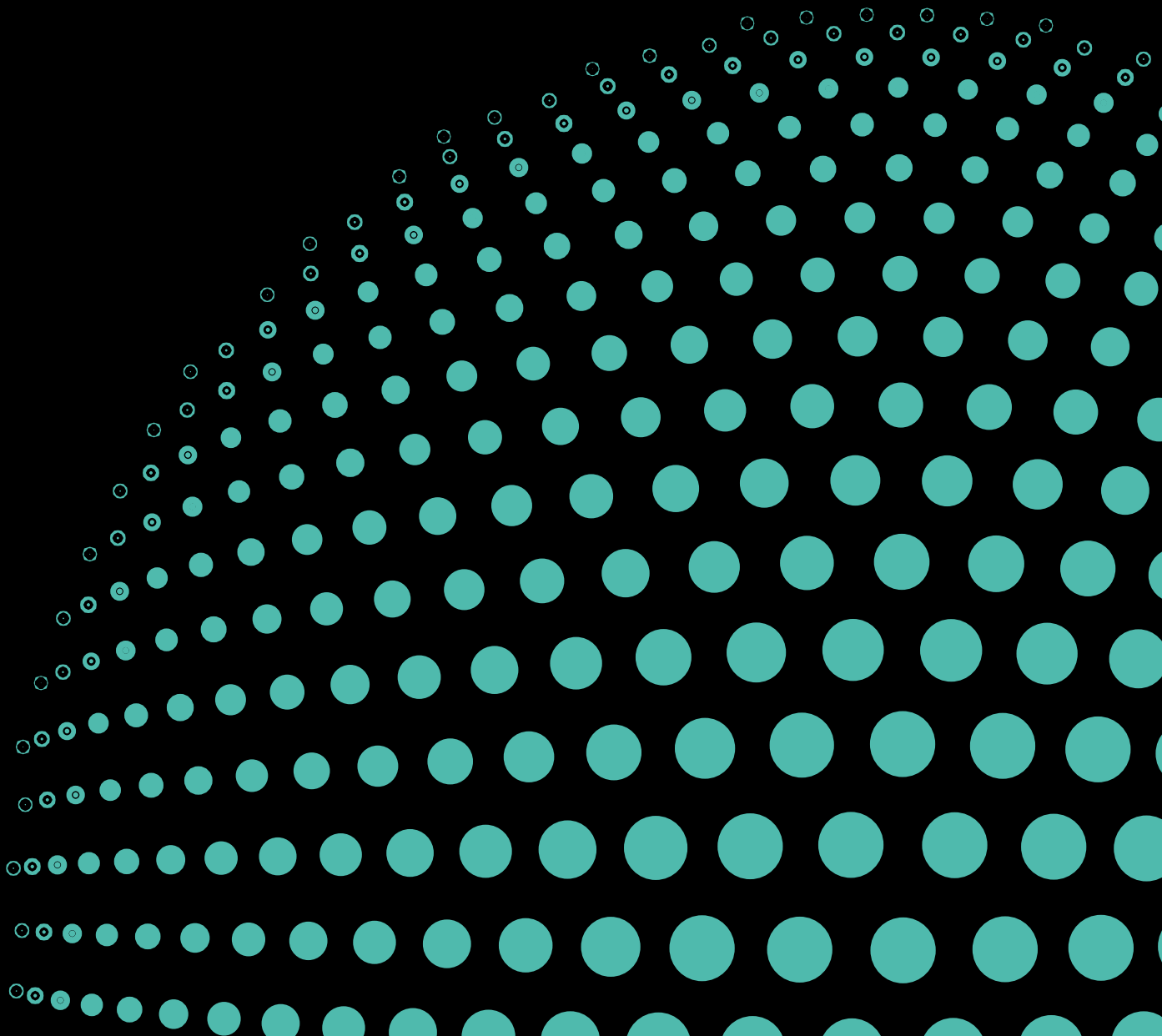
nanoform
small is powerful

Q3 Interim Report

JANUARY–SEPTEMBER 2022



Nanoform's January – September 2022 review:

Highly promising *in-vivo* data for the treatment of glioblastoma multiforme presented with TargTex, new collaboration agreement signed with European consortium, first runs completed on both GMP line 2 and Biologics pilot line for GMP, work to find a manufacturing site in the US progressed well, while macroeconomic turbulence now present in talks with some smaller biotech companies. Third quarter revenue growth of 79% combined with operating costs down 1% compared with a year ago led to smallest EBITDA loss since 1Q21. Productivity gains and economies of scale will enable continued slow growth in costs while expanding our manufacturing capacity and customer base.

7–9/2022 key financials:

- Revenue grew by 79% to EUR 0.85 million, compared with EUR 0.48m in 7–9/2021.
- The gross profit nearly doubled to EUR 0.82 million as the gross margin rose to a new quarterly high of 96% (EUR 0.42 million, 88% in 7–9/2021).
- EBITDA improved to EUR -4.19 million (EUR -4.62 million) as the operating costs* were down 1% at EUR 5.04 million (5.09 million).
- The operating loss improved to EUR –4.80 million (EUR –5.11 million).
- The loss for the period was EUR –5.16 million (EUR –4.51 million).
- Basic EPS was EUR -0.07 (EUR -0.06).
- Cash position was EUR 76.3 million on September 30, 2022 (EUR 82.4 million).

1–9/2022 key financials:

- Revenue grew by 92% to EUR 2.50 million, stemming from 33 different customer projects (EUR 1.30m, 18 projects in 1–9/2021).
- The gross profit almost doubled, from EUR 1.18 million to EUR 2,33 million, while the gross margin increased from 91% to 93%.
- The number of employees grew by 23% to 143 (116) compared with one year ago.
- The total operating costs* grew by 18% to EUR 16.7 million (EUR 14.2 million).
- EBITDA came in at EUR -14.2 million (EUR -12.9 million).
- The operating loss was EUR –16.0 million (EUR –14.3 million).
- The loss for the period was EUR –16.5 million (EUR –14.1 million).
- Basic EPS was EUR -0.22 (EUR -0.21).
- EUR 25 million (gross) was raised in a new share issue in the first quarter.

