nanoform
small is powerful

Report of the Board of Directors and Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

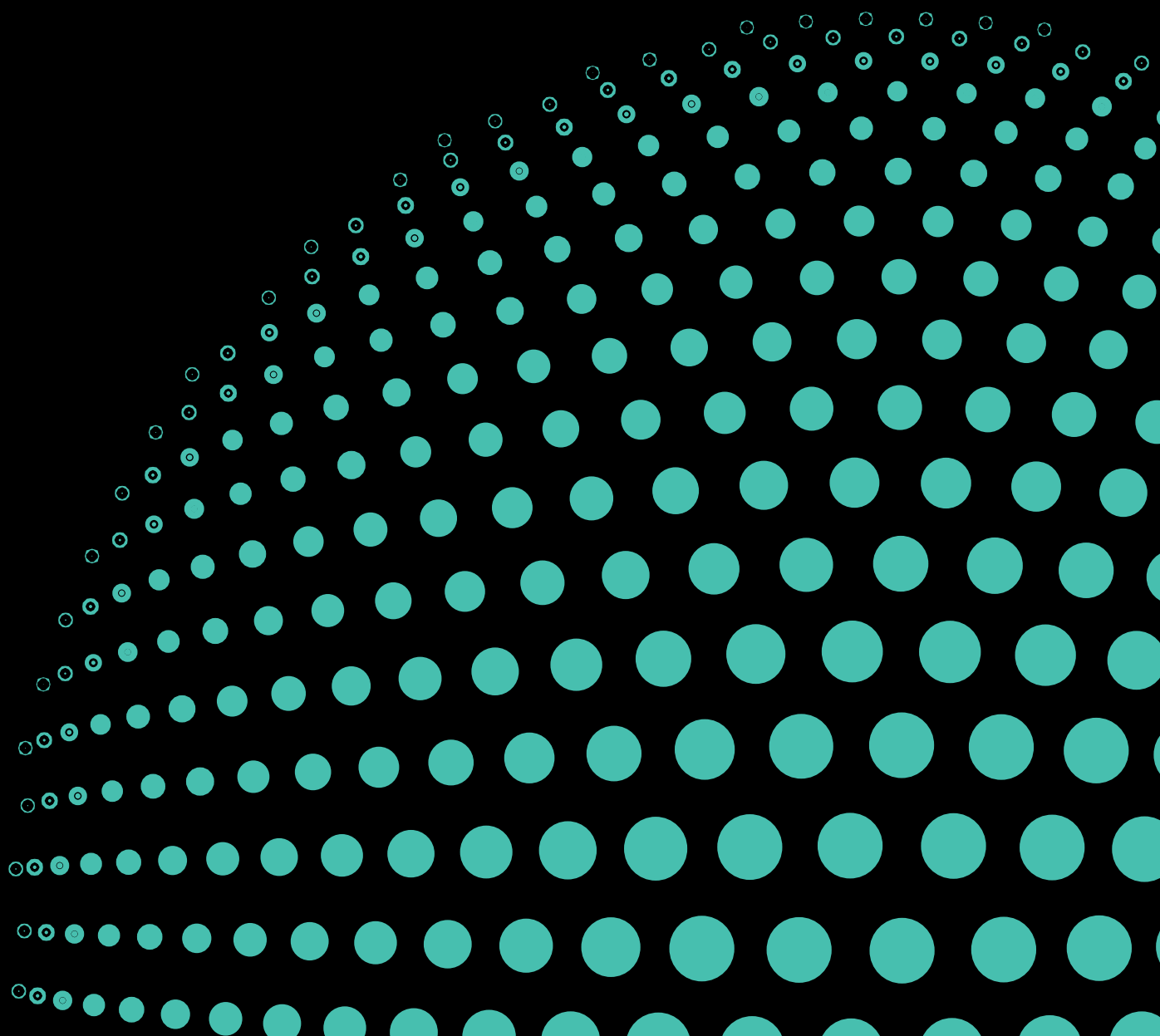

Table of contents

Report of the Board of Directors for the financial year ended December 31, 2021 3

Consolidated and parent company financial statements 21

Statement of comprehensive income 21
Statement of financial position 22
Statement of changes in equity 23
Statement of cash flows 24

Notes to the financial statements 26

1 Background 26
2 Accounting principles 26
3 Significant accounting judgements, estimates and assumptions 27
4 Revenue 28
5 Segment reporting 29
6 Other operating income 29
7 Materials and services 30
8 Employee benefits 30
9 Other operating expenses 31
10 Depreciation and amortization 31
11 Finance income and expense 32
12 Taxes 32
13 Loss per share 34
14 Intangible assets 34
15 Property, plant, and equipment 36
16 Non-current other receivables 38
17 Current trade and other receivables and prepayments and accrued income 39
18 Cash and cash equivalents 40
19 Shareholders' equity 41
20 Share-based payments 43
21 Financial risk management 45
22 Financial assets and liabilities 47
23 Provisions 50
24 Other current liabilities 51
25 Contingencies and commitments 51
26 Related party transactions 51
27 Group's structure 53
28 Events after reporting date 53

Signatures for the financial statements 54

Auditor's statement 54

Auditor's report 55

Financial ratios and definitions 57

Report of the Board of Directors for the financial year ended December 31, 2021

Operating environment

Nanoform operates in one of the world's largest markets, the global pharmaceutical market, where turnover exceeds USD 1,000 billion and where the annual R&D budget is almost USD 200 billion. Despite enormous investments in R&D, fewer than 50 new drugs have been approved by the FDA annually during the last ten years. One key reason why so few medicines are approved each year is low bioavailability of the API (Active Pharmaceutical Ingredient). Nanoform's technology platform offers a potential solution to this problem by producing nanoformed drug particles. When the size of drug particles is reduced, their combined surface area in proportion to the mass of API increases, which improves their solubility and bioavailability.

The pharmaceutical industry is highly regulated and characterized by a step-by-step development process, from discovery and clinical trials to market sale. It is considered to be 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 evident during the COVID-19 turbulence on both the global stock markets, and also in the stable demand for the pharma industry's products and services. During 2021 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 exceeding 50 per cent for many of the world's largest pharma companies. With an old product portfolio, the vulnerability to forthcoming 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 enabling opportunities to apply for patents for, e.g., new indications, dosage forms and delivery mechanisms, our technology may create significant value to our customers.

Significant events during 2021

In 2021, Nanoform reached many significant milestones. In January we announced positive interim results from our 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 announced further positive interim results from the 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 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 supports the clinical utility of Nanoform's technology and its potential applicability for producing fast-acting dosage forms for poorly soluble drugs.

In February, Nanoform and Herantis Pharma Plc signed a Biologics Proof of Concept (PoC) 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. In September, Herantis Pharma Plc announced successful results from its project with Nanoform. The PoC project showed that the nanoforming process was successfully applied to rhCDNF. During the nanoparticle formation process, rhCDNF protein remained stable, retaining its structure, function, efficacy, and neuroprotective effects in line with CDNF controls.

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.

During the year we started several collaborations. 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 and a US listed metabolic pharmaceuticals company signed a collaboration agreement and later during the month, 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 aim is 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.

On June 2, Nanoform raised its mid-term business targets for 2025. The new targets are:

- To nanoform annually at least 70 new active pharmaceutical ingredients, or 'APIs' (40% increase from the previous target of at least 50 new APIs annually)
- To have in place 35 operating production lines, of which 7 to 14 are expected to be GMP compliant (40% increase from the previous target of 25 operating lines of which 5-10 are GMP compliant)
- To have 200-250 employees (0-25% increase from the previous target of ~200)
- To have a gross margin over 90 percent (unchanged; re-iterated)
- To be cash flow positive (unchanged; re-iterated)

The raised midterm business targets were a consequence of several factors: the additional market opportunity foreseen for Nanoform's new biologics technology, the significant interest in Nanoform's service offering shown by the global pharma market, and the fact that both the number of companies developing novel drugs and the total number of APIs in the global pipeline continue to grow rapidly.

In June, a letter of intent was signed with a European headquartered international company for the development, manufacturing, and commercialization by nanoforming improved version of a current blockbuster drug. The expected improvements will be focused on patient convenience. The definitive agreement to manufacture GMP (Good Manufacturing Practice) nanoformed material was signed in November.

In September, Nanoform signed a contract for the implementation of a new enterprise resource planning system. The ERP system will be based on SAP's S/4HANA solution. Nanoform's partners in the implementation will be NTT Data Business Solutions, a leading global business and IT services provider with significant experience from the pharmaceutical industry as well as Enfo, a highly experienced Nordic SAP partner headquartered in Finland. In November, Nanoform announced that it had received ISO/IEC 27001:2013 certification for its Information Security Management System (ISMS). The ISMS applies to all information, systems, processes, and people that operate, store, handle, and process Nanoform's and its clients' trusted data.

During the year Nanoform signed PoC agreements with many new customers, including several global major entities like Boehringer Ingelheim and the Bill & Melinda Gates Foundation. In December, Nanoform and TargTex, a European biotech company, signed a Proof of Process (PoP) and GMP manufacturing program to enhance TargTex's Glioblastoma multiforme drug candidate. This followed a successful PoC study where the hydrogel formulation developed by Nanoform (CESS® technology-based nanoparticles) enabled a fivefold increase in drug load compared to nanomilling.

All in all, year 2021 was a successful year for Nanoform. We announced positive results from both our clinical study utilizing our CESS® technology and from our first Biologics customer PoC project. Our presence in the US expanded both from personnel and a customer project point of view, following the establishment of a US subsidiary in 2020. We signed our first two GMP contracts, only two years after our BD team brought us the first two PoC projects in 4Q19. The expansion of our GMP capacity continued with the start of building GMP lines 2 and 3, with a targeted finalization in 2022. We also implemented shift work capability to enable a fast ramp-up of GMP capacity in anticipation of significant customer demand. On the Biologics side we took the first step towards GMP status by starting to build a pilot line for GMP, expected to be ready in 2022. Many new pharma companies were signed as partners and customers, while the cumulative number of started PoC projects increased to more than two dozen from only two just two years ago. The number of employees increased from 74 to 125 with includes more than 25 nationalities. The number of shareholders increased by almost 1,000 to roughly 9,000, compared with some 6,000 after the IPO in June 2020. The full-year gross margin exceeded our 2025 target of above 90 per cent already in 2021 and orders received exceeded EUR 5m in 2021, up from EUR 1m in 2020 and EUR 0.1m in 2019. Revenue recognized almost tripled to EUR 2.0m, from EUR 0.7m in 2020 and EUR 0.05m in 2019.

Company near-term business targets for 2022

- 2 new GMP lines
- Biologics pilot line for GMP
- At least 20 new customer non-GMP projects
- At least 3 new customer GMP projects

Company mid-term business targets 2025

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

Risks Related to the Company's Business Activities and Industry

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

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

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

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

In relation to the development and commercialization of its technology offering, the Company has incurred and will continue to incur significant costs. To date, the operating cash flow generated from customer projects is insufficient to cover the Company's costs. Therefore, the Company is reliant on other sources of funding, such as equity financing, to continue operating.

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

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

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

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

The Company's technology platforms are young and are either unproven for human use or have not been extensively tested in humans. There is a risk that future data from clinical trials will reveal that nanoparticles nanoformed using the Company's technologies fail to achieve the expected clinical outcomes or that they show unexpected hazardous properties, which would materially affect the Company's ability to commercialize its technologies, causing a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

If the Company's technology cannot nanoform its customers' APIs or the services otherwise do not meet customer requirements, the Company's ability to commercialize its technology platforms and services could be hampered

The Company's growth strategy depends on its technology platforms being adopted by its customers for nanoforming APIs. The Company's growth strategy is to trial its technologies on as many APIs as possible. However, at this point, the Company has only tested its technologies on a small percentage of existing APIs. Not all APIs can be nanoformed for various reasons, and even if an API is successfully nanoformed, there may be additional factors including, but not limited to, throughput, yield, price or stability of the nanoformed material that affect the customer's willingness to adopt the Company's technology. If these risks materialize, there would be a material adverse effect on the Company's ability to commercialize its technologies and service offerings, causing a material adverse effect to the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

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

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

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

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

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

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

There is a risk that someone who has access to trade secrets and other confidential information, such as employ-

ees, consultants, advisors, business partners or customers, will disseminate or otherwise use this information in a manner that damages the Company. There is also a risk that the Company may fail to maintain trade secrets and other confidential information or protect such information using legal means, or that such information could become known in another way because of circumstances beyond the Company's control. If the Company's trade secrets are revealed to its competitors, the Company's competitive advantage would be eroded. In addition, competitors or other external parties could independently develop similar know-how, which could damage the Company's competitive advantage.

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

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

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

Although the Company believes that it is compliant with all applicable laws and regulations required to maintain the GMP Certificate and receive further GMP Certificates, it is not certain that FIMEA will grant any future iterative certification. If the Company does not maintain the GMP Certificate for its GMP-grade production line, the Company's ability to commercialize its CESS® technology would be significantly hampered because the Company would have to make sufficient changes to ensure that it could obtain a GMP Certificate in the future. In addition, the Company has not to date GMP certified a production line for its biologics (large molecules) particle production technology. There is no guarantee that the Company can succeed in GMP certifying the biologics technology in its current form or that the certification would not require changes which may cause delays or require further investments into alterations to the process or equipment.

Nanoform's management continuously assesses the need for non-GMP and GMP grade production lines based on, for example, discussions held with current and prospective customers. If the Company were to lose the GMP Certificate or if the Company fails to correctly anticipate the need for non-GMP and GMP grade production lines for its technologies, the Company's ability to commercialize its these technologies by supplying nanoformed APIs for use in clinical trials and in drugs sold commercially would be stymied, resulting in unobtained revenue and having a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

The Company currently has limited presence in the U.S. market and expanding its presence in the U.S. is material for its growth strategy. There is a risk that the Company may not be able to grow the business in the U.S. because U.S. customers, for instance, may be reluctant to expand their purchases from a company that does not have a local production facility in the U.S. Failure to expand its activities in the U.S., establish a U.S. manufacturing facility, and attract more U.S. business, could have a material adverse effect on the Company's growth and ability to meet its business targets, and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

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

In the future, the Company may depend on, and would have no control over, end sales of the drugs benefiting from nanoformed APIs by the Company's customers. In addition, the level of revenue generated by the drugs benefiting from the APIs nanoformed using the Company's technology could be adversely affected by, among other things, delays in clinical trials or regulatory approval, loss of patent or other IPR protection, emergence of competing

products, including generics, the degree to which private and government drug plans subsidize payment for a particular product and changes in the marketing strategies for such products.

