug Innovation to Commercialization, September/October 2014; Camargo Pharmaceutical Services, Understanding the 505(b)(2) Approval Pathway.

The development time of drugs depends on several factors, including the indication which the drug is meant to treat, other existing drugs on the market, the specific properties of the drug candidate, but typically amounts to several years and, in some cases, up to 15 years.[5] The costs of developing a new drug ranges from tens of millions up to over USD 1 billion,[6] and the profitability of these investments is based on extensive markets, high sales margins and the extent of the time periods of exclusivity obtained with and secured by patents.

The global pharma market

As at April 2, 2020, there were 4,002 approved drugs in the U.S., Canada and the EU, of which 2,630 were small molecule drugs and 1,372 were biologics.[7] Approved small molecule drugs available on the U.S. market amounted to 1,839.[8]

[4] Source: BIO, Biomedtracker & Amplion, Clinical Development Success Rates 2006-2015.

[5] Source: Kaur, J., Sharma, A. & Sharma, D., Journal of Drug Delivery & Therapeutics, Overview of Drug Innovation to Commercialization, September/October 2014.

[6] Source: Wouters, O., McKee, M. & Luyten, J., Journal of the American Medical Association, Estimated Research and Development Investment Needed to Bring a New Medicine to Market, 2009-2018, March 2020.

[7] Source: Drugbank, Drug Statistics (accessed on April 2, 2020).

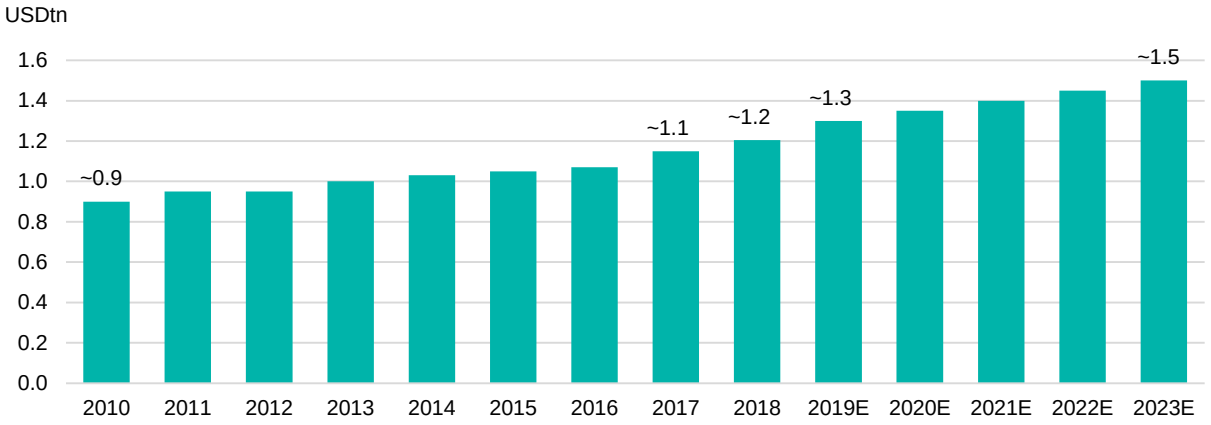
[8] Source: Drugbank, Drug Statistics (accessed on April 2, 2020).

In 2019, the estimated number of drugs in the global R&D pipeline was 16,181[9], of which 60.3 percent were other than biologics and 39.7 percent were biologics.[10]

The U.S. market represented 40 percent of the worldwide national pharmaceutical markets revenue in 2018.[11] The top five European countries represented 15 percent of worldwide revenue, followed by China and Japan with 11 percent and 7 percent, respectively.[12]

Global spending on drugs reached USD 1.2 trillion in 2018.[13] Between 2014 and 2018, the market grew at a compound annual growth rate ("**CAGR**") of 6.3 percent annually and is estimated to grow at a CAGR of 3 to 6 percent annually between 2019 and 2023.[14] Global medicine spending is expected to exceed USD 1.5 trillion by 2023.[15]

The following chart depicts the historical and expected development of global spending on medicines between 2010 and 2023:



Source: IQVIA Institute for Human Data Science, The Global Use of Medicine in 2019 and Outlook to 2023, January 2019.

Worldwide sales of the 100 top selling prescription drugs alone totaled USD 306 billion in 2018, up from USD 262 billion in 2010, resulting in a CAGR of 2.0 percent annually.[16] The worldwide sales of the 100 top selling prescription drugs in 2018 is estimated to grow at a CAGR of 2.6 percent annually to USD 357 billion in 2024.[17] The majority of the 100 top selling drugs are so called 'blockbusters', defined as medicines generating global sales of at least USD 1 billion annually. In 2018, the three biggest blockbuster drugs were Lipitor, Humira and Rituxan, with combined lifetime sales of USD 413 billion achieved by year end 2018.[18] Humira is expected to reach lifetime sales exceeding USD 240 billion in 2024[19] and thereby become the best-selling drug of all time, and in doing so, demonstrating the significant commercial potential of individual drugs in the global pharma market.

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[9] Pipeline meaning all drugs in development by pharmaceutical companies, from those at the pre-clinical stage, through the various stages of clinical testing and regulatory approval, and up to and including launch. Launched drugs are still counted, but only if they are still in development for additional indications or markets.

[10] Source: Pharmaprojects, Pharma R&D Annual Review 2019, February 2019.

[11] Source: Bundesverband der Pharmazeutischen Industrie e.V. (BPI), Pharma-Daten 2019, November 2019.

[12] Source: Bundesverband der Pharmazeutischen Industrie e.V. (BPI), Pharma-Daten 2019, November 2019.

[13] Source: IQVIA Institute for Human Data Science, The Global Use of Medicine in 2019 and Outlook to 2023, January 2019.

[14] Source: IQVIA Institute for Human Data Science, The Global Use of Medicine in 2019 and Outlook to 2023, January 2019.

[15] Source: IQVIA Institute for Human Data Science, The Global Use of Medicine in 2019 and Outlook to 2023, January 2019.

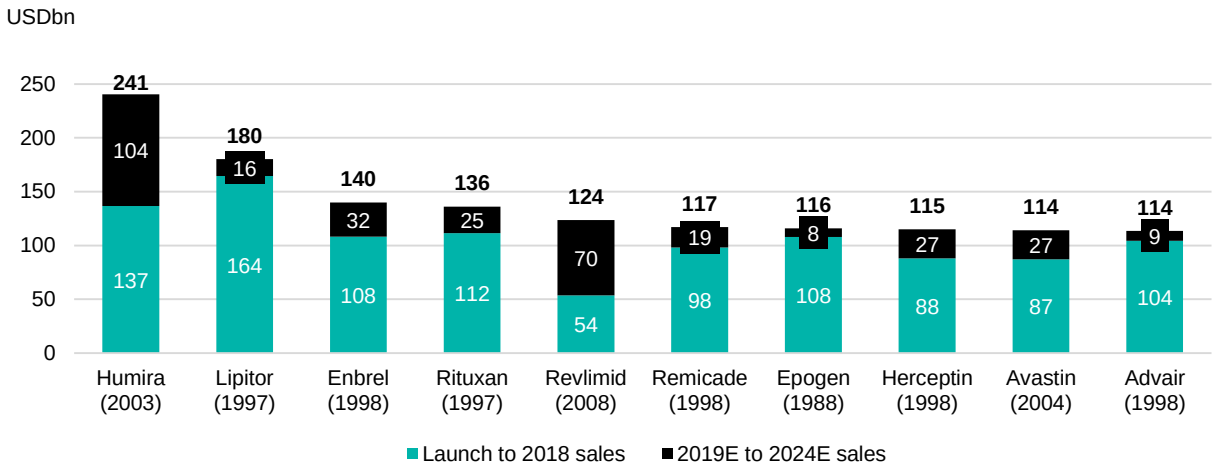
[16] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[17] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[18] Source: EvaluateVantage, Biopharma's biggest sellers – the oldies that just keep giving, August 2019, original source: Evaluate (accessed on March 29, 2020).

[19] Source: EvaluateVantage, Biopharma's biggest sellers – the oldies that just keep giving, August 2019, original source: Evaluate (accessed on March 29, 2020).

The following chart sets forth the estimated global lifetime sales of top selling drugs until 2024:



Note: Launch year in parenthesis.
Source: EvaluateVantage, Biopharma's biggest sellers – the oldies that just keep giving, August 2019, original source: Evaluate (accessed on March 29, 2020).

Pharma industry value chain and pricing

Pricing by pharmaceutical companies

In general, pharmaceutical companies are entities integrated into the entire pharmaceutical value chain and therefore often account for the marketing and sales of the drugs they have developed. The price of a drug, set by a pharmaceutical company, is often a function of a number of factors, for example, the potential competitive landscape it faces, the need for financing future R&D of new drug candidates, and the benefit or value the drug is deemed to add for its target group. However, actual pricing mechanisms, including, for instance, potential reimbursement and regulatory restrictions on pricing of drugs, vary between different jurisdictions.

Pricing by contract development and manufacturing organizations

From a value chain point of view, contract development and manufacturing organizations ("**CDMOs**") focus specifically on drug development and manufacturing. Pricing of the services of these companies thereby varies from pricing by pharmaceutical companies, due to the fact that CDMOs in general do not, by themselves, commercialize the drugs they develop or manufacture. Instead, the compensation for their services is often based on a combination of compensation for supply of material, milestone payments, royalties and license payments. An illustrative example of the revenue share a drug development company can gain as a result of a successfully launched drug is provided by the drug discovery and development company Ligand Pharmaceuticals. The fixed royalty rates on the total sales of drugs developed by Ligand Pharmaceuticals and commercialized by external partner companies, vary between ~1 and 20 percent.[20]

Global pharma market drivers and trends

Demographic and macroeconomic trends support a higher demand for drugs

A number of global macro trends support the outlook of the global pharma market in general. The demographic development is increasing the percentage of the global population aged 60 years or older from 12.7 percent in 2017 to estimated 21.3 percent in 2050, and thereby increasing the number of people in need of medical treatment for diseases older people normally suffer from.[21] Also, chronic diseases, such as diabetes, cancer and Alzheimer's disease, reduce the quality of everyday life of millions of people globally, who are in need of improved medical treatment to alleviate and cure their ailments. According to a research,

[20] Source: Ligand Pharmaceuticals Inc., Annual report 2018.

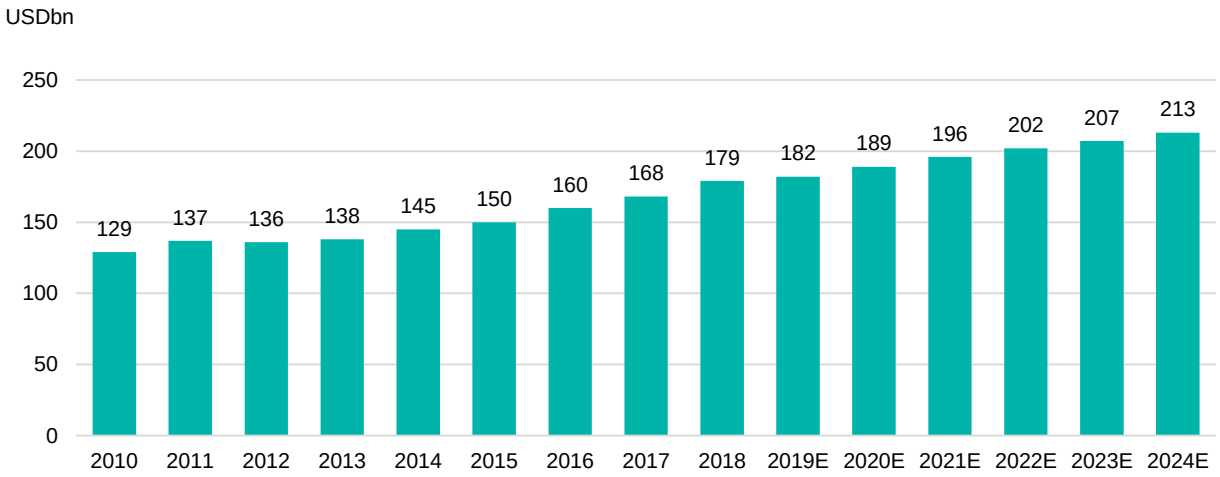
[21] Source: UN, Word Population Ageing Report 2017.

133 million Americans suffer from at least one chronic disease,[22] while over 50 million Europeans suffer from more than one chronic disease.[23] Furthermore, positive economic development in emerging markets and developing economies makes drugs more affordable for an increasing number of people, and consequently supports the demand for more and improved drugs. The real gross domestic product in these developing economies is estimated to grow 4.3 percent annually on average between 2020 and 2022, compared to 1.5 percent in advanced economies.[24]

Low R&D yield has created a structural pharma problem

Companies in the pharma industry rely heavily on R&D. The main reason for this is to permit drug developers to continue innovating and maintaining a robust product pipeline in order to have a high number of drug candidates gain market approval. The amount of money spent by pharmaceutical and biotechnology companies on R&D in 2018 amounted to USD 179 billion, with a five year average spend of USD 160 billion between 2014 and 2018.[25] The historical trend has been increasing, as yearly spending has grown steadily at a CAGR of 4.2 percent annually since 2010 and the figure is estimated to continue to grow at a CAGR of 3.0 percent annually until 2024.[26] However, higher spending on R&D has not increased the annual number of drugs approved by the U.S. Food and Drug Administration (the "**FDA**"), as the FDA approved 59 drugs in 2018, compared to 22 drugs in 2016 and 39 drugs in 2012, and with a five year average of 44 approved drugs annually between 2015 and 2019.[27] The significant and increasing resources invested by pharmaceutical companies fail to yield compensating output due to attrition of potential new drugs in the development process. A recent study estimated that the average total R&D investment needed to bring a new drug to the market exceeds USD 1.3 billion, after taking into consideration the costs of failed trials.[28]

The following chart shows the historical and expected development of industry-wide, global pharmaceutical R&D spending between 2010 and 2024:



Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[22] Source: Raghupathi, W. & Raghupathi, V., International Journal of Environmental Research and Public Health, An Empirical Study of Chronic Diseases in the United States: A Visual Analytics Approach, March 2018.

[23] Source: Brennan, P., Perola, M., van Ommen, G-J. & Riboli, E., European Journal of Epidemiology, Chronic Disease Research in Europe and the Need for Integrated Population Cohorts, September 2017.

[24] Source: World Bank Group, Global Economic Prospects, January 2020.

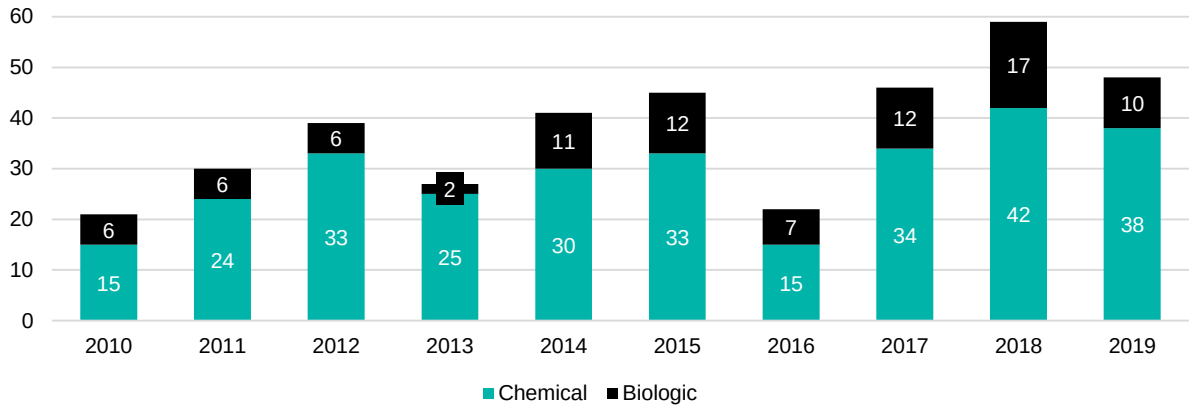
[25] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[26] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[27] Source: FDA, New Drug Therapy Approvals 2019, January 2020.

[28] Source: Wouters, O., McKee, M. & Luyten, J., Journal of the American Medical Association, Estimated Research and Development Investment Needed to Bring a New Medicine to Market, 2009-2018, March 2020.

The following chart sets forth the annual number of new drug approvals by the FDA between 2010 and 2019:

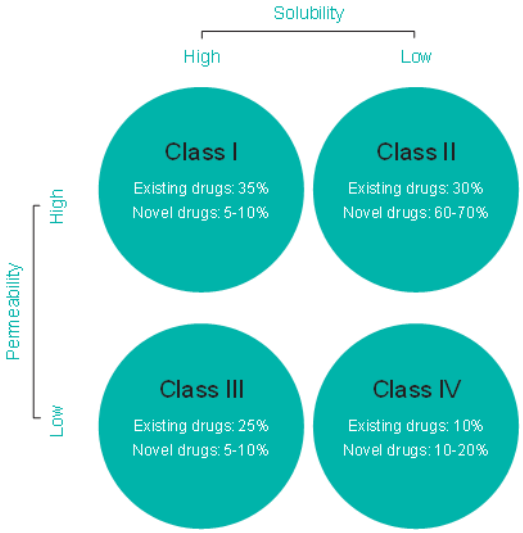


Source: de la Torre, B & Albericio, F, The Pharmaceutical Industry in 2019. An Analysis of FDA Drug Approvals from the Perspective of Molecules, February 2020.

The majority of new drug candidates suffer from poor solubility

The majority of drug candidates in development process suffer from low solubility and consequently from poor bioavailability. These deficiencies are key reasons for the low number of new drugs that receive market approval and eventually reach the market. It is estimated that 70 to 90 percent of new drug candidates currently in the development pipeline are identified as poorly soluble and therefore belong to Class II or IV of the Biopharmaceutics Classification System ("**BCS**").[29]

The following figure describes the different classes of the BCS:



Source: Nikolakakis, I. & Partheniadis, I., Pharmaceutics, Self-Emulsifying Granules and Pellets: Composition and Formation Mechanisms for Instant or Controlled Release, November 2017.

In the BCS, Class II refers to drugs and drug candidates with low solubility and high permeability, while Class IV contains drugs and drug candidates with both low solubility and low permeability. Poor solubility often causes insufficient bioavailability,[30] which is one of the reasons for failed clinical trials. The reason for this is that the inability of a drug substance to reach the systemic circulation of the body reduces a drug's efficacy, while a sufficient level of efficacy must be proven in clinical trials. Pharmaceutical companies can, in some

[29] Source: Nikolakakis, I. & Partheniadis, I., Pharmaceutics, Self-Emulsifying Granules and Pellets: Composition and Formation Mechanisms for Instant or Controlled Release, November 2017.

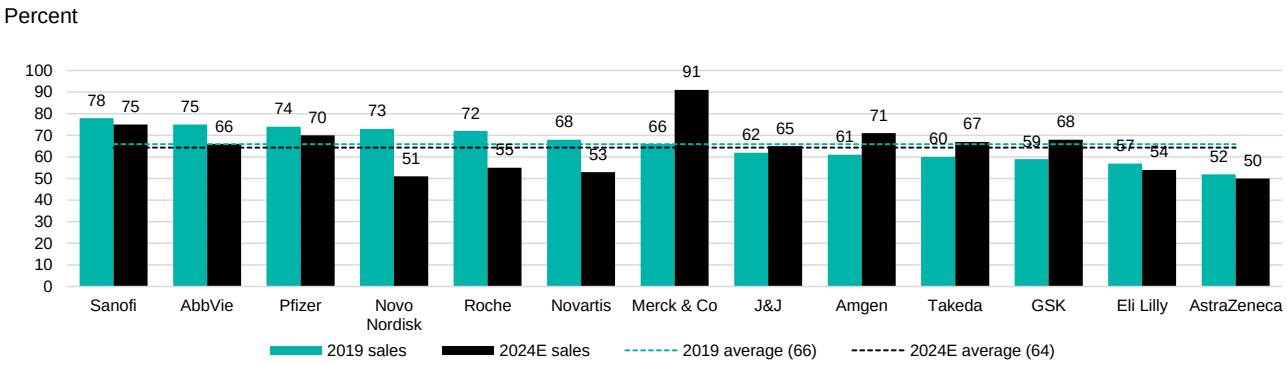
[30] Source: Savjani, K., Gajjar, A. & Savjani, J., ISRN Pharmaceutics, Drug Solubility: Importance and Enhancement Techniques, July 2012.

cases, solve the solubility issue of their new drug candidates by utilizing appropriate particle size reduction technologies in order to increase the surface-to-volume ratio of their APIs, thereby increasing their solubility, and consequently improving the bioavailability of their new drug candidates. Other reasons for failed trials in the development process are, for instance, high toxicity and adverse effects caused by the pharmaceutical properties of drug candidates.[31]

Pharma companies are becoming increasingly reliant on older drug products

The limited number of new drugs reaching the global pharma market increases the maturity of pharmaceutical companies' commercial product portfolios. As it requires a significant amount of time to complete development of a new drug, and since the cumulative likelihood of a new drug candidate obtaining market approval is low, pharmaceutical companies face difficulties in maintaining a consistent frequency at which new drugs are launched to the market. The average share of revenue stemming from drugs that have been on the market for more than ten years amounted to 66 percent in 2019 for the 13 pharmaceutical companies relying most on drugs that have been more than ten years on the market.[32] The estimated equivalent for 2024 is currently 64 percent,[33] indicating that pharma companies are expected to be forced to rely on products that are older than ten years for reliable revenue contribution. However, a significant amount of the revenues stemming from drugs currently on the market are likely to become at risk due to patent expirations, as explained in the next subsection.

The following chart shows the share of revenue stemming from products that are older than 10 years for the 13 pharmaceutical companies currently relying most on these products:



Source: EvaluateVantage, Sanofi's geriatric pipeline fails to freshen up, January 2020, original source: Evaluate (accessed on March 29, 2020).

Product lifecycle management is becoming increasingly important in the pharma industry

Older product portfolios are increasing the importance of lifecycle management of existing drugs for pharma companies. Patent expirations of existing drugs threaten to significantly decrease revenues of top-selling drugs in the coming years due to competition from generics, which are lower priced drugs developed to serve the same purpose as an existing drug, once the relevant patents expire. The average expected drop in prescription drug sales caused by patent expirations equals 74 percent between 2020 and 2024[34] and pharma companies therefore must find opportunities to extend the time of their market exclusivity. This extension could be achieved in many ways, for instance by improving the pharmaceutical properties of an existing drug, and thus providing an opportunity to seek to extend patent protection by allowing for patents for, among others, new indications, dosage forms or delivery mechanisms. Many jurisdictions allow for alternative simplified regulatory pathways, such as section 505(b)(2) of the Federal Food, Drug and

[31] Source: EMD Millipore, Solving the Solubility Challenge: A Key Success Factor of Pharmaceutical Formulations, April 2015, original source: GlobalData 2009.

[32] Source: EvaluateVantage, Sanofi's geriatric pipeline fails to freshen up, January 2020, original source: Evaluate (accessed on March 29, 2020).

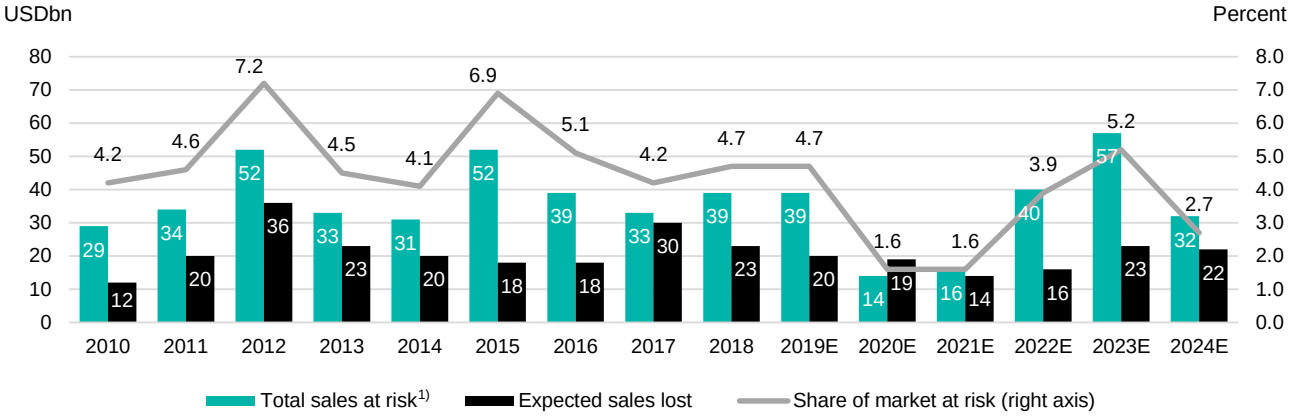
[33] Source: EvaluateVantage, Sanofi's geriatric pipeline fails to freshen up, January 2020, original source: Evaluate (accessed on March 29, 2020).

[34] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

Cosmetic Act in the U.S., for already commercialized drugs for which clinical safety or efficacy data is already available.

Out of the top 15 best-selling drug products in the world in 2018, key patents for both Humira and Stelara (which had sales exceeding USD 20 billion and USD 5 billion in 2018, respectively[35]) are expected to expire in 2023.[36] The total sales at risk between 2020 and 2024 is estimated at USD 159 billion due to patent expirations of existing drugs.[37] This is close to the USD 160 billion of combined revenues achieved by the five largest public Nordic companies (excluding financial institutions and oil & gas companies) by revenue in 2019.[38]

The following chart shows worldwide prescription drug sales at risk due to patent expirations between 2010 and 2024



[1] Represents worldwide product sales in the year prior to patent expiry, but allocated to the year of expiry.
Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

Presently used technologies

There are several different methods used by pharmaceutical companies to increase the dissolution rate of drug candidates and to improve bioavailability by increasing the specific surface area of API particles. The methods used to produce nanoparticles can be divided into top-down and bottom-up approaches.

The top-down approach is often a mechanical approach based on milling techniques, by which API particles are physically comminuted. This approach is widely adopted in the pharmaceutical industry due to its proven benefits on manufacturing scale and ability to operate in the micron and nanometer particle size scale.[39] The primary limitations of such mechanical methods are that they may not generate sufficiently small particles,[40] they may create difficulty with handling because of particle flight and agglomeration caused by electrostatic charging,[41] they may produce heterogeneous particle size distributions,[42] and, in addition, they may cause physical and chemical particle instability due to the high energy level applied by the methodology.[43] Even in the most efficient mills, as little as two percent of the total energy consumption may be channeled to effect

[35] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[36] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[37] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[38] Source: 2019 annual reports of Volvo AB, A.P. Moller-Maersk, Nokia, H&M Hennes & Mauritz and Telefonaktiebolaget LM Ericsson. Local currencies converted to USD as of 21 February, 2020.

[39] Source: Loh, Z., Samanta, A. & Heng, P., Asian Journal of Pharmaceutical Sciences, Overview of Milling Techniques for Improving the Solubility of Poorly Water-Soluble Drugs, July 2015.

[40] Source: Loh, Z., Samanta, A. & Heng, P., Asian Journal of Pharmaceutical Sciences, Overview of Milling Techniques for Improving the Solubility of Poorly Water-Soluble Drugs, July 2015.

[41] Source: Peart, J., KONA, Powder Electrostatics: Theory, Techniques and Applications, August 2001.

[42] Source: Loh, Z., Samanta, A. & Heng, P., Asian Journal of Pharmaceutical Sciences, Overview of Milling Techniques for Improving the Solubility of Poorly Water-Soluble Drugs, July 2015.

[43] Source: Verma, S., Gokhale, R. & Burgess, D., International Journal of Pharmaceutics, A Comparative Study of Top-Down and Bottom-Up Approaches for the Preparation of Micro/Nanosuspensions, August 2009.

particle size reduction, with the remainder being lost to, for example, particle-particle and particle-machine friction, heat, sound and vibration.[44]

The bottom-up approach often uses precipitation processes to achieve crystalline or amorphous nanoparticles and enables tailor made particle size distribution in the nanometer and micron scale. These methods often produce unstable amorphous particles that lack a crystalline structure, and they often require additional solvents to be used in order to achieve the desired reduced particle size.[45] Furthermore, the utilization of excipients, which can be characterized as any component of a medical product other than the API itself, to stabilize amorphous drug particles[46] results in a more complex solubility-enhancing method due to required additional process steps, thereby complicating scalability. Addition of excipients also causes the drug load to become relatively lower. Currently employed methods for particle size reduction and improvement of bioavailability have nevertheless been commercially adopted due to the magnitude of the challenges faced in drug development.

Top-down approaches

Jet milling

Jet milling is a process relying on air, gas or steam to create particle to particle, and particle to mill surface collisions in order to achieve particle size reduction. Centrifugal force directs larger particles to the outside of the milling chamber while only sufficiently fine particles are taken by the air stream and removed from the center of the chamber. In this micronization method, drug particle size is usually reduced to less than 10 microns.[47] Even though the method is free from excipients and solvents, the heat from the collisions may lead to unstable amorphous (non-crystalline) particles that recrystallize with time.[48] International CDMOs Catalent[49] and Lonza[50] are examples of companies utilizing jet milling for particle size reduction.

Nanomilling

Nanomilling is a process by which the particle size of an API is heavily reduced in liquid, which milling media is constructed of, for example, glass or ceramic pearls. The technique can reach particle sizes typically in the 100s of nanometer range.[51] However, the technique suffers from, for example, the risk of overmilling, causing the particle size to actually increase due to aggregation, changing polymorphs of the API due to the high level of energy required by the process, as well as additional complexity imposed by combinations of stabilizers used in the formulation process.[52] Companies providing nanomilling services in the pharma industry include, for example, international CDMOs Catalent[53] and Lubrizol Life Science.[54]

[44] Source: Loh, Z., Samanta, A. & Heng, P., Asian Journal of Pharmaceutical Sciences, Overview of Milling Techniques for Improving the Solubility of Poorly Water-Soluble Drugs, July 2015.

[45] Source: Jog, R. & Burgess, D., Journal of Pharmaceutical Sciences, Pharmaceutical Amorphous Nanoparticles, January 2017.

[46] Source: Jog, R. & Burgess, D., Journal of Pharmaceutical Sciences, Pharmaceutical Amorphous Nanoparticles, January 2017.

[47] Source: Loh, Z., Samanta, A. & Heng, P., Asian Journal of Pharmaceutical Sciences, Overview of Milling Techniques for Improving the Solubility of Poorly Water-Soluble Drugs, July 2015.

[48] Source: Loh, Z., Samanta, A. & Heng, P., Asian Journal of Pharmaceutical Sciences, Overview of Milling Techniques for Improving the Solubility of Poorly Water-Soluble Drugs, July 2015.

[49] Source: Catalent, Catalent Micron Technologies (accessed on April 6, 2020).

[50] Source: Capsugel (a Lonza company), Jet-Milling Micronization (accessed on April 15, 2020).

[51] Source: Lubrizol Life Science, Nanomilling: A Key Option for Formulating Water-Insoluble APIs, August 2018 (accessed on March 21, 2020).

[52] Source: Lubrizol Life Science, Nanomilling: A Key Option for Formulating Water-Insoluble APIs, August 2018 (accessed on March 21, 2020).

[53] Source: Catalent, Early Stage Oral Development (accessed on April 3, 2020).

[54] Source: Lubrizol Life Science, Nanomilling: A Key Option for Formulating Water-Insoluble APIs, August 2018 (accessed on March 21, 2020).

Bottom-up approaches

Spray drying

Spray drying, a method of producing a dry powder from a liquid by rapidly drying with a hot gas, is an example of a bottom-up approach for particle size reduction. The method is part of a broader formulation platform called amorphous solid dispersions, which is based on precipitating drugs from solutions into an amorphous state.[55] With spray drying, properties such as degree of crystallinity and powder density can be manipulated,[56] while particle size can vary between approximately 300 nm and 25 microns with a manufacturing yield of 50 percent to 90 percent.[57] A significant production capacity can be achieved with spray dryers. The largest commercial scale spray drying units can produce up to several tons of final material per day.[58] Spray drying is used by, for instance, the international CDMOs Catalent,[59] Hovione,[60] Lonza[61] and Upperton Pharma Solutions[62] to enhance the bioavailability of poorly soluble drugs.

Supercritical fluid based technologies

Technologies based on supercritical fluids are another example of bottom-up approaches for particle size reduction. For instance, Rapid Expansion of Supercritical Solutions ("**RESS**") extracts API from supercritical CO_2 by applying rapid reduction in pressure, without the need for excipients or extra solvents. The method can achieve a particle size in the range of 800 nm to 3 microns.[63] Key limitations of RESS relate to issues in reproducibility and uncontrolled particle formation.[64] The very rapid and uncontrolled expansion of CO_2 from liquid to gas does not allow the crystallization of particles, resulting in amorphous and often unstable particles.[65] Companies employing supercritical fluid based technologies include, for instance, CrystecPharma[66] and StaniPharm.[67]

[55] Source: Gaspar, F., European Pharmaceutical Review, Spray drying in the pharmaceutical industry, October 2014 (accessed on April 3, 2020).

[56] Source: Gaspar, F., European Pharmaceutical Review, Spray drying in the pharmaceutical industry, October 2014 (accessed on April 3, 2020).

[57] Source: Arpagaus, C. Schafroth, N. & Meuri, M., Laboratory Scale Spray-Drying of Lactose: A Review, January 2010.

[58] Source: Gaspar, F., European Pharmaceutical Review, Spray drying in the pharmaceutical industry, October 2014 (accessed on April 3, 2020).

[59] Source: Catalent, Catalent Spray Drying Technology (accessed on April 3, 2020).

[60] Source: Hovione, Spray Drying (accessed on April 3, 2020).

[61] Source: Capsugel (a Lonza company), Spray-Dried Dispersion (accessed on April 6, 2020).

[62] Source: Upperton Pharma Solutions, Spray Drying (accessed on April 3, 2020).

[63] Source: Thakur, R. & Gupta, R., American Chemical Society, Rapid Expansion of Supercritical Solution with Solid Cosolvent (RESS-SC) Process: Formation of Griseofulvin Nanoparticles, August 2005.

[64] Source: Parhi, R. & Suresh, P., Journal of Advanced Pharmaceutical Science and Technology, Supercritical Fluid Technology: A Review, January 2013.

[65] Source: Jog, R. & Burgess, D., Journal of Pharmaceutical Sciences, Pharmaceutical Amorphous Nanoparticles, January 2017.

[66] Source: CrystecPharma, What is mSAS® technology? (accessed on April 3, 2020).

[67] Source: StaniPharm, Overview (accessed on April 3, 2020).

INFORMATION ON THE COMPANY AND ITS BUSINESS

Overview

Nanoform Finland Plc is a public limited liability company organized under the laws of Finland offering expert services in nanotechnology and drug particle engineering for the global pharma industry. The Company's commercial operations are at early stage and in the year 2019 its affairs have comprised of both internal R&D activities and PoC type of R&D services provided to its customers. The Company employs a pioneering CESS® technology used to nanoform APIs into crystalline or stable amorphous nanoparticles. The Company has a growing pipeline of customers that represent global large, mid-sized and specialty pharmaceutical as well as biotechnology companies.

The Company's mission is to enable a significant increase in the number of drugs that progress to clinical trials and reach the market. The Company targets the pharmaceutical developers and manufacturers of drugs of which safety and efficacy could be improved by increased bioavailability provided by the Company's proprietary CESS® technology platform. Through the use of the Company's patented and scalable CESS® technology, the Company presents the potential to improve the bioavailability and efficacy of drugs by decreasing the size of the drugs' API particles. CESS® technology has demonstrated the capability to produce crystalline or stable amorphous nanoparticles below 200 nm, and at times as small as 10 nm, from solution without the use of solvents, excipients or complex production processes. The application of the CESS® technology platform provides an opportunity for the Company's customers to improve and tune the particle properties of APIs, for example, size, shape and polymorph structure, and thereby improve the APIs' solubility and bioavailability. The CESS® technology may reduce the failure of drugs during clinical trials by enhancing the performance and safety of APIs, it may provide new opportunities for drugs previously failed in clinical trials, it may improve the pharmacokinetic properties of drugs (both in the pharmaceutical pipeline and those already on the market), it may provide new commercial opportunities for drugs and it may enable new drugs to reach the market. The Company has not outsourced or outlicensed its patent protected CESS® technology platform, in order to further hinder competitors and customers from copying parts of the Company's technology, service offering and know-how.

As at the date of this Offering Circular, the Company has approximately 50 employees. To date, the Company has received ~ EUR 20 million in funding composed of both equity and debt financing in addition to product development grants. The Company's funding has been used mainly to develop the Company's CESS® technology, to construct a GMP-grade production line and to cover general corporate costs and expenses including, among others, the recruitment of an experienced management team. The Company generated revenue of EUR 49 thousand in 2019 and EUR 150 thousand in the first quarter of 2020 through payments pursuant to its existing customer agreements. By the date of this Offering Circular, the Company has carried out PoC Projects on its customers' APIs. For more information on the number of PoC projects carried out between 2017 and 2019 as well as during the first quarter of 2020, please see "*Selected Financial Information – Key Performance Indicators of the Company*." For more information on the Company's customer agreements, please see " – *The Company's Customers*" below. The Company is seeking admission to First North Premier Finland and First North Premier Sweden primarily to gain access to additional funding from the international capital markets to further its growth. For more information on the reasons for the Offering, please see "*Reasons for the Offering and Use of Proceeds*."

History

While the Company was incorporated in December 2015, its services and technology are the result of more than 10 years of R&D work. The idea that led to the incorporation of the Company stems from 2008 when professors Jouko Yliruusi and Edward Hæggström (the "**Professors**") combined their expertise in pharmaceutical technology and physics. The Professors headed multiple projects at the University of Helsinki financed by the national Center for Technology Development Tekes (now Business Finland) to develop a novel particle engineering technology. During one of the projects conducted at the University of Helsinki, some of the novel particle engineering technologies the Professors had been experimenting with were proven promising and that is how the CESS® process was discovered in 2012. The proof of concept for the CESS® process was delivered the following year. In 2014, the first patent application was filed by the University of Helsinki regarding the CESS® process method and a device that can produce nanoparticles from organic substances. The following year, the University of Helsinki sold and assigned these patents to the Company. Following its incorporation in 2015, the Company has expanded rapidly, transforming into a company with high global ambitions. In 2016, the Company began its first customer project and filed a patent application for its second family of patents. In 2017, the first contract with a major global pharmaceutical

company was signed and the Company conducted a pre-clinical experiment using rats that yielded promising results for piroxicam nanoformed by using the CESS® technology. In 2018, the Company began the planning and construction of a GMP-grade production line and raised EUR 7 million of equity funding in a private placement. In 2019, the Company was awarded the Convention of Pharmaceutical Ingredients ("**CPhI**") Pharma Innovation Award for Excellence in Pharma for Formulation, the Company built an experienced global commercial team, strengthened its organization with the appointment of new renowned members of the Board of Directors, recruited several international pharma specialists to be based in Finland, received funding of EUR 10 million in a private placement and filed for an application for a GMP Certificate with FIMEA. In addition, in 2019, the Company continued its pre-clinical studies in rats. The objective of this testing was to investigate the pharmacokinetics of two different particle sizes of the same anti-inflammatory drug piroxicam ("**PRX**"), nanoformed PRX and micronized PRX. PRX was chosen as it is a widely used model compound for poorly soluble APIs. Compared to the reference micronized PRX, nanoformed PRX had improved pharmacokinetics properties including more rapid absorption and improved bioavailability. For more information on the piroxicam study, please see section " – *Research and Development*" below. The Company opened a subsidiary in the U.S. in January 2020. The Company received the GMP Certificate from FIMEA for its GMP-grade production line on April 29, 2020.

Key historical events

The following table outlines important events in the Company's history:

Year	Events
2015	- Nanoform Finland Ltd was incorporated; - University of Helsinki sold and assigned its patent on a method and device for producing nanoparticles to the Company;
2016	- the Company began its first customer nanoforming project; - a patent application for the Company's second patent family was filed;
2017	- first commercial agreement with a major pharmaceutical company; - the Company conducted a pre-clinical animal experiment on piroxicam using rats with promising results;
2018	- construction of a GMP-grade production line commenced; - private placement of EUR 7 million with Mandatum Life Insurance Company (Sampo Group) as anchor investor;
2019	- the Company won the CPhI Pharma Innovation Award for Excellence in Pharma for nanoforming in Formulation category; - the Company built an experienced global commercial team; - the Company strengthened its organization with new members to the Board of Directors, and several international pharma specialists relocated to Finland; - private placement of EUR 10 million with Mandatum Life Insurance Company (Sampo Group) and Ilmarinen Mutual Pension Insurance Company as anchor investors; - the Company filed for a GMP Certificate with FIMEA; - the results of a piroxicam study indicated a superior pharmacokinetic profile of the Company's piroxicam nanoparticles compared to that generated by micronized piroxicam; - the new commercial team rebranded the company to "Small is Powerful" and raised the profile of the Company in the Europe and U.S;
2020	- the Company founded a subsidiary in the U.S; and - the Company received the GMP Certificate.

Key Strengths

The Company's management believes that the following factors in particular are its key strengths and represent competitive advantages:

Transformative technology

The Company's management believes that the Company possesses a transformative new technology that can facilitate a paradigm shift by significantly increasing the number of drugs that reach the market. The CESS® technology platform developed by the Company is, to the Company's knowledge, the only technology that can improve the bioavailability and efficacy of drugs by decreasing the particle size of the drugs' APIs into crystalline or stable amorphous nanoparticles below 200 nm, and at times as small as 10 nm, from solution without the use of solvents, excipients or complex production processes.

The Company's management deems that the CESS® technology platform provides an opportunity to:

- unsuccessful drug candidates a second chance for market entry;
- improve existing drugs and enable new drugs; and
- enable life cycle management of existing drugs through extension of patent protection, and thereby extending revenue streams.

Key advantages of the technology are also described in the section " – *The Company's Services and Products*" below.

Attractive and large market that needs more efficient solutions

Global spending on drugs reached USD 1.2 trillion in 2018 and the spending is expected to exceed USD 1.5 trillion by 2023.[68] Worldwide sales of the 100 top selling prescription drugs alone totalled USD 306 billion in 2018 and is estimated to grow to USD 357 billion in 2024.[69] The amount of money spent by pharmaceutical and biotechnology companies on R&D in 2018 amounted to USD 179 billion.[70] The FDA approved only 59 drugs in 2018, compared to 22 drugs in 2016 and 39 drugs in 2012, and with a five year average of 44 approved drugs annually between 2015 and 2019.[71] One key reason why so few drugs are approved each year is the low bioavailability of new drugs.[72] It is estimated that 70 to 90 percent of new drug candidates currently in the development pipeline are identified as poorly soluble[73], and the Company's CESS® technology aims to offer a solution to pharma industry's problem of poor solubility (for more information, please see "*Market and Industry Review – Global pharma market drivers and trends – The majority of new drug candidates suffer from poor solubility*").

Sustainable scale up of production

The Company possesses the ability to sustainably scale up its manufacturing capacity in order to ensure a constant supply for its customers. The Company estimates its production lines to be significantly smaller than the ones currently required by competing technologies. Relatively low capital expenditure is needed to expand the number of Company's production lines. The CESS® technology uses no solvents, excipients or complex production processes, and the Company believes that the CESS® technology presents an opportunity to reduce the pharmaceutical industry's manufacturing footprint and burden on the environment. The Company has the ability to implement a closed system to recycle the CO^2 used in its production process, but has not done so to date. The Company plans to implement such a closed system by the end of 2025, and the estimates of investment needs presented in this Offering Circular reflect the costs associated with this. The recycling of CO_2 would additionally contribute to a carbon neutral future.

Attractive business model

The Company's business model is expected to be highly cash-generative and is expected to generate recurring revenues in the future. Due to the negligible cost of input (*i.e*., mainly the use of CO_2), the Company's management expects that the gross margin of the business exceeds 90 percent in the long run. Nanoform's management believes that the Company can provide added value throughout several of the stages in pharmaceutical development, as described below.

A PoC project assesses the possibility to nanoform a specific API and typically takes 2 to 3 months. A PoP project defines the parameters to establish the optimal process and controls for a specific API, and takes approximately 3 to 6 months. The Company's non-GMP service agreements are based on upfront payments and payments over time of the project. The revenue generated by the Company is based on a fixed fee per project, which is estimated to total between EUR 50 thousand and EUR 500 thousand per API per PoC

[68] Source: IQVIA Institute for Human Data Science, The Global Use of Medicine in 2019 and Outlook to 2023, January 2019.

[69] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[70] Source: EvaluatePharma, World Preview 2019, Outlook to 2024, June 2019.

[71] Source: FDA, New Drug Therapy Approvals 2019, January 2020.

[72] Source: EMD Millipore, Solving the Solubility Challenge: A Key Success Factor of Pharmaceutical Formulations, April 2015, original source: GlobalData 2009.

[73] Source: Nikolakakis, I. & Partheniadis, I., Pharmaceutics, Self-Emulsifying Granules and Pellets: Composition and Formation Mechanisms for Instant or Controlled Release, November 2017.

project, depending on the project specific circumstances and EUR 50 thousand and EUR 500 thousand per API per PoP project, depending on the project specific circumstances.

The intention is to nanoform APIs for the Company's customers which would then use the nanoformed APIs in drugs in the customer clinical trials. The Company estimates that it will not carry a direct financial risk on the outcome of the clinical trials. A part of the Company's business model is based on a receipt of a fixed fee from the customer for the supply of the nanoformed API prior to or in the beginning of a clinical trial, and therefore, the outcome of the clinical trial would not affect the payment of the Company's fees on the supply of the nanoformed APIs to its customers. The fixed fee for supply of material for the clinical trials is estimated to total between EUR 0.5 million and EUR 10 million per API per phase, depending on the project and the phase of the clinical trials.

For the customers whose drugs have passed the required applicable clinical trials successfully and have obtained marketing approval, the Company's aim is to supply nanoformed APIs against payment of royalties or royalty-like payments as a percentage of drug sales (the royalty is estimated to be in the range of 1 to 20 percent) or comparable level of money calculated on the basis of supply price per mass delivered (*e.g.,* EUR per kilogram). The Company's management estimates that, after Phase II clinical trials, it would be unlikely in the short- and mid-term that the customers and partners would replace the Company as the supplier of the nanoformed APIs used in their drugs.

Nanoform believes that it has the ability to charge premium prices for its services. To charge significantly higher prices from its services in comparison to prices on the use of other available competing technologies, the services provided by Nanoform shall offer superior value to the customers and the customers shall be willing to pay such premium prices from Nanoform's services. For information on the Company's revenue model, please see " – *The Company's Revenue Model*" below.

Respected and accomplished international multidisciplinary Management Team and Board of Directors

The Company has an experienced multi-disciplinary Management Team with a broad combination of competences and nationalities. All members of the Company's Management Team have a Ph.D. or a university graduate degree and vast cumulative experience in their relevant fields of expertise, which include biologics, chemistry, physics, finance and pharmaceutical sales. The Company's Management Team is experienced in building and running GMP-certified facilities and has experience conducting clinical trials. Members of the Company's Management Team have worked for global CDMOs and global pharmaceutical companies as well as in academia. The members of the Company's Management Team include persons with backgrounds in finance and experience in the public market and who have built and exited companies previously. For example, the CEO of the Company, Dr. Edward Hæggström previously served as visiting professor at Harvard University, as visiting assistant professor at Stanford University and as project leader at the European Organization for Nuclear Research ("**CERN**"). The Company has an experienced Board of Directors, headed by the Chairman of the Board Miguel Calado who previously served as, among others, the CFO at PepsiCo International as well as at the particle engineering CDMO Hovione Group. The nationalities represented on the Company's Management Team include British and Portuguese in addition to Finnish. Further, the members of the Board of Directors consist of citizens of the United States of America, Denmark and Finland. For further information about the Company's Management Team, please see "*The Company's Administration, Management and Auditors – Board of Directors and the Management Team.*"

Strategy

The Company's management believes that the following factors in particular are the Company's key strategic priorities in achieving its business targets:

Accelerating sales momentum

The Company's strategy is to further accelerate sales momentum. The Company has already successfully completed its first customer projects and has had its first next project from its old customer. During 2019 the Company experienced significant interest from the global pharmaceutical market, as evidenced by the more than 200 meetings the Company's global commercial team had by the end of the year and the two new customers it won in the first quarter of 2020 compared to three customers during the whole of 2019. The Company will continue to invest resources in sales and marketing, and has opened up a subsidiary in the U.S. in January 2020 to further strengthen its presence on this key pharmaceutical market. The Company's

aim is to win more new customers in 2020 than in 2019 and increase the number of nanoformed APIs per customer, with the target of nanoforming 50 new APIs annually by 2025.

The Company received a GMP Certificate from FIMEA on April 29, 2020. The Company expects to start the first project to nanoform GMP grade API in 2020. Going forward, the Company aims to transfer an increasing number of its successful non-GMP projects to the GMP environment.

Expanding manufacturing capacity

The Company's strategy is to expand its manufacturing capacity in order to cater to the increasing customer demand. The Company's management estimates that it will have 5 to 10 operating GMP production lines and 15 to 20 operating non-GMP production lines by 2025. At the end of the first quarter of 2020, the Company had six (6) non-GMP production lines and one (1) GMP-ready commercial production line (for which the Company has received a GMP Certificate on April 29, 2020) in its production facility.

Several types of projects

The Company's strategy is to be involved in several types of projects to cater for increasing customer demand. If a customer's API can be successfully nanoformed with the CESS® technology, previously failed drug candidates may be able to enter the pharmaceutical markets (reducing attrition rates). In addition, the Company's CESS® technology platform provides opportunities for life cycle management of existing drugs. Nanoformed APIs can be used to develop and enable, among others, novel dosage forms and delivery mechanisms as well as to enable new indications for existing drugs. Nanoformed APIs of already commercialized drugs may provide opportunities to extend and broaden patent protection by allowing for patents for, among others, new indications, dosage forms and delivery mechanisms. Moreover, the Company's patent protected CESS® technology can by itself provide certain market exclusivity for the drug, to the extent no other company can size reduce the API particle in question with similar characteristics for use in such drugs. The Company's customers may hence be able to extract additional value from such nanoformed drugs compared to other generic versions of the same API on the market, and consequently, the Company may be able to extract a premium margin for the supply of nanoformed APIs to its customers.

In addition, many jurisdictions allow for alternative simplified regulatory pathways for drugs benefitting from APIs for which clinical safety or efficacy data is already available, such as for instance the Section 505(b)(2) of the Federal Food, Drug and Cosmetic Act in the U.S. For more information on alternative simplified regulatory pathways, please see " – *The Company's Revenue Model*" below.

Diversified and broad opportunity profile

The Company's strategy is to be involved in a high number of individual projects representing several types of projects. Such diversified portfolio of projects would ensure that the Company is not dependent on the success of any one project or the entry into market of any one API. The broad opportunity profile of a diversified portfolio of projects also increases the likelihood of such projects succeeding and drugs benefitting from nanoformed APIs entering the market following successful clinical trials and receipt of marketing approval. The entry into market of a drug benefitting from APIs nanoformed by the Company would then allow the Company to extract revenues in the form of royalties and payments for the supply of the nanoformed API for commercial sales by its customer in accordance with the Company's business model.

A broadly applicable tech platform for the pharmaceutical industry

Nanoform's management believes that CESS® represents a broadly applicable technology platform for the pharmaceutical industry. Nanoform's vision is to eventually double the current number of new drugs that reaches the market annually and have an indirect effect with its nanoformed APIs on the lives of 1 billion people treated with drugs benefitting from such nanoformed APIs.

The Company's Near-term and Mid-term Business Targets

The following business targets have been adopted by the Board of Directors of the Company. These business targets contain forward-looking statements that are not guarantees of future financial performance, and the Company's actual results of operations could differ materially from those expressed in connection with these forward-looking statements. Many factors, such as those mentioned under "*Certain matters – Forward-Looking Statements*," "*Risk Factors*" and "*Operating and Financial Review – Key Factors Affecting*

the Company's Results of Operations" may have an effect on the Company's business targets. All business targets mentioned here are targets and thus they should not be treated as forecasts, estimates or calculations of the Company's financial performance in the future.

The Company's near-term business targets for 2020 and 2021 are:

- to start its first GMP project before year-end 2020;
- to acquire more new customers in 2020 than in 2019; and
- to deliver the first dosing of nanoformed APIs in humans in 2021.

The Company's mid-term business targets that it expects to accomplish by 2025 are:

- to nanoform at least 50 new APIs annually;
- to have in place 25 operating production lines of which 5 to 10 are expected to be GMP production lines;
- over 90 percent gross margin;
- approximately 200 employees; and
- to be cash flow positive.

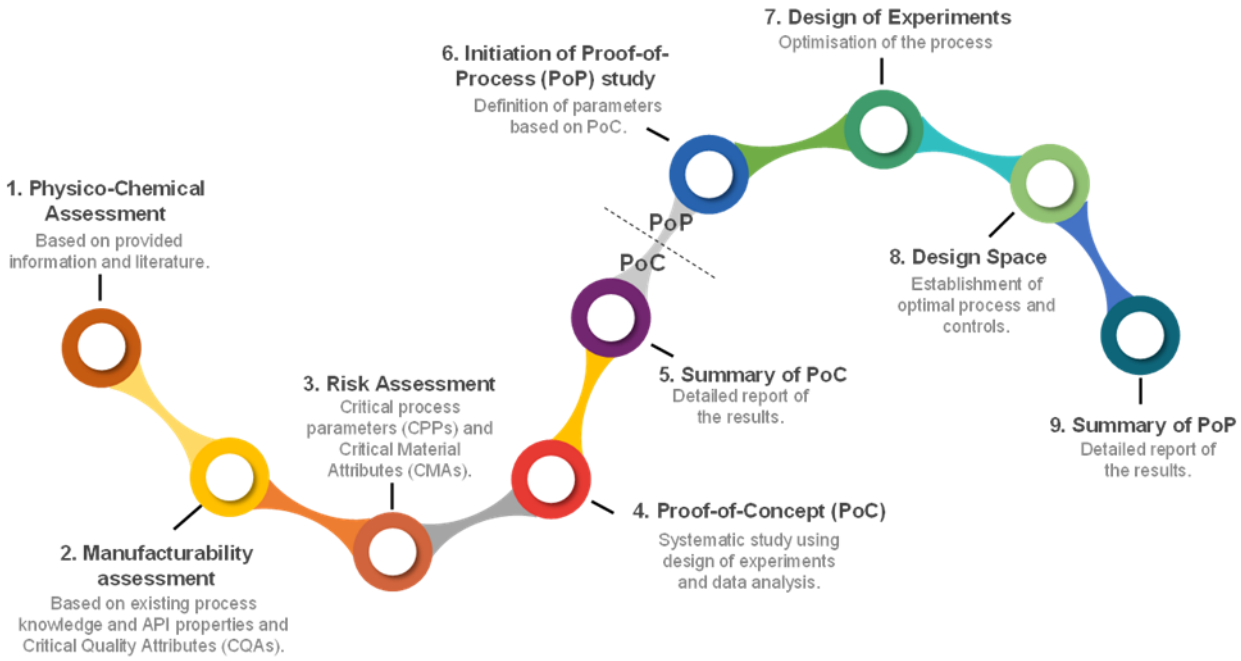
The Company's Services and Products

Service Model

The Company has designed a service model to address the nanoforming of APIs in a structured way. The model starts with an initial assessment of the properties of a specific API and a preliminary assessment of the API's potential processing behavior during the CESS® process based on, among other things, the existing knowledge of the CESS® process, specific properties of the API, and desired particle attributes. After the initial evaluation of the properties of the API, the Company carries out a PoC project. The PoC project determines whether the API can be nanoformed.

Following conclusion of the PoC project, if the customer is interested in progressing the nanoformed API towards clinical development, the Company might determine together with the customer to continue processing such API in a PoP project to establish optimal process parameters and optimal process controls for production of nanoformed APIs, which are intended for clinical use in a GMP environment. Following successful PoC and PoP projects and if agreed with the customer, the Company would supply nanoformed APIs that will be included in its customers' drugs which proceed to clinical trials carried out by the customers and, if the clinical trials are successful, to the market.