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

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

Significant events during 1–9/2022

- 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".
- In March, EUR 25 million (gross) was raised in a successful new share issue through an accelerated bookbuilding process. The considerably oversubscribed capital raise attracted strong interest from Nordic and international investors, including a considerable number of large global Tier 1 institutional investors.
- On May 4, 2022, Nanoform announced that it has launched its sparse-data AI solution, STARMAP® as a secure online portal. STARMAP® Online creates the opportunity for clients to perform large numbers of *in-silico* CESS® experiments from their desktop, prior to approaching Nanoform to perform experimental validation. This approach further supports Nanoform's green ambition by ensuring that Nanoform progresses the molecules with the greatest probability of success. STARMAP® Online offers increased user confidence through:
  - Security and safety – the interface has been developed in alignment with ISO27001:2017 standards.
  - Client submissions are seen only by clients (not by Nanoform), allowing molecules to be screened without sharing structures. Outputs are presented directly to the client via the system.
  - Scalability and agility: The ability to manage thousands of molecules in a single submission to support the selection of candidates from molecule libraries is possible.
  - Novel insights: STARMAP® Online holds a database of over 17,000 pre-analyzed, public-domain disclosed drugs and candidates. Clients can request thematic evaluations and understand the power of CESS® in different therapeutic areas, target classes, and disease areas.
- During the second quarter AstraZeneca Plc concluded its thorough technology evaluation of Nanoform's proprietary CESS® Technology (see Nanoform's press release September 25, 2019: https://nanoform.com/en/nanoform-and-astrazeneca-initiate-technology-evaluation/. The outcome of the technology evaluation was positive, and AstraZeneca is now moving forward to an identification and implementation stage for the technology where it will look to implement the technology on current and future development projects.
- In July, Nanoform announced that it has partnered with Pharmanovia, a fast-growing specialty pharma business with a portfolio of over 20 branded drugs in 140 markets. The new strategic partnership aims to add value to branded prescription medicines. Pharmanovia will look to apply Nanoform's proprietary nanoparticle technologies and formulation know-how to leading established pharmaceutical brands. The partnership starts with an

iconic branded medicine where both parties see value in enhancing bioavailability for patient benefit. The value of the stage-gated agreement is according to Nanoform's business model for non-GMP and cGMP work.
- During 1-9/2022 fifteen new non-GMP projects were signed, with more than a dozen customers, both new and repeat customers, both US and Europe based.

Significant events after 1–9/2022

- On October 25, Nanoform and TargTex, a European biotech company, presented highly promising *in-vivo* data, enabled by a nanoformed drug product for the treatment of glioblastoma multiforme (GBM), at the PODD Conference in Boston, USA.
  - The data was generated for a planned Phase 1/2a clinical trial, due to commence in early 2024. Nanoform will deliver GMP grade nanoformed material to TargTex for the clinical trial. The drug is a selective Ca2+ channel blocker delivered by implantation at the site of the resected tumor in the brain. Nanoform and TargTex have collaborated in the optimization of a hydrogel formulation enabled by nanoformulation of the drug.
  - The study was conducted in a rat model for GBM in which tumor cells are injected into the brain. After 2–3 weeks, the nanoformulated hydrogel was delivered locally in the brain of the animal, on top of the tumor. The study results showed long term survival of 40 per cent of the treated animals and no microscopic tumor cells were detected in these animals at sacrifice.
  - The nanoformed drug product provided a controlled release and deep drug diffusion across the brain parenchyma. The data showed no systemic exposure, and the drug was not toxic at maximum loading concentration. The study was performed at a sub-therapeutic dose that can be increased by at least 2-fold. Future studies are planned to be performed at increased drug concentrations with the goal to further improve long term survival.
- Nanoform previously disclosed on November 15, 2021, that it has signed an agreement to manufacture nanoformed GMP material for a European headquartered international company. Following 12 months of preclinical development work, two privately held European pharmaceutical development and manufacturing organizations have now decided to join Nanoform and the European headquartered international company in funding the development and commercialization of this more patient centric version of a current blockbuster drug. For this purpose, the parties entered into a collaboration agreement on November 17, 2022. Under the terms of the agreement, Nanoform and the three other parties will fund in equal shares the completion of this development program. As Nanoform will continue to be remunerated for its work, the development stage of the collaboration is not expected to have a negative cash flow effect on Nanoform. In the event that the commercialization is successful, Nanoform expects to retain a 25% share of the net-income received by the parties. First clinical trials on the improved drug product are expected to commence in 2023.
- In November, Nanoform filed to FIMEA a notification of an update to our manufacturer's authorization. This relates to additional API and manufacturing lines.

Nanoform 1–9/2022 Conference call

Helsinki, Finland – Nanoform Finland Plc ("Nanoform"), an innovative nanoparticle medicine enabling company, will publish its Interim Report January-September 2022 on November 29, 2022, at 8.10 a.m. Finnish time / 7.10 a.m. Swedish time.

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

The presentation will be broadcast live as a webcast available at: https://financialhearings.com/event/44325

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Nanoform Group's key figures

Financial KPI's

EUR thousand	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021	1–12/2020	1–12/2019
Revenue	851	475	2,501	1,300	1,955	687	49
Revenue growth %	79%	198%	92%	159%	185%	n.m.	n.m.
Gross profit	816	419	2,334	1,180	1,792	497	-323
Gross margin	96%	88%	93%	91%	92%	72%	neg.
EBITDA	-4,186	-4,615	-14,243	-12,898	-17,745	-18,196	-6,900
Operating loss	-4,796	-5,108	-15,979	-14,312	-19,705	-19,423	-7,344
Loss for the period	-5,155	-4,513	-16,506	-14,123	-19,690	-19,441	-7,554
Basic EPS (EUR)	-0.07	-0.06	-0.22	-0.21	-0.29	-0.35	-0.19
Net debt	-69,220	-74,788	-69,220	-74,788	-68,070	-54,156	-3,640
Net debt excluding lease liabilities	-76,329	-82,372	-76,329	-82,372	-75,733	-59,977	-6,626
Investments in property, plant, and equipment	-1,857	-1,804	-6,920	-4,462	-7,737	-2,336	-1,804
Operative free cash flow	-6,044	-6,420	-21,164	-17,361	-25,482	-20,532	-8,704
Cash and cash equivalents (end of period)	76,329	82,372	76,329	82,372	75,733	61,025	7,303

Operational KPI's

	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021	1–12/2020	1–12/2019
Number of new customer projects signed during the period							
Non-GMP	2	6	15	14	16	10	2
GMP					2		
Total number of new customer projects	**2**	**6**	**15**	**14**	**18**	**10**	**2**
Number of lines (end of the period)							
Non-GMP	16	13	16	13	14	8	4
GMP	1	1	1	1	1	1	
Total number of lines (end of period)	**17**	**14**	**17**	**14**	**15**	**9**	**4**
Number of employees (end of period)	143	116	143	116	125	74	43

Company near-term business targets for 2022

- 2 new GMP lines (announced Feb-21)
- Biologics pilot line for GMP (announced Nov-21)
- At least 20 new customer non-GMP projects (announced Jan-22)
- At least 3 new customer GMP projects (announced Jan-22)

Company mid-term business targets 2025

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

CEO's review

Another quarter of solid progress at Nanoform, despite the ongoing macroeconomic turbulence. We've continued to invest in and execute on our main tasks; client relationships & brand recognition, line capacity, IT & automation, processes, facilities, preparing for the US and the ability to help our clients generate positive data in biology, with the ultimate goal to help patients. Not forgetting our main 2025 target of becoming cashflow positive.