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

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

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

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

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

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

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

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

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

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

The Company's success is materially dependent on the professional skills of its key personnel and its ability to hire com-

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

The Company losing the services of a large number of key personnel or such portion of key personnel not being available for a significant period of time could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

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

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

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

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

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

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

material adverse effect on its business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

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

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

If the Company fails to meet the required quality standards of any of its customers, the Company could damage its reputation for quality and service. Any such failure could lead to increased costs or lost revenue or could require reimbursement to customers for costs of services and materials. Any such failure could also lead to damage to and possibly termination of existing customer relationships. Moreover, a failure could lead to loss of time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or APIs.

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

The Company has in the past and may in the future expand the use of alternative payment methods in which the Company would receive equity in the customer as direct or indirect payment for the Company's services, which entails risks related to liquidity of the customer's shares, inability to sell the customer's shares, insider prohibitions on selling the customer's shares and other unforeseen risks

The Company owns shares in one of its current customers (Herantis Pharma Oyj) and may in the future expand the use of alternative payment methods such as the Company taking shares or another form of equity interest in a customer in exchange for the Company's services. Such alternative payment options mean that the Company faces increased risks related to such customer's liquidity, cash flow, working capital, profitability and strength of the customer's balance sheet. Having accepted equity as payment, the Company may not be able to sell a customer's shares freely due to insider prohibitions or contractual limitations. Not being able to sell a customer's shares at the anticipated time or price could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

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

The Company is currently implementing an enterprise resource planning system. This constitutes a material investment and significant change to the Company's operations.

The Company expects the new enterprise resource planning system to substantially improve its accounting activities and offer opportunities for future operational efficiency gains. However, failures or delays in the implementation of the system may lead to increased costs, disruptions or delays in the Company's operations, and the system may not provide the benefits the Company expects. This could have an adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares

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

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

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

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

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

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

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

Risks Related to the Company's Financial Situation and Regulatory Environment

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

The Company has generated losses since its formation. In the financial year ended December 31, 2021, the Company recognized losses of EUR 19,690 thousand. In the financial years ended December 31, 2020 and 2019, the Company recognized losses of EUR 19,441 thousand and EUR 7,554 thousand, respectively. There is a significant risk as to whether the Company will be able to reach positive cash flow and results in the future, because the Company will be required to conduct further R&D work, business development, expansion of production capacity, and activities related to regulatory compliance. Such activities, together with anticipated general and administrative expenses associated with the growth strategy of the Company, will increase costs, and may reduce the Company's liquidity and prevent the Company from becoming profitable. There is a risk that the Company will not be able to generate sufficient revenue or achieve profitability to conduct its business operations in accordance with at each time applicable targets or strategies, which could restrict the Company's ability to achieve its business targets, maintain the scope of its operations, and its ability to obtain required additional funding. In the past, the Company has financed its operations mainly with equity financing, and to lesser extent with income from contracts with customers. However, there can be no assurance that the Company will obtain sufficient financing in the future to carry out its planned activities and to engage into planned growth investments. Even if the Company does achieve profitability in the future, it may not be able to sustain profitability in subsequent periods. In addition, the Company's results of operations can fluctuate and, as

a result, period-to-period comparisons may not necessarily be meaningful and results of operations in prior financial periods should not be relied upon as an indication of the Company's future performance.

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

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

The Company is currently dependent on external financing acquired, for instance, via equity financing from current and new shareholders. The Company may in the future require external financing if it, for example, pursues significant transactions or significant growth investments. The Company may not be able to obtain financing or it may only be able to obtain financing at significantly higher cost than what is currently the case. Factors such as financial market conditions, the general availability of credit, the fact that the Company is not profitable and the associated uncertainty around its profitability and creditworthiness, as well as that the Company does not have a credit rating issued by a credit rating agency, may affect the availability of financing. Global financial markets have experienced several periods of high volatility since the latest global financial crisis in 2008, including the COVID-19 pandemic. Factors, including adverse macroeconomic development, sovereign debt crises and unstable political environment may affect financial market conditions. Future periods of uncertainty, increased volatility, disruptions or sustained adverse developments in the financial markets could constrain the Company's access to capital and result, for example, in a reduction of liquidity. A reduction in liquidity could make it more difficult to obtain funding for the Company at reasonable costs or at all. Being unable to obtain funding at a reasonable cost or at all, would affect the Company's ability to finance the operating and capital expenditure necessary to pursue further growth initiatives.

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

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

The Company is exposed to foreign exchange rate risks, both translation risks and transaction risks arising from fluctuations in currency exchange rates. The key currency in which the Company has the most significant exposure is the Swedish krona, the British pound sterling and the U.S. dollar. Currently all revenue of the Company is in euros and U.S. dollar, but some of the Company's costs are in British pound sterling, U.S. dollar and Swedish krona, in addition to euros. At year end 2021, the most significant currency exposure arose from the USD 8,036 thousand and the SEK 4,986 thousand cash positions. A 10 percent movement in USD/EUR exchange rate would have resulted in EUR 804 thousand change in net result for the financial year ending 2021 and would have corresponded to approximately 1.06 percentage point movement in EUR 75,733 thousand cash and cash equivalent position at December 31, 2021. The Company's exposure to other currencies has been limited. The Company's foreign exchange risks will increase further if its sales or costs in foreign currencies increase significantly. The Company monitors its currency positions but does not currently use any derivative instruments to hedge its exposure to foreign exchange risks.

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

The Company maintains insurance coverage (including directors' and officers' liability insurance) to protect its business operations. The Company's production lines are concentrated in one production facility in Helsinki, Finland, which increases the consequences of an unforeseen event to the Company and its production facility. There is a risk that the overall insurance coverage will not be sufficient to cover the damages to the Company or third parties, and should such an unforeseen event occur, it could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

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

Currently, the Company has sought to manage this risk through contractual indemnities and liability limitations

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

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

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

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

The Company has in the past and may in the future undertake to sponsor clinical trials which make the Company subject to additional regulatory requirements, including among others Good Clinical Practice ("GCP") requirements, which, if not fulfilled, could result in the Company's operations being limited or suspended and the Company incurring monetary and criminal penalties

Clinical trials including API particles nanoformed by the Company could be either a clinical trial sponsored by one of the Company's customers or the Company itself. When the Company itself sponsors a clinical trial, the Company is subject to additional regulatory requirements, including among other GCP requirements, as well as laws and regulations of Nanoform's domicile and locally where the trial is conducted. Any failure by the Company to comply with such requirements could result in the limitation or suspension of its operations. The Company could also incur monetary fines, civil or criminal sanctions, third-party claims or other costs or damages pursuant to such requirements. The materialization of any of the foregoing risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

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

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

Furthermore, the Company is still in a growth phase and there is a risk that current operational risk management and internal control processes may not remain adequate as the Company grows and that the Company may fail to update such processes. The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

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

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

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

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

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

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

Key figures

	Group		
EUR thousand	**2021**	**2020**	**2019*)**
Revenue	1,955	687	49
Revenue growth %	185%	n.m.	n.m.
Gross profit	1,792	497	-323
Gross margin	92%	72%	neg.
EBITDA	-17,745	-18,196	-6,900
Operating loss	-19,705	-19,423	-7,344
Loss for the period	-19,690	-19,441	-7,554
Equity ratio %	85.7%	84.8%	61.7%
Gearing-%	-80.6%	-86.5%	-45.9%
Gearing-% excluding lease liabilities	-89.6%	-95.8%	-83.5%
Net debt	-68,070	-54,156	-3,640
Net debt excluding lease liabilities	-75,733	-59,977	-6,626
Total assets	99,353	73,886	12,910
Average number of personnel	104	59	33
Number of personnel at the end of the period	125	74	43
Employee benefit expenses	-13,791	-12,526	-4,359
R&D expenses	-3,780	-2,608	-986
Investments in property, plant, and equipment	-7,737	-2,336	-1,804
Operative free cash flow	-25,482	-20,532	-8,704
Cash and cash equivalents (end of the period)	75,733	61,025	7,303

*) Parent company information, the Group was formed in the financial year 2020.
n.m.: not meaningful

Group Share indicators

	Group		
	2021	**2020**	**2019*)**
Basic EPS (EUR)	-0.29	-0.35	-0.19
Equity per share	1.16	0.94	0.19
Dividend per share			
Dividend % of earnings			
Effective dividend yield %			
P/E ratio EUR	neg.	neg.	
Lowest share price EUR, NANOFH	5.84	3.80	
Highest share price EUR, NANOFH	8.80	8.00	
Average share price EUR, NANOFH	7.14	4.22	
Closing share price EUR, NANOFH	6.58	7.08	
Lowest share price SEK, NANOFS	59.80	38.00	
Highest share price SEK, NANOFS	88.60	73.95	
Average share price SEK, NANOFS	73.12	46.26	
Closing share price SEK, NANOFS	68.20	71.20	
Market value of shares at end of period EUR	477,281,261	471,531,136	
Weighted average number of shares during the financial period	68,136,596	56,268,964	39,107,334
Number of shares in the end of the financial year	72,535,146	66,600,443	42,095,365

*) Parent company information, the Group was formed in the financial year 2020.
Nanoform's shares were listed on Nasdaq First North Premier Helsinki and Stockholm stock exchange on June 4, 2020.

Financial review of the Nanoform Group

Revenue

Nanoform's full-year net revenue increased by 185 % to EUR 1,955 (2020; 687) thousand. The main driver for the revenue growth was the increased amount of GMP and non-GMP customer projects where the Group has offered expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry. Revenue stemmed from multiple customer projects.

Results

Nanoform's materials and services amounted to EUR -162 (2020: -216) thousand. During the financial period, costs stemmed from customer projects reported in revenue, commercialization and materials and supplies used in the R&D activities and operations which are reported in the other operating expenses. Employee benefits increased to EUR -13,791 (2020: -12,526) thousand, primarily due to growth in personnel. In the comparable period employee expenses also included variable pay related to the IPO and financing rounds. The average number of personnel was 104 (2020: 59) employees, and the number of personnel at the end of the period was 125 (2020: 74) employees.

EBITDA was EUR -17,745 (2020: -18,196) thousand. The EBITDA was mainly attributable to a minor increase in employee benefits as well as a decrease in other operating expenses.

Depreciation, amortization, and impairment losses amounted to EUR -1,960 (2020: -1,226) thousand, of which depreciations on property, plant, and equipment accounted for EUR -1,852 (2020: -1,181) thousand. The increase in depreciation is mainly due to an increase in leased premises and investments in machinery and equipment. Depreciation of EUR -965 (2020: -760) thousand was recognized on leased right-of-use assets presented under property, plant, and equipment.

Operating loss amounted to EUR -19,705 (2020: -19,423) thousand. Total finance income and expenses amounted to EUR 18 (2020: -15) thousand. Loss for the year totalled EUR -19,690 (2020: -19,441) thousand.

Cash flow

Nanoform's net cash flow from operations amounted to EUR -14,349 (2020: -14,156) thousand. The change in working capital was EUR 1,093 (2020: 2,277) thousand.

Nanoform's cash flow from investing activities totalled EUR -9,121 (2020: -4,040) thousand, consisting of investments in intangible assets and property, plant, and equipment and investment in Herantis Pharma Plc shares. Investing in property, plant, and equipment activities mainly comprised of GMP, and R&D lines built during the financial year and equipment and machinery used in business operations. During the financial period, the company invested EUR 1,200 (2020: 1,600) thousand in Herantis Pharma Plc in a directed share issue.

Nanoform's cash flow from financing activities amounted to EUR 36,404 (2020: 71,858) thousand. Proceeds from a directed share issue were EUR 39,996 thousand. In the comparable period the proceeds in connection with the IPO were EUR 79,928 thousand. Transaction cost related to the share issue were EUR -1,464 (2020: -8,316) thousand. Share subscriptions by stock options amounted to EUR 386 (2020: 438) thousand. The company repaid its R&D loans to Business Finland during the financial period totalling EUR -1,391 thousand, in the comparable period R&D loans repayments were EUR -78 thousand. In the comparable period 2020, the company also financed its operations with loans from Business Finland to the amount of EUR 505 thousand. The impact of repayments for lease liabilities on the cash flow from financing activities was EUR -1,124 (2020: -620) thousand.

Financial position

Nanoform's equity at the end of the financial period 2021 totalled EUR 84,494 (2020: 62,635) thousand. Cash and cash equivalents at the end of the financial period 2021 was EUR 75,733 (2020: 61,025) thousand. Net debt at the end of the financial period was EUR -68,070 (2020: -54,156) thousand.

Nanoform's total assets at the end of the financial year 2021 was EUR 99,353 (2020: 73,886) thousand. The company's debt to equity ratio at the end of the financial year was -81 (2020: -87) per cent.

Investments, research, and development

In 2021, the Group continued to invest heavily in GMP-level cleanroom facilities, R&D production lines and equipments totalling EUR 7,737 (2020: 2,336) thousand. The company received its first GMP certification from FIMEA on April 29, 2020, which enabled the company to nanoform drugs for clinical trials.

In 2021, the Group made an additional investment into Herantis Pharma Plc shares amounting to EUR 1,200 (2020: 1,600) thousand, after which Nanoform holds approx. 7.5% of the total shares of Herantis Pharma Plc.

Research and development expenses in the financial year totalled EUR 3,780 (2020: 2,608) thousand, representing 17 (2020: 13) percent of total operating costs. In the comparable and previous periods (2018–2020), the company has carried out a Business Finland supported project related to the development of production equipment and technology. Project results helped cutting down the time between production batches and speed up the manufacture of production batches, leading to increased production capacity and facilitate more diverse production activities.

Management

Nanoform's corporate governance model is presented in a separate Corporate Governance statement.

The company's Board of Directors, Annual General Meeting of Shareholders, and auditors

The Annual General Meeting (AGM) of Nanoform Finland Ltd was held in Helsinki on April 6, 2021. The AGM adopted the financial statements and discharged the accountable persons from liability for the financial year ended December 31, 2020.

