nanoform
small is powerful

Half-year Financial Report

JANUARY–JUNE 2023

Nanoform's January–June 2023 review:

A record (10+1) number of new projects signed in the second quarter. After receiving our "Multi-API" license in May, a further notification has been submitted to Fimea, including our new GMP lines, GMP QC laboratory and nanoforming of APIs to be used in products with a Marketing Authorization. The clinical manufacture for Project Blockbuster is being completed. Clinical trials are expected to commence in 4Q23 and the results are expected in 1Q24. If the results are positive, the targeted timeline for one or several license/commercial supply agreements is during 2024. Operative free cash flow continues to improve. While the revenue in 1H23 was impacted by low signings in 2H22 and the gross margin by costs related to Project Blockbuster, the strong order intake and customer momentum gives us confidence that our near term business targets will be reached and our long term growth journey is intact. The balance sheet remains solid with EUR 57m in cash and no debt.

4-6/2023 key financials

- Revenue was impacted by slow signings during 2H22 and decreased by -12% to EUR 0.8 million, compared with EUR 0.9 million in 4-6/2022.
- The gross profit decreased to EUR 0.5 million, with a gross margin of 64% (EUR 0.8 million, 92% in 4-6/2022) due to GMP QC costs related to the Blockbuster project.
- Total operating costs* decreased by 3% to EUR 6.2 million (EUR 6.4 million).
- EBITDA came in at EUR -5.4 million (EUR -5.5 million).
- The number of employees grew to 158 (143) compared with one year ago.
- The operating loss was EUR -6.1 million (EUR -6.1 million).
- The loss for the period was EUR -6.8 million (EUR -6.1 million).
- Basic EPS was EUR -0.09 (EUR -0.08).
- Cash position** was EUR 56.8 million on June 30, 2023 (EUR 83 million).

1-6/2023 key financials

- Revenue came in at to EUR 1.5 million, stemming from 28 different customer projects (EUR 1.7m, 28 projects in 1-6/2022).
- The gross profit decreased to EUR 1.1 million, with a gross margin of 71% (EUR 1.5 million, 92%) due to GMP QC costs related to the Blockbuster project.
- The number of employees increased to 158 (143).
- Total operating costs* decreased by 3% to EUR 11.4 million (EUR 11.7 million).
- EBITDA came in at EUR -9.9 million (EUR -10.1 million).
- The operating loss was EUR -11.3 million (EUR -11.2 million).
- The loss for the period was EUR -11.3 million (EUR -11.4 million).
- Basic EPS was EUR -0.14 (EUR -0.15).

(Numbers in brackets refer to the corresponding last year reporting period, unless otherwise mentioned.)

* Defined as materials & services expenses, employee benefit expenses, and other operating expenses
** Including Treasury bills. Part of the cash has been invested in short-term government bonds.

Significant events during 1-6/2023

- As of January 1, 2023, Antonio da Silva was appointed CBO and a member of the management team.
- Nanoform established a new subsidiary in the UK, Nanoform U.K. Ltd on January 3, 2023.
- On January 10, 2023, the Board of Directors approved share subscriptions based on stock option programs 3/2019, 5/2019 and 1/2020. A total of 29,000 Nanoform Finland Plc new shares were subscribed and the entire subscription price for subscriptions made with the stock options of EUR 34 thousand was entered in the Company's reserve for invested unrestricted equity.
- On February 28, Nanoform announced two new near-term business targets for 2023: "Increased number of non-GMP and GMP projects signed in 2023 vs 2022" and "Improved operating free cash flow in 2023 vs 2022".
- Nanoform's Annual General Meeting (the "AGM") was held on April 12, 2023. The AGM approved the financial statements and discharged the Board of Directors and the CEO of the Company from liability for the financial year 2022. The Meeting decided that no dividend will be paid for the financial year that ended on December 31, 2022. The AGM further resolved the number of members of the Board of Directors to be four and the AGM re-elected Miguel Calado (Chairperson), Mads Laustsen, Albert Hæggström and Jeanne Thoma as ordinary members of the Board of Directors for the next term of office.
- On April 12, 2023, the Board of Directors approved share subscriptions based on stock option programs 2-3/2019 and 1/2020. A total of 37,000 Nanoform Finland Plc new shares were subscribed and the entire subscription price for subscriptions made with the stock options of EUR 41 thousand was entered in the Company's reserve for invested unrestricted equity.
- In April, Nanoform won a new grant from the Bill & Melinda Gates Foundation to work on several of the foundation's drug development projects.
- In May Nanoform's Manufacturer's Authorization and GMP Certificate were updated to include nanoforming of multiple APIs in the GMP facility.
- In June, Nanoform submitted a notification to the Finnish Medicines Agency (Fimea) to update our Manufacturer's Authorization (MIA). The objective of this notification was to include the following in our MIA: Our new production facilities and equipment (GMP2&3), our new Quality Control labora-

tory (GMP QC) and Nanoforming of APIs to be used in products with a Marketing Authorization. Due to this notification, a GMP inspection is expected to take place later this year.

- Nanoform previously disclosed on November 15, 2021, that it has signed an agreement to manufacture nanoformed GMP material for a European headquartered international company. Following 12 months of preclinical development work, two privately held European pharmaceutical development and manufacturing organizations decided to join Nanoform and the European headquartered international company in funding the development and commercialization of this more patient centric version of a current blockbuster drug. For this purpose, the parties entered into a collaboration agreement on November 17, 2022. Under the terms of the agreement, Nanoform and the three other parties will fund in equal shares the completion of this development program. In the event that the commercialization is successful, Nanoform expects to retain a 25% share of the net-income received by the parties. In May 2023, after Fimea renewed Nanoform's GMP Certificate, Nanoform commenced the clinical manufacture related to this project.
- In June, Nanoform and Celanese Corporation, a global specialty materials company, provided an update on their collaboration to evaluate the synergies between their respective technologies in the field of nanoparticle-enabled drug delivery. The result, presented at the Biotech Outsourcing Strategies Conference in Basel on July 3, 2023, demonstrated significant reduction in the initial burst effect seen commonly in high drug load implants by combining Nanoform's CESS® particles with Celanese's Celanese VitalDose® EVA copolymer delivery technology for drug-eluting implants. Notably they also demonstrated that nanoformed particles can enable longer sustained release properties for long-acting drug products and smaller implants. This opens up many possibilities for drug developers.
- During 1-6/2023 sixteen new non-GMP projects and one GMP project were signed, both with new and repeat customers, both US and Europe based. We also signed our first major pharma customer from Japan.
- During 1-6/2023 one new non-GMP line was commissioned, taking the total number of lines to 19 non-GMP lines and one GMP line. GMP lines 2&3 will be commissioned after they are inspected and approved by Fimea.

Significant events after 1-6/2023

- The clinical manufacture related to Project Blockbuster is being completed in August and the produced nanomaterial will be released and shipped for manufacture of the final drug product. Clinical trials are expected to commence in 4Q23 and the results are expected in 1Q24. If the results are positive, the targeted timeline for one or several license/commercial supply agreements is during 2024.
- Quality Director and Accountable Director Johanna Kause will become a member of Nanoform's management team as of September 1st, 2023. Johanna Kause, who is responsible for all matters related to quality, has been with the company since January 2021.
- During the quarter we received notice of allowance from the United States Patent and Trademark Office (USPTO) for our US patent application (US17947490) directed at the process we have developed to nanoform biological molecules. We are encouraged by this positive response that reflects our innovative work also in the field of large molecules. We have filed several patent applications directed at the biologics nanoforming technology in other jurisdictions that are currently pending. Following granted patents in the United States, Japan, and Canada, we in August also received notification from the European Patent Office (EPO) of their intention to grant our patent application (EP15793857.2) directed at the CESS technology for manufacture of our small molecule nanoparticles.
- We have conducted promising initial *in vitro* trials with two major pharma companies looking at monoclonal antibodies (mAb's). These results further strengthen our proposition that nanoparticles are relevant for improved product development and more patient centric commercial products in the field of mAb's and we look forward to advancing these developments with our pharma clients.