Speaking of biological data and the potential of helping patients in the future, I'm very pleased with the progress we've made with TargTex, where we jointly in Boston presented highly promising *in-vivo* data, enabled by a nanoformed drug product for the treatment of glioblastoma multiforme. Even though it is still early days, the fact is that nanoforming enabled a sufficient drug load where other technologies had failed, and as a result this promising API – the study showed long term survival of 40% of the treated animals - is on its way towards the clinic. Small is indeed a powerful ingredient in formulation work.

I'm also pleased to announce that after a year of extensive preclinical work with a European headquartered international company, two privately held European pharmaceutical development and manufacturing organizations have decided to join the drug development program. Together with Nanoform, the four parties will in equal shares fund the development and commercialization of a more patient centric version of a current blockbuster drug.

Related to our substantial ongoing investments, I am happy to inform you that we have completed the first runs on both our GMP2 line and on our Biologics pilot line for GMP. The clean room for GMP3 line is finished and the line equipment and main isolator have arrived. Our ERP project, evident in the IT costs during 2022, has progressed well and we will go live with SAP after closing the books for this financial year.

Our preparation for GMP manufacturing in the US has progressed well during the last months. After dozens of meetings with state representatives - including one governor, municipalities, real estate companies, developers, advisors, and life science companies that have set up manufacturing in different parts of the US, we have now chosen a leading diversified professional services and investment management company, to help us find and establish the manufacturing site in the US.

About the macroeconomic situation. There are many headwinds impacting the global economy; the war in Ukraine, the continued covid shutdowns in China, the rapidly rising cost of capital and in some cases even the complete lack thereof. While our brand recognition and service offering continue to grow stronger and the client response to that keeps growing, it is clear that higher interest rates and tighter financial conditions are impacting investment decisions, especially among small biotech companies with limited resources. Nevertheless,

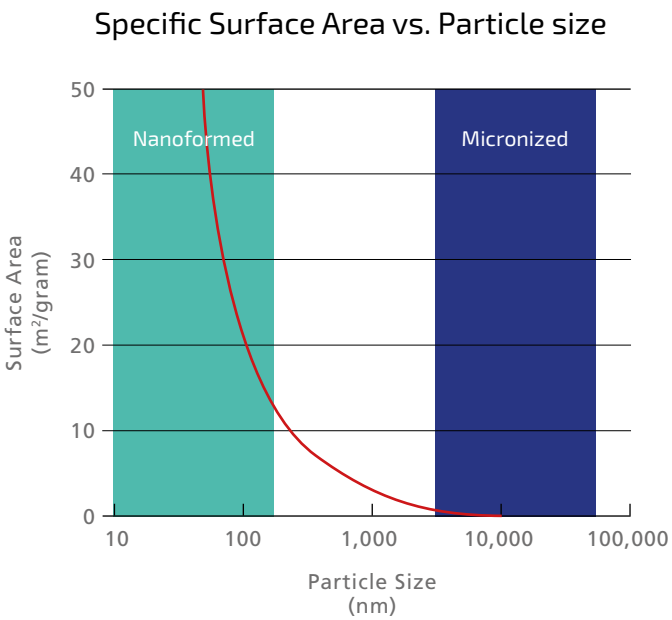
the problem with bioavailability is enormous in the pharma industry, the R&D budgets of large pharma companies are huge, the amount of money raised by biotech companies and life science funds during 2020–21 was record-breaking so we expect the interest in our technology to continue to grow. Naturally, the strong dollar and significant price increases in the global CDMO industry help us as our cost base is mostly in euros. It's also clear that our strong balance sheet is a positive aspect when partners evaluate us.

All in all, I look with confidence and excitement forward to the coming quarters and years. We'll continue to work relentlessly towards our 2025 mid-term business targets, while executing as fast as possible on our near-term targets. None of this can be done without our amazing employees and great partners. My sincere THANK YOU to you all for your continued dedication to Nanoform and for the inspiring and innovative work for which we're known.

Best Regards,

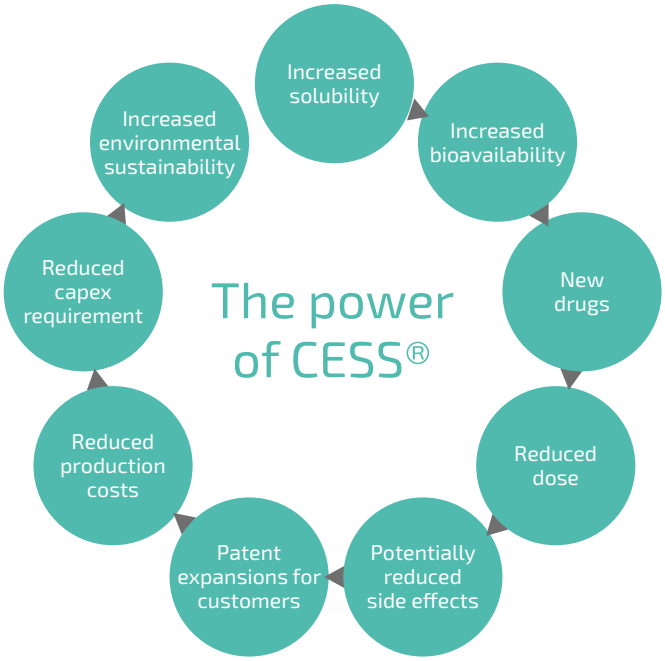
Prof. Edward Hæggström, CEO Nanoform

Smaller particle size can improve a drug's bioavailability



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

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



Nanoform in brief

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

Nanoform's mission is to enable a significant increase in the number of drugs that progress to clinical trials and reach the market. The company targets the pharmaceutical developers and manufacturers of drugs of which safety and efficacy could be improved by increased bioavailability provided by the Company's proprietary CESS® technology platform. Using Nanoform's patented and scalable CESS® technology, Nanoform presents the potential to improve the bioavailability and efficacy of drugs by decreasing the size of the drugs' API particles.

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

The CESS® technology

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

The CESS® technology may reduce the failure of drugs during clinical trials by enhancing the performance and safety of APIs, it may provide new opportunities for drugs previously failed in clinical trials, it may improve the pharmacokinetic properties of drugs (both in the pharmaceutical pipeline and those already on the market), it may provide new commercial opportunities for drugs, and it may enable new drugs to reach the market.

Market outlook

Nanoform operates in one of the world's largest markets, the global pharmaceutical market, which turnover exceeds USD 1,000 billion and where the annual R&D budget exceeds USD 200 billion. Despite the enormous investments in R&D less than 50 new drugs have been approved by the FDA annually on average during the last ten years. One of the key reasons why so few medicines are approved each year is low bioavailability of the API. With 70 to 90 per cent of new drugs being poorly soluble we expect that the challenges with bioavailability will only increase going forward. Hence, we have seen significant interest in our potentially ground-breaking technology platform from the global pharma market. This broad interest comes from global large, mid-sized, specialty pharmaceutical as well as from biotechnology companies. We expect the high customer interest in our technology offering to continue.