Each project typically starts from step 1 but includes unique elements, and hence, not all steps are included in every project. The following graph provides an illustration of the steps until the end of the PoP project on a step-by-step basis:



The non-GMP PoC and PoP projects

PoC and PoP projects are conducted in a non-GMP environment and only require licenses for importing the API to Finland and for using the API for research purposes in Finland. The Company files a notification on the substance used and the purpose of the research with FIMEA. The objective of a PoC project is to identify whether the API can be nanoformed and whether the CESS® technology is suitable for the specific APIs and to prove the suitability of advancing that nanoformed API forward towards clinical development (*i.e.*, clinical trials). The data ascertained by processing APIs allows the Company to predict the processing behavior of certain APIs with increasing accuracy, and thus, the Company can increase its ability to efficiently use resources allocated to a certain PoC project. Furthermore, PoC projects allow the Company to assess APIs to determine the value and the benefit of the CESS® process for the customer's API. As at the date of this Offering Circular, no PoP project has been carried out on a customer's API.

The Company's management believes that the CESS® process's moderate costs, time and significant potential justify the evaluation of the potential of the CESS® technology for both APIs that have not yet been on the market and APIs used in approved drugs. The APIs that have not yet been on the market include, among others, drugs in the development phase and APIs for which the development process has been previously unsuccessful. The APIs that are used in approved drugs may benefit from the Company's CESS® technology by way of, for example, examining the potential for extension of a drug's patent protection.

The objective of a PoP project is to establish optimal process parameters and optimal process controls for production of nanoformed APIs, which are intended for clinical use in a GMP environment. Following successful PoC and PoP projects and if agreed with the customer, the Company would supply nanoformed APIs that will be included in its customers' drugs which proceed to clinical trials carried out by the customers and, if the clinical trials are successful, to the market.

The clinical trials and commercialization GMP phase

The Company has finished the construction of its first GMP-grade production line and received the GMP Certificate from FIMEA on April 29, 2020. The GMP Certificate, and required extensions, as applicable in the future, give the Company the possibility to nanoform APIs included in its customers' drugs that proceed to clinical trials and, if the clinical trials are successful, to nanoform APIs included in its customers' drugs that are available on the market. The Company's management estimates that the first project to nanoform an API with the CESS® technology for use in a clinical trial will start in 2020 and the first dosing in humans will take place in 2021. For more information on GMP Certificate matters, please see " – *Regulation, Standards and Compliance*" below. Part of the Company's business plan is to accumulate clinical data on the effect of nanoforming APIs without delay following the receipt of the GMP Certificate. Such a first GMP-project and related clinical trial could be either a clinical trial sponsored by one of the Company's customers or the

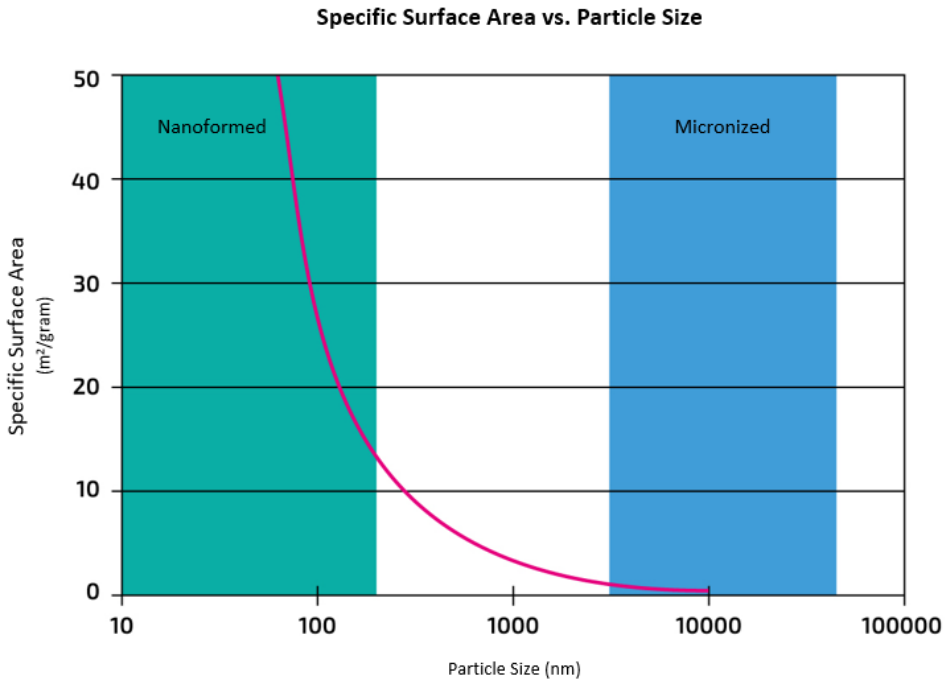
Company itself. If the Company itself sponsors a clinical trial, such clinical trial would be with nanoformed piroxicam in a small number of healthy volunteers and would take place in 2021. For certain additional information on regulatory requirements for clinical trials and the Company's preparations related to a possible clinical trial sponsored by it specifically, see " – *Material Agreements – Quotient Agreement*", " – *Regulation, Standards and Compliance – Good Clinical Practice Standard*" and "*Risk Factors – Legal, Regulatory and Compliance Risks - If the Company undertakes to sponsor a clinical trial, the Company would be subject to additional regulatory requirements, including among others Good Clinical Practice ("GCP") requirements, which, if not fulfilled, could result in the Company's operations being limited or suspended and the Company incurring monetary and criminal penalties*".

The CESS® Technology Platform

Nanoform's management estimates that the Company may be the only one that has been able to demonstrate the ability to nanoform APIs to crystalline or stable amorphous nanoparticles below 200 nm, and at times to as small as 10 nm, from solution without solvents, excipients and complex production processes. The Company's proprietary CESS® technology platform provides the opportunity for significant increase in solubility and bioavailability of selected APIs by increasing the specific surface area of nanoformed API particles and hence increasing the intrinsic solubility of those APIs. Improved bioavailability implies higher absorption of a drug by the body's circular system. When the (API) particle size is reduced from 10 micron size particle to 100 nm, the aggregate specific surface area of 100 nm particles increases 30-fold compared to the particle specific surface area of one 10 micron size particle with the same mass. However, if the particle size can be reduced to below 50 nm, the surface increases by 1,000-fold compared to a 10 micron size particle. This increase in specific surface area provides a significant increase in dissolution rate and affects the intrinsic solubility of the molecule.

The Company considers that an API is nanoformed if, within a certain production batch, the particle size of the processed APIs is below 300 nm. The particle size of the nanoformed APIs depends on a variety of factors, including the ability to control the nucleation and growth of the API nucleates in question. To date, the Company has been able to successfully produce nanoparticles with its CESS® technology in the sub 300 nm range of over 80 percent of the APIs processed. However, as this is based on a small sample of all known APIs, this success rate may not be representative for all existing or future APIs.

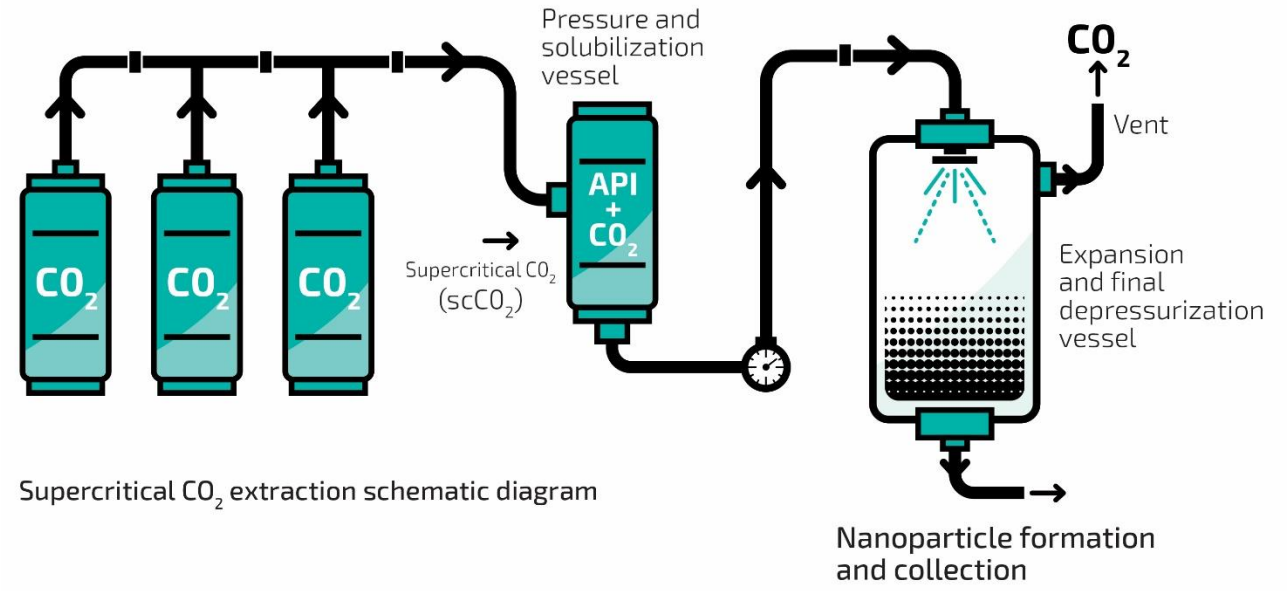
The following graph provides an illustration on the increase of a specific surface area of a particle when the particle size is reduced:



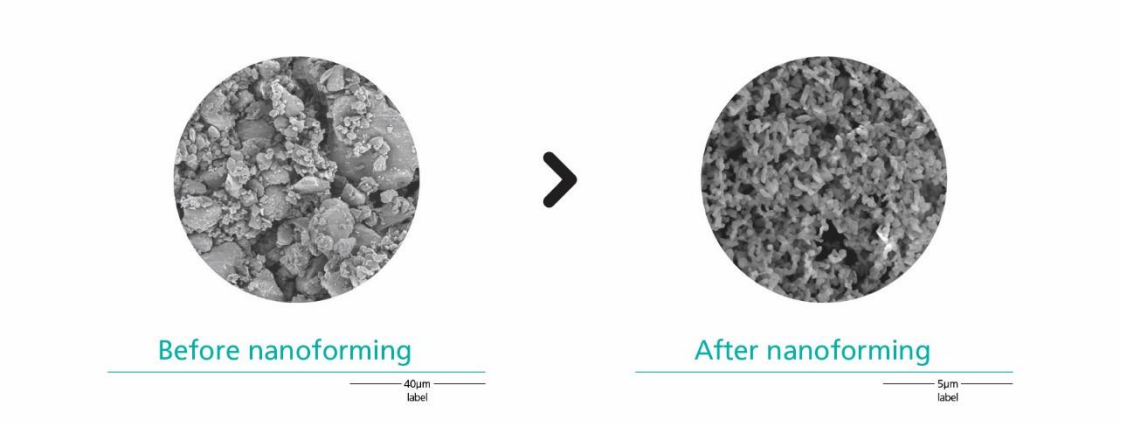
Nanoforming process with CESS® technology

In the CESS® process, supercritical CO_2 is guided into a pressure vessel loaded with API powder. The increase of pressure and temperature in the solubilization vessel dissolves the API in supercritical CO_2. Then the supercritical CO_2 and the API are released from the pressure and solubilization vessel and among other things the flow, pressure and temperature profiles are accurately controlled. In the tube, the pressure and temperature are controlled to achieve a stable nucleation phase and formation of nanoparticles. Lastly, the CO_2 is sublimated in the final depressurization vessel resulting in CO_2 as a by-product and final nanoparticles ready for collection and formulation in a nanoparticle collection vessel. The use of supercritical CO_2 enables an environmentally friendly particle engineering process. The process uses pharmaceutical grade CO_2 that is free from excipients and organic solvents.

The following graph provides a schematic illustration of the nanoforming process using the Company's CESS® technology:



The electro-microscopical pictures below illustrate the change in structure of an API before and after nanoforming with the CESS® technology:



The CESS® technology allows scalable production of nanoformed APIs. The Company has been able to significantly increase the throughput of the CESS® technology over time. This is evidenced by its work on the API piroxicam, where the Company can currently produce particles at rates exceeding 100 grams per hour per production line compared to 0.0001 grams per hour per production line in 2013. However, the production rates are dependent on, among other things, the API in question and the targeted particle properties.

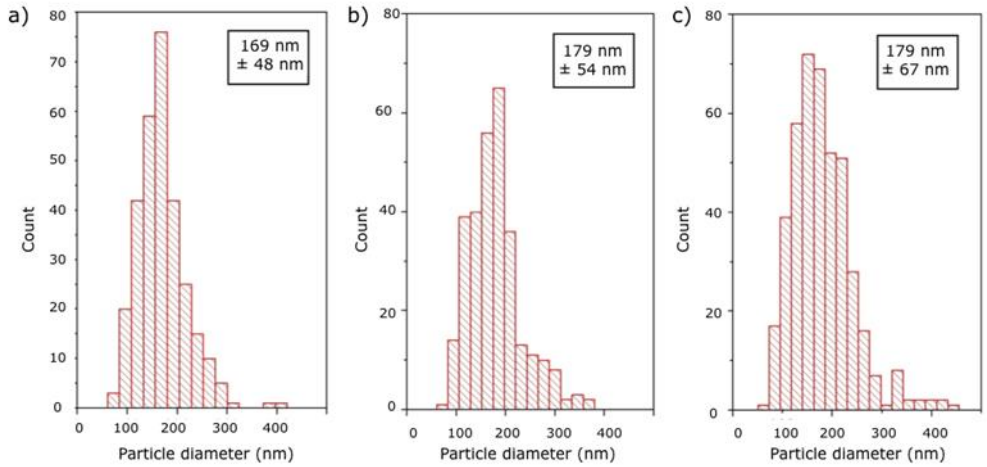
Future technology development of the Company focuses on maximizing the probability of nanoforming an API. The development work also focuses on further increasing API throughput per line. Nanoform's

management estimates that production of several kilograms annually is sufficient to meet commercial demand for the high-value density APIs that the Company primarily targets. Nanoform's management believes that it will be able to build out the Company's manufacturing capacity per line as well as adding parallel lines because of the relatively low capital expenditure requirements for a single production line. In addition, a manufacturability specialist has been employed by the Company and a manufacturability assessment framework is being developed. One of the manufacturability requirements is throughput, which the Company looks to improve both from a technology perspective and from process improvements.

The development of the manufacturing capabilities presented on the number of APIs nanoformed and throughput of nanoformed piroxicam by g/h per production line is indicated in the following table:

Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Number of APIs	1	3	7	10	14	18	30+
g/h per production line	0.0001	0.001	0.01	0.1	1+	10+	100+

Batch-to-batch reproducibility is a regulatory and customer requirement for manufacturing of APIs for human use. The following diagrams illustrate with nanoformed piroxicam that the CESS® technology offers a reproducible process and that the nanoformed APIs have demonstrated a high batch-to-batch reproducibility between batches a), b) and c) presented below:



In addition, a three-year stability study made with piroxicam in room temperature showed no change in crystallinity, particle size or chemical purity of nanoformed APIs.

The Company has also developed proprietary and patented analytical technologies to analyze the dissolution of particles nanoformed using the CESS® technology. These proprietary analytical technologies strengthen what Nanoform's management believes is a unique service offering in the field of nanoparticle engineering. Including such analytical technologies as part of the Company's service offering supports the Company's internal R&D work as well as quality assurance and control of nanoformed APIs.

Key Advantages of CESS® Technology

The Company's CESS® technology is continuously developed, and Nanoform's management believes that the CESS® technology and nanoformed APIs offer significant opportunities from a commercial, societal and environmental perspective.

As a result of over 10 years of development work, the Company has accumulated significant know-how and data on how to control the different processing parameters to achieve the intended particle properties (*i.e.*, size, shape and polymorph structure), and thereby improve the APIs' solubility and bioavailability for a range of different APIs, as described in more detail in the section *" – Research and Development*" below. The Company continues to invest in its R&D activities and constantly accumulates know-how and data through the processing of new APIs. Nanoform's management estimates that the accumulation of data and know-how, together with its proprietary StarMap® database developed under the leadership of its Head of Artificial Intelligence, Dr. Jukka Corander, provides the Company with a steadily growing additional competitive advantage by deepening Nanoform's understanding of how APIs' physical and chemical characteristics

influence the processing parameters in the CESS® process and the resulting solubility and bioavailability. StarMap® is developed to predict and identify the processing parameters necessary to achieve specific particle properties and the value of the CESS® process for different APIs to solve solubility and bioavailability problems. StarMap® helps the customers and the Company select the most suitable API candidates for nanoforming. Please see more information on StarMap® under " – *Research and Development"* below.

Based on the results derived from studies on nanoformed piroxicam, nanoformed APIs in formulation enable pharmacokinetic improvements resulting in enhanced rate of dissolution, increased bioavailability and solubility. These results, described in further detail in the section " – *Research and Development*" below, indicate an opportunity to reduce the dose of the drug and reduce side effects. In addition, the Company's management believes that the CESS® technology provides significant opportunities for its customers by potentially:

- reducing attrition rates during clinical trials by enhancing molecular performance and safety of APIs;
- providing opportunities for life cycle management of existing drugs by enabling extensions of market exclusivity directly by possible patents for new formulations, dosage forms, and indications, and indirectly through the application of the proprietary CESS® technology;
- enabling the development of new drugs, such as ocular, respiratory and transdermal drugs as well as for new fixed drug combinations;
- improved patient compliance due to potentially smaller tablets or less stringent dosing regiments (such as ability to take the drug with or without food);
- reduced toxicity by reduced required dose;
- reduced side effects by reduced required dose;
- reduced manufacturing costs and capital expenditure through reduced production quantities as result of a reduced required dose;
- reduced manufacturing volume waste and footprint through reduced production quantities as a result of a reduced required dose;
- improving the carbon footprint for manufacture and shipping of materials globally, through reduced production quantities as a result of a reduced required dose; and
- reduced in excretion of unabsorbed drugs from the human body as a result of a higher rate of bioavailability.

Nanoform's management believes that the following are key advantages of the CESS® technology platform:

- demonstrated ability to nanoform drug particles below 200 nm, and at times to as small as 10 nm;
- demonstrated ability to produce crystalline or stable amorphous nanoparticles;
- a technology free from solvents, excipients and complex production processes;
- a process that uses only CO_2, which is generally recognized as safe and is in practice in itself sterile;
- demonstrated reproducibility;
- it represents a green technology with the further opportunity to implement a closed system to recycle CO_2;
- a high yield process; and

- low investment requirements compared to many competing technologies.

For information on certain presently used particle size reduction technologies see section "*Market and Industry Review – Presently Used Technologies*" above.

Further, Nanoform's management believes CESS® offers a substantial commercial opportunity for Nanoform's partners and Nanoform as described in " – *The Company's Revenue Model*" below.

The Company's Revenue Model

The Company has an attractive business model with a diversified risk profile because the Company does not carry the costs or risks of drug development, and because it is not dependent on a single drug or customer.

To date, the Company has sought to develop and commercialize its services by entering into agreements for non-GMP services consisting of PoC projects with its customers. For more information on the Company's services, please see " – *The Company's Services and Products*" above. Per API, the length of a PoC project is approximately two to three months and the length of a PoP project is approximately three to six months. The Company's non-GMP service agreements are based on upfront payments and payments over time of the project. The revenue generated is based on a fixed fee per project, which is estimated to total between EUR 50 thousand and EUR 500 thousand per API per PoC project, depending on the project specific circumstances and EUR 50 thousand and EUR 500 thousand per API per PoP project, depending on the project specific circumstances.

Going forward, and subject to successful completion of PoC and PoP projects, the Company's aim is to derive an increasing share of revenue from GMP production for clinical trials that are carried out by its customers using drugs benefitting from nanoformed APIs. The duration of clinical trials vary depending on, among other things, the phase of the clinical trial (Phase I–III), the scope of the clinical trial, the indication for which the drug is intended and the properties of the drug in question. The Company foresees that it will supply nanoformed APIs for its customers in the beginning of clinical trials and receive payment regardless of the outcome of the trials. Nanoform's management estimates that, after Phase II clinical trials, it would be unlikely in the short- and mid-term that the customers would replace the Company as the supplier of the nanoformed APIs used in their drugs. The revenue generated would be based on a fixed fee for supply of material for the clinical trial which is estimated to total between EUR 0.5 million and EUR 10 million per API per phase, depending on the project and the phase of the clinical trials.

For the customers whose drugs have passed the required applicable clinical trials successfully and have obtained marketing approval, the Company's aim is to supply nanoformed APIs against payment of royalties or royalty-like payments as a percentage of drug sales (the royalty is estimated to be in the range of 1 to 20 percent) or comparable level of money calculated on the basis of supply price per mass delivered (*e.g.*, EUR per kilogram).

In addition, Nanoform sees significant potential in alternative simplified regulatory pathways, such as section 505(b)(2) in the U.S., related to drugs benefitting from APIs for which clinical safety or efficacy data is already available. Such alternative regulatory pathways may allow the Company's customers to bypass some of the steps in comparison to the approval process of drugs benefitting from APIs entering the market for the first time, and thus, provide for the Company's customers a less expensive and quicker route to market approval. An expedited entry into market of a drug benefitting from the Company's technology would correspondingly allow the Company an expedited opportunity to extract revenues in the form of royalties and payments for the supply of the nanoformed API for commercial sales by its customer in accordance with the Company's business model.

Nanoform's management estimates that the Company will be cash flow positive by 2025. For more information on Nanoform's business targets, please see " – *The Company's Near-term and Mid-term Business Targets*" above.

The Company's Customers

A significant part of the Company's current income is derived from a few customers. Nanoform's strategy is, however, to nanoform at least 50 new APIs annually as described in section " – *The Company's Near-term and Mid-term Business Targets*" above.

The following table sets out the Company's customers as at the date of this Offering Circular, the time of signing of the agreement with the Company and the type of service the Company is carrying out for each customer:

Customer	Agreement signed	Service
AstraZeneca AB ("**AstraZeneca**")	September 2019	Assess the added value that CESS® could deliver across AstraZeneca's pharmaceutical value chain
Major U.S. pharmaceutical company	October 2019	PoC project on the potential of the CESS® technology for the customer
U.K. based biotechnology company	January 2020[1]	PoC project on the potential of the CESS® technology for the customer
Orion Corporation	March 2020	Project to improve the bioavailability and solubility of selected early-development compounds
Major global pharmaceutical company	March 2020	PoC project on the potential of the CESS® technology for the customer

1) Mutual understanding was achieved at the end of 2019, but the agreement was not signed until the beginning of January 2020.

The Company works closely with its customers to provide them with a level of comfort regarding availability of the Company's services. Nanoform's management believes that if the Company satisfies its customers' needs and demonstrates a level of sustainability, customers would become comfortable with the Company's service and have fewer incentives to require secondary and additional suppliers. In addition, Nanoform's management believes that an excellent compliance record would help to ensure product availability and encourage customers to place more business with the Company.

For more information on the Company's services, please see " – *The Company's Services and Products – Service Model*" above, for more information on the Company's revenue model, please see " – *The Company's Revenue Model*" above and for more information on regulatory matters, please see " – *Regulation, Standards and Compliance*" below.

Sales and Marketing

Commercialization

The Company has built its own global commercial team which aims at strengthening Nanoform's brand awareness and trust by introducing the CESS® technology platform to pharmaceutical and biotechnology companies. The Company's sales function as at the date of this Offering Circular consists of three full-time employees, and is supported by a number of the Company's other functions and outside consultants.

In 2018, the Company started building its global commercial team, and in 2019, the Company started active global sales and marketing. The team is led by the Chief Commercial Officer Christian Jones based in the U.K. and supported the Chief of Business Operations Dr. Gonçalo Andrade based in Portugal. Both of the afore-mentioned have significant experience in the pharmaceutical industry. The global commercial team has brought in industry contacts and expertise to perfect the Company's pricing and revenue model as well as to shift focus from the Company's technology development to commercialization. Interest among the companies in the global pharmaceutical industry in CESS® technology has been high, and the Company held more than 200 meetings with prospective customers in 2019.

The Company opened a subsidiary in the U.S. in January 2020 and is currently in the process of filling of the position of the Head of U.S. Sales. Nanoform intends for the Head of U.S. Sales to drive business development in this key pharmaceutical region, building on the traction the Company has already gained in the U.S. to date. Nanoform's sales function aims to accelerate the exposure of the Company's CESS® technology platform to major pharmaceutical and biotechnology companies in the market. In addition to the U.S. market, Nanoform's global commercial team also focuses actively on the European market and reactively on the Asia Pacific market at this time.

Marketing and communication

The Company conducts marketing via multiple channels and utilizes Notch Communications Ltd ("**Notch**"). Notch is a U.K. based global marketing and communication agency with expertise on the global pharmaceutical industry. Notch supports the Company in marketing on a continuous basis. In addition to

Notch, Cord Communication (CordCom Consultants AB), a Sweden based marketing and communication agency supports the Company's corporate communications relating to financial and regulatory purposes.

With the assistance of third-party marketing and communication experts, the Company invests in its website and social media activity. During the past year, the international interest towards the Company has grown significantly. The Company's website (www.nanoform.com) has visitors from all around the word with the top five countries in August and December 2019 being Finland, the U.S., the U.K., Sweden and India.

The Company's Production

The Company's production is concentrated to its production facility located in Helsinki, Finland. These facilities host the Company's non-GMP production consisting of six (6) non-GMP production lines as well as the newly built GMP-ready production line (for which the Company has received a GMP Certificate on April 29, 2020) as at March 31, 2020 for APIs nanoformed for drugs proceeding to clinical trials. There are different categories of GMP production lines based on the type of API to be handled, for instance, Safebridge Category 3a (occupational exposure limit ("**OEL**") >1 mcg/m^3), Category 3b (OEL >30 ng/m^3), Category 4 (OEL >1 ng/m^3) and Cytotoxic or Sterile lines. The Company's first GMP production line is a Category 3a line. The more advanced a GMP production line is, the higher the price of the GMP production line.

The non-GMP and GMP production lines represent substantial investments by the Company and form an integral part of Nanoform's growth strategy. The Company's management estimates that each non-GMP production line costs between EUR 200 thousand and EUR 400 thousand, and each GMP production line costs between EUR 2 million and EUR 12 million depending on characteristics of the line in question. For example sterile and high-potent lines are relatively more expensive to build. Building a non-GMP production line takes approximately 4 to 6 months whereas building a GMP production line takes up to two years. However, multiple lines can be built in parallel. The Company's management estimates that the GMP-grade production lines will be depreciated over 7 to 10 years upon the receipt of the GMP Certificate.

The Company aims to initiate its first GMP project during 2020. Once a GMP Certificate is granted for an API, the Company can supply GMP grade nanoformed API. Nanoform's management estimates that after having received its initial GMP Certificate on April 29, 2020, receiving extension GMP Certificates for specific new APIs will be a more routine process. A GMP-grade, nanoformed API can be formulated by the customer into drugs for delivery to humans in clinical trials.

On the GMP side, chemical analysis (*e.g.*, identification of the API and determination of purity) will be outsourced until the Company builds in-house GMP quality control capability. The Company expects to build the in-house capability during the next five years, and the investments in personnel and equipment are included in the Company's plan for use of proceeds. For more information on the use of proceeds, please see "*Reasons for the Offering and Use of Proceeds – Use of Proceeds*."

Research and Development

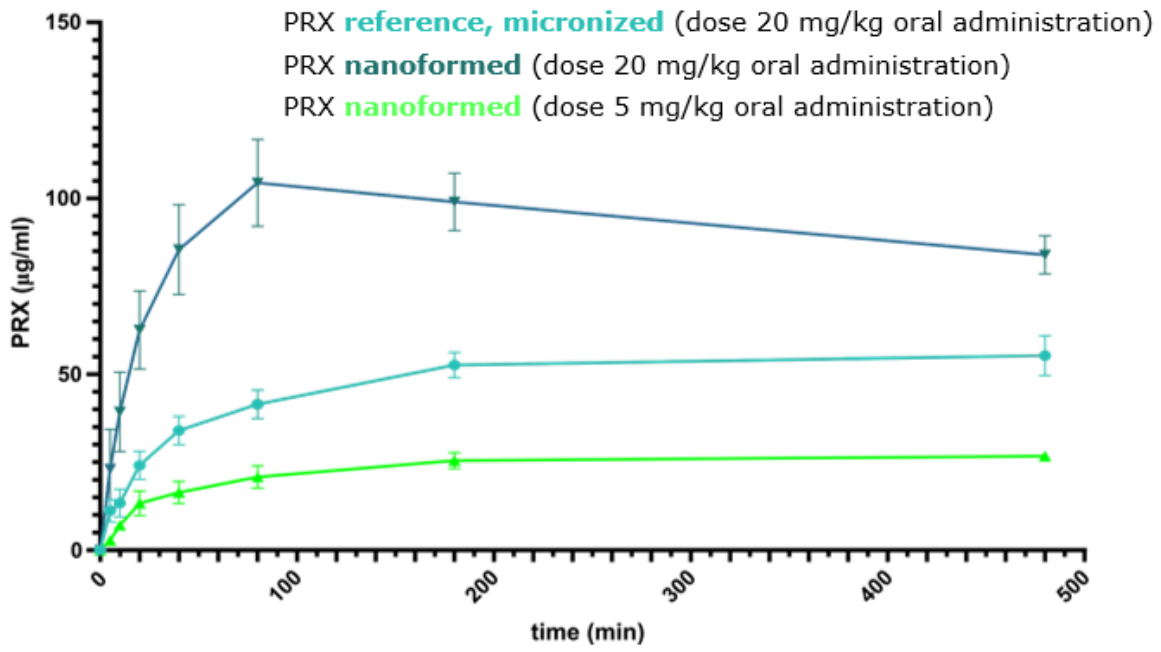
The Company's CESS® technology is the result of years of dedicated R&D work. The Company continues to be an R&D driven company that sees significant opportunities to both enhance its current service offering within the fields of nanoforming, formulation and analytics, as well as to develop new innovative solutions for the pharmaceutical industry. The Company's R&D activities are concentrated in Helsinki, Finland. The Company operates in close proximity to and in close collaboration with one of the leading academic research institutions and universities, the University of Helsinki, which, through Helsinki University Funds, is as at the date of this Offering Circular, the largest shareholder of the Company. The Company pursues its R&D work both through specific internal projects and in close collaboration with customer service teams.

Until 2019, the overall focus of the Company has been on technology development and during 2019, the Company started to focus on commercialization besides the technology development. The Company has a small internal formulation team, which has been formed in the second half of 2019 and is headed by Adj. Professor Satu Lakio. The formulation team assists clients with formulation of nanoformed material. The Company's R&D work has historically focused on small chemical molecules. In addition, the Company has done R&D on biologics initiatives under the Company's Head of Biologics, Dr. Maria Lume for ~ 2 years. The R&D expenses have ranged from approximately EUR 450 thousand to approximately EUR 1 million for the years 2017–2019 (for more information, please see "*Operating and Financial Review – R&D expenses*").

Pre-clinical test results

As an example of resent R&D, a pre-clinical test was conducted in 2019 by the Company to investigate the pharmacokinetics of two different forms of anti-inflammatory drugs, nanoformed PRX by using the CESS® technology and micronized PRX. The study indicated that nanoformed PRX with 20mg/kg oral dose in rats had superior pharmacokinetic properties with faster time of maximum concentration observed ("**T_{max}**"), higher concentration ("**C_{max}**") and larger exposure ("**AUC**") compared to the micronized PRX. In addition, the study showed that using 200 nm to 300 nm particles the Company could potentially achieve a 54 percent dose reduction compared to the approximately 2 micron particle size material as the AUC was increased by 54 percent. The test showed that nanoforming the API resulted in more rapid absorption and improved bioavailability compared to the reference formulation.

The following graph sets forth the pharmacokinetic properties of nanofomed PRX in comparison to micronized PRX.

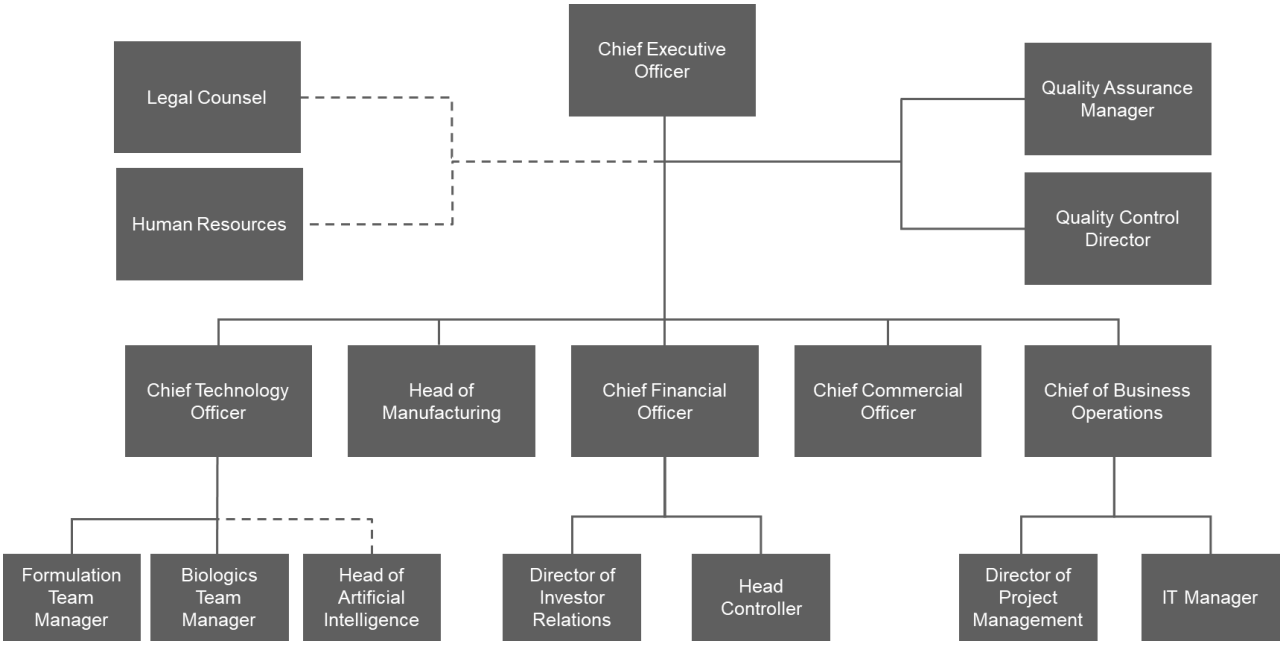


StarMap®

The Company has an ongoing project named StarMap®, a database to leverage computational models and sparse data artificial intelligence methods to identify the best processing parameters required for specific particle properties to solve solubility and bioavailability problems and to predict the value of the CESS® technology process for customers' different APIs. The increasing number of APIs processed by the Company over time allows it to accumulate know-how and data on how to control the processing parameters. To date, the processing of 30+ APIs provides already significant data points for StarMap® and allows the Company to build its own internal body of knowledge about the conditions it can use to obtain certain critical quality attributes of the APIs, which the Company may process in the future. In addition, the Company can improve its first time right metrics with StarMap®. The Company believes that StarMap® will over time provide an additional competitive advantage through helping lower the cost of processing of new APIs, faster optimization times for specific APIs and deepening the Company's understanding of how drug candidates' physical and chemical characteristics influence solubility and bioavailability. StarMap® enables prediction of nanoforming success for new APIs, and creates an efficient particle engineering process with consistent and iterative improvement of the production process by implementing deep learning. StarMap® is developed under the management of the Company's Head of Artificial Intelligence Dr. Jukka Corander, who is an external consultant.

Organization and Personnel

Nanoform's organization is illustrated in the following diagram:



Note: The dotted line indicates that the work of Legal Counsel, Human Resources and Head of Artificial is carried out by external consultants.

As at the date of this Offering Circular, the Company employed 51 employees including the CEO of the Company. As at March 31, 2020, the Company employed 50 employees including the CEO of the Company. The Company employed 43, 19 and 12 employees at the end of the financial years 2019, 2018 and 2017, respectively. During the financial years 2019, 2018 and 2017, the average number of employees was 33, 17 and 12, respectively.

The number of employees including the CEO per function as at March 31, 2020 has been set forth in the below table:

Number of employees per function	**As at March 31, 2020**
R&D function	17.5[1]
Sales function	4
Administrative function	11
Production	6
Quality control	8
Quality assurance	3.5[1]
Total	**50**

1) Dr. Niklas Sandler works partly in the R&D function and partly in Quality assurance.

As at March 31, 2020 out of the 50 employees including the CEO of the Company 46 were in Finland, one (1) in Sweden, one (1) in the U.K., one (1) in Portugal and (1) in the U.S. The Head of U.S. Sales, a member of the Company's Management Team, left the Company on March 31, 2020. As at the date of this Offering Circular, the Company does not have any employees in the U.S. but is pursuing to recruit U.S. sales force.

The Company's international and multidisciplinary team, including the Company's CEO, employees and consultants, consists of 9 nationalities and out of which 18 have a Ph.D. degree from different scientific fields, such as physics, pharma and biologics. The Company has recruited industry experts to key roles and five (5) of them have relocated to Finland for crucial operational duties. The Company's aims to continue to recruit employees with top expertise in the global pharmaceutical industry in addition to the further recruitment of experts throughout the organization including, among others, current key recruitment initiatives within quality assurance, quality control, R&D function and production operations.

The Company's values consist of innovation, quality, partnership and transparency, and the Company has created an environment that promotes the development of the skills of its employees. The Company follows the collective labor agreements in the chemical industry.

In addition to the Company's employees, the Company benefits from a network of consultants and senior advisors including, among others, Mike Rea for strategic innovation, Antti Iitiä for clinical development, Professor Mart Saarma for biologics, Hanna-Maija Koponen-Piiroinen for regulatory affairs and Adj. Professor Jari Hovinen for patents. In addition, Rabbe Klemets, the former Chairman of the Board of Directors of the Company, has taken the role of senior advisor to the CEO of the Company.

Legal Structure

As at the date of this Offering Circular, the parent company, Nanoform Finland Plc, has one wholly owned subsidiary, Nanoform USA, Inc., ("**Nanoform USA**") which was incorporated in Delaware, U.S. in January 2020. The Company is responsible for, among others, the management as well as finance and accounting functions, human resources, legal affairs and corporate communication of both, itself and Nanoform USA. The Company is also responsible for the operative business relating to the CESS® technology and other services offered to customers. The main responsibility of Nanoform USA will be sales, brand building and marketing in the U.S. market.

Real Estate and Leases

The Company's head office and production facilities are located in leased premises in Helsinki, Finland. The premises are at the Viikki Campus of the University of Helsinki, which is a base for several university faculties and independent units operating in the field of life sciences. The lease agreements are either open-ended agreements or fixed-term agreements. For more information about the leases, please see "*Operating and Financial Review – Critical Accounting Estimates and Significant Management Judgements – Leases.*"

Nanoform USA does not yet lease or own any real property.

Material Agreements

Besides those mentioned below, the Company has not concluded any (i) material agreements outside the scope of its ordinary business during the two financial years preceding the publication of the Offering Circular in 2020 or (ii) any agreements outside the scope of its ordinary business, based on which the Company would be subject to significant obligations or hold significant rights at the date of the Offering Circular.

Quotient Agreement

In February 2020, the Company signed an agreement with Quotient Sciences Limited ("**Quotient**") ("**Quotient Agreement**"). According to the Quotient Agreement, the Company may request Quotient to perform research and other services in relation to pharmaceutical products, including clinical trials. In the clinical trials carried out by Quotient, the Company may test their piroxicam nanoparticles in a tablet formulation, in comparison to a reference marketed immediate release piroxicam tablet.

Business Finland R&D Loans

The Company has entered into three repayable R&D loan agreements with Business Finland with a total nominal debt of EUR 1,469 thousand. The R&D loans are repayable in several instalments and the final loan repayments are due over the course of 2022-2028.

Contractual terms of the R&D loan agreements allow Business Finland to accelerate the repayment of the R&D loan partially or wholly. Generally, these acceleration clauses relate to, amongst others, (i) non-agreed use of the loan; (ii) cancellation or transfer of the project; (iii) provision of misleading or false information significantly affecting the R&D loan decision; or (iv) the financial conditions of the Company.

The Company must notify Business Finland in advance, when any significant ownership structure arrangement takes place during the project, after five years from the final payment of the financing or before the R&D loan has been repaid in total. If the Company omits the notification obligations, Business Finland may accelerate the R&D loans.

Option programs

The Company has established option programs covering, among others, certain employees, members of the Board of Directors and the Management Team. As at the date of this Offering Circular, under the Company's

options programs, a total of 2,090,000 stock options are outstanding. As at March 31, 2020, the number of exercisable stock options was 1,285,774. For more information on options programs, please see "*The Company's Administration, Management and Auditors – Management Remuneration and Incentive Schemes – Incentive Programs,*" and "*The Shares and Share Capital of the Company – Option Programs*."

Shareholders' agreements concerning the Company

All current shareholders of the Company have entered into a shareholders' agreement concerning the Company (the "**Shareholders' Agreements**"). The Shareholders' Agreements shall terminate as and when the trading of the Shares commences on First North Premier Finland and First North Premier Sweden.

Underwriting Agreement

In connection with the FN Listing, the Company will enter into an underwriting agreement with the Managers on customary terms and conditions on or about June 3, 2020 (the "**Underwriting Agreement**"). For more information on the Underwriting Agreement, please see "*Plan of Distribution in the Offering – Underwriting Agreement*."

Investor Relations Director Agreement

The Company and the Company's Investor Relations Director (Henri von Haartman) have entered into an Investor Relations Director Agreement on May 20, 2019 whereby the Company's Investor Relations Director is entitled to a variable pay component of the capital raised by the Company including and until the potential FN Listing. The variable pay component payable to the Company's Investor Relations Director as a consequence of the potential FN Listing or any other equity financing transaction is 3 percent of the capital raised from investors, less direct expenses, including fees for the financial advisor, is up to an aggregate maximum of EUR 1.2 million. The variable pay component will be subject to applicable employer side costs. The variable pay component is paid to the Company's Investor Relations Director within 3 months of the FN Listing. The Company's Chief Financial Officer has a similar arrangement with the Company, please see "*The Company's Administration, Management and Auditors – Management Remuneration and Incentive Schemes – Incentive Programs*."

Lock-up Agreements

In connection with the FN Listing, the Sellers and the Joint Global Coordinators are expected to agree on certain restrictions on transfer of Shares through lock-up agreements. For more information on lock-up agreements, please see "*Terms and Conditions of the Offering – Lock-up*" and "*Plan of Distribution of the Offering – Underwriting Agreement – Lock-up*."

Environmental, Health and Safety Matters

The CESS® technology is expected to cause significant reduction in total production volumes of APIs and thus lead to a relatively smaller manufacturing footprint. The CESS® process creates little waste as only CO_2 and the API provided by the customers are combined without the use of solvents or excipients in a simple process. The CESS® process has a high production yield and requires a small production line. In addition, Nanoform uses CO_2 in the CESS® process, and the CESS® technology offers the possibility for a reduction of the CO_2 emissions through recycling of the CO_2 used in the process. In October 2018, the CESS® process was presented to the environment committee's environmental and permits sub-committee of the city of Helsinki which concluded that the Company's current operations do not require an environmental permit because the quantities of chemicals utilized in the CESS® process are small.

To the Company's knowledge, it has not had incidents related to disposal, spill, leakage, deposit, emission, discharge or release of any harmful substance, material, or waste into the air, surface water, ground water, sea, sediments, buildings, biodiversity, waste fills, sewerage system, or soil at any of the properties leased by it. All chemicals used by the Company must have a Material Safety Data Sheet ("**MSDS**") or similar document in which safe handling and other relevant topics are discussed and described. This does not concern chemicals classified as "Generally Recognized as Safe." The Company uses substances that are hazardous to the environment or health in its operations. Nevertheless, the quantities of those chemicals are small, and the substances are handled by employees according to the MSDS and other relevant safety documents. The Company has in place a hazardous waste management operating policy and standard operating procedures for the handling of API material, and any excess API material that is not returned to the

customer is delivered to the Fortum Waste Solutions Oy hazardous waste center located at Riihimäki, Finland or a comparable facility. Based on the assessment of Nanoform's management, due to the small amount of handled hazardous waste and hazardous waste management operating policy, no separate insurance for potential damages caused by such waste is needed at the moment.

In October 2019, the Southern Finland Regional State Administrative Agency (*Etelä-Suomen Aluehallintovirasto*) (the "**Regional State Agency**") carried out an occupational safety inspection at the Company's production facility. The Regional State Agency had neither comments concerning the chemical, occupational and environmental safety aspects of the Company's operations nor on the necessity of obtaining environmental permits.

Intellectual Property

The Company has control over its nanoforming activities taking place in its production facilities in Helsinki, Finland. The Company owns the IPRs related to the CESS® technology, whereas its customers own the APIs and any IPRs related to the APIs independently of the technology used for nanoforming. Should the customer choose to take its drug to market utilizing the Company's technology they will need to enter into an agreement with the Company in order to commercialize their drug.

The Company's IPRs comprise patents, trademarks, domain names and unregistered IPRs, such as copyrights, know-how, trade secrets (covering, among other things, non-public aspects of the CESS® technology platform and other technologies and processes of the Company). Based on the Company's view, the strategy of non-out-licensing of CESS® technology and the protection provided by IPRs provide the Company with a competitive advantage by preventing competitors and customers from copying parts of the Company's technology, service offering and know-how. The Company works constantly to develop its technology and to extend the relevance of its technology portfolio in the long term.

The Company endeavors to actively protect its technology portfolio and the inventions and improvements that are commercially important to its business, whether developed internally or jointly, or licensed or acquired from third parties. This includes seeking, maintaining and defending patents and other IPRs. The Company relies on continuing R&D, collaboration opportunities as well as potential acquisition and in-licensing opportunities to develop, strengthen and maintain its IPRs and competitive position.

In addition to the Company's internal R&D efforts, the growing number of processed APIs continues to solidify the Company's understanding of the CESS® technology and how to optimize it for different future APIs and different desired particle attributes. This forms a significant part of know-how important to the Company. Thus, the Company seeks to protect its proprietary information including trade secrets and confidential know-how, in part, using confidentiality agreements with collaborators, customers, advisors, service providers, employees and consultants.

The Company owns trademarks registered or pending in the EU, China, United Kingdom, Israel and other jurisdictions, including, among other, "CESS" and "STARMAP." These trademark registrations, or applications therefor, are among others, filed and registered in classes "9," "35," "42" for "STARMAP" and "1," "5," "7," "10," "35," "40," "42" and "44" for "CESS" under the Nice classification. Not all trademarks are registered in all the listed classes in all jurisdictions. The Company intends to pursue additional trademark registrations to the extent it believes doing so would be beneficial to its competitive position by, among other things, providing protection against passing off and trademark infringement.

The Company has applied for patents in jurisdictions that it has considered to be most important. Currently the Company has three patent families. The first patent family has five family members, of which patents have been granted in the U.S. and Japan and patent applications are pending in Finland, Canada and the European Patent Office. The granted and pending claims are related to a method for producing nanoparticles of organic substances such as APIs (*i.e.*, to the core CESS® technology of the Company). These patents expire in 2035. The second patent family is related to dissolution testing of, e.g. APIs. This patent family consists of a granted patent in Finland and pending patent applications in Canada, the U.S., Japan and the European Patent Office. According to the European Patent Office acting as an International Search Authority, the claimed method for dissolution testing is novel, inventive and industrially applicable. The Finnish patent will expire in 2036 and the priority claiming family members will expire in 2037. The first member of the third patent family, related to production of nano- and micro sized particles, was filed in January 2020 and is pending in Finland. Furthermore, the Company has an invention related to devices and

methods for processing nanoparticles. A patent application disclosing and claiming this invention is planned to be filed by the Company with the Finnish Patent and Registration Office in the near future.

For information on risks related to the intellectual property, please see "*Risk Factors – Risks Related to the Company's Business Activities and Industry – The Company's failure to obtain or maintain patents, or to protect its existing or future patents, may impair the Company's ability to successfully execute its business plan*", and " *– The Company may be unable to safeguard the trade secrets of its customers, which would negatively affect the Company's ability to maintain existing and establish new customer relationships*."

Information Technology

Information technology ("**IT**") infrastructure is critical to the Company's business as it collects, stores and processes data related to both its own and its customers' products, services and other activities, which in many cases constitute valuable trade secrets for both the Company and its customers. The secure and uninterrupted operation of the IT systems and the processing and maintenance of information related to APIs and other trade secrets enables the Company to execute and further develop its business operations and technology. The Company's data is stored in a cloud by a third party service provider.

The Company may in the future employ an enterprise resource planning system which, according to Nanoform's management, would seek to achieve particularly long-term cost savings. The purpose of the enterprise resource planning system would be, among other things, to assist the Company's employees and customers in personnel and organizational administration, production, quality management, invoicing and accounts ledger administration. Nanoform will evaluate specific IT solutions to develop a Validated Computerized System to support its GMP operations. Nanoform's management anticipates that the Company's overall IT investments will increase going forward.

The Company's IT systems are protected against breaches through firewalls and cybersecurity technologies such as anti-threat protection (*i.e.*, malware, phishing and spam) and anti-virus programs. The Company owns all the IT equipment it uses and its IT infrastructure is primarily maintained by its designated in-house personnel.

The Company relies on purchased specialist external software further developed in-house and with third parties as well as cloud service providers for the provision of adequate IT security measures and backup programs for the Company's data.

Insurances

The Company maintains insurance against various risks related to its business. The insurance coverage for the Company includes, among other things, general liability insurance, professional indemnity for technical consultants insurance, intellectual property rights insurance, legal expenses insurance, opponents' costs insurance, data crime insurance, property insurance and business interruption insurance. In addition, the Company has directors and officers liability insurance. The insurance agreements of the Company include limitations on compensation and deductibles. In the opinion of Nanoform's management, the scope of the Company's insurance policies is in accordance with the sector's practices and they cover risks against which insurance can be considered appropriate for the Company's needs and business circumstances. General restrictions apply to the insurances, due to which they may not necessarily cover all damage incurred.

Regulation, Standards and Compliance

The regulation in the pharmaceutical development and manufacturing environment is extensive. The Company is required to comply with the regulatory requirements of local, national and international regulatory bodies, directly or indirectly, having jurisdiction in the countries or localities where the Company's customers manufacture their products or where the products of the customers of the Company are distributed. In particular, the Company is or may in the future, directly or indirectly, through its customers, be subject to laws and regulations concerning R&D, testing, production processes, safety control, storage, equipment and facilities, including compliance with GMP, labeling and distribution, import and export, and product registration and listing.

Before a new drug can be introduced to the market, it needs to be accepted by the relevant local authority. If the Company provides APIs for drugs, its GMP facilities may be subject to oversight by the relevant authorities of the home state of its customers and FIMEA. The Company may in the future be subject to

oversight by other regulatory bodies of other jurisdictions depending on the countries in which the Company markets and sells its services and in which countries its customers carry out clinical trials and market and sell the drugs benefiting from the nanoformed APIs. The PoC and PoP projects, which are performed in a non-GMP environment, only require, where applicable, a license for importing the API for use for research purposes in Finland. Nanoform files, when required, a notification on the substance used and the purpose of the research with FIMEA.

Good Manufacturing Practice and License Required from Medicinal Product Manufacturers

The rules governing medicinal products and their manufacturing in the EU contains a set of regulations, principles and procedures to be followed in the manufacture and quality assurance of medicinal products to ensure the products meet all the requirements set for them in terms of production. EU Regulation No. 1252/2014 and Directive 2003/94/EC, applying to active substances and medicines for human use, Directive 91/412/EEC applying to medicines for veterinary use and directive 2001/83/EC and Directive 2001/82/EC lay down related provisions. The EU GMP guidelines provide interpretation of these principles and guidelines, supplemented by a series of annexes that modify or augment the detailed guidelines for certain types of products, or provide more specific guidance on a particular topic.

According to Sections 8 and 11 of the Finnish Medicine Act (395/1987, as amended) (in Finnish: *lääkelaki*, the "**Finnish Medicine Act**"), medicinal products may only be manufactured industrially by medicinal product manufacturers that have acceptable production facilities and equipment and a certification from FIMEA, referenced in this Offering Circular also as a GMP Certificate, and medicinal product manufacturers may only use substances which have been manufactured and distributed in accordance with the EU guidelines on GMP and good distribution practice.

GMP is a set of principles and procedures followed in the manufacture and quality assurance of medicinal products to ensure the products meet all the requirements set for them in terms of production. The GMP Certificate process itself consists of an application in a specified form, an inspection carried out by the regulatory authority, receiving and replying to post-audit questions and processing of the application by the regulatory authority, in Finland FIMEA.

Receipt of a GMP Certificate indicates that a company has the necessary technical and organizational procedures in place to operate according to applicable GMP requirements, including, but not limited to, regulation on quality management, personnel, facilities, equipment, production and in-process control as well as packaging and laboratory controls. This requires, among other things, that a company has been able to successfully build a GMP-grade production facility, has a GMP grade production line, has staff that is adequately trained in GMP standards, has in place appropriate and sufficient standard operating procedures and documentation and has been audited by the relevant regulatory authority, in Finland by FIMEA.

GMP Certificate for the GMP-grade production line

In accordance with the Finnish Medicine Act and Finnish Medicines Decree (693/1987, as amended) (in Finnish: *lääkeasetus*), the Company filed an application for a GMP Certificate for its GMP-grade facility for the manufacture of APIs to be used in clinical trials with FIMEA in December 2019. The Company was audited in March 2020. The Company received the GMP Certificate for its GMP-grade production line on April 29, 2020 for nanoforming of non-sterile active starting materials for clinical trials. The GMP Certificate allows the Company to start nanoforming the API piroxicam for use in clinical trials. In the event that the Company would not start GMP manufacturing within six months from the date of the GMP Certificate, or the Company would cease GMP manufacturing for more than six months, the Company would need to apply for an exception, which FIMEA may grant for a justified reason. Nanoforming of APIs used in medicinal products for humans require additional GMP Certificates for each specific API. In practice, the Company files for a GMP Certificate on its customers' behalf on a case by case basis. Nanoform's management estimates that the GMP Certificate process with FIMEA for specific APIs will become routine after the receipt of the GMP Certificate for the Company's GMP-grade facility on April 29, 2020.

Audits under the GMP carried out by customers

As a part of GMP, the Company's customers are responsible for conducting audits, either themselves or by using a third party, at the Company's premises in order for them to validate that their products are GMP compliant as one requirement for use in humans. By conducting audits at the Company's production

facilities, the Company's customers ensure that Nanoform complies with the GMP and good distribution practice.

GMP inspections carried out by regulatory authorities

National regulatory authorities have an obligation by law to have systems in place to verify the GMP status of medicinal product manufacturers whose products are marketed in their territory. Most regulatory authorities ensure that these manufacturers in their territory are subject to routine GMP inspections. The frequency of the inspections depends on the function of the GMP production line and the markets to which the Company supplies material. For instance, for the US market, a pre-approval inspection is performed to contribute to FDA's assurance that a manufacturing establishment named in a drug application is capable of manufacturing a drug, and that submitted data are accurate and complete.

Generally, FIMEA covers the EMA (European Medicines Agency) area but if the Company's CESS® technology is used to nanoform APIs used in commercialized drugs and/or drugs proceeding to clinical trials that will be commercialized outside the European market, other agencies such as the FDA would most likely inspect the Company at a certain time point. The same will apply to other regulatory agencies, such as, the Pharmaceuticals and Medical Devices Agency in Japan and to the Korean Food and Drug Administration in South Korea.

Environment, health and safety laws

The Company is also required to comply with environmental, health and safety laws and regulations, as discussed in more detail in section " – *Environmental, Health and Safety matters*" above. These regulatory requirements impact many aspects of the Company's operations, including production, developing, labelling, packaging, storage, distribution, import and export and record keeping related to customers' products.

Noncompliance with any applicable regulatory requirements can result in government refusal to approve (i) facilities for testing or producing products; or (ii) customers' products for commercialization. FIMEA and other regulatory agencies can delay, limit or deny approval for many reasons, including:

- changes to the regulatory approval process, including new data requirements, for product candidates in those jurisdictions, including Finland, in which the Company or its customers may be seeking approval;
- the ability of the regulatory agency to provide timely responses as a result of its resource constraints; and
- the production processes or facilities may not meet the applicable requirements.

