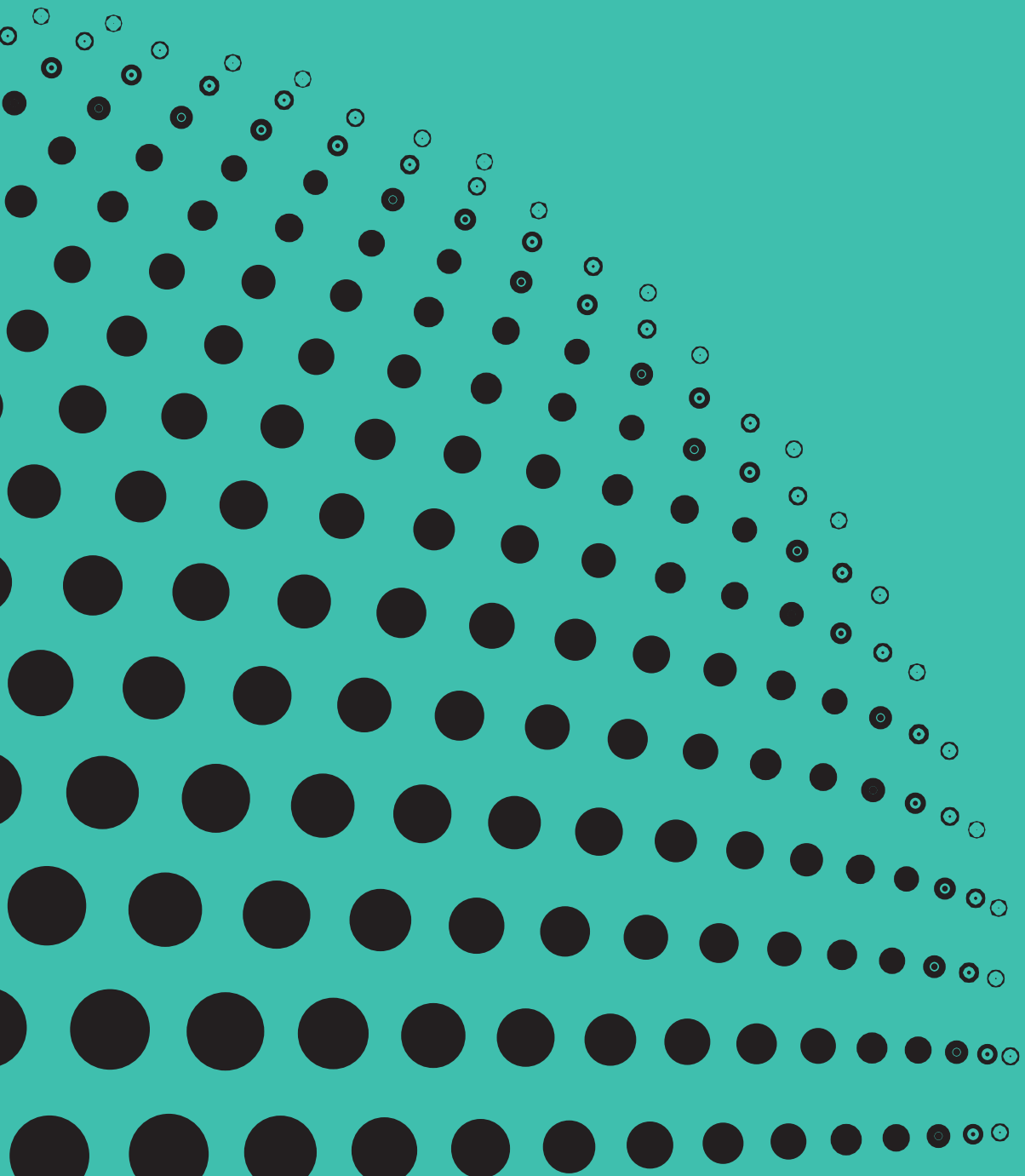
nanoform
small is powerful®

# Half-year Financial Report

## January–June 2021



# Nanoform's January–June 2021 review:

**The strong momentum continues: Additional line capacity, more projects, new clients, the number of employees crosses 100, while the gross margin forcefully breaks through 90 per cent. Letter of intent signed for the development, manufacturing, and commercialization of a by nanoforming improved version of a current blockbuster drug.**

## Q2/2021 key financials:

- Revenue came in at EUR 0.55 million, up 185% compared with EUR 0.19 million in 4–6/2020.
- The gross profit more than tripled to EUR 0.52 million as the gross margin jumped to 95% (EUR 0.16 million, 83% in 4–6/2020).
- EBITDA improved to EUR -4.36 million (EUR -6.35 million).
- The operating loss improved to EUR -4.84 million (EUR -6.62 million).
- The loss for the period improved to EUR -5.34 million (EUR -6.76 million).
- Basic EPS was EUR -0.07 (EUR -0.14).
- The number of employees grew to 106 at the end of the review period (55).
- Cash position was EUR 88.1 million on June 30, 2021 (EUR 75.2 million).

## H1/2021 key financials:

- Revenue EUR 0.82 million, growth +141%, stemming from 16 different customer projects (EUR 0.34 million, 7 customer projects in 1–6/2020).
- The gross profit and gross margin jumped to EUR 0.76 million and 92%, respectively (EUR 0.26 million, 77% in 1–6/2020).
- EBITDA improved to EUR -8.28 million (EUR -10.49 million).
- The operating loss improved to EUR -9.20 million (EUR -10.99 million).
- The loss for the period improved to EUR -9.61 million (EUR -11.35 million).
- Basic EPS was EUR -0.14 (EUR -0.23).
- EUR 40 million (gross) was raised in a new share issue in March.