The drug development industry is highly regulated and characterized by a step-by-step development process, from discovery and clinical trials to market sale. It is considered a defensive industry where the underlying demand is non-cyclical and steadily increasing as the global population grows wealthier and older and as chronic diseases become more prevalent.

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

Nanoform's commercial operations are at an early stage and during the period its affairs have comprised of both R&D activities, non-GMP projects and tech transfer for GMP for its customers. Our existing customers include global large, mid-sized and specialty pharmaceutical as well as biotech companies. Major pharma companies are in general entities integrated across the entire pharmaceutical value chain and therefore often do the marketing and sales of the drugs they have developed. The price of a drug, set by a pharmaceutical company, is often a function of several factors, e.g., the potential competitive landscape it faces, the need for financing future R&D of novel drug candidates, and the benefit or value the drug is deemed to add for its target group. However, actual pricing mechanisms, including, e.g., potential reimbursement and regulatory restrictions on pricing of drugs, vary between different jurisdictions. Contract development and manufacturing organizations (CDMOs) focus specifically on drug development and manufacturing. Pricing of the services of these companies differs from pricing by pharma companies since CDMOs in general do not, by themselves, commercialize the drugs they develop or manufacture. Instead, the compensation for their services is often based on a combination of compensation for supply of material, milestone payments, royalties, and license payments. While price is an important factor in client negotiations, the most important and decisive factor is how much value the technology and service offer. We believe our proprietary technology offers and can offer significant value and hence will be priced with a material premium to traditional technologies.

Financial review for January 1 – September 30, 2022

Revenue

Nanoform Group's revenue in January – September 2022 grew by 92% to EUR 2,501 (1,300) thousand. The main driver for revenue growth was the increased number of customer projects where the Group has offered expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry. The impact from the two GMP contracts signed in the fourth quarter of 2021 was yet small on the revenue recognized. Revenues are recognized over the lifetime of the projects, based on expenses booked for the projects, where hours worked makes up the clear majority.

Results

Nanoform Group's gross profit almost doubled to EUR 2,334 (1,180) thousand and the gross margin rose further from 91% to 93% in January – September 2022. We have continued to broaden our inhouse analytical capabilities enabling a high gross margin. Our new 40m³ CO_2 tank system will also improve the unit cost of CO_2 compared with using gas cylinders.

The EBITDA in the third quarter improved from EUR -4,615 thousand to EUR -4,186 thousand as the revenue increased by 79% from EUR 475 thousand to EUR 851 thousand, while the total operating expenses* fell by 1% from EUR 5,091 thousand to EUR 5,038 thousand compared with the same quarter last year.

Nanoform Group's operating loss in January – September 2022 increased by EUR 1,667 thousand to EUR -15,979 (-14,312) thousand, despite the EUR 1,154 thousand increase in the gross profit, as the other operating expenses grew by EUR 1,922 thousand, - of which IT costs grew by EUR 1,339 thousand due to the investment in a new ERP system - and the depreciations grew by EUR 322 thousand.

The Group's costs stem from employee benefit expenses including performance related variable compensations and other operating expenses including premises expenses, IT expenses, marketing and communication expenses, external consultant and professional fees, travel expenses, voluntary personnel related expenses, external R&D expenses, and other expenses.

The loss before tax was EUR -16,486 (-14,121) thousand. Earnings per share was EUR -0.22 (-0,21). The finance income included changes in foreign exchange rates of EUR 516 (2,168) thousand and the finance expenses included changes in the fair market value of share investments of EUR -423 (-572) thousand and changes in foreign exchange rates of EUR -320 (-786) thousand.

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

Financial position and cash flows

Nanoform Group's total assets at the end of the review period were EUR 105,658 (102,190) thousand, of which equity accounted for EUR 92,719 (89,553) thousand. Cash and cash equivalents were EUR 76,329 (82,372) thousand. Net debt amounted to EUR -69,220 (-74,788) thousand.

Nanoform Group's net cash flow from operating activities in January – September 2022 was EUR -15,093 (-10,969) thousand. The change in the working capital was EUR -1,469 (323) thousand mainly due to change in trade payables and accrued expenses and trade receivables. The Group continued to invest heavily in building new manufacturing capacity, with the largest investments being two GMP lines with separate cleanrooms, the 40m³ CO_2 system, a new ERP system and a Biologics pilot line for GMP in addition to additional non-GMP production lines. The total cash-based investments amounted to EUR -6,920 (-4,462) thousand. The net cash flow from investing activities was EUR -7,553 (-5,774). Cash flow from financing activities was EUR 23,047 (36,707) thousand. Cash flow was positively affected by the directed share issue in March 2022 increasing the equity by EUR 23,668 (38,533) thousand net of transaction costs.

Investments, research and development

The Group's investments in property, plant, and equipment in January – September 2022 amounted to EUR 6,920 (4,462) thousand, consisting mainly of investments in additional GMP and non-GMP production lines at the current manufacturing site as part of the growth strategy. Additions to GMP and non-GMP facilities are classified as construction in progress until a GMP Certificate is obtained for the new GMP lines and until they are commissioned for customer projects for new non-GMP production lines.

The Group R&D expenditure recognized as expenses amounted to EUR 3,553 (2,303) thousand. R&D expenses consist of salaries as well as external R&D services. R&D expenditures are recognized as employee benefit expenses and other operating expenses in the consolidated statement of comprehensive income.

Personnel and the Board of Directors

During the last twelve months the number of employees has grown by 23 per cent and at the end of the review period, the Group had 143 (116) employees representing 31 nationalities. Within Nanoform's international team of highly skilled professionals there are 34 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 21 employees worked in R&D (including non-GMP customer projects), 20 in GMP Manufacturing and 7 in Customer Project Management. Quality Control had 20 and Quality Assurance 11 professionals. The Commercial team grew to 10. Nanoform has also been able to attract talent in Legal 3 and IT 5 and in corporate functions 46 (e.g., Business Operations, Finance, Procurement, IR, HR).

The company's Annual General Meeting convened on April 12, 2022, and re-elected Miguel Calado (Chairperson), Mads Laustsen, Albert Hæggström and Jeanne Thoma to the company's Board of Directors for the next term of office. The CEO was Edward Hæggström.

Shares and shareholders

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

Nanoform's registered share capital amounted to EUR 80,000 (80,000). At the end of the review period, the company had 78,363,964 (72,535,146) shares after a directed share issue in March 2022 and share subscriptions by stock options in April, June and September 2022. The share's volume weighted average price during the review period was EUR 4.27 (7.14) and SEK 44.01 (73.22). The highest price paid during the January – September review period was EUR 6.96 (8.80) and SEK 71.10 (88.60) and the lowest price paid EUR 2.93 (5.84) and SEK 32.30 (59.80). The closing price of the share at the end of review period was EUR 3.15 (8.10) and SEK 36.00 (82.6). The market value of the share capital on September 30, 2022, was EUR 246.5 (588) million.