In addition, if new legislation or regulations are enacted or existing legislation or regulations are amended or are interpreted or enforced differently, the Company may be required to obtain additional approvals or operate according to different manufacturing or operating standards or pay additional fees related to seeking or maintaining certain regulatory approvals and certificates. This may require a change in the Company's R&D and production techniques or additional capital expenditures in the Company's facilities.

The Company's customer projects generally involve customers' products that must undergo pre-clinical and clinical trials relating to, among others, product safety and efficacy before they are approved as commercial drugs. The regulatory authorities having jurisdiction in the countries in which the Company's customers intend to market their products may delay or put on hold clinical trials, delay approval of a product or determine that the product is not approvable. FIMEA or other regulatory agencies can delay approval of a drug if the Company's production facility is unable to demonstrate compliance with GMP, pass other aspects of pre-approval inspections (*i.e.*, compliance with filed submissions) or properly scale up to produce commercial supplies. FIMEA and comparable government authorities having jurisdiction in the countries in which the Company's customers intend to market their products may have the authority to withdraw product approval or suspend production if there are significant problems with raw materials or supplies, or quality control and assurance or if the product is deemed adulterated or misbranded.

Good Clinical Practice Standard

The Company is not currently subject to GCP requirements, but if Company one day were to undertake to sponsor a clinical trial, the Company would be subject to GCP standard and certain other requirements. GCP is an international ethical and scientific quality standard for designing, conducting, recording and reporting trials that involve the participation of human subjects. Compliance with the GCP standard provides public assurance that the rights, safety and well-being of trial subjects are protected. The GCP standard within the EU, Japan and United States is provided by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use ("**ICH**"), an international body that defines a set of standards. The IHC GCP standard came into effect on June 14, 2017. For more information on risks related to sponsoring a small clinical trial, please see "*Risk Factors – Legal, Regulatory and Compliance Risks – If the Company undertakes to sponsor a clinical trial, the Company would be subject to additional regulatory requirements, including among others Good Clinical Practice ("**GCP**") requirements, which, if not fulfilled, could result in the Company's operations being limited or suspended and the Company incurring monetary and criminal penalties."*

Legal Proceedings and Administrative Procedures

At the date of this Offering Circular, the Company is not, and has not been within the 12 months preceding the date of the Offering Circular, a party to legal, arbitration or administrative proceedings that may have or in the past 12 months have had a significant effect on the financial position or profitability of the Company or its subsidiaries, and the Company is not aware of any such proceedings being pending or threatened.

SELECTED FINANCIAL INFORMATION

The following tables present a summary of the Company's statement of comprehensive income, statement of financial position, statement of cash flow and key performance figures as at and for the three months ended March 31, 2020 including comparative figures for the three months ended March 31, 2019 and as at and for the years ended December 31, 2019, 2018 and 2017. The selected financial information presented below has been derived from the Company's unaudited consolidated interim financial information as at and for the three months ended March 31, 2020 prepared in accordance with "*IAS 34 – Interim Financial Reporting*," including comparative figures for the three months ended March 31, 2019 and the Company's audited financial statements as at and for the financial years ended December 31, 2019, 2018 and 2017 prepared in accordance with IFRS.

The Company has prepared its financial statements in accordance with IFRS since January 1, 2018 with transition date of January 1, 2017. Prior to 2018, the Company prepared its financial statements in accordance with FAS. Certain of the historical financial information as at and for the years ended December 31, 2019, 2018 and 2017 presented in this Offering Circular differ from the historical financial information in the Company's audited statutory financial statements adopted by the Annual General Meeting of Shareholders due to amendments made to certain notes, restatements made in connection with the preparation of the Company's financial statements for the year ended December 31, 2019 and due to transition to IFRS in 2018.

The going concern assessment under Note 2.3 (*Going concern*) to the financial statements as at and for the financial years ended December 31, 2019, 2018 and 2017 incorporated into this Offering Circular has been updated from the going concern assessment in the Company's 2019 statutory financial statements to reflect the status of the contemplated FN Listing and the receipt of subscription commitments from Cornerstone Investors. Assuming that the FN Listing will be completed and that the Company receives the proceeds from subscription commitments, the material uncertainty disclosed in 2019 statutory financial statements related to the Company's ability to continue as going concern has resolved in the financial statements incorporated into this Offering Circular.

The financial information presented below should be read together with the sections "*Certain Matters - Presentation of Financial Statements and Certain Other Information*," "*Operating and Financial Review*" as well as the Company's unaudited financial information for the three month period ended March 31, 2020 and audited financial statements for the financial years ended December 31, 2019, 2018 and 2017 included in this Offering Circular.

Statement of Comprehensive Income

(EUR thousand unless otherwise indicated)	For the three months ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018 (restated)	2017 (restated)
	(unaudited)			(audited)	
Revenue	**150**	**-**	**49**	**235**	**65**
Other operating income	13	99	231	55	181
Materials and services	(60)	(154)	(603)	(162)	(160)
Employee benefits	(2,942)	(594)	(4,359)	(1,299)	(426)
Depreciation, amortization and impairment losses	(228)	(83)	(444)	(160)	(67)
Other operating expenses	(1,297)	(351)	(2,218)	(656)	(78)
Total expenses	**(4,527)**	**(1,183)**	**(7,625)**	**(2,277)**	**(732)**
Operating loss	**(4,365)**	**(1,083)**	**(7,344)**	**(1,987)**	**(486)**
Finance income	0	0	0	0	0
Finance expenses	(223)	(61)	(210)	(87)	(35)
Total finance income and expenses	**(223)**	**(61)**	**(209)**	**(87)**	**(35)**
Loss before tax	**(4,588)**	**(1,144)**	**(7,554)**	**(2,074)**	**(521)**

Income tax	-	-	-	-	-
Loss for the period	**(4,588)**	**(1,144)**	**(7,554)**	**(2,074)**	**(521)**
Loss for the period attributable to					
Equity holders of the parent company	(4,588)	(1,144)	(7,554)	(2,074)	(521)
Other comprehensive income					
Items that may be reclassified to loss in subsequent periods					
Translation differences	0	-	-	-	-
Other comprehensive income, net of tax	**0**	**-**	**-**	**-**	**-**
Total comprehensive income	**(4,588)**	**(1,144)**	**(7,554)**	**(2,074)**	**(521)**
Total comprehensive income for the period attributable to					
Equity holders of the parent company	(4,588)	(1,144)	(7,554)	(2,074)	(521)
Loss per ordinary share					
Basic and diluted loss per share, EUR	(0.12)	(0.03)	(0.19)	(0.07)	(0.02)

Statement of Financial Position

(EUR thousand unless otherwise indicated)	As at March 31, 2020 (unaudited)	As at December 31, 2019	2018 (restated) (audited)	2017 (restated)
ASSETS				
Non-current assets				
Intangible assets	152	154	166	177
Property, plant and equipment	6,850	4,972	2,179	443
Other receivables	24	24	10	9
Total non-current assets	**7,026**	**5,150**	**2,356**	**629**
Current assets				
Trade receivables	165	20	160	65
Other receivables	153	378	79	-
Prepaid expenses and accrued income	334	59	18	1
Cash and cash equivalents	4,799	7,303	5,595	98
Total current assets	**5,451**	**7,760**	**5,853**	**164**
Total assets	**12,477**	**12,910**	**8,209**	**793**
EQUITY AND LIABILITIES				
Equity				
Share capital	3	3	3	3
Reserve for invested unrestricted equity	17,707	17,707	8,020	665
Accumulated deficit	(9,601)	(2,224)	(915)	(394)
Loss for the period	(4,588)	(7,554)	(2,074)	(521)
Total equity	**3,520**	**7,932**	**5,033**	**(247)**
Non-current liabilities				
R&D loans	865	599	555	441
Lease liabilities	3,858	2,573	1,656	286
Advances received	-	-	20	-
Trade payables	-	-	59	105
Total non-current liabilities	**4,723**	**3,172**	**2,290**	**831**
Current liabilities				
Provisions	-	19	-	-
R&D loans	78	78	-	-
Lease liabilities	599	413	190	27
Advances received	52	55	-	-
Trade payables	815	571	391	55
Other liabilities	96	94	23	0
Accrued expenses	2,593	576	282	126
Total current liabilities	**4,234**	**1,806**	**885**	**209**
Total liabilities	**8,957**	**4,978**	**3,175**	**1,040**
Total equity and liabilities	**12,477**	**12,910**	**8,209**	**793**

Statement of Cash Flows

(EUR thousand unless otherwise indicated)	For the three months ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018 (restated)	2017 (restated)
	(unaudited)			(audited)	
Cash flow from operating activities					
Loss before tax	**(4,588)**	**(1,144)**	**(7,554)**	**(2,074)**	**(521)**
Adjustment for:					
Depreciation, amortization and impairment losses	228	83	444	160	67
Finance income and expenses	223	61	209	87	35
Share-based payments	176	9	867	-	-
Other adjustments[1]	(32)	(99)	(212)	(55)	(181)
Change in net working capital:					
Trade and other receivables	(329)	138	(30)	(192)	(56)
Trade payables and other liabilities	2,080	(9)	541	585	(9)
Change in other receivables (long-term)	0	-	(14)	(1)	(3)
Interest paid	(1)	(8)	(50)	(14)	(2)
Interest received	0	0	0	0	0
Net cash used in operating activities	**(2,240)**	**(969)**	**(5,798)**	**(1,504)**	**(669)**
Cash flow from investing activities					
Payments for intangible assets	(6)	(7)	(74)	(61)	(38)
Payments for property, plant and equipment	(323)	(107)	(1,804)	(379)	(54)
Net cash used in investing activities	**(329)**	**(113)**	**(1,878)**	**(441)**	**(92)**
Cash flow from financing activities					
Proceeds from share issues	-	-	10,046	7,977	-
Transaction costs from share issues	-	-	(359)	(622)	-
Acquisition of treasury shares	-	-	(102)	(0)	-
Proceeds from R&D loans	362	122	122	143	503
Repayment of lease liabilities	(126)	(60)	(292)	(56)	(29)
Net cash from financing activities	**236**	**62**	**9,415**	**7,442**	**474**
Net increase (+) decrease (-) in cash and cash equivalents	**(2,333)**	**(1,021)**	**1,739**	**5,497**	**(288)**
Cash and cash equivalents at the beginning of the period	7,303	5,595	5,595	98	386
Effects of exchange rates on cash and cash equivalents	(170)	(24)	(32)	-	-
Cash and cash equivalents at the end of the period	**4,799**	**4,550**	**7,303**	**5,595**	**98**

1) Other adjustments consist of adjustments to (i) other operating income (governmental grants) amounting to a negative EUR 99 thousand and for the three months ended March 31, 2019 and a negative EUR 231 thousand, a negative EUR 55 thousand and a negative EUR 181 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively, (ii) other operating income (lease agreements) amounting to negative 13 thousand for the three months ended March 31, 2020; and (iii) other operating expenses (provision for onerous contract) amounting to negative EUR 19 thousand for the three months ended March 31, 2020 and EUR 19 thousand for the financial year ended December 31, 2019.

Key Performance Indicators of the Company

The Company follows several key performance indicators which it uses to measure its business. These key performance indicators include IFRS-based indicators and Alternative Performance Measures. For additional information on Alternative Performance Measures, see "*Certain Matters – Presentation of Financial Statements and Certain Other Information – Alternative Performance Measures*" and "*Operating and Financial Review – Liquidity and Capital Resources – Net Debt to Equity Ratio and Net Debt*."

The following table sets forth the key performance indicator data of the Company for the three month periods ended March 31, 2020 and 2019 and for the financial years ended December 31, 2019, 2018 and 2017.

(EUR thousand unless otherwise indicated)	As at and for the three months ended March 31,		As at and for the year ended December 31,		
	2020	2019	2019	2018 (restated)	2017 (restated)
	(unaudited)		(unaudited, unless otherwise indicated)		
Revenue	150	-	49[1]	235[1]	65[1]
Gross profit	103	(55)	(323)	128	85
EBITDA	(4,136)	(1,000)	(6,900)	(1,827)	(419)
Operating loss	(4,365)	(1,083)	(7,344)[1]	(1,987)[1]	(486)[1]
Loss for the period	(4,588)	(1,144)	(7,554)[1]	(2,074)[1]	(521)[1]
Basic earnings per share (EUR)	(0.12)	(0.03)	(0.19)[1]	(0.07)[1]	(0.02)[1]
Investments in property, plant and equipment	(323)	(107)	(1,804)	(379)	(54)
Operative free cash flow	(4,460)	(1,107)	(8,704)	(2,207)	(474)
Cash and cash equivalents (end of period)	4,799	4,550	7,303[1]	5,595[1]	98[1]
Net debt to equity ratio (percent)	17	(54)	(46)	(64)	-
Net debt excluding lease liabilities	(3,857)	(3,920)	(6,626)[1]	(5,040)[1]	343[1]
Net debt	601	(2,120)	(3,640)[1]	(3,194)[1]	656[1]
Number of personnel at the end of the period	50	25	43	19	12
Number of projects started during the period					
Non-GMP	4	-	2	-	1
GMP	-	-	-	-	-
Number of lines (end of period)					
Non-GMP	6	3	4	3	2
GMP	1	-	-	-	-

1) Audited.

Calculation of key figures

Key figure	Definition	Reason for the use
Gross profit	Revenue + Other operating income – Materials and services	Gross profit is the profit that the Group makes after deducting the costs associated with providing its services.
EBITDA	Operating loss before depreciation, amortization, and impairment losses	EBITDA is the indicator to measure the performance of the Company.
Operating loss	Operating loss as presented in statement of comprehensive income	Operating loss shows the result generated by the operating activities.
Loss for the period	Loss for the period as presented in statement of comprehensive income	Loss for the period shows the net result of the Company attributable to the owners.
Basic earnings per share	Loss for the period/ Weighted average number of shares outstanding	Measure presents the allocation of the result to individual shares.
Investments in property, plant and equipment	Payments for property, plant and equipment as presented in the statement of cash flows	Measure provides additional information of the cash flow needs of the operational investments.

Operative free cash flow	EBITDA – Investments in property, plant and equipment	Measure provides information about the cash that the Company is able to generate after the operational investments.
Net debt to equity ratio (percent)	Net debt/Total equity	Measure for management to monitor the level of the Company's capital.
Net debt excluding lease liabilities	Current R&D loans + Non-current R&D loans – Cash and cash equivalents	Net debt excluding lease liabilities is an indicator to measure the debt financing of the Company without lease liabilities.
Net debt	Current R&D loans + Non-current R&D loans + Current lease liabilities + Non-current lease liabilities – Cash and cash equivalents	Net debt is an indicator to measure the total external debt financing of the Company.

Reconciliation of Certain Alternative Performance Measures

The following table sets forth reconciliation of certain alternative performance measures for the three months ended March 31, 2020 and 2019 as well as financial years ended December 31, 2019, 2018 and 2017.

(EUR thousand unless otherwise indicated)	**For the three months ended March 31,**		**For the year ended December 31,**		
	2020	**2019**	**2019**	**2018 (restated)**	**2017 (restated)**
	(unaudited)		**(unaudited, unless otherwise indicated)**		
Gross profit					
Revenue	150	-	49[1]	235[1]	65[1]
Other operating income	13	99	231[1]	55[1]	181[1]
Materials and services	(60)	(154)	(603)[1]	(162)[1]	(160)[1]
Gross profit	**103**	**(55)**	**(323)**	**128**	**85**
EBITDA					
Operating loss	(4,365)	(1,083)	(7,344)[1]	(1,987)[1]	(486)[1]
Depreciation, amortization and impairment losses	228	83	444[1]	160[1]	67[1]
EBITDA	**(4,136)**	**(1,000)**	**(6,900)**	**(1,827)**	**(419)**
Operative free cash flow					
EBITDA	(4,136)	(1,000)	(6,900)	(1,827)	(419)
Investments in property, plant and equipment	(323)	(107)	(1,804)	(379)	(54)
Operative free cash flow	**(4,460)**	**(1,107)**	**(8,704)**	**(2,207)**	**(474)**

1) Audited.

OPERATING AND FINANCIAL REVIEW

The following review concerning the Company's results of operations and financial condition should be read together with the sections "Certain Matters – Presentation of Financial Statements and Certain Other Information," "Capitalization and Indebtedness" and "Selected Financial Information" as well as the Company's unaudited consolidated financial information as at and for the three months ended on March 31, 2020 prepared in accordance with "IAS 34 – Interim Financial Reporting," including comparative figures for the three months ended March 31, 2019 as well as the Company's audited financial statements for the financial years ended December 31, 2019, 2018 and 2017 prepared in accordance with the IFRS and included in this Offering Circular.

This review includes forward-looking statements, which inevitably involve risks and uncertainty. The actual results may differ materially from those contained in such forward-looking statements. See "Risk Factors" and "Certain Matters – Forward-Looking Statements."

Overview

Nanoform Finland Plc is a public limited liability company organized under the laws of Finland offering expert services in nanotechnology and drug particle engineering for the global pharma industry. The Company's commercial operations are at early stage and in the year 2019 its affairs have comprised of both internal R&D activities and PoC type of R&D services provided to its customers. The Company employs a pioneering CESS® technology used to nanoform APIs into crystalline or stable amorphous nanoparticles. The Company has a growing pipeline of customers representing global large, mid-sized and specialty pharmaceutical as well as biotechnology companies. Please see "*Information on the Company and Its Business*" for more information on the Company's business.

Historically, the Company has derived its revenue from customer contracts for conducting PoC projects on APIs. In the future, the Company expects to derive the majority of its revenues from supply of material agreements and later on from royalties. Historically, the Company's costs have stemmed mainly from employee benefits expenses and other operating expenses. In the future, the Company expects to make further investments into CESS® production capacity.

Key Factors Affecting the Company's Results of Operations

Since its incorporation in 2015, the Company has incurred significant operating losses. The Company's losses for the period were EUR 4,588 thousand, EUR 1,144 thousand, EUR 7,554 thousand, EUR 2,074 thousand and EUR 521 thousand for the three months ended March 31, 2020 and 2019 and the years ended December 31, 2019, 2018 and 2017, respectively. The Company expects to continue to incur significant expenses and operating losses over the next several years. The company expects to be cash flow positive by 2025.

The Company's results of operations have fluctuated significantly from period to period in the past and are likely to do so in the future. The Company anticipates that its quarterly and annual results of operations will be impacted in the near future by several factors, including the timing of the receipt of extension GMP Certificates, success of commercialization of its CESS® technology and any resulting service revenue, the timing and amount of payments received pursuant to its current and future collaborations with third parties, the progress and timing of expenditures related to its R&D and commercialization efforts. Due to these fluctuations, the Company presently believes that the period to period comparisons of its operating results are not a reliable indication of its future performance.

The Company's future results of operations depend on the progress and success of its customers' drugs which may be in the development phase or already on the market. Although the Company does not and will not carry risks on the outcome of clinical trials for which it will supply nanoformed APIs to its customers, the Company's future results of operations will be impacted by whether its customers' drug candidates containing the nanoformed APIs progress through clinical trials and to the pharmaceutical market. Nanoform's management expects that the price it can assign to supply of nanoformed APIs will depend on the added value delivered by the CESS® technology to its customers. Where the Company can deliver considerable added value to its customers, Nanoform's management expects that it will be able to reach commercial deals reflecting that added value.

In this section below, the key factors affecting the Company's results of operations are considered from the perspective of three different time phases:

- *"At present" refers to the Company's current and historical operations during the review period*. The Company has derived and will continue to derive revenue from customer contracts for conducting PoC projects on APIs. The value of a customer contract depends on the number of API projects included, the number of APIs per project, and on the characteristics of the APIs. During the three-year period ended December 31, 2019, revenue was derived from customer contracts for conducting PoC projects on APIs. The Company had no revenue in the first quarter of 2019, but had EUR 150 thousand in the first quarter of 2020. The key factors outlined in the section "– *Key Factors Affecting the Company's Results of Operations at Present*" concern those factors that currently affect the Company's results of operations.

- *"Near-to-mid-term" refers to the Company's planned operations from the second half of 2020 until the end of 2025*. During this period, the Company expects to expand its number of non-GMP and GMP production lines to a total of 25, to conduct PoC and PoP non-GMP projects and to supply nanoformed API material for use in clinical trials. By the end of this period, the Company expects to start more than 50 new PoC projects on new APIs annually, to be cash flow positive with a gross margin exceeding 90 percent and to have approximately 200 employees. The key factors outlined in the section "– *Key Factors Affecting the Company's Results of Operations in the Near-to-Mid-Term*" below are subject to the Company meeting the foregoing conditions.

- *"Long-term" refers to the goals that the Company expects to reach after 2025*. In the long term, the Company targets to derive the majority of its revenue from royalties and royalty-like payments as a percentage (the royalty is estimated to be in the range of 1 to 20 percent) or comparable level of money calculated on the basis of supply price per mass delivered (*e.g.*, EUR per kilogram) on customers' drugs using nanoformed APIs selling on the market. The key factors outlined in the section "– *Key Factors Affecting the Company's Results of Operations in the Long-Term*" below are subject to the Company meeting these conditions and the aforementioned conditions.

Key Factors Affecting the Company's Results of Operations at Present

The Number of APIs in Non-GMP PoC and PoP Projects

The Company's results of operations are materially dependent on the number of PoC and PoP projects. Until receipt of the GMP Certificate on April 29, 2020, the Company was only able to carry out non-GMP phase PoC and PoP projects. The number of APIs studied in PoC and PoP projects directly affects the Company's revenue. The amount of revenue generated in the PoP and PoC projects depends on the number of projects and the price set per project. Whether an API proceeds to a PoP project depends on the success rate of the PoC project. Revenue generated in the non-GMP phase is based on a fixed fee, which is estimated to total between EUR 50 thousand and EUR 500 thousand per project. Therefore, the success rate of the PoC project and any time lag between a successful PoC project and PoP project affects the Company's results of operations. The number of APIs in non-GMP PoC and PoP projects will continue to be a key factor affecting the Company's results of operations in the near-to-mid-term. As at the date of this Offering Circular, no PoP project has been carried out on a customer's API.

Operating Costs

For the financial year ended December 31, 2019, employee benefits represented 57.2 percent and other operating expenses 29.1 percent of the Company's total operating expenses. For the three months ended March 31, 2020, employee benefits represented 65.0 percent and other operating expenses 28.7 percent of the Company's total operating expenses. The Company's employee benefits relate mainly to the Company's personnel working within R&D and CESS® technology functions and the global commercial team. Employee benefits included the expense for share-based payment plans initiated in the financial year ended December 31, 2019 and the three months ended March 31, 2020 to incentivize the Key Personnel. At present, other operating expenses primarily relate to the Company's drive to commercialize its CESS® technology and included consultant and professional fees, marketing and communication expenses and travel expenses. Operating costs will continue to be a key factor affecting the Company's results of operations in the near-to-mid-term.

Key Factors Affecting the Company's Results of Operations in the Near-to-Mid-Term

The Price per API Supply Agreement and the Success Rate of Clinical Trials on Drugs Benefiting from Nanoformed APIs

In the near-to-mid-term, the Company expects to be able to start supplying nanoformed APIs to its customers to be used in drugs that proceed to clinical trials. The Company aims to enter into separate API supply agreements with its customers for the supply of nanoformed APIs to be included in drugs proceeding to clinical trials. The duration of clinical trials will depend on the phase of the clinical trial (typically described as Phase I – III), the scope of the clinical trial, the indication for which the drug is intended and the drug's properties. The Company expects to supply nanoformed APIs for its customers in the beginning of clinical trials and receive payment in accordance with the supply agreement regardless of the outcome of the trials. The value of the supply agreements is estimated to total between EUR 0.5 million and EUR 10 million per API per each Phase I – III of the clinical trials. Phase I is generally smaller than Phase III which may be reflected in the price for the supply of the material. The attrition and time lag between Phase I, II and III clinical trials will affect the Company's revenue and ability to undertake new projects.

Alternative Simplified Regulatory Pathways

In the near-to-mid-term, Nanoform expects to see significant potential in projects related to drugs that already have market authorization. Many jurisdictions allow for alternative simplified regulatory pathways for drugs benefiting from APIs for which clinical safety or efficacy data is available. Such alternative regulatory pathways may allow the Company's customers to bypass some of the steps in the drug approval process for drugs benefiting from nanoformed APIs because the Company's customers would be able to forgo some of the studies that must be conducted before a drug's initial entry to the market. In general, a project that seeks an alternative simplified regulatory pathway represents a lower risk and faster route to the market than developing a new API and provides the Company's customers a less expensive and quicker route to market approval.

Investments in CESS® Production Capacity

In the near-to-mid-term, Nanoform plans to make substantial investments into increased capacity for its CESS® technology platform by expanding the number of its non-GMP and GMP-grade production lines. For additional information, please see "*Reasons for the Offering and Use of Proceeds – Use of Proceeds.*" As at March 31, 2020, the Company has six (6) non-GMP production lines and one (1) GMP-ready production line (for which the Company has received a GMP Certificate on April 29, 2020), and in order to cater to increasing customer demand, the Company plans to rapidly expand its production capacity. The Company estimates that building a new non-GMP production line would take four to six months and bear a cost between EUR 200 thousand and 400 thousand, whereas a new GMP-grade production line would take up to two years to build and would cost between EUR 2 million and 12 million. At some extent, these production lines can be built simultaneously depending on customer demand. The Company has sufficient space in its premises for building these additional lines. Availability and costs of equipment as well as unforeseen higher or lower planning, construction and compliance related costs would affect the results of the business.

Key Factors Affecting the Company's Results of Operations in the Long-Term

Number of Drugs Benefiting From Nanoformed APIs on the Market

In the long-term, the Company's revenue would be affected by the number of drugs benefiting from nanoformed APIs on the market. High sales of drugs with nanoformed APIs on the market is expected to boost the revenue derived from the supply of nanoformed APIs affecting the Company's results of operations. The Company expects in the long-term that expedited entries into the market of such drugs that already have market authorization will increasingly benefit from the Company's technology. These will correspondingly allow Nanoform an expedited opportunity to receive payments for the supply of the nanoformed APIs and to earn royalties from commercial sales of such drugs, see also " – *Key Factors Affecting the Company's Results of Operations in the Near-to-Mid-Term – Alternative Simplified Regulatory Pathways*" above and " – *Royalty Levels and Total Lifetime Sales Per Drug Benefiting From Nanoformed APIs*" below.

Royalty Levels and Total Lifetime Sales per Drug Benefiting From Nanoformed APIs

The Company's aim is to supply nanoformed APIs against payment of royalties as a percentage of the sales of drugs utilizing nanoformed APIs. The Company expects to begin collecting revenue based on royalties in the long-term and the royalty income is estimated to be in the range of 1 to 20 percent of the sales of such drugs. The Company's operating results would be affected by the royalty levels and the total lifetime sales of the drugs benefiting from nanoformed APIs.

Employee Benefits in the Long-term

In the long-term, the Company's employee benefits will continue to be a factor affecting the Company's results of operations. However, given the Company's expected revenue model in the long-term, employee benefits expenses are expected to be a lesser proportion of all costs compared to what they are at present or what they are expected to be in near-to-mid-term.

Events After the End of the Previous Financial Quarter

Apart from the below mentioned events, there have not been significant changes in the Company's financial performance or financial position since March 31, 2020.

On April 29, 2020 the Company received a GMP Certificate from FIMEA for the nanoforming of the API piroxicam for use in clinical trials.

On April 7, 2020, the Annual General Meeting of Shareholders of the Company resolved change to the company form of the Company to a public limited liability company and to implement an increase in share capital by a capital increase to meet the required EUR 80,000 limit for a public limited liability company through a fund increase.

On April 7, 2020, the Annual General Meeting of Shareholders of the Company resolved to authorize the Board of Directors to decide on a share issue for the completion of the FN Listing.

On April 7, 2020, the Annual General Meeting of Shareholders of the Company resolved to issue option rights at most 350,000 without payment. The Chairman of the Board of Directors is entitled to subscribe a maximum of 150,000 shares and members of the Board of Directors each a maximum of 100,000 shares.

On May 7, 2020, the Company received subscription commitments from Cornerstone Investors to subscribe shares amounting to approximately EUR 45 million ahead of the Company's contemplated FN-Listing. Receipt of the proceeds based on subscription commitments is conditional to successful completion of the FN-Listing and certain other customary conditions.

The COVID-19 global outbreak has not had significant delays or disruptions to Company's customer project timelines after review period.

Outlook

The statements set forth in "– Outlook" include forward-looking statements and are not guarantees of the Company's financial performance in the future. The Company's actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Certain Matters – Forward-Looking Statements," "Certain Matters – Presentation of Financial Statements and Certain Other Information," "Risk Factors" and "– Key Factors Affecting the Company's Results of Operations." The Company cautions prospective investors not to place undue reliance on these forward-looking statements.

The Company invests considerable resources in establishing new client relationships and maintaining existing relationships. The Company seeks to build long-standing client relationships with companies in the global pharmaceutical and biotechnology industry. In 2020, the Company expects to win a larger number of new clients than in 2019 when the Company won three clients. The Company received a GMP Certificate from FIMEA on April 29, 2020 for the nanoforming of the API piroxicam for use in clinical trials. In 2020, the Company will invest in the planning and construction of new non-GMP production lines and new GMP production lines, which will make it possible to increase and diversify production. The Company expects to commence its first GMP project before the end of 2020 and that first dosing in humans of drugs containing

nanoformed APIs will occur in 2021. For further information, please see "*Information on the Company and its Business – The Company's Near-term and Mid-term Business Targets*" above.

Key Items in the Statement of Comprehensive Income

The following is a summary of the key items in the Company's statement of comprehensive income.

Revenue

Nanoform's revenue consists of PoC related R&D services provided to the Company's customers, in which the Company nanoforms APIs based on customer specifications. Historically, Nanoform has recognized revenue from customer contracts over time as the Company has fulfilled the performance obligation by performing the promised service. The Company may accept equity stakes as payment for its services from selected customers.

Other Operating Income

Other operating income comprises of the government grants that the Company has received in form of the below-market interest on R&D loans, which were granted to the Company to finance its nanotechnology development projects. The grant income is recognized in other operating income based on the eligible costs incurred that the R&D loan is intended to compensate. For further information, see Notes 2.11 (*Government grants*) and 2.13 (*Financial assets and liabilities*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017.

Materials and Services

Materials and services consist mainly of expenses relating to R&D projects of production technology. For customer projects, materials and services consist of CO_2, consumables and third party analytical services. The Company has historically disclosed and will continue to disclose certain R&D expenses as materials and services. For further information, see Note 7 (*Materials and service*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017.

Employee Benefits

The Company's employee benefits consist of wages and salaries, pension expenses (defined contribution plans), other social security expenses and share-based payments which are settled in Company's shares.

Depreciation, Amortization and Impairment Losses

Depreciation, amortization and impairment losses consist of depreciation of property, plant and equipment and amortization of intangible assets. The Company's property, plant and equipment consist of right-of-use assets for leased premises, GMP-grade production line for which a GMP Certificate was granted on April 29, 2020 and other machinery and equipment. The Company estimates that GMP-grade production lines will be depreciated over 7 to 10 years. No depreciation is recognized for property, plant and equipment that are classified as construction in progress. The Company's intangible assets consist mainly of patents for the CESS® technology.

Other Operating Expenses

Other operating expenses consist of premises expenses, IT expenses, marketing and communications expenses, consultant and professional fees, travel expenses, voluntary personnel related expenses, R&D expenses and other expenses.

Total Expenses

Total expenses consist of the total of materials and services, employee benefits, depreciation, amortization and impairment losses and other operating expenses.

Operating Loss

Operating loss is the net amount arising from adding other operating income to revenue and subtracting from the subtotal cost of material and services, costs related to employee benefits, depreciation, amortization and impairment losses as well as other operating expenses.

Finance Income and Expenses

Finance income consists of interest and other finance income. Finance expenses consist of interest expenses relating to R&D loans and lease liabilities, foreign exchange losses stemming from the cash equivalent balance nominated in Swedish krona and other finance expenses.

Income Tax

The Company's income taxes include the Company's taxes based on taxable profit/loss for the period, together with tax adjustments for previous periods and the change in deferred taxes.

Loss for the Period

Loss for the period is calculated by subtracting total finance income and expenses and income taxes from the operating loss.

Results of Operations for Three Months Ended March 31, 2020 as Compared to Three Months Ended March 31, 2019

The following review describes the results of operations of the Company for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The description is focused on the following items of the Company's consolidated statement of comprehensive income: revenue; other operating income; materials and services; employee benefits; depreciation, amortization and impairment losses; other operating expenses; operating loss; total finance income and expenses; income tax; and loss for the period.

The following table sets forth the Company's consolidated statement of comprehensive income information for the periods indicated.

	For the three months ended March 31,	
(EUR thousand unless otherwise indicated)	**2020**	**2019**
	(unaudited)	
Revenue	**150**	**-**
Other operating income	13	99
Materials and services	(60)	(154)
Employee benefits	(2,942)	(594)
Depreciation, amortization and impairment losses	(228)	(83)
Other operating expenses	(1,297)	(351)
Total expenses	**(4,527)**	**(1,183)**
Operating loss	**(4,365)**	**(1,083)**
Finance income	0	0
Finance expenses	(223)	(61)
Total finance income and expenses	**(223)**	**(61)**
Loss before tax	**(4,588)**	**(1,144)**
Income tax	-	-
Loss for the period	**(4,588)**	**(1,144)**

Revenue

The Company's revenue was EUR 150 thousand for the three months ended March 31, 2020. Revenue increased by EUR 150 thousand as compared to the three months ended March 31, 2019, during which the Company had no income.

The Company's revenue consisted of PoC services provided to the customers. The revenue is recognized over time as the Company satisfies performance obligations. The Company's revenue during the three months ended March 31, 2020 was recognized from customer contracts mainly outside of Finland (defined by domicile of the customer). In the three months ended March 31, 2020, the Company's revenue stemmed from PoC projects that started in the fourth quarter of 2019 and in the first quarter of 2020.

Other Operating Income

The Company's other operating income was EUR 13 thousand and EUR 99 thousand for the three months ended March 31, 2020 and 2019, respectively. Other operating income decreased by EUR 86 thousand as compared to the three months ended March 31, 2019.

Period-to-period fluctuations in other operating income are mainly attributable to grant income from below-market interest on R&D loans that are recognized during the same period when the Company has incurred such expenses that the grant is intended to compensate.

Materials and Services

The Company's materials and services were EUR 60 thousand and EUR 154 thousand for the three months ended March 31, 2020 and 2019, respectively. The amount of materials and services decreased by EUR 94 thousand as compared to the three months ended March 31, 2019.

Period-to-period fluctuations in materials and services are mainly attributable to the consumption of materials and services in the Company's development projects, R&D activities and operations.

Employee Benefits

The Company's employee benefits were EUR 2,942 thousand and EUR 594 thousand for the three months ended March 31, 2020 and 2019, respectively. The employee benefits expenses increased by EUR 2,348 thousand as compared to the three months ended March 31, 2019.

The increase of employee benefits was primarily driven by expenses attributable to strengthening of the Company's Management Team and global commercial team and the recruitment of international experts to support the continued growth of Nanoform's operations, expansion of Nanoform's total personnel to 50 as at March 31, 2020 from 25 as at March 31, 2019, share-based payments and the variable pay components payable in connection with the planned initial public offering.

Depreciation, Amortization and Impairment Losses

The depreciation, amortization and impairment losses were EUR 228 thousand and EUR 83 thousand for the three months ended March 31, 2020 and 2019, respectively. The depreciation, amortization and impairment losses increased by EUR 145 thousand as compared to the three months ended March 31, 2019.

The increase in depreciation, amortization and impairment losses is mainly attributable to the increase of the right-of-use assets throughout the three months ended March 31, 2020 and 2019. Right-of-use assets, subject to depreciation, are primarily recognized for the Company's leased premises in Helsinki, Finland. Further increase in depreciation is attributable to additions in machinery and production equipment. No depreciation is recognized for property, plant and equipment that are classified as construction in progress at reporting date. Amortization of the Company's intangible assets such as patents and licenses has been flat throughout the three months ended March 31, 2020 and 2019. The Company has not had any impairment losses during the three months ended March 31, 2020 and 2019.

Other Operating Expenses

The other operating expenses amounted to EUR 1,297 thousand and EUR 351 thousand for the three months ended March 31, 2020 and 2019, respectively. The other operating expenses increased by EUR 946 thousand as compared to the three months ended March 31, 2019.

The increase of other operating expenses was primarily due to increase of IT expenses, marketing and communication expenses, consultant and professional fees, travel expenses and voluntary personnel related expenses. For the three months ended March 31, 2020 and 2019, respectively, other operating expenses include EUR 82 thousand and EUR 45 thousand of marketing and communication expenses related to Nanoform's increased focus on marketing and communication as a consequence of building a global commercial team. For the three months ended March 31, 2020 and 2019, respectively, other operating expenses include EUR 774 thousand and EUR 86 thousand of consultant and professional fees. The increase in consultant and professional fees by EUR 688 thousand in the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 primarily relate to the legal and professional advisory fees expended by Nanoform in relation to its planned initial public offering.

Operating Loss

The operating losses amounted to EUR 4,365 thousand and EUR 1,083 thousand for the three months ended March 31, 2020 and 2019, respectively. The operating losses increased by EUR 3,282 thousand as compared to the three months ended March 31, 2019.

The increase of operating loss for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, was primarily due to the increase of employee benefits, depreciations and amortizations and other operating expenses as mentioned above.

Total Finance Income and Expenses

The total net finance expenses amounted to EUR 223 thousand and EUR 61 thousand for the three months ended March 31, 2020 and 2019, respectively. The total net finance expenses increased by EUR 162 thousand as compared to the three months ended March 31, 2019.

The increase in finance expenses for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, was primarily due to the increased interest expenses from R&D loans and lease liabilities.

Income Tax

The Company did not pay any income tax or recognize any income tax expense for the three months ended March 31, 2020 and 2019.

Loss for the Period

The loss for the period was EUR 4,588 thousand and EUR 1,144 thousand for the three months ended March 31, 2020 and 2019, respectively. The loss for the period increased by EUR 3,444 thousand as compared to the three months ended March 31, 2019.

Results of Operations for the Financial Years Ended December 31, 2019, 2018 and 2017

The following review describes the results of operations of the Company for the financial years ended December 31, 2019, 2018 and 2017. The description is focused on the following items of the statement of comprehensive income: revenue; other operating income; materials and services; employee benefits; depreciation, amortization and impairment losses; other operating expenses; operating loss; total finance income and expenses; income tax; and loss for the period.

The following table sets forth the Company's statement of comprehensive income information for the periods indicated.

(EUR thousand unless otherwise indicated)	January 1 – December 31,		
	2019	2018 (restated)	2017 (restated)
		(audited)	
Revenue	**49**	**235**	**65**
Other operating income	231	55	181
Materials and services	(603)	(162)	(160)
Employee benefits	(4,359)	(1,299)	(426)
Depreciation, amortization and impairment losses	(444)	(160)	(67)
Other operating expenses	(2,218)	(656)	(78)
Total expenses	**(7,625)**	**(2,277)**	**(732)**
Operating loss	**(7,344)**	**(1,987)**	**(486)**
Finance income	0	0	0
Finance expenses	(210)	(87)	(35)
Total finance income and expenses	**(209)**	**(87)**	**(35)**
Loss before tax	**(7,554)**	**(2,074)**	**(521)**
Income tax	-	-	-
Loss for the period	**(7,554)**	**(2,074)**	**(521)**

Revenue

Revenue was EUR 49 thousand, EUR 235 thousand and EUR 65 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. Revenue decreased by EUR 186 thousand as compared to the financial year ended December 31, 2018, when revenue increased by EUR 170 thousand as compared to the financial year ended December 31, 2017.

Year-to-year fluctuations in revenue are attributable to the timing of the PoC services provided to the customers as the Company satisfies performance obligations and recognizes revenue over time. The Company's revenue during all reported financial years was recognized from customer contracts outside of Finland (defined by domicile of the customer). In the financial year ended December 31, 2019, the Company's revenue stemmed from PoC projects starting in the fourth quarter of 2019. In the financial year ended December 31, 2018, the Company recognized revenue from a PoC project that had begun in 2017. In the financial year ended December 31, 2017, the Company recognized revenue from a PoC project that began in 2017.

Other Operating Income

Other operating income was EUR 231 thousand, EUR 55 thousand and EUR 181 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. Other operating income increased by EUR 177 thousand for the financial year ended December 31, 2019 as compared to the financial year ended December 31, 2018, when other operating income decreased by EUR 126 thousand as compared to the financial year ended December 31, 2017.

Year-to-year fluctuations in other operating income are attributable to grant income from below-market interest on R&D loans that are recognized during the same period when the Company has incurred such expenses that the grant is intended to compensate.

Materials and Services

Costs related to materials and services were EUR 603 thousand, EUR 162 thousand and EUR 160 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. The costs related to

materials and services increased by EUR 442 thousand for the financial year ended December 31, 2019 as compared to the financial year ended December 31, 2018, when the costs related to materials and services increased by EUR 1 thousand as compared to the financial year ended December 31, 2017.

Year-to-year fluctuations in materials and services are mainly attributable to the consumption of materials and services in the Company's development projects, R&D activities and operations.

Employee Benefits

Employee benefits were EUR 4,359 thousand, EUR 1,299 thousand and EUR 426 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. Employee benefits increased by EUR 3,060 thousand for the financial year ended December 31, 2019 as compared to the financial year ended December 31, 2018, when employee benefits expenses increased by EUR 873 thousand as compared to the financial year ended December 31, 2017.

The increase of employee benefits was primarily driven by expenses attributable to the recruitment of international experts, strengthening of the Company's Management Team to support the continued growth of Nanoform's operations, expansion of Nanoform's total personnel to 43 as at December 31, 2019 from 12 as at December 31, 2017 and forming of Nanoform's global commercial team during the financial years ended December 31, 2018 and 2019, respectively. For the financial years ended December 31, 2019 and 2018, respectively, employee benefits include EUR 2,898 thousand and EUR 1,075 thousand of wages and salaries, which consist of the wages and salaries for all employees, including the Company's Management Team. Please also see "*The Company's Administration, Management and Auditors – Management Remuneration and Incentive Schemes – Director Agreement Regarding Variable Pay Component*."

For the financial years ended December 31, 2019, 2018 and 2017, respectively, employee benefits include EUR 375 thousand, EUR 193 thousand and EUR 66 thousand of pension expenses which are mainly attributable payments made to the Finnish statutory pension scheme, which is treated as a defined contribution plan. Pension expenses and other social security expenses increased proportionally during the financial years ended December 31, 2019, 2018 and 2017, respectively, due to the overall increase of wages and salaries.

For the financial year ended December 31, 2019, employee benefits include EUR 867 thousand of share-based compensation, which relate to the Company's issuance of option rights to the members of the Board of Directors and Key Personnel, whereas the company had no share-based compensation related expenses in the financial years ended December 31, 2018 or 2017, respectively. The purpose of issuing the options was to bind the recipients to the economic growth of the Company and to the development of the Company's share value.

For more information, please see Note 8 (*Employee benefits*) and Note 20 (*Share-based payments*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017.

Depreciation, Amortization and Impairment Losses

Depreciation, amortization and impairment losses were EUR 444 thousand, EUR 160 thousand and EUR 67 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. Depreciation, amortization and impairment losses increased by EUR 284 thousand for the financial year ended December 31, 2019 as compared to the financial year ended December 31, 2018, when depreciation, amortization and impairment losses increased by EUR 93 thousand as compared to the financial year ended December 31, 2017.

The increase in depreciation, amortization and impairment losses is mainly attributable to the increase of the right-of-use assets throughout the financial years ended December 31, 2019, 2018, and 2017. Right-of-use assets, subject to depreciation, are primarily recognized for the Company's leased premises in Helsinki, Finland. Further increase in depreciation is attributable to additions in machinery and production equipment. No depreciation is recognized for property, plant and equipment that are classified as construction in progress at reporting date. Amortization of the Company's intangible assets such as patents and licenses has been flat throughout the financial years ended December 31, 2019, 2018, and 2017. The Company has not had any impairment losses during the financial years ended December 31, 2019, 2018, and 2017.

Other Operating Expenses

Other operating expenses were EUR 2,218 thousand, EUR 656 thousand and EUR 78 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. Other operating expenses increased by EUR 1,562 thousand for the financial year ended December 31, 2019 as compared to the financial year ended December 31, 2018, when other operating expenses increased by EUR 578 thousand as compared to the financial year ended December 31, 2017.

The increase of other operating expenses was primarily due to increase of IT expenses, marketing and communication expenses, consultant and professional fees, travel expenses and voluntary personnel related expenses. For the financial years ended December 31, 2019 and 2018, respectively, other operating expenses include EUR 312 thousand and EUR 101 thousand of marketing and communication expenses related to Nanoform's increased focus on marketing and communication as a consequence of building a global commercial team. For the financial years ended December 31, 2019 and 2018, respectively, other operating expenses include EUR 858 thousand and EUR 319 thousand of consultant and professional fees related to Nanoform's need for specialist assistance and resources in planning and preparing its operations to be GMP and IFRS compliant as well as increased legal support to assist Nanoform's growing commercial operations.

Operating Loss

Operating loss was EUR 7,344 thousand, EUR 1,987 thousand and EUR 486 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. The Company's operating loss increased by EUR 5,357 thousand for the financial year ended December 31, 2019 as compared to the financial year ended December 31, 2018, when the Company's operating loss increased by EUR 1,501 thousand as compared to the financial year ended December 31, 2017.

The increase of operating loss for the financial years ended December 31, 2019 and 2018, as compared to the financial year ended December 31, 2017, was primarily due to the increase of employee benefits, increased costs in marketing and communication and the increase of consultant and professional fees as mentioned above.

Total Finance Income and Expenses

Total net finance expenses were EUR 209 thousand, EUR 87 thousand and EUR 35 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively.

The increase in finance expenses for the financial years ended December 31, 2019 and 2018 as compared to the financial year ended December 31, 2017, was primarily due to the increased interest expenses from R&D loans and lease liabilities. In addition, losses from foreign exchange totaled EUR 39 thousand in the financial year ended December 31, 2019, whereas they totaled EUR 1 thousand in the financial year ended December 31, 2018. In the financial year ended December 31, 2017, the Company did not have losses from foreign exchange. The Company is exposed to foreign exchange fluctuations mainly through cash position nominated in SEK. As the exposure to foreign exchange risk is limited, Nanoform does not use derivative instruments to hedge its currency risk. Please see Note 21 (*Financial risk management*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017 for more detailed information regarding foreign exchange risk.

Income Tax

The Company did not pay any income tax or recognize any income tax expense for the financial years ended December 31, 2019, 2018 and 2017.

The confirmed tax losses and deductible temporary differences for which no deferred tax assets have been recognized amounted to EUR 12,515 thousand, EUR 3,922 thousand and EUR 427 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. The tax losses can be carried forward to offset future taxes at least partially if the Company is able to generate taxable income in the future. Please see Note 12 (*Taxes*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017 for more detailed information regarding income taxes.

Loss for the Period

Loss for the period was EUR 7,554 thousand, EUR 2,074 thousand and EUR 521 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively. The Company's loss for the period increased by EUR 5,479 thousand for the financial year ended December 31, 2019 as compared to the financial year ended December 31, 2018, when the Company's loss for the period increased by EUR 1,553 thousand as compared to the financial year ended December 31, 2017.

Liquidity and Capital Resources

General Overview

Historically, the Company has financed its operations mainly with equity financing, through R&D loans and, to a small extent, revenue from contracts with customers. Please see Note 19 (*Shareholders' equity*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017 for further description of proceeds from share issues, "*The Shares and Share Capital of the Company – Changes in the Number of Shares and the Share Capital*" for further description of the share issues.

Cash Flows

The following table sets forth a summary of the Company's consolidated statement of cash flows for the three months ended March 31, 2020 and 2019 and the Company's statement of cash flows for the financial years ended December 31, 2019, 2018 and 2017:

(EUR thousand)	January 1 – March 31,		January 1 – December 31,		
	2020	2019	2019	2018 (restated)	2017 (restated)
	(unaudited)			(audited)	
Net cash used in operating activities	(2,240)	(969)	(5,798)	(1,504)	(669)
Net cash used in investing activities	(329)	(113)	(1,878)	(441)	(92)
Net cash from financing activities	236	62	9,415	7,442	474
Net change in cash and cash equivalents	**(2,333)**	**(1,021)**	**1,739**	**5,497**	**(288)**
Cash and cash equivalents at beginning of period	7,303	5,595	5,595	98	386
Effects of exchange rates on cash and cash equivalents	(170)	(24)	(32)	-	-
Cash and cash equivalents at end of period	4,799	4,550	7,303	5,595	98

Net Cash Flow Used in Operating Activities

Net cash flow used in operating activities was EUR 2,240 thousand and EUR 969 thousand for the three months ended March 31, 2020 and 2019, respectively.

During the three months ended March 31, 2020 and 2019, the net cash flow used in operating activities was affected especially by the increase in employee benefits and other operating expenses and partially offset by the increase in trade payables and other liabilities of EUR 2,080 thousand attributable to the increase in the above mentioned costs during the three months ended March 31, 2020.

Net cash flow used in operating activities was EUR 5,798 thousand, EUR 1,504 thousand and EUR 669 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively.

During the financial years ended December 31, 2019 and 2018, the net cash flow used in operating activities was affected especially by the increase in employee benefits and other operating expenses. During the financial year ended December 31, 2017, the net cash flow used in operating activities was affected especially by the employee benefits the Company has paid.

Net Cash Flow Used in Investing Activities

Net cash flow used in investing activities was EUR 329 thousand and EUR 113 thousand for the three months ended March 31, 2020 and 2019, respectively.

During the three months ended March 31, 2020 and 2019, the net cash flow used in investing activities was affected especially by the capital expenditure related to the construction of the Company's GMP facility and associated machinery and equipment costs.

Net cash flow used in investing activities was EUR 1,878 thousand, EUR 441 thousand and EUR 92 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively.

During the financial year ended December 31, 2019, the net cash flow used in investing activities was affected especially by the capital expenditure related to the construction of the Company's GMP facility and associated machinery and equipment costs. During the financial year ended December 31, 2018, the net cash flow used in investing activities was affected especially by investments in machinery and equipment.

Net Cash Flow from Financing Activities

Net cash flow from financing activities was EUR 236 thousand and EUR 62 thousand for the three months ended March 31, 2020 and 2019, respectively.

During the three months ended March 31, 2020 and 2019, the net cash flow from financing activities was affected especially by proceeds from R&D loans and was partially offset by repayments of lease liabilities. Proceeds from R&D loans were EUR 362 thousand and EUR 122 thousand and repayments of lease liabilities were EUR 126 thousand and EUR 60 thousand in the three months ended March 31, 2020 and 2019, respectively.

Net cash flow from financing activities was EUR 9,415 thousand, EUR 7,442 thousand and EUR 474 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively.

During the financial years ended December 31, 2019 and 2018, the cash flow from financing activities was affected especially by the proceeds from share issues and proceeds from R&D loans and was partially offset by transaction costs from share issues, acquisition of treasury shares and repayments of lease liabilities. Proceeds received from the share issues were EUR 10,046 thousand and EUR 7,977 thousand and related transaction costs paid were EUR 359 thousand and EUR 622 thousand during the financial years ended December 31, 2019 and 2018, respectively. During the financial year ended December 31, 2019, the Company acquired treasury shares amounting to EUR 102 thousand. During the financial year ended December 31, 2017, the net cash flow from financing activities was affected especially by the proceeds from R&D loans and repayments for lease liabilities.

Net Debt to Equity Ratio and Net Debt

The net debt to equity ratio was 17 percent at March 31, 2020. Net debt to equity ratio was negative 46 percent and negative 64 percent as at December 31, 2019 and 2018, respectively. Net debt includes interest-bearing liabilities, net of cash and cash equivalents. Interest bearing liabilities include R&D loans and lease liabilities.

(EUR thousand, unless otherwise indicated)	**as at March 31,**	**as at December 31,**		
	2020	**2019**	**2018 (restated)**	**2017 (restated)**
	(unaudited)		**(audited)**	
Net debt	601	(3,640)	(3,194)	656
Total equity	3,520	7,932	5,033	(247)
Net debt to equity ratio (percent)	**17**	**(46)**	**(64)**	**-**

The Company calculates net debt with and without lease liabilities, as illustrated in the following table.

(EUR thousand)	**as at March 31,**	**as at December 31,**		
	2020	**2019**	**2018 (restated)**	**2017 (restated)**
	(unaudited)		**(audited)**	

Current R&D loans	78	78	-	-
Non-current R&D loans	865	599	555	441
Cash and cash equivalents	(4,799)	(7,303)	(5,595)	(98)
Net debt excluding lease liabilities	**(3,857)**	**(6,626)**	**(5,040)**	**343**
Current lease liabilities	599	413	190	27
Non-current lease liabilities	3,858	2,573	1,656	286
Net debt	**601**	**(3,640)**	**(3,194)**	**656**

R&D loans

For more information on R&D loans and terms thereto, see "*Information on the Company and its Business – Material Agreements - Business Finland R&D Loans*" and for more information on the accounting treatment of R&D loans, see Note 2.11 (*Government grants*), Note 2.13 (*Financial assets and liabilities*) and Note 22 (*Financial assets and liabilities*) to audited financial statements for the financial years ended December 31, 2019, 2018 and 2017 included in this Offering Circular.

Investments

The Company's investments were EUR 323 thousand and EUR 107 thousand in the three months ended March 31, 2020 and 2019, respectively. The investments comprised mainly of payments related to the construction of the Company's GMP facility and associated machinery and equipment costs. As at March 31, 2020 the Company's commitments to purchase property, plant and equipment amounted to EUR 720 thousand. The Company expects to finance these future investments with its existing cash and cash equivalents and proceeds from the Share Issue. Subsequent to the three months ended March 31, 2020 the Company has continued the execution of the investments as planned.

The Company's investments were EUR 1,804 thousand, EUR 379 thousand and 54 thousand in the financial years ended December 31, 2019, 2018 and 2017, respectively. Investments during the financial year ended December 31, 2019 comprised mainly of payments related to the construction of the Company's GMP facility and associated machinery and equipment costs. Investments during the financial years ended December 31, 2019 and 2018 comprised mainly of payments related to machinery and equipment.

R&D Expenses

The Company has carried out a project concerned with the development of production equipment and technology, which it has financed with loans from Business Finland. This will help cut down the time between production batches and speed up the manufacture of production batches, which will increase production capacity and facilitate more diverse production activities. The Company has recognized R&D expenses of approximately EUR 337 thousand and approximately EUR 254 thousand for the three months ended March 31, 2020 and 2019, respectively. The Company has recognized R&D expenses of approximately EUR 986 thousand, approximately EUR 865 thousand and approximately EUR 452 thousand for the financial years ended December 31, 2019, 2018 and 2017, respectively.

The Company has not capitalized development costs, as there is no evidence on intangible asset's technical viability or its ability to generate future economic benefits until the Company has capability to produce GMP level materials for clinical trials.

Balance Sheet Information

Assets

Non-current Assets

Non-current assets consist of intangible assets, property, plant and equipment and other receivables. The Company's intangible assets include patents for the CESS® technology. Property, plant and equipment consists mostly of leased premises and the costs arising from building the GMP-grade production line, which was classified as construction in progress and for which depreciations started upon receipt of the GMP Certificate from FIMEA on April 29, 2020.

The following table sets forth the Company's non-current assets at the dates indicated.

(EUR thousand)	as at March 31,	as at December 31,		
	2020	2019	2018 (restated)	2017 (restated)
	(unaudited)		(audited)	
Non-current assets				
Intangible assets	152	154	166	177
Property, plant and equipment	6,850	4,972	2,179	443
Other receivables	24	24	10	9
Total non-current assets	**7,026**	**5,150**	**2,356**	**629**

The Company's total non-current assets as at March 31, 2020 were EUR 7,026 thousand, representing an increase of EUR 1,876 thousand as compared to EUR 5,150 thousand as at December 31, 2019. The increase in non-current assets is attributable to increased amount of right-of-use assets from the Company's leased premises and costs associated with building the GMP-grade production line.