## Significant events during H1/2021

- Early January, a new near-term business target was announced: "At least 12 new non-GMP and at least one GMP customer project in 2021".
- In January, Nanoform announced positive interim results from its clinical study. The interim results suggested that a nanoformed oral piroxicam tablet achieved significantly faster absorption when compared to the reference tablet from the originator Pfizer.
- In February, Nanoform and Herantis Pharma Plc signed a Biologics Proof of Concept Agreement aiming to enhance nasal drug delivery to the brain of Herantis' CDNF therapies for Parkinson's disease using Nanoform's proprietary biological nanoparticle technology. As a result, Nanoform achieved its near-term business target of "First Biologics PoC project signed in 2021".
- In February, a PoC agreement was signed with an East Coast US Biotech Company.
- In February, Nanoform announced further positive interim results from its clinical study. The fast absorption data from the second part of the study implied that nanoforming might offer viable alternatives to complex formulation approaches such as cyclodextrin based technologies.
- In February, Nanoform appointed Dr Jamie Unwin as Commercial Insights Officer, based in Oxford UK, starting in April.
- On February 26, a new near-term business target was announced: "At least three new non-GMP lines in 2021 and two new GMP lines in 2022".
- In March, Nanoform and Nacuity Pharmaceuticals, a Texas-based clinical stage pharmaceutical company, signed a technology Proof of Concept agreement to enhance ophthalmic drug delivery of Nacuity's NPI-001 and NPI-002 drug candidates.
- In March, a PoC agreement was signed with a European Biotech Company.
- In March, Nanoform launched the next generation of its STARMAP® artificial intelligence platform, v2.0. The technology utilizes sparse-data AI to augment experimental results from its CESS® nanoparticle engineering process with detailed expert knowledge, allowing reliable predictions to be made regarding partners' potential success of nanoforming their drug molecules. STARMAP® is a digital version of the CESS® technology that enables *in silico* experiments in large quantities, creating fast predictions of which molecules should be nanoformed.
- In March, EUR 40 million (gross) was raised in a successful new share issue through an accelerated bookbuilding process. The considerably oversubscribed capital raise attracted strong interest from Nordic and international investors, including a considerable number of large global Tier 1 institutional investors.
- In March, Nanoform appointed Dr Chris Worral as VP Business Development US, based in San Diego, starting in May.
- During 1–3/2021 three new non-GMP lines were commissioned. As a result, the near-term business target "at least three new non-GMP lines in 2021", was achieved.
- On April 6, at the AGM, the Board of Directors, chaired by Miguel Calado, was re-elected.

- In April, Nanoform and Aprecia, a US-based three-dimensional printing pharmaceutical company, announced that they are exploring the synergies between their respective technologies in the field of nanoparticle-enabled 3DP dosage forms. The collaboration targets to combine Nanoform's fast dissolution nanoformed particles with Aprecia's ZipDose-technology platform for rapid disintegration to enable high performance buccal and oral delivery of medicines to patients where rapid absorption is essential.
- In May, Nanoform announced the completion and final results of its clinical study. The primary, secondary and optional exploratory objectives of the study were all met. The results showed that Nanoform's CESS® technology enabled development of a fast-acting piroxicam immediate release tablet formulation with more rapid absorption and improved drug delivery performance in comparison to a standard reference IR tablet. The study outcome confirmed earlier published interim results and supports the clinical utility of Nanoform's technology and its potential applicability for producing fast-acting dosage forms for poorly soluble drugs.
- In May, Nanoform and a US listed metabolic pharmaceuticals company signed a collaboration agreement.
- In May, Nanoform and Celanese Corporation, a global specialty materials company, announced plans to explore the synergies between their respective technologies in the field of nanoparticle-enabled drug delivery. The goal is to assess the utility of combining Nanoform's nanoparticle platform technologies with Celanese's VitalDose® EVA copolymer delivery technology for drug-eluting implants. The aims are to enable the development of next-generation drug delivery devices that support increased drug load and possess enhanced sustained release properties. Nanoform and Celanese intend to work on formulation development, leveraging each organization's unique formulation expertise.
- In May, a Proof of Concept contract was signed with a new client, a US Biotech company.
- 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 of a by nanoforming improved version of a current blockbuster drug. The expected improvements will be focused on patient convenience. Nanoform has already started a Proof of Concept study on the asset, paid for by the partner, and are simultaneously in discussions for the execution of the definitive agreement for the further co-development and GMP manufacturing. The execution of the definitive agreement is dependent on the outcome of the PoC study and agreement on customary contractual terms with the partner.

## Significant events after H1/2021

- In July, a Proof of Concept contract was signed with a new global major pharma customer.
- In July, a Master Services Agreement was signed with Boehringer Ingelheim. Proof of Concept studies may now be performed to assess the added value Nanoform's CESS® technology can deliver to Boehringer Ingelheim's drug development projects.

## Nanoform H1/2021 Conference call

Nanoform Finland Plc ("Nanoform"), will publish its H1/2021 report on August 26, at 8.10 a.m. Finnish time / 7.10 a.m. Swedish time.