Nanoform's Half-year 2023 Report

Helsinki, Finland – Nanoform Finland Plc ("Nanoform"), an innovative nanoparticle medicine enabling company, will publish its Q2 2023 interim report on August 24, 2023, at 8.10 a.m. Finnish time / 7.10 a.m. Swedish time.

The company will hold an online presentation and conference call 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 CCO Christian Jones. The presentation will be delivered in English.

The presentation will be broadcast live as a webcast available at: https://ir.financialhearings.com/nanoform-q2-2023

Teleconference dial-in numbers:
Dial-in number to the teleconference will be received by registering on the link below. After the registration you will be provided phone numbers and a conference ID to access the conference.
https://conference.financialhearings.com/teleconference/?id=2001153

Nanoform Group's key figures

Financial KPI's

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	1-12/2021	1-12/2020
Revenue	780	890	1,524	1,650	3,487	1,955	687
Revenue growth %	-12%	63%	-8%	100%	78%	185%	n.m.
Gross profit	498	820	1,081	1,519	3,147	1,792	497
Gross margin	64%	92%	71%	92%	90%	92%	72%
EBITDA	-5,372	-5,484	-9,865	-10,057	-19,027	-17,745	-18,196
Operating loss	-6,103	-6,070	-11,251	-11,183	-21,409	-19,705	-19,423
Loss for the period	-6,804	-6,058	-11,295	-11,352	-22,075	-19,690	-19,441
Basic EPS (EUR)	-0.09	-0.08	-0.14	-0.15	-0.29	-0.29	-0.35
Net debt	-50,327	-75,727	-50,327	-75,727	-61,807	-68,070	-54,156
Net debt excluding lease liabilities	-56,843	-83,003	-56,843	-83,003	-68,740	-75,733	-59,977
Investments in property, plant, and equipment	-766	-2,759	-2,428	-5,063	-8,965	-7,737	-2,336
Operative free cash flow	-6,138	-8,243	-12,293	-15,120	-27,992	-25,482	-20,532
Cash and cash equivalents excluding short-term government bonds (end of period)	43,910	83,003	43,910	83,003	68,740	75,733	61,025
Cash and cash equivalents including short-term government bonds (end of period)	56,843	83,003	56,843	83,003	68,740	75,733	61,025

Operational KPI's

	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	1-12/2021	1-12/2020
Number of new customer projects signed during the period							
Non-GMP	10	5	16	13	17	16	10
GMP	1		1		1	2	
Total number of new customer projects	**11**	**5**	**17**	**13**	**18**	**18**	**10**
Number of lines (end of the period)							
Non-GMP	19	16	19	16	18	14	8
GMP	1	1	1	1	1	1	1
Total number of lines (end of period)	**20**	**17**	**20**	**17**	**19**	**15**	**9**
Number of employees (end of the period)	158	143	158	143	150	125	74

Company near-term business targets for 2023 (reiterated)

- Increased number of non-GMP and GMP projects signed in 2023 vs 2022
- Improved operating free cashflow in 2023 vs 2022

Company mid-term business targets 2025 (reiterated)

- To nanoform at least 70 new Active Pharmaceutical Ingredients (API) annually
- To have in place 35 operating production lines of which 7 to 14 are expected to be GMP production lines
- Over 90 percent gross margin
- To have 200–250 employees
- To be cash flow positive

CEO's review

The strong customer momentum continues. During the second quarter we signed a record number of ten new non-GMP projects and one new GMP project. Hence, during 1H23 we have signed sixteen non-GMP and one 1 GMP projects, which almost equals the number of projects signed during the entire 2022 (17+1). As the interest in our nanoforming services continues to grow, I expect the solid year-on-year growth in signings to continue during 2H23 and us reaching our 2023 business target of "increased number of non-GMP and GMP projects signed in 2023 vs 2022".

Progress has also been made on the operating free cash flow, which saw an accelerating improvement in 2Q23 without help from the topline yet, which due to the lag between signings and revenues recognised was hampered by the temporary dip in signings in 2H22. We expect the improvement in operating free cash flow to continue during 2H23, despite the temporary increased costs from Project Blockbuster. This is a clear testimony to the determination and teamwork of the Nanoformers. The swiftness with which we have been able to change focus from investing & building to improving productivity & cash flow while at the same time serving a growing number of customers has been impressive.

We have been busy on the regulatory side. In May, Nanoform's Manufacturer's Authorization and GMP Certificate were updated to include nanoforming of multiple APIs in the GMP facility. In June, we submitted a notification to Fimea to include our new production facilities and equipment (GMP2&3), our new GMP QC laboratory (this will help our gross margin return to the 90+ levels we target) and the nanoforming of APIs to be used in products with a Marketing Authorization. The 'used in products with a Market Authorization' is important from a strategic point of view and is related to our Blockbuster project. As a result of the June filing, a GMP inspection is expected to take place later this year.

From regulatory to manufacturing: I'm pleased to announce that the clinical manufacture related to Project Blockbuster is being completed in August and the produced GMP-grade nanomaterial will after release be shipped for manufacture of the final drug product. This is a key milestone for the company on our journey to make nanoparticle medicines for patients. My special thanks go to the GMP Value Stream team from Manufacturing, Technical, Engineering, QA & QC, plus the PMO and R&D teams for all their contributions and teamwork to make this happen. Clinical trials are expected to commence in 4Q23 and the results are expected in 1Q24. If the results are positive, the targeted timeline for one or several license/commercial supply agreements is during 2024.

For Nanoform the last three years have been years of building a capable organization and making large investments. The coming years will be about productivity increases and improved operating free cash flow, working towards our 2025 midterm business target of becoming cash flow positive. The way to execute that is non-trivial but clear; to grow the topline and keep the operating costs and capital expenditure under control. In 2023 we see potential to progress on all three fronts. We've now reached a critical mass where we can serve dozens of clients in parallel on non-GMP projects, manufacture GMP material for several clinical trials annually,

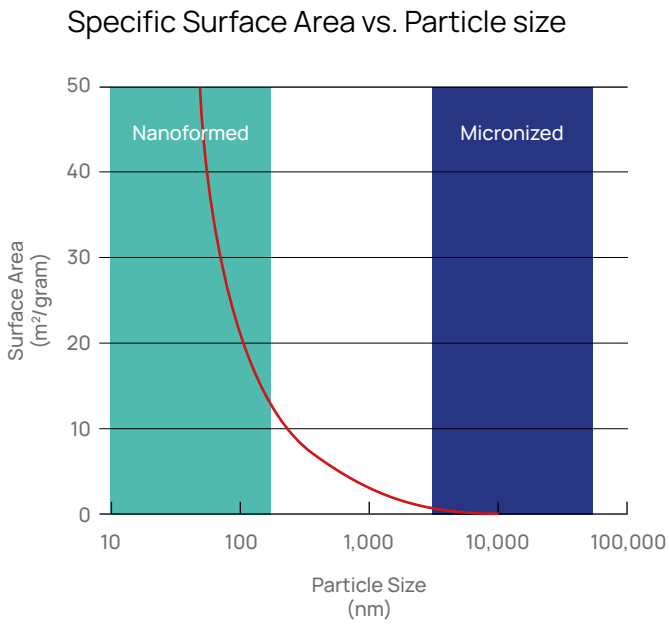
while helping our clients overcome their pharmaceutical development challenges. At the same time, we see significant potential to improve productivity and to increase the output of our quite impressive fleet of nanoforming lines and related capabilities.

