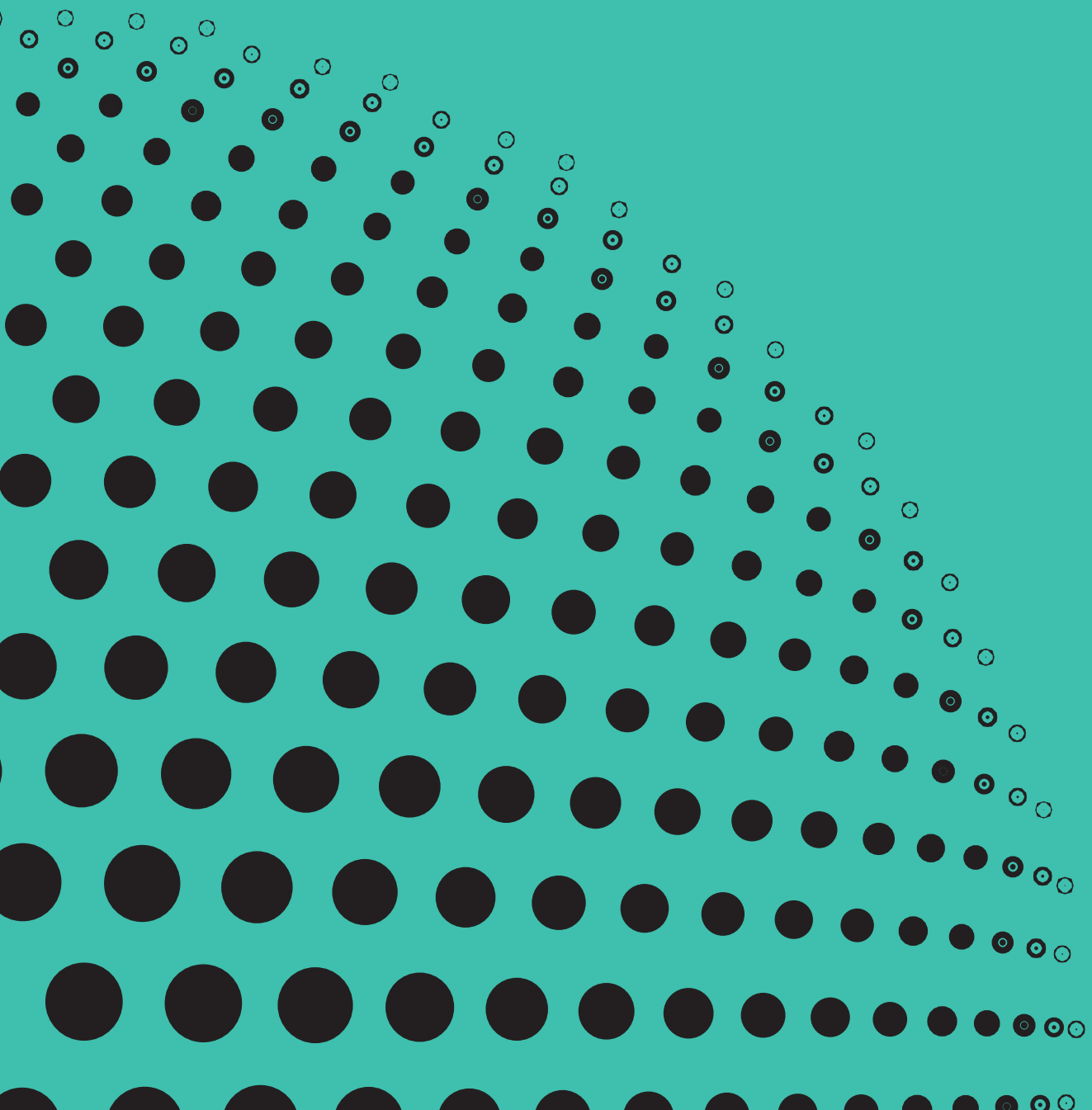
nanoform
small is powerful

Q1 Interim Report
JANUARY–MARCH 2021



Nanoform's January–March 2021 review:

Strong momentum continues: three new non-GMP lines commissioned, four new clients signed and six new customer PoC projects commenced. In addition, positive results from first clinical study announced, two near-term business targets achieved ("First Biologics PoC in 2021" and "at least three new non-GMP lines in 2021"), next generation STARMAP® launched, EUR 40 million successfully raised and commercial teams in the US and the UK further strengthened.

1–3/2021 key financials:

- Revenue EUR 278 thousand, growth + 85%, stemming from 14 different customer projects (EUR 150 thousand, 6 customer projects in 1–3/2020).
- The gross profit and gross margin improved to EUR 243 thousand and 88%, respectively (EUR 103 thousand, 68%).
- EBITDA improved to EUR -3.925 million (EUR -4.136 million).
- The operating loss was flat at EUR -4.362 million (EUR -4.365 million).
- The loss for the period improved to EUR -4.270 million (EUR -4.588 million).
- Basic EPS was EUR -0.06 (EUR -0.11).
- The number of employees grew to 87 at the end of review period (50).
- EUR 40.0 million (gross) was raised in a new share issue.
- Cash position was EUR 94.8 million on March 31, 2021 (EUR 4.8 million).