The company will hold a conference call and an online presentation on the same day at 3.00 p.m. Finnish time / 2.00 p.m. Swedish time. Nanoform will be represented by CEO Edward Hæggström, CFO Albert Hæggström and 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/13595

Teleconference dial-in numbers:
FI: +358 9 81710522
SE: +46 8 50558355
UK: +44 3333 009263
US: +1 646 7224902

# Nanoform Group's key figures

## Financial KPI's

| EUR thousand | 4–6/2021 | 4–6/2020 | 1–6/2021 | 1–6/2020 | 1–12/2020 | 1–12/2019 |
|---|---|---|---|---|---|---|
| Revenue | 546 | 191 | 824 | 342 | 687 | 49 |
| Gross profit | 518 | 159 | 761 | 262 | 497 | -323 |
| Gross margin | 95% | 83% | 92% | 77% | 72% | neg. |
| EBITDA | -4,358 | -6,348 | -8,283 | -10,485 | -18,196 | -6,900 |
| Operating loss | -4,841 | -6,622 | -9,203 | -10,987 | -19,423 | -7,344 |
| Loss for the period | -5,340 | -6,758 | -9,610 | -11,345 | -19,441 | -7,554 |
| Basic EPS (EUR) | -0.07 | -0.14 | -0.14 | -0.23 | -0.35 | -0.19 |
| Net debt | -82,563 | -69,751 | -82,563 | -69,751 | -54,156 | -3,640 |
| Net debt excluding lease liabilities | -88,120 | -74,101 | -88,120 | -74,101 | -59,977 | -6,626 |
| Investments in property, plant and equipment | -1,798 | -514 | -2,658 | -838 | -2,336 | -1,804 |
| Operative free cash flow | -6,156 | -6,863 | -10,941 | -11,322 | -20,532 | -8,704 |
| Cash and cash equivalents (end of period) | 88,120 | 75,155 | 88,120 | 75,155 | 61,025 | 7,303 |

## Operational KPI's

| EUR thousand | 4–6/2021 | 4–6/2020 | 1–6/2021 | 1–6/2020 | 1–12/2020 | 1–12/2019 |
|---|---|---|---|---|---|---|
| Number of new customer projects started during the period | | | | | | |
| Non-GMP | 2 | 1 | 8 | 5 | 10 | 2 |
| GMP | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| Number of lines (end of the period) | | | | | | |
| Non-GMP | 12 | 7 | 12 | 7 | 8 | 4 |
| GMP | 1 | 1 | 1 | 1 | 1 | 0 |
| | | | | | | |
| Number of employees (end of the period) | 106 | 55 | 106 | 55 | 74 | 43 |

## Company near-term business targets for 2021 and 2022

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

## Company mid-term business targets 2025 (raised on June 2)

- 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

To build, serve, and polish simultaneously – execution is key.

Nanoform has continued to execute strongly on all these three fronts during the last months. Our GMP expansion progresses according to timetable and budget, and we have now ordered the main equipment for GMP lines 2 and 3, which we target to have operational in 2022. In addition, we have engaged with an industrial gas company to take our (super critical $CO_2$) flow rates to the next level by installing a 40m³ tank that will allow us to take another logarithmic step in our manufacturing capabilities. This fits well with the recently signed letter of intent with a new client to develop, manufacture, and commercialize a by nanoforming improved version of a current blockbuster drug. If the ongoing POC project is successful, the following step in the plan is to move rapidly into GMP manufacturing of tens of kilograms of API for clinical studies. We're prepared for that.

We have thoroughly evaluated five global ERP vendors and their IT services partners during the last six months, and we are about to sign with the winning consortium. Implementing a new enterprise resource planning system is a large project that we will do in steps, starting with Finance and HR, before moving to Manufacturing, QC, QA etc. As a young company we have few legacy systems, and we use this opportunity to early on implement the best global pharma practices into all parts of Nanoform. In parallel, our ISO 27001 project has progressed nicely, and I expect it to be ready during 2021.

In June we held our first CMD, which included a live virtual tour of our facilities and a live demonstration of our CESS technology in action. Our Biologics team showed results on e.g. nanoformed insulin, on the extended size range of the molecules they work on (6 kDa - 140 kDa) and we are now ready to take on antibodies. The logarithmic productivity and capacity growth of our next generation STARMAP® artificial intelligence platform was described by our R&D team. The very positive feedback we got from analysts and investors echoed that provided by pharma companies for which we have held similar live tours during the last year. Whereas we all look forward to some travelling and meetings in-person, it is clear that virtual tours are efficient economically and timewise, not forgetting that they are environmentally friendly.

During the last months we've added additional line capacity, won more projects, signed new clients – of which two are global major pharma companies, entered into new collaborations, experienced the number of employees cross

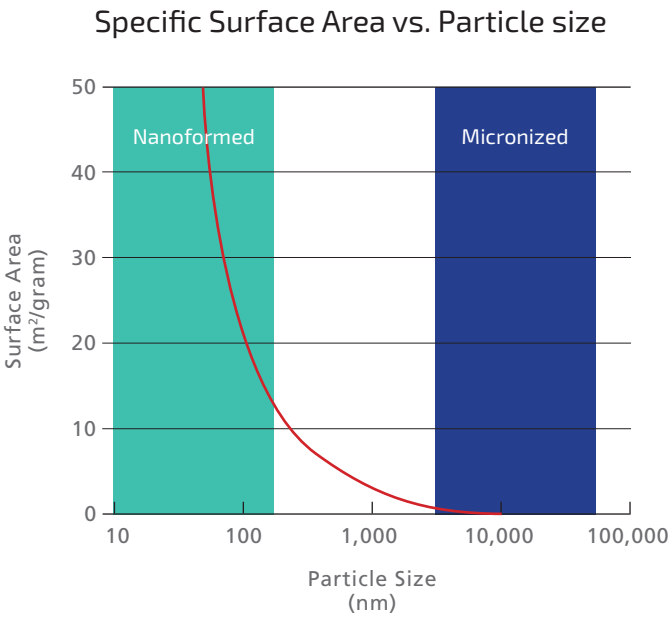
100 and seen the gross margin jump above 90 per cent. Based on all this action in combination with client interaction, sales pipeline, and our recently strengthened commercial team, I'm confident that the coming quarters and years will continue to show strong commercial momentum.