All in all, I look forward with confidence and excitement to the coming quarters and years. The problem with bioavailability is enormous, our brand recognition and service offering have continued to strengthen, the global pharma industry's response to that has been growing, and our strong balance sheet is a positive aspect when partners evaluate us. We'll continue to work relentlessly towards our 2025 mid-term business targets, while executing as fast as possible on our near-term targets. 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're known.

Best Regards,

Prof. Edward Hæggström, CEO Nanoform

Smaller particle size can improve 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

Small is powerful - Nanoform in brief

Nanoform Finland Plc is a public company offering expert services in nanotechnology and drug particle engineering for the global pharma industry. The company works with its partners to overcome drug development and delivery challenges through its game-changing technologies and novel formulation and GMP manufacturing capabilities.

Nanoform's services span the full range from small- to large-molecule drugs, and the company 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 for which safety and efficacy could be improved by increased bioavailability or novel drug delivery routes. Nanoform's size reduction technologies, including its patented and scalable CESS® technology and its biologics platform, vastly increase the surface area of drug particles to enhance bioavailability or open up more patient-centric, local drug delivery routes.

Nanoform has not outsourced or out-licensed its patent protected technologies, to keep control of its technology, service offering and know-how.

Our technologies - Controlled Expansion of Supercritical Solutions (CESS®)

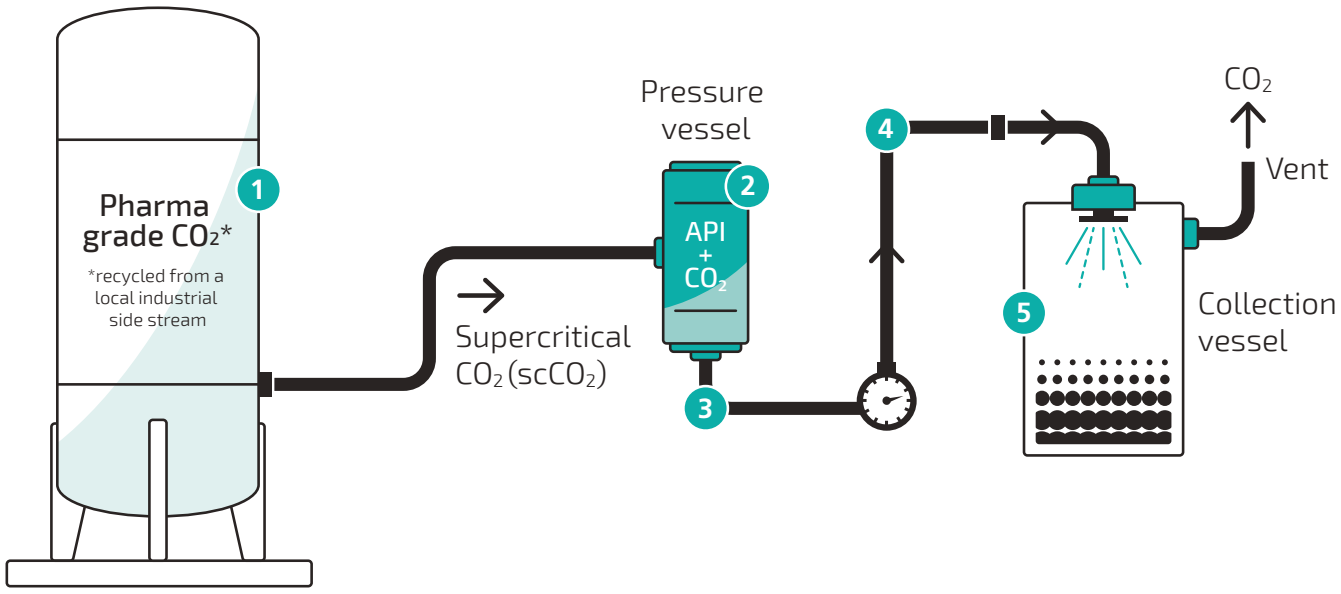
Nanoform's patented CESS® technology has demonstrated its ability to produce crystalline or stable amorphous nanoparticles below 200 nm, and at times as small as 10 nm, from solution without the use of solvents, excipients, or complex production processes. The application of the CESS® technology platform provides an opportunity for Nanoform's customers to improve and tune the particle properties of their small-molecule APIs – for example, size, shape, and polymorphic structure, thus improving API solubility and bioavailability.

The CESS® technology may reduce the failure of drugs during clinical trials by enhancing the performance and safety of APIs. It can also allow drugs that previously failed in clinical trials to be revisited and potentially achieve success. In addition, it may improve the pharmacokinetic properties of drugs (both in the pharmaceutical pipeline and those already on the market), and provide new commercial opportunities for drugs. Ultimately, the benefits unlocked by CESS® will be felt by patients as the technology enables more and enhanced new drugs to reach the market.

STARMAP®– The digital twin of CESS®

STARMAP® Online is a predictive sparse-data AI-based platform that can be applied to pick the winners among candidate molecules. It augments historical experimental results with detailed expert knowledge to determine which APIs are most likely to achieve success through the CESS® nanoparticle engineering process.

STARMAP® presents an opportunity for the rational design of patient-centric drug development, and can be applied to novel APIs, as well as existing brands, to ensure that the projects with the highest chances of success are targeted, avoiding wasted resources and improving efficiency. STARMAP® is currently available as a subscription to Nanoform's customers, which can be accessed online.