Nanoform had more than 8,500 shareholders at the end of the period - some five hundred fewer than a year ago - with somewhat more than half of them holding EUR nominated shares and somewhat less than half of them holding SEK nominated shares. The 25 largest shareholders held some 76 per cent of all Nanoform's shares and votes at the end of the review period. The ownership structure can be found on Nanoform's internet pages Ownership structure – Nanoform small is powerful. (Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear Sweden, Euroclear Finland and Morningstar)

Share-based incentive plans

During the review period Nanoform had 16 active share-based incentive plans for the members of the Board of Directors, key persons, and employees of the Group: option programs 1–5/2019, 1–5/2020,1–5/2021 and 1/2022. Based on all the option programs, with strike prices ranging from EUR 1.1 to EUR 9.00 a total maximum number of 4,286,510 shares could potentially be subscribed (For more info see Note 7).

Near-term risks and uncertainties

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

Risks associated with the Group's financial position mainly comprise of currency-, credit- and counterparty risks as well as the stock market risk from share investment. Foreign exchange fluctuations arise from SEK, GBP, USD, NOK and JPY currency exposure. The Company's counterparty risks consist mainly of contracts between external customers, suppliers and partners in co-operation and financial institutions. Direct stock market risk stems from the changes in the market value of the owned Herantis Pharma Plc shares. Nanoform does not hedge its currency or stock market risk. Risks related to legislation, rules and regulatory compliance are associated with the group's sector of industry. For further risk analysis see Nanoform's annual report: Investors – Nanoform small is powerful.

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

Nanoform held its Annual General Meeting (the "AGM") for 2022 on April 12, 2022.

The AGM approved the financial statements and discharged the Board of Directors and the CEO of the Company from liability for the financial year 2021. The Meeting decided that no dividend will be paid for the financial year that ended on December 31, 2021.

The number of members of the Board of Directors was confirmed to be four and the AGM re-elected Miguel Calado as Chairperson, Mads Laustsen, Albert Hæggström and Jeanne Thoma as ordinary members of the Board of Directors for the next term of office. The AGM confirmed a monthly compensation of EUR 10,000 for the Chairman and EUR 6,000 for the Board Members, EUR 3,000 for the Chairman of the Audit and Compensation Committee and EUR 2,000 for the Members of the Audit and Compensation Committee. The AGM resolved further that approximately 50% of the remuneration be paid in Company's shares and 50% be paid in cash, both in one instalment.

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

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

Furthermore, the AGM authorized the Board of Directors to resolve upon the directed issuance of new shares and special rights entitling to shares, in the aggregate up to 7,000,000 shares. The authorization is in force until April 12, 2027. The authorization replaces and revokes all previous unused authorizations of the Board of Directors to resolve on the issuance of shares, issuance of share options and issuance of other special rights entitling to shares.

On April 12, 2022, at the constitutive meeting following the annual general meeting, the Board of Directors resolved to elect as members of the Audit and Compensation Committee (AC): Miguel Calado (Chairperson), Jeanne Thoma (Ordinary member), and Mads Laustsen (Ordinary member). The Audit and Compensation Committee is a permanent committee of the Board of Directors and acts in accordance with its charter as adopted by the Board of Directors.

Condensed interim financial information January – September 2022

Consolidated statement of comprehensive income

EUR thousand	Note	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021
Revenue	4	851	475	2,501	1,300	1,955
Other operating income			0		0	0
Materials and services		-36	-57	-167	-120	-162
Employee benefits	7	-3,029	-3,635	-10,665	-10,088	-13,791
Depreciation, amortization, and impairment losses	6	-610	-493	-1,736	-1,414	-1,960
Other operating expenses	5	-1,973	-1,399	-5,912	-3,990	-5,747
Total expenses		**-5,647**	**-5,584**	**-18,481**	**-15,611**	**-21,660**
Operating loss		**-4,796**	**-5,108**	**-15,979**	**-14,312**	**-19,705**
Finance income		106	759	601	2,190	2,585
Finance expenses		-461	-163	-1,108	-1,999	-2,567
Total finance income and expenses		**-355**	**596**	**-507**	**191**	**18**
Loss before tax		**-5,151**	**-4,512**	**-16,486**	**-14,121**	**-19,687**
Income tax		-4	-1	-20	-2	-3
Loss for the period		**-5,155**	**-4,513**	**-16,506**	**-14,123**	**-19,690**
Loss for the period attributable to the equity holders of the parent company		**-5,155**	**-4,513**	**-16,506**	**-14,123**	**-19,690**
Other comprehensive income						
Items that may be reclassified to loss						
in subsequent periods						
Translation differences		6	1	12	1	3
Other comprehensive income, net of tax		**6**	**1**	**12**	**1**	**3**
Total comprehensive income total		**-5,149**	**-4,512**	**-16,495**	**-14,122**	**-19,686**
Total comprehensive income for the period attributable to the equity holders of the parent company		**-5,149**	**-4,512**	**-16,495**	**-14,122**	**-19,686**
Basic earnings per share, EUR		-0.07	-0.06	-0.22	-0.21	-0.29
Diluted earnings per share, EUR		-0.07	-0.06	-0.22	-0.21	-0.29

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

Consolidated statement of financial position

EUR thousand	Note	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
ASSETS				
Non-current assets				
Intangible assets		374	249	287
Property, plant, and equipment	6	24,539	15,951	19,718
Investments		2,074	2,422	1,998
Other receivables		288	297	286
Total non-current receivables		**27,275**	**18,919**	**22,289**
Current assets				
Trade receivables		514	513	170
Other receivables		226	197	587
Prepaid expenses and accrued income		1,314	189	575
Cash and cash equivalents	8	76,329	82,372	75,733
Total current assets		**78,382**	**83,271**	**77,064**
Total assets		**105,658**	**102,190**	**99,353**
EQUITY AND LIABILITIES				
Equity				
Share capital		80	80	80
Reserve for invested unrestricted equity		152,569	128,599	128,599
Accumulated deficit		-43,423	-25,003	-24,495
Loss for the period		-16,506	-14,123	-19,690
Total equity		**92,719**	**89,553**	**84,494**
Non-current liabilities				
Lease liabilities	8	6,092	6,647	6,691
Advances received				
Trade payables				
Total non-current liabilities		**6,092**	**6,647**	**6,691**
Current liabilities				
Provisions		0	2	1
Lease liabilities	8	1,018	937	972
Advances received		872	260	792
Trade payables		2,042	1,239	1,851
Other liabilities		202	235	331
Accrued expenses	9	2,713	3,318	4,222
Total current liabilities		**6,847**	**5,990**	**8,168**
Total liabilities		**12,939**	**12,637**	**14,859**
Total equity and liabilities		**105,658**	**102,190**	**99,353**