Again, none of this could have been achieved 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,

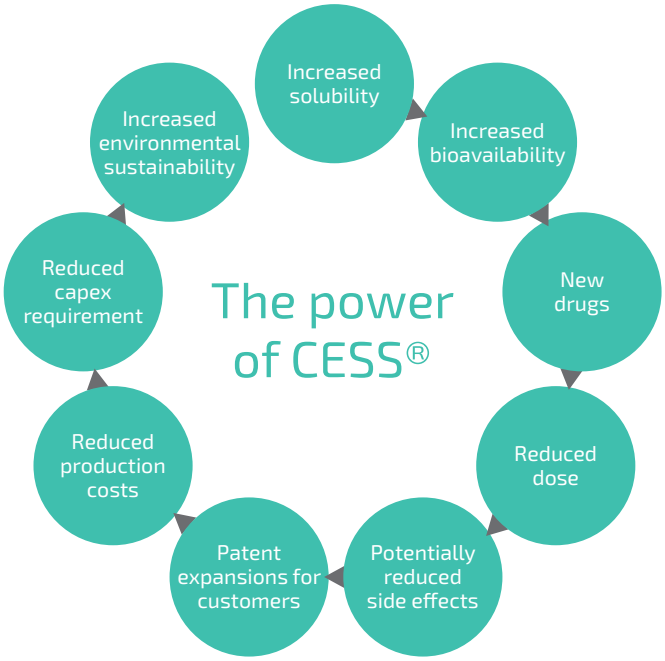
**Prof. Edward Hæggström, CEO Nanoform**

## 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 is almost USD 200 billion. Despite the enormous investments in R&D less than 50 new drugs have been approved by the FDA annually during the last ten years. One of the key reasons why so few medicines are approved each year is low bioavailability of the API. With 70 to 90 per cent of new drugs being poorly soluble we expect that the challenges with bioavailability will only increase going forward. Hence, we have seen significant interest in our potentially ground-breaking technology platform from the global pharma market. This broad interest comes from global large, mid-sized, specialty pharmaceutical as well as from biotechnology companies. We expect the high customer interest in our technology offering to continue regardless of the COVID-19 situation.

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

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

Nanoform's commercial operations are at an early stage and during the period its affairs have comprised of both R&D activities and Proof of Concept (PoC) type of R&D services provided to its customers. Our existing customers include global large, mid-sized and specialty pharmaceutical as well as biotech companies. Major pharma companies are in general entities integrated across the entire pharmaceutical value chain and therefore often do the marketing and sales of the drugs they have developed. The price of a drug, set by a pharmaceutical company, is often a function of several factors, e.g., the potential competitive landscape it faces, the need for financing future R&D of novel drug candidates, and the benefit or value the drug is deemed to add for its target group. However, actual pricing mechanisms, including, e.g., potential reimbursement and regulatory restrictions on pricing of drugs, vary between different jurisdictions. Contract development and manufacturing organizations (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 – June 30, 2021

## Revenue

Nanoform Group's revenue in January–June 2021 increased by 141% to EUR 824 (342) thousand. Revenue stemmed from 16 (7) customer Proof of Concept type of research and development projects where the company has offered expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry.

## Results

Nanoform Group's operating loss in January–June 2021 was EUR -9,203 (-10,987) thousand. The company's costs have stemmed mainly from employee benefits and expenses and other operating expenses. Employee benefits and expenses included performance related variable compensations and other operating expenses included also external R&D and GMP related consulting expenses. The depreciations increased due to commissioned new non-GMP lines and other instruments e.g., related to pharmaceutical development and quality control.

Nanoform Group's gross profit roughly tripled to EUR 761 (262) thousand in January–June 2021, due to the positive effect from the increase in revenue. The gross margin jumped to 92% (77%). The loss before tax was EUR -9,609 (-11,345) thousand. Earnings per share was EUR -0.14 (-0.23). The finance income included changes in foreign exchange rates of EUR 1,345 (202) thousand and the finance expenses included changes in the fair market value of share investment of EUR -549 thousand and changes in foreign exchange rates of EUR -678 (-453) thousand.

## Financial position and cash flows

Nanoform Group's total assets at the end of the review period were EUR 103,175 (83,488) thousand. Equity was EUR 93,210 (69,467) thousand and cash and cash equivalents were EUR 88,120 (75,155) thousand. Net debt amounted to EUR -82,563 (-69,751) thousand.

Nanoform Group's net cash flow from operating activities in January–June 2021 was EUR -7,867 (-6,766) thousand. The change in working capital was EUR -742 (3,154) thousand. Cash flow from investing activities was EUR -2,716 (-856) thousand, consisting mainly of investments in GMP and non-GMP production lines. Cash flow from financing activities was EUR 37,010 (75,707) thousand, mainly consisting of proceeds raised from the share issue, which was EUR 38,534 (75,039) thousand net of transaction costs. Share options subscribed amounted to EUR 386 (416) thousand. The impact of repayments on lease liabilities was EUR -529 (-254) thousand. R&D loans from Business Finland were fully paid back on June 21, 2021. The impact of the repayment of the R&D loans totaled EUR -1,381 (0) thousand and the carrying amount of the R&D loans was EUR 1,073 thousand before the repayment. The difference is recognized as an increase in the finance expenses in the consolidated statement of comprehensive income. The carrying amount of the loans at the end of review period was EUR 0.

## Investments, research and development

The Group's investments in property, plant and equipment in January–June 2021 amounted to EUR 2,658 (838) thousand, consisting mainly of investments in additional GMP and non-GMP production lines. Additions to GMP and non-GMP facilities are classified as construction in progress until GMP Certificate is obtained for the new GMP lines and new non-GMP production lines are commissioned.

The total R&D expenses in January–June 2021 amounted to EUR 1,531 (1,414) thousand, recognized as an expense in the income statement in employee benefits and expenses and other operating expenses.