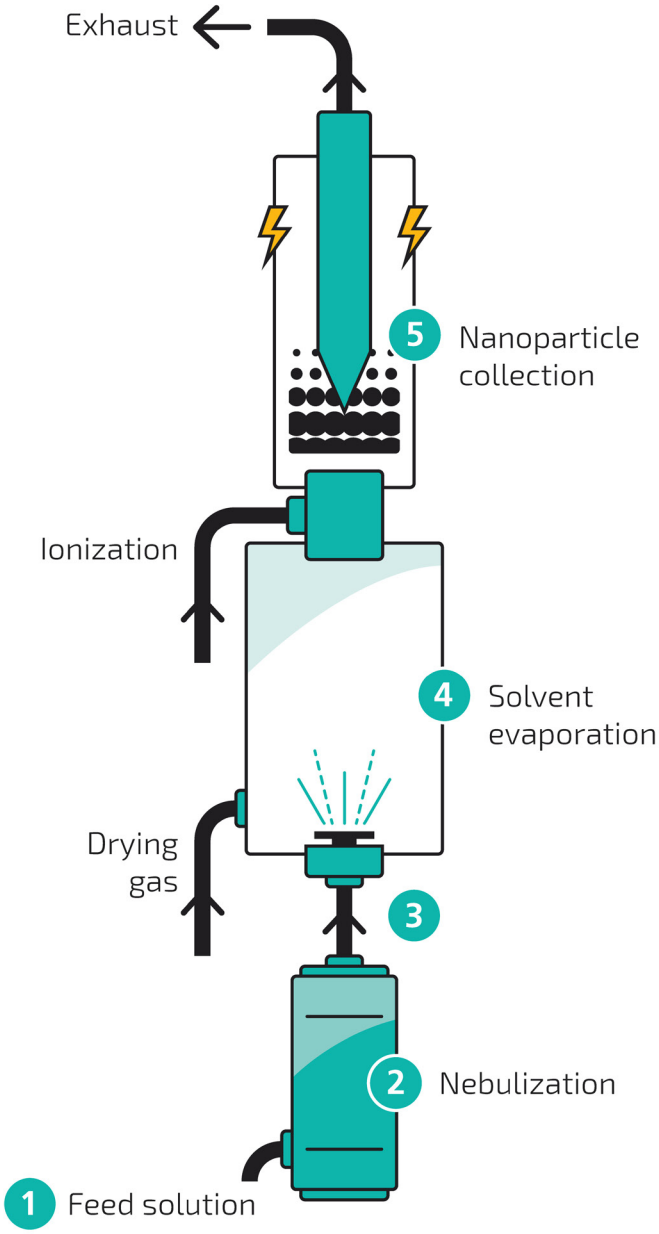
Biologics

Nanoform's biologics technology is a gentle bottom-up process that nanoforms large-molecule therapeutics, reducing their particle size to as small as 50 nm while retaining their biological activity.

As the technology does not necessitate harsh conditions such as high temperatures, it has wide applicability even for temperature-sensitive therapeutic biomolecules, such as enzymes, and can be applied to large molecules up to 150 kDa. By reducing particle size, the technology opens up new drug delivery opportunities, and may facilitate enhanced drug loading and tailored release profiles.

Most traditional biologics are administered intravenously, however by utilizing Nanoform's technology, it may be possible to formulate for alternative, more patient-centric administration routes, such as intranasal, pulmonary, or oral delivery.

1. API containing feed solution is pumped into the nebulizer
2. Feed solution is nebulized into a carrier gas
3. Mist is transported into the drying chamber via a connection pipe
4. Mist is dried using low-temperature drying gas
5. Dried particles are charged by the ionizer and collected using electrostatic precipitation



Small is an ingredient in formulation

Formulating nanoformed particles the right way

Our pharmaceutical development team leverages their deep understanding of nanomaterials science and nanoformation expertise to unlock the full potential of nanoformed APIs and deliver formulations that meet customer requirements. Nanoform supports all dosage form development, with specific expertise in oral, inhaled, injectable and ophthalmic formulations.

The team follows a well-designed formulation development and selection process, with the goal of rapidly progressing drug candidates and optimizing the formulation for the development phase, from preclinical through to clinic and lifecycle.

The benefits of partnering with Nanoform for nanoparticle-optimized formulations can include enhanced bioavailability and the opportunity to reduce dose, simpler formulations, and increased dosage form flexibility. Additional advantages can include reduced side effects, optimized exposure in toxicology studies, and reduced variability in pharmacokinetic parameters.

Nanoform's analytical services ensure consistency

Analytical chemistry plays a crucial role in characterizing and understanding materials made from nanoforming and formulation processes. We use a variety of techniques to analyze our nanoparticles and formulations and ensure that they meet strict quality and safety standards. Our analytical team utilizes state-of-the-art equipment and software to accurately measure the properties of our nanoparticles, including purity, size, shape and crystallinity. This information is essential for understanding how to develop our formulations and predict how our drugs will interact *in vivo* so as to optimize their efficacy.

Highly-potent APIs can be safely formulated in Nanoform's GMP facilities

Nanoform's globally unique GMP facilities utilize CESS® to manufacture API nanoparticles to GMP standards. The facilities can handle highly-potent APIs (HPAPIs) with occupational exposure limits (OELs) of 30ng/m^3. A recent expansion has led to two new suites, operational as of the second half of 2023.

Recipe control via automation as well as Wash-in-Place and Clean-in-Place capabilities enable faster and more efficient cleaning between campaigns, reducing the overall downtime of GMP manufacturing, and increasing productivity.

Market outlook

Nanoform operates in one of the world's largest markets, the global pharmaceutical market, whose turnover exceeds USD 1,000 billion and where the annual R&D budget exceeds USD 200 billion. Despite the enormous investments in R&D, less than 50 new drugs have been approved by the FDA annually on average 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 percent 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 offering to continue.

The drug development industry is highly regulated and characterized by a step-by-step development process, from discovery and clinical trials to commercialization. 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 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 of their revenue 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 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, non-GMP projects and tech transfer for GMP for 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 (CDMOs) 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 the technology and service offer. We believe our proprietary technology offers significant value and hence will be priced with a material premium to traditional technologies.

Financial review for January 1–June 30, 2023

Revenue

Nanoform Group's revenue in January–June decreased by -8% to EUR 1,524 (1,650) thousand as a result of the slower intake of new projects during the second half of last year, when only four new non-GMP projects were signed (can be compared with 16 non-GMP and one GMP project won in 1-6/2023). The revenue in 1-6/23 stemmed from 28 (28) different customer projects. Revenues are recognized over the lifetime of the projects, based on percentage of completion method, where working hours make up a clear majority of the expenses booked for the projects.

Results

Nanoform Group's gross profit decreased to EUR 1,081 (1,519) thousand and the gross margin was 71% (90%) in January–June 2023.

The gross margin was negatively impacted by the increased amount of external GMP QC services related to the GMP manufacture of Project Blockbuster. Excluding the cost of the external GMP QC services, our underlying gross margin increased from last year and was roughly 95% thanks to our new 40m³ CO_2 bulk tank system that was taken into usage in 4Q22 and where the unit cost is a fraction compared with using multiple gas cylinders in the production process. In June Nanoform submitted a notification to Fimea to update our Manufacturer's Authorization. The notification included our new GMP QC laboratory and an inspection is expected to take place later this year. This will help our gross margin return to the 90+ levels we target.

* Defined as materials & services expenses, employee benefit expenses, and other operating expenses.

Financial position and cash flows

The loss before tax was EUR -11,286 (-11,335) thousand. Earnings per share was EUR -0.14 (-0.15).

Nanoform Group's total assets at the end of the review period were EUR 88,375 (111,196) thousand, of which equity accounted for EUR 76,039 (97,676) thousand. Cash and cash equivalents were EUR 43,910 (83,003) thousand excluding T-bills. T-bills amounted to 12,934 in the reporting period (balance sheet value). Net debt amounted to EUR –50,327 (-75,727) thousand including T-bills.

Nanoform Group's net cash flow from operating activities in January–June 2023 was EUR -8,117 (-10,544) thousand. The change in the working capital was EUR 830 (-912) thousand. The Group investments have slowed down significantly as the major part of investments for expanding the manufacturing capacity have been made in previous years (several GMP lines with separate cleanrooms, the 40m³ CO_2 bulk tank system, a new ERP system and a Biologics pilot line for GMP in addition to additional non-GMP production lines). The total cash-based investments amounted to EUR -2,428 (-5,063) thousand. The net cash flow from investing activities was EUR -15,250 (-5,673) thousand including short-term investments to T-bills. Cash flow from financing activities was EUR -556 (23,302) thousand. In the comparable period cash flow was positively affected by a directed share issue in March 2022 increasing the equity by EUR 23,668 thousand net of transaction costs.

Investments, research and development

The Group's investments in property, plant, and equipment in January–June 2023 amounted to EUR 2,428 (5,063) thousand, consisting mainly of investments in additional GMP and non-GMP production lines at the current manufacturing site. Additions to GMP and non-GMP facilities are classified as construction in progress until a GMP Certificate is obtained for the new GMP lines and until they are commissioned for customer projects for new non-GMP production lines.