The company's Annual General Meeting confirmed the number of members of the Board of Directors to be four and re-elected Miguel Calado (Chair), Mads Laustsen, Albert Hæggström and Cynthia Schwalm to the company's Board of Directors for the next term of office. On May 20, 2021, Cynthia Schwalm transitioned to Senior Advisor Business Development US, from her role as member of the Board of Directors. Between May 21 – November 16, 2021, the members of the Board of Directors were Miguel Calado (Chair), Mads Laustsen and Albert Hæggström. The company's Extraordinary General Meeting convened on November 17, 2021, and Jeanne Thoma was elected as board member. Accordingly, Nanoform's members of the Board of Directors were Miguel Calado (Chair), Mads Laustsen, Albert Hæggström and Jeanne Thoma between November 17 – December 31, 2021.

During the whole financial year 2021 the Audit and Compensation Committee consisted of Miguel Calado (Chair) and Mads Laustsen as well as Cynthia Schwalm Jan 1, 2021, until May 20, 2021. Jeanne Thoma was elected to Audit and Compensation Committee on December 10, 2021.

According to the decisions made by the Annual General Meeting of Nanoform Finland Ltd on April 6, 2021, the annual fees paid to the members of the Board of Directors were as follows: Chair, EUR 39,996; and other members, EUR 19,992.

The auditor of the company is PricewaterhouseCoopers Oy, with Tomi Moisio, Authorized Public Accountant, as the designated principal auditor.

Related party transactions, including compensation and fees paid to key management personnel and expenses from the option programs as well as liabilities and commitments to related parties are presented in Note 26 (Related party transactions) to the Financial Statements.

CEO and Management Team

Nanoform Finland Plc's CEO is Professor Edward Hæggström. In addition to the CEO, the members of the company's Management Team are Dr. Niklas Sandler, Chief Technology Officer; Christian Jones, Chief Commercial Officer; Albert Hæggström, Chief Financial Officer; Dr. Goncalo Andrade, Chief of Business Operations; Dr. David Rowe, Head of Manufacturing; Peter Hänninen, General Counsel and Johanna Tuomisto, HR Director.

Decisions of the Annual General meeting

Other decisions taken by the AGM are reported in sections Management and Equity and stock option rights of this report.

Decisions of the Extraordinary General meeting

The Extraordinary General meeting (EGM) held on November 17, 2021, resolved the number of members on the Board of Directors to be four and appointed Jeanne Thoma as ordinary member of the Board of Directors. Other decisions taken by the EGM are reported in the sections Management and Equity and stock option rights of this report.

Personnel

At the end of the financial year, the company had 125 (2020: 74) employees representing 26 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 45 (2020: 26) employees worked in R&D (including non-GMP customer projects), 17 (2020: 12) in GMP Manufacturing and 6 (2020: 3) in Project Management. Quality Control had 21 (2020: 12) and Quality Assurance 8 (2020: 5) professionals. The Commercial team grew to 7 (2020: 4). Nanoform has also been able to attract talent in Legal 3 (2020: 1) and IT 3 (2020: 2) and in corporate functions 15 (2020: 9) (e.g., Finance, Procurement, IR, HR).

General operating procedures

The company has internal operating procedures which guide the company's operations and practices. The company has a quality management system as required by GMP. Procurement policy is described as part of the company's quality management system. A description of the personnel policy is included in the company's HR documents. The company has in place an anti-corruption policy, code of conduct, disclosure policy, insider policy, whistleblowing policy, internal control policy, and a charter for the company's Board of Directors and Audit and Compensation Committee, respectively.

The CEO is accountable to the Board of Directors for the organisation and the planning, implementation and monitoring of risk management, as well as related reporting. The company's Management Team supports the CEO in this work.

Environmental, Health, Safety and Sustainability (EHSS) Matters

Nanoform's CESS® technology can cause significant reduction in total volumes of APIs and thus lead to relatively smaller manufacturing footprint. The CESS® process creates little waste as only CO_2 and the API provided by the customers are combined without the use of solvents or excipients in a simple process. The CESS® process has a high production yield and requires a small production line.

The company uses substances that are hazardous to the environment or health in its operations. Nevertheless, the quantities of those chemicals are small, and the substances are handled by employees according to the Safety Data Sheet (SDS) and other relevant safety documents. The com-

pany has in place a hazardous waste management operating policy and standard operating procedures for the handling of API material.

As the business grows the construction and implementation of a new dynamic Environmental, Health Safety and Sustainability (EHSS) program and strategy will focus on business initiatives to significantly reduce and eliminate hazards in the workplace associated with the manufacturing of nano particles and use of API materials.

The environmental and sustainability part of the strategy will focus on the significant reduction of waste produced, the substitution of more sustainable components used in manufacturing, the ability to efficiently use CO_2 through lean manufacturing of processes and the application of the process of CO_2 reclamation in the aim to reduce or even eliminate the production of CO_2 emissions from our manufacturing processes.

Short-term risks and uncertainty factors

Nanoform operates in a heavily regulated industry (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. 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 introduction of new technologies happens slowly.

Risks associated with the group's financial position mainly comprise of currency-, credit- and counterparty risks as well the liquidity risk. 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. Risks related to legislation, rules and regulatory compliance are associated with the group's sector of industry.

Risks and risk management

The company's risks have been described in an in-house risk analysis tool, and the company's internal practices are designed to ensure that high-quality information related to the company's operations is available at the right time in the company's decision-making process. The company seeks to manage technology risks by protecting key innovations, products to be commercialised and services by means of patents and trademarks. An analysis of financial risks is included in the Notes to the Financial Statements, and the company monitors the eventual realisation of financial risks by analysing its cash position in different currencies, by monitoring changes in the markets, and by analysing the clients' liquidity. Monitoring of the quality of operations and the management of associated risks has been integrated into Nanoform's GMP guidelines.

Significant pending disputes

The company is not aware of any ongoing disputes or litigations which might have a significant impact on the company's financial position.

Equity and option rights

Nanoform Finland Plc has 72,535,146 (2020: 66,600,443) shares. Each share entitles to one vote at the General Meeting of Shareholders and an equal share in the dividends.

Nanoform carried out a directed share issue in March 2021 in which 5,633,803 shares were subscribed. In the comparable period 2020 in connection with the listing of the Company's shares on Nasdaq First North Growth Market Premier in Helsinki and Stockholm on June 4, 2020, the Company carried out an IPO in which 20,289,856 shares and an additional 2,898,551 new shares were subscribed in two directed share issues.

In 2021 shares subscribed for with stock-option rights are totalling 300,900 shares based on the stock option programs 2/2019, 5/2019 and 1/2020. In the comparable period in 2020, a total of 16,671 shares were subscribed for with stock option rights 2/2019, 3/2019, 5/2019, 1/2020 (for more information see Note 20).

On 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. On June 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 100,000. On August 27, 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 50,000. On November 17, 2021, the EGM resolved to issue stock options to new Board of Directors member, the total number of option rights to be issued is at most 38,630.

On March 10, 2020, the Board of Directors decided on the stock option program 1/2020, where 505,000 stock options were granted to Group's key personnel. On April 7, 2020, the Annual General meeting decided on the stock option program 2/2020, where 350,000 stocks options were granted to Board of Directors. On June 25, 2020, the Board of Directors decided on the stock option program 3/2020, where 700,000 stocks options were granted to Group's key personnel. On September 1, 2020, the EGM decided on the stock option program 4/2020, where 59,726 stock options were granted to the new member of the Board of Directors. On October 23, 2020, the Board of Directors decided on the stock option program 5/2020, where 150,000 stock options were granted to Group's key personnel. Further information on stock option programmes is included in Note 20 (Share-based payments) to the Financial Statements.

Owners

Shareholders at December 31, 2021

Shares	Number of owners	Share of ownership
1–10,000	4,726	2.00%
10,000-99,999	29	1.21%
100,000-999,999	31	14.02%
>1,000,000	10	82.77%
Owners total	**4,796**	**100.00%**

Source: Euroclear Finland Ltd.

10 largest shareholder owners at December 31, 2021

	Shareholder	Number of shares	Percentage of shares and votes
1	Hæggström Edvard Olof	5,409,405	7.46%
2	Handelsbanken Funds	5,180,106	7.14%
3	University Of Helsinki Funds	4,397,719	6.06%
4	Mandatum Life Insurance Company Limited	4,298,712	5.93%
5	Dnb Funds	3,274,652	4.51%
6	The Fourth Swedish National Pension Fund	3,140,050	4.33%
7	Varma Mutual Pension Insurance Company	2,846,996	3.92%
8	Yliruusi Jouko Kalervo	2,700,000	3.72%
9	Falck Kai Edvin	2,700,000	3.72%
10	Avohoidon Tutkimussäätiö Sr	2,638,737	3.64%
10 Largest shareholders total		**36,586,377**	**50.44%**
Others		35,948,769	49.56%
In total		**72,535,146**	**100.00%**

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear Sweden, Euroclear Finland and Morningstar.

Sector distribution at December 31, 2021

Sector	Number of shareholders	Shareholders %	Number of shares	Shares %
Private companies	145	3.02%	1,839,041	2.54%
Financial and insurance institutions	18	0.38%	19,158,089	26.41%
Public sector organizations	3	0.06%	4,710,496	6.49%
Households	4,596	95.83%	17,784,102	24.52%
Non-profit inst. serving households	8	0.17%	7,218,707	9.95%
Foreigners	26	0.54%	21,824,711	30.09%
Total	**4,796**	**100.00%**	**72,535,146**	**100.00%**
Nominee registered	10		34,626,667	47.74%
In the joint book-entry accounts				

Source: Euroclear Finland Ltd.

Events after the reporting date

On January 3, Nanoform announced two new near-term business targets for 2022: "At least 20 new customer non-GMP projects in 2022" and "At least 3 new customer GMP projects in 2022"

Board of Director's proposal for the distribution of profits

The Board of Directors proposes to the Annual General Meeting that the parent company's loss for the year, EUR -19,743,269 be transferred to the accumulated deficit and that no dividend be paid. The parent company's distributable equity on December 31, 2021, totalled EUR 84,348 (2020: 62,546) thousand.

Consolidated and parent company financial statements

Statement of comprehensive income

		Group		Parent company	
EUR	Note	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Revenue	4	**1,954,547**	**686,748**	**1,954,547**	**686,748**
Other operating income	6	81	26,932	81	26,932
Materials and services	7	-162,375	-216,276	-162,375	-216,276
Employee benefits expenses	8	-13,790,751	-12,525,832	-12,797,207	-12,291,300
Depreciation, amortization and impairment losses	10	-1,960,319	-1,226,485	-1,960,319	-1,226,485
Other operating expenses	9	-5,746,537	-6,167,827	-6,796,304	-6,417,785
Total expenses		**-21,659,982**	**-20,136,419**	**-21,716,205**	**-20,151,846**
Operating loss		**-19,705,354**	**-19,422,740**	**-19,761,577**	**-19,438,166**
Finance income	11	2,584,818	1,674,000	2,584,818	1,674,000
Finance expenses	11	-2,566,509	-1,689,028	-2,566,509	-1,687,145
Total finance income and expenses		**18,308**	**-15,028**	**18,308**	**-13,145**
Loss before tax		**-19,687,046**	**-19,437,767**	**-19,743,269**	**-19,451,312**
Income tax	12	-2,613	-3,541		
Loss for the period		**-19,689,659**	**-19,441,308**	**-19,743,269**	**-19,451,312**
Loss for the period attributable to the equity holders of the company		**-19,689,659**	**-19,441,308**	**-19,743,269**	**-19,451,312**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences of translation of foreign operations		3,218	-779		
Other comprehensive income for the period, net of tax		**3,218**	**-779**		
Total comprehensive loss for the period		**-19,686,441**	**-19,442,087**	**-19,743,269**	**-19,451,312**
Total comprehensive loss for the period attributable to the equity holders of the company		**-19,686,441**	**-19,442,087**	**-19,743,269**	**-19,451,312**
Loss per ordinary share	13				
Basic and diluted loss per share, EUR		-0.29	-0.35		

Statement of financial position

		Group		Parent company	
EUR	Note	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
ASSETS					
Non-current assets					
Intangible assets	14	287,231	211,147	287,231	211,147
Property, plant, and equipment	15	19,718,172	10,016,087	19,718,172	10,016,087
Investments	22	1,997,837	1,794,593	1,998,739	1,795,495
Other receivables	16	285,805	294,857	285,805	294,857
Total non-current receivables		**22,289,045**	**12,316,684**	**22,289,947**	**12,317,586**
Current assets					
Trade receivables	17	169,859	225,920	169,859	225,920
IC receivables	26				16,768
Other receivables	17	586,791	115,732	586,791	115,732
Prepaid expenses and accrued income	17	574,553	202,458	574,553	202,442
Cash and cash equivalents	18	75,732,679	61,025,364	75,506,211	60,958,478
Total current assets		**77,063,881**	**61,569,474**	**76,837,414**	**61,519,340**
Total assets		**99,352,927**	**73,886,158**	**99,127,361**	**73,836,925**
EQUITY AND LIABILITIES					
Equity					
Share capital	19	80,000	80,000	80,000	80,000
Reserve for invested unrestricted equity	19	128,598,848	89,679,673	128,598,848	89,679,673
Accumulated deficit		-24,495,365	-7,683,001	-24,507,808	-7,682,222
Loss for the period		-19,689,659	-19,441,308	-19,743,269	-19,451,312
Total equity		**84,493,824**	**62,635,364**	**84,427,771**	**62,626,139**
Non-current liabilities					
R&D loans	22		970,846		970,846
Lease liabilities	22	6,690,881	4,920,316	6,690,881	4,920,316
Total non-current liabilities		**6,690,881**	**5,891,162**	**6,690,881**	**5,891,162**
Current liabilities					
Provisions	23	875		875	
R&D loans	22		77,500		77,500
Lease liabilities	22	971,895	900,644	971,895	900,644
Advance payments		791,536	45,930	791,536	45,930
Trade payables	22	1,850,815	1,218,532	1,850,232	1,217,619
IC liabilities	26			242,322	
Other liabilities		331,415	221,733	331,415	221,733
Accrued expenses	24	4,221,685	2,895,294	3,820,433	2,856,199
Total current liabilities		**8,168,222**	**5,359,633**	**8,008,709**	**5,319,625**
Total liabilities		**14,859,103**	**11,250,795**	**14,699,590**	**11,210,786**
Total equity and liabilities		**99,352,927**	**73,886,158**	**99,127,361**	**73,836,925**

Statement of changes in equity

Group statement of changes in equity

EUR	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Balance at Jan 1, 2020	**2,500**	**17,706,692**	**-9,777,368**	**7,931,824**
Loss for the year 2020			-19,441,308	-19,441,308
Other comprehensive income for the period			-779	-779
Comprehensive loss for the period			**-19,442,087**	**-19,442,087**
Transactions with equity holders of the Company				
Increase of the share capital	77,500	-77,500		
Subscription of shares		438,007		438,007
Share-based payments			2,095,144	2,095,144
Share issue*)		71,612,474		71,612,474
Balance at Dec 31, 2020	**80,000**	**89,679,673**	**-27,124,311**	**62,635,364**
Loss for the year 2021			-19,689,659	-19,689,659
Other comprehensive income for the period			3,218	3,218
Comprehensive loss for the period			**-19,686,441**	**-19,686,441**
Transactions with equity holders of the Company				
Increase of the share capital				
Subscription of shares		386,485		386,485
Share-based payments			2,625,726	2,625,726
Directed share issue*)		38,532,690		38,532,690
Balance at Dec 31, 2021	**80,000**	**128,598,848**	**-44,185,026**	**84,493,824**

*) Netted transaction costs in the reporting period 2021 EUR 1,463,805 (2020: 8,315,657).