Significant events during 1–3/2021

- Early January, a new near-term business target was announced: "At least 12 new non-GMP and at least one GMP customer project in 2021".
- In January, Nanoform announced positive interim results from its clinical study. The interim results suggested that a nanoformed oral piroxicam tablet achieved significantly faster absorption when compared to the reference tablet from the originator Pfizer.
- In February, Nanoform and Herantis Pharma Plc signed a Biologics Proof of Concept Agreement aiming to enhance nasal drug delivery to the brain of Herantis' CDNF therapies for Parkinson's disease using Nanoform's proprietary biological nanoparticle technology. As a result, Nanoform achieved its near-term business target of "First Biologics PoC project signed in 2021".
- In February, a PoC agreement was signed with an East Coast US Biotech Company.
- In February, Nanoform announced further positive interim results from its clinical study. The fast absorption data from the second part of the study implied that nanoforming might offer viable alternatives to complex formulation approaches such as cyclodextrin based technologies.
- In February, Nanoform appointed Dr Jamie Unwin as Commercial Insights Officer, based in Oxford UK, starting in April.
- On February 26, a new near-term business target was announced: "At least three new non-GMP lines in 2021 and two new GMP lines in 2022".
- In March, Nanoform and Nacuity Pharmaceuticals, a Texas-based clinical stage pharmaceutical company, signed a technology Proof of Concept agreement to enhance ophthalmic drug delivery of Nacuity's NPI-001 and NPI-002 drug candidates.
- In March, a PoC agreement was signed with a European Biotech Company.
- In March, Nanoform launched the next generation of its STARMAP® artificial intelligence platform, v2.0. The technology utilizes sparse-data AI to augment experimental results from its CESS® nanoparticle engineering process with detailed expert knowledge, allowing reliable predictions to be made regarding partners' potential success of nanoforming their drug molecules. STARMAP® is a digital version of the CESS® technology that enables *in silico* experiments in large quantities, creating fast predictions of which molecules should be nanoformed.
- In March, EUR 40 million (gross) was raised in a successful new share issue through an accelerated bookbuilding process. The considerably oversubscribed capital raise attracted strong interest from Nordic and international investors, including a considerable number of large global Tier 1 institutional investors.
- In March, Nanoform appointed Dr Chris Worral as VP Business Development US, based in San Diego, starting in May.
- During 1–3/2021 three new non-GMP lines were commissioned. As a result, the near-term business target "at least three new non-GMP lines in 2021", was achieved. The total capacity at the end of the quarter was 11 non-GMP lines and one GMP line.

Significant events after 1–3/2021

- On April 6, at the AGM, the Board of Directors, chaired by Miguel Calado, was re-elected
- In April, Nanoform and Aprecia, a US-based three-dimensional printing pharmaceutical company, announced that they are exploring the synergies between their respective technologies in the field of nanoparticle-enabled 3DP dosage forms. The collaboration targets to combine Nanoform's fast dissolution nanoformed particles with Aprecia's ZipDose-technology platform for rapid disintegration to enable high performance buccal and oral delivery of medicines to patients where rapid absorption is essential.

- In May, Nanoform announced the completion and final results of its clinical study. The primary, secondary and optional exploratory objectives of the study were all met. The results showed that Nanoform's CESS® technology enabled development of a fast-acting piroxicam immediate release tablet formulation with more rapid absorption and improved drug delivery performance in comparison to a standard reference IR tablet. The study outcome confirmed earlier published interim results and support the clinical utility of Nanoform's technology and its potential applicability for producing fast-acting dosage forms for poorly soluble drugs.
- In May, Nanoform and a US listed metabolic pharmaceuticals company signed a collaboration agreement.
- In May, Nanoform and Celanese Corporation, a global specialty materials company, announced plans to explore the synergies between their respective technologies in the field of nanoparticle-enabled drug delivery. The goal is to assess the utility of combining Nanoform's nanoparticle platform technologies with Celanese's VitalDose® EVA copolymer delivery technology for drug-eluting implants. The aims are to enable the development of next-generation drug delivery devices that support increased drug load and possess enhanced sustained release properties. Nanoform and Celanese intend to work on formulation development, leveraging each organization's unique formulation expertise.

Nanoform Q1/2021 Conference Call on May 27th at 3.00 p.m. Finnish time (2.00 p.m. Swedish time)

Nanoform Finland Plc ("Nanoform"), an innovative nanoparticle medicine enabling company, will publish its Q1/2021 report on May 27, 2021, at 8.10 a.m. Finnish time / 7.10 a.m. Swedish time.

The company will hold a conference call and an online presentation on the same day at 3.00 p.m. Finnish time / 2.00 p.m. Swedish time. Nanoform will be represented by CEO Edward Hæggström, CFO Albert Hæggström and CBO Gonçalo Andrade. The presentation will be delivered in English.

The presentation will be broadcast live as a webcast available at: https://financialhearings.com/event/13594

Teleconference dial-in numbers:
FI: +358 9 81710522
SE: +46 8 56642703
UK: +44 3333 009274
US: +1 833 8230587

Nanoform Group's key figures

Financial KPI's

EUR thousand	1–3/2021	1–3/2020	1–12/2020	1–12/2019
Revenue	278	150	687	49
Gross profit	243	103	497	-323
EBITDA	-3,925	-4,136	-18,196	-6,900
Operating loss	-4,362	-4,365	-19,423	-7,344
Loss for the period	-4,270	-4,588	-19,441	-7,554
Basic EPS (EUR)	-0.06	-0.11	-0.35	-0.19
Net debt	-88,133	601	-54,156	-3,640
Net debt excluding lease liabilities	-93,751	-3,857	-59,977	-6,626
Investments in property, plant and equipment	-861	-323	-2,336	-1,804
Operative free cash flow	-4,786	-4,460	-20,532	-8,704
Cash and cash equivalents (end of period)	94,818	4,799	61,025	7,303

Operational KPI's

EUR thousand	1–3/2021	1–3/2020	1–12/2020	1–12/2019
Number of new customer projects started during the period				
Non-GMP	6	4	10	2
GMP	0	0	0	0
Number of lines (end of the period)				
Non-GMP	11	6	8	4
GMP	1	1	1	0
Number of employees (end of the period)	87	50	74	43

Company near-term business targets for 2021 and 2022

- First Biologics PoC project in 2021 (achieved in February)
- At least three new non-GMP lines in 2021 (achieved in March)
- At least 12 new non-GMP and at least one GMP customer projects in 2021
- Two new GMP lines in 2022

Company mid-term business targets 2025 (unchanged)

- to nanoform at least 50 new Active Pharmaceutical Ingredients (API) 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
- to be cash flow positive

CEO's review

A great start to 2021!

During Q1/21 Nanoform has continued to show strong momentum; two near-term business targets have been achieved ("First Biologics PoC project in 2021" and "at least three non-GMP lines in 2021"), six new customer non-GMP projects have started (half of the full year target "at least 12 non-GMP projects in 2021"), four new customers have signed, three new non-GMP lines have been commissioned, exceptional individuals from all over the world have joined, EUR 40m have been raised (I explicitly thank all investors for the faith you have placed in the Nanoform team, the response we get from you during our roadshows is remarkable and energizing), the next generation of our STARMAP® artificial intelligence platform was launched and a clinical trial with great results was successfully executed.

Based on client interaction, sales pipeline, and after further strengthening our US & UK teams during this quarter, (our global commercial team is three times stronger than one year ago) I am confident that the strong commercial momentum will continue and foresee that the coming quarters will show accelerating top-line growth from the 85% annual growth achieved in Q1.