## Personnel and the Board of Directors

The number of personnel at the end of the review period was 106 (55) persons.

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

During the review period until May 20, 2021, Nanoform's members of the Board of Directors were Miguel Calado (Chairman), Mads Laustsen, Albert Hæggström and Cynthia Schwalm. On May 20, 2021, Cynthia Schwalm resigned from Nanoform's Board of Directors, continuing as a senior advisor to CEO Edward Hæggström, with focus on US Business Development. Between May 21–June 30, 2021, the members of the Board of Directors were Miguel Calado (Chairman), Mads Laustsen and Albert Hæggström. During the whole review period 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 is EUR 80,000. At the end of the review period, the company held 72,535,146 (66,583,772) fully paid shares. The share's volume weighted average price during the review period was EUR 7.09 and SEK 72.51, the highest price paid during the January–June review period was EUR 8.80 and SEK 88.3 and the lowest price paid EUR 5.84 and SEK 59.8. The closing price of the share at the end of review period was EUR 7.13 and SEK 72.4. The market value of the share capital on June 30, 2021, was EUR 517.2 million.

Nanoform had roughly 9,000 shareholders at the end of the period, up some 1,000 during the review period – with approximately half of them holding SEK nominated shares and half of them holding EUR nominated shares. The 25 largest shareholders held roughly three fourths of all Nanoform's shares and votes at the end of the review period. Ownership structure can be found from 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 13 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 and 1-3/2021. Based on all the option programs, with strike prices ranging from EUR 1.1 to EUR 9.00 a total maximum number of 4.037.380 shares can 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 an early-stage company, the viability of its business model has not yet been proven and the group has been operating at a loss, with no proof so far of being able to sustainably cover its costs with revenues without additional external funding. The most important business-related risks are associated with the Group's growth targets and their achievement with the company's chosen strategy. Industry-related risks are mainly associated with a target market which is both highly regulated and conservative and where adaption of new technologies can take longer than expected.

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

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

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

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

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

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

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

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

April 6, 2021 at the constitutive meeting following the annual general meeting, the Board of Directors resolved to elect as members of the Audit and Compensation Committee: Miguel Calado (chair), Cynthia Schwalm (ordinary member), and Mads Laustsen (ordinary member). The Audit and Compensation Committee is a permanent committee of the Board of Directors and acts in accordance with it charter as adopted by the Board of Directors.

# Condensed half-year financial information June 30, 2021

## Consolidated statement of comprehensive income

| EUR thousand | Note | 4–6/2021 | 4–6/2020 | 1–6/2021 | 1–6/2020 | 1–12/2020 |
|---|---|---|---|---|---|---|
| **Revenue** | 4 | 546 | 191 | 824 | 342 | 687 |
| | | | | | | |
| Other operating income | | | 14 | | 27 | 27 |
| | | | | | | |
| Materials and services | | -28 | -47 | -63 | -107 | -216 |
| Employee benefits | 7 | -3,693 | -4,609 | -6,453 | -7,551 | -12,526 |
| Depreciation, amortization and impairment losses | 6 | -483 | -274 | -920 | -502 | -1,226 |
| Other operating expenses | 5 | -1,183 | -1,898 | -2,591 | -3,195 | -6,168 |
| **Total expenses** | | **-5,388** | **-6,828** | **-10,027** | **-11,355** | **-20,136** |
| | | | | | | |
| **Operating loss** | | **-4,841** | **-6,622** | **-9,203** | **-10,987** | **-19,423** |
| | | | | | | |
| Finance income | | 295 | 202 | 1,431 | 202 | 1,674 |
| Finance expenses | | -792 | -337 | -1,836 | -561 | -1,689 |
| **Total finance income and expenses** | | **-498** | **-135** | **-405** | **-358** | **-15** |
| | | | | | | |
| **Loss before tax** | | **-5,339** | **-6,758** | **-9,609** | **-11,345** | **-19,438** |
| | | | | | | |
| Income tax | | -1 | | -1 | | -4 |
| | | | | | | |
| **Loss for the period** | | **-5,340** | **-6,758** | **-9,610** | **-11,345** | **-19,441** |
| | | | | | | |
| **Loss for the period attributable to the equity holders of the parent company** | | **-5,340** | **-6,758** | **-9,610** | **-11,345** | **-19,441** |
| | | | | | | |
| **Other comprehensive income** | | | | | | |
| | | | | | | |
| Items that may be reclassified to loss in subsequent periods | | | | | | |
| Translation differences | | 0 | 0 | 1 | 0 | -1 |
| **Other comprehensive income, net of tax** | | | | | | |
| **Total comprehensive income total** | | **-5,340** | **-6,758** | **-9,609** | **-11,345** | **-19,442** |
| | | | | | | |
| **Total comprehensive income for the period attributable to the equity holders of the parent company** | | **-5,340** | **-6,758** | **-9,609** | **-11,345** | **-19,442** |
| | | | | | | |
| Basic earnings per share, EUR | | -0.07 | -0.14 | -0.14 | -0.23 | -0.35 |
| Diluted earnings per share, EUR | | -0.07 | -0.14 | -0.14 | -0.23 | -0.35 |