The Company's total non-current assets were EUR 5,150 thousand, EUR 2,356 thousand and EUR 629 thousand as at December 31, 2019, 2018 and 2017, respectively. Total non-current assets increased by EUR 2,794 thousand as at December 31, 2019 as compared to December 31, 2018, when total non-current assets increased by EUR 1,727 thousand as compared to December 31, 2017. Year-to-year fluctuations in non-current assets are attributable to increased amount of right-of-use assets from the Company's leased premises and costs associated with building the GMP-grade production line.

Current Assets

Current assets consist of trade receivables, other receivables, prepaid expenses and accrued income and cash and cash equivalents.

The following table sets forth the Company's current assets at the dates indicated.

(EUR thousand)	as at March 31,	as at December 31,		
	2020	2019	2018 (restated)	2017 (restated)
	(unaudited)		(audited)	
Current assets				
Trade receivables	165	20	160	65
Other receivables	153	378	79	-
Prepaid expenses and accrued income	334	59	18	1
Cash and cash equivalents	4,799	7,303	5,595	98
Total current assets	**5,451**	**7,760**	**5,853**	**164**

The Company's total current assets in were EUR 5,451 thousand, representing a decrease of EUR 2,309 thousand as compared to EUR 7,760 thousand as at December 31, 2019. The decrease in current assets is mostly attributable to the decrease in cash and cash equivalents.

The Company's total current assets were EUR 7,760 thousand, EUR 5,853 thousand and EUR 164 thousand as at December 31, 2019, 2018 and 2017, respectively. Total current assets increased by EUR 1,907 thousand as at December 31, 2019 as compared to December 31, 2018, when total current assets increased by EUR 5,689 thousand as compared to December 31, 2017. Year-to-year fluctuations in current assets are mostly attributable to the increase in cash and cash equivalents as a result of share issues.

Equity and Liabilities

Equity

Equity consists of share capital, reserve for invested unrestricted equity, accumulated deficit and loss for the period.

The following table sets forth the Company's equity at the dates indicated.

(EUR thousand)	as at March 31,	as at December 31,		
	2020	2019	2018 (restated)	2017 (restated)
	(unaudited)		(audited)	
Equity				
Share capital	3	3	3	3
Reserve for invested unrestricted equity	17,707	17,707	8,020	665
Accumulated deficit	(9,601)	(2,224)	(915)	(394)
Loss for the period	(4,588)	(7,554)	(2,074)	(521)
Total equity	**3,520**	**7,932**	**5,033**	**(247)**

The Company's total equity was EUR 3,520 thousand as at March 31, 2020, representing a decrease of EUR 4,412 thousand as compared to EUR 7,932 thousand as at December 31, 2019. The decrease was due to loss for the period.

The Company's total equity was EUR 7,932 thousand, EUR 5,033 thousand and negative EUR 247 thousand as at December 31, 2019, 2018 and 2017, respectively. Total equity increased by EUR 2,898 thousand as at December 31, 2019, as compared to December 31, 2018, when total equity increased by EUR 5,280 thousand as compared to December 31, 2017. Year-to-year fluctuations in equity are mostly attributable to increase in the reserve for invested unrestricted equity as a result of the share issues on January 24, 2018, June 21, 2018 and June 10, 2019, as partially offset by increased losses and increased accumulated deficits for the financial years ended December 31, 2019 and 2018. For further information on the share issues, please see Note 19 (*Shareholders' equity*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017.

Non-current Liabilities

Non-current liabilities consist of R&D loans from Business Finland, which were granted to the Company to finance its nanotechnology development projects, lease liabilities, advances received and trade payables.

The following table sets forth the Company's non-current liabilities at the dates indicated.

(EUR thousand)	as at March 31,	as at December 31,		
	2020	2019	2018 (restated)	2017 (restated)
	(unaudited)		(audited)	
Non-current liabilities				
R&D loans	865	599	555	441
Lease liabilities	3,858	2,573	1,656	286
Advances received	-	-	20	-
Trade payables	-	-	59	105
Total non-current liabilities	**4,723**	**3,172**	**2,290**	**831**

Total non-current liabilities as at March 31, 2020 were EUR 4,723 thousand, representing an increase of EUR 1,551 thousand as compared to EUR 3,172 thousand as at December 31, 2019. The increase was mainly due to an increase in lease liabilities.

The Company's total non-current liabilities were EUR 3,172 thousand, EUR 2,290 thousand and EUR 831 thousand as at December 31, 2019, 2018 and 2017, respectively. Total non-current liabilities increased by EUR 882 thousand as at December 31, 2019 as compared to December 31, 2018, when total non-current liabilities increased by EUR 1,459 thousand as compared to December 31, 2017. The increase was mainly due to an increase in lease liabilities.

Current Liabilities

Current liabilities consist of provisions, R&D loans, lease liabilities, advances received, trade payables, other liabilities and accrued expenses.

The following table sets forth the Company's current liabilities at the dates indicated.

(EUR thousand)	as at March 31,	as at December 31,		
	2020	2019	2018 (restated)	2017 (restated)
	(unaudited)		(audited)	
Current liabilities				
Provisions	-	19	-	-
R&D loans	78	78	-	-
Lease liabilities	599	413	190	27
Advances received	52	55	-	-
Trade payables	815	571	391	55
Other liabilities	96	94	23	0
Accrued expenses	2,593	576	282	126
Total current liabilities	**4,234**	**1,806**	**885**	**209**

Total current liabilities as at March 31, 2020 were EUR 4,234 thousand, representing an increase of EUR 2,428 thousand as compared to EUR 1,806 thousand as at December 31, 2019. The increase was mainly due to increases in lease liabilities, trade payables and accrued expenses. Accrued expenses as at March 31, 2020 include the variable pay components of the Director Agreements as described in more detail in " – *Contingencies and Commitments*" below.

The Company's total current liabilities were EUR 1,806 thousand, EUR 885 thousand and EUR 209 thousand as at December 31, 2019, 2018 and 2017, respectively. Total current liabilities increased by EUR 921 thousand as at December 31, 2019 as compared to December 31, 2018, when total current liabilities increased by EUR 677 thousand as compared to December 31, 2017. The increase was mainly due to increases in lease liabilities, trade payables, other liabilities and accrued expenses.

Contingencies and Commitments

As at March 31, 2020 the Company's commitments to purchase property, plant and equipment amounted to EUR 720 thousand.

The Company has entered into Director Agreements with its Chief Financial Officer and Investor Relations Director whereby they are entitled to a variable pay component of the capital raised by the Company including and until the potential FN Listing. As at December 31, 2019 the Company classified the variable pay components related to future capital raises as a contingent liability that are estimated to amount EUR 465 thousand as at December 31, 2019. During the three months ended March 31, 2020, the estimated amount of the variable pay components of EUR 1.4 million was recognized as an expense to the consolidated income statement and as accrued expenses in the consolidated statement of financial position. For more information on Director Agreements see "*Information on the Company and its Business – Material Agreements – Investor Relations Director Agreement*", "*The Company's Administration, Management and Auditors – Management Remuneration and Incentive Schemes – Director Agreement Regarding Variable Pay Component*" and Note 11 (*Commitments and contingencies*) to the Company's interim financial information as at and for the three months ended March 31, 2020 attached to this Offering Circular.

Description of the Financial Risk Management

General

The administration of the Company's financial risk management is described in Note 21 (*Financial risk management*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017 attached to this Offering Circular.

The Company's overall financial risk management focuses on exposure to financial risks such as liquidity, foreign exchange risks, interest rate, credit and counterparty risks. The most significant financial risks relate to liquidity and foreign exchange rates.

The CFO of the Company is responsible for financial risk management in the Company. The Company aims to minimize the financial risks in its financing activities whenever possible and whenever it is financially inexpensive and prudent.

Capital Management and Liquidity Risk

The Company's objective in managing capital is to safeguard the Company's ability to continue its operations and to enable the development and commercialization of its nanoforming technology in the future. For further information, please see Note 2.3 (*Going concern*) and Note 18 (*Cash and cash equivalents*). In order to maintain or adjust the capital structure, the Company may issue new shares, request for debt financing or change the realization of its planned growth investments.

Nanoform's management monitors the capital through net debt to equity ratio, which was negative 46 percent and negative 64 percent as at December 31, 2019 and 2018, respectively. Net debt includes interest-bearing liabilities, net of cash and cash equivalents. Interest bearing liabilities include R&D loans and lease liabilities.

Cash flow from operating activities for the financial year ended December 31, 2019 was negative EUR 5,798 thousand and cash outflow for investing activities was EUR 1,878 thousand. The Company's cash and cash equivalents totaled to EUR 7,303 thousand as at December 31, 2019. The Company's liquidity position is monitored regularly and projected both in short and long term to ensure that the Company has sufficient funding and cash and cash equivalents available to meet obligations when due. Nanoform's management monitors the forecasts on the Company's cash flows based on expected future cash flows. The Company has no committed credit facilities available.

Historically, the Company has financed its operations mainly with equity financing and through R&D loans, and to lesser extent with income from contracts with customers. In order to safeguard the Company's ability to continue its operations as going concern in foreseeable future, the management aims to manage the capital to have sufficient liquidity and liquid funds available. When needed, the management may adjust the expenses and growth investments to correspond to the financing that is available.

Foreign Exchange Risk

The Company is exposed mainly to foreign exchange fluctuations arising from SEK, GBP and USD. Currently all revenues and loans are nominated in euros, but expenses are partially nominated in SEK, GBP and USD. At year end 2019, the most significant currency exposure arose from the SEK 32 million cash position consisting of the cross-border equity private placement. A 10 percent movement in SEK/EUR exchange rate would result in EUR 300 thousand, EUR 170 thousand and EUR 0 thousand change in net result for the financial years ended December 31, 2019, 2018, and 2017, respectively and corresponds to a 4 percentage point movement in EUR 7.3 million cash and cash equivalent position as at December 31, 2019. As the exposure to currency risk is limited, the Company does not hedge its currency risk with derivative instruments.

Interest Rate Risk

The Company is exposed to a potential interest risk through its R&D loans from Business Finland and through its cash and cash equivalent balances. Interest on R&D loans from Business Finland is the base rate as defined by the Finnish Ministry of Finance minus 3 percentage points, subject to a minimum rate of 1 percent. As the interest during the reporting periods presented have been below the minimum level and the Company has paid the minimum interest of 1 percent, the interest risk is considered minimal. With respect of the cash and cash equivalent balances, there is a minor risk that the European Central Bank, in the event of weakening economy, could lower its policy rates further or that the commercial banks would start to charge interest on cash deposits also from smaller companies like the Company. In the event of rising interest rates, The Company would be a relative winner due to its positive net cash position. A 1 percentage point change in market interest rates would have affected earnings by EUR 70 thousand, EUR 50 thousand and EUR 1 thousand for the financial years ended December 31, 2019, 2018 and 2017 respectively. The Company does not hedge its interest rate risk with derivative instruments.

Credit Risk and Counterparty Risk

The Company's counterparty risk consists mainly of contracts between external customers, suppliers, partners in cooperation and financial institutions. Counterparty risk with financial institutions concerns creditworthy banks and financial institutions. Counterparty risk with the customer contracts is usually low because when selecting a counterparty, generally only counterparties with high creditworthiness are approved. Counterparty creditworthiness is evaluated constantly, and the required actions are considered

case by case if significant changes in the creditworthiness of a counterparty occur. Credit risk is managed by defining the rules for payment terms, authorizations and credit control. The credit quality is evaluated both on the basis of the aging of the receivables as well as on the basis of individual case by case customer analysis in order to identify customers with potential higher credit risk due to individual customer specific reasons. The expected credit loss for the trade receivables is recognized on the basis of this credit quality evaluation. The Company follows credit rating of customers given by credit institutions.

Related Party Transactions

As at the date of the Offering Circular, the Company's related parties consist of its sole subsidiary, Nanoform USA, and the following parties:

- the University of Helsinki, which has significant influence over the Company through Helsinki University Funds based on the percentage of its ownership of the Company and its right to nominate a representative to the Company's Board of Directors, and as described in further detail in "*The Shares and Share Capital of the Company – The Shareholders of the Company*", the University of Helsinki will cease to be a related party after the FN Listing;
- the Members of the Board of Directors and their closely related family members and the entities over which they have control or joint control; and
- the Company's Management Team and their closely related family members and the entities over which they have control or joint control.

Nanoform has not had interests in other entities as at and for the financial years ended December 31, 2019, 2018 and 2017.

The members of the Company's Board of Directors and the Management Team and the CEO, the management shareholdings and share options and the management remuneration and incentive schemes are described in section "*The Company's Administration, Management and Auditors*".

The following tables set forth related party transactions for the three months ended March 31, 2020 and 2019 and for the financial years ended December 31, 2019, 2018 and 2017.

	For the three months ended March 31,		For the year ended December 31,		
(EUR thousand)	**2020**	**2019**	**2019**	**2018**	**2017**
	(unaudited)			**(audited)**	
Purchases of materials and services from the University of Helsinki	13	6	159	65	3
Total	**13**	**6**	**159**	**65**	**3**

	As at March 31,		As at December 31,		
(EUR thousand)	**2020**	**2019**	**2019**	**2018**	**2017**
	(unaudited)			**(audited)**	
Liabilities regarding purchases of materials and services from the University of Helsinki	13	-	-	141	206
Liabilities to key management personnel – variable pay component	910	158	232	173	-
Total	**923**	**158**	**232**	**314**	**206**

Apart from the resolutions of Annual General Meeting of Shareholders of the Company held on April 7, 2020, as described in more detail in "*The Shares and Share Capital of the Company – Authorizations Granted to the Board of Directors*," the Company has not had significant related party transactions during the period after the end of three months ended March 31, 2020.

Critical Accounting Estimates and Significant Management Judgments

The preparation of the Company's unaudited consolidated financial information as at and for the three months ended March 31, 2020 prepared in accordance with "*IAS 34 – Interim Financial Reporting*," including

comparative figures for the three months ended March 31, 2019 as well as the Company's audited financial statements for the financial years ended December 31, 2019, 2018 and 2017 prepared in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the measurement of the reported assets and liabilities and other information, such as contingent assets and liabilities and the recognition of revenue and expenses in the statement of comprehensive income. Although these estimates and assumptions are based on the management's best knowledge about current events and actions, actual results may differ from the estimates.

The Company's management has estimated that judgment needs to be used especially regarding the following items.

Going Concern

Nanoform's management has assessed the Company's ability to continue its operations as a going concern in the foreseeable future and has developed financial forecasts for revenues, expenses and investments for the period covering the next twelve months. For further information, please see Note 2.1 (*Basis of preparation*) and Note 2.3 (*Going concern*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017 and Note 4 (*Going concern*) to the Company's interim financial information as at and for the three months ended March 31, 2020. These financial forecasts are based on assumptions of future cash flows and their realization is uncertain.

Revenue Recognition

The Company recognizes revenue from customer contracts as it fulfils performance obligations by providing promised services and the revenue is recognized over time. The Company applies the input method in measuring the progress towards complete satisfaction of a performance obligation. In this method, fulfilment is measured by comparing the costs incurred relative to the total estimated costs of the performance obligation. Significant management judgment is required to determine the estimated total costs of performance obligations. Estimated costs are reviewed regularly during performing the services and revisions in forecasts and projected losses on service contracts are recognized through the statement of comprehensive income during the period in which they become known.

Leases

The Company's lease contracts include both extension and termination options. Nanoform's management uses the options in managing lease contracts to ensure flexible use of premises in Company's businesses. Nanoform's management assess the use of extension and termination options individually for each lease contract. Based on the judgment of Nanoform's management, the Company will use extension options, which relate to premises that are significant to Company's future operations and growth. Furthermore, based on the judgment of Nanoform's management, the Company will not use termination options on such perpetual lease contracts that are essential for business growth. These lease contracts are recognized as long-term lease contracts. For further information, please see Note 7 (*Property, plant and equipment*) to the Company's interim financial information as at and for the three months ended March 31, 2020 and Note 15 (*Property, plant and equipment*) to the Company's financial statements for the financial years ended December 31, 2019, 2018 and 2017.

Share-based Payments

The Company recognizes expenses for share-based payments in the consolidated statement of comprehensive income. Nanoform's management uses judgment when determining certain assumptions used in the option pricing model, such as volatility, fair value of shares at the grant date, estimated amount of options that will eventually vest and the probable exercise date of options. The detailed information about assumptions in the recognition of share-based payments used by the Company has been described in Note 8 (*Share-based payments*) to the Company's interim financial information as at and for the three months ended March 31, 2020 and Note 20 (*Share-based payments*) to the Company's financial statements for the financials year ended December 31, 2019, 2018 and 2017.

Upcoming Standards and Interpretations Not Yet Adopted

The International Accounting Standards Board ("**IASB**") has made amendments to "*IAS 1 – Presentation of Financial Statements*" and "*IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*" which

use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting.

The Company will adopt the above-mentioned amended standards as of the effective date, or if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

THE COMPANY'S ADMINISTRATION, MANAGEMENT AND AUDITORS

General on the Company's Administration

Pursuant to the provisions of the Finnish Companies Act and the Company's Articles of Association, the management and control of the Company is divided between the shareholders, the Board of Directors and the Chief Executive Officer (the "**CEO**") of the Company. In addition, the Company's Management Team assists the CEO in the Company's operations.

The shareholders of the Company exercise their decision-making power at the General Meeting of Shareholders. According to the Company's Articles of Association, the Annual General Meeting of Shareholders shall be held annually within six (6) months of the expiration of the financial period. The Finnish Companies Act and the Articles of Association of the Company define matters to be dealt with in the Annual General Meeting of Shareholders.

The shareholders participate in the administration and management of the Company through resolutions adopted at the General Meetings of Shareholders, which is generally convened by the Board of Directors. In addition, the General Meeting of Shareholders must be held pursuant to the Finnish Companies Act when requested in writing by the Auditor of the Company or by shareholders representing at least one-tenth of all the issued Shares.

The address of the Board of Directors and the CEO of the Company is Viikinkaari 4, FI-00790 Helsinki, Finland.

Board of Directors and the Management Team

Board of Directors

The Board of Directors has general responsibility for the Company's governance and the appropriate organization of operations. The Board of Directors appoints the CEO of the Company and affirms the principles of strategy, organization, accounting and controlling the management of assets. The CEO of the Company is responsible for carrying out the strategy of the Company and for the day-to-day administration of the Company based on the instructions issued by the Board of Directors of the Company.

Pursuant to the Articles of Association of the Company, the Board of Directors consists of a minimum of 3 and maximum of 6 ordinary members. The term of office of the members of the Board of Directors expires at the end of the first Annual General Meeting of Shareholders following their election. The Board of Directors elects a Chairman from among its members for the duration of its term of office.

The Board of Directors has established and approved a written charter for its work to complement the Articles of Association and applicable laws and regulations. The charter of the Board of Directors describes the election of directors, the responsibilities of the Board of Directors, meeting practices and division of tasks within the Board of Directors.

The Board of Directors convenes regularly, in accordance with a schedule that is agreed upon in an annual master plan adopted in advance, and at least six (6) times per financial year and as required. The Board of Directors receives current information on the operations, financial situation, market and competitive situation and risks of the Company in its meetings. Meetings of the Board of Directors are attended by the CEO of the Company and the secretary to the Board. The Board of Directors may invite other persons to attend the Board meetings as necessary. Such persons are not entitled to vote at the meetings of the Board of Directors and are not considered members of the Board of Directors. Minutes are kept of all meetings of the Board of Directors. The Board of Directors constitutes a quorum when more than half of the elected members are present. A decision of the Board of Directors shall be carried by the majority of those who are present at the meeting, or in case of a tie, the Chairman of the Board of Directors shall cast the deciding vote, unless the matter concerns the election of the Chairman, in which case the matter will be decided by lot. The Board of Directors may make unanimous decisions without convening and the minutes of such meetings in which the members of the Board of Directors are not present shall be signed by all members of the Board of Directors.

The Board of Directors has established an Audit and Compensation Committee. The Board of Directors has adopted a written charter for the Audit and Compensation Committee setting forth the purpose, composition,

operations and duties of the committee as well as the qualifications for committee membership. The Board of Directors appoints the members and the Chairman of the Audit and Compensation Committee from among its members. The Audit and Compensation Committee assists the Board of Directors in fulfilling its oversight requirements of the Company's financial reporting process, and in monitoring the statutory audit of the Company and assists the Board of Directors in its oversight of matters pertaining to financial reporting, internal monitoring, internal audit, risk management, and by reporting on its performance to the Board of Directors. The Audit and Compensation Committee also assists the Board of Directors with its responsibilities relating to the evaluation and monitoring of the remuneration of the members of the Board of Directors and the CEO of the Company and in reviewing and preparing matters related to the Company's overall compensation and incentive structure. Furthermore, the Audit and Compensation Committee assists the Board of Directors with its responsibilities relating to the compliance with laws and regulations and with rules, guidelines and recommendations given by authorities to the extent that they have an impact on the internal control, financial reporting or the assessment and control of risk management. The Audit and Compensation Committee consists of at least two (2) members. A majority of the members of the Audit and Compensation Committee must be independent of the Company and at least one member must be independent of significant shareholders. The Board of Directors appoints the members and the chairman of the Audit and Compensation Committee from among its members. At the date of this Offering Circular, the members of the Audit and Compensation Committee are Miguel Calado and Mads Laustsen.

The Board of Directors of the Company does not consider it necessary to establish any further permanent committees, as the Board of Directors is able to function effectively without further committees due to the scope and nature of the Company's operations and the operating principles of the Board of Directors. However, the Board of Directors may appoint temporary committees for the preparation of other important decisions. The Board of Directors normally does not approve charters for such committees or release information on their term, composition, number of meetings or the members' attendance rates.

The mutually complementary expertise of the members of the Board of Directors is important to the Company. The diversity of the Board of Directors is supported by experience in various industries, international operating environment and different cultures. Furthermore, taking the age and gender ratio into account is considered as important. The Company's objective is to achieve representation of both genders in the Board of Directors. As means to achieve the aforesaid objective, the Board of Directors seeks to include representatives of both genders in the directors candidates search and evaluation process.

The Board of Directors of the Company has three (3) members as at the date of this Offering Circular. The members of the Board of Directors as at the date of this Offering Circular are listed as follows:

Name	Year of Birth	Position	Board Member Since
Miguel Calado	1955	Chairman	2019
Mads Laustsen.....	1957	Vice Chairman	2019
Albert Hæggström	1971	Board Member	2015

Miguel Calado has been the Chairman of the Board of the Company since 2020 and a member of the Board of Directors of the Company since 2019. He has served as a non-executive member of the Board of Directors of HNI Corporation since 2004, the Chairman of the Supervisory Board of OutSystems S.A. since 2019, a member of the Board of Directors of OutSystems S.A. between 2011 and 2016, the Chairman of the Board of Directors of Wygroup, S.A. since 2004, a member of the International Advisory Board of Católica Lisbon School of Business & Economics, which operates under the Catholic University of Portugal, since 2003 and a member of the Advisory Board of the Portuguese Institute of Corporate Governance since 2010. In addition, Mr. Calado has served as the President of Gamcal LLC since 2001. Previously, Mr. Calado served as a member of the Board of Directors of Aveleda S.A. between 2013 and 2019, was the President of iMAX Diagnostic Imaging Business Unit and Vice President of Hovione S.A. between 2015 and 2018, the Vice President and CFO of Hovione S.A. between 2006 and 2015 and the Executive Vice President and President of International of Dean Foods Co. between 1998 and 2005. Additionally, Mr. Calado held various positions at PepsiCo, Inc. acting, among others, as Vice President and CFO of PepsiCo Foods International between 1993 and 1998, Vice President and CFO between 1991 and 1993, Vice President and CFO of Asia Division between 1987 and 1991 and Vice President and CFO of Brazil between 1983 and 1987. In addition, he served as CFO of Renk Zanini S.A. between 1981 and 1983. Mr. Calado holds a Bachelor of Business Administration degree and a Bachelor of Business Administration degree in Accounting from the Catholic University of Brazil and has completed the Owner/President Management program in General Management at Harvard Business School. He is dual citizen of Portugal and the United States of America.

Mads Laustsen has been the Vice Chairman of the Board of Directors of the Company since 2020 and a member of the Board of Directors of the Company since 2019. He has served as a member of the Board of Directors of Synklino ApS since 2018. In addition, Mr. Laustsen is the co-founder of and has been the CEO of Bactolife ApS since 2017. Previously, he served as Chief Manufacturing Officer of Symphogen A/S between 2014 and 2019, Chief Science Officer and member of the Board of Directors of CMC Biologics A/S (now AGC Biologics A/S) between 2011 and 2014, CEO of CMC Biologics A/S between 2001 and 2011, Director, Recovery and Purification Pilot Plant, at Novozymes A/S between 1994 and 2001, Manager, Process Development, at Zymogenetics, Inc., between 1991 and 1993, Process Development Scientist and Team Leader at Novo A/S (now Novozymes) between 1985 and 1990 and as Research Scientist at Hellesens A/S between 1983 and 1985. Mr. Laustsen holds a Bachelor of Science degree in biochemical engineering from the Danish Technical University. He is a Danish citizen.

Albert Hæggström has been a member of the Company's Board of Directors since 2015 and the CFO and a member of the Management Team since 2018. Mr. Hæggström was the Head of Equities at Bank of Åland Plc between 2015 and 2018, the Head of Equities at Alfred Berg Kapitalförvaltning Ab between 2009 and 2015, and Portfolio Manager at Alfred Berg Kapitalförvaltning Finland Ab between 2005 and 2009. In addition, he has held the positions of Analyst at Enskilda Securities Oy between 2004 and 2005, Portfolio Manager at Avenir Fondbolag Ab between 2002 and 2004, Analyst at Alfred Berg between 1998 and 2002 and Analyst within Corporate Finance at Merita Bank in 1998 and Finance Analyst at Merita Bank between 1997 and 1998. Hæggström holds a Bachelor of Science degree in economics from Hanken School of Economics in Helsinki. He is a Finnish citizen.

Management Team

The Company's Management Team was established in 2015. The Company's Management Team acts as the management team for the entire Group. The members of the Company's Management Team are all under the direct supervision of the CEO of the Company. The following persons are the members of the Company's Management Team as at the date of this Offering Circular:

Name	Year of Birth	Position	Member of the Management Team Since
Edward Hæggström	1969	CEO	2015
Albert Hæggström	1971	Chief Financial Officer	2018
Gonçalo Andrade	1978	Chief of Business Operations	2019
Christian Jones	1980	Chief Commercial Officer	2018
Niklas Sandler	1972	Chief Technology Officer	2019
David Rowe	1967	Head of Manufacturing	2019

Edward Hæggström is the co-founder of Nanoform and has been the Company's CEO and a member of the Management Team since 2015. Dr. Hæggström has served a member of the Board of Directors of Nanojet Oy since 2019 and as a scientific advisor and the Chairman of the Board of Directors of GlucoModicum Oy since 2018. Dr. Hæggström has been a professor at the University of Helsinki and Head of the Electronics Research Laboratory within the Department of Physics since 2008. He has previously held the role of visiting professor of physics at Harvard Medical School between 2007 and 2011, visiting scholar (assistant professor) of physics at Stanford University between 2002 and 2003, and project leader at the CERN between 2004 and 2005. He holds a Ph.D. degree in applied physics from the University of Helsinki and a Masters of Business Administration degree in innovation management from Helsinki University of Technology, Finland. He is a Finnish citizen.

Please see **Albert Hæggström**'s bio in section " – *Board of Directors*" above.

Gonçalo Andrade has been the Company's Chief of Business Operations and a member of the Management Team since 2019. Dr. Andrade has been the owner of Gafra Limitada since 2016. Previously, he has served as a member of the Boards of Directors of Senzer Limited between 2017 and 2020, SolasCure Limited between 2017 and 2020, Adapttech Limited between 2017 and 2019, Adapttech S.A. between 2015 and 2017, Performetric S.A. between 2015 and 2019 and Laserleap S.A. between 2015 and 2017 and was a founding member and member of the management team of Hovione Capital SCR between 2015 and 2019. Dr. Andrade has held positions as General Manager at Hovione Capital SCR between 2016 and 2018, Business Development Manager at Hovione Farmaciencia SA between 2013 and 2016, Innovation Unit Manager and Drug Discovery Unit Leader at Bioalvo S.A. between 2009 and 2013, and in several scientific research roles at Elan Pharmaceuticals between 2008 and 2009 and at the Genecenter of

the Ludwig Maximillian University between 2003 to 2008. He holds a Ph.D. in biochemistry from Ludwig-Maximilians Universität München and a Masters of Business Administration from the Catholic University of Portugal. He is a Portuguese citizen.

Christian Jones has been the Company's Chief Commercial Officer and a member of the Management Team since 2018. Previously, Mr. Jones served as Commercial Director and member of the Senior Leadership Team for the Global Health Sector at Johnson Matthey Plc between 2015 and 2018 and as Head of Asia Pacific Sales and member of the Senior Leadership Team at Dr. Reddy's Global Custom Pharma Solutions between 2014 and 2015. In addition, he held the positions of Commercial Director, Innovator Pharma Products and Solutions at Johnson Matthey Plc between 2015 and 2018, Head of APAC Sales and Business Development, Associate Director of Sales and Business Development, Europe and Manager, Sales and Business Development, Europe at Dr. Reddy's Global Custom Pharma Solutions between 2011 and 2015, Global Business Development Manager at Prosonix Ltd. between 2006 and 2011, Marketing Associate and Process Development Chemist at Exelgen Ltd. (formerly Tripos Discovery Research Ltd.) between 2003 and 2006. Mr. Jones holds a Masters of Chemistry degree from the University of Leeds. He is a Fellow of the Royal Society of Chemistry. He is a British citizen.

Niklas Sandler has been the Company's Chief Technology Officer and member of the Management Team since 2019. Dr. Sandler has also served as Chairman of the Board of the Finnish Pharmaceutical Society since 2012. Dr. Sandler has served as a member of the Board of Directors of the Sigrid Juselius Foundation since 2012, the Orion Research Foundation since 2018, Intelligent Pharmaceutics Oy since 2010 and SAY Group Oy since 2010. In addition, he is the owner of and has been the CEO and a member of the Board of Directors of Superman Holding Ltd. since 2017. Previously, Dr. Sandler was a member of the Board of Directors of Åbo Akademi Foundation Research Institute between 2015 and 2019 and a member of the Leadership Team of Åbo Akademi University between 2015 and 2018. In addition, he has held the positions of Vice Rector for Research Affairs at Åbo Akademi University between 2015 and 2018, Professor in Pharmaceutical Technology at Åbo Akademi University between 2009 and 2018, Professor in Industrial Pharmacy at the University of Helsinki between 2008 and 2009, Senior Scientist in Pharmaceutical and Analytical Research and Development at AstraZeneca between 2006 and 2008, Postdoctoral Scientist at the University of Otago School of Pharmacy between 2005 and 2006, Senior Researcher and Assistant Teacher at the University of Helsinki School of Pharmacy between 2001 and 2005, Expert Pharmacist at the Association of Finnish Pharmacies between 1999 and 2001 and Researcher at the University of Helsinki Division of Pharmaceutical Technology between 1997 and 1999. Dr. Sandler holds Masters of Science and Ph.D. degrees in pharmaceutical technology from the University of Helsinki. He is a Finnish citizen.

David Rowe has been the Company's Head of Manufacturing and a member of the Management Team since 2019. Previously, Dr. Rowe has held several positions at GlaxoSmithKline plc including Particle Size Reduction Lead between 2016 and 2019, Chair of the Size Reduction Centre of Excellence between 2016 and 2017, Platform Expert in the Size Reduction Centre of Excellence between 2014 and 2015, and member of the Size Reduction Centre of Excellence between 2014 and 2019 and Platform Expert in Micronization & Blending Technologies between 2011 and 2013, Operations Support Manager between 2009 to 2011, Production Projects Manager between 2007 and 2009, Production Team Manager between 2002 and 2006, Improvement Support Manager between 1999 and 2001 and Process Chemist at GlaxoSmithKline plc between 1997 and 1999. Dr. Rowe holds a Ph.D. degree in Chemistry from the University of Edinburgh. He is a British citizen.

The CEO

The Board of Directors appoints the CEO of the Company. Dr. Edward Hæggström has acted as the CEO of the Company since 2015. The CEO manages and develops the Company's business and is responsible for the operative management in accordance with the instructions issued by the Board of Directors. The CEO presents and reports to the Board of Directors. The CEO manages the day-to-day administration in accordance with the instructions issued by the Board of Directors and ensures that the Company's accounting complies with legislation and that the management of the Company's assets is organized in a reliable manner.

The CEO's contract may be terminated by either the CEO or the Company with six (6) months' notice, and the contract includes non-competition and non-solicitation obligations that remain in force for twelve (12) months after the contract's expiry. If the CEO's contract is terminated by the Company, the CEO is entitled to a severance payment equal to six (6) and two thirds (2/3) months of base salary as at the date of this Offering Circular.

Corporate Governance

In its decision-making and corporate governance, the Company complies with the Finnish Companies Act, Articles of Association of the Company, certain rules set forth in the Helsinki Stock Exchange, the First North Rulebook, securities markets legislation, as well as other applicable regulations. Starting from the submission of the listing application of the Shares on the First North Premier Finland and First North Premier Sweden, the Company will apply with the Finnish Corporate Governance Code entered into force on January 1, 2020 ("**Finnish Corporate Governance Code 2020**"). The Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association is publicly available on the website of the Finnish Securities Market Association at www.cgfinland.fi.

The Company deviates from recommendation 8 of the Finnish Corporate Governance Code 2020 regarding the composition of the Board of Directors as both genders are not currently represented in the Board of Directors. The Company's objective is to achieve representation of both genders in the Board of Directors. As means to achieve representation of both genders, the Company's Board of Directors seeks to include representatives of both genders in the director candidates search and evaluation process. The Company deviates from recommendation 15 of the Finnish Corporate Governance Code 2020 regarding the appointment of members to a committee. The Company's Board of Directors has established an Audit and Compensation Committee. The Audit and Compensation Committee has only two members, Miguel Calado, the Chairman, and Mads Laustsen, a member. Both Miguel Calado and Mads Laustsen are independent from both the Company and significant shareholders. The description of the rationale for recommendation 15 provides that if a company's board of directors has only few members, a committee may consist of only two members. The Company's Board of Directors currently has only three members.

Since the Company will apply the Finnish Corporate Governance Code 2020, it is not mandatory to apply the Swedish Corporate Governance Code entered into force on January 1, 2020 ("**Swedish Corporate Governance Code 2020**"). However, the Company must account for deviations between the Finnish Corporate Governance Code 2020 and the Swedish Corporate Governance Code 2020 as well as how the Finnish Corporate Governance Code 2020 is applied.

Information on the Members of the Board of Directors and Members of the Management Team and the CEO of the Company

Apart from what has been presented below, as at the date of this Offering Circular, the members of the Board of Directors, the members of the Management Team and the CEO of the Company have not, save for the exceptions described below, during the previous five (5) years prior to the publication of the Offering Circular:

- had any convictions in relation to fraudulent offences;
- acted in executive positions, such as members of administrative, executive or supervisory bodies, or been part of the management of or acted as a general partner of a limited partnership in a company which has filed for bankruptcy, liquidation or restructuring proceedings (excluding such liquidation processes, which have been voluntary in order to legally dissolve a limited liability company in accordance with the Finnish Companies Act in Finland); or
- been subject of prosecution or penalty by judicial or supervisory authority (including professional associations), and been disqualified by a court from acting as a member of administrative, management or supervisory bodies of any company or prohibited the person from acting in the management of any company or from managing the affairs at any company.

Nanoform's CEO, has been a member, since 2019, of the Board of Directors of Nanojet Oy, which entered into bankruptcy on February 25, 2020.

Conflicts of Interest

The provisions regarding the conflicts of interest of the management of a company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a matter that pertains to an agreement between himself and the company. Nor may a member of the Board of Directors take part in the handling of a matter pertaining to an agreement between the company and a third party, should the member in question thereby stand to gain a material benefit, which may be in conflict with the company's interests. What is stated above

with regard to agreements is correspondingly applicable to other legal acts, legal proceedings and other rights of action. These provisions also apply to the CEO of the Company.

Of the members of the Board of Directors of the Company, Albert Hæggström is also a shareholder of the Company. The lock-up agreement applying to the Shares of the Sellers is described under "*Plan of Distribution in the Offering – Underwriting Agreement – Lock-up*."

Related party transactions are described under "*Operating and Financial Review – Related Party Transactions*."

To the knowledge of the Company, the members of the Board of Directors, the members of the Management Team or the CEO of the Company do not have other conflicts of interest between their duties to the Company and their private interests or their other duties, apart from the following:

- The CEO of the Company and the CFO of the Company, who is also a member of the Board of Directors of the Company, are brothers.

At the date of this Offering Circular, of the members of the Board of Directors, Mr. Miguel Calado and Mr. Mads Laustsen are independent of the Company and its major shareholders. Mr. Albert Hæggström is neither independent of the Company's major shareholders nor independent of the Company.

The Company's Chief Financial Officer Albert Hæggström is entitled to a variable pay component which is paid in connection with the FN Listing if the FN Listing is carried out successfully. The variable pay component is further described in "– *Management Remuneration and Incentive Schemes – Director Agreement Regarding Variable Pay Component*" below.

Management Shareholdings and Stock Options

Members of the Board of Directors and the Management Team of the Company held as at the date of this Offering Circular a total of 6,672,150 Shares, representing approximately 15.4 percent of the Company's Shares and votes. Additionally, the members of the Board of Directors and the Management Team of the Company held as at the date of this Offering Circular a total of 1,030,000 options entitling to Shares. For more information on incentive programs, please see "– *Management Remuneration and Incentive Schemes – Incentive Programs*" below.

The following table sets forth the ownership of Shares in the Company and the number of options held by the members of the Board of Directors, the members of the Management Team and the CEO of the Company as at the date of this Offering Circular:

Name	Position	Shares	Options
Miguel Calado	Chairman	-	250,000[1]
Mads Laustsen	Vice Chairman	-	200,000[2]
Albert Hæggström	Board Member and the Chief Financial Officer	661,700	200,000[3]
Edward Hæggström	CEO	6,010,450	-
Gonçalo Andrade	Chief of Business Operations	-	100,000[4]
Christian Jones	Chief Commercial Officer	-	100,000[4]
Niklas Sandler	Chief Technology Officer	-	90,000[4]
David Rowe	Head of Manufacturing	-	90,000[4]
Total		**6,672,150**	**1,030,000**

[1] 100,000 stock options under the 1/2019 Stock Option Program and 150,000 stock options granted in the Annual General Meeting of Shareholders of the Company held on April 7, 2020.
[2] 100,000 stock options under the 4/2019 Stock Option Program and 100,000 stock options granted in the Annual General Meeting of Shareholders of the Company held on April 7, 2020.
[3] 100,000 stock options under the 1/2019 Stock Option Program and 100,000 stock options granted in the Annual General Meeting of Shareholders of the Company held on April 7, 2020.
[4] Under the 2/2019 Stock Option Program.

Management Remuneration and Incentive Schemes

Board of Directors

Pursuant to the Finnish Companies Act, the remuneration of the members of the Board of Directors is decided by the Annual General Meeting of Shareholders.

On April 7, 2020, the Annual General Meeting of Shareholders of the Company resolved that until the next Annual General Meeting of Shareholders, the monthly remuneration of the Chairman of the Board of Directors is EUR 3,333, the monthly remuneration of the Vice-Chairman of the Board of Directors is EUR 2,500 and the monthly remuneration of each member of the Board of Directors is EUR 1,666. The Annual General Meeting of Shareholders of the Company also resolved to issue stock options as referred to in Chapter 10, Section 1 of the Finnish Companies Act, which entitle the Chairman of the Board to subscribe maximum of 150,000 shares and the rest of the Board Members to each subscribe maximum of 100,000 shares, in the aggregate a maximum of 350,000 shares in total.

The following table sets forth the compensation and fees recognized as expenses for the members of the Board of Directors for the financial years indicated:

(EUR thousand)	January 1 – March 31,				January 1 – December 31,					
	2020		2019		2019		2018		2017	
	(unaudited)		(unaudited)				(audited)			
	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments
Miguel Calado[1]	8	3	-	3	23	71	-	-	-	-
Mads Laustsen[2]	5	21	-	-	7	60	-	-	-	-
Albert Hæggström, CFO	5	3	-	3	20	71	-	-	-	-
Rabbe Klemets[3]	10	5	-	4	30	107	-	-	-	-
Jouko Yliruusi[4]	-	-	-	-	-	-	-	-	-	-
Total	**27**	**32**	**-**	**9**	**79**	**310**	**-**	**-**	**-**	**-**

[1] Member of the Board of Directors since March 27, 2019.
[2] Member of the Board of Directors since September 10, 2019.
[3] Member of the Board of Directors until April 7, 2020.
[4] Member of the Board of Directors until March 27, 2019.

On April 7, 2020, the Annual General Meeting of Shareholders of the Company resolved to change the remuneration of the members of the Board of Directors as described above. There have been no other material changes to the remuneration of the members of the Board of Directos between the three month period ended March 31, 2020 and the date of this Offering Circular.

The Company has not given any guarantees or other commitments on behalf of any of the members of the Board of Directors.

CEO and Other Management Team

The Company's Board of Directors determines the salary, remuneration and other benefits received by the CEO of the Company and the members of the Company's Management Team. The remuneration of the CEO of the Company and the members of the Company's Management Team consists of salaries and other short-term employee benefits, post-employment benefits and share-based based payments.

The salaries and other short-term employee benefits and post-employment benefits attributable to the CEO of the Company totaled EUR 74 thousand and EUR 32 thousand for the three months ended March 31, 2020 and 2019, respectively, and EUR 133 thousand, EUR 37 thousand and EUR 15 thousand for the years ended December 31, 2019, 2018 and 2017, respectively. The CEO did not receive share-based payments in 2019, 2018 or 2017.

The following table sets forth the employee benefits of the members of the Company's Management Team (excluding the CEO) for the financial years indicated:

(EUR thousand)	January 1 – March 31, 2020 (unaudited)	January 1 – March 31, 2019 (unaudited)	January 1 – December 31, 2019	2018 (audited)	2017
Salaries and other short-term employee benefits	774[1]	175	836[1]	371[1]	5
Post-employment benefits (defined contribution pension plans)	165[1]	15	125[1]	68[1]	1
Share-based payments	18	-	275	-	-
Total	**958**	**190**	**1,236**	**439**	**6**

[1] Includes the variable pay component of Chief Financial Officer based on Director Agreement.

There have been no material changes to the remuneration of the members of the Management Team and the CEO of the Company between the three month period ended March 31, 2020 and the date of this Offering Circular.

Director Agreement Regarding Variable Pay Component

The Company and the Company's Chief Financial Officer (Albert Hæggström) have entered into a director agreement regarding variable pay component on April 20, 2018 whereby the Company's Chief Financial Officer is entitled to a variable pay component of the capital raised by the Company including and until the potential FN Listing. The variable pay component payable to the Company's Chief Financial Officer as a consequence of the FN Listing or any other equity financing transaction is 2.5 percent of the capital raised from investors, less direct expenses, including fees for the financial advisor. The variable pay component will be subject to applicable employer side costs.

The variable pay component is paid to the Company's Chief Financial Officer as follows: (i) 50 percent of the variable pay component is paid within four (4) months from the date when the requirements for the variable pay component are fulfilled; and (ii) the accrued but unpaid the variable pay component is aggregated and paid out in equal installments in conjunction with the Company's normal salary payment practices in the last month of each calendar quarter so that the accrued variable pay component has been paid in its entirety no later than December 31, 2021.

Incentive Programs

The Company has established stock option programs covering, among others, most employees, and the members of the Board of Directors and the Management Team of the Company. Please see more information on the stock options of the members of the Board of Directors and the Management Team of the Company under " – *Current Long-Term Incentive Programs*" below and "– *Management Shareholdings and Stock Options*" above.

Current Long-Term Incentive Programs

The 2019 Stock Option Programs

The Annual General Meeting of Shareholders of the Company on March 27, 2019 resolved to issue up to 350,000 stock options (the "**1/2019 Stock Options**") to members of the Board of Directors for the purpose of creating a long-term relationship binding members of the Board of Directors to the economic growth of the Company and to the development of the Company's share value (the "**1/2019 Stock Option Program**"). The Annual General Meeting of Shareholders of the Company on March 27, 2019 also resolved to authorize the Board of Directors to issue a maximum of 1,650,000 stock options (the "**2019 Stock Option Authorization**").

In the resolution of the Board of Directors on April 23, 2019, the Company's Board of Directors resolved to issue up to 550,000 stock options (the "**2/2019 Stock Options**") pursuant to its authority under the 2019 Stock Option Authorization to select key individuals for the purpose of creating a long-term relationship to bind those individuals to the economic growth of the Company and to the development of the Company's share value (the "**2/2019 Stock Option Program**").

In the resolution of the Board of Directors on June 27, 2019, the Company's Board of Directors resolved to issue up to 200,000 stock options (the "**3/2019 Stock Options**") pursuant to its authority under the 2019

Stock Option Authorization to select key individuals for the purpose of creating a long-term relationship to bind those individuals to the economic growth of the Company and to the development of the Company's share value (the "**3/2019 Stock Option Program**").

The Company's Extraordinary General Meeting of Shareholders on September 10, 2019 resolved to issue up to 100,000 stock options (the "**4/2019 Stock Options**") to the newly elected member of the Board of Directors for the purpose of creating a long-term relationship to bind the member of the Board of Directors to the economic growth of the Company and to the development of the Company's share value (the "**4/2019 Stock Option Program**").

In the resolution of the Board of Directors on October 1, 2019, the Company's Board of Directors resolved to issue up to 50,000 stock options (the "**5/2019 Stock Options**") pursuant to its authority under the 2019 Stock Option Authorization to selected key individuals for the purpose of creating a long-term relationship to bind those individuals to the economic growth of the Company and to the development of the Company's share value (the "**5/2019 Stock Option Program**" and together with the 1/2019 Stock Option Program, the 2/2019 Stock Option Program, the 3/2019 Stock Option Program and the 4/2019 Stock Option Program, the "**2019 Stock Option Programs**").

All stock options issued under the 2019 Stock Option Programs entitle the stock option holder to one new share at a subscription price of EUR 1.10 per share. The stock options issued under 2019 Stock Option Programs vest linearly over 12 months from their respective grant date.

For holders of stock options issued under the 1/2019 Stock Option Program and the 4/2019 Stock Option Program, if the stock option holders' employment, service relationship or membership in the Board of Directors ("**Membership**") terminates for any reason, the stock option holder must subscribe for Shares with vested stock options issued no later than 90 days after the last day of the Membership, after which such stock options will terminate and become void immediately without compensation, and any such unvested stock option will terminate and become void immediately without compensation on the last day of the Membership.

For holders of stock options issued under the 2/2019 Stock Option Program, the 3/2019 Stock Option Program and the 5/2019 Stock Option Program, if the stock option holders' employment, service relationship or membership in the Board of Directors ("**Relationship**") terminates for any reason, the stock option holders must subscribe for Shares with vested stock options no later than 30 days after the last day of the Relationship, after which such stock options will terminate and become void immediately without compensation, and any such unvested stock options will terminate and become void immediately without compensation on the last day of the Relationship.

The 2020 Stock Option Programs

In the resolution of the Board of Directors on March 10, 2020, the Board of Directors of the Company resolved to issue up to 605,000 stock options (the "**1/2020 Stock Options**") pursuant to its authority under the 2019 Stock Option Authorization to selected key individuals for the purpose of creating a long-term relationship to bind those individuals to the economic growth of the Company and to the development of the Company's share value (the "**1/2020 Stock Option Program**"). In the resolution of the Board of Directors on April 7, 2020, the Board of Directors resolved to change the number of stock options issued under the 1/2020 Stock Option Program to 505,000 stock options, pursuant to its authority under the 2019 Stock Option Authorization.

The Annual General Meeting of Shareholders of the Company on April 7, 2020 resolved to issue up to 350,000 stock options (the "**2/2020 Stock Options**") to members of the Board of Directors and the Management Team of the Company, with the exception of the Company's CEO, for the purpose of creating a long-term relationship and binding the Key Personnel and members of the Board of Directors of the Company to the economic growth of the Company and to the development of the Company's share value (the "**2/2020 Stock Option Program**").

The stock options issued under the 1/2020 Stock Option Program and the 2/2020 Stock Option Program entitle the stock option holder to one new share at a subscription price of EUR 1.65 per share and EUR 2.45 per share, respectively. The stock options issued under the 1/2020 Stock Option Program and the 2/2020 Stock Option Program vest linearly over 12 months from their respective grant date. The subscription period

for the stock options issued under the 1/2020 Stock Option Program and the 2/2020 Stock Option Program ends on March 10, 2025 and April 7, 2025, respectively.

For holders of stock options issued under the 1/2020 Stock Option Program and 2/2020 Stock Option Program, if the stock option holders' employment, service relationship or membership in the Board of Directors terminates for any reason, such stock options will terminate and become void immediately without compensation as of the date of the notice of termination regarding the employment, service relationship or membership in the Board of Directors unless the Board of Directors, on special grounds, makes an exception and decides or agrees that the stock options shall not be completely or partially voided.

Auditors

The Annual General Meeting of Shareholders elects the Company's auditor. The auditor of the Company shall be an audit firm authorized by the Finnish Patent and Registration Office with an Authorized Public Accountant as the responsible auditor. The term of the Auditor expires at the end of the first Annual General Meeting of Shareholders following his/her election.

The Company's financial statements as at and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Circular have been audited by PricewaterhouseCoopers Oy, Authorized Public Accountants with Tomi Moisio as the Auditor with principal responsibility. The Company's Annual General Meeting of Shareholders held on April 7, 2020 elected PricewaterhouseCoopers Oy, Authorized Public Accountants as the auditor of the Company for the term ending at the end of the Annual General Meeting in 2021. PricewaterhouseCoopers Oy has appointed Tomi Moisio, Authorized Public Accountant as the Auditor with principal responsibility. Tomi Moisio is registered in the auditor register in accordance with Chapter 6 Section 9 in the Finnish Auditing Act (1141/2015, as amended).

THE SHARES AND SHARE CAPITAL OF THE COMPANY

General

The Company was incorporated on December 29, 2015 and its commercial name is Nanoform Finland Plc (previously Nanoform Finland Ltd) and it is domiciled in Helsinki. The Company is registered in the Finnish Trade Register under business identity code 2730572-8 and LEI code 743700JJO2NU8LBS1592. The Company is a public limited liability company incorporated in Finland and operating under Finnish law. The Company's registered address is Viikinkaari 4, FI-00790 Helsinki, Finland and phone number +358 50 5233 683.

Pursuant to Article 3 of the Articles of Association, the Company's field of business is the development, formulation, manufacturing and sale of nanotechnological medicine particles; development, production and sale of nanotechnological laboratory and production equipment; development, production and sale of measuring devices utilizing nanotechnology and appliances used in such devices; development and sale of professional services utilizing nanotechnology; and licensing and sale of intellectual property rights on nanotechnology.

On the date of this Offering Circular, the Company's share capital is EUR 80,000. At the date of this Offering Circular, the Company has issued 43,395,365 fully paid Shares. Each Share entitles the holder to one vote at the Company's General Meeting of Shareholders. The Shares have no nominal value. The Company has one series of shares. The Shares were entered into the Finnish book-entry system on June 29, 2018, and their ISIN code is FI4000330972. The Company does not hold any of its own Shares.

As at the date of this Offering Circular, the Company's Articles of Association contain a redemption and consent clause. The Company's Annual General Meeting of Shareholders held on April 7, 2020 has resolved to remove the redemption and consent clause from the Articles of Association conditional upon the execution of the FN Listing. The removal will be notified to the Trade Register prior to the Shares have been admitted to public trading in the FN Listing.

The Company will apply for the listing of the Shares on First North Premier Finland and First North Premier Sweden. Trading of the Shares on First North Premier Finland under the trading code "NANOFH" and First North Premier Sweden under the trading code "NANOFS" is expected to commence on or about June 4, 2020.

Changes in the Number of Shares and the Share Capital

The following table sets forth a summary of the changes in the Company's share capital and number of shares from January 1, 2017 to the date of this Offering Circular.

Time	Arrangement	Number of Shares before the arrangement	Number of Shares in the arrangement	Number of Shares after the arrangement	Share capital (EUR)	Registered[1]
April 22, 2020	Options exercise[2]	42,095,365	1,300,000	43,395,365	80,000	April 24, 2020
April 7, 2020	Increase in share capital[3]	42,095,365	-	42,095,365	80,000	April 24, 2020
May 10, 2019	Directed share acquisition and nullification[4]	42,995,365	(900,000)	42,095,365	2,500	November 18, 2019
June 10, 2019	Share issue[5]	41,395,365	1,600,000	42,996,365	2,500	July 12, 2019
June 10, 2019	Share issue[5]	35,938,020	5,457,345	41,395,365	2,500	June 25, 2019
June 21, 2018	Share issue[6]	28,569,600	7,368,420	35,938,020	2,500	July 31, 2018
June 19, 2018	Directed share nullification[7]	29,219,600	(650,000)	28,569,600	2,500	June 26, 2018
June 8, 2018	Bonus share issue[8]	146,098	29,073,502	29,219,600	2,500	June 8, 2018
January 24, 2018	Directed share issue[9]	137,998	8,100	146,098	2,500	March 13, 2018

1) The date refers to the date registered to the Finnish Trade Register.
2) The holders of options under the 2016 Stock Options Program exercised their options on April 22, 2020 to subscribe for 1,300,000 shares.
3) The Company's form was changed to a public limited liability company by the Annual General Meeting of Shareholder of the Company on April 7, 2020, in connection with which the Company's share capital was increased to EUR 80,000.
4) The Company's Board of Directors resolved on May 10, 2019 on a directed share acquisition of 900,000 shares and a directed share nullification of 900,000 shares.
5) The Company's Board of Directors resolved on June 10, 2019 to offer 10,000,000 new shares for subscription of which 7,057,345 were subscribed.
6) The Company's Board of Directors resolved on June 21, 2018 on a share issue of 7,368,420 new shares.
7) The Company's Board of Directors resolved on June 19, 2018 on a directed nullification of all the shares, 650,000 shares in total, owned by the Company.
8) The Company's Shareholders resolved on June 8, 2018 on a bonus share issue of 29,073,502 new shares to the Company's shareholders such that one (1) share entitled the holder to 199 new shares.
9) The Company's Board of Directors resolved on January 1, 2018 on a directed share issue of 8,100 new shares.

The Shareholders of the Company

As at the date of this Offering Circular, the Company has 141 shareholders. The ten largest shareholders of the Company as at the date of this Offering Circular are presented in the table below.

Shareholder	Number of Shares	Percentage of Shares and votes
Helsinki University Funds	6,099,600	14.06
Edward Hæggström	6,010,450	13.85
Mandatum Life Insurance Company Limited	4,974,695	11.46
Ilmarinen Mutual Pension Insurance Company	3,521,126	8.11
Kai Falck	3,000,000	6.91
Jouko Yliruusi	3,000,000	6.91
Avohoidon Tutkimussäätiö sr	2,493,810	5.75
Mika Puittinen(1	904,000	2.08
Ilkka Lassila	900,000	2.07
Sijoitusrahasto VISIO Allocator	900,000	2.07
Other shareholders	11,591,684	26.71
Total	**43,395,365**	**100.00**

1) Mika Puittinen holds 800,000 Shares directly and 104,000 Shares indirectly through Mika Puttinen Holding Oy.

Danske Bank as the Certified Adviser does not own any Shares.

At the time of this Offering Circular, the University of Helsinki through Helsinki University Funds has significant influence over the Company based on the percentage of its ownership of the Company and its right to nominate a representative to the Company's Board of Directors. The influence is based on the Shareholders' Agreements, which shall terminate as and when the trading of the Shares commences on First North Premier Finland and First North Premier Sweden.

Other than as set out above, the Company has no knowledge of any shareholder exercising control over the Company or of any other events or arrangements after the Offering, the operation of which may have an impact on the exercise of control over the Company in the future.