My focus is now on ensuring that Nanoform enters the next stage in its growth trajectory. By that I mean the world of GMP projects supplying material to clinical trials with the long-term vision to help one billion patients. We will at our Capital Markets Day next week on June 4, on the one-year anniversary since our IPO, update our mid-term targets to include the Biologics initiative. I look with confidence and excitement to the coming years.

None of this can be done without our amazing employees and great partners. My sincere THANK YOU to you all for your continued dedication to Nanoform and for the inspiring and innovative work for which we are known.

Best Regards,

Prof. Edward Hæggström, CEO Nanoform

P.S. A few words about biological drugs ahead of our CMD in relation to which our new mid-term 2025 targets including Biologics will be announced:

Treating human diseases has traditionally relied on small molecules, which due to their chemically well-defined nature, rather simple synthesis process, and small molecular size can be effective and will continue to remain a major therapeutic component. However, already some 45 years ago, advances in gene technology and biotechnology allowed production of proteins and other biological molecules in living cells using recombinant DNA technology. In addition to therapeutic proteins, biologics today also comprise nucleic acid (DNA and RNA) based therapies including gene therapy, gene editing, siRNA, and antisense therapies.

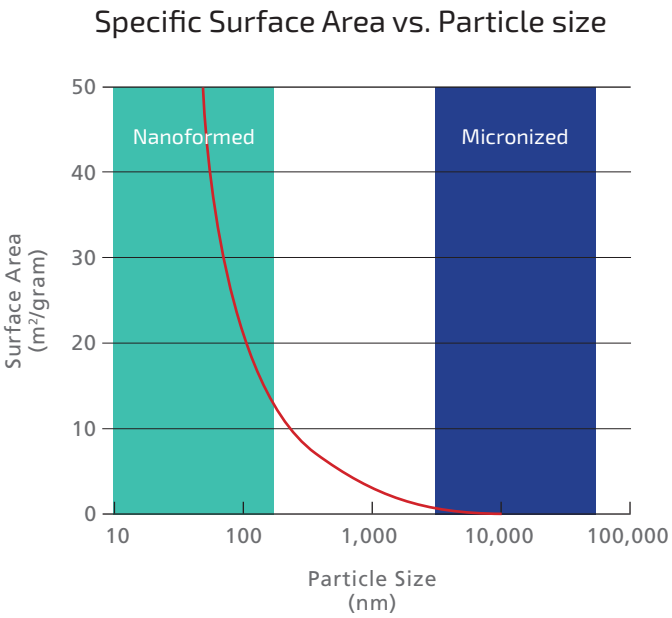
The recent development and success of biological drugs has been impressive. The industry has become versatile and is moving from antibody-focused production to gene and cell therapies, exosomes, bispecific antibodies, fusion proteins, and nanotechnology approaches. Of the more than 18,000 drugs in the pharma pipeline more than 40% are already biologicals. Despite their success, biologicals still face challenges: The cost of production is high, and there is a need to improve their pharmacokinetic and pharmacodynamic properties, namely their targeting ability, and to reduce off-target effects and side-effects.

Nanoparticles (NPs) are increasingly used to improve the pharmacokinetic properties and delivery of the drugs, leading to the development of new nanomedicines. NPs are often used as non-viral vectors for drug delivery to different cells and organs, including the brain. One such example is the oncology blockbuster, Abraxane, that relies on a human serum albumin nanoparticle as a carrier for paclitaxel amorphous nanoparticles. NPs can thus be tailored to encapsulate the drugs but can also be engineered so that the surface is modified to incorporate the drugs and to ensure the deposition of the drug containing nanoparticles at the cellular surface.

When placed inside or when attached to NPs, biological molecules are stabilized from enzymatic clearance and sequestration. Over the past years the industry has seen market approval of liposome-based NPs as a drug delivery system for nucleic acids and the growing number of gene therapy products in development indicate that this trend is picking up. These formulations are typically injectable and need to be made sterile, adding cost and complexity to the manufacturing of the product. There are advantages of converting injectable products (intravenous or subcutaneous) into oral solid dosage forms. Engineering a biological drug containing NP that can be directly compressed into a tablet or as a suspension for injection with a tailored release profile offers significant advantages in the drug delivery arena.

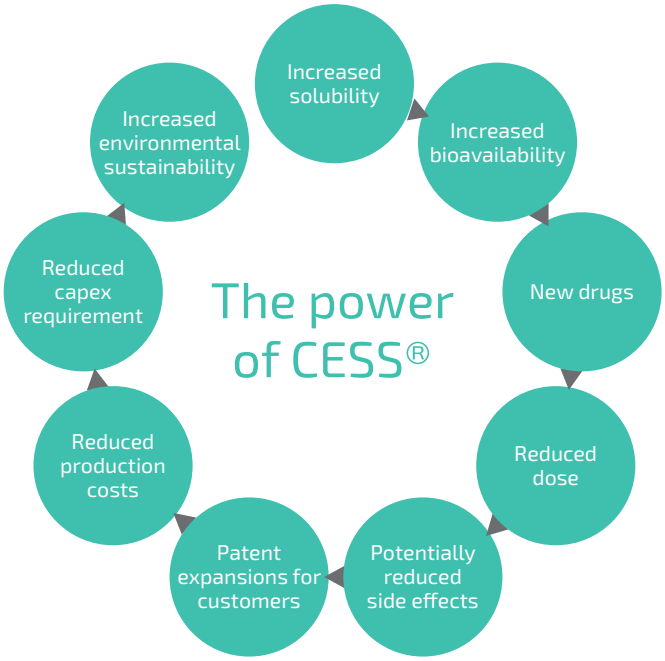
An exciting new approach that might facilitate this conversion is direct nanoforming of biologics. This may improve pharmacokinetic properties of the biologicals and may also allow creating carriers with completely new properties and enabling new drug modalities. Another important recent new modality development is combining messenger RNA (mRNA) with nano-sized carriers to deliver protein function to cells. Using chemically modified mRNA with improved NPs allows a wide spectrum of applications, including COVID-19 vaccines. Combining this approach with homing peptides and use of multiple mRNAs can be applied in biological drug development for CNS diseases where they are currently not applied. In the specific case of brain targeted therapies, the efficiency of NPs in delivering the drug, especially to the brain, mainly depends on the circulation time of NPs in the blood, ability to cross the BBB and reach the target cells that are largely defined by the NP size, composition, and surface functional groups.