Parent company statement of changes in equity

EUR	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Balance at Jan 1, 2020	**2,500**	**17,706,692**	**-9,777,368**	**7,931,826**
Loss for the year 2020			-19,451,312	-19,451,312
Transactions with equity holders of the Company				
Increase of the share capital	77,500	-77,500		
Subscription of shares		438,007		438,007
Share-based payments			2,095,144	2,095,144
Share issue*)		71,612,474		71,612,474
Balance at Dec 31, 2020	**80,000**	**89,679,673**	**-27,133,536**	**62,626,139**
Loss for the year 2021			-19,743,269	-19,743,269
Comprehensive loss for the period			**-19,743,269**	**-19,743,269**
Transactions with equity holders of the Company				
Subscription of shares		386,485		386,485
Share-based payments			2,625,726	2,625,726
Directed share issue*)		38,532,690		38,532,690
Balance at Dec 31, 2021	**80,000**	**128,598,848**	**-44,251,078**	**84,427,771**

*) Netted transaction costs in the reporting period 2021 EUR 1,463,805 (2020: 8,315,657).

Statement of cash flows

EUR	Note	Group Jan 1–Dec 31, 2021	Group Jan 1–Dec 31, 2020	Parent company Jan 1–Dec 31, 2021	Parent company Jan 1–Dec 31, 2020
Cash flow from operating activities					
Loss before tax		**-19,687,046**	**-19,437,767**	**-19,743,269**	**-19,451,312**
Adjustment for:					
Depreciation and amortisation	10	1,960,319	1,226,485	1,960,319	1,226,485
Finance income and expenses	11	-18,308	15,028	-18,308	13,145
Share-based compensation	8; 20	2,625,726	2,095,144	2,625,726	2,095,144
Other adjustments*)		-99,847	-3,478	-99,846	-3,478
Change in net working capital:					
Trade and other receivables	17	-781,937	-256,266	-765,185	-270,772
Trade payables and other liabilities	22	1,875,300	2,533,077	1,752,577	2,496,486
Change in other receivables (non-current)		9,052	-270,772	9,052	-273,018
Interest paid	11	-254,606	-66,361	-254,606	-64,478
Interest received	11	25,318	8,771	25,318	8,771
Paid tax		-2,613			
Net cash used in operating activities		**-14,348,642**	**-14,156,141**	**-14,508,222**	**-14,223,028**
Cash flow from investing activities					
Payments for intangible assets	14	-183,931	-102,844	-183,931	-102,844
Payments for tangible assets	15	-7,736,887	-2,336,181	-7,736,887	-2,336,181
Payments for subsidiary shares					-902
Acquisition of financial assets at fair value through profit or loss		-1,200,000	-1,600,900	-1,200,000	-1,599,998
Net cash used in investing activities		**-9,120,819**	**-4,039,926**	**-9,120,819**	**-4,039,926**
Cash flow from financing activities					
Proceeds from issue of shares	19	39,996,495	79,928,138	39,996,495	79,928,138
Transaction costs from the share issues	19	-1,463,806	-8,315,657	-1,463,806	-8,315,657
Acquisitions of treasury shares					
Subscription of shares		386,485	438,000	386,485	438,000
Proceeds from R&D loans	22		504,976		504,976
Repayment of R&D loans		-1,391,244	-77,500	-1,391,244	-77,500
Repayment of lease liabilities	21	-1,124,109	-620,260	-1,124,109	-620,260
Net cash from financing activities		**36,403,822**	**71,857,697**	**36,403,822**	**71,857,697**
Net increase (+) decrease (-) in cash and cash equivalents		**12,934,361**	**53,661,631**	**12,774,781**	**53,594,744**
Cash and cash equivalents at 1 January		61,025,364	7,302,666	60,958,478	7,302,666
Effects of exchange rate changes on cash and cash equivalents		1,772,952	61,068	1,772,952	61,068
Cash and cash equivalents at 31 December		**75,732,677**	**61,025,364**	**75,506,211**	**60,958,478**

*) Other adjustments in cash flow of statement

	Group		Parent company	
EUR	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Other operating income – government grants and other adjustments		27,160		27,160
Other operating expenses – leases	15,112	-11,559	15,112	-11,559
Other operating expenses – impairments of fixed assets	-60,409		-60,409	
Other operating expenses – change in fixed asset materiality consideration	-50,268		-50,268	
Other operating expenses – provision for onerous contract	875	-19,079	875	-19,079
Other adjustments – provision for credit loss	-5,156		-5,156	
Total	**-99,846**	**-3,478**	**-99,846**	**-3,478**

Notes to the financial statements

1 Background

Nanoform Group is a supplier of expert services for the international pharma and biotech industry in nanotechnology and drug particle engineering. Parent company Nanoform Finland Plc is a public company under Finnish law.

Business ID of Nanoform Finland Plc is 2730572-8 and its headquarter is located at Viikinkaari 4, 00790 Helsinki. These consolidated financial statements consist of the parent company Nanoform Finland Plc and its subsidiary ("Nanoform" or "the Group"). The shares of the parent company Nanoform Finland Plc have been listed on NASDAQ First North Growth Market Premier in Helsinki and Stockholm since June 4, 2020. Nanoform Group has 125 (74) employees at the end of 2021.

The Board of Directors approved these financial statements for issue on February 21, 2022. According to the Finnish Companies Act, the shareholders can approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

2 Accounting principles

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming to the IAS standards and IFRS standards as well as IFRIC interpretations. The financial statements have been prepared on a historical cost basis unless otherwise disclosed in the accounting policies.

Nanoform's financial statements are presented in euros, which is Group's functional and presentation currency. Figures presented in these financial statements have been rounded from exact figures and therefore the sum of figures presented individually can deviate from the presented sum figure.

Nanoform Group's accounting policies of the financial statements are described in conjunction with each note in the aim of providing enhanced understanding of each accounting area. The table below summarizes the note in which each accounting policy is presented and the relevant IFRS standard.

Basis of preparation	Note	IFRS standard
Revenue recognition	4. Revenue	IFRS 15
Segment reporting	5. Segment reporting	IFRS 8
Government grants	6. Other operating income	IFRS 9, IAS 20
R&D expenses	7. Materials and services	IAS 38
Employee benefits	8. Employee benefits	IAS 19
Taxes	12. Taxes	IAS 12
Earnings per share	13. Loss per share	IAS 33
Intangible assets	14. Intangible assets	IAS 38
Tangible assets	15. Property, plant, and equipment	IAS 16
Leases	15. Property, plant, and equipment	IFRS 16
Trade receivables	17. Trade and other receivables, prepayments, and accrued income	IFRS 9
Share-based payments	20. Share-based payments	IFRS 2
Financial risk management	21. Financial risk management	IFRS 7, IFSR 9
Financial assets and liabilities	22. Financial assets and liabilities	IFRS 9
Provisions	23. Provisions	IAS 37

Foreign currency translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in finance income and expenses in the statement of comprehensive income. Non-monetary items that are measured based on initial cost in a foreign currency are translated at exchange rates prevailing at the transaction date.

The result and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit of loss are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

Consolidation principles

The consolidated financial statement include the parent company, Nanoform Finland Plc, and the subsidiary in USA, Nanoform USA Inc. Subsidiaries are companies over which the Group exercises control. The Group has a controlling interest in a company if, by being involved in the company, it is exposed to fluctuating returns or is entitled to such fluctuating returns and it is able to influence these returns by exercising its control over the company.

Mutual shareholdings of Group companies have been eliminated using the acquisition cost model. Acquisition costs include transferred assets at fair value, generated or assumed liabilities and equity-based instruments that are issued. Acquired subsidiaries are consolidated from the moment that the Group gains control over them and divested subsidiaries are consolidated until this control ends. All internal Group business transactions, receivables, liabilities, unrealized profits and internal profit distribution are eliminated when preparing the consolidated financial statement. Unrealized losses are not eliminated if the loss results from impairment. The distribution of profits for the financial period to the parent company's owners and minority interest-holders is presented in the income statement, and the minority interest-holders' share of equity is presented as a separate item in the balance sheet under equity. The Group has no associated companies or minority shareholders. Accounting principles applied by subsidiaries have been adapted to correspond to the Group's principles.

The subsidiary in the USA was incorporated in January 2020 and its financial statement has been consolidated into Group's financial statement. On December 31, 2021, the Group had no goodwill on its balance sheet.

2.2 Changes in accounting policies and disclosures

Nanoform has applied amendments and annual improvements to IFRS standards effective from the beginning of January 2020.

The amended standards are:

- IFRS 9 Financial Instruments
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRS 7 Financial Instruments: Disclosures
- IFRS 16 Leases
- The Conceptual Framework for Financial Reporting

Amendments and annual improvements have not had a major impact on the financial statements.

At the date of authorisation of these financial statements, Nanoform has not applied the following new and revised IFRS Standards that have been issued but are not yet effective for the financial year beginning of January 1, 2021.

- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16 Standard: Property, Plant, and Equipment. Proceeds before intended use
- Amendments to IAS 37 standard: Onerous Contracts – Costs of Fulfilling a Contract
- IFRS 17 Insurance Contracts
- Amendments to IAS 1 standard: Classification of Liabilities as Current or Non-current
- Amendments to IAS 8 standard: Definition of Material
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Nanoform will apply these amendments to standards as applicable.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group Financial statement in accordance with the IFRS requires management to make judgments, estimates and assumptions that affect the measurement of the reported assets and liabilities and other information, such as contingent assets and liabilities and the recognition of income and expenses in the statement of comprehensive income. Although these estimates and assumptions are based on the management's best knowledge of current events and actions, actual results may differ from the estimates. The financial statement has been prepared on going concern basis.

The sources of uncertainty and management judgement which have been identified by the Group and which are considered to fulfill these criteria are presented in connection to the items considered to be affected. The table below discloses where to find these descriptions.

Accounting judgements, estimates and assumptions

Revenue recognition	4. Revenue
Leases	15. Property, plant, and equipment
Share-based payments	20. Share-based payments

4 Revenue

Nanoform's revenue consists of GMP and non-GMP type of research and development services provided to the Group's customers, in which the Group nanoforms customers drug compounds. The Group's customer contracts can include one or multiple performance obligations. In the contracts every, separate nanoformed drug ingredient is a separate performance obligation, as the customer can receive benefit from each separate nanoformed compound and each nanoformed compound is distinct from the other promises in the contract.

Total revenue in 2021 was EUR 1,955 (2020: 687) thousand. The Group's revenue consists solely of customer contracts, which are recognized over time as 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.

Contract assets and liabilities

Nanoform has recognized the following contract assets and liabilities from contracts with customers in its statement of financial position.

	Group		Parent company	
EUR	**2021**	**2020**	**2021**	**2020**
Prepaid expenses and accrued income – revenue accruals from percentage of completion method	252,201	92,418	252,201	92,418
Advances received – revenue accruals from percentage of completion method	-791,536	-45,930	-791,536	-45,930

The transaction prices allocated to unsatisfied performance obligations or included in contract liability balance is expected to be recognized as revenue during the following financial year for the major part.

Accounting policy

Nanoform recognizes revenue from customer contracts over time as the Group fulfills the performance obligation by performing the promised service. Nanoform's performance does not create an asset with an alternative use to the Group and Nanoform has an enforceable right to payment for performance completed to date. Consequently, the revenue is recognized over time. Nanoform measures the progress towards complete satisfaction of the performance obligations by applying the input method, in which the revenue is recognized based on the costs incurred relative to the total estimated costs of the performance obligation. The Group views that the used method best describes the transfer of control for the services provided. Estimated costs and revenues will be re-assessed regularly during performing the services. Revisions in profit estimates as well as projected potential losses on contracts are charged through the statement of comprehensive income in the period in which they become known.

The transaction prices in Nanoform's customer contracts are fixed. The terms of payment and payment periods in customer contracts vary, but payment time is nonetheless clearly below one year. Consequently, customer contracts do not include a significant financing component. In case a contract includes several performance obligations, Nanoform will allocate the fixed transaction price in the contract to different performance obligations based on their stand-alone selling prices. Revenue is recognized to the extent Nanoform expects to be entitled to consideration in exchange for the services provided.

Nanoform does not have costs for obtaining or fulfilling the customer contracts.

Significant management judgements

Nanoform applies the input method in measuring the progress towards complete satisfaction of a performance obligation. In the input method, the fulfilment is measured by comparing the costs incurred relative to the total estimated costs of the performance obligation. Significant management judgment is required to determine the estimated total costs of performance obligations. Estimated costs are reviewed regularly during performing the services and revisions in forecasts and projected losses on service contracts are recognized through the statement of comprehensive income in the period in which they become known.