The Group R&D expenditure recognized as expenses, including internal AI expenses, amounted to EUR 1,871 (2,490) thousand. R&D expenses consist of salaries as well as external R&D services. R&D expenditures are recognized as employee benefit expenses and other operating expenses in the consolidated statement of comprehensive income.

Personnel and the Board of Directors

During the last twelve months the number of employees has grown by 10 per cent and at the end of the review period, the Group had 158 (143) employees representing 35 nationalities. Within Nanoform's international team of highly skilled professionals there are 38 PhD's from different fields including e.g. physics, chemistry, pharma, and biology. Nanoform Group has been able to attract talent with diverse skills. At the end of the review period 22 employees worked in GMP Manufacturing, 26 in R&D (including non-GMP customer projects), and 7 in Customer Project Management. Quality Control had 21 and Quality Assurance 10 professionals. The Commercial team consisted of 10 professionals. The Engineering & Maintenance teams employed 16 employees. Nanoform has also been able to attract talent in Legal 3 and IT 6 and in corporate functions 37 (e.g., Business Operations, Finance, Procurement, IR, HR).

The company's Annual General Meeting convened on April 12, 2023, re-elected Miguel Calado (Chairperson), Mads Laustsen, Albert Hæggström and Jeanne Thoma as ordinary members to the company's Board of Directors for the next term of office. The CEO was Edward Hæggström.

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 amounted to EUR 80,000 (80,000). At the end of the review period, the company had 78,429,964 (78,314,964) shares after share subscriptions by stock options in January and March 2023. The share's volume weighted average price during the review period was EUR 2.10 (4.76) and SEK 24.31 (48.37). The highest price paid during the January–June review period was EUR 3.30 (6.96) and SEK 38.95 (71.10) and the lowest price paid EUR 1.55 (3.43) and SEK 17.55 (36.30). The closing price of the share at the end of review period was EUR 1.91 (3.52) and SEK 23.90 (38.50). The market value of the share capital on June 30, 2023, was EUR 149.8 (275.3) million. Nanoform had more than 9,500 shareholders at the end of the period - some one thousand more than a year ago - with somewhat more than 65% of them holding EUR nominated shares and somewhat less than 35% of them holding SEK nominated shares. The 25 largest shareholders held some 71 per cent of all Nanoform's shares and

votes at the end of the review period. The ownership structure can be found on Nanoform's internet pages Ownership structure – Nanoform small is powerful. (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 16 active share-based incentive plans for the members of the Board of Directors, key persons, and employees of the Group: option programs 1-5/2019, 1-5/2020, 1-5/2021 and 1/2022. Based on all the option programs, with strike prices ranging from EUR 1.10 to EUR 9.00 a total maximum number of 4,045,510 shares could potentially be subscribed (For more info see Note 7).

Near-term risks and uncertainties

Nanoform operates in a strictly regulated industry, the pharmaceutical industry. The Group's business is based on new technology that has not yet been widely applied in humans. As Nanoform is still a young 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 that is both highly regulated and conservative and where adaptation of new technologies can take longer than expected.

Risks associated with the Group's financial position mainly consist of currency-, credit- and counterparty risks as well as the stock market risk from share investment. Foreign exchange fluctuations arise from SEK, GBP, USD, NOK and JPY currency exposure. The Company's counterparty risks consist mainly of contracts between external customers, suppliers and partners in co-operation and financial institutions. Direct stock market risk stems from the changes in the market value of the owned Herantis Pharma Plc shares. Investments into short-term government bonds (Treasury Bills, duration less than one year) are considered risk free investments from a counterparty (credit risk) point of view but may include currency risk. 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. For further risk analysis see Nanoform's annual report: Investors – Nanoform small is powerful.

Decisions by the Annual General Meeting and the Constitutive Meeting of the Board of Directors

Nanoform held its Annual General Meeting (the "AGM") for 2023 on April 12, 2023.

The AGM approved the financial statements and discharged the Board of Directors and the CEO of the Company from liability for the financial year 2022. The AGM decided that no dividend will be paid for the financial year that ended on December 31, 2022.

The number of members of the Board of Directors was confirmed to be four and the AGM re-elected Miguel Calado as Chairperson, Mads Laustsen, Albert Hæggström and Jeanne Thoma as ordinary members of the Board of Directors for the next term of office.

The AGM confirmed a monthly compensation of EUR 8,000 for the Chairman and EUR 5,000 for the Board Members, EUR 2,500 for the Chairman of the Audit and Compensation Committee and EUR 1,500 for the Members of the Audit and Compensation Committee.

The AGM resolved further that the remuneration will be paid in four (4) installments during the term, each installment after the publication of the respective interim report for the periods 1 January 2023–31 March 2023, 1 April 2023–30 June 2023, 1 July 2023–30 September 2023, 1 October 2023–31 December 2023. Each board member has undertaken to use approximately 50% of the aforementioned remuneration to purchase shares in the company within two weeks from the publication of the aforementioned interim reports, or as soon as possible in accordance with applicable legislation. The Annual General Meeting also resolved that the travel expenses of the members of the Board of Directors are compensated in accordance with the Company's travel rules.

The AGM resolved that 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.

The AGM authorized the Board of Directors to repurchase Nanoform's own shares. Altogether no more than 7,700,000 shares may be repurchased. The authorization will be valid until the beginning of the next Annual General Meeting.

On April 12, 2023, at the constitutive meeting following the annual general meeting, the Board of Directors resolved to elect as members of the Audit and Compensation Committee (AC): Miguel Calado (Chairperson), Jeanne Thoma (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 its charter as adopted by the Board of Directors.

Condensed financial information January–June 2023

Consolidated statement of comprehensive income

EUR thousand	Note	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Revenue	4	780	890	1,524	1,650	3,487
Other operating income						
Materials and services		-282	-70	-443	-131	-340
Employee benefits	7	-3,822	-4,160	-7,289	-7,636	-14,010
Depreciation, amortization, and impairment losses	6	-731	-586	-1,387	-1,127	-2,382
Other operating expenses	5	-2,048	-2,144	-3,657	-3,939	-8,164
Total expenses		**-6,883**	**-6,960**	**-12,776**	**-12,833**	**-24,896**
Operating loss		**-6,103**	**-6,070**	**-11,251**	**-11,183**	**-21,409**
Finance income		798	263	3,131	495	957
Finance expenses		-1,493	-248	-3,165	-647	-1,604
Total finance income and expenses		**-695**	**15**	**-35**	**-152**	**-647**
Loss before tax		**-6,798**	**-6,055**	**-11,286**	**-11,335**	**-22,056**
Income tax		-7	-4	-9	-16	-19
Loss for the period		**-6,804**	**-6,058**	**-11,295**	**-11,352**	**-22,075**
Loss for the period attributable to the equity holders of the parent company		**-6,804**	**-6,058**	**-11,295**	**-11,352**	**-22,075**
Other comprehensive income						
Items that may be reclassified to loss in subsequent periods						
Translation differences		0	5	-2	6	4
Other comprehensive income, net of tax		**0**	**5**	**-2**	**6**	**4**
Total comprehensive income total		**-6,804**	**-6,053**	**-11,297**	**-11,346**	**-22,071**
Total comprehensive income for the period attributable to the equity holders of the parent company		**-6,804**	**-6,053**	**-11,297**	**-11,346**	**-22,071**
Basic earnings per share, EUR		-0.09	-0.08	-0.14	-0.15	-0.29
Diluted earnings per share, EUR		-0.09	-0.08	-0.14	-0.15	-0.29

The company's potential dilutive instruments consist of stock options. As the company's business has been unprofitable, stock options would have an anti-dilutive effect and therefore they are not taken into account in measuring the dilutive loss per share.