Smaller particle size improves a drug's bioavailability



The surface area increases 30 fold from a 10 micron[1] sized particle once the particle size is reduced to 100nm

Reduction of particle size down to 50nm increases the surface area by 1,000 fold



Nanoform in brief

Nanoform Finland Plc is a public company offering expert services in nanotechnology and drug particle engineering for the global pharma industry. Nanoform employs a pioneering CESS® technology used to nanoform APIs into crystalline or stable amorphous nanoparticles. Nanoform has a growing pipeline of customers that represent global large, mid-sized and specialty pharmaceutical as well as biotechnology companies.

Nanoform'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. Using Nanoform's patented and scalable CESS® technology, Nanoform presents the potential to improve the bioavailability and efficacy of drugs by decreasing the size of the drugs' API particles.

Nanoform has not outsourced or out licensed its patent protected CESS® technology platform, in order to keep control of its technology, service offering and know-how.

The CESS® technology

Nanoform's 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 Nanoform'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.

Market outlook

Nanoform operates in one of the world's largest markets, the global pharmaceutical market, which turnover exceeds USD 1,000 billion and where the annual R&D budget is some USD 180 billion. Despite the enormous investments in R&D less than 50 new drugs have been approved by the FDA annually during the last ten years. One of the key reasons why so few medicines are approved each year is low bioavailability of the API. With 70 to 90 per cent of new drugs being poorly soluble we expect that the challenges with bioavailability will only increase going forward. Hence, we have seen significant interest in our potentially ground-breaking technology platform from the global pharma market. This broad interest comes from global large, mid-sized, specialty pharmaceutical as well as from biotechnology companies. We expect the high customer interest in our technology to continue regardless of the COVID-19 situation.

The drug development industry is highly regulated and characterized by a step-by-step development process, from discovery and clinical trials to market sale. It is considered a defensive industry where the underlying demand is non-cyclical and steadily increasing as the global population grows wealthier and older and as chronic diseases become more prevalent. The defensive nature of the industry has been clearly seen during the COVID-19 turbulence on both the global stock markets, but also in the stable demand for the pharma industry's products and services. During the last year we have seen some implications of the pandemic but no significant delays or disruptions to customer project timelines due to COVID-19.

The high attrition rate in the global drug development pipeline – with one of the key reasons being low bioavailability – limits the number of new drugs that reach the market. This increases the maturity of pharmaceutical companies' commercial product portfolios, with the average share of revenue stemming from drugs that have been on the market for more than ten years amounting to more than half for many of the world's largest pharma companies. With an old product portfolio, the vulnerability to upcoming patent expirations increases as does the importance of lifecycle management of existing drugs. As Nanoform's technology platform provides an opportunity to help not only to lower the attrition of new drugs in development but also with lifecycle management of existing drugs on the market we foresee continued interest in the technology. By providing opportunities for pharma companies to seek to extend patent protection by allowing for patents for, among others, new indications, dosage forms and delivery mechanisms our technology may create significant value to our customers. Many jurisdictions allow for alternative simplified regulatory pathways, such as section 505(b)(2) of the Federal Food, Drug and Cosmetic Act in the U.S., for already commercialized drugs for which clinical safety or efficacy data is already available.

Nanoform's commercial operations are at an early stage and during the period its affairs have comprised of both R&D activities and Proof of Concept (PoC) type of R&D services provided to its customers. Our existing customers include global large, mid-sized and specialty pharmaceutical as well as biotech companies. Major pharma companies are in general entities integrated across the entire pharmaceutical value chain and therefore often do 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 several factors, e.g., the potential competitive landscape it faces, the need for financing future R&D of novel drug candidates, and the benefit or value the drug is deemed to add for its target group. However, actual pricing mechanisms, including, e.g., potential reimbursement and regulatory restrictions on pricing of drugs, vary between different jurisdictions. Contract development and manufacturing organizations (CDMO) focus specifically on drug development and manufacturing. Pricing of the services of these companies differs from pricing by pharma companies since 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. While price is an important factor in client negotiations, the most important and decisive factor is how much value our technology and service offer. We believe our proprietary technology offers and can offer significant value and hence will be priced with a material premium to traditional technologies.

Financial review for January 1 – March 31, 2021

Revenue

Nanoform Group's revenue in January–March 2021 increased by 85% to EUR 278 (150) thousand. Revenue stemmed from 14 customer Proof of Concept type of research and development projects where the company has offered expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry.

Results

Nanoform Group's operating loss in January–March 2021 was EUR -4,362 (-4,365) thousand. The company's costs have stemmed mainly from employee benefits expenses and other operating expenses. Employee benefits expenses included performance related variable compensations and other operating expenses like external R&D and GMP related consulting. The depreciations increased due to commissioned new non-GMP lines and other instruments e.g., related to pharmaceutical development and quality control.

Nanoform Group's gross profit was positive in January–March 2021 and came in at EUR 243 (103) thousand due to the positive effect from the increase in revenue. The gross margin was 88% (68%). The loss before tax and the loss for the period January–March 2021 was EUR -4,270 (-4,588) thousand. Earnings per share was -0.06 (-0.11). The finance income included changes in foreign exchange rates of EUR 1,130 thousand and the finance expenses included changes in the fair market value of share investment of EUR -623 thousand and changes in foreign exchange rates of EUR -320 (-168) thousand.

Financial position and cash flows

Nanoform Group's total assets at the end of review period were EUR 107,477 (12,477) thousands. Equity was EUR 97,139 (3,520) thousand and cash and cash equivalents were EUR 94,818 (4,799) thousand. Net debt amounted to EUR -88,133 (601) thousand.

Nanoform Group's cash flow from operating activities in January–March 2021 was EUR -4,419 (-2,240) thousand. The change in working capital was EUR -675 (1,751) thousand. Cash flow from investing activities was EUR -898 (-329) thousand consisting mainly of investments in the non-GMP production lines. Cash flow from financing activities was EUR 38,299 (236) thousand mainly consisting of proceeds raised from the share issue, which was EUR 38,555 thousand net of transaction costs. Loans withdrawn from Business Finland amounted to EUR 0 (362) thousand. The impact of repayments on lease liabilities was EUR -256 (-126) thousand.