Authorizations Granted to the Board of Directors

On April 7, 2020, the Annual General Meeting of the Company unanimously resolved to authorize the Board of Directors to decide on the issuance of new shares. By virtue of this authorization, the number of new shares issued shall not exceed 30,000,000 shares in the aggregate, which may be issued together or in several instalments. The authorization includes the right to deviate from the pre-emptive right of the shareholders provided that there is a weighty financial reason for the company for the deviation. The Board of Directors is entitled to decide on conditions of the share issue, including on the basis for determining the subscription price of the shares and the final subscription price, as well as on the approval of share subscriptions and allocation of the issued new shares and final amount of issued shares. In the share issue, which is carried out in connection with the FN-Listing, the Board of Directors may also decide on issuance of new shares to the members of the Board of Directors, provided that this is carried out under the same conditions as share issuance to other subscribers in the same offering. In addition, the authorization given to the Board of Directors includes the right to decide whether the subscription price of share is credited in full or part to the reserve of invested unrestricted equity or booked as an increase of share capital. The

authorization is in force until the start of the Company's next Annual General Meeting of Shareholders, however no later than until June 30, 2021.

On April 7, 2020, the Annual General Meeting of the Company unanimously resolved to authorize the Board of Directors to decide on the issuance of new shares and special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. By virtue of this authorization, the number of new shares issued shall not exceed 1,650,000 shares in the aggregate, which may be issued together or in several instalments. The authorization includes the right to deviate from the pre-emptive right of the shareholders provided that there is a weighty financial reason for the company for the deviation. The Board of Directors is entitled to decide on conditions of the share issue, including on the basis for determining the subscription price of the shares and the final subscription price, as well as on the approval of share subscriptions and allocation of the issued new shares and final amount of issued shares. In addition, the authorization given to the Board of Directors includes the right to decide whether the subscription price of share is credited in full or part to the reserve of invested unrestricted equity or booked as an increase of share capital. The authorization revokes all previous unused authorizations of the Board of Directors to resolve on the issuance of shares, issuance of share options and issuance of other special rights entitling to shares excluding the authorization to issue 30,000,000 new shares described above. The authorization is in force until the fifth anniversary of the date of the Annual General Meeting that resolved to grant the authorization.

Option Programs

The Company has established an option program for investors and several option programs as incentive programs for the personnel of the Company, covering employees, members of the Board of Directors and the Management Team of the Company and consultants of the Company.

Investor Stock Option Program

In the Annual General Meeting of Shareholders on September 8, 2016, the Company resolved to issue stock options under an option plan, whereby one option entitles the holder to one new share ("**2016 Stock Option Program**"). The options under the 2016 Stock Option Program were offered to certain investors in connection with the financing transaction. After the bonus share issue (1:200) on June 8, 2018, the maximum amount of options is 1,300,000 (the "**2016 Options**"). The 2016 Options entitle the option holder to subscribe for shares starting on September 8, 2016, which is the vesting date. The subscription price of shares is EUR 0.32. Under the terms and conditions of the 2016 Stock Option Program, the 2016 Options expire in connection with the FN Listing. The holders of the 2016 Options excised their options on April 22, 2020 to subscribe for 1,300,000 shares (please see " – *Changes in the Number of Shares and the Share Capita*l" above). All 2016 Options have been exercised.

Incentive Stock Option Programs

For further description of the Company's incentive stock option programs, please see "*The Company's Administration, Management and Auditors – Management Remuneration and Incentive Schemes – Incentive Programs*."

Outstanding Stock Options

Program	Subscription Price of Company Share with Stock Option	Exercise Period	Outstanding Stock Options
Stock Options 2019			
1/2019 Stock Options.....	EUR 1.10	Not time limited	350,000
2/2019 Stock Options.....	EUR 1.10	Not time limited	535,000
3/2019 Stock Options.....	EUR 1.10	Not time limited	200,000
4/2019 Stock Options.....	EUR 1.10	Not time limited	100,000
5/2019 Stock Options.....	EUR 1.10	Not time limited	50,000
Stock Options 2020			
1/2020 Stock Options	EUR 1.65	Date of registration to the Finnish Trade Register until March 10, 2025	505,000
2/2020 Stock Options	EUR 2.45	Date of registration to the Finnish Trade Register until April 7, 2025	350,000
Total			**2,090,000**

Shareholders' Rights

Shareholders' Pre-emptive Subscription Right

Under the Finnish Companies Act, existing shareholders of Finnish companies have a pre-emptive right to subscribe for shares in the company in proportion to their shareholding, unless otherwise resolved by the Annual General Meeting of Shareholders in regards to the offering. Under the Finnish Companies Act, a resolution to deviate from the shareholders' pre-emptive right is valid only if approved by at least two-thirds of all votes cast and all shares represented at the Annual General Meeting of Shareholders. The shareholders' pre-emptive subscription right may be deviated from if such deviation is justified by weighty financial reasons from the perspective of the company. A directed offering may also be carried out as a share issue without consideration if there are particularly weighty financial reasons from the perspective of the company and the shareholders.

Certain shareholders resident in or with a registered address in a country other than Finland may not be able to exercise any pre-emptive subscription right in respect of their shareholding, unless the Shares and connected subscription rights are registered according to the specific country's securities legislation or an exemption from registration or other similar requirements is applicable.

General Meeting of Shareholders

General

In accordance with the Finnish Companies Act, shareholders exercise their decision-making powers in matters concerning the Company at the Annual General Meeting of Shareholders. The Annual General Meeting of Shareholders is held yearly, on a date decided by the Board of Directors, within six (6) months from the closing date of the accounting period.

The Annual General Meeting of Shareholders decides on, among others, adoption of the financial statements, distribution of dividends and election of members of the Board of Directors and Auditors and their respective remuneration. The Annual General Meeting of Shareholders also decides on discharge from liability of the Board of Directors and the CEO.

In addition to the Annual General Meeting of Shareholders, an Extraordinary General Meeting of Shareholders may also be held, if required. Subject to the matter to be resolved, the qualified majority provisions set out in the Finnish Companies Act will be applied. Pursuant to the Finnish Companies Act, decisions that require a qualified majority must be approved by two-thirds of the votes cast and shares represented at the General Meeting of Shareholders. A qualified majority is needed for, inter alia, amending the Articles of Association, redeeming and acquiring the Company's own shares, as well as for deciding on mergers and demergers. There are no specific quorum requirements for General Meeting of Shareholders in the Finnish Companies Act or the Company's Articles of Association.

Shareholders have the right to have a matter falling within the competence of General Meeting of Shareholders dealt with by the General Meeting of Shareholders pursuant to the Finnish Companies Act if they so demand from the Board of Directors in writing well in advance so that the matter can be included in the notice of the meeting. If either a shareholder or shareholders controlling at least 10 percent of the Shares or the Company's Auditor requests that a certain matter be considered at a General Meeting of Shareholders, the Board of Directors must immediately convene a General Meeting of Shareholders.

According to the Finnish Companies Act, the notice to a General Meeting of Shareholders shall be delivered to the shareholders not earlier than three (3) months and not later than three (3) weeks prior to the meeting. The notice shall, however, be delivered at least nine (9) days prior to the record date for the General Meeting of Shareholders as referred to in the Finnish Companies Act. As of the FN Listing, under the Articles of Association the notice to the General Meeting of Shareholders shall be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting of Shareholders, however, no later than nine (9) days before the record date of the General Meeting of Shareholders. The notice shall be delivered to the shareholders by means of a notice published on the company's website or in at least one national daily newspaper designated by the Board of Directors. Under the Articles of Association, in order to attend a General Meeting of Shareholders, a shareholder must notify the Company

of its attendance no later than the date specified in the notice of meeting, which may not be earlier than ten (10) days prior to the General Meeting of Shareholders.

Shareholders with Shares registered in Euroclear Finland

Shareholders, who have been entered in the Company's register of shareholders maintained by Euroclear Finland no later than eight (8) business days before the General Meeting of Shareholders (record date of the General Meeting of Shareholders) and who have registered for the General Meeting of Shareholders no later than on the date stated in the notice of the meeting, or nominee-registered shareholders who have temporarily been entered in the Company's register of shareholders for taking part in the General Meeting of Shareholders have the right to participate in the General Meeting of Shareholders. The notice concerning a temporary registration must be made no later than on the date stated in the notice of the meeting, which must be a date subsequent to the record date of the General Meeting of Shareholders. Nominee-registered shareholders are deemed to have registered for the General Meeting of Shareholders if they have been entered temporarily into the register of shareholders. Shareholders may attend the General Meeting of Shareholders in person or through an authorized representative.

Shareholders may have several representatives who represent them on the basis of shares held in different securities accounts. If a shareholder takes part in the General Meeting of Shareholders through several representatives, the Shares on the basis of which each representative represents the shareholder must be announced when registering for the meeting. Representatives must present a proxy or other credible evidence of their authorization. In addition, each shareholder and authorized representative may employ an assistant at the General Meeting of Shareholders.

Shareholders with Shares registered in Euroclear Sweden

In order to have the right to attend and vote at a General Meeting of Shareholders, a shareholder with Shares registered in Euroclear Sweden's book-entry securities system must (i) be registered in the register of shareholders maintained by Euroclear Sweden on the record date of the General Meeting of Shareholders as stated in the notice convening the General Meeting of Shareholders, and (ii) request temporary ownership in the register of shareholders maintained by Euroclear Finland by the date announced in the notice convening the General Meeting of Shareholders.

Furthermore, shareholders with Shares registered in Euroclear Sweden in the name of a nominee, through a bank or a securities institution, must, in order to have the right to attend the General Meeting of Shareholders temporarily register their shares in their own name in the register maintained by Euroclear Sweden by instructing their nominee to send to Euroclear Sweden the request for temporary registration into the register of shareholders maintained by Euroclear Sweden so that Euroclear Sweden can compile and transfer the information regarding the temporarily registrations to Euroclear Finland on their behalf. See also "*First North and Securities Markets – Registration of the Shares and cross-border settlement – Registration in Sweden*."

A request for temporary registration of ownership in the register of shareholders maintained by Euroclear Finland is considered notice of attendance at the General Meeting of Shareholders.

Voting Rights

A shareholder may attend and vote at a General Meeting of Shareholders in person or through an authorized representative. If holders of nominee-registered shares wish to take part in the General Meeting of Shareholders and exercise their voting rights, they must temporarily register the Shares under their own name in the Company's register of shareholders maintained by Euroclear Finland or Euroclear Sweden. The notice concerning a temporary registration must be made no later than on the date stated in the notice of the meeting, which must be a date subsequent to the record date of the General Meeting of Shareholders. There are no quorum requirements for General Meeting of Shareholders in the Finnish Companies Act or the Company's Articles of Association.

Resolutions made at General Meeting of Shareholders generally require a simple majority of the votes. However, certain resolutions, such as amending the Articles of Association, issuing shares in deviation of the existing shareholders' pre-emptive subscription right and, in certain cases, making decisions on mergers or demergers, require a majority of at least two-thirds of the votes cast and of the shares represented at the General Meeting of Shareholders. In addition, certain resolutions, such as a mandatory redemption of the

shares by the company in deviation from the shareholdings of the shareholders, require consent of all shareholders.

Dividends and Other Distributions of Funds

In accordance with the practice prevailing in Finland, dividends on shares in a Finnish company are generally paid once a year and the dividend can only be paid after the General Meeting of Shareholders has adopted the company's financial statements and resolved on the amount of dividends to be paid in accordance with the dividend distribution proposal of the Board of Directors. According to the Finnish Companies Act, the distribution of dividends may, however, also be based on the adopted financial statements prepared for that purpose during the financial year. The General Meeting of Shareholders may also authorize the Board of Directors to resolve on the distribution of dividends. The authorization is valid no longer than until the beginning of the next Annual General Meeting of Shareholders. A resolution on the distribution of dividends or granting of authorization to the Board of Directors requires a majority decision at the General Meeting of Shareholders.

The amount of dividends resolved on by the General Meeting of Shareholders cannot exceed the amount proposed by the Board of Directors. According to the Finnish Companies Act, shareholders who hold at least 10 percent of the company's shares may, regardless of the proposal for the distribution of dividend at the Annual General Meeting of Shareholders, demand that, within the limits of distributable profit, at least half of the previous financial year's profit be distributed as dividends, from which any undistributed amount pursuant to the Articles of Association must be deducted. However, shareholders may at the most demand that eight (8) percent of the company's equity be distributed as dividends.

According to the Finnish Companies Act, the shareholders' equity is divided into restricted and unrestricted equity. The division has significance when determining the amount of distributable funds. Restricted equity consists of the share capital, revaluation surplus, fair value reserve and revaluation reserves. The share premium fund and the reserve fund are also included in restricted equity. Other equity reserves are included in unrestricted equity. The amount of dividends may not exceed the distributable funds in the latest adopted financial statements of the company less the funds that may not be distributed pursuant to any applicable provisions in the Articles of Association. Losses from the previous financial years and dividends distributed earlier in the current financial year reduce the amount of distributable funds. Significant changes in the company's financial position after the preparation of the previous financial statements must be taken into account upon resolving on the distribution of dividends. The amount of dividends that may be distributed is at all times subject to the company remaining liquid after the distribution of dividends. Consequently, no dividends may be distributed if, when resolving on the distribution it is known or should be known, the company is insolvent or the distribution would result in insolvency of the company.

Dividend and other distributions are paid to shareholders, or any parties named by the shareholders, included in the shareholders' register on the record date of the payment of dividends. The shareholders' register is maintained by Euroclear Finland through the relevant book-entry account operators. Under the Finnish book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register. Dividends are not paid to shareholders who do not appear in the shareholder register. The right to dividends expires within three (3) years from the payment date of the dividend. All of the Shares carry equal rights to dividends and other distribution, (including the distribution of the Company's assets in the event of liquidation).

Treasury Shares

Under the Finnish Companies Act, a company may acquire its own shares. Resolutions on the acquisition of a company's own shares must be adopted at the General Meeting of Shareholders. A General Meeting of Shareholders may also authorize the Board of Directors for a fixed period of time, which cannot exceed 18 months from the decision of the General Meeting of Shareholders, to resolve on the purchase of the company's own shares using unrestricted equity. A General Meeting of Shareholders may resolve on the directed acquisition of the company's own shares, in which case the shares are not purchased from shareholders in proportion to their shareholdings. A directed acquisition is subject to weighty financial reasons on the part of the company. A public limited company may not, either directly or through its subsidiaries, hold more than 10 percent of its own shares. Treasury shares do not entitle the company to dividends or other rights attached to the shares. The Company does not hold any of its own Shares.

Transfer of Shares

Upon a sale of shares through the Finnish book-entry securities system, the relevant shares are transferred from the seller's book-entry account to the buyer's book-entry account as an account transfer. The sale is registered as an advance transaction until settlement and payment, after which the buyer is automatically registered in the company's register of shareholders. In case the shares are nominee-registered, the sale of the shares does not require any entries into the book-entry securities system, unless the nominee account holder is changed pursuant to the sale.

Redemption Right and Obligation and Obligation to Purchase Shares

Under the Finnish Companies Act, a shareholder who holds more than 90 percent of all shares and votes of the company is entitled to redeem the remaining shares in the company from other shareholders at the fair price. The Finnish Companies Act provides detailed provisions for the calculation of the said shares and votes. In addition, a shareholder whose shares may be redeemed in accordance with the above mentioned is entitled to request the majority shareholder to redeem the shares held in the company by the said shareholder. If a shareholding constitutes the right and obligation for redemption, the company must immediately enter this in the Finnish Trade Register. The Redemption Committee of the Finland Chamber of Commerce appoints a requisite number of arbitrators to resolve disputes related to the redemption and the redemption price. The redemption price will be determined on the basis of the fair market price preceding the initiation of the arbitration proceedings.

According to Article 12 of the Company's Articles of Association in effect as of the FN Listing, a person whose holdings, as specified in the Company's Articles of Association, in the voting rights attached to all the Shares in the Company registered at the Finnish Trade Register exceed, after the Shares have been admitted to public trading on a stock market, including but not limited to First North Premier Finland and First North Premier Sweden, three tenths (3/10) or one half (1/2) shall be obliged to make an offer to purchase all the other Shares issued by the Company, and options which entitle the holder to new shares in the Company, from the other shareholders and holders of such options.

Notification on the Change of Holdings

According to Article 11 of the Company's Articles of Association in effect as of the FN Listing, a shareholder shall notify the Company of any holdings that he/she may have in the voting rights attaching to issued shares in the Company, whether directly or indirectly, when such holdings reach, exceed or decrease below 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 30 percent, 50 percent, two thirds (2/3) and 90% of the total voting rights in the Shares in the Company registered at the Finnish Trade Register. When calculating such changes in holdings that the shareholders should notify, only shares, and not other financial instruments, that entitle to shares, are taken into consideration. A shareholder shall also make a notification on the change of holdings when he/she becomes a party to an agreement or other arrangement that upon implementation would result in the holdings of the shareholder reaching, exceeding or decreasing below any of above-mentioned thresholds. Article 11 of the Company's Articles of Association shall be interpreted in accordance with Chapter 9 Section 5 of the Finnish Securities Market Act.

Dilution of Ownership

To the extent that a shareholder decides not to subscribe for new Shares, or is restricted from subscribing, the ownership and voting interest in the Company of such shareholder will be diluted and such shareholder's original share percentage of the increased amount of all shares issued by the Company will be reduced.

Due to the New Shares issued in the Offering, the number of Shares in the Company may increase to 66,583,772 Shares. If the existing shareholders of the Company would not subscribe for the Offer Shares in the Share Issue, the total ownership of the existing shareholders would therefore dilute with approximately 34.8 percent (assuming that the Over-Allotment Option will be exercised in full).

The Company's net value per share as at March 31, 2020 was approximately EUR 0.08.

Foreign Exchange Control

Foreigners may acquire shares in a Finnish limited liability company without separate exchange control consent. Foreigners may also receive dividends without separate Finnish exchange control consent, but the

company distributing dividend is liable to withhold withholding tax from the assets being transferred from Finland, unless otherwise specified in an applicable tax treaty. Foreigners that have acquired shares in a Finnish limited liability company may receive shares pursuant to a bonus issue and participate in a new subscription without separate exchange control consent. Foreign shareholders may sell their shares in a Finnish company in Finland, and the proceeds of such sales may be transferred out of Finland in any convertible currency. Finland does not have valid exchange control regulations that would restrict the sale of shares in a Finnish company to another foreigner.

FIRST NORTH AND THE SECURITIES MARKETS

The following summary is a general description of the provisions of the securities markets regulations applicable to First North Premier Finland and First North Premier Sweden and it is based on the laws, rules and regulations in effect in Finland and Sweden on the date of this Offering Circular. The description does not constitute an exhaustive list of all laws, rules and regulations applicable to First North Premier Finland and First North Premier Sweden.

About the First North Premier markets

First North Premier Finland and First North Premier Sweden are segments within Nasdaq First North Growth Market, designed for small and medium sized growth companies. As opposed to companies listed on a regulated market, such as, the official list of the Helsinki Stock Exchange or the Stockholm Stock Exchange, companies listed on Nasdaq First North Growth Market are subject to less extensive rules. This is intended to allow smaller companies to enjoy the benefits of being publically traded companies without excess administrative burden. The Helsinki Stock Exchange and Stockholm Stock Exchange are part of the Nasdaq group, which owns and maintains, among others, also the stock exchanges in Copenhagen and Reykjavik. The Nasdaq Nordic Member Rules and the trading rules of the Helsinki Stock Exchange and Stockholm Stock Exchange are applied for trading on First North Premier Finland and First North Premier Sweden, respectively, as detailed in the First North Rulebook. Unlike on the regulated markets, companies listed on Nasdaq First North Growth Market must engage a "Certified Adviser" whose role is to ensure that companies comply with applicable requirements and rules. For more information, see "– *Regulation of the Securities Markets – Finland*" and "– *Regulation of the Securities Markets – Sweden*" below.

Both First North Premier Finland and First North Premier Sweden have the same rules for the issuers (*i.e.*, the First North Rulebook) except for limited minor differences in the national regulation and market specific Supplements to the First North Rulebook. The First North Rulebook also includes additional regulation on companies listed on Nasdaq First North Premier Growth Market in comparison to companies listed on Nasdaq First North Growth Market. Among others, the companies listed on Nasdaq First North Premier Growth Market shall apply the corporate governance code in the country where the company is incorporated, disclosure rules applicable to the regulated market operated by the relevant exchange with certain exemptions as well as IFRS. However, companies listed on Nasdaq First North Premier Growth Market are not subject to IFRS enforcement (*i.e.*, supervision of listed companies' compliance with the IFRS) by the FIN-FSA and the SFSA. First North Premier Finland and First North Premier Sweden use the same INET Nordic trading system as the regulated markets of the Helsinki Stock Exchange and Stockholm Stock Exchange for trading in shares. The trading periods comprise a pre-trading session, a continuous trading session and a post-trading session. The trading periods and the respective trading hours are set out in a time table in force from time to time, as made available by the Nasdaq Nordic stock exchanges at www.nasdaqomxnordic.com/tradinghours.

Trading and settlement on First North Premier Finland

First North Premier Finland is maintained by the Helsinki Stock Exchange, a member of Nasdaq group. Pursuant to the First North Rulebook, the trading rules of the Helsinki Stock Exchange (in Finnish: *Nasdaq Helsinki Oy: Arvopaperien Kaupankäyntisäännöt*) apply on First North Premier Finland as set out in further detail in the First North Rulebook (including Supplement C – Finland).

Trading and clearing on the Helsinki Stock Exchange and thus also on First North Premier Finland are carried out in euros, and the smallest possible price change (tick size) in securities quotations is dependent on the price of share. Shares, which value is EUR 0.00 – 0.499, tick size is EUR 0.001 when shares, which value is EUR 0.50 – 0.995, tick size is EUR 0.005 and shares, which value exceeds EUR 1, tick size is EUR 0.01. Price information is provided and published in euros only.

The Shares have been issued and registered in the book-entry securities system maintained by Euroclear Finland. Transactions in the Shares listed on First North Premier Finland are cleared bilaterally in Euroclear Finland's HEXClear clearing system. Such transactions are carried out on the second banking day after the trade date (T+2), unless otherwise agreed upon between the parties.

Trading and settlement on First North Premier Sweden

First North Premier Sweden is maintained by Stockholm Stock Exchange. Pursuant to the Rules of Nasdaq First North Growth Market, the Nasdaq OMX Member Rules regarding Stockholm Stock Exchange, chapters 2–5, and appendices, as amended from time to time, shall apply to trading on First North Premier Sweden. Additional rules specific to First North Premier Sweden are set out in Supplement B and Appendix F to the Rules of Nasdaq First North Growth Market.

Trading and clearing on the Stockholm Stock Exchange and thus also on First North Premier Sweden are carried out in Swedish krona, and the smallest possible price change (tick size) in securities quotations is dependent on the price of share. Shares, which value is SEK 0.00-0.499, the tick size is SEK 0.001 and for shares, which value is SEK 0.50-0.995, the tick size is SEK 0.005 and for shares which value exceeds SEK 1, the tick size is SEK 0.01. Price information is provided and published in SEK only.

Shares traded on First North Premier Sweden are issued and registered in the book-entry securities system maintained by Euroclear Finland. Such Shares will be additionally registered in the Swedish book-entry securities system maintained by Euroclear Sweden, and trading in Shares listed on First North Premier Sweden are settled in Euroclear Sweden's settlement system.

The Shares registered with Euroclear Sweden will be entered into the shareholder register of the Company maintained by Euroclear Finland as held by Euroclear Sweden in its capacity of nominee custodian of the Shares traded on First North Premier Sweden, and Euroclear Sweden will "mirror" these Shares to the book-entry securities system of Euroclear Sweden. Shares registered in the system of Euroclear Sweden will have the same ISIN as the Shares registered in Euroclear Finland.

Registration of the Shares and cross-border settlement

General

The Company is a Finnish public limited liability company that contemplates to apply for listing of its Shares for trading on First North Premier Finland and First North Premier Sweden. The Shares in the Company have been issued and registered in the electronic book-entry securities system maintained by Euroclear Finland. The Company and its Shares will have their primary registration in the book-entry register of Euroclear Finland. Further, Shares admitted to trading on the First North Premier Sweden will be registered in the corresponding Swedish book-entry securities system maintained by Euroclear Sweden.

The Finnish account operator engaged by Euroclear Sweden will be recorded in Euroclear Finland's securities system as the nominee custodian of such Shares that are traded on First North Premier Sweden. Shares registered in Euroclear Sweden's securities system will have the same ISIN as shares registered in Finland. For more information, see "– *Registration in Finland*" and "– *Registration in Sweden*" below.

Investors who participate in the Finnish Public Offering or the Institutional Offering and receive Shares through Euroclear Finland to a book-entry account in Finland will have their Shares entered into the shareholder register maintained by Euroclear Finland. To be able to trade in the Shares on First North Premier Sweden, such investors will need to transfer their Shares to the book-entry securities system of Euroclear Sweden. If a Finnish investor acquires Shares through trading on the secondary market through First North Premier Sweden, such investor will need to transfer their Shares to the system of Euroclear Finland to be able to be registered as the owner in the shareholder register maintained by Euroclear Finland. Conversely, investors who participate in the Swedish Public Offering or the Institutional Offering and receive Shares through Euroclear Sweden to a book-entry account in Sweden will have their Shares entered into the shareholders register maintained by Euroclear Sweden. To be able to trade Shares on First North Premier Finland, such investors will need to transfer their Shares to the book-entry securities system of Euroclear Finland. There are specific requirements for cross border settlement (*i.e.*, transfer of shares from Euroclear Finland to Euroclear Sweden or vice versa). Such transfers may be subject to fees levied by the settlement parties in accordance with their respective fee schedules.

Registration in Finland

Book-entry securities system means a system maintained by central securities depository in where shares or other securities have been issued as book-entries, which are registered into book-entry accounts. The Issuer has a right to choose the central securities depository in where shares are issued. All companies whose

shares are subject to public trading on the Helsinki Stock Exchange or First North Premier Finland must use the book-entry securities system. In Finland, the central securities depository is Euroclear Finland, which provides clearing and registration services of securities on the national level. Euroclear Finland maintains a book-entry register for both equity and debt capital securities. Euroclear Finland's registered address is Urho Kekkosen katu 5 C FI-00100 Helsinki, Finland.

Euroclear Finland maintains company-specific shareholder registers of shareholders of companies that have joined the book-entry securities system. Account operators (*i.e.*, banks, investment service companies and clearing parties authorized by Euroclear Finland) manage book-entry accounts and make entries in them. The expenses incurred by Euroclear Finland in connection with maintaining the book-entry securities system are borne mainly by the issuers participating in the book-entry securities system and the account operators. Dividends and other distributions of funds are paid to shareholders or their nominees entered in the shareholder register on the relevant record date. Under Euroclear Finland's book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register.

All shareholders of companies, or their trustees, participating in the book-entry securities system must open a book-entry account with some account operator or register their shares through a nominee registration process in order to have their securities entered in accounts. However, Finnish shareholders cannot register their shares in Finnish companies through a nominee registration process in Finland. Non-Finnish shareholder may register book-entries in a custodial nominee account, when the book-entries are registered in the name of a custodial account holder in the company's shareholders' register. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner of the share and indication that the account is a custodial nominee account. Book-entries managed on behalf of one or more owners can be registered in a custodial nominee account. In addition, the shares owned by a foreigner, foreign entity or trustee may be registered in the book-entry account opened in the name of it, but ownership can be registered through a nominee registration process in the company's shareholders' register. Joint account in a book-entry register of central securities depository is opened for the shareholders, who have not transferred their shares into book-entries, and the issuer is registered as an account operator.

All transfers of securities registered with the book-entry securities system are executed as computerized book-entry transfers. The account operator confirms entries by submitting to the holder of the account a notification indicating book entries made to the book-entry accounts. In addition, the book-entry account holders receive an annual notification of their holdings at the end of calendar year. Each book-entry account is required to contain information with respect to the account holder and other holders of rights to the book-entries entered into the account or a custodial account holder that administers the assets of custodial nominee account, as well as information on the account operator administering the account. The required information includes the type and amount of book-entries entered in to the account as well as the rights and restrictions pertaining to the account and to the book-entries registered into it. Euroclear Finland and all the account operators are required to observe confidentiality. However, Euroclear Finland, and the Company has an obligation to disclose some information concerning the shareholders' register (such as, account holder's name and address), with the exception of custodial nominee registration. The Company and the FIN-FSA are entitled to, upon request, receive certain information on the owners of securities registered in a custodial nominee account. The company has to keep shareholder's register accessible to public on their headquarters, or if the company is participating the book-entry securities system, on the office of central securities depository in Finland.

Each account operator is liable for possible errors and omissions in the book-entry registers maintained by it and for any breach of privacy information. If an account owner has suffered damage as a result of a faulty registration or an amendment to or deletion of rights related to registered securities and if the account operator in question is unable to compensate for such damage due to default, which is not temporary, account owner is entitled to receive compensation from the statutory registration fund of Euroclear Finland.

The capital of the registration fund must be at least 0.0048 percent of the average of the total market value of the book-entries kept in the book-entry securities system during the last five calendar years, but no less than EUR 20 million. The compensation to be paid from the registration fund to the same injured party will be equal to the amount of compensation claimed from the account operator, however no more than EUR 25,000. The registration fund's obligation to compensate is limited to EUR 10 million per single damage.

Custody of shares and nominee registration

A non-Finnish shareholder may authorize an account operator (or certain other Finnish or non-Finnish organization approved by Euroclear Finland) to act as a custodial nominee account holder on its behalf. A custodial nominee account holder has right to receive dividends on in favor of shareholder. An owner of nominee-registered shares has to apply for temporary entry in the shareholder register to be able to participate in and vote at the General Meeting of Shareholders of the Company, and the shares have to be registered into shareholder's register no later than on the date stated in notice of the General Meeting of Shareholders, which must be after the record date of the General Meeting of Shareholders. An owner of nominee-registered shares, which is assigned to be temporarily registered in shareholders' register, is deemed to be signed up for the General Meeting of Shareholders and no further signing is required, provided that such an owner of nominee-registered shares has, on the grounds of the shares, the right to be registered in company's shareholder register maintained by Euroclear Finland, on the record date. A custodial nominee account holder is required, upon request, to disclose to the FIN-FSA and the relevant company the identity of the beneficial shareholder of the shares registered in its name, if it is known, and the number of shares owned by the shareholder. If the identity of the shareholder of nominee-registered shares is not known, the custodial nominee account holder has to provide corresponding information on the party acting as the shareholder's representative and deliver representative's written declaration that the beneficial shareholder of the shares is not a natural or legal Finnish person.

Finnish trustees, acting on behalf of Euroclear Bank, S.A/N.V (as operator of Euroclear Finland) and Clearstream, have custodial accounts in the book-entry securities system and, accordingly, non-Finnish shareholders can maintain their shares listed on First North Premier Finland in accounts in Euroclear Bank, S.A/N.V or Clearstream. A shareholder, who is willing to hold its shares in the book-entry securities system in its own name but who does not have a book-entry account in Finland has to open a book-entry account through some account operator as well as euro-denominated bank account.

Registration in Sweden

The Swedish central securities depository register (Sw. *avstämningsregistret*) is maintained by Euroclear Sweden, a central securities depository and clearing organization under the Swedish Financial Instruments Accounts Act (1998:1479, as amended) (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) and the Swedish Securities Market Act (2007:528, as amended) (*Sw. lag (2007:528) om värdepappersmarknaden*). Among other things, Euroclear Sweden maintains share registers of Swedish companies listed on First North Premier Sweden. Shares maintained by Euroclear Sweden are registered in dematerialized form in book-entry accounts and no share certificates are issued. Title to the shares is secured by registration with Euroclear Sweden through banks or other securities institutes, which have been approved as account operators by Euroclear Sweden. The Swedish central securities register maintained by Euroclear Sweden also contains certain additional information, for example as regards security rights. The business address of Euroclear Sweden is Klarabergsviadukten 63, Box 191, SE-101 23, Stockholm, Sweden.

Shares may be registered on securities accounts and accordingly be entered in the share register maintained by Euroclear Sweden, either in the owner's name (directly registered shares) or in the name of a nominee custodian approved by Euroclear Sweden (nominee-registered shares). If the shares are nominee-registered, this is noted in the book-entry securities system. The relationship between the custodian and the beneficial owner is governed by agreement. The beneficial owner must, if they desire to exercise certain rights, for example attend a General Meeting of Shareholders, temporarily reregister the shares in their own name. The custodians also regularly report the holdings of the beneficial owners to Euroclear Sweden.

Rights conferred by shares and entitling to dividends or participation in a rights issue or a bonus issue, are issued to those holders of the Shares whose names are entered into the Swedish central securities register as at a certain record date, and dividends are normally distributed to bank accounts designated by the holders registered with Euroclear Sweden. The record date in question must be indicated in the resolutions determining the dividend or share issue or other resolutions for which shareholders have priority. It is expected that shareholders registered with Euroclear Sweden will receive payment one banking day after the payment date for shareholders registered with Euroclear Finland.

If the registered holder is a nominee custodian, the nominee custodian receives the dividend and other economic rights conferred by the Shares on behalf of the beneficial owner. The same applies to subscription rights in connection to rights issues and such new shares which have been subscribed for by virtue of

subscription right. Dividends are paid to the nominee custodian as a lump sum, and it is the nominee custodian who is responsible for the distribution of the dividend to the beneficial owners. A similar procedure is followed for subscription rights and newly issued shares.

Compensation fund for investors and the deposit guarantee fund

The Investors' Compensation Fund is regulated under the Finnish Act on Investment Services (747/2012, as amended, the "**Finnish Investment Services Act**"). Under the Finnish Investment Services Act, investors are divided into professional and non-professional investors. The Investors' Compensation Fund does not pay compensation for losses of professional customers. The definition of professional customer includes companies and public corporations that can be expected to know the securities markets and risks related to them. In addition, investor can also register, based on its expertise and experience from securities markets, in a written consent into a professional customer. However, natural persons are usually assumed as non-professional customers.

Credit institutions and investment service companies must belong to the Investors' Compensation Fund. The membership requirement does not apply to such an investment service company that solely offer the mediation of orders, investment advice or organizing of multilateral trading as investment service and who does not hold or manage client assets. The Investors' Compensation Fund only covers non-professional customers. The Investors' Compensation Fund secures investor's clear and undisputed receivables in situations, where the investment service company or credit institution is being declared bankrupt or reorganization proceedings have been initiated, or it is otherwise unable to bear its liabilities for payment over the given period, in a manner other than temporary. The amount of compensation paid to a same investor is 90 percent of the investor's receivables from the same investment service company or credit institution, but no more than EUR 20,000. However, the Investors' Compensation Fund does not pay compensation for losses caused by, for example, price changes or incorrect investment decisions. Instead, an investor is always responsible for the consequences of its investment decisions.

In accordance with the Act on the Financial Stability Authority (1195/2014, as amended), deposit banks must belong to the Deposit Guarantee Scheme, which aims to secure depositors' receivables if the deposit bank becomes insolvent in a manner other than temporary. Any receivables of a single depositor in a single deposit bank that are in an account, and any payments that have not yet been entered in an account, are compensated from the assets of the Deposit Guarantee Fund, but no more than up to EUR 100,000. An investor's receivables may either be compensated from the Deposit Guarantee Fund or the Investors' Compensation Fund. Accordingly, investor's assets may not be compensated from both of these funds at the same time.

Regulation of the securities markets

Finland

The central act concerning the securities markets is the Finnish Securities Market Act, which contains, among other things, regulations regarding companies and shareholders' disclosure obligation, the issuance of securities, prospectuses and public takeover bids. Regulation ((EU) No 596/2014, the "**Market Abuse Regulation**") of the European Parliament and of the Council regarding market abuse concerns, among other things, companies subject to trading on regulated market and multilateral trading system, and it is applied to financial instruments subject to trading on First North Premier Finland. The Market Abuse Regulation regulates, among other things, insider dealing, unlawful revealing of insider information, market manipulation and disclosure of inside information. The Market Abuse Regulation sets forth obligations for, among other things, issuers' executives and their related entities and also market operators and investment service companies. In addition, Market Abuse Regulation regulates market soundings, investment recommendations, and statistics and forecasts facilitated by public entities that can have a significant effect on financial markets. The FIN-FSA and Helsinki Stock Exchange have provided more detailed regulation under the Finnish Securities Market Act. The FIN-FSA supervises compliance with these regulations and the operation of security markets in Finland.

The Finnish Securities Market Act and the Market Abuse Regulation specify minimum requirements for disclosure obligation for Finnish companies applying for listing of securities subject to multilateral trading, or making a public offering of securities in Finland. The information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and of the issuer as well as of matters that may have a material effect on the value of the securities. The issuer of securities subject to

multilateral trading has an obligation to disclose any matters likely to have significant effect on the value of the securities. The First North Rulebook includes also obligation to regularly publish financial information concerning company and other requirements regarding a continuous disclosure obligation. Information disclosed has to be kept accessible to the public. Pursuant to the Market Abuse Regulation, the issuer of a publicly traded security has the obligation to disclose insider information, which directly concerns that issuer, as soon as possible. The issuer may delay disclosure of inside information provided that all of the conditions set forth in the Market Abuse Regulation are met. The disclosed information has to provide an investor with adequate information for making a justified assessment of the security and its issuer.

The requirements that are only applied in regulated marketplaces, such as regulations on the flagging obligation, set out in the Finnish Securities Market Act or in other regulation, do not apply to securities subject to trading on First North Premier Finland. However, certain regulations, such as regulations on market abuse and specific rules governing takeover bids, set out in the Finnish Securities Market Act also apply to securities subject to multilateral trading. Moreover, the First North Rulebook sets obligations for companies subject to trading on the First North Premier Finland and the First North Premier Sweden.

The Finnish Securities Market Act regulates takeover bids for shares subject to public trading on a regulated market or securities entitling to such shares. Furthermore, regulation applies partially to optional takeover bids for shares subject to trading in a multilateral trading system or securities entitling to shares. Regulation concerning mandatory takeover bids does not apply on the First North Premier Finland.

A person, who publicly offers to purchase shares admitted to trading in a multilateral trading facility upon the issuer's application or securities entitling to such shares, cannot place the holders of the securities subject to a takeover bid in an unequal position. The offeror must provide the holders of the target company's securities with material and sufficient information, on the basis of which the holders of the securities can make an informed assessment of the bid. The bid must be made public and notified to the holders of the securities, the organizer of multilateral trading and the FIN-FSA. Before publishing the bid, the offeror must ensure that it is able to fully pay the possibly offered cash consideration and carry out all reasonable measures required to secure the implementation of any other type of consideration. The requirements of law regarding the determination of type and amount of offer consideration and regulations regarding increasing and compensation obligation of offer consideration are applied also to a takeover bid made for shares subject to multilateral trading.

The regulations set out in the Finnish Companies Act on the redemption of minority shares are applicable to shares subject to multilateral trading. Therefore, a shareholder that holds more than 90 percent of all shares and votes in a company has the right, for the fair price, to redeem the shares of other shareholders. In addition, if a shareholder holds more than 90 percent of all shares and votes in a company, a minority shareholder, is entitled to demand redemption of its shares by such majority shareholder.

The Company has, however, stipulated in its Articles of Association on obligation to notify of change of ownership and redemption right and obligation to purchase shares if certain criteria are met. For more information on such obligations, please see "*Annex B – Articles of Association of Nanoform Finland Plc (Unofficial English translation)*" and "*The Shares and Share Capital of the Company – Redemption Right and Obligation and Obligation to Purchase Shares*" and " *– Notification on the Change of Holdings.*"

Any abuse of the securities markets, such as the abuse of insider information, unlawful disclosure of insider information, market manipulation and breach of disclosure obligation, is punishable under the Finnish Penal Code (39/1889, as amended). In addition, pursuant to the Market Abuse Regulation, the Finnish Securities Market Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended) the FIN-FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. Such sanctions include, for example, administrative fine, public warning or penalty payments for any applicable neglect or breach of regulations on market abuse. Helsinki Stock Exchange may also issue disciplinary sanctions for breaches of the First North Rulebook.

Sweden

The securities market in Sweden is supervised by the SFSA. Statutes governing the Swedish securities market include:

- the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), which sets out regulations with respect to disclosures of major holdings and public tender offers, among other things;

- the Swedish Takeover Act (*Sw. lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), which sets out regulations with respect to mandatory public tender offers (Sw: *budpliktsbud*);

- the Swedish Securities Markets Act (*Sw. lag (2007:528) om värdepappersmarknaden*), which sets out regulations with respect to periodic and ongoing disclosure obligations, the operations of regulated markets and multilateral trading facilities, among other things; and

- the Swedish Market Abuse Act (*Sw. lag (2016:1307) om straff för marknadsmissbruk på värdepappersmarknaden*), which sets out regulations and penalties with respect to misuse of inside information and market manipulation.

The SFSA has issued more detailed regulations pursuant to the relevant statues governing the securities market. The SFSA monitors compliance with the applicable regulations. As First North Premier Sweden is classified as a multilateral trading facility (Sw. *handelsplattform*) and not a regulated market (Sw. *reglerad marknad*), certain provisions provided in these statutes and regulations are not applied in relation to securities traded thereon.

The Swedish Corporate Governance Board has published rules for public tender offers that apply for companies that are listed on multilateral trading facilities and that in all material aspects are similar to the rules for public tender offers for companies listed on a regulated market. These rules set out regulations with respect to mandatory public tender offers. However, these rules only apply to Swedish companies listed on the multilateral trading facilities, such as the First North Premier Sweden. Since Nanoform is not a Swedish company, the rules regarding mandatory offers do not apply to it.

The Swedish Financial Instruments Trading Act specifies minimum disclosure requirements for companies applying for listing on a regulated market or offering securities to the public in Sweden. The Swedish Financial Instruments Trading Act specifies no minimum disclosure requirements for companies applying for listing on a multilateral trading facility, such as First North Premier Finland or First North Premier Sweden, where no securities are offered to the public in Sweden. Where such a disclosure obligation applies, the information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and of the issuing company as well as of matters that may have a material effect on the value of the securities. The Swedish Securities Market Act imposes no continuing obligation on companies listed on a multilateral trading facility such as First North Premier Finland or First North Premier Sweden to publish financial information on the company or to disclose any matters likely to have a material effect on the value of their securities. Swedish law imposes no obligation on shareholders to disclose major holdings in a company listed on a multilateral trading facility.

According to the Market Abuse Regulation, companies listed on First North Premier Sweden are obligated by law to maintain an insider register. Under the Market Abuse Regulation, transactions in an issuer's shares by persons discharging certain managerial responsibilities ("**PDMR**") and persons closely associated ("**PCA**") with a person discharging managerial responsibilities within an issuer shall, as a general rule, be registered and published in the PDMR transactions register (Sw. *insynsregistret*) maintained by the SFSA. However, according to the Market Abuse Regulation, this will not apply to PDMR's or PCA's of Nanoform. They will solely report their transactions to the FIN-FSA.

The Swedish Market Abuse Act criminalizes, *inter alia*, the misuse of inside information and market manipulation.

TAXATION

Tax considerations in Finland

The following summary is based on tax laws of Finland, Finnish case law and Finnish tax practice as in effect and applied on the date of this Offering Circular. Any changes in tax laws and their interpretation may affect taxation and may also have a retroactive effect. The summary is not exhaustive and does not take into account or deal with the tax laws of any country other than Finland. Prospective investors considering subscribing for Offer Shares are advised to consult a tax advisor, as they consider it necessary, in order to obtain information about Finnish or foreign tax consequences resulting from the FN Listing as well as the subscription, ownership and disposition of the Offer Shares. Prospective investors are advised to consult a tax advisor, as they consider necessary, with respect to the Finnish or foreign tax consequences applicable to their particular circumstances.

Background

The following is a description of the material Finnish income tax and transfer tax consequences that may be relevant with respect to the Offering. The description below is applicable to both Finnish resident and non-resident natural persons and limited liability companies for the purposes of Finnish domestic tax legislation relating to dividend distributions on Shares and capital gains arising from the sale of Shares.

The following description does not take into account or discuss tax laws of any other country than Finland and does not address tax considerations applicable to such holders of Shares that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, non-business carrying entities, income tax exempt entities or general or limited partnerships. Furthermore, this description does not address Finnish inheritance or gift tax consequences.

This description is primarily based on:

- The Finnish Income Tax Act (1535/1992, as amended, the "**Finnish Income Tax Act**");
- The Finnish Business Income Tax Act (360/1968, as amended, the "**Finnish Business Income Tax Act**");
- The Act on the Taxation of Income of a Person Subject to Limited Tax Liability (627/1978, as amended);
- The Finnish Transfer Tax Act (931/1996, as amended); and
- The Finnish Act on Tax Assessment (1558/1995, as amended, the "**Finnish Tax Assessment Act**").

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available as at the date of this Offering Circular have been taken into account.

The following description is subject to change, which change could apply retroactively and could, therefore, affect the tax consequences described below.

General on Taxation

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on income from Finnish sources only. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments situated in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right of Finland to tax Finnish source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if such person remains in Finland for a continuous period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless it is proven that no substantial ties to Finland existed during the relevant tax year.

Earned income is taxed at progressive rates. At the date of this Offering Circular, capital income up to EUR 30,000 is taxed at a rate of 30 percent, and if the capital income received by a resident natural person

exceed EUR 30,000 in a calendar year, the capital income tax rate for the exceeding amount is 34 percent. Corporate entities established under the laws of Finland are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-resident corporate entities are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. At the date of this Offering Circular, the corporate income tax rate is 20 percent.

The following is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposition of Shares by Finnish resident and non-resident shareholders.

Taxation of Dividends and Distribution of Funds from Unrestricted Equity Capital

Distribution of funds from unrestricted equity capital by a publicly listed company as defined in Section 33a Subsection 2 of the Finnish Income Tax Act ("**Listed Company**") is taxed as distribution of dividends. Therefore, the following applies also to the distribution of funds from unrestricted equity capital of the Company.

Resident Natural Persons

If shares owned by a natural person are not included in the business activity (*i.e*., business income source) of such person, 85 percent of dividends paid by a Listed Company to such shareholder is considered capital income of the recipient, which is taxable at the rate of 30 percent (34 percent on the amount that exceeds EUR 30,000 in a calendar year), while the remaining 15 percent is tax exempt. 85 percent of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business activity of such shareholder is taxable partly as earned income, which is taxed at a progressive rate, and partly as capital income, which is taxed at a rate of 30 percent (34 percent on the amount that exceeds EUR 30,000 in a calendar year), and the remaining 15 percent is tax exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. At the date of this Offering Circular, the amount of the advance tax withholding is 25.5 percent of the amount of dividend paid. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received. Resident Natural Persons have to review their pre-filled income tax return form to confirm that the amount of dividend income reported is correct. In case the amount of dividend income or withheld tax reported in the pre-filled income tax return form is incorrect, the resident natural persons must correct these amounts to their tax returns and provide the corrected tax returns to the Finnish tax authorities.

Regulations concerning dividends paid to nominee registered shares have been amended, and the new rules came into effect on January 1, 2020 regarding Finnish tax residents. According to the new rules, a 50 percent withholding tax is withheld on the nominee account's dividends if the dividend paying company or registered custodian cannot identify the recipient of the dividend as non-resident in Finland (for non-residents' taxation see " – *Non-Residents*" below).

Finnish Limited Liability Companies

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not.

Dividends received by a Listed Company from another Listed Company are generally tax exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75 percent of the dividend is taxable income while the remaining 25 percent is tax exempt. Only banking, insurance and pension institutions may have investment assets.

Dividends received by a non-listed Finnish company (*i.e*., a privately held company) from a Listed Company are taxable income subject to 20 percent corporate income tax rate. However, in cases where the privately held company directly owns 10 percent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax exempt, provided that the underlying shares are not included in the investment assets of the shareholder. Regardless of the ownership threshold, 75 percent of the dividend is taxable income and 25 percent is tax exempt in case the shares are included in the investment assets.

Non-Residents

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a Finnish company. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20 percent for non-resident corporate entities as income receivers and 30 percent for all other non-residents as income receivers, unless otherwise set forth in an applicable tax treaty.

Finland has entered into double taxation treaties with several countries pursuant to which the withholding tax rate is reduced on dividends paid to persons entitled to the benefits under such treaties. For example, in the case of the treaties with the following countries, Finnish withholding tax rate regarding dividends of portfolio shares is generally reduced to the following percentages: Austria: 10 percent; Belgium: 15 percent; Canada: 15 percent; Denmark: 15 percent; France: 0 percent; Germany: 15 percent; Ireland: 0 percent; Italy: 15 percent; Japan: 15 percent; the Netherlands: 15 percent; Norway: 15 percent; Spain: 15 percent; Sweden: 15 percent; Switzerland: 10 percent; the United Kingdom: 0 percent; and the United States: 15 percent (0 percent for certain pension funds). This list is not exhaustive. A further reduction in the withholding tax rate is usually available to corporate shareholders for distributions on qualifying holdings (usually direct ownership of at least 10 or 25 percent of the share capital or votes of the distributing company). The reduced withholding rate benefit in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

Where shares in a Finnish company are held through a nominee account, a Finnish company pays dividends to the nominee account managed by the custodian, who then delivers the dividend payment to the beneficial owners. If shares are held through a nominee account and the person entitled to receive dividends on such shares is a resident in a tax treaty country, the withholding tax rate on the dividend is the tax rate set forth in the relevant tax treaty. However, the withholding tax rate must be always at least 15 percent and it is required that the payer has carefully confirmed applicability of the tax treaty to the person beneficially entitled to the dividend. If the tax rate set forth in the tax treaty is less than 15 percent, an application for the refund of the excess withholding tax may be submitted with necessary information of the nationality and identity of the beneficial owner. This means that with respect to dividends on shares held through a nominee account, tax is withheld at the rate set in the applicable tax treaty, higher than 15 percent or 15 percent absent thorough clarification of the identity of the person beneficially entitled to the dividend. Such procedure, however, requires that the foreign custodian intermediary is registered in the Finnish tax authority's register and that it is resident in a country that has concluded a double taxation treaty with Finland. Also, the foreign custodian intermediary must have an agreement with the Finnish account operator regarding the custody of the shares. In such agreement, the foreign custodian intermediary must, among other things, commit to report the dividend receiver's residential country to the account operator and to provide additional information to the tax authorities, if needed. If these provisions are not fulfilled, the 30 percent withholding tax will be withheld on the nominee account's dividends if the beneficiary is a non-resident natural person, and 20 percent if the beneficiary is a non-resident corporate entity. The regulations concerning the taxation of a dividend based on a nominee registered share and the prerequisites on how the provisions of a tax treaty could be applied to the dividend have been amended and the new regulation will come into force on January 1, 2021. Under the new rules, a 35 percent withholding tax will be withheld on the nominee account's dividends, if the new rules regarding the application of a lower withholding tax rate under a tax treaty are not followed.

Recent rulings of the European Court of Justice (Joined Cases C-116/16 and C-117/16 and Joined Cases C-115/16, C-118/16, C-119/16, C-299/16) regarding the concept of beneficial owner for EU law purposes may have implications on Finnish tax legislation going forward, which may result in, among other things, additional criteria to obtain a preferred dividend withholding tax rate.

Certain Qualifying Non-Resident Corporate Entities Residing in EU Member States

Under Finnish tax laws, no withholding tax is levied on dividends paid to foreign corporate entities that reside, and are subject to corporate tax, in an EU member state as specified in Article 2 of the Parent Subsidiary Directive (2011/96/EU), and that directly hold at least 10 percent of the capital in the distributing Finnish company.

Certain Non-Resident Corporate Entities Residing Within the EEA

Dividends paid to certain non-resident corporate entities residing within the European Economic Area ("**EEA**") are either fully tax exempt or taxed at a reduced withholding tax rate, depending on how the dividend would be taxed if paid to a corresponding Finnish corporate entity.

In Finland, no withholding tax is levied on dividends paid by a Finnish company to a non-resident company provided that (i) the company receiving the dividend is resident in a country within the EEA; (ii) Council Directive 2011/16/EU on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (as amended, "**the Mutual Assistance Directive**"), or an agreement regarding executive assistance and exchange of information in tax matters within the EEA, is applicable to the home country of the recipient of the dividend; (iii) the company receiving the dividend corresponds to a Finnish corporate entity as defined in Section 33d, Subsection 4, of the Finnish Income Tax Act or in Section 6a of the Finnish Business Income Tax Act; (iv) the dividend would be fully tax exempt if paid to such corresponding Finnish company or entity (see "– *Finnish Limited Liability Companies*" above); and (v) the company receiving the dividend provides evidence (in the form of a certificate issued by the home country's tax authorities) that the paid withholding tax could not de facto be fully credited in the home country pursuant to the applicable double taxation treaty.

In cases where the dividend received by a foreign company fulfilling the requirement set forth in point (iii) above and residing within a country fulfilling the requirements set forth in points (i) and (ii) above would be only partially tax exempt if paid to a corresponding Finnish entity (see "– *Finnish Limited Liability Companies*" above), the Finnish withholding tax is levied (see "– *Non-Residents*" above), but the withholding tax rate in respect of such dividends is reduced to 15 percent (instead of 20 percent). Therefore, exclusive of entities defined in the Parent Subsidiary Directive that qualify for a tax exemption through the direct ownership of at least 10 percent of the capital in the distributing Finnish company (see "– *Certain Qualifying Non-Resident Corporate Entities Residing in EU Member States*" above), the 15 percent withholding tax rate is applicable to dividends paid to non-resident companies fulfilling the requirement set forth in point (iii) above and residing within a country fulfilling the requirements set forth in points (i) and (ii) above if the underlying shares in the Finnish company distributing the dividend belong to the investment assets of the recipient company, or if the recipient is not a Listed Company. Depending on the applicable double taxation treaty, the applicable withholding tax rate can also be less than 15 percent (see "– *Non-Residents*" above).

Certain Non-Resident Natural Persons Residing Within the EEA

Instead of being subject to withholding tax as described under "– *Non-Residents*" above, dividends paid to non-resident natural persons can be, upon request by such non-resident natural person, taxed pursuant to the Finnish Tax Assessment Act (*i.e.*, taxed similarly to dividends paid to residents of Finland (see "– *Resident Natural Persons*" above) provided, however, that (i) the person receiving the dividend is resident in a country within the EEA; (ii) the Mutual Assistance Directive, or an agreement regarding executive assistance and exchange of information in tax matters within the EEA, is applicable to the home country of the recipient of the dividend; and (iii) the recipient of the dividend provides evidence (in the form of a certificate issued by the home country's tax authorities) that any paid withholding tax could not de facto be fully credited in the home country pursuant to an applicable double taxation treaty.

Taxation of Capital Gains

Resident Natural Persons

A capital gain or loss arising from the sale of shares that do not belong to the business activity of the shareholder is taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons. At the date of this Offering Circular, capital gains are taxed at a rate of 30 percent (34 percent on the amount that exceeds EUR 30,000 in a calendar year). If the shares belong to the business activity (business income source) of the seller, any gain arising from the sale is deemed to be business income of the seller, which will be divided according to the Finnish Income Tax Act to be taxed as earned income at a progressive tax rate and capital income at a rate of 30 percent (34 percent on the amount that exceeds EUR 30,000 in a calendar year).

Capital loss arising from the sale of shares that do not belong to the business activity of the shareholder in the year 2016 and thereafter, is primarily deductible from the resident natural person's capital gains and secondarily from other capital income of the same year and during the following five tax years. Capital losses

are not taken into account when calculating the capital income deficit for the tax year, and they do not increase the amount of the deficit credit that is deductible from the taxes under the deficit crediting system. The deductibility of losses related to securities included in the seller's business activity is determined as described under "– *Finnish Limited Liability Companies*" below.

Notwithstanding the above, capital gains arising from the sale of assets that do not belong to the business activity of the shareholder are exempt from tax provided that the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the total proceeds and the total acquisition cost of all assets sold during the tax year does not exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws) and also the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000.

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, a natural person holding shares that are not included in the business activity of the shareholder may, instead of deducting the actual acquisition costs, choose to apply a so called presumptive acquisition cost, which is equal to 20 percent of the sales price, or in the case of shares which have been held for at least ten years, 40 percent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

Resident natural persons have to report information relating to the sale of the Shares on their income tax return of the tax year concerned.