Consolidated statement of changes in equity

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2022	**80**	**128,599**	**2**	**-44,187**	**84,494**
Loss for the period				-16,506	-16,506
Other comprehensive income					
Translation differences			12		12
Transactions with equity holders of the Company					
Increase of the share capital					
Share subscription with stock options		303			303
Share issue *)		23,668			23,668
Share-based payments				750	750
At Sept 30, 2022	**80**	**152,569**	**14**	**-59,944**	**92,719**

*) netted transaction costs EUR 892 thousand

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2021	**80**	**89,680**	**-1**	**-27,124**	**62,635**
Loss for the period				-14,123	-14,123
Other comprehensive income					
Translation differences			1		1
Transactions with equity holders of the Company					
Increase of the share capital					
Share subscription with stock options		386			386
Share issue *)		38,533			38,533
Share-based payments				2,120	2,120
At Sept 30, 2021	**80**	**128,599**	**1**	**-39,126**	**89,553**

*) netted transaction costs EUR 1,463 thousand

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2021	**80**	**89,680**	**-1**	**-27,124**	**62,635**
Loss for the period				-19,690	-19,690
Other comprehensive income					
Translation differences			3		3
Transactions with equity holders of the Company					
Increase of the share capital					
Share subscription with stock options		386			386
Share issue *)		38,533			38,533
Share-based payments				2,626	2,626
At December 31, 2021	**80**	**128,599**	**2**	**-44,187**	**84,494**

*) netted transaction costs EUR 1,464 thousand

Consolidated statement of cash flow

EUR thousand	Note	1–9/2022	1–9/2021	1–12/2021
Cash flow from operating activities				
Loss before tax		**-16,486**	**-14,121**	**-19,687**
Adjustment for:				
Depreciation, amortization, and impairment losses	6	1,736	1,414	1,960
Finance income and expenses		507	-191	-18
Share-based payments	7	750	2,120	2,626
Other adjustments*)		9	-4	-100
Change in net working capital:				
Trade and other receivables		-724	-360	-782
Trade payables and other liabilities		-745	325	1,875
Change in other receivables (non-current)		-2	-2	9
Interest paid		-202	-169	-255
Interest received		85	22	25
Paid tax		-20	-2	-3
Net cash used in operating activities		**-15,093**	**-10,969**	**-14,349**
Cash flow from investing activities				
Payments for intangible assets		-133	-111	-184
Payments for property, plant, and equipment	6	-6,920	-4,462	-7,737
Payments for investments		-499	-1,200	-1,200
Net cash used in investing activities		**-7,553**	**-5,774**	**-9,121**
Cash flow from financing activities				
Proceeds from share issues		24,560	39,996	39,996
Transaction costs from the share issues		-892	-1,464	-1,464
Acquisitions of treasury shares				
Share subscription with stock options		303	386	386
Repayment of R&D loans	8		-1,391	-1,391
Repayment of lease liabilities	8	-924	-821	-1,124
Net cash from financing activities		**23,047**	**36,707**	**36,404**
Net increase (+) decrease (-) in cash and cash equivalents		**401**	**19,965**	**12,934**
Cash and cash equivalents at the beginning of period		75,733	61,025	61,025
Effects of exchange rate changes on cash and cash equivalents		196	1,382	1,773
Cash and cash equivalents at the end of the period		**76,329**	**82,372**	**75,733**

*) Other adjustments

EUR thousand	1–9/2022	1–9/2021	1–12/2021
Lease adjustments	7	79	15
Other operating expenses – impairments of fixed assets		-40	-60
Other operating expenses – change in fixed asset materiality consideration		-50	-50
Other operating expenses – provision for onerous contract		5	1
Other adjustments – provision for credit loss	2	2	-5
Total	**9**	**-4**	**-100**

Selected notes

1. Company information

Nanoform ("Nanoform", "Group") is an international group offering expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry. The parent company, Nanoform Finland Plc (formerly Nanoform Finland Ltd, the "Company") is a company organized under the laws of Finland and its business ID is 2730572-8. The registered address of the head office is Viikinkaari 4, 00790 Helsinki, Finland.

2. Accounting policies

This interim financial information for the January – September 2022 periods has been prepared in accordance with IAS 34 Interim Financial Reporting. In preparation of this interim report, Nanoform has applied the same accounting policies, methods of computation and presentation as in the financial statements for the year ended December 31, 2021.

In 2020, the Company established a subsidiary (Nanoform USA Inc.) in the United States and as the result, Nanoform Group was formed. The consolidated financial statements include the parent company, Nanoform Finland Plc, and the subsidiary in the USA, Nanoform USA Inc. The parent company holds 100% ownership of its subsidiary. The subsidiary is consolidated using the acquisition method. All intragroup transactions, receivables, liabilities, and unrealized gains are eliminated in the consolidated financial statements.

The consolidated financial statements are presented in euro which is the functional currency of the parent company. The statements of comprehensive income and the statements of cash flows of foreign subsidiaries, whose functional currency is not euro, are translated into euro each quarter at the average exchange rate for the financial year. The statements of financial position of such subsidiaries are translated at the exchange rate prevailing at the reporting date. Translation differences resulting from the translation of profit for the period and other items of comprehensive income in the statement of comprehensive income and statement of financial position are recognized as a separate component of equity and in other comprehensive income. Also, the translation differences arising from the application of the acquisition method and from the translation of equity items cumulated subsequent to acquisition are recognized in other comprehensive income. Figures in this interim report have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

The preparation of interim and annual reports requires management to make decisions, estimates and assumptions that affect the application of accounting policies and the recognized amounts of assets, liabilities, revenue, and expenses. Estimates and judgements are reviewed regularly. The Group's management has used judgement to review, analyze and evaluate revenue recognition for non-GMP and GMP projects. Nanoform recognizes revenue over time as the project performance does not create an asset with an alternative use to the Nanoform Group and the Nanoform Group has an enforceable right to payment for performance to date. The Group's management has used judgement when evaluating the leasing agreements e.g., the options to renew and terminate the leasing agreements at specific dates, the probability of Nanoform using these options and by determining the appropriate discount rate for the leasing agreements. The management has also used judgement to evaluate the economic lifetime of property, plant, and equipment. 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.

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

Nanoform's Board of Directors has approved this interim report in its meeting on November 28, 2022. This interim report is not audited or reviewed by the auditors of the Group.

3. Significant changes during the reporting period

The Group's results of operations have fluctuated significantly from period to period in the past and are likely to do so in the future. The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- On March 22, 2022, the Board of Directors resolved on a directed share issue to institutional and other qualified investors, where a total of 5,581,818 new shares were issued. The subscription price was EUR 4.40 and SEK 45.68 per share and the total proceeds of EUR 24,560 thousand were recorded in the invested unrestricted equity reserve, netted with transaction costs of EUR 892 thousand.
- Revenue increased due to the increased number of non-GMP and GMP projects, where the Group has offered expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry. (See note 4 Segment information and revenue).
- Employee benefit expenses continued to represent the

majority of the Group's total operating expenses during the review period. Employee benefit expenses consisted of short-term employee benefit expenses (mainly salaries), post-employment benefit expenses (defined contribution pension plans) and share-based payments (stock options). The employee headcount increased by 23% to 143 (116), while the total employee benefit expenses grew by 6% to EUR 10,665 (10,088) thousand for the review period.