Investments, research and development

The Group's investments in property, plant and equipment in January–March 2021 amounted to EUR 861 (323) thousand consisting mainly of investments into non-GMP production lines, in the comparable period investments were mainly related to GMP production line and cleanroom facilities. Additions to GMP and non-GMP facilities are classified as construction in progress until GMP Certificate is obtained for the new GMP lines and new non-GMP production lines are commissioned.

The total R&D expenses in January–March 2021 amounted to EUR 866 (453) thousand, recognized as an expense in the income statement in employee benefits and other operating expenses.

Personnel, management and the Board of Directors

The number of personnel at the end of the review period was 87 (50) persons.

During the review period Nanoform's members of the Board of Directors were Miguel Calado (Chairman), Mads Laustsen (Vice Chairman), Albert Hæggström and Cynthia Schwalm. The CEO was Edward Hæggström.

The company's Annual General Meeting convened on April 6, 2021, and re-elected Miguel Calado (Chairman), Mads Laustsen, Albert Hæggström and Cynthia Schwalm to the company's Board of Directors for the next term of office. (See more info Note 11).

Shares and shareholders

Nanoform's share is listed on the Premier segment of Nasdaq First North Growth Market in Helsinki (ticker: NANOFH) and Stockholm (ticker: NANOFS).

Nanoform's registered share capital is EUR 80,000. At the end of the review period, the company held 72,234,246 (42,095,365) fully paid shares. The share's volume weighted average price during the review period was EUR 7.23 and SEK 73.43, the highest price paid during the review period was EUR 8.80 and SEK 88.30 and the lowest price paid EUR 5.97 and SEK 60.00. The closing price of the share at the end of review period was EUR 7.25 and SEK 74.95. The market value of the share capital on March 31, 2021 was EUR 523.7 million.

Nanoform had almost 9,000 shareholders at the end of the period, up roughly 1,000 during the quarter - with approximately half of them holding SEK nominated shares and half of them holding EUR nominated shares. The 25 largest shareholders held roughly three fourths of all Nanoform's shares and votes at the end of the review period. (Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear Sweden, Euroclear Finland and Morningstar)

Share-based incentive plans

During the review period Nanoform had ten (10) active share-based incentive plans for the members of the Board of Directors and key persons of the Group: option programs 1-5/2019 and 1-5/2020. Based on all the option programs, with strike prices ranging from EUR 1.1 to EUR 5.00 a total maximum number of 2.976.726 shares can be subscribed (For more info see Note 7). After the review period in April 2021 certain stock option holders have exercised part of their stock options and subscribed for Nanoform shares. After the review period, AGM has approved a new stock option program 1/2021, and the Board of Directors has approved stock option program 2/2021 (For more info see Note 11).

Near-term risks and uncertainties

Nanoform operates in a strictly regulated industry, the pharmaceutical industry. The Group's business is based on a new technology that has not yet been widely applied in humans. As Nanoform is an early-stage company, the viability of its business model has not yet been proven and the Group has been operating at a loss, with no proof so far of being able to sustainably cover its costs with revenues without additional external funding. The most important business-related risks are associated with the Group's growth targets and their achievement with the company's chosen strategy. Industry-related risks are mainly associated with a target market which is both highly regulated and conservative and where adaption of new technologies can take longer than expected.

Risks associated with the Group's financial position mainly comprise of currency-, credit- and counterparty risks as well as the stock market risk from any share investments. Foreign exchange fluctuations arise from SEK, GBP, USD, and NOK currency exposure. The Company's counterparty risks consist mainly of contracts between external customers, suppliers and partners in co-operation and financial institutions. Stock market risk stems from the changes in the market value of the held Herantis Pharma Plc shares. Nanoform does not hedge its currency or stock market risk. Risks related to legislation, rules and regulatory compliance are associated with the group's sector of industry.

Condensed interim financial information January–March 2021

Consolidated statement of comprehensive income

EUR thousand	Note	1–3/2021	1–3/2020	1–12/2020
Revenue	4	278	150	687
Other operating income			13	27
Materials and services		-35	-60	-216
Employee benefits	7	-2,760	-2,942	-12,526
Depreciation, amortization and impairment losses	6	-437	-228	-1,226
Other operating expenses	5	-1,408	-1,297	-6,168
Total expenses		**-4,640**	**-4,527**	**-20,136**
Operating loss		**-4,362**	**-4,365**	**-19,423**
Finance income		1,136	0	1,674
Finance expenses		-1,044	-223	-1,689
Total finance income and expenses		**92**	**-223**	**-15**
Loss before tax		**-4,270**	**-4,588**	**-19,438**
Income tax				-4
Loss for the period		**-4,270**	**-4,588**	**-19,441**
Loss for the period attributable to the equity holders of the parent company		**-4,270**	**-4,588**	**-19,441**
Other comprehensive income				
Items that may be reclassified to loss				
in subsequent periods				
Translation differences		1		-1
Other comprehensive income, net of tax				
Total comprehensive income total		**-4,269**	**-4,588**	**-19,442**
Total comprehensive income for the period attributable to the equity holders of the parent company		**-4,269**	**-4,588**	**-19,442**
Basic and diluted earnings per share, EUR		-0.06	-0.11	-0.35

Consolidated statement of financial position

EUR thousand	Note	March 31, 2021	March 31, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Intangible assets		238	152	211
Property, plant and equipment	6	10,314	6,850	10,016
Investments		1,172		1,795
Other receivables		295	24	295
Total non-current receivables		**12,018**	**7,026**	**12,317**
Current assets				
Trade receivables		88	165	226
Other receivables		126	153	116
Prepaid expenses and accrued income		426	334	202
Cash and cash equivalents	8	94,818	4,799	61,025
Total current assets		**95,459**	**5,451**	**61,569**
Total assets		**107,477**	**12,477**	**73,886**
EQUITY AND LIABILITIES				
Equity				
Share capital		80	3	80
Reserve for invested unrestricted equity		128,235	17,707	89,680
Accumulated deficit		-26,906	-9,601	-7,683
Loss for the period		-4,270	-4,588	-19,441
Total equity		**97,139**	**3,520**	**62,635**
Non-current liabilities				
R&D loans	8	989	865	971
Lease liabilities	8	4,706	3,858	4,920
Advances received				
Trade payables				
Total non-current liabilities		**5,695**	**4,723**	**5,891**
Current liabilities				
Provisions				
R&D loans	8	78	78	78
Lease liabilities	8	912	599	901
Advances received		162	52	46
Trade payables		735	815	1,219
Other liabilities		353	96	222
Accrued expenses	9	2,404	2,593	2,895
Total current liabilities		**4,643**	**4,234**	**5,360**
Total liabilities		**10,338**	**8,957**	**11,251**
Total equity and liabilities		**107,477**	**12,477**	**73,886**