5 Segment reporting

Nanoform's business is to offer expert services in nanotechnology and drug particle engineering for global pharma and biotech industry. In the year 2021 the Group's operations have consisted of GMP and non-GMP type of research and development services provided to the customers. The Group's chief operating decision maker is the Chief Executive Officer. The CEO manages the Group as one integrated business and hence, the Group has one operating and reportable segment. The revenue in 2021 was EUR 1,955 (2020: 686,7) thousand. The Group's revenue during all the reported financial years is recognized from customer contracts both from Europe and outside of Europe (defined by the domicile of customer). During 2021, Group's revenue stemmed from 22 different customer projects (2020: 12) whose relative share of the revenue varied between 2–24 percent.

Income by geographical area:

	Group		Parent company	
EUR	**2021**	**2020**	**2021**	**2020**
Europe	1,557,776	546,826	1,557,776	546,826
United States	396,771	139,922	396,771	139,922
Total	**1,954,547**	**686,748**	**1,954,547**	**686,748**

The Group production, research and development functions operate in Finland. The Group's strategy is to sell nanotechnological services widely to minimize the dependence from single customers or projects. Major part of Group's assets and liabilities are in Finland.

Accounting policy

Operating segments are reported consistently with the internal reporting provided to the chief operating decision maker. Nanoform's Chief Executive Officer reviews the operating results regularly and makes the decisions about the allocation of resources and to assess overall performance. Consequently, the Chief Executive Officer is identified as the chief operating decision maker. The Chief Executive Officer manages the Company as one integrated business and hence, the Company has one operating and reportable segment.

6 Other operating income

	Group		Parent company	
EUR	**2021**	**2020**	**2021**	**2020**
Grant component of government loans		15,373		15,373
Other income	81	11,559	81	11,559
Total	**81**	**26,932**	**81**	**26,932**

The grant component of government loans consists of indirect financial benefit from below-market interests of the government loans from the Business Finland. The loans have been granted to finance the development projects of nanotechnology. Other income consists of income from finance leasing contracts terminated before the end of expected leasing period and other minor operating income.

Accounting policy

Government grants are recognized at fair value when it is reasonably certain that the grant will be received, and the Group will comply with all related conditions. Government grants are recognized as income in the statement of comprehensive income during the same period with the costs incurred that they are intended to compensate.

The indirect government assistance in the form of below-market interest government loans is recognized as grant income and recorded as other operating income in the same period in which the Group recognizes the expenses which the benefit is intended to compensate. The grant component is measured as the difference between the initial fair value of the loan and the proceeds received. Government grant received, for which the expenses have not yet been recognized, is recognized as an advance received in the statement of financial position. The grant component for eligible expenses already incurred during the reporting period, for which the grant will be received in subsequent reporting periods, is recognized as grant income in the statement of comprehensive income and as other receivable in the statement of financial position.

7 Materials and services

	Group		Parent company	
EUR	**2021**	**2020**	**2021**	**2020**
Raw materials and consumables				
Purchases during the period	140,530	144,735	140,530	144,735
External services	21,845	71,541	21,845	71,541
Total	**162,375**	**216,276**	**162,375**	**216,276**

The Group's materials and services mainly consist of materials and supplies relating customer projects and production support.

8 Employee benefits

	Group		Parent company	
EUR	**2021**	**2020**	**2021**	**2020**
Wages and salaries	9,483,450	8,633,896	8,600,530	8,423,312
Pension expenses, defined contribution plans	1,331,580	1,246,208	1,278,709	1,238,883
Other social security expenses	349,995	550,583	292,242	533,961
Share-based compensation – paid in equity	2,625,726	2,095,144	2,625,726	2,095,144
Total	**13,790,751**	**12,525,832**	**12,797,207**	**12,291,300**

	Group		Parent company	
	2021	**2020**	**2021**	**2020**
Number of personnel at the end of the period	125	74	122	72
Average number of personnel	104	59	101	59

Accounting policy

Nanoform's employee benefits consist of short-term employee benefits and post-employment benefits (defined contribution pension plans) and share-based payments. Nanoform's defined contribution schemes are with external insurance companies and the Group does not have a legal or constructive obligation to make additional payments in case the recipient for pension contributions is unable to pay the pension benefits. The pension contributions are recognized as expenses in the statement of comprehensive income during the period to which the charge relates to.

Short-term employee benefits are recognized as expenses during the period in which related service is provided. A liability is recognized when the Group has a statutory and constructive obligation relating to employment relationship based on performance received and when an obligation can be measured reliable.

The management compensation and share-based payments are disclosed in more detail in Notes 20 Share-based payments and 26 Related party transactions.

9 Other operating expenses

	Group		Parent company	
EUR	2021	2020	2021	2020
Premises expenses	100,463	106,124	100,463	106,124
IT expenses	780,237	308,989	780,237	308,989
Marketing and communication costs	589,075	427,401	589,075	427,401
Consultant and professional fees	1,149,897	2,884,489	1,137,776	2,872,929
Travel expenses	146,274	99,589	120,204	91,834
Voluntary personnel related expenses	744,567	531,560	744,567	531,560
Research and development expenses	930,100	1,356,750	930,130	1,356,750
Other costs	1,305,894	452,925	2,393,852	722,199
Total	**5,746,507**	**6,167,827**	**6,796,304**	**6,417,786**

Auditor's fee

	Group		Parent company	
EUR	2021	2020	2021	2020
PriceWaterhouse Coopers				
Audit fees	50,053	84,358	50,053	84,358
Other fees	80,616	421,611	80,616	421,611
Total	**130,669**	**505,969**	**130,669**	**505,969**

Other operating expenses contains external research and development expenses. In 2021 financial statement, the total development expenses of EUR 3,780 (2020: 2,608) thousand have been expensed in the statement of comprehensive income, part of the research and development expenses are combined into personnel expense and part in the other operating expenses

Accounting policy

Research and development costs are recognized as expenses when internally developed intangible assets do not meet the criteria for capitalization. Development costs are capitalized when a development project is likely to generate economic benefits for the Group and the products are assessed to be technically feasible and commercially viable. Development projects are related to new or essentially improved nanoparticle technology. The Group has not capitalized development costs during 2021 nor 2020 as the capitalization criteria's have not been fulfilled.

10 Depreciation and amortization

	Group		Parent company	
EUR	2021	2020	2021	2020
Intangible assets	47,439	31,710	47,439	31,710
Tangible assets	1,852,472	1,181,058	1,852,472	1,181,058
Amortization of tangible assets	60,409		60,409	
Amortization of intangible assets		13,716		13,716
Total	**1,960,319**	**1,226,485**	**1,960,319**	**1,226,485**

11 Finance income and expense

	Group		Parent company	
EUR	**2021**	**2020**	**2021**	**2020**
Financial income				
Gains from foreign exchange	2,559,500	1,470,635	2,559,500	1,470,635
Fair value through profit or loss		194,594		194,594
Interest and other financial income	25,318	8,771	25,318	8,771
Total financial income	**2,584,818**	**1,674,000**	**2,584,818**	**1,674,000**
Financial expenses				
Interest expenses	-535,277	-226,146	-535,277	-226,146
Losses from foreign exchange	-786,548	-1,411,450	-786,548	-1,409,567
Other financial expenses	-247,928	-51,432	-247,928	-51,432
Fair value through profit or loss	-996,756		-996,756	
Total financial expenses	**-2,566,509**	**-1,689,028**	**-2,566,509**	**-1,687,145**
Financial income and expense total	**18,308**	**-15,028**	**18,308**	**-13,145**

Foreign exchange gains and losses are based on foreign exchange changes in SEK, USD, GBP, and NOK currencies. Fair value change in financial income relates to fair value with investment in Herantis Pharma Plc. The interest expense relates mainly to the R&D loans and lease liabilities. Other financial expenses consist of guarantee commission and deposit interests.

12 Taxes

	Group		Parent company	
EUR	**2021**	**2020**	**2021**	**2020**
Financial year tax				
Income tax	-2,613	-3,541		
Change in deferred tax				
Total	**-2,613**	**-3,541**	**0**	**0**

The difference between income taxes at the statutory tax rate in Finland (20%) and income taxes recognized in the statement of comprehensive income is reconciled as follows:

	Group and Parent company	
EUR	**2021**	**2020**
Loss before tax	-19,743,269	-19,451,312
Income tax calculated at Finnish tax rate 20%	-3,948,654	-3,890,262
Tax losses and temporary differences for which no deferred tax asset is recognized	3,473,592	5,060,008
Non-deductible expenses and tax-free income	475,062	-1,169,746
Taxes in the statement of comprehensive income	**0**	**0**

Tax losses and deductible temporary differences for which no deferred tax assets have been recognized, are as follows:

	Group and Parent company	
EUR	**2021**	**2020**
R&D expenses not yet deducted in taxation	7,987,188	5,217,881
Tax losses carried forward	44,294,110	30,868,347
Deferred tax depreciation on fixed assets	1,293,709	478,671
Difference between leasing assets and leasing liabilities	449,900	408,428
Provisions and fair value through profit and loss not deductible in taxation	803,037	
Total	**54,827,944**	**36,973,328**

The company has incurred research and development expenses especially in the year 2018–2021, which have not yet been deducted in its taxation. The amounts deferred for tax purposes can be deducted over an indefinite period.

Tax losses carried forward expire over the period of 10 years. The tax losses will expire as follows:

	Group and Parent company	
EUR	**2021**	**2020**
Expiry within 5 years	173,250	173,250
Expiry within 5–10 years	44,120,860	30,695,097
Total	**44,294,110**	**30,868,347**

The parent company's unconfirmed tax loss for 2021 is EUR -13,412 (2020: -22,336) thousand. Deferred tax assets have not been recognized in the statement of financial position due to uncertainty as to whether they can be utilized. The Group has an unprofitable history, which is considered a significant factor when assessing whether to recognize deferred tax assets. For this reason, no deferred tax assets or liabilities are recognized in the statement of financial position nor disclosed. The total value of unrecognized deferred tax assets from tax losses is EUR 8,859 thousand with estimated 20% tax rate.

Accounting policy

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

Deferred tax assets and liabilities are recognized on all temporary differences arising between the tax bases and carrying amounts of assets and liabilities. Deferred tax has been determined using the tax rates enacted at the balance sheet date, and as the rates change, at the known new rate. Deferred tax asset is recognized to the extent that it is probable that it can be utilized against future taxable income. At the reporting date, the Group has not recognized deferred tax assets due to the uncertainty that they can be utilized.

13 Loss per share

The loss per share is measured by dividing loss for the year with the weighted average number of ordinary shares in issue.

	Group	
EUR	**2021**	**2020**
Loss for the period	-19,689,659	-19,441,308
Weighted average number of ordinary shares in issue	68,136,596	56,268,964
Basic and dilutive loss per share (in €)	**-0.29**	**-0.35**

Accounting policy

Earnings per share is calculated by dividing the loss for the year with the weighted average number of ordinary shares during the year.

The Group's potential dilutive instruments consist of share options granted in the years 2019, 2020 and 2021. Because the Group's businesses have been unprofitable, share options would have an anti-dilutive effect and therefore these are not considered in measuring the dilutive loss per share. Therefore, there is no difference between the basic and the diluted loss per share. These options could potentially dilute earnings per share in the future.

14 Intangible assets

	Group		
EUR	**Patents**	**Licenses**	**Total**
Dec 31, 2021			
Net book value at Jan 1, 2021	179,197	31,951	211,147
Additions	86,051	37,472	123,523
Depreciation and amortization for the financial year	-32,369	-15,070	-47,439
Net book value at Dec 31, 2021	**232,879**	**54,353**	**287,231**
Dec 31, 2021			
Cost	389,593	88,774	478,367
Accumulated depreciation and impairment loss	-156,715	-34,421	-191,136
Net book value at Dec 31, 2021	**232,879**	**54,353**	**287,231**
Dec 31, 2020			
Net book value at Jan 1, 2020	146,406	7,324	153,729
Additions	72,949	29,895	102,844
Depreciation and amortization for the financial year	-40,158	-5,268	-45,426
Net book value at Dec 31, 2020	**179,197**	**31,951**	**211,147**
Dec 31, 2020			
Cost	303,542	51,302	354,844
Accumulated depreciation and impairment loss	-124,346	-19,351	-143,697
Net book value at Dec 31, 2020	**179,197**	**31,951**	**211,147**

	Parent company		
EUR	Patents	Licenses	Total
Dec 31, 2021			
Net book value at Jan 1, 2021	179,197	31,951	211,147
Additions	86,051	37,472	123,523
Depreciation and amortization for the financial year	-32,369	-15,070	-47,439
Net book value at Dec 31, 2021	**232,879**	**54,353**	**287,231**
Dec 31, 2021			
Cost	389,593	88,774	478,367
Accumulated depreciation and impairment loss	-156,715	-34,421	-191,136
Net book value at Dec 31, 2021	**232,879**	**54,353**	**287,231**
Dec 31, 2020			
Net book value at Jan 1, 2020	146,406	7,324	153,729
Additions	72,949	29,895	102,844
Depreciation and amortization for the financial year	-40,158	-5,268	-45,426
Net book value at Dec 31, 2020	**179,197**	**31,951**	**211,147**
Dec 31, 2020			
Cost	303,542	51,302	354,844
Accumulated depreciation and impairment loss	-124,346	-19,351	-143,697
Net book value at Dec 31, 2020	**179,197**	**31,951**	**211,147**

Accounting policy

Intangible assets consist of patents and software licenses. Intangible assets are measured at cost less accumulated amortization and impairment losses and are recognized in the statement of financial position if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The costs of new patents are capitalized in the statement of financial position and the costs relating to maintaining existing patents are expensed and presented in other operating expenses in the statement of comprehensive income. The intangible assets have definite useful life.

The estimated useful lives for intangible assets are as follows:

- Patents 10 years
- Licenses 5 years

Intangible assets are reviewed for impairment whenever there are indications that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is asset's fair value less costs of disposal or its value in use, whichever is higher. The value in use represents the discounted future cash flows expected to be derived from the asset.

Please also see additional information on R&D expense in note 9.