- Other operating expenses included premises expenses, IT expenses, marketing and communication expenses, external consultant and professional fees, travel expenses, voluntary personnel related expenses, external R&D expenses and other expenses. The main reason for the increase in the other operating expenses compared with the same period last year was the ERP project, which increased the IT costs by some EUR 1,339 thousand (see note 5 Other operating expenses).
- Finance income and expenses stemmed from changes in foreign exchange rates in SEK, GBP, USD, NOK and JPY currencies and fair market value changes in the owned Herantis Pharma shares.
- Share subscriptions based on stock option programs approved by the Board of Directors on April 12, 2022; on June 6, 2022, and on September 6, 2022. The total subscription price for subscriptions made with stock options of EUR 303 thousand was booked in the reserve for invested unrestricted equity.
- On May 27, 2022, the Group made additional investment to Herantis Pharma Plc shares for the amount EUR 499 thousand and holds some 6,9% of the outstanding shares.
- On June 6, 2022, the Board of Directors resolved to issue stock options to key personnel (1/2022), the total number of option rights to be issued is at most 485,000. Each stock option entitles to subscribe for one new share and the subscription price is EUR 9.00 per share.
- The increase in property, plant, and equipment is mainly related to construction in progress related to two additional GMP lines, and non-GMP lines as well as acquired new equipment related to quality control. Additions to GMP and non-GMP facilities are classified as construction in progress until GMP Certificate is obtained for the new GMP lines and new non-GMP production lines are commissioned (see note 6 Property, plant, and equipment).
- The increase in the right-of-use assets and lease liabilities is mainly due to prolonged leasing periods and extended leasing agreements in the Viikki manufacturing site (see note 6 Property, plant, and equipment and note 8 Net debt).

4. Segment information and revenue

Nanoform offers expert services in nanotechnology and drug particle engineering. Nanoform's chief operative decision maker is the Chief Executive Officer (CEO). The CEO manages the Group as one integrated business and hence, the Group has one operating and reportable segment.

Nanoform's revenue during the reported period is recognized from customer contracts in Europe and the United States (defined by the domicile of customer). The Group's strategy is to offer expert services in nanotechnology and drug particle engineering services widely to minimize dependence from a single customer or project. Nanoform's revenue consists of non-GMP and GMP projects related to nanoforming and drug particle engineering services provided to customers globally. Nanoform's customer contracts include one or multiple performance obligations. In the customer contracts, every separate nanoformed API is considered as a separate performance obligation, as the customer can receive benefit from every single separately nanoformed API. Nanoform recognizes revenue over time as the project performance does not create an asset with an alternative use to the Nanoform Group and the Nanoform Group has an enforceable right to payment for performance to date. The following table summarizes the revenue breakdown:

EUR thousand	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021
Europe	478	385	1,393	1,048	1,558
United States	373	90	1,108	251	397
Total	**851**	**475**	**2,501**	**1,300**	**1,955**

EUR thousand	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021
Services transferred over time	851	475	2,501	1,300	1,955
Total	**851**	**475**	**2,501**	**1,300**	**1,955**

5. Other operating expenses

EUR thousand	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021
Premises expenses	38	92	101	144	100
IT expenses	536	153	1,725	386	780
Marketing and communication expenses	206	162	548	452	589
Consultant and professional fees	288	225	927	848	1,150
Travel expenses	83	44	250	80	146
Voluntary personnel related expenses	167	164	580	548	745
R&D expenses – external	251	149	616	688	930
Other expenses	405	410	1,164	842	1,306
Total	**1,973**	**1,399**	**5,912**	**3,990**	**5,747**

The increase in other operating expenses stems mainly from the ongoing ERP project (IT expenses) and increased smaller purchases related to property, plant, and equipment which do not fulfill the activation criteria (other expenses).

6. Property, plant, and equipment

Nanoform's property, plant, and equipment consists of leased premises and apartments (right-of-use assets), improvements to leased premises, machinery and equipment and construction in progress.

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

Construction in progress consist of expenses related to new GMP lines, and non-GMP lines as well as the new equipment related to Quality Control which do not yet fulfill the activation criteria.

EUR thousand	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2022	3,465	7,213	1,234	7,806	19,718
Additions	288	237	36	6,141	6,701
Disposals *)		-37		-153	-190
Reclassification	2,048		6	-2,054	
Depreciations	-793	-789	-109		-1,690
Net book value at September 30, 2022	**5,008**	**6,624**	**1,167**	**11,740**	**24,539**

EUR thousand	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2021	2,032	5,413	1,090	1,481	10,016
Additions	226	2,388	121	4,749	7,485
Disposals *)	-108	-11		-51	-170
Reclassification	1,709		142	-1,852	
Depreciations	-577	-705	-97		-1,379
Net book value at September 30, 2021	**3,284**	**7,084**	**1,256**	**4,327**	**15,951**

EUR thousand	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2021	2,032	5,413	1,090	1,481	10,016
Additions	556	596	133	8,353	9,639
Reassessment		2,220			2,220
Disposals *)	-118	-51		-74	-243
Reclassification	1,810		142	-1,952	
Depreciations and impairments **)	-815	-965	-133		-1,913
Net book value at December 31, 2021	**3,465**	**7,213**	**1,233**	**7,807**	**19,718**

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

7. Share-based payments

Nanoform has 16 share-based incentive plans: Option programs 1–5/2019, 1–5/2020, 1–5/2021 and 1/2022. The option programs are targeted to members of the Board of Directors, key persons, and employees of the Group. Many of the employees are included in the share-based incentive plans. The 1–5/2019 share-based incentive plans are valid until further notice. The 1–5/2020, 1–5/2021 and 1/2022 share-based incentive plans have vesting periods from 6 to 12 months from the grant date. The effect of all stock options booked to the earnings of the review period was EUR 750 (2,121) thousand.

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

Option program	Fair value of the Company share at grant date, EUR	Subscription price of the Company share with options, EUR	Volatility, %	Risk free interest rate, %	Fair value of the option	End of the share subscription period
01–05/2019	1.30–1.62	1.10	64.85	0.01	0.74–1.00	Until further notice
01–05/2020	1.77–4.30	1.65–5.00	43.25–64.85	-0.55–0.01	0.97–2.11	Mar 10, 2025–Oct 23, 2025
01–05/2021	5.97–7.50	9.00	44.97–47.62	0.01	1.72–2.49	Apr 6, 2026–Aug 27, 2026
01/2022	3.52	9.00	42.5	1.33	0.65	June 6, 2027

8. Net debt

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

EUR thousand	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Cash and cash equivalents	-76,329	-82,372	-75,733
Net debt excluding lease liabilities	**-76,329**	**-82,372**	**-75,733**
Current lease liabilities	1,018	937	972
Non-current lease liabilities	6,092	6,647	6,691
Net debt	**-69,220**	**-74,788**	**-68,070**

Lease liabilities consists of rental agreements for the current manufacturing and office site as well as apartment rental agreements.