Consolidated statement of changes in equity

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2021	**80**	**89,680**	**-1**	**-27,124**	**62,635**
Loss for the period				-4,270	-4,270
Other comprehensive income					
Translation differences			1		1
Transactions with equity holders of the Company					
Increase of the share capital					
Share subscription with stock options					
Share issue*)		38,555			38,555
Share-based payments				217	217
At March 31, 2021	**80**	**128,235**	**0**	**-31,176**	**97,139**

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					
Increase of the share capital					
Share subscription with stock options					
Share issue*)					
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, 2020	**3**	**17,707**		**-9,777**	**7,932**
Loss for the period				-19,441	-19,441
Other comprehensive income					
Translation differences			-1		-1
Transactions with equity holders of the Company					
Increase of the share capital	78	-78			
Share subscription with stock options		438			438
Share issue*)		71,612			71,612
Share-based payments				2,095	2,095
At December 31, 2020	**80**	**89,680**	**-1**	**-27,124**	**62,635**

*) netted transaction costs in the reporting period EUR 1,442 thousand (December 31, 2020: EUR 8,316 thousand)

Consolidated statement of cash flow

EUR thousand	Note	1–3/2021	1–3/2020	1–12/2020
Cash flow from operating activities				
Loss before tax		**-4,270**	**-4,588**	**-19,438**
Adjustment for:				
Depreciation, amortization and impairment losses	6	437	228	1,226
Finance income and expenses		-92	223	15
Share-based payments	7	217	176	2,095
Other adjustments*)		0	-32	-3
Change in net working capital:				
Trade and other receivables		-97	-329	-256
Trade payables and other liabilities		-579	2,080	2,533
Change in other receivables (non-current)			0	-271
Interest paid		-41	-1	-66
Interest received		6	0	9
Net cash used in operating activities		**-4,419**	**-2,240**	**-14,156**
Cash flow from investing activities				
Payments for intangible assets	6	-37	-6	-103
Payments for property, plant and equipment		-861	-323	-2,336
Payments for investments	6			-1,601
Net cash used in investing activities		**-898**	**-329**	**-4,040**
Cash flow from financing activities				
Proceeds from share issues		39,996		79,928
Transaction costs from the share issues		-1,442		-8,316
Acquisitions of treasury shares				
Share subscription with stock options				438
Proceeds from R&D loans	8		362	505
Repayment of R&D loans				-78
Repayment of lease liabilities	8	-256	-126	-620
Net cash from financing activities		**38,299**	**236**	**71,858**
Net increase (+) decrease (-) in cash and cash equivalents		**32,982**	**-2,333**	**53,662**
Cash and cash equivalents at the beginning of period		61,025	7,303	7,303
Effects of exchange rate changes on cash and cash equivalents		811	-170	61
Cash and cash equivalents at the end of the period		**94,818**	**4,799**	**61,025**

*) Other adjustments

EUR thousand	1–3/2021	1–3/2020	1–12/2020
Other operating income - government grants			27
Other operating expenses - leases		-13	-12
Other operating expenses - provision for onerous contract			
Other adjustments	0	-19	-19
Total	**0**	**-32**	**-3**

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 for the January–March 2021 periods has been prepared in accordance with IAS 34 Interim Financial Reporting. In preparation of this interim report, Nanoform has applied the same accounting policies, methods of computation and presentation as in the financial statements for the year ended December 31, 2020.

During January 2020, the Company established a subsidiary (Nanoform USA Inc.) in the United States and as the result, Nanoform Group was formed. The consolidated financial statements include the parent company, Nanoform Finland Plc, and the subsidiary in USA, Nanoform USA Inc. 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.

Nanoform has carried out measures to ensure the security and functionality of supply chains and has contingency plans in place to mitigate the risk of potential shortages. Nanoform has taken also special measures to ensure safety of its personnel and safeguarded the continuity of its operations and services due to COVID-19. There has not been any significant delays or disruptions to customer project timelines due to the COVID-19 pandemic. During the review period the COVID-19 pandemic did not have any significant impact on methods of computation and presentation applied in the financial statements.

This interim report is not audited or reviewed by the auditors of the Group.

3. Significant changes during the reporting period

The Group's result of operations has 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 reporting period:

- On March 9, 2021, the Board of Directors resolved on a directed share issue to investors, where a total of 5,633,803 new shares were issued. The subscription price for share was EUR 7.10 and SEK 71.88 per share and total proceeds of EUR 39,996 thousand were recorded in the invested unrestricted equity reserve, netted with transaction costs EUR 1,442 thousand.
- Revenue increased due to the increased number of Proof of Concept projects, where the Company nanoformed customer APIs. (see note 4 Segment information and revenue)
- Employee benefits continued to represent a majority of the Company's total operating expenses during the quarter. Employee benefits consisted of short-term employee benefits (mainly salaries), post-employment benefits (defined contribution pension plans) and share-based payments (options). The employee headcount increased to 87 (50), while the total employee benefits came in at EUR 2,760 (2,942) thousand for the review period. The employee benefits in the comparable period included variable performance compensations related to the IPO.
- Other operating expenses included consulting (financial & accounting, HR, legal, GMP, patent, construction & building, marketing), external R&D and GMP related expenses. The other operating expenses in the comparable period included IPO related expenses (see note 5 Other operating expenses).
- The increase in machinery and equipment is due to commissioned new non-GMP lines and new equipment in mainly pharmaceutical development and quality control. Additions to GMP and non-GMP facilities are classified as construction in progress until GMP Certificate is obtained for the new GMP lines and new non-GMP production lines are commissioned. (see Note 6 Property, plant and equipment)
- Finance income and expenses increased due to fluctuations in foreign exchange changes in SEK, USD, GBP and NOK currencies and fair market value changes in the held Herantis Pharma shares.