Consolidated statement of financial position

EUR thousand	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Intangible assets		528	368	383
Property, plant, and equipment	6	27,069	23,423	27,127
Investments in shares		1,758	2,436	1,923
Other receivables		286	291	288
Total non-current receivables		**29,641**	**26,517**	**29,721**
Current assets				
Inventories		84		6
Trade receivables		499	285	829
Other receivables		67	244	274
Investments in short-term government bonds	9	12,934		
Prepaid expenses and accrued income		1,240	1,146	1,071
Cash and cash equivalents	8	43,910	83,003	68,740
Total current assets		**58,734**	**84,678**	**70,920**
Total assets		**88,375**	**111,196**	**100,641**
EQUITY AND LIABILITIES				
Equity				
Share capital		80	80	80
Reserve for invested unrestricted equity		152,644	152,513	152,569
Accumulated deficit		-65,390	-43,565	-43,362
Loss for the period		-11,295	-11,352	-22,075
Total equity		**76,039**	**97,676**	**87,212**
Non-current liabilities				
Lease liabilities	8	5,471	6,297	5,896
Advances received				
Trade payables				
Total non-current liabilities		**5,471**	**6,297**	**5,896**
Current liabilities				
Provisions		169		
Lease liabilities	8	1,046	979	1,037
Advances received		467	969	447
Trade payables		1,886	1,665	1,192
Other liabilities		348	294	233
Accrued expenses	10	2,949	3,316	4,624
Total current liabilities		**6,865**	**7,222**	**7,533**
Total liabilities		**12,336**	**13,519**	**13,429**
Total equity and liabilities		**88,375**	**111,196**	**100,641**

Consolidated statement of changes in equity

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2023	**80**	**152,569**	**6**	**-65,443**	**87,212**
Loss for the period				-11,295	-11,295
Other comprehensive income					
Translation differences			-2		-2
Transactions with equity holders of the Company					
Increase of the share capital					
Share subscription with stock options		75			75
Share issue*					
Share-based payments				48	48
At June 30, 2023	**80**	**152,644**	**5**	**-76,690**	**76,039**

* Netted transaction costs EUR 0 thousand

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2022	**80**	**128,599**	**2**	**-44,187**	**84,494**
Loss for the period				-11,352	-11,352
Other comprehensive income					
Translation differences			6		6
Transactions with equity holders of the Company					
Increase of the share capital					
Share subscription with stock options		246			246
Share issue*		23,668			23,668
Share-based payments				614	614
At June 30, 2022	**80**	**152,513**	**9**	**-54,926**	**97,676**

* Netted transaction costs EUR 892 thousand

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2022	**80**	**128,599**	**2**	**-44,187**	**84,494**
Loss for the period				-22,075	-22,075
Other comprehensive income					
Translation differences			4		4
Transactions with equity holders of the Company					
Increase of the share capital					
Share subscription with stock options		303			303
Share issue*		23,668			23,668
Share-based payments				819	819
At December 31, 2022	**80**	**152,569**	**6**	**-65,443**	**87,212**

* Netted transaction costs EUR 892 thousand

Consolidated statement of cash flow

EUR thousand	Note	1-6/2023	1-6/2022	1-12/2022
Cash flow from operating activities				
Loss before tax		-11,286	-11,335	-22,056
Adjustment for:				
Depreciation, amortization, and impairment losses	6	1,387	1,127	2,382
Finance income and expenses		35	152	647
Share-based payments	7	48	614	785
Other adjustments*		226	-1	37
Change in net working capital:				
Trade and other receivables		422	-344	-1,408
Trade payables and other liabilities		408	-569	-607
Change in other receivables (non-current)		2	-5	-2
Change in inventory		-78		-6
Interest paid			-184	-204
Interest received		728	17	373
Paid tax		-9	-16	-19
Net cash used in operating activities		**-8,117**	**-10,544**	**-20,080**
Cash flow from investing activities				
Payments for intangible assets		-189	-110	-160
Payments for property, plant, and equipment	6	-2,428	-5,063	-8,965
Investments in short-term government bonds		-12,959		
Payments for investments		326	-499	-499
Net cash used in investing activities		**-15,250**	**-5,673**	**-9,625**
Cash flow from financing activities				
Proceeds from share issues			24,560	24,560
Transaction costs from the share issues			-892	-892
Acquisitions of treasury shares				
Share subscription with stock options		75	246	303
Repayment of R&D loans				
Repayment of lease liabilities	8	-631	-612	-1,233
Net cash from financing activities		**-555**	**23,302**	**22,737**
Net increase (+) decrease (-) in cash and cash equivalents		**-23,922**	**7,085**	**-6,968**
Cash and cash equivalents at the beginning of period		68,740	75,733	75,733
Effects of exchange rate changes on cash and cash equivalents		-908	185	-25
Cash and cash equivalents at the end of the period		**43,910**	**83,003**	**68,740**
Cash and cash equivalents and short-term government bonds at the end of period		56,869	83,003	68,740

* Other adjustments

EUR thousand	1-6/2023	1-6/2022	1-12/2022
Lease adjustments			12
Other operating expenses - provision for onerous contract	169	-1	-1
Other adjustments -provision for credit loss	57		26
Total	**226**	**-1**	**37**

Selected notes

1. Company information

Nanoform ("Nanoform", "Group") is an international group offering nanoforming, formulation and analytical services for the global pharma and biotech 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 financial information for the January–June 2023 periods has been prepared in accordance with IAS 34 Interim Financial Reporting. In preparation of this report, Nanoform has applied the same accounting policies, methods of computation and presentation as in the financial statements for the year ended December 31, 2022.

In 2020, the Company established a subsidiary (Nanoform USA Inc.) in the United States and as a result, Nanoform Group was formed. In 2023, a subsidiary Nanoform U.K. Ltd. was established in the UK. The consolidated financial statements include the parent company, Nanoform Finland Plc, and the subsidiaries in the USA and UK. The parent company holds 100% ownership of its subsidiaries. The subsidiaries are 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 euros, 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 at the average exchange rates for the reporting period. 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 figures in this report have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

The preparation of interim and annual reports requires management to make decisions, estimates and assumptions that affect the application of accounting policies and the recognized amounts of assets, liabilities, revenue, and expenses. Estimates and judgements are reviewed regularly. The Group's management has used judgment to review, analyze and evaluate revenue recognition for non-GMP and GMP projects. Nanoform recognizes revenue over time as the project performance does not create an asset with an alternative use to the Nanoform Group and the Nanoform Group has an enforceable right to payment for performance to date. The Group's management has used judgment when evaluating the leasing agreements e.g., the options to renew and terminate the leasing agreements at specific dates, the probability of Nanoform using these options and by determining the appropriate discount rate for the leasing agreements. The management has also used judgment to evaluate the economic lifetime of property, plant, and equipment. Management will review technological development regularly in the future to ensure that property, plant, and equipment are carried at no more than at their recoverable amount.

Nanoform's Board of Directors has approved this report in its meeting on August 23, 2023. This report is not audited or reviewed by the auditors of the Group.