15 Property, plant, and equipment

	Group				
EUR	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Dec 31, 2021					
Net book value at Jan 1, 2021	2,032,321	5,412,531	1,090,169	1,481,066	10,016,087
Additions	556,493	596,246	133,407	8,352,543	9,638,689
Reassessment***)		2,219,688			2,219,688
Disposals*)	-118,258	-50,822		-74,332	-243,412
Reclassification	1,809,532		142,337	-1,951,869	
Depreciation and amortization for the financial year**)	-815,038	-964,768	-133,075		-1,912,881
Net book value at Dec 31, 2021	**3,465,050**	**7,212,875**	**1,232,838**	**7,807,408**	**19,718,172**
Dec 31, 2021					
Cost	1,892,574	9,945,776	174,127	12,192,588	24,205,065
Disposals*)	-118,258	-596,091		-77,686	-792,035
Reclassification	3,051,134		1,256,360	-4,307,494	
Depreciation and amortization for the financial year**)	-1,360,400	-2,136,811	-197,649		-3,694,860
Net book value at Dec 31, 2021	**3,465,050**	**7,212,875**	**1,232,838**	**7,807,408**	**19,718,172**
Dec 31, 2020					
Net book value at Jan 1, 2020	530,713	2,852,989		1,588,446	4,972,148
Additions	616,239	3,865,162	40,720	2,251,599	6,773,720
Disposals*)		-545,269		-3,354	-548,623
Reclassification	1,241,602		1,114,023	-2,355,625	
Depreciation and amortization for the financial year**)	-356,233	-760,351	-64,574		-1,181,158
Net book value at Dec 31, 2020	**2,032,321**	**5,412,531**	**1,090,169**	**1,481,066**	**10,016,087**
Dec 31, 2020					
Cost	1,336,081	7,129,842	40,720	3,840,045	12,346,689
Disposals*)		-545,269		-3,354	-548,623
Reclassification	1,241,602		1,114,023	-2,355,625	
Depreciation and amortization for the financial year**)	-545,362	-1,172,043	-64,574		-1,781,979
Net book value at Dec 31, 2021	**2,032,321**	**5,412,531**	**1,090,169**	**1,481,066**	**10,016,087**

*) 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.
**) Amortizations consists of changes in machinery and equipment carrying amount due to fast technological development.
***) Reassessment in rights of use assets is due to rent period extension.

	Parent company				
EUR	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Dec 31, 2021					
Net book value at Jan 1, 2021	2,032,321	5,412,531	1,090,169	1,481,066	10,016,087
Additions	556,493	596,246	133,407	8,352,543	9,638,689
Reassessment***)		2,219,688			2,219,688
Disposals*)	-118,258	-50,822		-74,332	-243,412
Reclassification	1,809,532		142,337	-1,951,869	
Depreciation and amortization for the financial year**)	-815,038	-964,768	-133,075		-1,912,881
Net book value at Dec 31, 2021	**3,465,050**	**7,212,875**	**1,232,838**	**7,807,408**	**19,718,172**
Dec 31, 2021					
Cost	1,892,574	9,945,776	174,127	12,192,588	24,205,065
Disposals*)	-118,258	-596,091		-77,686	-792,035
Reclassification	3,051,134		1,256,360	-4,307,494	
Depreciation and amortization for the financial year**)	-1,360,400	-2,136,811	-197,649		-3,694,860
Net book value at Dec 31, 2021	**3,465,050**	**7,212,875**	**1,232,838**	**7,807,408**	**19,718,172**
Dec 31, 2020					
Net book value at Jan 1, 2020	530,713	2,852,989		1,588,446	4,972,148
Additions	616,239	3,865,162	40,720	2,251,599	6,773,720
Disposals*)		-545,269		-3,354	-548,623
Reclassification	1,241,602		1,114,023	-2,355,625	
Depreciation and amortization for the financial year**)	-356,233	-760,351	-64,574		-1,181,158
Net book value at Dec 31, 2020	**2,032,321**	**5,412,531**	**1,090,169**	**1,481,066**	**10,016,087**
Dec 31, 2020					
Cost	1,336,081	7,129,842	40,720	3,840,045	12,346,689
Disposals*)		-545,269		-3,354	-548,623
Reclassification	1,241,602		1,114,023	-2,355,625	
Depreciation and amortization for the financial year**)	-545,362	-1,172,043	-64,574		-1,781,979
Net book value at Dec 31, 2021	**2,032,321**	**5,412,531**	**1,090,169**	**1,481,066**	**10,016,087**

*) 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.
**) Amortizations consists of changes in machinery and equipment carrying amount due to fast technological development.
***) Reassesment in rights of use assests is due to rent period extension.

The right-of-use assets consists of Nanoform's leased premises. The right-of-use assets in the balance sheet consists of the Nanoform leased premises. The lease contracts are either perpetual or fixed 2,5-year contracts including extension option for six years. The perpetual lease contracts are recognized as long-term lease contracts and Group's management has used assessment to estimate contract termination time.

In the year 2021 the interests from lease liabilities amounted to EUR 185,7 (2020: 146,8) thousand.

Prepayments and construction in progress consists of the cost for building GMP and R&D lines.

Accounting policy

Nanoform's property, plant, and equipment consists of leased premises and apartments (right-of-use assets), leasehold improvements and machinery and equipment. Property, plant, and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Regular maintenance and repair costs are expensed as incurred. Spare parts are classified as expenses, estimated useful live is less than one year.

The estimated useful lives of property, plant, and equipment are as follows:

- Isolators 10 years
- Production lines 5 years
- Machinery and equipment 4 years
- Leased premises and apartments (right-of-use assets) based on the lease term or asset's economic life, whichever is shorter

Depreciations are started when the asset is ready for use, in such location and condition that it can be used in a manner of the Group's management has intended.

A right-of-use asset and a corresponding lease liability are recognized in the statement of financial position at the date on which the leased asset is made available for use by the Group. Lease payments on the contracts are recognized as repayment of lease liability and interest expense. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, whichever is shorter. At the commencement date, a right-of-use asset and a corresponding lease liability are recognized at the discounted present value of the lease payments that are not paid at that date. The discounted present value of the lease payments includes the lease payments for non-cancellable lease period lease payments and lease payments for voluntary extension periods when it is reasonably certain that the Group will exercise the extension option. In the perpetual lease agreements including a termination option, the Group estimates if the termination option will be used when assessing the lease period. The Group uses incremental borrowing rate as discounting rate for lease payments. Lease payments of certain premises are adjusted for inflation index. Variable rents based on index are a part of the lease liability relating to lease contract and the net present values of such contracts are measured based on the index at the beginning of the lease period. Changes in index are measured in the period when the index is changed. Cash flows relating to leases are presented as repayments of lease liabilities under cash flows from financing activities and the interests from lease liabilities under cash flows from operating activities. The Group does not have short term or low-value lease contracts.

Property, plant, and equipment are reviewed for impairment whenever there are indications that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is asset's fair value less costs of disposal or its value in use, whichever is higher. The value in use represents the discounted future cash flows expected to be derived from the asset.

Significant management judgements

The Group's lease contracts include both extension and termination options. Management uses the options in managing lease contracts to ensure flexible use of premises in Group's businesses. The Group's management assess the use of extension and termination options individually for each lease contract. Based on management's judgment, the Group will use extension options, which relate to premises that are significant to Group's future operations and growth. Further, based on management judgment the Group will not use termination options on such perpetual lease contracts that are essential for business growth. These lease contracts are recognized as long-term lease contracts.

Management has used judgement to evaluate property, plant, and equipment recoverable amount and performed impairment testing on assets due to fast technological development. Management will review technological development regularly also in the future to ensure that property, plant, and equipment are carried at no more than at their recoverable amount.

16 Non-current other receivables

	Group		Parent company	
EUR	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Other receivables	285,805	294,857	285,805	294,857
Total	**285,805**	**294,857**	**285,805**	**294,857**

Other receivables consist of bank guarantee and rental security deposits.

17 Current trade and other receivables and prepayments and accrued income

Aging of Group and Parent company trade receivable and bad debt losses at Dec 31, 2021

EUR	Not past due	1–30 days past due	31–60 days past due	61–90 days past due	Over 90 days past due	Total
Expected loss rate	0.05–0.08%	0.10%	1.00%	7.00%	13.00%	
Gross carrying amount	170,000					170,000
Loss allowance provision	141					141

Trade receivable loss allowance provision Dec 31, 2021 reconciliation:

EUR	2021	2020
Loss allowance opening balance at Jan 1	5,297	
Loss allowance provision change	-5,156	5,297
Loss allowance closing balance at Dec 31	**141**	**5,297**

Trade receivables net book value 169,9 thousand euros (2020: 225,9).

Aging of Group and Parent company trade receivable and bad debt losses at Dec 31, 2020

EUR	Not past due	1–30 days past due	31–60 days past due	61–90 days past due	Over 90 days past due	Total
Expected loss rate	0.05%	0.10%	1.00%	7.00%	13.00%	
Gross carrying amount	193,681				40,000	233,681
Loss allowance provision	97				5,200	5,297

Trade receivable loss allowance provision at Dec 31, 2020 reconciliation:

EUR	2020	2019
Loss allowance opening balance at Jan 1, 2020		
Loss allowance provision increase	5,297	
Loss allowance provision closing balance at Dec 31, 2020	**5,297**	

Trade receivables net book value 225,9 thousand euros (2019: 20,0 thousand euros).

Accounting policy

Trade receivables are recognized at amounts of initial sale. The Group applies simplified approach in IFRS 9, according to which all trade receivables are deducted by lifetime expected credit losses. The lifetime expected credit losses are based on assumptions on probability of neglecting the payments and degree of expected losses. Management exercises judgement when calculating the allowance and assessing underlying assumptions. Management judgment relates to history of credit losses, assumptions on existing market conditions and forward-looking information at the end of each reporting period. Credit losses are recognized as other operating expenses. The Group has not incurred any credit losses per the financial reporting date.

Current prepayments and accrued income

	Group		Parent company	
EUR	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Other prepayments	85,784	16,625	85,784	16,625
Revenue recognition on completion	252,201	92,418	252,201	92,418
Other accrued income	236,567	93,399	236,567	93,399
Total	**574,553**	**202,442**	**574,553**	**202,442**

Other prepaid expenses consist of expenses paid in advance. Contract assets consist of accruals from customer contracts. Other accrued income consists of accrued purchase invoices.

Other receivables

	Group		Parent company	
EUR	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
VAT receivables	395,480	115,732	395,480	115,732
Other receivables	191,311		191,311	
Total	**586,791**	**115,732**	**586,791**	**115,732**

18 Cash and cash equivalents

	Group		Parent company	
EUR	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	75,732,679	61,025,364	75,506,211	60,958,478
Total	**75,732,679**	**61,025,364**	**75,506,211**	**60,958,478**

Cash and cash equivalents consist of liquid funds in Group's bank accounts. Cash and cash equivalents reconcile to the cash shown in the statement of cash flows at the end of the financial year.

19 Shareholders' equity

Changes in the number of shares, the amount of share capital and reserve for unrestricted equity:

			Group		
EUR	Outstanding shares (pcs)	Own shares (pcs)	Total registered shares (pcs)	Share capital (EUR)	Reserve for unrestricted equity (EUR)
Jan 1, 2020	**42,095,365**	**0**	**42,095,365**	**2,500**	**17,706,692**
Increase of the share capital				77,500	-77,500
Subscription of shares	1,316,671		1,316,671		438,007
Share issue with netted transaction cost	23,188,407		23,188,407		71,612,474
Dec 31, 2020	**66,600,443**	**0**	**66,600,443**	**80,000**	**89,679,673**
Increase of the share capital					
Subscription of shares	300,900		300,900		386,485
Share issue with netted transaction cost	5,633,803		5,633,803		38,532,690
Dec 31, 2021	**72,535,146**	**0**	**72,535,146**	**80,000**	**128,598,848**

			Parent company		
EUR	Outstanding shares (pcs)	Own shares (pcs)	Total registered shares (pcs)	Share capital (EUR)	Reserve for unrestricted equity (EUR)
Jan 1, 2020	**42,095,365**	**0**	**42,095,365**	**2,500**	**17,706,692**
Increase of the share capital				77,500	-77,500
Subscription of shares	1,316,671		1,316,671		438,007
Share issue with netted transaction cost	23,188,407		23,188,407		71,612,474
Dec 31, 2020	**66,600,443**	**0**	**66,600,443**	**80,000**	**89,679,673**
Increase of the share capital					
Subscription of shares	300,900		300,900		386,485
Share issue with netted transaction cost	5,633,803		5,633,803		38,532,690
Dec 31, 2021	**72,535,146**	**0**	**72,535,146**	**80,000**	**128,598,848**

Nanoform Finland Plc has one class of shares. The shares of the Company do not have a nominal value. Each share entitles the holder to one vote at the General Meeting and to equal dividend. All shares are fully paid.

The company's equity consists of share capital, reserve for unrestricted equity and accumulated deficit. The subscription price of new shares is recognized in the share capital unless the share issue resolution states that it shall be recognized in full or partially in the reserve for invested unrestricted equity, where the transaction costs relating to issue are also netted. The transaction costs of equity financing arrangements have been netted into the invested unrestricted equity. Accumulated deficit includes company's cumulative losses since the company's establishment.

On April 6, 2021, the Company issued total of 132,200 new shares for subscription based on the stock option programs 2/2019, 5/2019 and 1/2020. On June 11, 2021, the Company issued 168,700 new shares for subscription based on the stock option programs 2/2019, 3/2019, 5/2019 and 1/2020. The total subscription price from stock options amounted to EUR 386 thousand, was recorded to the reserve for invested unrestricted equity. In the comparable year from the stock option program 1/2016 total of 1,300,000 shares were subscribed on April 22, 2020, and the total proceeds from the share issue amounted to EUR 416 thousand was recognized in the reserve for invested unrestricted equity. On September 1, 2020, the Board of Directors resolved share subscriptions totaling 16,671 from stock option programs 2/2019 and 1/2020. Total proceeds EUR 22 thousand were recognized in the reserve for invested unrestricted equity.

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 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 of EUR 1,464 thousand. In the comparable period on April 7, 2020, the annual general meeting resolved to authorize the Board of Directors to resolve upon the issuance of new shares and based on preliminary resolution from the Board of Directors on May 21, 2020, the Board of Directors resolved on June 3, 2020, of directed share issue totaling 20,289,856 shares with subscription price EUR 3.45 and SEK 36.03. It was further resolved additional directed share issue totaling 2,898,551 shares. Total proceeds from the 2020 share issues amounted to EUR 79,928 thousand and net of transaction costs of EUR 8,316 thousand were recognized in the reserve for unrestricted equity.