4. Segment information and revenue

Nanoform offers expert services in nanotechnology and drug particle engineering. Nanoform's chief operative 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 in Europe and the US (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 of 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 defined separately in the contracts. The following table summarizes the revenue breakdown:

EUR thousand	1–3/2021	1–3/2020	1–12/2020
Europe	201	92	547
United States	76	58	140
Total	**278**	**150**	**687**

EUR thousand	1–3/2021	1–3/2020	1–12/2020
Services transferred over time	278	150	687
Total	**278**	**150**	**687**

5. Other operating expenses

EUR thousand	1–3/2021	1–3/2020	1–12/2020
Premises expenses	21	14	106
IT expenses	82	64	309
Marketing and communication expenses	154	82	427
Consultant and professional fees	352	774	2,884
Travel expenses	18	52	100
Voluntary personnel related expenses	234	78	532
R&D expenses - external	370	184	1,357
Other expenses	176	50	453
Total	**1,408**	**1,297**	**6,168**

6. 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	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2021	2,032	5,413	1,090	1,481	10,016
Additions	91	24	69	560	744
Disposals*)		-11		-8	-20
Reclassification	841		46	-887	
Depreciations	-164	-232	-30		-427
Net book value at March 31, 2021	**2,800**	**5,192**	**1,176**	**1,146**	**10,314**

EUR thousand	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	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	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2020	531	2,853		1,588	4,972
Additions	616	3,865	41	2,252	6,774
Disposals*)		-545		-3	-549
Reclassification	1,242		1,114	-2,356	
Depreciations	-356	-760	-65		-1,181
Net book value at December 31, 2020	**2,032**	**5,413**	**1,090**	**1,481**	**10,016**

*) Disposals consist mainly of the changes in right-of-use assets due to shortening of leasing period and changes in payment periods

The right-of-use assets consist of Nanoform's leased premises. Construction in progress includes the cost of planning, designing and building new GMP and non-GMP production lines.

The Group commitments to purchase of property, plant and equipment amounted to EUR 308 thousand at the end of review period.

7. Share-based payments

Nanoform has ten (10) share-based incentive plans: Option programs 1-5/2019 and 1-5/2020. Option programs are targeted to members of the Board of Directors, the management team and key management personnel. A majority of the personnel are included in the share-based incentive plans. The 1-5/2019 share-based incentive plans are valid until further notice. The 1-5/2020 share-based incentive plans have a vesting period of five years, including the performance period. The subscription period of the shares with option rights begins linearly as the registered option rights are vested. The effect of all options issued to earnings of the period was totaling EUR 217 thousand.

The factors used to determine the fair value of the 2020 and 2019 stock-option programs are presented in the table below.

Option program	Fair value of the Company share at grant date, EUR	Subscription price of the Company share with options, EUR	Volatility, %	Risk free interest rate, %	Fair value of the option	End of the share subscription period
01/2019	1.30	1.10	64.85	0.01	0.74	Until further notice
02/2019	1.34	1.10	64.85	0.01	0.78	Until further notice
03/2019	1.42	1.10	64.85	0.01	0.84	Until further notice
04/2019	1.54	1.10	64.85	0.01	0.94	Until further notice
05/2019	1.62	1.10	64.85	0.01	1.00	Until further notice
01/2020	1.77	1.65	64.85	0.01	0.97	Mar 10, 2025
02/2020	3.45	2.45	64.85	0.01	2.11	Apr 7, 2025
03/2020	4.17	5.00	44.00	-0.55	1.31	Jun 25, 2025
04/2020	4.30	5.00	44.75	-0.55	1.39	Apr 7, 2025
05/2020	4.30	5.00	43.25	-0.55	1.36	Oct 23, 2025

8. Net debt

The book value of Nanoform's net debt is summarized in the table below:

EUR thousand	March 31, 2021	March 31, 2020	December 31, 2020
Current R&D loans	78	78	78
Non-current R&D loans	989	865	971
Cash and cash equivalents	-94,818	-4,799	-61,025
Net debt excluding lease liabilities	**-93,751**	**-3,857**	**-59,977**
Current lease liabilities	912	599	901
Non-current lease liabilities	4,706	3,858	4,920
Net debt	**-88,133**	**601**	**-54,156**

9. Related party transactions

Compensation recognized as an expense for the members of the Board of Directors

	1–3/2021		1–3/2020		1–12/2020	
EUR thousand	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments
Rabbe Klemets			10	5	13	5
Miguel Maria Calado	10	16	8	3	37	302
Albert Haeggström, CFO	5	11	5	3	20	203
Mads Laustsen	8	11	5	21	27	233
Cynthia Schwalm	5	11			7	71
Total	**28**	**48**	**27**	**32**	**105**	**814**

Compensation for CEO and Management team

EUR thousand	CEO	Management team *) **)
Jan 1 – Mar 31, 2021		
Salaries and other short-term employee benefits	75	300
Post-employment benefits	13	49
Share-based payments		91
Total	**88**	**440**

EUR thousand	CEO	Management team *) **)
Jan 1 – Mar 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 – Dec 31, 2020		
Salaries and other short-term employee benefits	271	2,855
Post-employment benefits	50	489
Share-based payments		771
Total	**322**	**4,116**

*) The management team without CEO, who's employee benefits are presented separately.
**) Includes performance compensations related to the IPO.

The following related party balances are included in the consolidated statement of financial position:

EUR thousand	1–3/2021	1–3/2020	1–12/2020
Liabilities to key management*)	662	1,654	827
Total	**662**	**1,654**	**827**

*) includes both annual variable pay to key management and variable pay component stemming from listing

10. Commitments and contingencies

The Group has commitments related to services and purchases of property, plant and equipment amounted to EUR 346 thousand at the end of review period.

11. Events after the review period

Decisions by the Annual General Meeting

Nanoform's Annual General Meeting (the "AGM") was held in Helsinki on April 6, 2021.

The AGM approved the financial statements and discharged the responsible parties from liability for the financial period January 1 – December 31, 2020. The AGM resolved that no dividend will be paid for the financial period January 1 – December 31, 2020.

The number of members of the Board of Directors was confirmed to be four and the AGM re-elected Miguel Calado as Chair, Mads Laustsen, Albert Hæggström and Cynthia Schwalm as ordinary members of the Board of Directors for the next term of office. The AGM confirmed a monthly compensation of EUR 3,333 for the Chair of the Board of Directors and EUR 1,666 for Board Members.