# Consolidated statement of financial position

| EUR thousand | Note | June 30, 2021 | June 30, 2020 | Dec 31, 2020 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | | 246 | 158 | 211 |
| Property, plant and equipment | 6 | 12,420 | 7,145 | 10,016 |
| Investments | | 1,245 | | 1,795 |
| Other receivables | | 291 | 226 | 295 |
| **Total non-current receivables** | | **14,202** | **7,529** | **12,317** |
| | | | | |
| **Current assets** | | | | |
| | | | | |
| Trade receivables | | 240 | 143 | 226 |
| Other receivables | | 122 | 362 | 116 |
| Prepaid expenses and accrued income | | 491 | 298 | 202 |
| Cash and cash equivalents | 8 | 88,120 | 75,155 | 61,025 |
| **Total current assets** | | **88,973** | **75,959** | **61,569** |
| **Total assets** | | **103,175** | **83,488** | **73,886** |
| | | | | |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | | 80 | 80 | 80 |
| Reserve for invested unrestricted equity | | 128,600 | 89,674 | 89,680 |
| Accumulated deficit | | -25,860 | -8,942 | -7,683 |
| Loss for the period | | -9,610 | -11,345 | -19,441 |
| **Total equity** | | **93,210** | **69,467** | **62,635** |
| | | | | |
| **Non-current liabilities** | | | | |
| R&D loans | 8 | | 977 | 971 |
| Lease liabilities | 8 | 4,625 | 3,777 | 4,920 |
| Advances received | | | | |
| Trade payables | | | | |
| **Total non-current liabilities** | | **4,625** | **4,754** | **5,891** |
| | | | | |
| **Current liabilities** | | | | |
| Provisions | | | | |
| R&D loans | 8 | | 78 | 78 |
| Lease liabilities | 8 | 931 | 573 | 901 |
| Advances received | | 154 | 18 | 46 |
| Trade payables | | 1,439 | 5,752 | 1,219 |
| Other liabilities | | 217 | 723 | 222 |
| Accrued expenses | 9 | 2,599 | 2,122 | 2,895 |
| **Total current liabilities** | | **5,339** | **9,266** | **5,360** |
| **Total liabilities** | | **9,965** | **14,020** | **11,251** |
| **Total equity and liabilities** | | **103,175** | **83,488** | **73,886** |

# Consolidated statement of changes in equity

| EUR thousand | Share capital | Reserve for invested unrestricted equity | Translation differences | Accumulated deficit | Total equity |
|---|---|---|---|---|---|
| **At January 1, 2021** | **80** | **89,680** | **-1** | **-27,124** | **62,635** |
| Loss for the period | | | | -9,610 | -9,610 |
| 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*) | | 38,534 | | | 38,534 |
| Share-based payments | | | | 1,264 | 1,264 |
| **At June 30, 2021** | **80** | **128,600** | **0** | **-35,470** | **93,210** |

*) 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, 2020** | **3** | **17,707** | | **-9,777** | **7,932** |
| Loss for the period | | | | -11,345 | -11,345 |
| Other comprehensive income | | | | | |
| Translation differences | | | 0 | | 0 |
| **Transactions with equity holders of the Company** | | | | | |
| Increase of the share capital | 78 | -78 | | | |
| Share subscription with stock options | | 416 | | | 416 |
| Share issue*) | | 71,629 | | | 71,629 |
| Share-based payments | | | | 836 | 836 |
| **At June 30, 2020** | **80** | **89,674** | **0** | **-20,287** | **69,467** |

*) netted transaction costs EUR 8,299 thousand

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

*) netted transaction costs EUR 8,316 thousand

# Consolidated statement of cash flow

| EUR thousand | Note | 1–6/2021 | 1–6/2020 | 1–12/2020 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Loss before tax | | **-9,609** | **-11,345** | **-19,438** |
| Adjustment for: | | | | |
| Depreciation, amortization and impairment losses | 6 | 920 | 502 | 1,226 |
| Finance income and expenses | | 405 | 358 | 15 |
| Share-based payments | 7 | 1,264 | 836 | 2,095 |
| Other adjustments*) | | | -46 | -3 |
| Change in net working capital: | | | | |
| Trade and other receivables | | -309 | -515 | -256 |
| Trade payables and other liabilities | | -433 | 3,669 | 2,533 |
| Change in other receivables (non-current) | | 4 | -202 | -271 |
| Interest paid | | -122 | -23 | -66 |
| Interest received | | 12 | 1 | 9 |
| Paid tax | | -1 | | |
| **Net cash used in operating activities** | | **-7,867** | **-6,766** | **-14,156** |
| | | | | |
| **Cash flow from investing activities** | | | | |
| Payments for intangible assets | 6 | -57 | -18 | -103 |
| Payments for property, plant and equipment | | -2,658 | -838 | -2,336 |
| Payments for investments | 6 | | | -1,601 |
| **Net cash used in investing activities** | | **-2,716** | **-856** | **-4,040** |
| | | | | |
| **Cash flow from financing activities** | | | | |
| Proceeds from share issues | | 39,996 | 79,928 | 79,928 |
| Transaction costs from the share issues | | -1,463 | -4,889 | -8,316 |
| Acquisitions of treasury shares | | | | |
| Share subscription with stock options | | 386 | 416 | 438 |
| Proceeds from R&D loans | 8 | | 505 | 505 |
| Repayment of R&D loans | | -1,381 | | -78 |
| Repayment of lease liabilities | 8 | -529 | -254 | -620 |
| **Net cash from financing activities** | | **37,010** | **75,707** | **71,858** |
| | | | | |
| Net increase (+) decrease (-) in cash and cash equivalents | | **26,427** | **68,085** | **53,662** |
| | | | | |
| Cash and cash equivalents at the beginning of period | | 61,025 | 7,303 | 7,303 |
| Effects of exchange rate changes on cash and cash equivalents | | 667 | -232 | 61 |
| **Cash and cash equivalents at the end of the period** | | **88,120** | **75,155** | **61,025** |

## *) Other adjustments

| EUR thousand | 1–6/2021 | 1–6/2020 | 1–12/2020 |
|---|---|---|---|
| Other operating income – government grants | | -15 | 27 |
| Other operating expenses – leases | | -12 | -12 |
| Other operating expenses – provision for onerous contract | | -19 | -19 |
| **Total** | | **-46** | **-3** |