3. Significant changes during the 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 reporting period:

- Revenue decreased slightly due to the lower order intake in 2H/2022. Revenue consists of multiple projects in which the Group has offered nanoforming, formulation and analytical services for the global pharma and biotech industry. (See note 4 Segment information and revenue).
- Employee benefit expenses continued to represent the majority of the Group's total operating expenses during the review period. Employee benefit expenses consisted of short-term employee benefit expenses (mainly salaries), post-employment benefit expenses (defined contribution pension plans) and share-based payments (stock options). The employee headcount increased by 10% to 158 (143), while the total employee benefit expenses decreased to EUR 3,822 (4,160) thousand in the review period.
- Other operating expenses included premises expenses, IT expenses, marketing and communication expenses, external consultant and professional fees, travel expenses, voluntary personnel related expenses, external R&D expenses, and other expenses. The main reason for the decrease in the other operating expenses compared with the same period last year is the decrease in the IT expenses, SAP S4/HANA was implemented in January 2023 (see note 5 Other operating expenses).

- Finance income and expenses stemmed from changes in foreign exchange rates in SEK, GBP, USD, NOK and JPY currencies and fair market value changes in the owned Herantis Pharma shares as well as interest income and expenses.
- Nanoform has invested part of its cash into short-term government bonds issued by Nordic (Finland, Sweden, Norway) and European (Germany) governments in order to diversify and decrease bank risk. The short-term government bonds are planned to be held until maturity and measured at amortized cost applying the interest rate method. In the future we may include UK and US T-bills as part of our cash management.
- Share subscriptions based on stock option programs approved by the Board of Directors on January 10, 2023 and on April 12, 2023. The total subscription price for subscriptions made with stock options of EUR 75 thousand was booked in the reserve for invested unrestricted equity.
- The movement in property, plant, and equipment is mainly related to completed constructions in non-GMP lines and quality control equipment. GMP 2&3 construction are classified in progress until new GMP certificates are obtained. Additions to non-GMP facilities are classified as construction in progress until non-GMP production lines are commissioned (see note 6 Property, plant, and equipment).

4. Segment information and revenue

Nanoform offers nanoforming, formulation and analytical services for the global pharma and biotech industry. Nanoform's chief operative decision maker is the Chief Executive Officer (CEO). 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 United States (defined by the domicile of customer). The Group's strategy is to offer expert services widely in order to minimize dependence from a single customer or project. Nanoform's revenue consists of non-GMP and GMP projects related to nanoforming, formulation and analytical services provided to customers globally. 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 separately nanoformed API. Nanoform recognizes revenue over time as the project performance does not create an asset with an alternative use to the Nanoform Group and the Nanoform Group has an enforceable right to payment for performance to date. The following table summarizes the revenue breakdown:

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Europe	432	494	865	916	1,961
United States	348	396	659	734	1,526
Total	**780**	**890**	**1,524**	**1,650**	**3,487**

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Services transferred over time	780	890	1,524	1,650	3,487
Total	**780**	**890**	**1,524**	**1,650**	**3,487**

5. Other operating expenses

The decrease in other operating expenses stems mainly from the decrease in IT expenses (SAP S4/ HANA was implemented in early January 2023).

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Premises expenses	68	32	122	63	159
IT expenses	291	798	625	1,189	2,064
Marketing and communication expenses	118	175	265	342	825
Consultant and professional fees	332	270	658	639	1,355
Travel expenses	86	107	213	167	353
Voluntary personnel related expenses	161	226	353	413	781
R&D expenses - external	425	136	544	366	1,008
Other expenses	565	400	877	760	1,620
Total	**2,048**	**2,144**	**3,657**	**3,939**	**8,164**

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, machinery and equipment and construction in progress.

The right-of-use assets consist of Nanoform's leased premises. Construction in progress consists of expenses related to new GMP lines, and non-GMP lines as well as the new equipment related to quality control which do not yet fulfill the activation criteria. Minor part of the PPE construction in progress has been reclassified to computer software during 2Q2023.

EUR thousand	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2023	5,295	6,437	1,125	14,271	27,128
Additions	297	111	8	1,181	1,597
Disposals*	-165				-165
Reclassification	1,575		424	-2,148	-149
Depreciations	-729	-528	-85		-1,342
Net book value at June 30, 2023	**6,273**	**6,020**	**1,472**	**13,304**	**27,069**
Net book value at January 1, 2022	3,465	7,213	1,233	7,807	19,718
Additions	164	153	21	4,553	4,891
Disposals*		-37		-52	-89
Reclassification	850			-850	
Depreciations	-501	-525	-72		-1,098
Net book value at June 30, 2022	**3,978**	**6,804**	**1,182**	**11,459**	**23,423**
Net book value at January 1, 2022	3,465	7,213	1,233	7,807	19,718
Additions	384	332	31	9,277	10,024
Disposals*		-56		-241	-297
Reclassification	2,565		6	-2,571	
Depreciations and impairments**	-1,120	-1,053	-145		-2,317
Net book value at December 31, 2022	**5,295**	**6,437**	**1,124**	**14,272**	**27,127**

* Disposals consist of the changes in right-of-use assets due to shortening of leasing period. Disposals in machinery and equipment and construction in progress are mainly due to changes in materiality considerations.
** Impairments consist of changes in machinery and equipment carrying amount due to fast technological development.

7. Share-based payments

Nanoform has 16 share-based incentive plans: Option programs 1-5/2019, 1-5/2020, 1-5/2021 and 1/2022. The option programs are targeted to members of the Board of Directors, key persons, and employees of the Group. Many of the employees 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, 1-5/2021 and 1/2022 share-based incentive plans have vesting periods from 6 to 12 months from the grant date. The effect of all stock options booked to the earnings of the review period was EUR 75 (614) thousand.

The factors used to determine the fair value and the end of the subscription periods of the 2019, 2020, 2021 and 2022 stock option programs are presented in the following table.

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, EUR	End of the share subscription period
01-05/2019	1.30–1.62	1.10	64.85	0.01	0.74–1.00	Until further notice
01-05/2020	1.77–4.30	1.65–5.00	43.25–64.85	-0.55–0.01	0.97–2.11	Mar 10, 2025–Oct 23, 2025
01-05/2021	5.97–7.50	9.00	44.97–47.62	0.01	1.72–2.49	Apr 6, 2026–Aug 27, 2026
01/2022	3.52	9.00	42.5	1.33	0.65	June 6, 2027

8. Net debt

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

EUR thousand	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Cash and cash equivalents	-43,910	-83,003	-68,740
Short-term government bonds	-12,934		
Net debt excluding lease liabilities	**-56,843**	**-83,003**	**-68,740**
Current lease liabilities	1,046	979	1,037
Non-current lease liabilities	5,471	6,297	5,896
Net debt	**-50,327**	**-75,727**	**-61,807**

9. Financial assets and liabilities

Jun 30, 2023 EUR thousand	Fair Value Hierarchy	Financial assets at fair value	Financial assets at amortized cost	Carrying amount	Fair value
Quoted shares	1	1,758		1,758	1,758
Short-term government bonds	2	12,914	12,934	12,934	12,914
Trade receivables	2		499	499	499
Other receivables	2		67	67	67
Cash and cash equivalents	2		43,910	43,910	43,910
Total		**14,561**	**57,410**	**59,168**	**59,037**

Jun 30, 2023 EUR thousand	Fair Value Hierarchy	Financial liabilities at fair value	Financial liabilities at amortized cost	Carrying amount	Fair value
Trade payables	2		1,886	1,886	1,886
Lease liabilities	2		6,517	6,517	6,517
Total			**8,403**	**8,403**	**8,403**

There have not been any transfers between fair value levels during the year 2022–2023.