The AGM decided to issue 450,000 special rights to the members of the Board of Directors entitling to subscribe for at most 450,000 shares. The Chair of the Board of Directors is entitled to subscribe for a maximum of 150,000 shares and other members of the Board of Directors to each subscribe for a maximum of 100,000 shares. Each option right entitles the option holder to subscribe for one new ordinary share of the company for a subscription price of EUR 9.00 per share. The subscription price represents approximately 30 percent more than the most recent closing price preceding the Annual General Meeting. The total subscription price of the shares shall be paid to the company's fund for invested own free equity. The following assumptions was used to determine the value of the option: share price EUR 6.95, stock option exercise price EUR 9.00, maturity 5 years, risk-free interest rate 0.01 percent and volatility 40 percent. The subscription period for shares based on the option rights shall commence from the registration of stock options to the Trade Register and ends on April 6, 2026.

The AGM authorized for the Board of Directors to repurchase Nanoform's own shares. Altogether no more than 7,000,000 shares may be repurchased. The authorization will be valid until the beginning of the next Annual General Meeting. Furthermore, the AGM authorized the Board of Directors to resolve upon the directed issuance of new shares and special rights entitling to shares, in the aggregate up to 7,000,000 shares. The authorization is in force until April 6, 2026. The authorization replaces and 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.

PricewaterhouseCoopers Oy with Tomi Moisio as the auditor in charge were re-elected as the Group's auditor. The Auditor's fee will be paid in accordance with a reasonable invoice approved by the company.

Resolution of the Constitutive Meeting of the Board of Directors

April 6, 2021 the Board of Directors held its constitutive meeting. The meeting elected the following persons to the Audit and Compensation Committee of the Board of the Directors of the Company: Miguel Calado (chair), Cynthia Schwalm (ordinary member), and Mads Laustsen (ordinary member). The Audit and Compensation Committee is a permanent committee of the Board of Directors and acts in accordance with it charter as adopted by the Board of Directors.

Share subscriptions based on multiple Stock Option Programs

April 6, 2021 the Board of Directors approved share subscriptions for a total of 132,200 new shares that had been subscribed for under the Stock Option programs 2/2019, 5/2019 and 1/2020. The entire subscription price EUR 189 thousand has been entered into the reserve for invested unrestricted equity in April 2021. New shares have been registered in the Trade Register on April 16, 2021. As a result of registering the new shares, the number of Nanoform shares is 72,366,466 in total.

Collaboration to advance 3D printed Nanomedicines

April 21, 2021 the Company has released a collaboration with Aprecia to explore the synergies between Aprecia and Nanoform technologies in the field of nanoparticle-enabled 3DP dosage forms.

Stock Options issuance

May 11, 2021 the Board of Directors resolved to issue stock options to key personnel. The total number of option rights to be issued is at most 900,000. Each stock option entitles to subscribe for one new share and the subscription price is EUR 9.00 per share. The following assumptions have been used to determine the value of the option: share price EUR 5.97, stock option exercise price EUR 9.00, maturity 5 years, risk-free interest rate 0.01 percent and volatility 40 percent. The subscription period for shares based on the option rights shall commence from the registration of stock options to the Trade Register and ends on 11 May 2026.

Collaboration agreements

In May, Nanoform and a US listed metabolic pharmaceuticals company signed a collaboration agreement.

In May, Nanoform and Celanese Corporation, a global specialty materials company, announced plans to explore the synergies between their respective technologies in the field of nanoparticle-enabled drug delivery.

The completion and final results of Nanoform's clinical study

In May, Nanoform announced the completion and final results of its clinical study. The primary, secondary and optional exploratory objectives of the study were all met.

Change in the member of the Board of Directors

May 20, 2021, Cynthia Schwalm resigned from Nanoform's board of directors, continuing as a senior advisor to the CEO Edward Hæggström, with focus on US Business Development.

Appendix 1

Key figures

EUR thousand	1–3/2021	1–3/2020	1–12/2020	1–12/2019
Revenue	278	150	687	49
Gross profit	243	103	497	-323
EBITDA	-3,925	-4,136	-18,196	-6,900
Operating loss	-4,362	-4,365	-19,423	-7,344
Loss for the period	-4,270	-4,588	-19,441	-7,554
Basic EPS (EUR)	-0.06	-0.11	-0.35	-0.19
Net debt	-88,133	601	-54,156	-3,640
Net debt excluding lease liabilities	-93,751	-3,857	-59,977	-6,626
Investments in property, plant and equipment	-861	-323	-2,336	-1,804
Operative free cash flow	-4,786	-4,460	-20,532	-8,704
Cash and cash equivalents (end of period)	94,818	4,799	61,025	7,303
Personnel at the end of reporting period	87	50	74	43

Calculation of key figures

Key figure	Definition	Reason to the use
Gross profit	Revenue + Other operating income - Materials and services	Gross profit is the margin, which the Group generates, when its service production related expenses has been decreased
EBITDA	Operating loss before depreciation, amortization and impairments	EBITDA is the indicator to measure the performance of Nanoform, EBITDA also provides a proxy for cash flow generated by operations
Loss for the period	Loss for the period as presented in the comprehensive income statement	Loss for the period shows the net profit for the Group's owners
Basic EPS	The loss for the period/the weighted average number of ordinary shares during the year	Measure describes the division of profit to each share
Net debt	Short-term R&D loans + Long-term R&D loans + Short-term lease liabilities + Long-term lease liabilities - Cash and cash equivalents	Net debt is an indicator to measure the total external debt financing of Nanoform
Net debt excluding lease liabilities	Short-term R&D loans + Long-term R&D loans - Cash and cash equivalents	Net debt excluding lease liabilities is an indicator to measure the total external debt financing of Nanoform without lease liabilities
Investments in property, plant and equipment	Investments in property, plant and equipment as presented in cash flow statement	Measure generates further information for the cash flow needs of investments
Operative free cash flow	Operating cash flow before growth capex - growth capex	Free cash flow indicates the cash flow that is largely available for e.g. paying dividends

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Financial calendar

Capital Markets Day in Helsinki (virtual), June 4, 2021.

Half-year Financial Report for January–June 2021 will be published on August 26, 2021.

Interim Report for January–September 2021 will be published on November 25, 2021.

Annual Review 2021 and Financial Statements for financial year 2021 will be published on February 22, 2022.