# Selected notes

## 1. Company information

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

## 2. Accounting policies

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

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

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

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

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

## 3. Significant changes during the reporting period

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

- On March 9, 2021, the Board of Directors resolved on a directed share issue to investors, where a total of 5,633,803 new shares were issued. The subscription price for share was EUR 7.10 and SEK 71.88 per share and total proceeds of EUR 39,996 thousand were recorded in the invested unrestricted equity reserve, netted with transaction costs EUR 1,463 thousand.
- On April 6, 2021, the Company issued 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 prices for shares EUR 386 thousand was recorded to the reserve for invested unrestricted equity.
- 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. Each stock option entitles to subscribe for one new share and the subscription price is EUR 9.00 per share.
- Revenue increased due to the increased number of Proof of Concept projects, where the Company nanoformed customer APIs. (See note 4 Segment information and revenue)
- Employee benefits continued to represent a majority of the Company's total operating expenses during the review period. Employee benefits consisted of short-term employee benefits (mainly salaries), post-employment benefits (defined contribution pension plans) and share-based payments (options). The employee headcount increased to 106 (55), while the total employee benefits came in at EUR 6,453 (7,551) thousand for the review period. The employee benefits in the comparable period included variable performance compensations related to the IPO.

- Other operating expenses included consulting (financial & accounting, HR, legal, GMP, patent, construction & building, marketing), external R&D and GMP related expenses. The other operating expenses in the comparable period included IPO related expenses (see note 5 Other operating expenses).
- Finance income and expenses increased due to fluctuations in foreign exchange changes in SEK, USD, GBP and NOK currencies and fair market value changes in the held Herantis Pharma shares.
- The increase in property, plant and equipment is mainly related to commissioned new non-GMP lines and new equipment in mainly pharmaceutical development and quality control and construction in progress. 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 due to expanded leasing agreements for larger premises in the current manufacturing site (see note 6 Property, plant and equipment and note 8 Net debt).
- The repayment of R&D loans from Business Finland totaled EUR 1,381 thousand (see 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. 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 sell nanoforming services widely to minimize dependence from a single customer or project. Nanoform's revenue consists of Proof of Concept type of research and development services provided to customers, in which the Group nanoforms customer's APIs. Nanoform's customer contracts include one or multiple performance obligations. In the customer contracts, every separate nanoformed API is considered as a separate performance obligation, as the customer can receive benefit from every single separate nanoformed compound and every nanoformed compound is defined separately in the contracts. The following table summarizes the revenue breakdown:

| EUR thousand | 4–6/2021 | 4–6/2020 | 1–6/2021 | 1–6/2020 | 1–12/2020 |
|---|---|---|---|---|---|
| Europe | 461 | 187 | 662 | 279 | 547 |
| United States | 85 | 4 | 161 | 62 | 140 |
| **Total** | **546** | **191** | **824** | **342** | **687** |

| EUR thousand | 4–6/2021 | 4–6/2020 | 1–6/2021 | 1–6/2020 | 1–12/2020 |
|---|---|---|---|---|---|
| Services transferred over time | 546 | 191 | 824 | 342 | 687 |
| **Total** | **546** | **191** | **824** | **342** | **687** |

## 5. Other operating expenses

| EUR thousand | 4–6/2021 | 4–6/2020 | 1–6/2021 | 1–6/2020 | 1–12/2020 |
|---|---|---|---|---|---|
| Premises expenses | 31 | 14 | 52 | 28 | 106 |
| IT expenses | 152 | 77 | 234 | 140 | 309 |
| Marketing and communication expenses | 136 | 55 | 290 | 137 | 427 |
| Consultant and professional fees | 272 | 1,124 | 624 | 1,898 | 2,884 |
| Travel expenses | 18 | 8 | 37 | 65 | 100 |
| Voluntary personnel related expenses | 149 | 128 | 384 | 205 | 532 |
| R&D expenses – external | 169 | 430 | 539 | 614 | 1,357 |
| Other expenses | 256 | 63 | 432 | 107 | 453 |
| **Total** | **1,183** | **1,898** | **2,591** | **3,195** | **6,168** |

## 6. Property, plant and equipment

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

| 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 | 217 | 195 | 119 | 2,828 | 3,360 |
| Disposals*) | | -11 | | -46 | -58 |
| Reclassification | 1,089 | | 72 | -1,161 | |
| Depreciations | -369 | -468 | -62 | | -898 |
| **Net book value at June 30, 2021** | **2,970** | **5,128** | **1,219** | **3,103** | **12,420** |

| EUR thousand | Machinery and equipment | Right-of-use assets | Improvements to leasehold premises | Construction in progress | Total |
|---|---|---|---|---|---|
| **Net book value at January 1, 2020** | 531 | 2,853 | | 1,588 | 4,972 |
| Additions | 219 | 1,875 | | 880 | 2,973 |
| Disposals*) | | -313 | | | -313 |
| Reclassification | 1,075 | | 915 | -1,990 | 0 |
| Depreciations | -127 | -346 | -15 | | -488 |
| **Net book value at June 30, 2020** | **1,697** | **4,070** | **900** | **478** | **7,145** |

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

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

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

The Group commitments to purchase of property, plant and equipment (mainly related to new GMP and non-GMP lines) amounted to EUR 6,843 thousand at the end of review period.

## 7. Share-based payments

Nanoform has 13 share-based incentive plans: Option programs 1-5/2019, 1-5/2020 and 1-3/2021. Option programs are targeted to members of the Board of Directors, the management team and the personnel. A majority of the personnel are included in the share-based incentive plans. The 1-5/2019 share-based incentive plans are valid until further notice. The 1-5/2020 and the 1-3/2021 share-based incentive plans have a vesting period for 12 months from grant date. The effect of all options issued to earnings of the period was totaling EUR 1,264 thousand.