Finnish Limited Liability Companies

The following applies only to Finnish limited liability companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited liability company.

Shares may be fixed assets, current assets, investment assets, financial assets or other assets of a limited liability company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify.

The sales price of any sale of shares is generally included in the business income of a Finnish company. Correspondingly, the acquisition cost of shares is deductible from business income upon disposal of the shares. However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain strictly defined requirements are met. Under this so called participation exemption, capital gains arising from the sale of shares that are part of the fixed assets of a selling company that is not engaged in private equity activities are not considered as taxable business income and, correspondingly, capital losses incurred on the sale of such shares are not tax deductible provided, among other things, that (i) the selling company has directly and continuously for at least one year owned at least 10 percent of the share capital in the company whose shares are sold and such ownership of the sold shares has ended at the most one year before the sale and the shares sold belong to those shares; (ii) the company whose shares have been sold is not a real estate or residential housing company or a limited liability company whose activities, on a factual basis, mainly consist of ownership or possession of real estate; and (iii) the company whose shares are sold is resident in Finland or is a company located in another EU member state, as further specified in Article 2 of the Parent Subsidiary Directive (2011/96/EU, as amended), or is resident in a country with which Finland has entered into a double taxation treaty that is applicable to dividends. Additionally, Finnish case law has required a business connection between the disposing company and the company whose shares are disposed of.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of fixed assets shares in the same fiscal year and the subsequent five years. From tax year 2020, the Finnish Business Income Tax Act is applied in calculating the taxable income of most corporations (with some exceptions such as certain real estate companies). A new asset class, 'other assets', was introduced to the business income basket. Other assets include assets which do not have a distinct connection to the business operations of a corporation, and assets that cannot be allocated to any of the existing asset classes (fixed assets, current assets, investment assets or financial assets). Capital

gains on disposals of other assets will be taxable. Capital losses incurred from the disposal of other assets can only be offset against capital gains on disposals of other assets. The losses can be carried forward for the subsequent five years. Capital losses which have been calculated according to the Finnish Income Tax Act and have not been offset before tax year 2020, can be carried forward for five years following the year of disposal, and will be primarily deductible from capital gains incurred from disposals of other assets, and secondarily from capital gains on disposal of shares or real property belonging to fixed assets.

Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

Non-Residents

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realized on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Finnish Income Tax Act and an applicable tax treaty and the shares are considered to be assets of that permanent establishment. Non-residents may also be subject to Finnish taxes on capital gains realized on the sale of shares in a Listed Company if more than 50 percent of the assets of the Listed Company consist of Finnish real estate, unless applicable tax treaty limits the taxing right of Finland on capital gains.

Finnish Transfer Tax

There is no transfer tax payable in Finland in connection with the issuance and subscription of new shares.

No transfer tax is payable in Finland on transfers of shares admitted to trading on a public and regularly functioning marketplace, provided that the transfer is made against a fixed pecuniary consideration. The transfer tax exemption requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act, is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, a Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish tax authorities within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish tax authorities as set forth in the Finnish Tax Assessment Act.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds or transfers in which consideration comprises in full or in part of work contribution, are not covered by the transfer tax exemption. Additionally, in case law it has been considered that if an incentive scheme remuneration of key persons is paid in cash and the receiver of the remuneration is obliged to purchase shares of the Listed Company with a part of the remuneration, consideration of the share purchase comprises in full or in part of work contribution, and is thus subject to transfer tax.

Neither does the exemption apply to transfers carried out on the basis of an offer made after trading with the securities has ended or before the commencement of trading unless it concerns a share sale of old shares based on a combined purchase and subscription offer directly relating to a share issue carried out in connection with the listing of the shares and provided that subjects to be transferred are specified only after commencement of the trading and that the purchase price corresponds to the price to be paid for the new shares. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act (see "*The Shares and Share Capital of the Company – Redemption Right and Obligation and Obligation to Purchase Shares*").

If the transfer or sale of the shares does not fulfil the above criteria for a tax exempt transfer, transfer tax at the rate of 1.6 percent of the sales price is payable by the purchaser. However, if the purchaser is neither a resident in Finland nor a Finnish branch or office of a foreign credit institution, investment firm, fund management company or EEA alternative investment fund manager, the seller must collect the tax from the purchaser and pay the tax to the Finnish tax authorities. If the broker is a Finnish investment firm or credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the Finnish tax authorities. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution, foreign investment firm, foreign fund management company or EEA alternative investment fund manager, the

transfer of shares will be exempt from Finnish transfer tax unless shares in a real estate company are transferred. No transfer tax is collected if the amount of the tax is less than EUR 10.

Tax considerations in Sweden

Below is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in the Company on First North Premier Finland and First North Premier Sweden for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the Shares as from the admission for trading on First North Premier Finland and First North Premier Sweden.

The summary does not cover:

- *situations where shares are held as current assets in business operations;*
- *situations where shares are held by a limited partnership or a partnership;*
- *situations where shares are held in an investment savings account (Sw. investeringssparkonto);*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes);*
- *the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies (Sw. fåmansföretag) or to shares acquired by means of such shares;*
- *the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag);*
- *the special rules that may be applicable to private individuals not resident in Sweden for tax purposes that have been residents of Sweden, have had a habitual abode in Sweden or have stayed in Sweden continuously at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal;*
- *foreign companies conducting business through a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

Furthermore, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular circumstances. Each shareholder is advised to consult an independent tax advisor, as they consider it necessary, as to the tax consequences that could arise from the Offering and the admission for trading of the Shares on First North Premier Finland and First North Premier Sweden, including the applicability and effect of foreign tax legislation and provisions in tax treaties. The summary below is based on the assumption that the Shares are considered to be publicly traded on a stock exchange tax purposes (if the Shares are not considered to be publicly traded, other tax rules may apply). However, no guarantee is given that the Shares will be considered to be publicly traded.

Taxation of Dividends and Distribution of Funds from Unrestricted Equity Capital

Private individuals

For private individuals resident in Sweden for tax purposes, dividends are taxed in the capital income category. The tax rate in the capital income category is 30 percent. This also applies for distribution of funds from unrestricted equity capital under Finnish rules. Preliminary tax of 30 percent is withheld on dividends paid by Euroclear Sweden or by another legal entity domiciled in Sweden, including a Swedish branch of a non-Swedish corporation.

Furthermore, dividends from a foreign company resident in Finland to a private individual tax resident in Sweden are normally subject to Finnish withholding tax at a rate of 15 percent under the applicable tax treaty (see "– *Tax considerations in Finland*" above). As dividends generally are taxable both in Sweden and Finland, a double taxation situation may occur. However, tax paid in Finland may be credited against the Swedish tax to the extent that the Swedish tax is attributable to foreign income. If the foreign tax would

exceed the Swedish tax attributable to the foreign income in one year and full credit cannot be granted during the year of the dividend distribution, it is possible to credit the tax during the following five taxation years, provided certain conditions are met. Alternatively, the foreign tax may be deducted by the recipient as an expense.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including dividends and distribution of funds from unrestricted equity capital under Finnish rules, is taxed as income from business operations at a rate of 21.4 percent (to be decreased to 20.6 percent for financial years commencing after December 31, 2020).

Furthermore, dividends from a company resident in Finland to a Swedish limited liability company are normally subject to Finnish withholding tax at a rate of 15 percent under the applicable tax treaty ("– *Tax considerations in Finland*" above). As dividends generally are taxable both in Sweden and Finland, a double taxation situation may occur. However, tax paid in Finland may be credited against the Swedish tax to the extent that the Swedish tax is attributable to foreign income. If the foreign income would exceed the Swedish tax attributable to the foreign income in one year, it is possible to credit the tax under any of the five following taxation years, provided certain conditions are met. Alternatively, the foreign tax may be deducted by the recipient as an expense.

Taxation of Capital Gains

Private individuals

For private individuals resident in Sweden for tax purposes, capital gains are taxed in the capital income category. The tax rate in the capital income category is 30 percent.

The capital gain or the capital loss is calculated as the difference between the sale proceeds less selling expenses and the acquisition value. The acquisition value for all shares of the same class and type shall be calculated in accordance with the so-called average acquisition price method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standardized method (Sw. *schablonmetoden*) may be used for the disposal of listed shares. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Capital losses on listed shares, and other listed securities taxed as shares, may be fully offset against taxable capital gains arising from shares, as well as listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*) during the same year. A maximum of 70 percent of the capital losses that have not been possible to be set-off in the way described above, may be deducted from other capital income.

Should a net loss arise in the capital income category, a deduction is granted against the employment income and business income tax, as well as national and municipal property tax. For the net loss that does not exceed SEK 100,000, a tax deduction of 30 percent is allowed, and for the remaining amount, a deduction of 21 percent. This net loss cannot be carried forward to future tax years.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains, is taxed as income from business operations at a rate of 21.4 percent (proposed to be decreased to 20.6 percent for financial years commencing after December 31, 2020). Capital gains and capital losses are calculated in the same way as for private individuals, described above.

Tax deductible capital losses arising from shares can only be offset against capital gains arising from shares and other securities taxed as shares. A capital loss on shares that cannot be utilized during the year of the loss, may be carried forward (by the limited liability company that suffered the loss) and be offset against taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another group entity's comparable taxable capital gains on shares and other securities taxed as shares, provided that the requirements related to group contribution (Sw: *koncernbidrag*) are met and both companies request this treatment for the same tax year, where both companies have the same filing date for their tax return (or, if one of the companies' accounting liability has ended, would have had the same filing

date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies and life-insurance companies).

Transfer Tax

There is no transfer tax payable in Sweden in connection with issuance, subscription or sale of shares.

PLAN OF DISTRIBUTION IN THE OFFERING

Underwriting Agreement

The Company, the Helsinki University Funds, Edward Hæggström and the Managers are expected to enter into an underwriting agreement in respect of the Offering on or about June 3, 2020 (the "**Underwriting Agreement**"). In the Underwriting Agreement, the Company will agree to issue and the Helsinki University Funds and Edward Hæggström will agree to sell Offer Shares to subscribers or purchasers procured by the Managers or, failing which, to the Managers in accordance with the Underwriting Agreement. The Underwriting Agreement will provide that the obligations of the Managers to procure subscribers or purchasers for or, failing which, to purchase themselves, the Offer Shares are subject to certain conditions and may be subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Managers) under certain circumstances, including force majeure. If the Joint Global Coordinators elect to terminate the several commitments of the Managers, the Offering may be cancelled. If the Offering is cancelled, no Offer Shares may be delivered. The Underwriting Agreement will provide that the Company will indemnify the Managers against certain liabilities.

The other Sellers will not become parties of the Underwriting Agreement but have each given sales undertakings pursuant to which they have undertaken to sell Sale Shares in the Offering. If the Offering is not completed, undertakings related to the Share Sale would terminate in accordance with their terms.

Over-Allotment Option

In connection with the Offering, the Company may grant Danske Bank, acting as stabilizing manager (the "**Stabilizing Manager**"), the right to subscribe for a maximum of 2,898,551 Shares in a directed share issue at the Subscription Price (the "**Additional Shares**") solely to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option is exercisable within 30 days from the commencement of trading in the Shares on First North Premier Finland and First North Premier Sweden (which is estimated to occur between June 4, 2020 and July 3, 2020 (the "**Stabilization Period**")). The maximum number of Additional Shares represents approximately 12.8 percent of the Offer Shares and votes assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 20,289,856 New Shares. However, the Additional Shares always represent no more than 15 percent of the total number of Offer Shares.

Stabilization

After the Offering, the Stabilizing Manager may, but is not obliged to, within the Stabilization Period, engage in measures that stabilize, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of Shares than the total number of Offer Shares, which would create a short position. The short position is covered if it does not exceed the number of Additional Shares. The Stabilizing Manager may close the covered short position by exercising the Over-Allotment Option and/or by purchasing Shares in the market. In determining the acquisition method of the Shares to cover the short position, the Stabilizing Manager may consider, among other things, the market price of the Shares in relation to the Subscription Price. In connection with the Offering, the Stabilizing Manager may also bid for or purchase Shares in the market to stabilize the market price of the Shares. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, the stabilization measures may not be conducted at a price higher than the Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilizing Manager or the Company on behalf of the Stabilizing Manager will publish information regarding the stabilization required by legislation or other applicable regulations at the end of Stabilization Period.

Any stabilization measures will be conducted in accordance with the Market Abuse Regulation and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

The Stabilizing Manager and Mandatum Life Insurance Company Limited are expected to enter into a share lending agreement related to the settlement and stabilization in connection with the Offering. In accordance with the share lending agreement, the Stabilizing Manager may borrow a number of Shares equal to the maximum number of Additional Shares to cover any possible over-allotments in connection with the Offering.

To the extent that the Stabilizing Manager borrows Shares pursuant to the share lending agreement, it must return an equal number of Shares to Mandatum Life Insurance Company Limited.

Lock-up

The Sellers, except Edward Hæggström, Jouko Yliruusi, Kai Falck and Ilkka Lassila (Edward Hæggström, Jouko Yliruusi, Kai Falck and Ilkka Lassila collectively, the "**Founders**"), are expected to agree that during the period that will end on the date that falls 180 days from the FN Listing, without the prior written consent of the Joint Global Coordinators, not to offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; or submit to the Company's shareholders a proposal to effect any of the foregoing. The lock-up does not apply to the measures to the execution of the Offering or to remuneration or incentive programs described in this Offering Circular.

The Company, the Company's Board of Directors and the Company's Management Team are expected to agree that during the period that will end on the date that falls 360 days from the FN Listing, without the prior written consent of the Joint Global Coordinators, not to issue, offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transactions are to be settled by delivery of Shares or other securities, in cash or otherwise, or submit to the Company's shareholders a proposal to effect any of the foregoing. The lock-up does not apply to the measures related to the execution of the Offering or to remuneration or incentive programs described in this Offering Circular.

The Founders are expected to enter into a lock-up agreement with similar terms to that of the Company and the Sellers, save for the exception that the agreement may be waived by the Joint Global Coordinators during the period that will end on the date that falls 360 days from the FN Listing and thereafter by the Board of Directors of the Company until December 31, 2022.

In aggregate, the terms of the lock-up agreements apply to approximately 34.0 percent of the Shares after the Offering, without the Over-Allotment Option (approximately 32.5 percent with the Over-Allotment Option), assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 20,289,856 New Shares.

Subscription Commitments

Keel Capital, Fjärde AP-Fonden (AP4), Handelsbanken Fonder AB, certain funds managed by Sp-Fund Management Company Ltd, Mandatum Life Insurance Company Limited (part of Sampo Group), certain funds managed by OP Fund Management Company Ltd, and Avohoidon Tutkimussäätiö (together the "**Cornerstone Investors**"), have each individually in May 2020 given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain conditions being fulfilled, including a condition that the maximum valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares), based on the Subscription Price, does not exceed EUR 230 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking. The Cornerstone Investors will not be compensated for their subscription undertakings. The Cornerstone Investors have given subscription undertakings as follows:

- The commitment of Keel Capital's undertaking amounts to EUR 15 million.
- The commitment of Fjärde AP-Fonden (AP4)'s undertaking amounts to EUR 10 million.
- The commitment of Handelsbanken Fonder AB's undertaking amounts to EUR 10 million.

- The commitment of certain funds managed by Sp-Fund Management Company Ltd's undertaking amounts to EUR 4 million.

- The commitment of Mandatum Life Insurance Company Limited's (part of Sampo Group) undertaking amounts to EUR 3 million.

- The commitment of certain funds managed by OP Fund Management Company Ltd's undertaking amounts to EUR 3 million.

- The commitment of Avohoidon Tutkimussäätiö's undertaking amounts to EUR 500 thousand.

Other Issues

No transfer tax will be payable in Finland or Sweden in connection with the issue of or subscription for the New Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of the Shares. The Sale Shares are being sold in connection with commencement of trading in the Shares on First North Premier Finland and First North Premier Sweden, and no transfer tax is expected to be payable for these transfers in Finland or Sweden. Should transfer tax be payable, the Sellers will pay any transfer tax payable on transfers of their Sale Shares.

Before the execution of the Offering, the Shares of the Company have not been subject to trading on any regulated market or multilateral trading facility. The Company will submit listing applications for the listing of the Shares on First North Premier Finland and First North Premier Sweden. Trading in the Shares is expected to begin on or about June 4, 2020. The share trading code of the Shares is "NANOFH" in Finland and "NANOFS" in Sweden, and the ISIN code of the Shares is FI4000330972.

Offer Shares subscribed for in the Public Offering will be registered in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Completion Decision (*i.e.*, on or about June 4, 2020). In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about June 8, 2020 through Euroclear Finland and Euroclear Sweden. All dealing in the Shares prior to settlement will be for the account and at the sole risk of the parties involved.

The subscription period for the Public Offering will commence on May 25, 2020 at 10:00 a.m. (Finnish time) (9:00 a.m. Swedish time) and end on or about June 2, 2020 at 4:00 p.m. (Finnish time) (3:00 p.m. Swedish time). The subscription period for the Institutional Offering will commence on May 25, 2020 at 10:00 a.m. (Finnish time) (9:00 a.m. Swedish time) and end on or about June 3, 2020 at 12 noon (Finnish time) (11:00 a.m. Swedish time). The subscription period may be discontinued or extended pursuant to the terms and conditions of the Offering. If the Underwriting Agreement is terminated, any payments received in the Offering will be returned to investors without interest.

As a result of the Share Issue, the number of Shares will increase to a maximum of 66,583,772 Shares.

The offering and sale of the Offer Shares will be made (a) outside the United States in offshore transactions in reliance on Regulation S and (b) within Finland and Sweden in a public offering. The Shares (including the Offer Shares) have not been registered, and they will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S of the U.S. Securities Act). Terms used in this paragraph have the meanings given to them by Regulation S.

No action has been or will be taken in any jurisdiction other than Finland and Sweden that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company or the Offer Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement related to the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

The Company, the Helsinki University Funds and Edward Hæggström will undertake in the Underwriting Agreement to pay the Managers a fee for the services provided in connection with the Offering, which will be

based on the total proceeds, including any Additional Shares issued pursuant to the Over-Allotment Option. In addition, the Company may pay to the Managers a discretionary fee.

The total estimated fees and expenses incurred by the Sellers in connection with the Share Sale is approximately EUR 40 thousand calculated based on the Subscription Price and the number of Sale Shares. The management of the Company estimates that the Company will incur total fees and estimated expenses of approximately EUR 13.7 million in connection with the Offering, assuming that the Company will issue 23,188,407 New Shares (the number of New Shares is calculated assuming that the Over-Allotment Option will be exercised in full) and that a discretionary fee to the syndicate will be paid in full.

The Subscription Price and the SEK Converted Offer Price will be communicated through a company release and will be available on the Company's website at www.nanoform.com/en/section/investors immediately after the Completion Decision and in the subscription places of the Public Offering no later than the banking day following the Completion Decision, (*i.e.*, on or about June 4, 2020). There can be no assurance that an active trading market will develop for the Shares in the public market or that the market price of the Shares will not fall below the Subscription Price. See "*Risk Factors – Risks Related to the Offering and the Trading on First North Premier Finland and First North Premier Sweden – The Shares have not previously been traded in any regulated market or multilateral trading facility, an active and liquid market may not develop on either or both exchanges, the price of the Shares may be volatile and possible investors may lose a part or all of their investment*."

Interests Related to the Offering

The fees to be paid to the Managers are linked to the proceeds from the Offering.

The Managers and their affiliates have engaged in transactions with and performed various investment banking, commercial banking and other services for the Company, the Sellers and their respective subsidiaries and affiliates in the past and may do so from time to time in the future and may be paid fees in connection with such services from time to time. However, all services provided by the Managers, including in connection with the Offering, have been provided as an independent contractor and not as a fiduciary to the Company or the Sellers. See "*Reasons for the Offering and Use of Proceeds*."

Certain members of the Company's Board of Directors have ownership interests in the Company (Albert Hæggström owns 1.52 percent) and, therefore, have beneficial interest in the Offering. The Management Team of the Company and certain other key employees have interests in the Offering due to the share based compensation plan. The Company is not aware of any other interest that is material to the Offering.

The Company's Chief Financial Officer who is also a member of the Board of Directors is entitled to a variable pay component based on the capital raised by the Company (for more information, please see "*The Company's Administration, Management and Auditors – Management Remuneration and Incentive Schemes – Director Agreement Regarding Variable Pay Component*"). In addition, the Company's Investor Relations Director is entitled to a variable pay component based on the capital raised by the Company (for more information, please see "*Information on the Company and its Business – Material Agreements – Investor Relations Director Agreement*").

The Sellers will sell Sale Shares in the Offering. For more information on the Sellers, see the Annex A to this Offering Circular.

DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected during the period of validity of this Offering Circular on the website of the Company at www.nanoform.com/ipo and on weekdays between 9:00 a.m. and 4:00 p.m. Finnish time at the registered office of the Company at Viikinkaari 4, FI-00790 Helsinki, Finland:

- The Articles of Association of the Company
- The Company's audited financial statements and the related Auditor's report for the financial years ended December 31, 2019, 2018 and 2017
- The Company's unaudited consolidated financial information for the three months ended March 31, 2020 including comparative figures for the three months ended March 31, 2019 and the report on review of interim financial information
- The Finnish Prospectus
- The decision of the FIN-FSA regarding the Finnish Prospectus

GLOSSARY

"Amorphous"	Amorphous structure is a chemical term that describes substances whose molecules lack an organized structure.
"API"	Active Pharmaceutical Ingredient. A substance used in a finished pharmaceutical product, intended to furnish pharmacological activity or to otherwise have direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease, or to have direct effect in restoring, correcting or modifying physiological functions in human beings.
"Attrition"	Attrition is the rate of failure of drug candidates in pre-clinical stages or in clinical trials.
"AUC"	Area Under the Curve. The definite integral of a curve that describes the variation of a drug concentration in blood plasma as a function of time.
"Bioavailability"	The proportion of a drug or other substance (generally compared to the amount of drug dose taken) which enters the circulation when introduced into the body and so can have an active effect when it can have an effect on the intended target (e.g., drug on coronary vasodilator).
"Biologics"	A biopharmaceutical, also known as a biologic medical product, or biologic, is any pharmaceutical drug product manufactured in, extracted from, or semi-synthesized from partly biological sources.
"CDMO"	Contract Development and Manufacturing Organization. A company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing.
"CESS®"	Controlled Expansion of Supercritical Solutions (CESS® technology). The Company's proprietary technology to nanoform API particles using controlled mass transfer, flow, pressure reduction, and particle collection in dry ice.
"Chemical purity"	The degree to which the content of impurity can be detected by an analytical procedure in a sample of matter that is classified as a pure substance; the grade of purity is in inverse proportion to the amount of impurity present.
"Clinical phase"	The various stages in the study of a drug's effects in humans. In Phase I safety in healthy subjects is investigated; in Phase II the effects in patients with the disease concerned is investigated, and Phase III is a larger study to verify previously achieved outcomes. Once a drug is sold on the market, Phase IV studies are conducted to discover unusual side effects, for example (pharmacovigilance).
"Clinical trial"	A study of healthy human test subjects (Phase I) or patients (Phases II, III and IV) in order to study safety, effectiveness and the effect of the drug or method of treatment.
"C_{max}"	The maximum concentration of a drug in the body after dosing.
"Critical Quality Attribute"	A physical, chemical, biological or, microbiological or other measured property or characteristic that should be within an

	appropriate limit, range, or distribution to ensure the desired product quality.
“Crystalline”.....	Crystalline structure is a chemical term that describes substances whose molecules form an organized (crystalline) structure.
“Cytotoxic”.....	Toxic to living cells.
“Depressurization vessel”	The container in which the CO_2 in the CESS® process is sublimated and final nanoparticles are ready for collection and formulation.
“Efficacy” (of a drug or a drug candidate)	The maximum response achievable from an applied or dosed agent.
“Excipient”.....	An inactive substance that has no medicinal properties. Its standard purpose is to ease the manufacture of the drug product and facilitate physiological absorption of the drug. Excipients might aid in, among others, drug dosing, absorption, increase preservability and cover bad taste.
“Fetotoxicity”	Toxic effects on a fetus of a substance that crosses the placental barrier.
“Formulation”	Combining of API and excipients to become a usable drug product.
“GCP”.....	Good Clinical Practice. An international ethical and scientific quality standard for designing, conducting, recording and reporting trials that involve the participation of human subjects.
“Generic drug”.....	Generic drugs (or generics) are drugs whose patent has expired and which have the same API, the same function, quality and safety as the so called original drug.
“Genotoxicity”.....	The property of such chemicals (as well as, among others, the ionizing radiation) which may damage the genetic information (mainly the DNA) within a cell causing mutations, which may lead to, among others, cancer.
“GMP”	Good Manufacturing Practice. GMP rules describe how the drug industry must produce medications so that patients can always be sure they are getting the correct, high-quality products with uniform quality. The rules govern, among others, the production and packaging of drugs, foods and nutritional supplements. GMP is a system for ensuring that products are always manufactured and controlled for compliance with current high quality standards required and controlled by the authorities. They are designed to minimize the risks in drug production that cannot always be eliminated only through testing of the end product.
“Indication”	In medical contexts an indication is a symptom, illness or a condition that requires treatment.
“Jet milling”	A process of grinding materials by using a high-speed jet of compressed air or inert gas to impact particles into each other.
“Microgram”	A microgram (“µg”) is a unit of mass equal to one millionth of a

	gram.
“Micron”	A micron (“µm”) is a unit of length equal to one millionth of a meter. Also known as a “micrometer”.
“Micronization”	The process of reducing the average diameter of a solid material’s particles to the micron range.
“Molecule”	A molecule is a compound made up of two or more atoms that are chemically bonded together.
“MSDS”	Material Safety Data Sheet. A document that lists information relating to occupational safety and health in connection with the use of various substances and products.
“Nanoform”.....	To create nanometer size particles with the CESS® technology.
“Nanomedicine”	The branch of medicine concentrated on the use of nanotechnology.
“Nanogram”.....	A nanogram (“ng”) is a unit of mass equal to one billionth of a gram.
“Nanometer”.....	A nanometer (“nm”) is a unit of length equal to one billionth of a meter.
“Nanotechnology”	The branch of technology that concentrates on the entities with a size less than 100 nm and dimensions, especially the manipulation of individual atoms and molecules.
“NME”.....	New Molecular Entity (NME) (from which commercial original products are emerged) are compounds that emerge from the process of drug discovery. They are not versions or derivatives of existing, previously investigated substances approved for sales.
“Non-GMP production line”	A production line that does now meet the GMP requirements.
“Non-NME”.....	Non-new molecular entity. Molecular entity emerged by reformulations and combinations of previously approved drugs.
“Nuclei”	Nucleus refers here to the API crystals which are formed during nanoforming and which then grow during nucleation.
“Nucleation”	Nucleation is the first step in the change of state of a substance, in which a crystal forms from solution, liquid, or steam. In nucleation a small number of ions, atoms and molecules become arranged in a pattern characteristic of a crystalline solid, forming crystals to which additional particles are deposited as the crystal grows. This happens in nanoforming after API has dissolved in supercritical CO_2.
“OEL”	Occupational Exposure Limit. An upper limit on the acceptable concentration of a hazardous substance in workplace air for a particular material or class of materials.
“Particle”.....	A small piece of a substance separable from a medium from which several physical or chemical properties such as volume, density or mass can be defined.

"Permeability".....	The movement or flux of a molecule across a biological membrane.
"Pharmacokinetics".....	Pharmacokinetics is a branch of pharmacology dedicated to research how a dosed drug functions in a living organism.
"Piroxicam".....	A chemically unique, long-acting, potent anti-inflammatory / analgesic agent available for the treatment of arthritis and other inflammatory diseases in over 80 countries around the world. The Company's CESS® was first trialed on piroxicam.
"PoC".....	Proof of Concept. A PoC project is undertaken to assess the possibility of nanoforming a specific API, takes typically 2 to 3 months.
"PoP".....	Proof of Process. A PoP project is conducted to define the parameters to establish the optimal process and guidance and control for a specific API, takes approximately 3 to 6 months.
"Potency"	The specific ability or capacity of the product, as indicated by appropriate laboratory tests or by adequately controlled clinical data obtained through the administration of the product in the manner intended, to effect an intended result (usually a recovery from a disease or control of a chronic disease).
"Pressure and solubilization vessel" ...	The container in which increase of pressure and temperature dissolves the API to supercritical CO_2.
"Pre-clinical".....	The part of drug development that takes place before a drug candidate is tested on humans.
"SafeBridge".....	The "Occupational Health Toxicity / Potency Categorization and Handling Practices" system developed by SafeBridge Consultants Inc. is a four category system categorizing a compound into one of several bands or categories depending on the potency and toxicity of the compound.
"SafeBridge Category 3a".....	One of the categories of the SafeBridge system. Category 3 (3a and 3b) substances have all or some of the following characteristics: • irreversible health effects (harm on health); • high pharmacological potency (potent compound); ○ therapeutic dose for Category 3a substances is between 1 and 10 mg/day; • carcinogenic; • genotoxic; • developmental toxicity or teratogenicity; • reproductive toxicity; • the risk of severe or frequent sensitization; • severe acute or chronic systemic effects; • potential need for immediate medical intervention. Category 3a substances typically have OELs in the range of 1 µg/m^3 to 10 µg/m^3.
"SafeBridge Category 3b".....	One of the categories of the SafeBridge system. Category 3 (3a and 3b) substances have all or some of the following

characteristics:

- irreversible health effects;
- high pharmacological potency;
  - therapeutic dose for Category 3b substances is between 10 µg/day and 1 mg/day;
- carcinogenic;
- genotoxic;
- developmental toxicity or teratogenicity;
- reproductive toxicity;
- the risk of severe or frequent sensitization;
- severe acute or chronic systemic effects;
- potential need for immediate medical intervention.

Category 3b substances typically have OELs in the range of 10 ng/m^3 to 1 µg/m^3.

"SafeBridge Category 4"..... One of the categories of the SafeBridge system. Category 4 substances have all or some of the following characteristics:

- irreversible health effects;
- very high pharmacological potency;
  - therapeutic does for Category 4 substances is less than 10 µg/day;
- highly carcinogenic;
- genotoxic;
- severe developmental toxicity and/or teratogenicity;
- severe reproductive toxicity;
- severe acute or chronic systemic effects;
- severe or frequent sensitization;
- immediate medical intervention required;
- may cause toxic effects with increased degree or severity in sensitive sub-populations at very low doses (*i.e.*, producing OELs of <10 ng/m^3.

"Section 505(b)(2)"..... Section 505(b)(2) of the Food, Drug and Cosmetic Act of the United States that permits a new drug application to contain investigations necessary to approval that were not conducted by the applicant by itself and for which the applicant has no right of reference as its own.

"Small molecule drug"..... A low molecular weight organic compound that may regulate a biological process.

"Solubility" ..... The maximum concentration of a substance that may be completely dissolved in a given solvent at a given temperature and pressure. Substances can be defined according to approximate solubility as very soluble, freely soluble, soluble, sparingly soluble, slightly soluble, very slightly soluble or practically insoluble.

"Solvent"..... A solvent is a substance that constitutes a solution by dissolving a solid, liquid, or gaseous solute.

"Spray drying" ..... A method of producing a dry powder from a liquid or suspension by rapidly drying with a running hot gas. A well-known non-medical product produced by spray drying is milk powder.

“StarMap®”	Nanoform’s StarMap® technology is an artificial intelligence able to operate with sparse data that will help define the physical characteristics of drug candidate molecules from limited data to understand how these parameters influence solubility and bioavailability.
“Sublimation”	A physical process where a solid turns into a gas without going through a liquid stage.
“Supercritical carbon dioxide (sCO_2)” ..	A fluid state of carbon dioxide established in or above its critical temperature and critical pressure.
“Teratogenicity”	A manifestation of developmental toxicity, representing a particular case of embryo/fetotoxicity, by the induction or the increase of the frequency of structural disorders in the progeny.
“T_{max}”	The time it takes a drug from dosing to reach the maximum concentration (C_{max}) in the body (concentration is usually measured from the plasma.
“Throughput”	The amount of material or items passing through a system or process per time unit.
“Yield”	The number of units coming out of a process divided by the number of units going into that process over a specified period of time.

ANNEX A – SELLERS

The following table sets forth the Sellers, their relation to the Company and the maximum number of Sale Shares for each Seller. Unless otherwise indicated, the address for the Sellers is c/o Nanoform Finland Plc, Viikinkaari 4, FI-00790 Helsinki, Finland.

Name of the Seller	Relation to the Company	Maximum number of Sale Shares
Helsinki University Funds Address: P.O. Box 53 FI-00014, University of Helsinki, Finland LEI: 743700USDHBZ5VDW2160	Shareholder	609,960
Edward Hæggström	CEO of the Company	601,045
Jouko Yliruusi	Previous member of the Board of Directors (2015–2019)	300,000
Kai Falck	Previous member of the management team, currently employed by the Company	300,000
Ilkka Lassila	Employed by the Company	90,000
Mika Puittinen	Shareholder	80,000
Sami Svanbäck	Shareholder	65,000
Rabbe Klemets	Previous Chairman of the Board of Directors (2015–2019), currently advisor to the CEO of the Company under a consultancy contract	52,600
Mart Saarma	Shareholder	50,000
Antti Meriläinen	Shareholder	40,000
Niina Elo	Shareholder	40,000
Jari Hovinen	Consultant to the Company	40,000
Markku Leskelä	Shareholder	30,000
Kai Nordlund	Shareholder	20,000

The following table sets forth the Shares held and the percentage of total shares and votes immediately after the Offering of major shareholders who sell their shares in the Share Sale. The percentage of total shares and votes immediately after the Offering have been calculated before and after the use of Over-Allotment Option and assuming that the Sellers sell the maximum amount of Sale Shares and that the Company issues 20,289,856 New Shares.

Name of the Seller	Minimum number of Shares held following the Offering	Percentage of total shares and votes following the Offering	
		before Over-Allotment Option	after Over-Allotment Option
Helsinki University Funds	5,489,640	8.62	8.24
Edward Hæggström	5,409,405	8.49	8.12
Jouko Yliruusi	2,700,000	4.24	4.06
Kai Falck	2,700,000	4.24	4.06

ANNEX B – ARTICLES OF ASSOCIATION OF NANOFORM FINLAND PLC (UNOFFICIAL ENGLISH TRANSLATION)

The Articles of Association described in this annex are in effect as of the FN Listing.

1 THE NAME OF THE COMPANY

The name of the company is Nanoform Finland Oyj and in English, Nanoform Finland Plc.

2 DOMICILE OF THE COMPANY

The domicile of the company is Helsinki.

3 FIELD OF BUSINESS

The company's field of business is the development, formulation, manufacturing and sale of nanotechnological medicine particles; development, production and sale of nanotechnological laboratory and production equipment; development, production and sale of measuring devices utilising nanotechnology and appliances used in such devices; development and sale of professional services utilising nanotechnology; and licencing and sale of intellectual property rights on nanotechnology.

4 CHIEF EXECUTIVE OFFICER

The company has a Chief Executive Officer who is appointed by the Board of Directors.

5 BOARD OF DIRECTORS

The company has a Board of Directors, consisting of at least three (3) and not more than six (6) ordinary members. The Board of Directors elects a Chairperson among its members for its term. The term of the members of the Board of Directors shall expire at the closing of the Annual General Meeting following the election.

6 REPRESENTATION OF THE COMPANY

The Chairperson of the Board of Directors and the Chief Executive Officer may represent the company each alone, and the members of the Board of Directors jointly two together. In addition, the Board of Directors may grant the right to represent the company to persons it designates.

7 BOOK-ENTRY SYSTEM

The shares of the company belong to the book-entry securities system after the expiry of the registration period decided by the Board of Directors.

8 AUDITOR

The company shall have an auditor that is an auditing firm approved by the Finnish Patent and Registration Office.

The term of office of the auditor shall expire at the closing of the Annual General Meeting following the election.

9 ANNUAL GENERAL MEETING

The Annual General Meeting shall be held annually on a date decided by the Board of Directors within six (6) months from the end of the financial year.

At the Annual General Meeting the following shall be

presented:

1. the financial statements, which include the consolidated financial statements, and the annual report;
2. the auditor's report; and

decided:

3. the adoption of the financial statements, which in the parent company also includes the adoption of the consolidated financial statements;
4. the use of the profit shown on the balance sheet;
5. the discharge from liability of the members of the Board of Directors and the Chief Executive Officer;
6. the remuneration of the members of the Board of Directors and the auditor;
7. the number of the members of the Board of Directors

elected:

8. the members of the Board of Directors;
9. the auditor;

and discussed:

10. other matters possibly included in the notice of the Annual General Meeting.

10 NOTICE TO GENERAL MEETING

The notice convening the General Meeting shall be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting, however, no later than nine (9) days before the record date of the General Meeting.

The notice shall be delivered to the shareholders by means of a notice published on the company's website or in at least one national daily newspaper designated by the Board of Directors.

In order to be entitled to attend and use their right to speak at the General Meeting, a shareholder must notify the company of its attendance by the date specified in the notice convening the General Meeting, which date may not be earlier than ten (10) days prior to the General Meeting.

11 NOTIFICATION ON THE CHANGE OF HOLDINGS

A shareholder shall notify the company of any holdings that he/she may have in the voting rights attaching to issued shares in the company, whether directly or indirectly, when such holdings reach, exceed or decrease below 5%, 10%, 15%, 20%, 25%, 30%, 50%, 2/3 and 90% of the total voting rights in the shares in the company registered at the Finnish Trade Register. A shareholder shall also make a notification on the change of holdings when he/she becomes a party to an agreement or other arrangement that upon implementation would result in the holdings of the shareholder reaching, exceeding or decreasing below any of above-mentioned thresholds. This Article 11 shall be interpreted in accordance with Chapter 9 Section 5 of the Finnish Securities Market Act.

In the calculation of the holdings of the shareholder such holdings shall also comprise holdings of the entities under control of the shareholder and any third parties if the exercise of voting rights attached to such holdings of any third parties may be decided by the shareholder either alone or together with such third party on the basis of an agreement or another arrangement, i.e. controlled entities.

The notification on the change of holdings shall be made without undue delay after the shareholding of a shareholder reaches, exceeds or decreases below any of the above-mentioned thresholds or when the shareholder enters into an agreement which upon implementation results in reaching, exceeding or decreasing below any of the above-mentioned thresholds.

The notification on the change of holdings shall contain the following information:
- grounds for making the notification on the change of holdings;
- point of time when the holdings have reached, exceeded or decreased below any of the thresholds above;
- exact portion of the shares in the company held either directly or indirectly by the shareholder;
- the price and number of the shares concerned;
- complete name of the shareholder and trade register number or equivalent identification number;
- complete name and trade register number or equivalent identification number of each of the controlled entities;

- report on the division of the holdings between the shareholder and each of the controlled entities;
- chain of companies under the shareholder's control through which shares in the company and voting rights attached to such shares are held;
- parties, term and material information on the contents of the agreement or another arrangement to which the shareholder is a party and which upon implementation will result in reaching, exceeding or decreasing below any of above-mentioned thresholds; and
- the nature of the transaction and the shareholder's interest in the transaction.

The company shall post template forms of notification on the change of holdings to its website. When a notification on the change of holdings is made to the company or the company otherwise becomes aware of the reaching, exceeding or decreasing below any of above-mentioned thresholds the company shall publish the information on the change of holdings in the company and deliver such information to the markets pursuant to the applicable disclosure rules without undue delay.

The shareholder shall make the notification on the change of holdings in Finnish or English at his/her sole discretion and the company shall publish all information pertaining to the change of holdings in the company as set forth in this Article 11 in English on its website or as a company release on Nasdaq First North Premier Growth Market Finland or Nasdaq First North Premier Growth Market Sweden.

In the event that the shareholder fails to comply with his/her obligation to notify the company of any changes in his/her holdings where these holdings reach or exceed any of the thresholds above, the shareholder is entitled to exercise only the voting rights conferred by the shares that were held by the shareholder before the change in his/her holdings of shares occurred.

12 OBLIGATION TO PURCHASE SHARES

Offer

A person whose holdings, either alone or together with other persons in a way defined hereinafter, in the voting rights attached to all the shares in the company registered at the Finnish Trade Register exceed, after the shares in the company have been admitted to public trading on a stock market, including but not limited to Nasdaq First North Premier Growth Market Finland and Nasdaq First North Premier Growth Market Sweden, three tenths (3/10) or one half (1/2) shall be obliged to make an offer to purchase all the other shares issued by the company, and options which entitle the holder to new shares in the Company, from the other shareholders and holders of such options .

In the calculation of the voting rights, the following shares shall be taken into account:

(i) shares held by the offeror, as well as entities under the control of the offeror and shares held by pension foundations and pension funds under the control of the said parties;
(ii) shares held by the offeror or other party listed in subsection (i) above together with any third parties;
(iii) shares held by any other private persons and entities who are acting in concert with the offeror in order to acquire control in the company.

Any person acting as a custodian of the company's shares shall not be deemed to be an offeror for the purposes of this Article 12 and their holdings shall be deemed to be excluded for the purposes of subsections (i) to (iii) above.

In calculating the voting rights of a person for the purposes of this Article 12, any restrictions on the exercise of the voting rights in provisions of applicable law, the Articles of Association or an agreement to which the person is a party shall not be taken into account. Shares held by the company or any entity under the control of the company shall not be taken into account in the determining of the aggregate voting rights attached to all the shares in the company.

In the event that there is one person whose holdings of voting rights exceed either of the limits of three tenths (3/10) or one half (1/2) referred to above, no other person shall become obliged to make an offer until his/her holdings exceed the holdings of the first person. In the event that the holdings of one person have exceeded either one of the limits stated above, i.e., (3/10) or (1/2), and this is solely as a result of activities of

the company or another person, the person shall not be obliged to make an offer until he/she purchases or subscribes for or in any other manner increases his/her holdings in the voting rights of the company.

Purchase price

The purchase price payable by the offeror shall be a fair market price. The purchase price can be cash, securities or shares, or combination of securities, shares and cash. The starting point for the determination of the purchase price shall be the highest of the following:

- highest price paid by the offeror or any person or entity referred to in the subsections (i) to (iii) of section "Offer" above in this Article 12 for shares in the Company during the six (6) months prior to the emergence of the obligation to make an offer; or
- in the event no such acquisitions have been made, the weighted average trading price of the shares in subject to public trading during the preceding three (3) month period.

If an acquisition deemed to have influenced the purchase price is denominated in a currency other than the euro or Swedish Krona, in which the shares of the company are traded, the conversion value of such currency used in an acquisition to the trading currency shall be calculated through the official rates of the European Central Bank for the currencies in question seven (7) days prior to the date on which the Board of Directors notified the shareholders of the offer.

The offeror shall be obliged to treat all offerees equally and pay the same price per share to all offerees willing to sell their shares to the offeror on the basis of the offer irrespective of the identity of the offeree, number of the shares held by the offeree or the point of time when the offeree sells his/her shares to the offeror.

In the event the offeror or any person or entity referred to in the subsections (i) to (iii) of section "Offer" above in this Article 12 acquires shares in the company under better terms and conditions than what has been offered to the offerees in the offer and such acquisition takes place between the date on which the obligation to make an offer has arisen and the due date by which claims for purchase shall be made, the offeror shall be obliged to amend the offer to correspond to the said acquisition. The procedure for the amendment of the offer is set forth below.

In the event the offeror or any person or entity referred to in the subsections (i) to (iii) of section "Offer" above in this Article 12 acquires shares in the company under better terms and conditions than what has been offered to the offerees in the offer (or in the amended offer, if any) and such acquisition takes place within nine (9) months after the due date by which claims for purchase were made to the offeror, the offeror shall be obliged to compensate the offerees who have accepted the offer (or the amended offer, if any) for the difference between the purchase price paid in the offer (or the amended Offer, if any) and the price paid in the said acquisition.

Procedure

The offeror shall have an obligation to make an offer in writing at the company's address to the Board of Directors. The communication on the obligation to make an offer shall contain the number of shares owned by the offeror and information on the number and price of the shares acquired during the last twelve (12) months. The communication on the obligation to make an offer shall also contain the address at which the offeror may be contacted and it shall be made in the Finnish or English language at the sole discretion of the offeror.

The Board of Directors shall notify the company's shareholders of the arising of the obligation to make an offer within 45 days of the receipt of the communication on the obligation to make an offer or, in the absence of such communication on the obligation to make an offer, or where such communication on the obligation to make an offer fails to arrive within the specified period, of the date on which it otherwise became aware of such obligation to make an offer. The notice of the Board of Directors shall contain all of the information of the date on which the obligation to make an offer has arisen, the basis for determination of the purchase price as far as known to the Board of Directors and the due date for accepting the offer. The offeror shall be obliged to provide the Board of Directors with all information reasonably needed by the Board of Directors for the Board of Directors to make its own notification to the shareholders. The notification of the Board of Directors shall be made in compliance with the provisions of Article 10 concerning the notice of a General

Meeting of Shareholders. An offeree who wishes to accept the offer shall do so in writing within 30 days of the notification of the Board of Directors. The notification of acceptance, which shall be sent to the company or to a party appointed by the Board of Directors, shall indicate the number of shares to which the acceptance relates. An offeree who accepts the offer shall, at the same time as making its notification of acceptance, provide the company with all necessary documentation to carry out the transfer of the relevant shares to the Offeror upon the payment of the purchase price.

The offeror shall immediately inform the Board of Directors if the offer needs to be amended in accordance with the above provisions and provide the Board of Directors with all information reasonably requested by it. In the event the offer has already been notified to the offerees, the Board of Directors shall promptly notify the offerees on the amended offer in the manner set forth in the paragraph immediately above together with information on the possible extension on the original due date for accepting the offer as set forth in the paragraph immediately above. Such extension shall be determined by the Board of Directors and it shall not exceed seven (7) days from the original due date for accepting the offer as set forth in the paragraph immediately above.

If the offer is not accepted by an offeree by the due date for accepting the offer as set forth in the paragraph above, the offeree loses his/her right to accept the offer (or the amended offer, if any). An offeree shall have the right to revoke his/her acceptance at any time until the redemption has taken place in accordance with the terms of the offer.

Immediately after the due date for accepting the offer as set forth in the paragraph above, the company shall notify the offeror of the total number of acceptances of the offer. The offeror shall, within 14 days of receipt of such a notice and in accordance with the company's instructions pay the purchase price and complete the redemption of the shares in respect of which acceptances have been received.

The purchase price or any part thereof which is not paid within the specified period shall accrue default interest of 20 per cent per annum as of the date on which the redemption should have been made. Additionally, if the offeror has failed to observe the above provisions concerning an obligation to make an offer, default interest shall be calculated from the date on which the communication on the obligation to make an offer should have been made.

The company shall make all releases relating to notices and information published to the shareholders of the company set forth in this Article 12 in Finnish and English.

Any provisions relating to the application and interpretation of the obligation to redeem shares and not explicitly stipulated in this Article 12 shall be determined by applying the directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids as implemented and applied in Finland on companies listed on Nasdaq Helsinki main market.

Dispute resolution

The Board of Directors has a full authorisation to determine the application of this Article 12, including also the application of directly or analogically applicable regulation in its entirety or partially. The authorisation given to the Board of Directors shall include all discretion vested in a relevant takeover panel, including but not limited to, assessing whether the shareholding threshold in accordance with this Article 12 has been reached, the authorisation to decide on the terms and conditions of the offer and the amount of consideration to be offered by the offeror to the offerees.

Any resolution or decision of or the use of discretionary power or decision-making power which are made *bona fide* in accordance with this Article 12, are final and binding, and actions, which are made *bona fide* by the Chairman of the Board or any Directors or by a member of the Board of Directors or which are made on behalf of or in accordance with a Power of Attorney given by the Board of Directors or a member of the Board of Directors in accordance with the provisions of this Article 12, are final and binding on all relevant parties concerned and cannot be challenged with respect to validity or otherwise on any grounds. The Board of Directors does not have an obligation to give grounds for the resolutions, decisions or notifications given in accordance with this Article 12.

If one half or more of the members of the Board of Directors would have a conflict of interest or would otherwise be unable to resolve on matters relating to this Article 12, the Board of Directors shall appoint an

independent financial adviser to undertake the role of the Board of Directors for the purposes of this Article. Any such adviser must have the relevant experience and relevant background for takeover matters. Any such adviser shall have similar authorisations as granted to the Board of Directors in this Article unless the Board of Directors decides otherwise in connection with the appointing the of an adviser or otherwise.

Restriction on number of votes

In the event that the shareholder fails to comply with his/her obligation make an offer in the manner defined above, the shareholder is entitled to exercise only that number of votes conferred by the shares held by the said shareholder that at the most does not amount to or exceed the lowest threshold that would trigger the obligation to make an offer, i.e. three tenths, as determined above.

NANOFORM

Interim financial information as at and for the three months ended March 31, 2020

Consolidated statement of comprehensive income

EUR thousand	Note	1-3/2020	1-3/2019	1-12/2019
Revenue	5	150		49
Other operating income		13	99	231
Materials and services		-60	-154	-603
Employee benefits	8	-2 942	-594	-4 359
Depreciation, amortization and impairment losses	7	-228	-83	-444
Other operating expenses	6	-1 297	-351	-2 218
Total expenses		**-4 527**	**-1 183**	**-7 625**
Operating loss		**-4 365**	**-1 083**	**-7 344**
Finance income		0	0	0
Finance expenses		-223	-61	-210
Total finance income and expenses		**-223**	**-61**	**-209**
Loss before tax		**-4 588**	**-1 144**	**-7 554**
Income tax				
Loss for the period		**-4 588**	**-1 144**	**-7 554**
Loss for the period attributable to				
Equity holders of the parent company		**-4 588**	**-1 144**	**-7 554**
Other comprehensive income				
Items that may be reclassified to loss in subsequent periods				
Translation differences		0		
Other comprehensive income, net of tax		**0**		
Total comprehensive income total		**-4 588**	**-1 144**	**-7 554**
Total comprehensive income for the period attributable to				
Equity holders of the parent company		**-4 588**	**-1 144**	**-7 554**
Loss per ordinary share				
Basic and diluted earnings per share, EUR		-0.12	-0.03	-0.19

Consolidated statement of financial position

EUR thousand	Note	31 March 2020	31 March 2019	31 December 2019
ASSETS				
Non-current assets				
Intangible assets		152	166	154
Property, plant and equipment	7	6 850	2 224	4 972
Other receivables		24	10	24
Total non-current receivables		**7 026**	**2 400**	**5 150**
Current assets				
Trade receivables		165		20
Other receivables		153	86	378
Prepaid expenses and accrued income		334	34	59
Cash and cash equivalents	9	4 799	4 550	7 303
Total current assets		**5 451**	**4 669**	**7 760**
Total assets		**12 477**	**7 069**	**12 910**
EQUITY AND LIABILITIES				
Equity				
Share capital		3	3	3
Reserve for invested unrestricted equity		17 707	8 020	17 707
Accumulated deficit		-9 601	-2 980	-2 224
Loss for the period		-4 588	-1 144	-7 554
Total equity		**3 520**	**3 898**	**7 932**
Non-current liabilities				
R&D loans	9	865	630	599
Lease liabilities	9	3 858	1 609	2 573
Total non-current liabilities		**4 723**	**2 239**	**3 172**
Current liabilities				
Provisions				19
R&D loans	9	78		78
Lease liabilities	9	599	191	413
Advances received		52	19	55
Trade payables		815	308	571
Other liabilities		96	62	94
Accrued expenses	10	2 593	352	576
Total current liabilities		**4 234**	**932**	**1 806**
Total liabilities		**8 957**	**3 171**	**4 978**
Total equity and liabilities		**12 477**	**7 069**	**12 910**

Consolidated statement of changes in equity

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2020	3	17 707		-9 777	7 932
Loss for the period				-4 588	-4 588
Other comprehensive income					
Translation differences			0		0
Transactions with equity holders of the Company					
Share-based payments				176	176
At March 31, 2020	**3**	**17 707**	**0**	**-14 189**	**3 520**

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2019	**3**	**8 020**		**-2 989**	**5 033**
Loss for the period				-1 144	-1 144
Transactions with equity holders of the Company					
Share-based payments				9	9
At March 31, 2019	**3**	**8 020**		**-4 124**	**3 899**

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2019	**3**	**8 020**		**-2 989**	**5 033**
Loss for the period				-7 554	-7 554
Translation differences					
Transactions with equity holders of the Company					
Acquisition of treasury shares				-102	-102
Share issue		9 687			9 687
Share-based payments				867	867
At December 31, 2019	**3**	**17 707**		**-9 777**	**7 932**

Consolidated statement of cash flows

EUR thousand	Note	1-3/2020	1-3/2019	1-12/2019
Cash flow from operating activities				
Loss before tax		**-4 588**	**-1 144**	**-7 554**
Adjustment for:				
Depreciation, amortization and impairment losses	7	228	83	444
Finance income and expenses		223	61	209
Share-based payments	8	176	9	867
Other adjustments *)		-32	-99	-212
Change in net working capital:				
Trade and other receivables		-329	138	-30
Trade payables and other liabilities		2 080	-9	541
Change in other receivables (non-current)		0		-14
Interest paid		-1	-8	-50
Interest received		0	0	0
Net cash used in operating activities		**-2 240**	**-969**	**-5 798**
Cash flow from investing activities				
Payments for intangible assets		-6	-7	-74
Payments for property, plant and equipment	7	-323	-107	-1 804
Net cash used in investing activities		**-329**	**-113**	**-1 878**
Cash flow from financing activities				
Proceeds from share issues				10 046
Transaction costs from the share issues				-359
Acquisitions of treasury shares				-102
Proceeds from R&D loans	9	362	122	122
Repayment of lease liabilities	9	-126	-60	-292
Net cash from financing activities		**236**	**62**	**9 415**
Net increase (+) decrease (-) in cash and cash equivalents		**-2 333**	**-1 021**	**1 739**
Cash and cash equivalents at the beginning of period		7 303	5 595	5 595
Effects of exchange rate changes on cash and cash equivalents		-170	-24	-32
Cash and cash equivalents at the end of the period		**4 799**	**4 550**	**7 303**

*) Other adjustments

EUR thousand	1-3/2020	1-3/2019	1-12/2019
Other operating income - government grants		-99	-231
Other operating income - leases	-13		
Other operating expenses - provision for onerous contract	-19		19
Total	**-32**	**-99**	**-212**

Selected notes

1. Company information

Nanoform (”Nanoform”, ”Group”) is a Finnish group offering expert services in nanotechnology and drug particle engineering for the international pharma industry. The parent company, Nanoform Finland Plc (formerly Nanoform Finland Ltd, the “Company”) is a company organized under the laws of Finland and its business ID is 2730572-8. The registered address of the head office is Viikinkaari 4, 00790 Helsinki, Finland.

2. Accounting policies

This interim financial information as at and for the three months period ended March 31, 2020 has been prepared solely for the purpose of inclusion in the Offering Circular in connection with the initial public offering and the listing of Nanoform Finland Plc’s shares on the First North Premier Growth Market maintained by Nasdaq Helsinki Oy and Nasdaq Stockholm AB (the “FN Listing”) and cannot be used for any other purpose. The Board of Directors of the Company has approved this interim financial information to be published in the Offering Circular in its meeting on May 21, 2020.

This interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*. In preparation of this financial information, Nanoform has applied the same accounting policies, methods of computation and presentation as in the financial statements for the year ended December 31, 2019 with exception as follows.

During 2020, the Company has established a subsidiary (Nanoform USA Inc.) in the United States and as the result, Nanoform Group was formed. The financial information has been prepared as consolidated financial information for Nanoform Finland Plc and its subsidiary. The comparative figures presented in this financial information represent the financial information of Nanoform Finland Plc (formerly Nanoform Finland Ltd).

The subsidiary established during the financial periods is consolidated from the date that control was obtained by the Group. The parent company holds 100 % ownership of its subsidiary. The subsidiary is consolidated using the acquisition method. All intragroup transactions, receivables, liabilities and unrealized gains are eliminated in the consolidated financial statements.