Jun 30, 2022 EUR thousand	Fair Value Hierarchy	Financial assets at fair value	Financial assets at amortized cost	Carrying amount	Fair value
Quoted shares	1	2,436		2,436	2,436
Short-term government bonds	2				
Trade receivables	2		285	285	285
Other receivables	2		244	244	244
Cash and cash equivalents	2		83,003	83,003	83,003
Total		**2,436**	**83,532**	**85,968**	**85,968**

Jun 30, 2022 EUR thousand	Fair Value Hierarchy	Financial liabilities at fair value	Financial liabilities at amortized cost	Carrying amount	Fair value
Trade payables	2		1,665	1,665	1,665
Lease liabilities	2		7,276	7,276	7,276
Total			**8,941**	**8,941**	**8,941**

Dec 31, 2022 EUR thousand	Fair Value Hierarchy	Financial assets at fair value	Financial assets at amortized cost	Carrying amount	Fair value
Quoted shares	1	1,923		1,923	1,923
Short-term government bonds	2				
Trade receivables	2		829	829	829
Other receivables	2		274	274	274
Cash and cash equivalents	2		68,740	68,740	68,740
Total		**1,923**	**69,843**	**71,766**	**71,766**

Dec 31, 2022 EUR thousand	Fair Value Hierarchy	Financial liabilities at fair value	Financial liabilities at amortized cost	Carrying amount	Fair value
Trade payables	2		1,192	1,192	1,192
Lease liabilities	2		6,933	6,933	6,933
Total			**8,124**	**8,124**	**8,124**

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

10. Related party transactions

Related parties are the persons or entities related to any of the companies belonging to the Nanoform Group. The definition of related parties of the Group is based on the definitions included in the international IAS 24 standards.

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

	1–6/2023		
EUR thousand	Fees	Fees settled in shares	Share-based payments
Miguel Maria Calado	16	16	
Albert Hæggström, CFO	8	8	11
Mads Laustsen	10	10	
Jeanne Thoma	10	10	
Total	**44**	**44**	**11**

	1–6/2022		
EUR thousand	Fees settled in cash	Fees settled in shares*	Share-based payments
Miguel Maria Calado	91	79	19
Albert Hæggström, CFO	43	36	41
Mads Laustsen	55	49	12
Jeanne Thoma	55	49	37
Total	**244**	**213**	**109**

	1–12/2022		
EUR thousand	Fees settled in cash	Fees settled in shares*	Share-based payments
Miguel Maria Calado	91	79	19
Albert Hæggström, CFO	43	37	83
Mads Laustsen	55	49	12
Jeanne Thoma	55	49	37
Total	**244**	**214**	**151**

* Fees settled in shares include transfer tax.

Compensation for CEO and Management team:

	1–6/2023		
EUR thousand	Salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation
CEO	156	21	
Management team*	577	112	21
Total	**733**	**133**	**21**

	1–6/2022		
EUR thousand	Salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation
CEO	162	21	
Management team*	744	118	99
Total	**906**	**139**	**99**

	1–12/2022		
EUR thousand	Salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation
CEO	295	40	
Management team*	1,354	229	224
Total	**1,649**	**269**	**224**

* The management team without CEO, whose employee benefit expenses are presented separately.

Liabilities to key management

The following related party balance is included in the consolidated statement of financial position:

EUR thousand	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Liabilities to key management	21	109	156
Total	**21**	**109**	**156**

11. Commitments and contingencies

The Group commitments to purchase of services and property, plant, and equipment (mainly related to new GMP and non-GMP lines) amounted to EUR 1,868 (4,331) thousand at the end of the review period.

The Group's management is not aware of any open disputes or litigations, which could have a significant impact on the Group's financial position. At the reporting date the Group doesn't have any contingent liabilities.

12. Events after the review period

The clinical manufacture related to Project Blockbuster is being completed in August and the produced nanomaterial will be released and shipped for manufacture of the final drug product. Clinical trials are expected to commence in 4Q23 and the results are expected in 1Q24. If the results are positive, the targeted timeline for one or several license/commercial supply agreements is during 2024.

Quality Director and Accountable Director Johanna Kause will become a member of Nanoform's management team as of September 1st, 2023. Johanna Kause, who is responsible for all matters related to quality, has been with the company since January 2021.

During the quarter we received notice of allowance from the USPTO for our US patent application (US17947490) directed at the process we have developed to nanoform biological molecules. We are encouraged by this positive response that reflects our innovative work also in the field of large molecules. We have filed several patent applications directed at the biologics nanoforming technology in other jurisdictions that are currently pending. Following granted patents in the United States, Japan, and Canada, we in August also received notification from the European Patent Office (EPO) of their intention to grant our patent application (EP15793857.2) directed at the CESS technology for manufacture of our small molecule nanoparticles.

We have conducted promising initial *in vitro* trials with two major pharma companies looking at monoclonal antibodies (mAb's). These results further strengthen our proposition that nanoparticles are relevant for improved product development and more patient centric commercial products in the field of mAb's and we look forward to advancing these developments with our pharma clients.

Appendix 1

Key figures

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022	1-12/2021	1-12/2020
Revenue	780	890	1,524	1,650	3,487	1,955	687
Revenue growth %	-12%	63%	-8%	100%	78%	185%	n.m.
Gross profit	498	820	1,081	1,519	3,147	1,792	497
Gross margin	64%	92%	71%	92%	90%	92%	72%
EBITDA	-5,372	-5,484	-9,865	-10,057	-19,027	-17,745	-18,196
Operating loss	-6,103	-6,070	-11,251	-11,183	-21,409	-19,705	-19,423
Loss for the period	-6,804	-6,058	-11,295	-11,352	-22,075	-19,690	-19,441
Basic EPS (EUR)	-0.09	-0.08	-0.14	-0.15	-0.29	-0.29	-0.35
Net debt	-50,327	-75,727	-50,327	-75,727	-61,807	-68,070	-54,156
Net debt excluding lease liabilities	-56,843	-83,003	-56,843	-83,003	-68,740	-75,733	-59,977
Investments in property, plant, and equipment	-766	-2,759	-2,428	-5,063	-8,965	-7,737	-2,336
Operative free cash flow	-6,138	-8,243	-12,293	-15,120	-27,992	-25,482	-20,532
Cash and cash equivalents excluding short-term government bonds (end of period)	43,910	83,003	43,910	83,003	68,740	75,733	61,025
Cash and cash equivalents including short-term government bonds (end of period)	56,843	83,003	56,843	83,003	68,740	75,733	61,025
Personnel at the end of reporting period	158	143	158	143	150	125	74

Calculation of key figures

Key figure	Definition	Reason to the use
Revenue growth %	Percentage increase in revenue between two periods of time	Revenue growth indicates the success of the Nanoform business in its growth trajectory
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
Gross margin	Gross profit/revenue	A complement to the absolute gross profit, showing the proportion of income that is left after direct material costs and external services have been subtracted from the revenues
EBITDA	Operating loss before depreciation, amortization, and impairments	EBITDA is an indicator of the operating result before investments, i.e. a proxy for cash flow generated by operations, if investments roughly equals depreciations
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 loans + Long-term 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 loans + Long-term 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	EBITDA - growth capex	Free cash flow indicates the cash flow that is largely available for e.g. paying dividends

Further enquiries:

Albert Hæggström, CFO
albert.haeggstrom@nanoform.com
+358 29 370 0150

Henri von Haartman,
Director of Investor Relations
hvh@nanoform.com
+46 7686 650 11

Financial calendar

November 22, 2023, Interim Report January-September 2023

February 29, 2024, Annual Review 2023, Financial Statements Review 2023