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

| Option program | Fair value of the Company share at grant date, EUR | Subscription price of the Company share with options, EUR | Volatility, % | Risk free interest rate, % | Fair value of the option, 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 | 0.97–1.39 | Mar 10, 2025 – Oct 23, 2025 |
| **01-03/2021** | 5.97–7.24 | 9.00 | 47.17–47.62 | 0.01 | 1.72–2.45 | Apr 6, 2026 – Jul 11, 2026 |

## 8. Net debt

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

| EUR thousand | June 30, 2021 | June 30, 2020 | December 31, 2020 |
|---|---|---|---|
| Current R&D loans | | 78 | 78 |
| Non-current R&D loans | | 977 | 971 |
| Cash and cash equivalents | -88,120 | -75,155 | -61,025 |
| **Net debt excluding lease liabilities** | **-88,120** | **-74,101** | **-59,977** |
| Current lease liabilities | 931 | 573 | 901 |
| Non-current lease liabilities | 4,625 | 3,777 | 4,920 |
| **Net debt** | **-82,563** | **-69,751** | **-54,156** |

All R&D loans to Business Finland have been repaid during the review period in 2021.

## 9. Related party transactions

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

| | 1–6/2021 | | 1–6/2020 | | 1–12/2020 | |
|---|---|---|---|---|---|---|
| EUR thousand | Fees | Share-based payments | Fees | Share-based payments | Fees | Share-based payments |
| Rabbe Klemets | | | 16 | 5 | 13 | 5 |
| Miguel Maria Calado | 20 | 214 | 17 | 172 | 37 | 302 |
| Albert Hæggström, CFO | 10 | 142 | 10 | 115 | 20 | 203 |
| Mads Laustsen | 13 | 142 | 12 | 143 | 27 | 233 |
| Cynthia Schwalm | 8 | 41 | | | 7 | 71 |
| **Total** | **52** | **539** | **56** | **435** | **105** | **814** |

### Compensation for CEO and Management team:

| EUR thousand | CEO | Management team *) **) |
|---|---|---|
| **Jan 1 – June 30, 2021** | | |
| Salaries and other short-term employee benefits | 162 | 1,033 |
| Post-employment benefits | 29 | 198 |
| Share-based payments | | 596 |
| **Total** | **190** | **1,827** |

| EUR thousand | CEO | Management team *) **) |
|---|---|---|
| **Jan 1 – June 30, 2020** | | |
| Salaries and other short-term employee benefits | 180 | 2,293 |
| Post-employment benefits | 33 | 369 |
| Share-based payments | | 43 |
| **Total** | **213** | **2,704** |

| EUR thousand | CEO | Management team *) **) |
|---|---|---|
| **Jan 1 – Dec 31, 2020** | | |
| Salaries and other short-term employee benefits | 272 | 2,855 |
| Post-employment benefits | 50 | 489 |
| Share-based payments | | 771 |
| **Total** | **322** | **4,116** |

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

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

**Key management personnel**

| EUR thousand | 1–6/2021 | 1–6/2020 | 1–12/2020 |
|---|---|---|---|
| Liabilities to key management*) | 558 | 1,279 | 827 |
| **Total** | **558** | **1,279** | **827** |

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

## 10. Commitments and contingencies

The Group commitments to purchase of property, plant and equipment (mainly related to new GMP and non-GMP lines) amounted to EUR 6,843 thousand at the end of review period.

## 11. Events after the review period

In July, a Proof of Concept contract was signed with a new global major pharma customer.

In July, a Master Services Agreement was signed with Boehringer Ingelheim. Proof of Concept studies may now be performed to assess the added value Nanoform's CESS® technology can deliver to Boehringer Ingelheim's drug development projects.

# Appendix 1

## Key figures

| EUR thousand | 4–6/2021 | 4–6/2020 | 1–6/2021 | 1–6/2020 | 1–12/2020 | 1–12/2019 |
|---|---|---|---|---|---|---|
| Revenue | 546 | 191 | 824 | 342 | 687 | 49 |
| Gross profit | 518 | 159 | 761 | 262 | 497 | -323 |
| Gross margin | 95% | 83% | 92% | 77% | 72% | neg. |
| EBITDA | -4,358 | -6,348 | -8,283 | -10,485 | -18,196 | -6,900 |
| Operating loss | -4,841 | -6,622 | -9,203 | -10,987 | -19,423 | -7,344 |
| Loss for the period | -5,340 | -6,758 | -9,610 | -11,345 | -19,441 | -7,554 |
| Basic EPS (EUR) | -0.07 | -0.14 | -0.14 | -0.23 | -0.35 | -0.19 |
| Net debt | -82,563 | -69,751 | -82,563 | -69,751 | -54,156 | -3,640 |
| Net debt excluding lease liabilities | -88,120 | -74,101 | -88,120 | -74,101 | -59,977 | -6,626 |
| Investments in property, plant and equipment | -1,798 | -514 | -2,658 | -838 | -2,336 | -1,804 |
| Operative free cash flow | -6,156 | -6,863 | -10,941 | -11,322 | -20,532 | -8,704 |
| Cash and cash equivalents (end of period) | 88,120 | 75,155 | 88,120 | 75,155 | 61,025 | 7,303 |
| Personnel at the end of reporting period | 106 | 55 | 106 | 55 | 74 | 43 |

## Calculation of key figures

| Key figure | Definition | Reason to the use |
|---|---|---|
| Gross profit | Revenue + Other operating income - Materials and services | Gross profit is the margin, which the Group generates, when its service production related expenses has been deducted |
| 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 | Operating cash flow before growth capex - growth capex | Free cash flow indicates the cash flow that is largely available for e.g. paying dividends |

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## Further enquiries:

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## Financial calendar

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

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