Parent company distributable equity at 31 December

EUR	Dec 31, 2021	Dec 31, 2020
Retained earnings from previous years	-24,507,808	-7,682,222
Loss for the year	-19,743,269	-19,451,312
Invested unrestricted equity reserve	128,598,848	89,679,673
Total	**84,347,771**	**62,546,139**

The Board of Directors' proposal for distributable equity:

The Board proposes the parent company's loss for the period, amounting to EUR -19,743,269 to be allocated to the accumulated deficit and that no dividend will be paid.

20 Share-based payments

Nanoform Group has 15 different share-based payment programs for members of the Board of Directors and Group's key personnel: stock option programs 1-5/2019, 1-5/2020 and 1-5/2021. Stock options programs entitle holders of the stock options to subscribe company shares.

The annual general meeting has resolved on April 6, 2021, of the stock option program 1/2021 to the members of the Board of Directors. The Board of Directors resolved of the stock option programs 2/2021 (May 11, 2021), 3/2021 (June 11, 2021), 4/2021 (August 27, 2021) to the Group's key personnel. The Extraordinary General Meeting resolved on November 17, 2021, on the stock option program 5/2021 to the new member of the Board of Directors. The option rights granted in 2021 were issued with no consideration. Each option right entitles the option holder to subscribe one new share and the option rights vest linearly so that the options are 100% vested within half year to one year from the grant date. The subscription period of the shares with option rights begins immediately upon the vesting of the option right.

The Board of Directors has resolved on March 10, 2020, of the stock option program 1/2020 to Group's key personnel. Annual General Meeting decided on April 7, 2020, to issue stock option rights 2/2020 to the members of the Board of Directors. The Board of directors resolved on June 25, 2020, of the stock option program 3/2020 to the Group's key personnel. Extraordinary General Meeting resolved on September 1, 2020, of the stock option program 4/2020 to the new member of the Board of Directors. The Board of Directors resolved on October 23, 2020, of the stock option program 5/2020 to key personnel. All option rights granted in 2020 are issued with no consideration. Each option right entitles the option holder to subscribe one new share and the option rights vest linearly so that the options are 100% vested within one year from the grant date. The subscription period of the shares with option rights begins immediately upon the vesting of the option right.

If the option holder's employment or service relationship with the Group or a company in the same group or the membership in the Company's Board of Directors terminates for any reason, the option holder has to subscribe the shares within 90 or 30 days after the employment of service relationship has ended, after which the vested option rights are nullified without compensation. Unvested option rights are nullified immediately after employment or service relationship with the Group is terminated.

The volatility used in the valuation of option rights is based on five peer group companies before the listing, which are assessed to be the best estimate to reflect the risk level of the Group. After the listing, the volatility is based on annualized volatility from Nanoform share price.

Key factors and definitions of the stock option programs are presented in the below 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

Changes during reporting period

Option program	Outstanding at 1 January 2021	Granted	Forfeited	Exercised	Outstanding at 31 December	Exercisable at 31 December 2021
1-5/2019	1,225,000			-200,000	1,025,000	1,025,000
1-5/2020	1,751,726			-100,900	1,650,826	1,650,826
1-5/2021		1,538,630	-87,946		1,450,684	907,119
Total	**2,976,726**	**1,538,630**	**-87,946**	**-300,900**	**4,126,510**	**3,582,945**

Option program	Outstanding at 1 January 2020	Granted	Forfeited	Exercised	Outstanding at 31 December	Exercisable at 31 December 2020
1-5/2019	1,235,000			-10,000	1,225,000	1,225,000
1-5/2020		1,764,726	-6,329	-6,671	1,751,726	629,977
Total	**1,235,000**	**1,764,726**	**-6,329**	**-16,671**	**2,976,726**	**1,854,977**

	2021	2020
Effect on earnings from programs 01-05/2021, EUR thousand	2,338	
Effect on earnings from programs 01-05/2020, EUR thousand	287	1,961
Effect on earnings from programs 01-05/2019, EUR thousand		134
Total	**2,626**	**2,095**

Accounting policy

The option rights are measured at fair value at grant date and recognized as expenses in the statement of comprehensive income during the vesting period. The service conditions are ignored in grant date fair value, but fulfilment of service conditions is considered as the Group revises its estimate on the amount of equity instruments that will eventually vest and its estimate on related expense. Cumulatively, expenses are recognized only for equity instruments granted that will vest. The expenses for option programs are recognized in employee benefits, with corresponding increase in equity.

At grant date, the expense recognized for the option programs is based on the Group's estimate of the option rights that will vest during the vesting period. The estimate is revised at each reporting date. Changes in the estimate are recognized through profit and loss. The fair value of option rights is measured using Black-Scholes valuation model. When option rights are exercised, the proceeds from the subscription of shares are recognized in the reserve for invested unrestricted equity.

Significant management judgements

The Group recognizes expenses for share-based payments in the statement of comprehensive income. Management uses judgment when determining certain assumptions used in the option pricing model, such as volatility, fair value of shares at the grant date, estimated number of options that will eventually vest and the probable exercise date of options.

21 Financial risk management

Nanoform is exposed to various financial risks such as foreign exchange risk, stock market risk and interest rate risk as well as credit and counterparty risk. Most significant risks relate to foreign exchange rates and changes in fair market value for quoted shares. Group's CFO is responsible for the Group's risk management. The aim of the Group is to minimize its risks with financing activities to the extent it is financially beneficial and reasonable.

Capital management and liquidity risk

Nanoform's objective in managing capital is to safeguard the Group's ability to continue its operations and to enable the development and commercialization of its nanoforming technology in the future (see note 18). For maintaining or adjusting the capital structure, the Group may issue new shares, request for debt financing or change the realization of its planned growth investments.

The Group's management monitors the capital through net debt to equity ratio, which was -80.6 as at December 31, 2021 (2020: -86.5) percentage. Net debt includes interest-bearing liabilities, net of cash and cash equivalents. Interest bearing liabilities include R&D loans at below market-interest through government grants and lease liabilities.

	Group		Parent company	
EUR	**2021**	**2020**	**2021**	**2020**
Net debt	-68,069,902	-54,156,059	-67,843,435	-54,089,172
Total equity	84,493,824	62,635,364	84,427,771	62,626,139
Net debt equity ratio	**-80.6%**	**-86.5%**	**-80.4%**	**-86.4%**

Cash flow from operating activities for the financial year ended December 31, 2021, was EUR -14,349 (2020: -14,156 thousand and cash outflow for investing activities was EUR -9,122 (2020: -4,040) thousand. The Group's cash and cash equivalents totaled to EUR 75,733 (2020: 61,025) thousand as at December 31, 2021. The Group's liquidity position is monitored regularly and projected both in short and long term to ensure that the Group has sufficient funding and cash and cash equivalents available to meet obligations when due. The management monitors the forecasts on the Group's cash flows based on expected future cash flows. The Group has no committed credit facilities available. In the past, the Group has financed its operations mainly with equity financing, with R&D loans at below market-interest through government grants, and to lesser extent with income from contracts with customers.

The tables below disclose the Group's financial liabilities based on relevant maturity groupings. The amounts disclosed in the tables are the contractual undiscounted cash flows.

At December 31, 2021, the Group's contractual maturity of financial liabilities was as follows:

EUR	**2022**	**2023**	**2024**	**2025–**	**Total**
Finance leases	1,199,613	1,099,141	1,106,033	5,698,299	9,103,085
Trade payables	1,850,815				1,850,815
Repayment of R&D loans					0
Interest expenses of R&D loans					0
Total	**3,050,427**	**1,099,141**	**1,106,033**	**5,698,299**	**10,953,900**

At December 31, 2020, the Group's contractual maturity of financial liabilities was as follows:

EUR	**2021**	**2022**	**2023**	**2024–**	**Total**
Finance leases	1,057,379	1,047,083	971,053	3,593,590	6,669,105
Trade payables	1,218,532				1,218,532
Repayment of R&D loans	77,500	77,500	166,449	1,069,796	1,391,245
Interest expenses of R&D loans	13,912	13,137	12,362	30,315	69,727
Total	**2,367,323**	**1,137,720**	**1,149,864**	**4,693,701**	**9,348,609**

At December 31, 2021, the Parent company's contractual maturity of financial liabilities was as follows:

EUR	2022	2023	2024	2025–	Total
Finance leases	1,199,613	1,099,141	1,106,033	5,698,299	9,103,085
Trade payables	1,850,815				1,850,815
IC liabilities	242,322				242,322
Repayment of R&D loans					0
Interest expenses of R&D loans					0
Total	**3,292,749**	**1,099,141**	**1,106,033**	**5,698,299**	**11,196,221**

At December 31, 2020, the Parent company's contractual maturity of financial liabilities was as follows:

EUR	2021	2022	2023	2024–	Total
Finance leases	1,057,379	1,047,083	971,053	3,593,590	6,669,105
Trade payables	1,217,619				1,217,619
Repayment of R&D loans	77,500	77,500	166,449	1,069,796	1,391,245
Interest expenses of R&D loans	13,912	13,137	12,362	30,315	69,727
Total	**2,366,410**	**1,137,720**	**1,149,864**	**4,693,701**	**9,347,696**

Foreign exchange risk

Nanoform is exposed mainly to foreign exchange fluctuations arising from SEK, GBP, USD, and NOK currencies. Part of the revenue and the expenses are nominated in GBP, USD and SEK currencies, all loans have been nominated in euros. Currency positions arise from cross-border bank deposits in SEK, USD, GBP and NOK currencies. The following table illustrates the effect of +/- 10 per cent changes in foreign currencies. Nanoform does not hedge its currency risk.

Factor	Change (%)	Effect of change in cash position (thousand €)	Effect of change in cash position (%)	Effect of change on profit (%)
Currency SEK	+/-10%	+/- 499	+/- 0.7	+/- 2.5
Currency USD	+/-10%	+/- 804	+/- 1.1	+/- 4.1
Currency GBP	+/-10%	+/- 4	+/- 0.0	+/- 0.0
Currency NOK	+/-10%	+/- 0	+/- 0.0	+/- 0.0

Interest rate risk

Nanoform is no longer exposed to a potential interest risk through its Business Finland loans and through its cash and cash equivalent balances. The loans were fully paid back on June 21, 2021. Interest during the reporting periods presented have been below the minimum level and the Group has paid the minimum interest of 1%. As the market interest rates have been negative the EUR currency, bank deposits have generated interest payable which has been recognized in the financial period. In the event of rising interest rates Nanoform would be a relative winner due to its positive net cash position. A one percentage point change in market interest rates would affect earnings by EUR +/- 757 (2020: +/- 610) thousand. Nanoform does not hedge its interest rate risk.

Credit risk and counterparty risk

The Group's counterparty risk consists mainly of contracts between external customers, suppliers, partners in cooperation and financial institutions. Counterparty risk with financial institutions concerns creditworthy banks and financial institutions. Counterparty risk with the customer contracts is low because when selecting counterparty, only counterparties with high creditworthiness are approved. Counterparty creditworthiness is evaluated constantly, and the required actions are considered case by case if significant changes in the creditworthiness of a counterparty occur. Credit risk is managed by defining the rules for payment terms, authorizations, and credit control. The credit quality is evaluated both based on the aging of the receivables as well as based on individual case by case customer

analysis in order to identify customers with potential higher credit risk due to individual customer specific reasons. The expected credit loss for the trade receivables is recognized based on this credit quality evaluation. The Group follows credit rating of customers given by credit institutions.

Stock market risk

Stock market risk factors the changes in share prices for the quoted shares for Herantis Pharma Plc. The following table illustrates the effect of +/-30% change in share price in share investments. Nanoform does not hedge its share investment risk.

Factor	Change (%)	Effect of change in cash position (thousand €)	Effect of change in cash position (%)	Effect of change on profit (%)
Herantis shares (FVPL)	+/- 30%	+/- 599	+/- 0.8	+/- 3.0

22 Financial assets and liabilities

		Group		Parent company	
EUR	Fair Value Hierarchy	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Financial assets at fair value through profit or loss					
Quoted shares	1	1,997,837	1,794,593	1,997,837	1,794,593
Unquoted shares				902	902
Financial assets measured at amortised cost					
Trade receivables	2	169,859	225,920	169,859	225,920
Other receivables	2	285,805	115,732	586,791	115,732
Cash and cash equivalents	2	75,732,679	61,025,364	75,506,211	60,958,478
Total		**78,186,179**	**63,161,609**	**78,261,599**	**63,095,624**

		Group		Parent company	
EUR	Fair Value Hierarchy	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Financial liabilities measured at amortised cost					
Trade payables	2	1,850,815	1,218,532	1,850,232	1,217,619
Lease liabilities	2	7,662,776	5,820,960	7,662,776	5,820,960
R&D loans	2		1,048,346		1,048,346
Total		**9,513,591**	**8,087,837**	**9,513,008**	**8,086,925**

R&D loans have been granted to specific development projects and cover a contractually defined portion of the underlying development project's R&D expenses. The below-market interest rate for these loans is the base rate set by the Ministry of Finance minus three (3) percentage points, subject to a minimum rate of 1%. Nanoform has repaid all R&D loans in 2021 thus carrying and fair value was EUR 0 thousand at the end of December 31, 2021.

In 2020, the carrying amount of R&D loans was EUR 1,048 thousand and the fair value was EUR 834 thousand. During the financial years 2020-2019 the discount rate has been 7 percentage. The interests on R&D loans amounted to EUR 35 (2020: 66) thousand.

Fair value of the R&D loans from Business Finland is calculated by discounting estimated future cash flows for the loans using appropriate interest rate at the reporting date. The discount rate considers the risk-free interest rate and estimated margin for the Group's own credit risk. Discounted future cash flows are derived from the loan terms containing the timing and the amounts of repayment and the cash payments for interest. In 2020 the valuation of R&D loans relies on unobservable market data, and the loans are classified in Level 3 (Measurement of financial instruments is not based on verifiable market information).

Accounting policy

Classification and value of financial assets
The Group's financial assets are classified at the amortized cost and at fair value in financial assets. The financial assets are classified at the time of initial acquisition. Purchases and sales of financial assets are recognized to the balance sheet at the transaction date when the Group has committed to buy or sell the financial instrument. The derecognition of financial assets occurs when the Group has lost its contractual right to cash flows or has significantly transferred the risks and income outside the group.