The consolidated financial statements are presented in euro which is the functional currency of the parent company. The statements of comprehensive income and the statements of cash flows of foreign subsidiaries, whose functional currency is not euro, are translated into euro each quarter at the average exchange rate of the quarter. The statements of financial position of such subsidiaries are translated at the exchange rate prevailing at the reporting date. Translation differences resulting from the translation of profit for the period and other items of comprehensive income in the statement of comprehensive income and statement of financial position are recognized as a separate component of equity and in other comprehensive income. Also, the translation differences arising from the application of the acquisition method and from the translation of equity items cumulated subsequent to acquisition are recognized in other comprehensive income.

The COVID-19 global outbreak that started in China in December 2019, hit Europe and the US during March 2020. The Company has not had significant delays or disruptions to its customer project timelines due to COVID-19 and it carries out measures to ensure the security and functionality of supply chains and has contingency plans in place to mitigate the risk of potential shortages moving forward. COVID-19 did not any significant impact on methods of computation and presentation applied in the financial statements during Q1/2020.

3. Significant changes in the current reporting period

The Group's results of operations have fluctuated significantly from period to period in the past and are likely to do so in the future. The financial position and performance of the Group was particularly affected by the following events and transactions during the three months to 31 March 2020:

- Revenue stemmed from Proof of Concept projects, where the Group nanoformed APIs of client companies (see note 5 Segment information and revenue).
- Employee benefit expenses increased mainly because of growth in personnel, share based payments and variable pay components . Other operating expenses included IPO and GMP ("Good Manufacturing Practice") related expenses (see note 6 Other operating expenses). IPO related expenses estimated to be classified as transaction costs in connection of contemplated IPO are recognized in the balance sheet line item Prepaid expenses and accrued income.
- On March 10, 2020, the Board of Directors decided on the option program 1/2020, where 505,000 stocks options were granted to Group's key personnel (see note 8 Share-based payments).
- Increase in right-of-use assets and lease liabilities is due to the Group entering into a new lease agreement for new larger premises and terminating existing lease agreement for smaller premises under termination clauses. Both existing and new premises locate in building campus where the Group's current head-office is located (see note 7 Property, plant and equipment and note 9 Net debt).
- The Group withdrew EUR 362 thousand R&D loan from Business Finland based on existing loan decision (see note 9 Net debt).

4. Going concern

Nanoform has incurred net losses since inception and loss for the financial period ended March 31, 2020 was EUR 4,588 thousand and equity totaled EUR 3,520 thousand, including accumulated deficit of EUR 14,189 thousand. Cash outflow from operating activities for the three-month period ended March 31, 2020 was EUR 2,240 thousand and cash outflow from investing activities was EUR 329 thousand. The Group's cash and cash equivalents totaled EUR 4,799 thousand on March 31, 2020.

The Group provides proof of concept type services to its customers, in addition to its on-going research and development and administrative activities. During the review period, the Group has continued to invest to its production technology and has subsequent to reporting date on April 29, 2020 received GMP quality certification that will enable the Group to commercialize its nanoforming technology also for clinical trials in humans (see Note 12 Events after the review period).

In the past, the Company has financed its development activities mainly with funds raised through share issues. During 2019 the Company had proceeds of EUR 9,687 from a share issue. In addition to equity financing, the Company has obtained funding from R&D loans.

The Company's management has developed financial forecasts for revenues, expenses and investments for the period covering the next twelve months from the balance sheet date. These forecasts are based on the assumption that the Company will continue the development and commercialization of its nanoforming technology also in future, which will require significant investments. The Group's cash and cash equivalents of EUR 4,799 thousand at the end of the interim period are not sufficient enough to fully cover ambitious growth and investment plan for next 12-month period without raising additional capital.

Based on the Company's the financial forecasts, in conjunction with the cash and cash equivalents held at March 31, 2020 and the receipt of subscription commitments on May 7, 2020 from Cornerstone Investors to subscribe shares equal to EUR 45.5 million in total (see Note 12 Events after the review

period), management believes the Company has sufficient working capital for its present needs for the next twelve months from the date of approval of this financial information.

Receipt of the proceeds based on subscription commitments is conditional to successful completion of the FN Listing and certain other customary conditions and the Company' management views that there is no significant uncertainty to meet these conditions. Assuming the FN Listing will be completed, subject to fulfilment of certain other customary conditions, and assuming that the Company receives the proceeds from subscription commitments, the Company is able to continue its operations in the foreseeable future supporting the going concern principle. Therefore, the material uncertainty disclosed in 2019 statutory financial statements related to the Company's ability to continue as going concern has resolved at the date of approval of this financial information.

5. Segment information and revenue

Nanoform offers expert services in nanotechnology and drug particle engineering. Nanoform's chief operating decision maker is the Chief Executive Officer. The CEO manages the Group as one integrated business and hence, the Group has one operating and reportable segment.

Nanoform's revenue during the reported period is recognized from customer contracts mostly outside of Finland (defined by the domicile of customer). The Group's strategy is to sell nanoforming services widely to minimize dependence from a single customer or project. Nanoform's revenue consists of "proof on concept" type of research and development services provided to customers, in which the Group nanoforms customer's APIs. Nanoform's customer contracts include one or multiple performance obligations. In the customer contracts, every separate nanoformed API is considered as a separate performance obligation, as the customer can receive benefit from every single separate nanoformed compound and every nanoformed compound is distinct from the other promises given in the contract. The following table summarizes the revenue breakdown:

EUR thousand	**1-3 / 2020**	**1-3 / 2019**	**1-12 / 2019**
Europe	92		15
United States	58		34
Total	**150**		**49**

EUR thousand	**1-3 / 2020**	**1-3 / 2019**	**1-12 / 2019**
Services transferred over time	150		49
Total	**150**		**49**

6. Other operating expenses

EUR thousand	**1-3/2020**	**1-3/2019**	**1-12/2019**
Premises expenses	14	1	66
IT expenses	64	32	202
Marketing and communication expenses	82	45	312
Consultant and professional fees	774	86	858
Travel expenses	52	71	269
Voluntary personnel related expenses	78	74	304
R&D expenses - outsourced	184	7	28
Other expenses	50	34	180
Total	**1 297**	**351**	**2 218**

7. Property, plant and equipment

Nanoform's property, plant and equipment consists of leased premises and apartments (right-of-use assets), improvements to leased premises and machinery and equipment.

EUR thousand	Machinery and equipment	Right-of-use assets	Construction in progress	Total
Net book value at January 1, 2020	531	2 853	1 588	4 972
Additions	93	1 935	431	2 459
Disposals *)		-361		-361
Depreciations	-47	-175		-221
Net book value at March 31, 2020	**577**	**4 253**	**2 020**	**6 850**

EUR thousand	Machinery and equipment	Right-of-use assets	Construction in progress	Total
Net book value at January 1, 2019	312	1 781	87	2 179
Additions	5	1	115	121
Depreciations	-25	-51		-77
Net book value at March 31, 2019	**291**	**1 730**	**202**	**2 224**

EUR thousand	Machinery and equipment	Right-of-use assets	Construction in progress	Total
Net book value at January 1, 2019	312	1 781	87	2 179
Additions	342	1 366	1501	3 209
Depreciations	-122	-294		-416
Net book value at December 31, 2019	**531**	**2 853**	**1 588**	**4 972**

*) Disposals consist of the changes in right-of-use assets due to shortening of leasing period

The right-of-use assets consist of Nanoform's leased premises. Construction in progress include the cost of GMP cleanroom for which the Company has received the regulatory approval after the end of reporting period on April 29, 2020.

The Group has commitments to purchase of property, plant and equipment amounted to EUR 720 thousand.

8. Share-based payments

The Board of Directors decided on March 10 to issue 505,000 option rights to the Group's key personnel (option program 1/2020). Each option right entities the option holder to subscribe one share and the option rights vest linearly so that the options are 100 per cent vested within one year from the grant date. The options have a service condition which requires employment or service relationship during the vesting period. The subscription period of the shares with option rights begins linearly as the registered option rights are vested. Effect of the options issued to earnings of the period was EUR 79 thousand.

The factors used to determine the fair value of the options are presented in the table below.

Share price at grant date, EUR	Subscription price of the Group share with options, EUR	Volatility, %	Interest free rate, %	Fair value of the option	End of the share subscription period
1.77	1.65	65	0.01	0.97	March 10, 2025

9. Net debt

The book value of Nanoform's net debt is summarized in the table below:

EUR thousand	March 31, 2020	March 31, 2019	December 31, 2019
Current R&D loans	78		78
Non-current R&D loans	865	630	599
Cash and cash equivalents	-4 799	-4 550	-7 303
Net debt excluding lease liabilities	**-3 857**	**-3 920**	**-6 626**
Current lease liabilities	599	191	413
Non-current lease liabilities	3 858	1 609	2 573
Net debt	**601**	**-2 120**	**-3 640**

Fair value of the R&D loans is calculated by discounting estimated future cash flows for the loans using appropriate interest rate at the reporting date. The discount rate considers the risk-free interest rate and estimated margin for the company's own credit risk. The valuation of R&D loans relies on unobservable market data, and the loans are classified in Level 3 (Measurement of financial instruments is not based on verifiable market information). The carrying amount of the R&D loans was EUR 942 (December 31, 2019: EUR 677) thousand the fair value of the loans was EUR 1,023 (December 31, 2019: EUR 766) thousand.

10. Related party transactions

The University of Helsinki and Helsinki University Funds have a significant influence over the Company based on the Helsinki University Funds' ownership of 14.49 per cent and its right to nominate a representative to the Company's Board of Directors.

The Company and Group's Chief Financial Officer entered to a Director Agreement on April 20, 2018 according to which the Chief Financial Officer is entitled to a variable pay component in connection with capital raised from investors from June 1, 2018 onwards. For further information on the Director Agreements, see Note 11 Contingencies and commitments.

Compensation recognized as an expense for the members of the Board of Directors

	1-3/2020		1-3/2019		1-12/2019	
EUR thousand	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments
Rabbe Klemets	10	5	4		30	107
Miguel Maria Calado	8	3	3		23	71
Albert Haeggström, CFO	5	3	3		20	71
Mads Laustsen	5	21			7	60
Total	**27**	**32**	**9**		**79**	**310**

Compensation for CEO and Management team

EUR thousand	CEO	Management team *)
Jan 1 - March 31, 2020		
Salaries and other short-term employee benefits **)	59	774
Post-employment benefits **)	15	165
Share-based payments		18
Total	**74**	**958**

EUR thousand	CEO	Management team *)
Jan 1 - March 31, 2019		
Salaries and other short-term employee benefits	26	175
Post-employment benefits	6	15
Share-based payments		0
Total	**32**	**190**

EUR thousand	CEO	Management team *)
Jan 1 - Dec 31, 2019		
Salaries and other short-term employee benefits **)	109	836
Post-employment benefits **)	24	125
Share-based payments		275
Total	**133**	**1 236**

*) The management team without CEO, who's employee benefits are presented separately.
**) Includes the variable pay component of Chief Financial Officer based on Director Agreement.

The following related party transactions are included in the consolidated statement of comprehensive income:

EUR thousand	1-3/2020	1-3/2019	1-12/2019
Purchases of materials and services from the University of Helsinki	13	6	159

The following related party balances are included in the consolidated statement of financial position:

EUR thousand	March 31, 2020	March 31, 2019	December 31, 2019
Liabilities regarding purchases of materials and services from the University of Helsinki	13		
Liabilities to key management personnel – Variable pay components payable	910	158	232
Total	**923**	**158**	**232**

11. Commitments and contingencies

The Company has entered into Director Agreements with its Chief Financial Officer and Investor Relations Director whereby they are entitled to a variable pay component of the capital raised by the Company including and until the potential FN Listing. The variable pay component payable to the Company's Chief Financial Officer as a consequence of the FN Listing or any other equity financing transaction is 2.5 per cent of the capital raised from investors, less direct expenses, including fees for the financial advisor. The variable pay component payable to the Investor Relations Director as a consequence of the potential FN Listing or any other equity financing transaction is 3 per cent of the capital raised from investors up to the aggregate maximum amount of EUR 1,2 million. The variable pay component will be subject to applicable employer side costs. Previously the Company classified the variable pay components related to future capital raises as a contingent liability, but during Q1/2020 the balance has been recognized in the consolidated statement of financial position. The related liability is presented in accrued expenses and estimated to amount EUR 1,4 million as at March 31, 2020.

12. Events after the review period

Nanoform's Annual General Meeting (the "AGM") was held in Helsinki on April 7, 2020. The following matters among others were handled:

- The number of members on the Board of Directors was confirmed to be three. Miguel Calado was elected as Chairman, Mads Laustsen as Vice Chairman and Albert Hæggström re-elected as member of the Board of Directors for the next term of office.
- The AGM decided to issue option rights at most 350,000 without payment (option program 2/2020). The Chairman of the Board of Directors is entitled to subscribe a maximum of 150,000 shares and members of the Board of Directors each a maximum of 100,000 shares. Each option right entities the option holder to subscribe one share and the option rights vest linearly so that the options are 100 per cent vested within one year from the grant date. The options have a service condition which requires employment or service relationship during the vesting period. The subscription period of the shares with option rights begins linearly as the registered option rights are vested. Subscription price of shares with vested options is EUR 2,45 per share. Expense from the option program has been recognized from the grant date of the options, April 7, 2020.
- The AGM resolved to authorize the Company's Board of Directors to decide on a share issue for the completion of the contemplated listing of the Company's shares on First North Premier Growth Market maintained by Nasdaq Finland Oy and First North Premier Growth Market maintained by Nasdaq Stockholm Aktiebolag. The AGM authorized the Company's Board of Directors to resolve upon the issuance of new shares in one or more instalments against payment. The amount of the new shares to be issued pursuant to the authorization would not exceed a total of 30,000,000 shares.

The Company changed its form of incorporation to a public limited company and increased the share capital to required EUR 80,000 through a transfer of the funds from the reserve for invested unrestricted equity. No new shares were issued. The name of the Company was changed from Nanoform Finland Ltd to Nanoform Finland Plc. The increase of share capital and the change of the company form were registered to trade register on April 24, 2020.

On April 24, 2020, the Company issued 1,300,000 new shares for subscription based on the options that the Company had granted to certain investors as part of 1/2016 option program. The subscription price for shares was EUR 0.32 per share and total proceeds of EUR 416 thousand were recorded to the reserve for invested unrestricted equity.

On April 29, 2020 the Company received a GMP Certificate from FIMEA for the nanoforming of the API piroxicam for use in clinical trials.

On May 7, 2020, The Company received subscription commitments from Cornerstone Investors to subscribe shares equal to EUR 45.5 million in total. Receipt of the proceeds based on subscription

commitments is conditional to successful completion of the FN listing and certain other customary conditions.

The COVID-19 global outbreak has not had significant delays or disruptions to Company's customer project timelines after the review period.

Report on Review of interim financial information (translation of the Finnish original)

To the Board of Directors of Nanoform Finland Plc

Introduction

We have reviewed the accompanying interim financial information as at and for the three months period ended March 31, 2020 of Nanoform Finland Plc (business identity code 2730572-8, previously Nanoform Finland Ltd) which comprises of the consolidated statement of financial position as at 31 March, 2020, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the three months ended 31 March 2020, as well as the selected explanatory notes (the "interim financial information"). The interim financial information has been prepared solely for the purpose of inclusion in the offering circular prepared in accordance with commission regulation (EC) N:o 2017/1129 and commission delegated regulation (EC) 2019 /980. The offering circular has been prepared in connection with the initial public offering and the listing of Nanoform Finland Plc's shares on the First North Premier Growth Market maintained by Nasdaq Helsinki Oy and Nasdaq Stockholm AB. The Board of Directors and Managing Director are responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS34 as adopted by European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

This report has been prepared only for the purpose of including it in the Offering Circular mentioned above.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS34 Interim Financial Reporting standard as adopted by European Union.

Helsinki May 21, 2020

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tomi Moisio
Authorised Public Accountant (KHT, JHT)

ANNEX D – THE COMPANY'S AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017 AND THE AUDITOR'S REPORT

Financial statements as at and for the years ended 31 December 2019, 2018 and 2017

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Statement of comprehensive income

EUR	Notes	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 31, 2017 (restated)
Revenue	4	49,093	235,000	65,000
Other operating income	6	231,335	54,652	180,605
Materials and services	7	-603,431	-161,624	-160,378
Employee benefits	8	-4,358,917	-1,298,723	-426,203
Depreciation, amortization and impairment losses	10	-444,248	-159,924	-66,746
Other operating expenses	9	-2,218,098	-656,376	-78,394
Total expenses		**-7,624,694**	**-2,276,648**	**-731,720**
Operating loss		**-7,344,266**	**-1,986,996**	**-486,115**
Finance income	11	451	95	11
Finance expenses	11	-209,707	-87,386	-35,169
Total finance income and expenses		**-209,256**	**-87,290**	**-35,158**
Loss before tax		**-7,553,521**	**-2,074,286**	**-521,273**
Income tax	12	0	0	0
Loss for the year		**-7,553,521**	**-2,074,286**	**-521,273**

EUR	Notes	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 31, 2017 (restated)
Loss for the period attributable to				
Equite holders of the Company		-7,553,521	-2,074,286	-521,273
Total comprehensive loss for the year		**-7,553,521**	**-2,074,286**	**-521,273**
Total comprehensive income attributable to				
Equite holders of the Company		-7,553,521	-2,074,286	-521,273
Loss per share	13			
Basic and diluted loss per share, EUR		-0.19	-0.07	-0.02

Statement of financial position

EUR	Notes	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2017 (restated)
ASSETS					
Non-current assets					
Intangible assets	14	153,729	166,330	177,264	163,735
Property, plant and equipment	15	4,972,148	2,179,358	442,707	243,772
Other receivables	16	24,085	10,125	8,964	5,805
Total non-current assets		**5,149,963**	**2,355,813**	**628,935**	**413,312**
Current assets					
Trade receivables	17	20,000	160,000	65,000	6,200
Other receivables	17	378,470	79,428	0	39,419
Prepaid expenses and accrued income	17	58,754	18,456	992	158
Cash and cash equivalents	18	7,302,666	5,594,974	98,007	385,636
Total current assets		**7,759,890**	**5,852,858**	**163,998**	**431,413**
Total assets		**12,909,852**	**8,208,671**	**792,934**	**844,725**

EUR	Notes	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2017 (restated)
EQUITY AND LIABILITIES					
Equity					
Share capital	19	2,500	2,500	2,500	2,500
Reserve for invested unrestricted equity	19	17,706,692	8,020,160	665,411	665,411
Accumulated deficit		-2,223,845	-914,953	-393,598	-393,598
Loss for the year		-7,553,521	-2,074,286	-521,274	0
Total equity		**7,931,826**	**5,033,422**	**-246,961**	**274,313**
Non-current liabilities					
R&D loans	22	599,129	554,537	440,729	130,235
Lease liabilities	22	2,573,024	1,656,396	285,616	210,758
Advances received		0	20,249	0	0
Trade payables	22	0	58,719	104,930	157,240
Total non-current liabilities		**3,172,153**	**2,289,901**	**831,274**	**498,234**
Current liabilities					
Provisions	23	19,079	0	0	0
R&D loans	22	77,500	0	0	0
Lease liabilities	22	413,073	189,588	27,250	9,385
Advances received		55,143	0	0	0
Trade payables	22	570,691	391,018	54,903	39,040
Other liabilities		94,498	23,152	344	5,323
Accrued expenses	24	575,889	281,590	126,124	18,431
Total current liabilities		**1,805,873**	**885,349**	**208,620**	**72,178**
Total liabilities		**4,978,026**	**3,175,250**	**1,039,895**	**570,412**
Total equity and liabilities		**12,909,852**	**8,208,671**	**792,934**	**844,725**

Statement of changes in equity

EUR	Share capital	Reserve for invested unrestricted equity	Accumulated deficit	Total
Balance at Jan 1, 2017 (IFRS)	**2,500**	**665,411**	**-413,843**	**254,068**
Impact of restatements, Jan 1, 2017			20,245	20,245
Balance at Jan 1, 2017 (restated)	**2,500**	**665,411**	**-393,598**	**274,313**
Loss for the year 2017 (restated)			-521,273	-521,273
Balance at Dec 31, 2017 (restated)	**2,500**	**665,411**	**-914,872**	**-246,961**
Loss for the year 2018 (restated)			-2,074,286	-2,074,286
Transactions with equity holders of the Company				
Acquisition of treasury shares, Jan 22, 2018			-81	-81
Share issue, Jan 24, 2018		1,012,500		1,012,500
Share issue, Jun 21, 2018*)		6,342,249		6,342,249
Balance at Dec 31, 2018 (restated)	**2,500**	**8,020,160**	**-2,989,240**	**5,033,422**
Loss for the year 2019			-7,553,521	-7,553,521
Transactions with equity holders of the Company				
Share-based payments			866,912	866,912
Acquisition of treasury shares, May 10, 2019			-101,519	-101,519
Share issue, Jun 10, 2019*)		9,686,531		9,686,531
Balance at Dec 31, 2019	**2,500**	**17,706,692**	**-9,777,368**	**7,931,826**

*) Net of transaction costs in 2019 EUR 359,302 (2018: EUR 622,231)

Statement of cash flows

EUR	Notes	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 31, 2017 (restated)
Cash flow from operating activities				
Loss before tax		-7,553,521	-2,074,286	-521,273
Adjustment for:				
Depreciation, amortization and impairment losses	10	444,248	159,924	66,746
Finance income and expenses	11	209,256	87,290	35,158
Share-based payments	8	866,912	0	0
Other adjustments*)		-212,256	-54,652	-180,532
Change in net working capital:				
Trade and other receivables	17	-29,960	-191,892	-55,865
Trade payables and other liabilities	22	540,992	585,139	-8,581
Change in other receivables (long-term)		-13,960	-1,161	-3,159
Interest paid	11	-49,922	-14,347	-1,681
Interest received	11	451	95	11
Net cash used in operating activities		**-5,797,759**	**-1,503,890**	**-669,177**
Cash flow from investing activities				
Payments for intangible assets	14	-73,880	-61,205	-37,624
Payments for property, plant and equipment	15	-1,803,704	-379,463	-54,397
Net cash used in investing activities		**-1,877,583**	**-440,668**	**-92,022**

EUR	Notes	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 31, 2017 (restated)
Cash flow from financing activities				
Proceeds from share issues	19	10,045,833	7,976,981	0
Transaction costs from share issues	19	-359,302	-622,232	0
Acquisition of treasury shares		-101,519	-81	0
Proceeds from R&D loans	22	121,903	143,000	502,807
Repayment of lease liabilities	21	-292,120	-56,143	-29,237
Net cash from financing activities		**9,414,796**	**7,441,525**	**473,570**
Net increase (+) decrease (-) in cash and cash equivalents		**1,739,454**	**5,496,968**	**-287,629**
Cash and cash equivalents at January 1		5,594,974	98,007	385,636
Effects of exchange rates on cash and cash equivalents		-31,763	0	0
Cash and cash equivalents at December 31		**7,302,666**	**5,594,974**	**98,007**

*) Other adjustments in the statement of cash flows

EUR	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 31, 2017 (restated)
Other operating income - government grants	-231,335	-54,652	-180,532
Other operating expenses - provision for onerous contract	19,079	0	0
Total	**-212,256**	**-54,652**	**-180,532**

Notes to the financial statements

1 Background

Nanoform Finland Plc (former Nanoform Finland Oy, "Nanoform", the "Company") is a Finnish limited liability company organized under the laws of Finland offering expert services in nanotechnology and drug particle engineering for the international pharma industry. The headquarters is located at Viikinkaari 4, 00790 Helsinki. The Company's commercial operations are at early stage and in the year 2019 its affairs have been consisted of both internal research and development activities and "proof of concept" type of research and development services provided to customers. Nanoform Finland has 43 employees at the end of 2019.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements comprising of the financial statements as at and for the years ended December 31, 2019, 2018 and 2017 (the "financial statements") have been prepared solely for the purpose of inclusion in the Offering Circular in connection with the initial public offering and the listing of Nanoform Finland Oyj's shares on the First North Premier Growth Market maintained by Nasdaq Helsinki Oy and Nasdaq Stockholm AB (the "FN Listing") and cannot be used for any other purpose. These financial statements are not Nanoform's statutory financial statements and they differ from the historical financial information presented in the Company's audited statutory financial statements adopted by the Annual General Meeting of Shareholders for the respective years due to, supplementing certain note information, restatements made for the year 2018 financial statements including comparative financial information for the year 2017 in connection with the preparation of the Company's financial statements for the year ended December 31, 2019 and due to transition to IFRS in 2018 with the transition date being January 1, 2017 as 2017 statutory financial statements are prepared under Finnish Accounting Standards.

The going concern assessment under Note 2.3 to these financial statements has been updated from the going concern assessment in the Company's 2019 statutory financial statements to reflect the status of the contemplated FN Listing and the receipt of subscription commitments from cornerstone investors as at the date of these financial statements (see Note 28 Events after reporting date). Assuming that the FN Listing will be completed and that the Company receives the proceeds from subscription commitments, the material uncertainty disclosed in 2019 statutory financial statements related to the Company's ability to continue as going concern has resolved in these financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming to the IAS standards and IFRS standards as well as IFRIC interpretations applicable as of December 31, 2019. The financial statements have been prepared on a historical cost basis unless otherwise disclosed in the accounting policies.

Nanoform's financial statements are presented in euros, which is Company's functional and presentation currency. Figures presented in these financial statements have been rounded from exact figures and therefore the sum of figures presented individually can deviate from the presented sum figure. Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in finance income and expenses in the statement of comprehensive income. Non-monetary items that are measured based on initial cost in a foreign currency are translated at exchange rates prevailing at the transaction date.

The Board of Directors of the Company has approved these financial statements to be published in the Offering Circular in its meeting on May 21, 2020.

2.2 Restatements of previously issued financial statements

Subsequent to the original issuance of financial statements for the year ended December 31, 2018, the company has adjusted prior periods. The 2018 financial statements, as initially reported, have therefore been amended and restated as follows:

1) Leases

a. The company has reassessed the discount rate applied previously in determining the present value of lease liabilities. The incremental borrowing rate used in previous year's discounting has been higher than such Company's incremental borrowing rate that takes into account the estimated collateral value of the right-of-use asset. Consequently, the Company adjusts both right-of-use assets and lease liabilities in the opening IFRS statement of financial position as of January 1, 2017 and for all subsequent reporting periods. The impact of the adjustments to the right-of-use assets and lease liabilities as of January 1, 2017 is EUR 60.0 thousand. As of December 31, 2017, the right-of-use assets are adjusted by EUR 83.2 thousand and lease liabilities by EUR 79.3 thousand and as of December 31, 2018 the right-of-use assets are adjusted by EUR 489.0 thousand and lease liabilities by EUR 481.9 thousand. The depreciations and interest expenses in the statement of comprehensive income have been adjusted in total by EUR -12.3 thousand and EUR 3.9 thousand for the financial years ended December 31, 2018 and December 31, 2017, respectively. The adjustments impact also the presentation of the statement of cash flows. The line items 'Loss before taxes' and 'Adjustments for depreciations and impairments' in the cash flow from operating activities are higher and 'Adjustment for finance income and expenses' is lower.

b. The Company had prematurely recognized a lease liability and right-of-use asset during the financial year ended December 31, 2018 for a lease contract whereby part of premises were made available to the Company only on September 1, 2019, which is the lease commencement date for the premises. Both the right-of-use asset and the lease liability have been derecognized from the statement of financial position as of December 31, 2018 for premises that were made available on September 1, 2019 and presented as off-balance sheet commitments as of December 31, 2018 (see Note 25 Contingencies and commitments). The lease liability and right-of-use asset are recognized in the balance as of September 1, 2019, which is the commencement date of the lease. The adjustment of EUR 655.8 thousand decreases the right-of-use asset and the lease liability in the statement of financial position as of December 31, 2018. The adjustment has no impact on the statement of comprehensive income or the statement of cash flows.

c. During the financial year ended December 31, 2018, the Company leased premises with lease-free period for the first months of a lease and the obligation to pay leases started only effective on January 1, 2019. Initially, the Company recognized the right-of-use asset and the lease liability for these premises as of September 1, 2018, which is the commencement date of the lease. However, the Company did to recognize the depreciations for the right-of-use asset and interest expense for the lease liability during the financial year ended December 31, 2018. The depreciations and interest expenses in the statement of comprehensive income have been adjusted by EUR -44.2 thousand and by EUR -11.7 thousand, respectively for the financial year ended December 31, 2018. The adjustments impact the value of the right-of-use asset by EUR -44.2 thousand and the lease liability by EUR 11.7 thousand in the statement of financial position as of December 31, 2018. The adjustments have no impact on the 2018 statement of cash flows as no lease payments were made during the financial year 2018. However, the adjustments have an impact on the presentation of operating cash flow as line items “Loss before taxes” and ‘Adjustment for depreciation, amortization and impairment’ and ‘Adjustments for finance income and expenses’ are higher.

2) Government grants

The Company has adjusted amounts recognized during previous periods for government grants received in form of indirect government assistance through the government loans from Business Finland with interest-rates below the market rate. The adjustments for the grants received in form of below-market rate loans relates to the recognition of grant income on an accrual basis to align with the recognition of the expenses that the government grant is intended to compensate. Previously, the indirect interest related grant was recognized only at the time the R&D loan was withdrawn. Based on additional information and revised calculations, the Company has adjusted the recognition of the grant between the financial periods.

In the opening IFRS balance sheet as of January 1, 2017, the adjustments impact R&D loans by EUR -0.5 thousand and other receivables by EUR 35.6 thousand. The net impact of EUR 35.2 thousand is recognized to accumulated deficit in the opening IFRS statement of financial position as of January 1, 2017. As of December 31, 2017, the adjustments impact R&D loans by EUR 4.3 thousand and advances received by EUR -114.0 thousand. As of December 31, 2018, the adjustments impact R&D loans by EUR 5.0 thousand and advances received by EUR -41.8 thousand. In the statement of comprehensive income, other operating income for the financial year 2017 is EUR 78.4 thousand higher and EUR 65.4 thousand lower for financial year 2018. The adjustments have no impact on the Company’s cash flow, but they impact on the presentation of operating cash flows.

3) Patents

a. In 2015 the Company acquired patents with a contract, in which the consideration was settled in several instalments during years 2015-2019. Previously, the Company had recognized the cost of the patents on a cash flow basis. Since the Company received the control over the patents already in 2015 and the assets acquired fulfilled other recognition criteria for an intangible asset, the Company has adjusted the intangible assets and trade payables in opening IFRS statement of financial position as of January 1, 2017. The adjustments increased intangible assets as of January 1, 2017 by EUR 149.0 thousand, trade payables by EUR 157.2 thousand and the net impact of EUR 8.2 thousand was recognized in the accumulated deficit. As of December 31, 2017, the adjustments increased intangible assets by EUR 133.3 thousand and trade payables by EUR 157.4 thousand and as of December 31, 2018 the adjustments increased intangible assets by EUR 68.0 thousand and trade payables by EUR 111.2 thousand. Under IFRS the liability has been discounted to present value. The adjustment has no impact on the Company’s cash flow, but it has impact on the presentation of operating cash flows.

b. Further, the Company has revised the useful economic lives of patents and concluded, that the five-year amortization period previously used did not reflect the average legal protection period of the patents. The Company has therefore lengthened the amortization period for the patents to 10 years and adjusted the amortizations retrospectively effective from the acquisition dates. As a result, the carrying value of intangible assets is EUR 2.3 thousand higher in the opening IFRS statement of financial position as of January 1, 2017. As of December 31, 2017, and December 31, 2018 the carrying value of the patents is EUR 6.7 thousand and EUR 10.8 thousand higher, respectively. During the financial periods 2017 and 2018, the amortizations have been adjusted by EUR 4.4 and 4.1 thousand, respectively. The adjustments have no impact on the Company’ cash flows, but they have an impact on the presentation of operating cash flows and line items ‘Loss before taxes’ and ‘Adjustment for depreciation, amortization and impairment losses’ are higher.

4) Property, plant and equipment

The Company has capitalized acquisition costs of certain machinery and equipment, which were previously recognized as expenses. As a result of the adjustments, the carrying value of property, plant and equipment is EUR 115.7 and 84.7 thousand higher as of December 31, 2017 and as of December 31, 2018, respectively. For the financial years 2017 and 2018 the depreciation expense increased by EUR 11.5 thousand and EUR 31.0 thousand, respectively, and the materials and services decreased by EUR 54.4 thousand and EUR 72.8 thousand, respectively. The adjustments have no impact on the Company's cash flows, but they impact the presentation of operating cash flows.

5) Deferred taxes

The Company has adjusted the deferred taxes to the extent the deferred tax assets have been recognized during previous reporting periods. After netting of deferred taxes, the Company has not recognized any deferred tax assets from the temporary differences deductible in the taxation due to uncertainty relating to their utilization.

6) Classification changes in the statement of financial position

The Company has adjusted the classification of certain liabilities related to personnel public authorities in the statement of financial position as of December 31, 2018. The adjustments decreased other receivables by EUR 15.1 thousand and other liabilities by EUR 45.6 thousand and increased accrued expenses by EUR 30.5 thousand. The adjustments do not have an impact on the comprehensive income statement. The adjustments have no impact on the Company's cash flows but they impact the presentation of operating cash flows.

Restated statement of comprehensive income

EUR	Note*)	Reported**) 2018	Restatement	Restated 2018	Reported**) 2017	Restatement	Restated 2017
Revenue		235,000	0	235,000	65,000	0	65,000
Other operating income	2	120,048	-65,396	54,652	102,235	78,370	180,605
Materials and services	4	-234,414	72,790	-161,624	-214,775	54,397	-160,378
Employee benefits		-1,298,723	0	-1,298,723	-426,202	0	-426,203
Depreciation, amortization and impairment losses	1a, 1b, 3a, 3b, 4	-53,157	-106,767	-159,924	-37,087	-29,659	-66,746
Other operating expenses	1a	-671,859	15,483	-656,376	-78,394	0	-78,394
Total expenses		**-2,258,153**	**-18,495**	**-2,276,648**	**-756,458**	**24,738**	**-731,720**
Operating loss		**-1,903,105**	**-83,891**	**-1,986,996**	**-589,223**	**103,108**	**-486,115**
Finance income		95	0	95	11	0	11
Finance expenses	1a, 1c, 2, 3a	-72,478	-14,908	-87,386	-41,767	6,598	-35,169
Total finance income and expenses		**-72,383**	**-14,908**	**-87,290**	**-41,757**	**6,598**	**-35,158**
Loss before tax		**-1,975,488**	**-98,798**	**-2,074,286**	**-630,980**	**109,707**	**-521,273**
Income taxes		0	0	0	0	0	0
Changes in deferred taxes	5	1,795	-1,795	0	1,487	-1,487	0
Income taxes		**1,795**	**-1,795**	**0**	**1,487**	**-1,487**	**0**
Loss for the year		**-1,973,693**	**-100,593**	**-2,074,286**	**-629,495**	**108,219**	**-521,273**
Loss per share							
Basic and diluted loss per share, EUR		-0.06	-0.01	-0.07	-0.02	0.00	-0.02

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of comprehensive income presented in the financial statement in 2018

Restated statement of financial position

EUR	Note*)	Reported**) 2018	Restatement	Restated 2018	Reported**) 2017	Restatement	Restated 2017	Reported**) 2017	Restatement	Restated Jan 1, 2017
ASSETS										
Non-current assets										
Intangible assets	3a,3b	96,578	69,752	166,330	46,326	130,938	177,264	21,433	142,302	163,735
Property, plant and equipment	1a,1b,1c,4	2,305,596	-126,238	2,179,358	243,818	198,889	442,707	183,821	59,951	243,772
Other receivables		10,125	0	10,125	8,964	0	8,964	5,805	0	5,805
Deferred tax receivables	5	3,280	-3,280	0	1,485	-1,485	0	0	0	0
Total non-current assets		**2,415,579**	**-59,767**	**2,355,813**	**300,593**	**328,342**	**628,935**	**211,059**	**202,253**	**413,312**
Current assets										
Trade receivables		160,000	0	160,000	65,000	0	65,000	6,200	0	6,200
Other receivables	2,6	94,494	-15,066	79,428	0	0	0	3,769	35,650	39,419
Prepaid expenses and accrued income		18,456	0	18,456	992	0	992	158	0	158
Cash and cash equivalents		5,594,974	0	5,594,974	98,007	0	98,007	385,636	0	385,636
Total current assets		**5,867,924**	**-15,066**	**5,852,858**	**163,999**	**0**	**163,998**	**395,763**	**35,650**	**431,413**
Total assets		**8,283,504**	**-74,832**	**8,208,671**	**464,592**	**328,343**	**792,934**	**606,822**	**237,903**	**844,725**

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of financial position presented in the financial statement in 2018

Restated statement of financial position

EUR	Note*)	Reported**) 2018	Restatement	Restated 2018	Reported**) 2017	Restatement	Restated 2017	Reported**) 2017	Restatement	Restated Jan 1, 2017
EQUITY AND LIABILITIES										
Equity										
Share capital		2,500	0	2,500	2,500	0	2,500	2,500	0	2,500
Reserve for invested unrestricted equity		8,020,160	0	8,020,160	665,411	0	665,411	665,411	0	665,411
Accumulated deficit		-1,043,419	128,466	-914,953	-413,843	20,245	-393,598	-413,844	20,246	-393,598
Loss for the year		-1,973,693	-100,593	-2,074,286	-629,495	108,221	-521,274	0	0	0
Total equity		**5,005,548**	**27,873**	**5,033,422**	**-375,427**	**128,466**	**-246,961**	**254,067**	**20,246**	**274,313**
Non-current liabilities										
R&D loans	2	549,561	4,976	554,537	436,395	4,334	440,729	129,769	466	130,235
Lease liabilities	1a,1b,1c	1,897,600	-241,204	1,656,396	218,894	66,722	285,616	150,807	59,952	210,758
Advances received		0	0	20,249	0	0	0	0	0	0
Trade payables		0	58,719	58,719	0	104,930	104,930	0	157,240	157,240
Total non-current liabilities		**2,447,160**	**-177,508**	**2,289,901**	**655,289**	**175,985**	**831,274**	**280,576**	**217,658**	**498,234**
Current liabilities										
Lease liabilities	1a	110,398	79,190	189,588	14,630	12,620	27,250	9,385	0	9,385
Advances received	2	62,071	-41,822		114,020	-114,020	0	0	0	0
Trade payables	3a	338,518	52,500	391,018	2,403	52,500	54,903	39,040	0	39,040
Other liabilities	6	68,750	-45,598	23,152	344	0	344	5,323	0	5,323
Accrued expenses	6	251,059	30,531	281,590	53,333	72,791	126,124	18,431	0	18,431
Total current liabilities		**830,796**	**74,802**	**885,349**	**184,730**	**23,890**	**208,620**	**72,179**	**0**	**72,178**
Total liabilities		**3,277,956**	**-102,707**	**3,175,250**	**840,019**	**199,876**	**1,039,895**	**352,755**	**217,658**	**570,412**
Total equity and liabilities		**8,283,504**	**-74,833**	**8,208,671**	**464,592**	**328,342**	**792,934**	**606,822**	**237,904**	**844,725**

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of financial position presented in the financial statement in 2018

Restated statement of cash flows

EUR	Note*)	Reported**) 2018	Restatement	Restated 2018	Reported**) 2017	Restatement	Restated 2017
Cash flow from operating activities							
Loss before tax		-1,975,488	-98,798	-2,074,286	-630,980	109,707	-521,273
Adjustment for:							
Depreciation, amortization and impairment losses	1a,1b,3a,3b,4	53,157	106,767	159,924	37,087	29,659	66,746
Interest expense	1a,1c,2,3a	72,383	14,907	87,290	41,757	-6,599	35,158
Other adjustments	1a,1b,1c	-120,048	65,396	-54,652	-102,235	-78,297	-180,532
Loss before change in working capital		-1,969,996	88,272	-1,881,724	-654,371	54,470	-599,901
Change in net working capital:							
Trade and other receivables	2	-206,959	15,067	-191,892	-55,865	0	-55,865
Trade payables and other liabilities	4	600,105	-14,966	585,139	-8,581	0	-8,581
Interest paid	1a,1c,2,3a	-7,957	-6,390	-14,347	-5,026	3,345	-1,681
Interest received		95	0	95	11	0	11
Change in other receivables (long-term)		-1,161	0	-1,161	-3,159	0	-3,159
Net cash used in operating activities		**-1,585,873**	**81,983**	**-1,503,890**	**-726,991**	**57,814**	**-669,177**
Payments for property, plant and equipment	1a,1b,1c,4	-67,494	6,289	-61,205	-37,814	190	-37,624
Payments for tangible assets	1	-306,673	-72,790	-379,463	0	-54,397	-54,397
Net cash used in investing activities		**-374,167**	**-66,501**	**-440,668**	**-37,814**	**-54,208**	**-92,022**

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of cash flows presented in the financial statement in 2018

Restated statement of cash flows

EUR	Note*)	Reported**) 2018	Restatement	Restated 2018	Reported**) 2017	Restatement	Restated 2017
Cash flow from financing activities							
Proceeds from share issues		7,976,981	0	7,976,981	0	0	
Share issue transaction cost		-622,232	0	-622,232	0	0	
Acquisition of treasury shares		-81	0	-81	0	0	
Proceeds from R&D loans	2	143,000	0	143,000	506,414	-3,607	502,807
Repayments of lease liabilities	1a	-40,660	-15,483	-56,143	-29,237	0	-29,237
Net cash from financing activities		**7,457,008**	**-15,483**	**7,441,525**	**477,177**	**-3,607**	**473,570**
Net increase (+) decrease (-) in cash and cash equivalents		**5,496,968**	**0**	**5,496,968**	**-287,628**	**-1**	**-287,629**
Cash and cash equivalents at January 1		98,007	0	98,007	385,636	0	385,636
Effects of exchange rates on cash and cash equivalents							
Cash and cash equivalents at December 31		5,594,974	0	5,594,974	98,007	0	98,007

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of cash flows presented in the financial statement in 2018

2.3 Going concern

Nanoform's management has assessed the Company's ability to continue its operations as going concern in the foreseeable future. The Company has started to provide "proof of concept" type services to its customers, in addition to its on-going research and development and administrative activities. During the financial year 2019, the Company has made significant investments to its production technology and has subsequent to reporting date on April 29, 2020 received GMP (Good Manufacturing Practice) quality certification that will enable the Company to commercialize its nanoforming technology also for clinical trials in humans (see Note 28 Events after reporting date).

Nanoforms loss for the financial year ended December 31, 2019 was EUR 7,554 thousand and equity totaled EUR 7,932 thousand including accumulated deficit of EUR 9,777 thousand. Cash outflow from operating activities for the financial year ended December 31, 2019 was EUR 5,798 thousand and cash outflow from investing activities was EUR 1,878 thousand. The Company's cash and cash equivalents totaled EUR 7,303 thousand on December 31, 2019.

In the past, the Company has financed its development activities mainly with funds raised through share issues. During 2018 and in June 2019 the Company raised proceeds of EUR 7,355 thousand and EUR 9,687 thousand, respectively, from share issues (see Note 19 Shareholders' equity). In addition to equity financing, the Company has obtained funding from R&D loans.

Company's management has developed financial forecasts for revenues, expenses and investments for the period covering the next twelve months. These forecasts are based on the assumption that the Company will continue the development and commercialization efforts of its nanoforming technology also in the future, which will require significant investments. The Company's liquid funds of EUR 7,303 thousand at year-end are not sufficient enough to fully cover its ambitious growth and investment plan for the calendar year 2020 without raising additional capital.

Based on the Company's financial forecasts, in conjunction with the cash and cash equivalents held at December 31, 2019 and the receipt of subscription commitments on May 7, 2020 from Cornerstone Investors to subscribe shares equal to EUR 45.5 million in total ahead of the Company's contemplated FN listing (see Note 28 Events after reporting date), management believes the Company has sufficient working capital for its present needs for the next twelve months from the date of approval of these financial statements.

Receipt of the proceeds based on subscription commitments is conditional to successful completion of the FN Listing and certain other customary conditions and the Company' management views that there is no significant uncertainty to meet these conditions. Assuming the FN Listing will be completed, subject to fulfilment of certain other customary conditions, and assuming that the Company receives the proceeds from subscription commitments, the Company is able to continue its operations in the foreseeable future supporting the going concern principle. Therefore, the material uncertainty disclosed in 2019 statutory financial statements related to the Company's ability to continue as going concern has resolved in these financial statements.

2.4 Segment reporting

Operating segments are reported consistently with the internal reporting provided to the chief operating decision maker. Nanoform's Chief Executive Officer reviews the operating results regularly and makes the decisions about the allocation of resources and to assess overall performance. Consequently, the Chief Executive Officer is identified as the chief operating decision maker. The Chief Executive Officer manages the Company as one integrated business and hence, the Company has one operating and reportable segment.

2.5 Revenue recognition

Nanoform's revenue consists of "proof of concept" type of research and development services provided to the Company's customers, in which the Company nanoforms drug compounds to the customers. The Company's customer contracts can include one or multiple performance obligations. In the contracts every, separate nanoformed drug ingredient is considered to be a separate performance obligation, as the customer can receive benefit from each separate nanoformed compound and each nanoformed compound is distinct from the other promises in the contract.

The transaction prices in Nanoform's customer contracts are fixed. The terms of payment and payment periods in customer contracts vary, but payment time is nonetheless clearly below one year. Consequently, customer contracts do not include a significant financing component. In case a contract includes several performance obligations, Nanoform will allocate the fixed transaction price in the contract to different performance obligations based on their stand-alone selling prices. Revenue is recognized to the extent Nanoform expects to be entitled to consideration in exchange for the services provided.

Nanoform recognizes revenue from customer contracts as the Company fulfils the performance obligation by performing the promised service. Nanoform's performance does not create an asset with an alternative use to the Company and Nanoform has an enforceable right to payment for performance completed to date. Consequently, the revenue is recognized over time. Nanoform measures the progress towards complete satisfaction of the performance obligations by applying the input method, in which the revenue is recognized based on the costs incurred relative to the total estimated costs of the performance obligation. The Company views that the used method best describes the transfer of control for the services provided. Estimated costs and revenues will be re-assessed regularly during performing the services. Revisions in profit estimates as well as projected potential losses on contracts are charged through the statement of comprehensive income in the period in which they become known.

Nanoform does not have costs for obtaining or fulfilling the customer contracts. For further information on revenue recognition, see Note 4.

2.6 Research and development expenses

Research and development costs are recognized as expenses when internally developed intangible assets do not meet the criteria for capitalization. Development costs are capitalized when a development project is likely to generate economic benefits for the company and the products are assessed to be technically feasible and commercially viable. Development projects are related to new or essentially improved nanoparticle technology. The Company has not capitalized development costs during 2019, 2018 or 2017, as there is no evidence on intangible asset's technical viability or its ability to generate future economic benefits until the Company has capability to produce GMP (Good Manufacturing Practice) level materials for clinical trials. In 2019 financial statements, development expenses of EUR 986.0 thousand have been expensed in the statement of comprehensive income.

2.7 Income taxes

The Company's income taxes include the Company's taxes based on taxable profit/loss for the period, together with tax adjustments for previous periods and the change in deferred taxes.

Deferred tax assets and liabilities are recognized on all temporary differences arising between the tax bases and carrying amounts of assets and liabilities. Deferred tax has been determined using the tax rates enacted at the balance sheet date, and as the rates change, at the known new rate. Deferred tax asset is recognized to the extent that it is probable that it can be utilized against future taxable income. At the reporting date, the Company has not recognized deferred tax assets due to the uncertainty that they can be utilized.

2.8 Intangible assets

Intangible assets consist of patents and software licenses. Intangible assets are measured at cost less accumulated amortization and impairment losses and are recognized in the statement of financial position if it is probable that the future economic benefits that are attributable to the assets will flow to the company and the cost of the assets can be measured reliably. The costs of new patents are capitalized in the statement of financial position and the costs relating to maintaining existing patents are expensed and presented in other operating expenses in the statement of comprehensive income. The intangible assets have definite useful life.

The estimated useful lives for intangible assets are as follows:

- Patents 10 years
- Licenses 5 years

2.9 Property, plant and equipment

Nanoform's property, plant and equipment consists of leased premises and apartments (right-of-use assets), leasehold improvements and machinery and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Maintenance and repair costs are expensed as incurred.

The estimated useful lives of property, plant and equipment are as follows:

- Machinery and equipment: 4 years
- Leased premises and apartments (right-of-use assets) based on the lease term or asset's economic life, whichever is shorter

Depreciations are started when the asset is ready for use, in such location and condition that it can be used in a manner of the Company's management has intended.

2.10 Impairment

Property, plant and equipment and intangible assets are reviewed for impairment whenever there are indications that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is asset's fair value less costs of disposal or its value in use, whichever is higher. The value in use represents the discounted future cash flows expected to be derived from the asset.

2.11 Government grants

Government grants are recognized at fair value when it is reasonably certain that the grant will be received, and the Company will comply with all related conditions. Government grants are recognized as income in the statement of comprehensive income during the same period with the costs incurred that they are intended to compensate.

The indirect government assistance in the form of below-market interest government loans is recognized as grant income and recorded as other operating income in the same period in which the Company recognizes the expenses which the benefit is intended to compensate. The grant component is measured as the difference between the initial fair value of the loan and the proceeds received. Government grant received, for which the expenses have not yet been recognized, is recognized as an advance received in the statement of financial position. The grant component for eligible expenses already incurred during the reporting period, for which the grant will be received in subse-

quent reporting periods, is recognized as grant income in the statement of comprehensive income and as other receivable in the statement of financial position.

2.12 leases

Nanoform has early adopted IFRS 16 Leases standard (with effective date of January 1, 2019) for the financial year ended December 31, 2018. The standard has been applied retrospectively and all comparable reporting periods have been restated.

Nanoform has leased all its business premises. Lease contracts are made for a perpetual period or as fixed term of 3 to 5 years. A right-of-use asset and a corresponding lease liability are recognized in the statement of financial position at the date on which the leased asset is made available for use by the Company. Lease payments on the contracts are recognized as repayment of lease liability and interest expense. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, whichever is shorter.

At the commencement date, a right-of-use asset and a corresponding lease liability are recognized at the discounted present value of the lease payments that are not paid at that date. The discounted present value of the lease payments includes the lease payments for non-cancellable lease period lease payments and lease payments for voluntary extension periods when it is reasonably certain that the Company will exercise the extension option. In the perpetual lease agreements including a termination option, the Company estimates if the termination option will be used when assessing the lease period. The Company uses incremental borrowing rate as discounting rate for lease payments. Lease payments of certain premises are adjusted for inflation index. Variable rents based on index are a part of the lease liability relating to lease contract and the net present values of such contracts are measured based on the index at the beginning of the lease period. Changes in index are measured in the period when the index is changed. Cash flows relating to leases are presented as repayments of lease liabilities under cash flows from financing activities and the interests from lease liabilities under cash flows from operating activities. The Company does not have short term or low-value lease contracts.

2.13 Financial assets and liabilities

The Company's financial liabilities consists of interest-bearing R&D loans, lease liabilities, trade payables and other non-current and current liabilities. Financial liabilities are recognized at the date on which the related contract has been made. Financial liability or part of it is derecognized when the obligation specified in the contract is either discharged or cancelled or expires. Financial liabilities are presented as current, if the Company has not implicit right to defer the settlement for at least 12 months after the end of the reporting period, in which case financial liabilities are presented as non-current.

The Company has R&D loans at below-market interest rate from government agency Business Finland.

The portion of interest at below the market interest rate represents government grant, which is recognized as income in the same period in which the Company incurs the expenses that the grant is intended to compensate. The loans are initially recognized and measured at fair value and subsequently at amortized cost using the effective interest method. The fair value of the loans is measured by discounting the future cash flows from the loans using a rate for which the Company would receive comparable loan without the grant component. The grant component is measured as the difference between the initial fair value of the loan and the proceeds received.

Trade payables and other liabilities are classified as current liabilities if the Company has not implicit right to defer the settlement for at least 12 months after the end of the reporting period ahead from the end of financial period, in which case financial liabilities are recognized as a non-current liability. Trade payables and other liabilities are measured at amortized cost. Information of lease liabilities are provided in Leases section 2.12.

Financial assets are recognized at amortized cost including trade receivables, other receivables and cash and cash equivalents. Financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire.

2.14 Trade receivables

Trade receivables are recognized at amounts of initial sale. The Company applies simplified approach in IFRS 9, according to which all trade receivables are deducted by lifetime expected credit losses. The lifetime expected credit losses are based on assumptions on probability of neglecting the payments and degree of expected losses. Management exercises judgment when calculating the allowance and assessing underlying assumptions. Management judgment relates to history of credit losses, assumptions on existing market conditions and forward-looking information at the end of each reporting period. Credit losses are recognized as other operating expenses. The Company has not recognized expected credit losses at financial reporting date.

2.15 Cash and cash equivalents

Cash and cash equivalents consist of liquid funds in Company's bank accounts.

2.16 Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the payments required to cover the obligation. The discount factor used in calculation of the present value reflects the time value of money and specific risks related to the obligation. In case it is virtually certain that the Company will receive reimbursement to cover the obligation partially from a third party, the reimbursement is recognized as separate asset.

A contingent liability is a possible obligation, that arises from past events and whose existence is confirmed only when an uncertain event outside the control of the Company is realized. An existing liability that is not likely to require the fulfilment of the payment obligation or whose amount cannot with sufficient reliability measured is also considered a contingent liability. In the financial statements the Company has recognized a provision relating to an onerous customer contract.

2.17 Equity

The equity of the Company consists of share capital, reserve for invested unrestricted equity and accumulated deficit. The proceeds from new share issues, less incremental costs directly attributable to the issue, are recognized in the share capital if it is not decided in decision of share issue to recognize the subscription price in the reserve for invested unrestricted equity.

The accumulated deficit consists of the Company's cumulated losses since foundation of the Company.

2.18 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year and are unpaid. Trade and other payables are presented as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The carrying amounts of trade and other payables are considered to be the same as their fair values.

2.19 Employee benefits

Nanoform's employee benefits consist of short-term employee benefits and post-employment benefits (defined contribution pension plans) and share-based payments. Nanoform's defined contribution schemes are with external insurance companies and the Company does not have a legal or constructive obligation to make additional payments in case the recipient for pension contributions is unable to pay the pension benefits. The pension contributions are recognized as expenses in the statement of comprehensive income during the period to which the charge relates to.

Short-term employee benefits are recognized as expenses during the period in which related service is provided. A liability is recognized when the Company has a statutory and constructive obligation relating to employment relationship based on performance received and when an obligation can be measured reliable.

2.20 Share-based payments

The Company has option programs where the option holders are entitled to subscribe Company's shares. The option rights are measured at fair value at grant date and recognized as expenses in the statement of comprehensive income during the vesting period. The service conditions are ignored in grant date fair value, but fulfilment of service conditions is taken into account as the Company revises its estimate on the amount of equity instruments that will eventually vest and its estimate on related expense. Cumulatively, expenses are recognized only for equity instruments granted that will vest. The expenses for option programs are recognized in employee benefits, with corresponding increase in equity.

At grant date, the expense recognized for the option programs is based on the Company's estimate of the option rights that will vest during the vesting period. The estimate is revised at each reporting date. Changes in the estimate are recognized through profit and loss. The fair value of option rights is measured using Black-Scholes valuation model. When option rights are exercised, the proceeds from the subscription of shares are recognized in the reserve for invested unrestricted equity. Further information on the share-based payments are provided in the Note 20 Share-based payments.

2.21 Operating profit

According to the definition used by the Company, operating profit is the net amount arising from adding other operating income to revenue, deducting cost of sales, deducting employee benefits, depreciation, amortization and impairment losses as well as other operating expenses.

2.22 Earnings per share

Earnings per share is calculated by dividing the loss for the year with the weighted average number of shares during the year.

Since the Company has reported losses, inclusion of unexercised option rights would decrease the loss per share and therefore not taken into account in diluted loss per share calculation.