9. Related party transactions

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

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

	1–9/2022		
EUR thousand	Fees settled in cash*	Fees settled in shares**	Share-based payments
Miguel Maria Calado	91	79	19
Albert Hæggström, CFO	43	36	68
Mads Laustsen	55	49	12
Jeanne Thoma	55	49	37
Total	**244**	**213**	**136**

*) Fees in cash and in shares include a one-time payment for the monthly remuneration payable to the members of the Board of Directors for the term until the end of the Annual General meeting in 2023.
**) Fees settled in shares includes transfer tax.

	1–9/2021		
EUR thousand	Fees settled in cash	Fees settled in shares	Share-based payments
Miguel Maria Calado	30		314
Albert Hæggström, CFO	15		209
Mads Laustsen	18		209
Cynthia Schwalm	8		40
Total	**71**		**772**

	1–12/2021		
EUR thousand	Fees settled in cash	Fees settled in shares	Share-based payments
Miguel Maria Calado	40		365
Albert Hæggström, CFO	20		400
Mads Laustsen	23		243
Jeanne Thoma	3		51
Cynthia Schwalm	8		41
Total	**95**		**1,101**

Compensation for CEO and Management team

	1–9/2022		
EUR thousand	Salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation
CEO	228	43	
Management team*)	1,070	122	127
Total	**1,298**	**164**	**127**

EUR thousand	1–9/2021 Salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation
CEO	210	37	
Management team*)	1,307	242	1,002
Total	**1,516**	**279**	**1,002**

EUR thousand	1–12/2021 Salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation
CEO	314	55	
Management team*)	1,584	289	1,366
Total	**1,899**	**344**	**1,366**

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

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

Key management personnel

EUR thousand	Sep 30, 2022	Sep 30, 2021*)	Dec 31, 2021
Liabilities to key management	131	417	269
Total	**131**	**417**	**269**

*) Includes annual variable pay and variable pay component stemming from listing.

10. Commitments and contingencies

The Group commitments to purchase of services and property, plant, and equipment (mainly related to new GMP and non-GMP lines) amounted to EUR 4,382 (7,963) thousand at the end of the review period.

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

11. Events after the review period

On October 25, Nanoform and TargTex, a European biotech company, presented highly promising *in-vivo* data, enabled by a nanoformed drug product for the treatment of glioblastoma multiforme (GBM), at the PODD Conference in Boston, USA.

Nanoform previously disclosed on November 15, 2021, that it has signed an agreement to manufacture nanoformed GMP material for a European headquartered international company. Following 12 months of preclinical development work, two privately held European pharmaceutical development and manufacturing organizations have now decided to join Nanoform and the European headquartered international company in funding the development and commercialization of this more patient centric version of a current blockbuster drug. For this purpose, the parties entered into a collaboration agreement on November 17, 2022. Under the terms of the agreement, Nanoform and the three other parties will fund in equal shares the completion of this development program. As Nanoform will continue to be remunerated for its work, the development stage of the collaboration is not expected to have a negative cash flow effect on Nanoform. In the event that the commercialization is successful, Nanoform expects to retain a 25% share of the net-income received by the parties. First clinical trials on the improved drug product are expected to commence in 2023.

In November, Nanoform filed to FIMEA a notification of an update to our manufacturer's authorization. This relates to additional API and manufacturing lines.

Appendix 1

Key figures

EUR thousand	7–9/2022	7–9/2021	1–9/2022	1–9/2021	1–12/2021	1–12/2020	1–12/2019
Revenue	851	475	2,501	1,300	1,955	687	49
Revenue growth %	79%	198%	92%	159%	185%	n.m.	n.m.
Gross profit	816	419	2,334	1,180	1,792	497	-323
Gross margin	96%	88%	93%	91%	92%	72%	neg.
EBITDA	-4,186	-4,615	-14,243	-12,898	-17,745	-18,196	-6,900
Operating loss	-4,796	-5,108	-15,979	-14,312	-19,705	-19,423	-7,344
Loss for the period	-5,155	-4,513	-16,506	-14,123	-19,690	-19,441	-7,554
Basic EPS (EUR)	-0.07	-0.06	-0.22	-0.21	-0.29	-0.35	-0.19
Net debt	-69,220	-74,788	-69,220	-74,788	-68,070	-54,156	-3,640
Net debt excluding lease liabilities	-76,329	-82,372	-76,329	-82,372	-75,733	-59,977	-6,626
Investments in property, plant, and equipment	-1,857	-1,804	-6,920	-4,462	-7,737	-2,336	-1,804
Operative free cash flow	-6,044	-6,420	-21,164	-17,361	-25,482	-20,532	-8,704
Cash and cash equivalents (end of period)	76,329	82,372	76,329	82,372	75,733	61,025	7,303
Personnel at the end of reporting period	143	116	143	116	125	74	43

Calculation of key figures

Key figure	Definition	Reason to the use
Revenue growth %	Percentage increase in revenue between two periods of time	Revenue growth indicates the success of the Nanoform business in its growth trajectory
Gross profit	Revenue + Other operating income - Materials and services	Gross profit is the margin, which the Group generates, when its service production related expenses has been decreased
Gross margin	Gross profit/revenue	A complement to the absolute gross profit, showing the proportion of income that is left after direct material costs and external services have been subtracted from the revenues
EBITDA	Operating loss before depreciation, amortization, and impairments	EBITDA is an indicator of the operating result before investments, i.e. a proxy for cash flow generated by operations, if investments roughly equals depreciations
Loss for the period	Loss for the period as presented in the comprehensive income statement	Loss for the period shows the net profit for the Group's owners
Basic EPS	The loss for the period/the weighted average number of ordinary shares during the year	Measure describes the division of profit to each share
Net debt	Short-term R&D loans + Long-term R&D loans + Short-term lease liabilities + Long-term lease liabilities - Cash and cash equivalents	Net debt is an indicator to measure the total external debt financing of Nanoform
Net debt excluding lease liabilities	Short-term R&D loans + Long-term R&D loans - Cash and cash equivalents	Net debt excluding lease liabilities is an indicator to measure the total external debt financing of Nanoform without lease liabilities
Investments in property, plant, and equipment	Investments in property, plant, and equipment as presented in cash flow statement	Measure generates further information for the cash flow needs of investments
Operative free cash flow	EBITDA - growth capex	Free cash flow indicates the cash flow that is largely available for e.g. paying dividends

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Financial calendar

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