Financial assets valued at fair value through profit or loss are classified as investments in equity instruments of non-group companies. Those financial instruments are measured at fair value and any changes in value are recognized in the income statement for the occurring period.

Financial assets are recognized at amortized cost including trade receivables and other receivables. Trade receivables are measured at accrued cost netted with any impairment losses. More information on principles of credit loss calculations in the note 17.

Cash and cash equivalents consist of bank deposits, partially also in foreign currency. Changes in the foreign currency bank deposit values are stemming from converting assets to exchange rate of the balance sheet date. Foreign exchange gains and losses are recognized in the financial income and expenses through profit or loss statement. More information of currency risk management in the note 21.

Classification and value of financial liabilities
The Group's financial liabilities are classified as liabilities measured at amortized cost. The financial liabilities of the Group consist of interest-bearing R&D loans, lease liabilities, trade payables and other non-current and current liabilities. Withdrawals, purchases, and sales of financial liabilities are recognized in the balance sheet on the contract date. A financial liability is derecognized when the obligation specified in the contract has been met, cancelled or has expired. Long-term financial liabilities that mature more than one year are classified as non-current, short-term financial liabilities that mature less than one year are classified as current.

R&D loans with below-market interest rate from government agency Business Finland are classified at amortized cost. The fair value of the loans is measured by discounting the future cash flows from the loans using a rate of the balance sheet date. The discount rate considers the risk-free interest rate and forecasted margin of the company's own credit risk. The discounted future cash flows have been derived from the terms of the loan, including the amounts and dates of the repayments and interest payments. The below-market interest rate represents a government grant that is recognized as income in the income statement at the same time as the expenses which are basis for the loan. Loans are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. The value of the grant component generated by the below-market rate has been calculated by deducting the fair value of the loan from the nominal value of the loan. The classification of R&D loans is based on the not observable market information thus reflecting the classification of the fair value of the loan to level 3 (Measurement of the financial instrument is not based on verifiable market data).

Amortized cost liabilities are including lease liabilities and trade payables. The classification of trade and other payables is current unless the company has an implicit right to defer the settlement for at least 12 months from the end of the financial year, in which case they would be classified as non-current liabilities. More information about lease liabilities in the note 15.

Recognized fair value measurements
Fair value measurements are classified using a fair value hierarchy i.e. Level 1, Level 2 and Level 3 that reflects the significance of the inputs used in making the measurements.

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.

There has not been any transfers between fair value levels during the year 2020–2021.

22.1 Changes in liabilities arising from financing

Net debt reconciliation

	Group		Parent company	
EUR	2021	2020	2021	2020
Cash and cash equivalents	-75,732,679	-61,025,364	-75,506,211	-60,958,478
Short-term R&D loans		77,500		77,500
Long-term R&D loans		970,846		970,846
Short-term lease liabilities	971,895	900,644	971,895	900,644
Long-term lease liabilities	6,690,881	4,920,316	6,690,881	4,920,316
Net debt	**-68,069,902**	**-54,156,059**	**-67,843,435**	**-54,089,172**

	Group					
	Other assets	Liabilities from financing activities				
EUR	Cash and cash equivalents	Short-term lease liabilities	Long-term lease liabilities	Short-term R&D loans	Long-term R&D loans	Total
Net debt as at Jan 1, 2020	**-7,302,666**	**413,074**	**2,573,024**	**77,500**	**599,129**	**-3,639,940**
Cash flows	-53,661,630	-631,919			371,718	-53,921,831
Other non-cash movements	-61,068	1,119,489	2,347,292			3,405,713
Net debt as at Dec 31, 2020	**-61,025,364**	**900,644**	**4,920,316**	**77,500**	**970,847**	**-54,156,059**
Cash flows	-12,934,361	-1,108,996		-77,500	-970,847	-15,091,704
Other non-cash movements	-1,772,952	1,180,248	1,770,565			1,173,090
Net debt as at Dec 31, 2021	**-75,732,677**	**971,896**	**6,690,881**			**-68,069,902**

	Parent company					
	Other assets	Liabilities from financing activities				
EUR	Cash and cash equivalents	Short-term lease liabilities	Long-term lease liabilities	Short-term R&D loans	Long-term R&D loans	Total
Net debt as at Jan 1, 2020	**-7,302,666**	**413,074**	**2,573,024**	**77,500**	**599,129**	**-3,639,940**
Cash flows	-53,594,744	-631,919			371,718	-53,854,945
Other non-cash movements	-61,068	1,119,489	2,347,292			3,405,713
Net debt as at Dec 31, 2020	**-60,958,478**	**900,644**	**4,920,316**	**77,500**	**970,847**	**-54,089,172**
Cash flows	-12,774,781	-1,108,996		-77,500	-970,847	-14,932,124
Other non-cash movements	-1,772,952	1,180,248	1,770,565			1,173,090
Net debt as at Dec 31, 2021	**-75,506,211**	**971,896**	**6,690,881**			**-67,843,435**

23 Provisions

	Group	Parent company
EUR	**Onerous contracts**	
Jan 1, 2020	**19,079**	**19,079**
Additional provisions recognised		
Amounts used during the year		
Unused amounts reversed	-19,079	-19,079
Dec 31, 2020	**0**	**0**
Additional provisions recognised	875	875
Amounts used during the year		
Unused amounts reversed		
Dec 31, 2021	**875**	**875**

	Group		Parent company	
EUR	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Long-term provisions				
Short-term provisions	875		875	
Total	**875**	**0**	**875**	**0**

Accounting policy

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the payments required to cover the obligation. The discount factor used in calculation of the present value reflects the time value of money and specific risks related to the obligation. In case it is virtually certain that the Group will receive reimbursement to cover the obligation partially from a third party, the reimbursement is recognized as separate asset.

A contingent liability is a possible obligation, that arises from past events and whose existence is confirmed only when an uncertain event outside the control of the Group is realized. An existing liability that is not likely to require the fulfilment of the payment obligation or whose amount cannot with sufficient reliability measured is also considered a contingent liability. At the reporting date the Group doesn't have contingent liabilities. In the financial statement the Group has recognized a provision relating to an onerous customer contract.

24 Other current liabilities

Accruals

	Group		Parent company	
EUR	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Holiday pay liabilities	969,605	507,700	969,605	507,700
Pension contributions and other statutory personnel related insurance premium	243,408	41,534	243,408	41,534
Interest expenses	1,233	11,956	1,233	11,956
Other accruals	3,007,439	2,334,105	2,606,187	2,295,009
Total	**4,221,685**	**2,895,294**	**3,820,433**	**2,856,199**

Other accruals include the accrued variable payment for the Group's employees and management team, and other accruals.

25 Contingencies and commitments

The Group has commitments related to services and purchases of property, plant and equipment amounted to EUR 5,484 (2020: 636) thousand at the end of financial year 2021.

Nanoform is obliged to revise its VAT deductions for improvements to leasehold premises if the taxable use of the premises decreases during the review period. The maximum amount of the liability is EUR 279 thousand and last revise year is 2031.

Disputes and litigations

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.

26 Related party transactions

The Group's related parties are as follows:

- Members of the Board of Directors and their closely related family members and the entities over which they have control or joint control
- Group's Management team and their closely related family members and the entities over which they have control or joint control
- Nanoform Group's intercompany transactions

Nanoform has not had interests in other entities as at and for the years ended December 31, 2021, and December 31, 2020.

Key management personnel

The Group's key management personnel consist of the members of the Board of Directors and the management team including CEO.

Compensation and fees recognized as expenses for the members of the Board of Directors

	2021		2020	
EUR	Fees	Share-based payments	Fees	Share-based payments
Rabbe Klemets			13,332	4,604
Miguel Maria Calado	39,996	365,098	37,497	302,483
Albert Haeggström, CFO	20,019	399,730	19,992	202,679
Mads Laustsen	23,328	243,398	27,498	233,143
Jeanne Thoma	3,332	51,445		
Cynthia Schwalm	8,330	41,086	6,644	71,223
Total	**95,005**	**1,100,758**	**104,963**	**814,132**

The company's Annual General Meeting confirmed the number of members of the Board of Directors to be four and re-elected Miguel Calado (Chair), Mads Laustsen, Albert Hæggström and Cynthia Schwalm to the company's Board of Directors for the next term of office. On May 20, 2021, Cynthia Schwalm transitioned to Senior Advisor Business Development US, from her role as member of the Board of Directors. Between May 21 – November 16, 2021, the members of the Board of Directors were Miguel Calado (Chair), Mads Laustsen and Albert Hæggström. The company's Extraordinary General Meeting convened on November 17, 2021, and Jeanne Thoma was elected as board member. Accordingly, Nanoform's members of the Board of Directors were Miguel Calado (Chair), Mads Laustsen, Albert Hæggström and Jeanne Thoma between November 17 – December 31, 2021.

Nanoform Finland Ltd Board of Directors consisted of Jan 1, 2020 – April 7, 2020, of Rabbe Klemets (chair), Albert Hæggström, Miquel Calado (vice chair) and Mads Laustsen. Nanoform Finland Plc Board of Directors consisted of April 7, 2020 – August 30, 2020, of Miquel Calado (chair), Albert Hæggström and Mads Laustsen. During September 1, 2020 – December 31, 2020, the Board of Directors consisted of Miquel Calado (chair), Albert Hæggström, Mads Laustsen and Cynthia Schwalm.

Compensation for CEO and Management team

EUR	CEO	Management team*)
2021		
Salaries and other short-term employee benefits	314,146	1,583,701
Post-employment benefits	55,447	289,489
Share-based compensation		1,365,725
Total	**369,593**	**3,238,915**
2020		
Salaries and other short-term employee benefits	271,482	2,855,020
Post-employment benefits	50,088	489,493
Share-based compensation		771,365
Total	**321,570**	**4,115,878**

*) Management team without CEO, whose compensations are presented separately.

Salaries and other short-term employee benefits consist of salaries and benefits, incentive bonuses and performance bonuses. Contributions to statutory pension schemes are presented in the post-employment benefits.

CEO's period of notice is 6 months and the severance payment 6 and 2/3 months of base salary in case of termination by the Company. The retirement age corresponds to the Finnish Statutory Employment Pension Scheme.

During 2021, a total of 1,138,630 (2020: 909,726) options were granted to the members of the Board of Directors and the management team, of which a total of 388,630 (2020: 309,726) were granted to the members of the Board of Directors, excluding the CFO. See more information from note 20 Share-based payments.

Management and Board shareholding

Management shareholding	Dec 31, 2021	Dec 31, 2020
Number of shares (pcs)	6,278,530	6,214,530
Shareholding, percentage	8.7%	9.3%

Board shareholding*)	Dec 31, 2021	Dec 31, 2020
Number of shares (pcs)		
Shareholding, percentage	0.0%	0.0%
Total number of shares outstanding (pcs)	72,535,146	66,600,443

*) Board of Directors' shareholding, excluding the members of the management team.

Transactions with related parties and open balances

	Group			
EUR	Purchases	Liabilities	Sales	Receivables
2021				
Key management personnel		268,959		
Total		**268,959**		
2020				
Key management personnel		827,288		
Total		**827,288**		

	Parent entity			
EUR	Purchases	Liabilities	Sales	Receivables
2021				
Intercompany	1,099,226	242,322		
Key management personnel		268,959		
Total	**1,099,226**	**511,281**		
2020				
Intercompany	267,881			16,768
Key management personnel		827,288		
Total	**267,881**	**827,288**		**16,768**

27 Group's structure

During the years 2021–2020 Group financial statement consisted of parent company Nanoform Finland Plc and its 100% owned subsidiary in the United States (Nanoform USA Inc, domicile United States of America).

28 Events after reporting date

On January 3, 2022, Nanoform announced two new near-term business targets for 2022: "At least 20 new customer non-GMP projects in 2022" and "At least 3 new customer GMP projects in 2022".

Signatures for the financial statements

Helsinki 21, February 2022

Miguel Calado
Chair of the Board of Directors

Albert Hæggström
Member of the Board of Directors

Mads Laustsen
Member of the Board of Directors

Jeanne Thoma
Member of the Board of Directors

Edward Hæggström
CEO

Auditor's statement

A report on the audit performed was given today

Helsinki 21, February 2022

PricewaterhouseCoopers Oy
Authorized Public Accountants

Tomi Moisio
Authorized Public Accountant (KHT, JHT)

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Nanoform Finland Plc

Audit of the Financial statements

Opinion

In our opinion the consolidated and the parent company's financial statements give a true and fair view of the group's and the parent company's financial performance and financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and comply with statutory requirements.

What we have audited

We have audited the financial statements of Nanoform Finland Plc (business identity code 2730572-8) for the financial year ended 31 December 2021. The financial statements comprise:

- the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated and the parent company's financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and comply with the statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 21 February 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tomi Moisio
Authorised Public Accountant (KHT, JHT)

Financial ratios and definitions

Ratio	Definition
Gross Profit	Revenue + Other operating income - Materials and services expenses
Gross Margin (EBITDA)	Operating loss before depreciations, amortizations, and impairment losses
Equity ratio %	Total equity / Total assets – advances received
Gearing %	Interest-bearing net debt / Total equity
Gearing excluding lease liabilities %	Interest-bearing net debt / Total equity excluding lease liabilities
Net debt	Long-term and short-term R&D loans + long-term and short-term lease liabilities - cash and cash equivalents
Net debt excluding lease liabilities	Long-term and short-term R&D loans - cash and cash equivalents
R&D expenses	Employee benefit expenses for R&D personnel and other operating expenses related to R&D activities
Investments	Investments in Property, Plant and Equipment as presented in cash flow statement

Group Share Indicators definitions

Ratio	Definition
Basic EPS (EUR)	Profit for the period / adjusted average number of shares during the period
Equity per share	Shareholder's equity / adjusted number of shares at the end of financial period – own shares
Dividend per share	Total dividend / adjusted number of shares at the end of the financial period – own shares
Dividend, % of earnings	Dividends per share / earnings per share x 100
Effective dividend yield	Dividend per share x 100 / share price at the end of the financial period
P/E ratio	Earnings per share / market value per share

nanoform
small is powerful

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

Interim Report for January–March 2022 will be published May 24, 2022.

Half-year Report for January–June 2022 will be published August 25, 2022.

Interim Report for January–September 2022 will be published November 29, 2022.

Financial Statements Review for January–December 2022 and Financial Statements for financial year 2022 will be published February 28, 2023.