2.23 Changes in accounting policies and disclosures

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies (to be applied for annual periods on or after Jan, 1 2020). Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting. Nanoform will apply the amended standards as applicable.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Financial statements in accordance with the IFRS requires management to make judgments, estimates and assumptions that affect the measurement of the reported assets and liabilities and other information, such as contingent assets and liabilities and the recognition of income and expenses in the statement of comprehensive income. Although these estimates and assumptions are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

3.1 Going concern

As disclosed in note 2.3, Nanoform's management has assessed the Company's ability to continue its operations as going concern in the foreseeable future and has developed financial forecasts for revenues, expenses and investments for the period covering the next twelve months. These financial forecasts are based on assumptions on future cashflows and their realization is uncertain.

3.2 Revenue recognition

The Company recognizes revenue from customer contracts as it fulfils performance obligations by providing promised services and the revenue is recognized over time. Nanoform applies the input method in measuring the progress towards complete satisfaction of a performance obligation. In input method, the fulfilment is measured by comparing the costs incurred relative to the total estimated costs of the performance obligation. Significant management judgment is required to determine the estimated total costs of performance obligations. Estimated costs are reviewed regularly during performing the services and revisions in forecasts and projected losses on service contracts are recognized through the statement of comprehensive income in the period in which they become known.

3.3 Leases

The company's lease contracts include both extension and termination options. Management uses the options in managing lease contracts to ensure flexible use of premises in Company's businesses. The Company's management assess the use of extension and termination options individually for each lease contract. Based on management's judgment, the Company will use extension options, which relate to premises that are significant to Company's future operations and growth. Further, based on management judgment the Company will not use termination options on such perpetual lease contracts that are essential for business growth. These lease contracts are recognized as long-term lease contracts. Further information is provided in Note 15 Property, plant and equipment.

3.4 Share-based payments

The Company recognizes expenses for share-based payments in the statement of comprehensive income. Management uses judgment when determining certain assumptions used in the option pricing model, such as volatility, fair value of shares at the grant date, estimated amount of options that will eventually vest and the probable exercise date of options. The detailed information on the assumptions used in the measurement of share-based payments used are included in the Note 20 Share-based payments.

4 Revenue

Nanoform recognizes revenue from customer contracts over time as the Company fulfills the performance obligation by performing the promised service. The method of measuring the progress towards completion of a performance obligation is input method, in which the fulfillment is measured by comparing the costs incurred relative to the total estimated costs of the performance obligation. Significant management judgment is required to determine the estimated total costs of performance obligations. Estimated costs are reviewed regularly during performing the services and revisions in forecasts and projected losses on service contracts are recognized through the statement of comprehensive income in the period in which they become known. Total revenue in 2019 was EUR 49.1 (2018: 235.0; 2017: 65.0) thousand. The Company's revenue consists solely of customer contracts.

Contract assets and liabilities

Nanoform has recognized the following contract assets and liabilities from contracts with customers in its statement of financial position.

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Prepaid expenses and accrued income - revenue accruals from percentage of completion method	13,988	0	0	0
Advances received - revenue accruals from percentage of completion method	-34,894	0	0	0

The transaction prices allocated to unsatisfied performance obligations or included in contract liability balance is expected to be recognized as revenue during the first quarter of 2020.

5 Segment reporting

The Company's business is to offer expert services in nanotechnology and drug particle engineering. In the year 2019 The Company's operations have consisted of "proof of concept" type of research and development services provided to the customers, in which the Company has been nanoforming customer's drug compounds. The Company's chief operating decision maker is the Chief Executive Officer. The CEO manages the Company as one integrated business and hence, the Company has one operating and reportable segment. The revenue in 2019 was EUR 49.1 (2018: 235.0; 2017: 65.0) thousand. The Company's revenue during all the reported financial years is recognized from customer contracts outside of Finland (defined by the domicile of customer). During 2019, Company's revenue consisted of two customer contracts. Both customer contracts exceed 10 percentage of the revenue.

The Company's all non-current assets are in Finland. The Company's strategy is to sell nanotechnological services widely to minimize the dependence from single customers or projects.

6 Other operating income

EUR	2019	2018 (restated)	2017 (restated)
Grant component of the government loans	231,335	54,652	180,532
Other income	0	0	73
	231,335	**54,652**	**180,605**

The grant component of government loans consists of indirect financial benefit from below-market interests of the government loans from the Business Finland. The loans have been granted to finance the development projects of nanotechnology.

7 Materials and services

EUR	2019	2018 (restated)	2017 (restated)
Raw materials and consumables			
Purchases during the period	506,001	160,994	147,906
External services	97,430	629	12,472
Total	**603,431**	**161,624**	**160,378**

The Company's materials and services mainly consist of materials and supplies relating to the development of the Company's production technology.

8 Employee benefits

EUR	2019	2018	2017
Wages and salaries	2,898,140	1,075,100	350,072
Pension expenses, defined contribution plans	374,755	193,324	66,149
Other social security expenses	219,109	30,300	9,981
Share-based payments - settled in equity	866,912	0	0
Total	**4,358,917**	**1,298,723**	**426,203**

	2019	2018	2017
Number of personnel at the end of the period	43	19	12
Average number of personnel	33	17	12

The management compensation and share-based payments are disclosed in more detail in Notes 20 Share-based payments and 26 Related party transactions.

9 Other operating expenses

EUR	2019	2018 (restated)	2017 (restated)
Premises expenses	65,867	21,313	0
IT expenses	201,908	66,406	15,720
Marketing and communication expenses	312,060	101,151	670
Consultant and professional fees	857,613	319,135	20,160
Travel expenses	268,800	53,584	6,128
Voluntary personnel related expenses	304,009	52,862	8,289
Research and development expenses	27,521	0	0
Other expenses	180,320	41,925	27,427
Total	**2,218,098**	**656,376**	**78,394**

Auditor's fee

EUR	2019	2018 (restated)	2017 (restated)
PricewaterhouseCoopers			
Audit fees	36,226	1,500	1,800
Other fees	48,926	0	0
Total	**85,151**	**1,500**	**1,800**

10 Depreciation and amortization

EUR	2019	2018 (restated)	2017 (restated)
Intangible assets	27,761	25,928	24,284
Property, plant and equipment	416,487	133,996	42,461
Total	**444,248**	**159,924**	**66,746**

11 Finance income and expense

EUR	2019	2018 (restated)	2017 (restated)
Finance income			
Interest and other finance income	451	95	11
Total finance income	**451**	**95**	**11**
Finance expenses			
Interest expenses	-138,989	-78,757	-34,964
Losses from foreign exchange	-39,275	-1,118	0
Other finance expenses	-31,442	-7,511	-205
Total finance expenses	**-209,707**	**-87,386**	**-35,169**

The interest expense relates mainly to the R&D loans and lease liabilities. Other financial expenses consist of guarantee commission.

12 Taxes

The difference between income taxes at the statutory tax rate in Finland (20 per cent) and income taxes recognized in the statement of comprehensive income is reconciled as follows:

EUR	2019	2018 (restated)	2017 (restated)
Loss before tax	-7,553,521	-2,074,286	-521,273
Income tax calculated at Finnish tax rate 20%	-1,510,704	-414,857	-104,255
Tax losses and temporary differences for which no deferred tax asset is recognized	1,689,879	415,267	104,357
Non-deductible expenses and tax-exempt income	-179,174	-410	-102
Taxes in the statement of comprehensive income	0	0	0

Tax losses and deductible temporary differences for which no deferred assets have been recognized, are as follows:

EUR	2019	2018	2017
R&D expenses not yet deducted in taxation	2,610,035	1,624,000	0
Tax losses carried forward	9,763,593	2,230,073	426,799
Temporary differences from property, plant and equipment	122,438	67,779	0
Provisions not deductible in taxation	19,079	0	0
Total	**12,515,146**	**3,921,852**	**426,799**

1) The Company has incurred research and development expenses especially in the year 2018, which have not yet been deducted in its taxation. The amounts deferred for tax purposes can be deducted over an indefinite period.

2) Tax losses carried forward expire over the period of 10 years. The tax losses will expire as follows:

EUR	2019	2018	2017
Expiry within 5 years	0	0	0
Expiry within 5–10 years	2,230,073	426,799	173,250
Total	**2,230,073**	**426,799**	**173,250**

The unconfirmed tax loss for 2019 is EUR -7,340.9 (2018: -1,803.3; 2017: -253.5) thousand. Related deferred tax assets have not been recognized in the statement of financial position due to uncertainty as to whether they can be utilized. The company has unprofitable history, which is considered a significant factor when assessing whether to recognize deferred tax assets. The Company does not have any other deductible or taxable temporary differences. For this reason, no deferred tax assets or liabilities are recognized in the statement of financial position nor disclosed. The total value of unrecognized deferred tax assets is EUR 2,503.0 (2018: 784.4; 2017: EUR 85.4) thousand.

13 Loss per share

The loss per share is measured by dividing loss for the year with the weighted average number of shares in issue.

EUR	2019	2018 (restated)	2017 (restated)
Loss for the year	-7,553,521	-2,074,286	-521,273
Weighted average number of shares in issue	39,107,334	31,628,453	27,592,378
Basic and diluted loss per share	**-0.19**	**-0.07**	**-0.02**

The Company's potential dilutive instruments consist of share options granted in the years 2016 and 2019. Because the Company's businesses have been unprofitable, share options would have an anti-dilutive effect and therefore they are not taken into account in measuring the dilutive loss per share. Therefore, there is no difference between the basic and the diluted loss per share.

14 Intangible assets

EUR	Patents	Licenses	Total
Cost at Jan 1, 2017 (restated)	177,832	6,200	184,032
Additions (restated)	22,607	15,207	37,814
Cost at Dec 31, 2017 (restated)	**200,439**	**21,407**	**221,846**
Additions (restated)	14,994	0	14,994
Cost at Dec 31, 2018 (restated)	**215,433**	**21,407**	**236,840**
Additions	15,160	0	15,160
Cost at Dec 31, 2019	**230,593**	**21,407**	**252,000**
Accumulated amortization and impairment losses			
Accumulated amortization and impairment losses at Jan 1, 2017 (restated)	-19,057	-1,240	-20,297
Amortization the financial year (restated)	-20,003	-4,281	-24,284
Accumulated amortization and impairment losses at Dec 31, 2017 (restated)	-39,061	-5,521	-44,581
Amortization for the financial year (restated)	-21,647	-4,281	-25,928
Accumulated amortization and impairment losses at Dec 31, 2018 (restated)	**-60,708**	**-9,802**	**-70,510**
Amortization for the financial year	-23,480	-4,281	-27,761
Accumulated amortization and impairment losses at Dec 31, 2019	**-84,188**	**-14,083**	**-98,271**
Carrying amount			
Dec 31, 2019	**146,407**	**7,323**	**153,729**
Dec 31, 2018 (restated)	154,726	11,604	166,330
Dec 31, 2017 (restated)	161,378	15,886	177,264
Jan 1, 2017 (restated)	158,775	4,960	163,735

15 Property, plant and equipment

EUR	Machinery and equipment	Right-of-use assets	Prepayments and construction in progress	Total
Cost at Jan 1, 2017 (restated)	31,505	220,143	0	251,648
Additions (restated)	127,187	114,209	0	241,396
Cost at Dec 31, 2017 (restated)	**158,692**	**334,352**	**0**	**493,044**
Additions (restated)	219,523	1,563,973	87,150	1,870,647
Cost at Dec 31, 2018 (restated)	**378,216**	**1,898,325**	**87,150**	**2,363,691**
Additions	341,627	1,366,355	1,501,296	3,209,277
Cost at Dec 31, 2019	**719,842**	**3,264,680**	**1,588,446**	**5,572,968**
Accumulated depreciation and impairment losses				
Accumulated depreciation and impairment losses at Jan 1, 2017 (restated)	-7,876	0	0	-7,876
Depreciation for the financial year (restated)	-17,431	-25,030	0	-42,461
Accumulated depreciation and impairment losses at Dec 31, 2017 (restated)	**-25,307**	**-25,030**	**0**	**-50,337**
Depreciation for the financial year (restated)	-41,383	-92,613	0	-133,996
Accumulated depreciation and impairment losses at Dec 31, 2018 (restated)	**-66,690**	**-117,643**	**0**	**-184,333**
Depreciation for the financial year	-122,438	-294,049	0	-416,487
Accumulated depreciation and impairment losses at Dec 31, 2019	**-189,129**	**-411,691**	**0**	**-600,820**
Carrying amount				
Dec 31, 2019	**530,713**	**2,852,989**	**1,588,446**	**4,972,148**
Dec 31, 2018 (restated)	311,525	1,780,683	87,150	2,179,358
Dec 31, 2017 (restated)	133,385	309,322	0	442,707
Jan 1, 2017 (restated)	23,629	220,143	0	243,772

The right-of-use assets consists of Nanoform's leased premises. The lease contracts are either perpetual or fixed three-year contracts including extension option for six years. The perpetual lease contracts are recognized as long-term lease contracts, if the management assesses that the termination options in the contracts will not be used (see Note 3.3 Leases).

In the year 2019 the interests from lease liabilities amounted to EUR 65.9 (2018: 25.2; 2017: 7.7) thousand.

Prepayments and construction in progress include the cost of clean room for which the regulatory approval is pending. The asset is ready for use when the approval is obtained.

16 Non-current other receivables

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Other receivables	24,085	10,125	8,964	5,805
Total	**24,085**	**10,125**	**8,964**	**5,805**

Other receivables consist of rental security deposits paid by the Company.

17 Current trade and other receivables and prepayments and accrued income

Aging of trade receivables

EUR	Total	Not past due	< 30 days	30–60 days
2019	20,000	20,000	0	0
2018	160,000	160,000	0	0
2017	65,000	65,000	0	0
Jan 1, 2017	6,200	6,200	0	0

Prepaid expenses and accrued income

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Other prepayments	16,397	0	0	0
Contract assets	13,988	0	0	0
Other accrued income	28,369	18,456	992	158
Total	**58,754**	**18,456**	**992**	**158**

Other prepaid expenses consist of expenses paid in advance. Contract assets consist of accruals from customer contracts. Other accrued income consists of accrued purchase invoices.

Other receivables

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
VAT receivables	208,040	79,428	0	3,769
Other receivables	170,430	0	0	35,650
Total	**378,470**	**79,428**	**0**	**39,419**

Other receivables include the R&D loan's grant component, for which the corresponding costs are retained in the financial year 2019 and the loan is not yet drawn. Other receivables also include receivables from personnel.

18 Cash and cash equivalents

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Cash and cash equivalents	7,302,666	5,594,974	98,007	385,636
Total	**7,302,666**	**5,594,974**	**98,007**	**385,636**

Cash and cash equivalents correspond to the same item in the statement of cash flows.

19 Shareholders' equity

Changes in the number of shares, the amount of share capital and reserve for unrestricted equity:

	Outstanding shares (pcs)	Treasury shares (pcs)	Total shares (pcs)	Share capital (EUR)	Reserve for unrestricted equity (EUR)
Jan 1, 2017	137,998		137,998	2,500	665,411
Dec 31, 2017	**137,998**		**137,998**	**2,500**	**665,411**
Jan 1, 2018	**137,998**		**137,998**	**2,500**	**665,411**
Acquisition of treasury shares, Jan 22, 2018	-3,250	3,250	0		
Share issue, Jan 24, 2018	8,100		8,100		1,012,500
Bonus issue at Jun 8, 2018	28,426,752	646,750	29,073,502		
Nullification of treasury shares, Jun 19, 2018		-650,000	-650,000		
Share issue, Jun 21, 2018	7,368,420		7,368,420		6,342,249
Dec 31, 2018	**35,938,020**	**0**	**35,938,020**	**2,500**	**8,020,160**
Acquisition of treasury shares, May 10, 2019	-900,000	900,000	0		
Nullification of treasury shares, May 10, 2019		-900,000	-900,000		
Share issue, Jun 10, 2019	7,057,345		7,057,345		9,686,531
Dec 31, 2019	**42,095,365**	**0**	**42,095,365**	**2,500**	**17,706,692**

The Company has one class of shares. The shares of the Company do not have a nominal value. Each share entitles the holder to one vote at the General Meeting and to equal dividend. All shares are fully paid.

In the Shareholders' agreement regarding the Company it has been agreed that in case of liquidation event or sale of the Company's shares or substantially all business, certain shareholders have first priority to the funds available or consideration from trade sale. In these situations, these shareholders receive the higher of either a) the original subscription price of the shares plus any possible resolved, but unpaid dividends pro-rata to their holding of shares. If the funds available for distribution are insufficient to pay full amounts to which they are entitled, the proceeds are distributed to investors pro-rata their original subscriptions; or b) all proceeds are divided pro-rata to all shareholders.

The subscription price of new shares is recognized in the share capital unless the share issue resolution states that it shall be recognized in full or partially in the reserve for invested unrestricted equity, where the transaction costs relating to issue are also netted.

On January 22, 2018, the Company acquired 3,250 treasury shares. The shares were redeemed from an employee based on the Shareholders' agreement. The redemption price was original subscription price of the shares.

On January 24, 2018, the Board of Directors decided on a directed share issue based on the authorization from the shareholders on January 10, 2018. In the share issue a total of 8,100 new shares were issued. The subscription price of shares was EUR 125 per share. Proceeds from the share issue, EUR 1,012.5 thousand, were recognized in the reserve for invested unrestricted equity. On June 8, 2018, the shareholders decided on a bonus issue in which each share entitled to subscription of 199 new shares and total number of shares increased by 29,073,502 shares. On June 19, 2018, the Company nullified 650,000 treasury shares redeemed during the financial year 2018. On June 21, 2018 the Company's Board of Directors decided on a share issue based on the authorization of the general meeting on June 8, 2018. In the share issue, a total of 4,914,460 shares were issued at the subscription price of EUR 0.95 per share and 2,453,960 shares at the subscription price of SEK 9.60 per share. The total amount of subscribed shares amounted to 7,368,420 shares and the total proceeds from the share issue amounted to EUR 6,342.2 thousand. The proceeds from the share issue, net of transaction costs of EUR 622.2 thousand were recognized in the reserve for invested unrestricted equity.

On May 10, 2019 the Company acquired 900,000 treasury shares The Board of Directors decided to acquire the shares from an employee based on authorization given by the general meeting. The total consideration paid for the shares was EUR 101.5 thousand. The shares were nullified on May 10, 2019.

On June 10, 2019, the Board of Directors decided on a directed share issue based on the authorization from the general meeting on March 27, 2019. In the share issue, 5,457,345 new shares were issued with the subscription price of EUR 1.42 per share and 1,600,00 shares were issued with the subscription price of SEK 15.10 per share. The total amount of subscribed shares amounted to 7,057,345 shares and the total proceeds from the share issue amounted to EUR 9,686,5 thousand. The proceeds from the share issue, net of transactions costs of EUR 359.3 thousand, were recognized in the reserve for invested unrestricted equity.

With unanimous shareholders' decision on September 8, 2016, the Company decided to grant a total of 6,500 options (option program 1/2016) to certain investors as a part of their equity investment. The options were issued with no consideration and each option entitles the option holder to subscribe one new share. After the bonus issue (1:200) on June 8, 2018 the amount of options is 1,300,000 and the options entitle to subscribe a total of 1,300,000 shares at subscription price of EUR 0.32 per share. Right to subscribe shares began immediately upon the issue of options and the right to subscribe shares with the options ends at the earliest date of following a) September 30, 2021 b) sale of the entire issued share capital of the Company or c) initial public offering. At the end of financial year December 31, 2019 all 1,300,000 options are outstanding and exercisable.

Distributable equity at December 31

EUR	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2017 (restated)
Accumulated deficit	-2,223,845	-914,872	-393,598	-393,598
Loss for the year	-7,553,521	-2,074,286	-521,273	0
Reserve for invested unrestricted equity	17,706,692	8,020,160	665,411	665,411
Total	**7,929,326**	**5,031,003**	**-249,461**	**271,813**

The Board of Directors' proposal for distributing the profit: The Board proposes the loss for the period, amounting to EUR -7,553,521, is to be allocated to the accumulated deficit and that no dividend will be paid.

20 Share-based payments

Based on Shareholder's agreement on May 26, 2016, the Company has a share-based incentive program for a group of employees that hold the shares in the Company. In certain leaver situations these employees are obligated to have their unvested shares redeemed by the Company. As the redemption price for the shares equals to the original subscription price of the shares (bad leaver) or the higher of the following; the original subscription price of the shares or the value based on net assets (good leaver), there is no employee benefit to be recognized for the plan. Hence, the Company has not recognized any share-based payment expenses for the program. The vesting periods are as follows:

	Number of shares granted	
	Good leaver	Bad leaver
Prior to Dec 1, 2016	100% of shares	20% of shares
Dec 2, 2016–Dec 1, 2017	100% of shares	35% of shares
Thereafter	100% of shares	50% of shares

The annual general meeting on March 27, 2019 decided to issue option rights to the members of the Board of Directors and authorized the Board of Directors to issue the option rights to bind the Company's key personnel. The option rights were issued with no consideration. Each option right entitles the option holder to subscribe one new share and the option rights vest linearly so that the options are 100 per cent vested within one year from the grant date. The subscription period of the shares with option rights begins immediately upon the vesting of the option right.

If the option holder's employment or service relationship with the Company or a company in the same group or the membership in the Company's Board of Directors terminates for any reason, the option holder has to subscribe the shares within 90 or 30 days after the employment of service relationship has ended, after which the vested option rights are nullified without compensation. Unvested option rights are nullified immediately after employment or service relationship with the Company is terminated.

The volatility used in the valuation of option rights is based on five peer group companies, which are assessed to be the best estimate to reflect the risk level of the Company.

The key features and terms of the option programs are presented in the table below.

Option program	1/2019	2/2019	3/2019	4/2019	5/2019
Maximum number of options	350,000	555,000	200,000	100,000	50,000
Exercise price, EUR	1.10	1.10	1.10	1.10	1.10
Beginning of subscription period	Linearly as the options are vested				
End of subscription period	Continue indefinitely				
Vesting conditions	Employment or service relationship during the vesting period				

Determination of the fair value of the share options granted	1/2019	2/2019	3/2019	4/2019	5/2019
Share price at grant date, EUR	1.30	1.34	1.42	1.54	1.62
Subscription price of the Company share with options, EUR	1.10	1.10	1.10	1.10	1.10
Volatility, %	65	65	65	65	65
Interest free rate, %	0.01	0.01	0.01	0.01	0.01
Fair value of the option, EUR	0.74	0.78	0.84	0.94	1.00
Exercise date of the options	After five years from the grant date of option right				
Effect on earnings 2019, EUR 000	250	401	140	60	16

Number of share options	1/2019	2/2019	3/2019	4/2019	5/2019
Outstanding at Jan 1uary	0	0	0	0	0
Granted	350,000	555,000	200,000	100,000	50,000
Forfeited	0	-20,000	0	0	0
Exercised	0	0	0	0	0
Outstanding at December 31	350,000	535,000	200,000	100,000	50,000
Exercisable at December 31	335,555	517,334	166,773	64,155	16,435

21 Financial risk management

Nanoform is exposed to various financial risks such as liquidity risk, foreign exchange risk and interest rate risk as well as credit and counterparty risk. Most significant risks relate to liquidity and foreign exchange rates. CFO is responsible for the Company's risk management. The Company aims to minimize its risks with financing activities to the extent it is financially beneficial and reasonable.

Capital management and liquidity risk

Nanoform's objective in managing capital is to safeguard the Company's ability to continue its operations and to enable the development and commercialization of its nanoforming technology in the future (see notes 2.3 and 18). In order to maintain or adjust the capital structure, the Company may issue new shares, request for debt financing or change the realization of its planned growth investments.

The Company's management monitors the capital through net debt to equity ratio, which was positive 45.9 as at December 31, 2019 (2018: positive 63.5; 2017: N/A; January 1, 2017: positive 12.9) percentage. Net debt includes interest-bearing liabilities, net of cash and cash equivalents. interest bearing liabilities include R&D loans at below market-interest through government grants and lease liabilities.

EUR	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2017 (restated)
Net debt	-3,639,940	-3,194,454	655,588	-35,258
Total equity	7,931,826	5,033,422	-246,961	274,313
Net debt equity ratio	**45.9%**	**63.5%**	**N/A**	**12.9%**

Cash flow from operating activities for the financial year ended December 31, 2019 was EUR 5,798 thousand negative and cash outflow for investing activities was EUR 1,878 thousand. The Company's cash and cash equivalents totaled to EUR 7,303 thousand as at December 31, 2019. The Company's liquidity position is monitored regularly and projected both in short and long term to ensure that the Company has sufficient funding and cash and cash equivalents available to meet obligations when due. The management monitors the forecasts on the Company's cash flows based on expected future cash flows. The Company has no committed credit facilities available.

In the past, the Company has financed its operations mainly with equity financing and with R&D loans at below market-interest through government grants, and to lesser extent with income from contracts with customers. In order to safeguard the Company's ability to continue its operations as going concern in foreseeable future, the management aims to manage the capital to have sufficient liquidity and liquid funds available. When needed, the management may adjust the expenses and growth investments to correspond to the financing that is available.

The tables below disclose the Company's financial liabilities based on relevant maturity groupings. The amounts disclosed in the tables are the contractual undiscounted cash flows.

As at December 31, 2019, the contractual maturity of financial liabilities was as follows:

EUR	2020	2021	2022	2023 – thereafter	Total
Lease liabilities	494,237	429,887	417,677	1,935,025	3,276,826
Trade payables	570,691	0	0	0	570,691
Repayment of R&D loans	77,500	77,500	77,500	731,268	963,768
Interest expenses of R&D loans	8,195	7,403	7,008	18,008	40,614
Total	**1,150,622**	**514,790**	**502,185**	**2,684,301**	**4,851,899**

As at December 31, 2018, the contractual (restated) maturity of financial liabilities was as follows:

EUR	2019	2020	2021	2022 – thereafter	Total
Lease liabilities	240,833	240,833	240,833	1,365,093	2,087,592
Trade payables	452,268	0	0	0	452,268
Repayment of R&D loans	0	77,500	77,500	686,865	841,865
Interest expenses of R&D loans	8,419	8,195	7,403	21,653	45,670
Total	**701,520**	**326,528**	**325,736**	**2,073,611**	**3,427,395**

As at December 31, 2017, the contractual maturity of financial liabilities was as follows:

EUR	2018	2019	2020	2021 – thereafter	Total
Lease liabilities	36,050	36,050	36,050	252,350	360,500
Trade payables	54,903	113,750	0	0	168,653
Repayment of R&D loans	0	0	77,500	621,365	698,865
Interest expenses of R&D loans	7,443	8,419	8,195	29,056	53,112
Total	**98,396**	**158,219**	**121,745**	**902,771**	**1,281,130**

As at January 1, 2017, the contractual maturity of financial liabilities was as follows:

EUR	2017	2018	2019	2020 – thereafter	Total
Lease liabilities	29,237	23,520	23,795	190,360	266,912
Trade payables	91,540	52,500	113,750	0	257,790
Repayment of R&D loans	0	0	0	698,865	698,865
Interest expenses of R&D loans	3,868	7,443	8,419	37,250	56,980
Total	**124,645**	**83,464**	**145,964**	**926,475**	**1,280,547**

Foreign exchange risk

Nanoform is exposed mainly to foreign exchange fluctuations arising from SEK and GBP. Currently all revenues and loans are nominated in euros, but expenses are partially nominated in GBP and SEK. The most significant currency exposure arises from the SEK 32 million cash position consisting of the cross-border equity private placement. A 10 per cent movement in SEK/EUR exchange rate would result in EUR 300 (2018: 170; 2017: 0) thousand change in net result and correspond to a 4-percentage movement in EUR 7.3 million cash and cash equivalent position as at December 31, 2019. As the exposure to currency risk is limited, Nanoform does not hedge its currency risk.

Interest rate risk

Nanoform is exposed to a potential interest risk through its Business Finland loans and through its cash and cash equivalent balances. Interest on Business Finland loans is the base rate as defined by the Finnish Ministry of Finance minus three percentage points, subject to minimum rate of 1 per cent. As the interest during the reporting periods presented have been below the minimum level and the Company has paid the minimum interest of 1 per cent, the interest risk is considered as minimal. With respect of the cash and cash equivalent balances, there is a minor risk that the ECB, in the event of weakening economy, could lower its policy rates further or that the commercial banks would start to charge interest on cash deposits also from smaller companies like Nanoform. In the event of rising interest rates Nanoform would be a relative winner due to its positive net cash position. A one percentage point change in market interest rates would affect earnings by EUR 70 (2018: 50; 2017: 1) thousand. Nanoform does not hedge its interest rate risk.

Credit risk and counterparty risk

The Company's counterparty risk consists mainly of contracts between external customers, suppliers, partners in cooperation and financial institutions. Counterparty risk with financial institutions concerns creditworthy banks and financial institutions. Counterparty risk with the customer contracts is low because when selecting counterparty, only counterparties with high creditworthiness are approved. Counterparty creditworthiness is evaluated constantly, and the required actions are considered case by case if significant changes in the creditworthiness of a counterparty occur. Credit risk is managed by defining the rules for payment terms, authorizations and credit control. The credit quality is evaluated both on the basis of the aging of the receivables as well as the basis of individual case by case customer analysis in order to identify customers with potential higher credit risk due to individual customer specific reasons. The expected credit loss for the trade receivables is recognized on the basis of this credit quality evaluation. The Company follows credit rating of customers given by credit institutions.

22 Financial assets and liabilities

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Financial assets measured at amortized cost				
Trade receivables	20,000	160,000	65,000	6,200
Other receivables	170,430	0	0	35,650
Cash and cash equivalents	7,302,666	5,594,974	98,007	385,636
Total	**7,493,096**	**5,754,974**	**163,007**	**427,486**

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Financial liabilities measured at amortized cost				
Trade payables	570,691	449,737	159,833	196,280
Lease liabilities	2,986,097	1,845,984	312,866	220,143
R&D loans	676,629	554,537	440,729	130,235
Total	**4,233,417**	**2,850,258**	**913,427**	**546,658**

Government loans

Fair value of the R&D loans from Business Finland is calculated by discounting estimated future cash flows for the loans using appropriate interest rate at the reporting date. The discount rate considers the risk-free interest rate and estimated margin for the company's own credit risk. The discount rate in 2019 has been used 7 percentage and in the financial years 2017-2018 10 percentage. Discounted future cash flows are derived from the loan terms containing the timing and the amounts of repayment and the cash payments for interest. The valuation of R&D loans relies on unobservable market data, and the loans are classified in Level 3 (Measurement of financial instruments is not based on verifiable market information).

In 2019, the carrying amount of R&D loans was EUR 676.6 thousand and their fair value was EUR 766.0 (2018: 554.5; 2017: 440.7) thousand. In the comparison years of financial statements, the carrying amounts of the loans correspond to their fair value.

R&D loans are granted to specific development projects and cover a contractually defined portion of the underlying development project's R&D expenses. The below-market interest rate for these loans is the base rate set by the Ministry of Finance minus three (3) percentage points, subject to a minimum rate of 1 per cent. Repayment of these loans shall be initiated after 5 years, thereafter loan principals shall be paid back in equal instalments over a 5-year period, unless otherwise agreed with Business Finland. The interests on R&D loans amounted to EUR 62.1 (2018: 45.7; 2017: 23.9) thousand.

22.1 Changes in liabilities arising from financing activities

Net debt reconciliation

EUR	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2017 (restated)
Cash and cash equivalents	7,302,666	5,594,974	98,007	385,636
Short-term R&D loans	-77,500	0	0	0
Long-term R&D loans	-599,129	-554,537	-440,729	-130,235
Short-term lease liabilities	-413,073	-189,588	-27,250	-9,385
Long-term lease liabilities	-2,573,024	-1,656,396	-285,616	-210,758
Net debt	**3,639,940**	**3,194,454**	**-655,588**	**35,258**

Net debt reconciliation

	Other assets	Liabilities from financing activities				
EUR	Cash and cash equivalents	Short-term lease liabilities	Long-term lease liabilities	Short-term R&D loans	Long-term R&D loans	Total
Net debt as at Jan 1, 2017	385,636	0	-220,143	0	-130,235	35,258
Cash flows	-287,629	0	29,237	0	-502,807	-761,199
Other non-cash movements	0	-27,250	-94,710	0	192,313	70,353
Net debt as at Dec 31, 2017 (restated)	**98,007**	**-27,250**	**-285,616**	**0**	**-440,729**	**-655,588**
Cash flows	5,496,968	56,143	0	0	-143,000	5,410,111
Other non-cash movements	0	-218,481	-1,370,811	0	29,192	-1,560,100
Net debt as at Dec 31, 2018 (restated)	**5,594,974**	**-189,588**	**-1,656,427**	**0**	**-554,537**	**3,194,422**
Cash flows	1,739,454	292,120	0	0	-121,903	1,909,671
Other non-cash movements	-31,763	-515,606	-916,597	-77,500	77,311	-1,464,155
Net debt as at Dec 31, 2019	**7,302,666**	**-413,074**	**-2,573,024**	**-77,500**	**-599,129**	**3,639,940**

23 Provisions

EUR	Onerous contracts
Carrying amount at Jan 1, 2017	0
Carrying amount at Dec 31, 2017	0
Carrying amount at Dec 31, 2018	0
Amounts recognized during the year	19,079
Amounts used during the year	0
Unused amounts reversed	0
Carrying amount at Dec 31, 2019	**19,079**

EUR	2019	2018	2017	Jan 1, 2017
Long-term provisions	0	0	0	0
Short-term provisions	19,079	0	0	0
Total	**19,079**	**0**	**0**	**0**

In 2019 the Company has recognized a provision from an onerous customer contract amounting to EUR 19.1 thousand.

24 Trade payables and other current liabilities

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017 (restated)	Jan 1, 2017
Holiday pay accrual	252,920	104,606	47,154	17,488
Pension contributions and other statutory personnel related insurance premium	26,210	0	3,842	473
Interest expenses	4,476	4,379	2,337	469
Other accruals	292,284	172,604	72,790	0
Total	**575,889**	**281,590**	**126,124**	**18,431**

Other accruals include the accrued variable pay component payables of the management and the accrued acquisition cost of assets.

25 Contingencies and commitments

Lease commitments

EUR	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017	Jan 1, 2017
Within one year	0	0	0	0
Later than one year but not late than five years	0	708,600	0	0
Later than five years	0	366,110	0	0
Total	**0**	**1,074,710**	**0**	**0**

The Company's lease commitments in the comparative year consist of a of lease contract of premises, that was signed during the financial year 2018, but for which the lease commencement date was September 1, 2019.

The patents acquired from University of Helsinki in 2015 have been pledged as a guarantee of unpaid consideration. The acquisition cost of the patents was EUR 175.0 thousand and the corresponding unpaid liability was in 2018 EUR 113.7 (2017: 166.2) thousand. The acquisition price has been fully paid in 2019.

The Company has entered into Director Agreements with its Chief Financial Officer and Investor Relations Direc-

tor whereby they are entitled to a variable pay component of the capital raised by the Company including and until the potential FN Listing. The variable pay component payable to the Company's Chief Financial Officer as a consequence of the FN Listing or any other equity financing transaction is 2.5 per cent of the capital raised from investors, less direct expenses, including fees for the financial advisor. The variable pay component payable to the Investor Relations Director as a consequence of the FN Listing or any other equity financing transaction is 3 percent of the capital raised from investors up to the aggregate maximum amount of EUR 1,210,834. The variable pay component will be subject to applicable employer side costs. The Company has considered the variable pay components related to future capital raises as a contingent liability that are estimated amount to EUR 465,000 as at December 31, 2019.

The Company does not have any other commitments or contingencies to be reported.

Disputes and litigations

The Company's management is not aware of any open disputes or litigations, which could have a significant impact on the Company's financial position.

26 Related party transactions

The Company's related parties are as follows:

- The University of Helsinki and the Helsinki University Funds, which has a significant influence over the Company based on the ownership of 14.5 (2018: 17.0; 2017: 20.7) percentage and its right to nominate a representative to the Company's Board of Directors.
- Members of the Board of Directors and their closely related family members and the entities over which they have control or joint control
- Company's leadership team and their closely related family members and the entities over which they have control or joint control

Nanoform has not had interests in other entities as at and for the years ended December 31, 2019, 2018 and 2017.

Key management personnel

The Company's key management personnel consist of the members of the Board of Directors and the leadership team including CEO.

During 2019, the Company's Board of Directors consisted of Rabbe Klemets, Albert Hæggström and Jouko Yliruusi (until March 27, 2019), replaced by Miguel Calado as of March 27, 2019. In Extraordinary Shareholders' Meeting of September 10, 2019 Mads Laustsen was appointed as member of the Board of Directors.

Compensation and fees recognized as expenses for the members of the Board of Directors

	2019		2018		2017	
EUR	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments
Rabbe Klemets	29,997	106,953	0	0	0	0
Miguel Maria Calado	22,500	71,302	0	0	0	0
Albert Hæggström, CFO	19,992	71,302	0	0	0	0
Mads Laustsen	6,664	60,015	0	0	0	0
Jouko Yliruusi	0	0	0	0	0	0
Total	**79,153**	**309,572**	**0**	**0**	**0**	**0**

EUR	CEO	Leadership team*)
2019		
Salaries and other short-term employee benefits**)	109,100	836,453
Post-employment benefits**)	23,976	124,634
Share-based payments	0	274,570
Total	**133,076**	**1,235,658**
2018		
Salaries and other short-term employee benefits**)	31,500	370,918
Post-employment benefits**)	5,969	68,071
Share-based payments	0	0
Total	**37,469**	**438,989**
2017		
Salaries and other short-term employee benefits	12,720	5,000
Post-employment benefits	2,417	950
Share-based payments	0	0
Total	**15,137**	**5,950**

*) The leadership team without CEO, who's employee benefits are presented separately.

**) Includes the variable pay component of Chief Financial Officer based on Director Agreement.

Salaries and other short-term employee benefits consist of salaries and benefits, and variable pay components. Contributions to statutory pension schemes are presented in the post-employment benefits. The Company and its Chief Financial Officer entered to a Director Agreement on April 20, 2018 according to which the Chief Financial Officer is entitled to a variable pay component in connection with capital raised from investors from June 1, 2018 onwards. For further information on the Director Agreements, see Note 25 Contingencies and commitments.

CEO's period of notice is two months and severance pay is EUR 50 thousand in case of termination by the Company. The retirement age corresponds to the Finnish Statutory Employment Pension Scheme.

During 2019, a total of 830,000 options were granted to the members of the Board of Directors and the leadership team, of which a total of 350,000 options were granted to the members of the Board of Directors, excluding the CFO. More information from Notes to the Financial Statements 20 Share-based payments.

Management shareholding	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Number of shares (pcs)	9,672,150	9,652,150	48,000	48,000
Shareholding, percentage	23.0%	26.9%	34.8%	34.8%

Board shareholding*)	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Number of shares (pcs)	526,000	526,000	2,500	2,500
Shareholding, percentage	1.2%	1.5%	1.8%	1.8%
Total number of shares outstanding at December 31, 2019 (pcs)	42,095,365	35,938,020	137,998	137,998

*) Board of Directors' shareholding, excluding the members of the leadership team

Transactions with related parties and open balance

EUR	2019	2018	2017
Purchases of materials and services from the University of Helsinki	159,218	65,323	3,187

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Liabilities regarding purchases of materials and services from the University of Helsinki	0	141,050	206,150	206,150
Liabilities to key management personnel - variable pay components payable	231,504	172,604	0	0
Total	**231,504**	**313,654**	**206,150**	**206,150**

27 First-time adoption to IFRS standards

Nanoform prepared its first financial statements in accordance with IFRS for the financial year ended on December 31, 2018, including comparative financial information for the financial year ended on December 31, 2017 and the opening statement of financial position as of January 1, 2017. Nanoform's financial statements were prepared previously in accordance with Finnish Accounting Standards ("FAS"). In these financial statements, the Company presents restated information on first-time adoption of IFRS standards, as it has restated previously published financial statements as described in Note 2.2.

The Company has early adopted IFRS 16 Leases standard and applied the following first-time adopter's practical expedients. Lease liability is measured at present value of the remaining lease payments at the date of transition using the lessee's incremental discount rate. A single discount rate has been applied to all lease contracts with similar characteristics. Right-of-use assets are measured at the date of transition at the amount equal to the lease liability.

Statement of comprehensive income 2017

EUR	FAS 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	IFRS 2017 (restated)
Revenue	**65,000**	0	0	0	0	0	**65,000**
			0				
Other operating income	73	0	0	0	180,532	180,532	180,605
Production to own use	540,019	0	-540,019	0	0	-540,019	0
Materials and services	-214,776	54,397	0	0	0	0	-160,378
Employee benefits	-426,202	0	0	0	0	0	-426,202
Depreciation, amortization and impairment losses	-106,928	-22,887	88,099	-25,030	0	63,069	-66,746
Other operating expenses	-107,631	0	0	29,237	0	29,237	-78,394
Operating loss	**-250,444**	**31,510**	**-451,920**	**4,207**	**180,532**	**-267,181**	**-486,115**
Finance income	11	0	0	0	0	0	11
Finance losses	-3,360	0	-189	-7,750	-23,869	-31,809	-35,169
Loss before tax	**-253,794**	**31,510**	**-452,109**	**-3,544**	**156,663**	**-298,989**	**-521,273**
Income tax	0	,	0	0	0	0	0
Loss for the year	**-253,794**	**31,510**	**-452,109**	**-3,544**	**156,663**	**-298,989**	**-521,273**

Statement of financial position Dec 31, 2017

EUR	FAS Dec 31, 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	IFRS Dec 31, 2017 (restated)
ASSETS							
Non-current assets							
Intangible assets	805,123	139,948	-767,807	0	0	-767,807	177,265
Property, plant and equipment	17,721	115,664	0	309,322	0	309,322	442,707
Other receivables	8,964	0	0	0	0	0	8,964
Deferred tax receivables		0	0	0	0	0	0
Total non-current assets	**831,809**	**255,612**	**-767,807**	**309,322**	**0**	**-458,484**	**628,936**
Current assets							
Trade receivables	65,000	0	0	0	0	0	65,000
Prepaid expenses and accrued income	992	0	0	0	0	0	992
Cash and cash equivalents	98,007	0	0	0	0	0	98,007
Total current assets	**163,998**	**0**	**0**	**0**	**0**	**0**	**163,998**
Total assets	**995,807**	**255,612**	**-767,807**	**309,322**	**0**	**-458,484**	**792,934**

Statement of financial position Dec 31, 2017

EUR	FAS Dec 31, 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	IFRS Dec 31, 2017 (restated)
EQUITY AND LIABILITIES							
Equity							
Share capital	2,500	0	0	0	0	0	2,500
Reserve for invested unrestricted equity	665,411	0	0	0	0	0	665,411
Accumulated deficit	-173,256	-14,939	-306,878	0	101,473	-205,405	-393,599
Loss for the year	-253,794	31,510	-452,109	-3,544	156,663	-298,990	-521,274
Total equity	**240,861**	**16,572**	**-758,986**	**-3,544**	**258,136**	**-504,395**	**-246,962**
Non-current liabilities							
R&D loans	698,865	0	0	0	-258,136	-258,136	440,729
Lease liabilities	0	0	0	285,616	0	285,616	285,616
Trade payables	0	113,750	-8,820	0	0	-8,820	104,930
Total non-current liabilities	**698,865**	**113,750**	**-8,820**	**285,616**	**-258,136**	**18,659**	**831,274**
Current liabilities							
Lease liabilities	0	0	0	27,250	0	27,250	27,250
Trade payables	2,403	52,500	0	0	0	0	54,903
Other liabilities	344	0	0	0	0	0	344
Accrued expenses	53,333	72,790	0	0	0	0	126,123
Total current liabilities	**56,080**	**125,290**	**0**	**27,250**	**0**	**27,250**	**208,620**
Total liabilities	**754,945**	**239,040**	**-8,820**	**312,866**	**-258,136**	**45,909**	**1,039,894**
Total equity and liabilities	**995,807**	**255,612**	**-767,807**	**309,322**	**0**	**-458,485**	**792,934**

Statement of financial position Jan 1, 2017

EUR	FAS Jan 1, 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	IFRS Jan 1, 2017 (restated)
ASSETS							
Non-current assets							
Intangible assets	328,311	151,311	-315,888	0	0	-315,888	163,734
Property, plant and equipment	23,629	0	0	220,143	0	220,143	243,772
Other receivables	5,805	0	0	0	0	0	5,805
Total non-current assets	**357,744**	**151,311**	**-315,888**	**220,143**	**0**	**-95,744**	**413,311**
Current assets							
Trade receivables	6,200	0	0	0	0	0	6,200
Other receivables	3,769	0	0	0	35,650	35,650	39,419
Prepaid expenses and accrued income	158	0	0	0	0	0	158
Cash and cash equivalents	385,636	0	0	0	0	0	385,636
Total current assets	**395,763**	**0**	**0**	**0**	**35,650**	**35,650**	**431,413**
Total assets	**753,507**	**151,311**	**-315,888**	**220,143**	**35,650**	**-60,094**	**844,724**

Statement of financial position Jan 1, 2017

EUR	FAS Jan 1, 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	IFRS Jan 1, 2017 (restated)
EQUITY AND LIABILITES							
Equity							
Share capital	2,500	0	0	0	0	0	2,500
Reserve for invested unrestricted equity	665,411	0	0	0	0	0	665,411
Accumulated deficit	-173,255	-14,939	-306,878	0	101,473	-205,405	-393,599
Loss for the year	0	0	0	0	0	0	0
Total equity	**494,656**	**-14,939**	**-306,878**	**0**	**101,473**	**-205,405**	**274,312**
Non-current liabilities							
R&D loans	196,058	0	0	0	-65,823	-65,823	130,235
Lease liabilities	0	0	0	210,758	0	210,758	210,758
Advances received	0	0	0	0	0	0	0
Trade payables	0	166,250	-9,010	0	0	-9,010	157,240
Total non-current liabilities	**196,058**	**166,250**	**-9,010**	**210,758**	**-65,823**	**135,926**	**498,234**
Current liabilities							
Lease liabilities	0	0	0	9,385	0	9,385	9,385
Trade payables	39,040	0	0	0	0	0	39,040
Other liabilities	5,323	0	0	0	0	0	5,323
Accrued expenses	18,431	0	0	0	0	0	18,431
Total current liabilities	**62,793**	**0**	**0**	**9,385**	**0**	**9,385**	**72,178**
Total liabilities	**258,851**	**166,250**	**-9,010**	**220,143**	**-65,823**	**145,311**	**570,412**
Total equity and liabilities	**753,507**	**151,311**	**-315,888**	**220,143**	**35,650**	**-60,094**	**844,724**

Intangible assets

When applying IAS 38 standard to intangible assets arising from development projects, Nanoform has expensed all development costs capitalized under FAS in the statement of comprehensive income. In accordance with FAS, internally developed intangible rights may be recognized as assets following the principle of prudence, assuming that such rights are expected to generate economic benefits during more than one financial period. The development costs include employee benefits and other expenses directly attributable to development projects. The Company will recognize the nanotechnology development costs as an intangible asset when technical and commercial feasibility of the product can be demonstrated, and it is reasonably certain that asset from developed nanotechnology will generate future economic benefits.

In the opening balance as of January 2017, capitalized development of EUR 306.9 thousand have been derecognized to the accumulated deficit. Under FAS capitalized development costs have been presented on gross basis as income under line item 'Production to own use' in the statement of comprehensive income, which has been set to zero in IFRS transition. The amortization of capitalized development costs in the statement of comprehensive income have been adjusted as well. During the financial year ended December 31, 2018, carrying amount of capitalized development expenses derecognized to expenses amounted to EUR 758.8 thousand, decrease in 'Production to own use' income amounted to EUR 540.0 thousand and reversal of financial period amortization EUR 88.1 thousand.

In 2015 the Company acquired patents with a contract, in which the consideration was settled in several instalments during years 2015-2019. According to FAS, the Company had recognized the cost of the patents on a cash flow basis. Since the Company received the control over the patents already in 2015 and the asset acquired fulfilled the other recognition criteria for an intangible asset, the Company has adjusted intangible assets and trade payable on Jan 1, 2017. The Company presents the adjustment as a FAS adjustment in the IFRS statement of financial position. The adjustments increased intangible assets as of January 1, 2017 by EUR 140.0 thousand, trade payables by EUR 157.2 and the net impact of EUR 17.2 thousand was recognized in the accumulated deficit. As of December 31, 2017, the adjustments increased intangible assets by EUR 124.3 thousand and trade payables by EUR 157.4 thousand. Under IFRS the liability has been discounted to present value. Further, the Company has revised the useful economic lives of patents and concluded, that the five-year amortization period previously used did not reflect the average legal protection period of the patents. The Company has therefore lengthened the amortization period for the patents to 10 years and adjusted the amortizations retrospectively effective from the acquisition dates. As a result, the carrying value of intangible assets is EUR 2.3 thousand higher in the opening IFRS statement of financial position as of January 1, 2017. As of December 31, 2017, the carrying value of the patents is EUR 6.7 thousand higher, respectively. During the financial period 2017, the amortizations have been adjusted by EUR 4.4 thousand, respectively.

Leases

Nanoform has early adopted IFRS 16 Leases -standard. As a result of the adoption, all lease agreements are recognized in the statement of financial position. In accordance with IFRS 16, the Company recognizes a right-of-use asset and a finance liability corresponding to lease payments in the statement of financial position. Under FAS, lease payments are recognized in other operating expenses straight-line over the lease term and future lease payments subsequent to financial year-end are disclosed as off-balance sheet commitments. Under IFRS, lease payments are adjusted from other operating expenses to instalments of lease liability and to interest expense. Right-of-use assets recognized in the statement of financial position are depreciated.

In the opening IFRS statement of financial position as of January 1, 2017, the Company has recognized right-of-use assets as presented in line item 'Property, plant and equipment' and corresponding lease liabilities amounting to EUR 220.1 thousand. The carrying value of right-of-use assets in the statement of financial position as of December 31, 2017 was EUR 309.3 thousand and lease liabilities were EUR 312.9 thousand. In 2017, the depreciations of right-of-use assets were EUR 25.0 thousand, other operating expenses were decreased by EUR 29.2 thousand and financial expenses were increased by EUR 7.8 thousand.

Government grants and financial instruments

Nanoform has government loans at below-market interest from Business Finland. The loans are granted to specific development projects and cover contractually defined portion of the underlying development project's R&D expenses. The below-market interest rate for these loans is the base rate set by the Ministry of Finance minus three (3) percentage points, subject to a minimum rate of 1 per cent. Under FAS, indirect government grants are not recognized, and loans are recognized at nominal value. Under IFRS financial statements, the Company has recognized indirect government grant as a difference between the initial fair value of the loan and the proceeds received. The fair values of the loans are measured by discounting estimated future cash flows of the loans using the Company's estimation on market rate to the loan.

The indirect government assistance in the form of government loans is recognized as grant income and recorded as other operating income in the same period in which the company recognizes the expenses for which the benefit is intended to compensate. The income recognized for the share of government grant component, for which corresponding loan is not yet withdrawn, is presented as other receivables in the statement of financial position.

In the opening balance as of January 1, 2017, the fair value adjustment of the loans decreased the carrying amount of R&D loans by EUR 65.8 thousand. The government grant recognized as income, from which corresponding loan was not yet withdrawn, amounted to EUR 35.7 thousand and has been recognized in other receivables.

The adjustments decreased the accumulated deficit in the opening IFRS statement of financial position by EUR 101.5 thousand. The fair value adjustment of the loans as of December 31, 2017 decreased the carrying amount of R&D loans by EUR 258.1 thousand. In the statement of comprehensive income for 2017, the government grants of EUR 180.5 thousand was recognized in other operating income and interest on R&D loans amounting to EUR 23.9 thousand in the finance expenses.

Property, plant and equipment

The Company has capitalized acquisition costs of certain machinery and equipment, which were previously recognized as expenses. The correction has been presented as a FAS adjustment as the criteria for capitalizing a property, plant and equipment asset in the statement of financial position has also been met in the financial statements in accordance with FAS. These adjustments have not impact on the opening IFRS statement of financial position, but as a result, the carrying value of property, plant and equipment is EUR 115.7 thousand higher and accrued expenses are EUR 72.8 thousand higher as of December 31, 2017, respectively. For the financial year 2017, the depreciation expense increased by EUR 11.5 thousand, and the materials and services decreased by EUR 54.4 thousand, respectively.

28 Events after reporting date

The Company has established a subsidiary, Nanoform USA Inc., in the United States. The subsidiary operates as a sales company in the US markets.

Nanoform's Annual General Meeting (the "AGM") was held in Helsinki on April 7, 2020. The following matters among others were handled:

- The number of members on the Board of Directors was confirmed to be three. Miguel Calado was elected as Chairman, Mads Laustsen as Vice Chairman and Albert Hæggström re-elected as member of the Board of Directors for the next term of office.
- The AGM decided to issue option rights at most 350,000 without payment (option program 2/2020). The Chairman of the Board of Directors is entitled to subscribe a maximum of 150,000 shares and members of the Board of Directors each a maximum of 100,000 shares. Each option right entities the option holder to subscribe one share and the option rights vest linearly so that the options are 100 per cent vested within one year from the grant date. The options have a service condition which requires employment or service relationship during the vesting period. The subscription period of the shares with option rights begins linearly as the registered option rights are vested. Subscription price of shares with vested options is EUR 2,45 per share. Expense from the option program has been recognized from the grant date of the options, April 7, 2020.
- The AGM resolved to authorize the Company's Board of Directors to decide on a share issue for the completion of the contemplated listing of the Company's shares on First North Premier Growth Market maintained by Nasdaq Finland Oy and First North Premier Growth Market maintained by Nasdaq Stockholm Aktiebolag. The AGM authorized the Company's Board of Directors to resolve upon the issuance of new shares in one or more installments against payment. The amount of the new shares to be issued pursuant to the authorization would not exceed a total of 30,000,000 shares.

The Company changed its form of incorporation to a public limited company and increased the share capital to required EUR 80,000 through a transfer of the funds from the reserve for invested unrestricted equity. No new shares were issued. The name of the Company was changed from Nanoform Finland Ltd to Nanoform Finland Plc. The increase of share capital and the change of the company form were registered to trade register on April 24, 2020.

On April 24, 2020, the Company issued 1,300,000 new shares for subscription based on the options that the Company had granted to certain investors as part of 1/2016 option program. The subscription price for shares was EUR 0.32 per share and total proceeds of EUR 416 thousand were recorded to the reserve for invested unrestricted equity.

On April 29, 2020 the Company received a GMP Certificate from FIMEA for the nanoforming of the API piroxicam for use in clinical trials.

On May 7, 2020, The Company received subscription commitments from Cornerstone Investors to subscribe shares equal to EUR 45.5 million in total. Receipt of the proceeds based on subscription commitments is conditional to successful completion of the First North listing and certain other customary conditions.

The COVID-19 global outbreak has not had significant delays or disruptions to Company's customer project timelines after the end of the reporting period.

Signatures for the financial statements

Helsinki May 21, 2020

Miquel Calado
Chairman of the Board of Directors

Mads Laustsen
Vice Chairman of the Board of Directors

Albert Hæggström
Member of the Board of Directors

Edward Hæggström
CEO

Auditor's Report (Translation of the Finnish Original)

To the Board of Directors of Nanoform Finland Plc

Audit of the Financial statements

Opinion

In our opinion, each financial statements included in the Financial statements give a true and fair view of the company's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

What we have audited

We have audited the set of financial statements of Nanoform Finland Plc (business identity code 2730572-8, former Nanoform Finland Ltd) comprising financial statements for the financial years ended December 31, 2019, 2018 and 2017 (the "Financial statements"). Financial statements have been prepared solely for the purpose of inclusion in the offering circular prepared in accordance with commission regulation (EC) N:o 2017/1129 and commission delegated regulation (EC) 2019 /980. The offering circular has been prepared in connection with the initial public offering and the listing of Nanoform Finland Plc's shares on the First North Premier Growth Market maintained by Nasdaq Helsinki Oy and Nasdaq Stockholm AB. Each financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies.

This auditor's report has been prepared only for the purpose of including it in the in the Offering Circular mentioned above.

Basis for Opinion

We conducted our audit in accordance with International Auditing Standards (ISA). Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of each financial statements included in the Financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether each financial statements included in the Financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 21 May 2020

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tomi Moisio
Authorised Public Accountant (KHT, JHT)

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