nanoform
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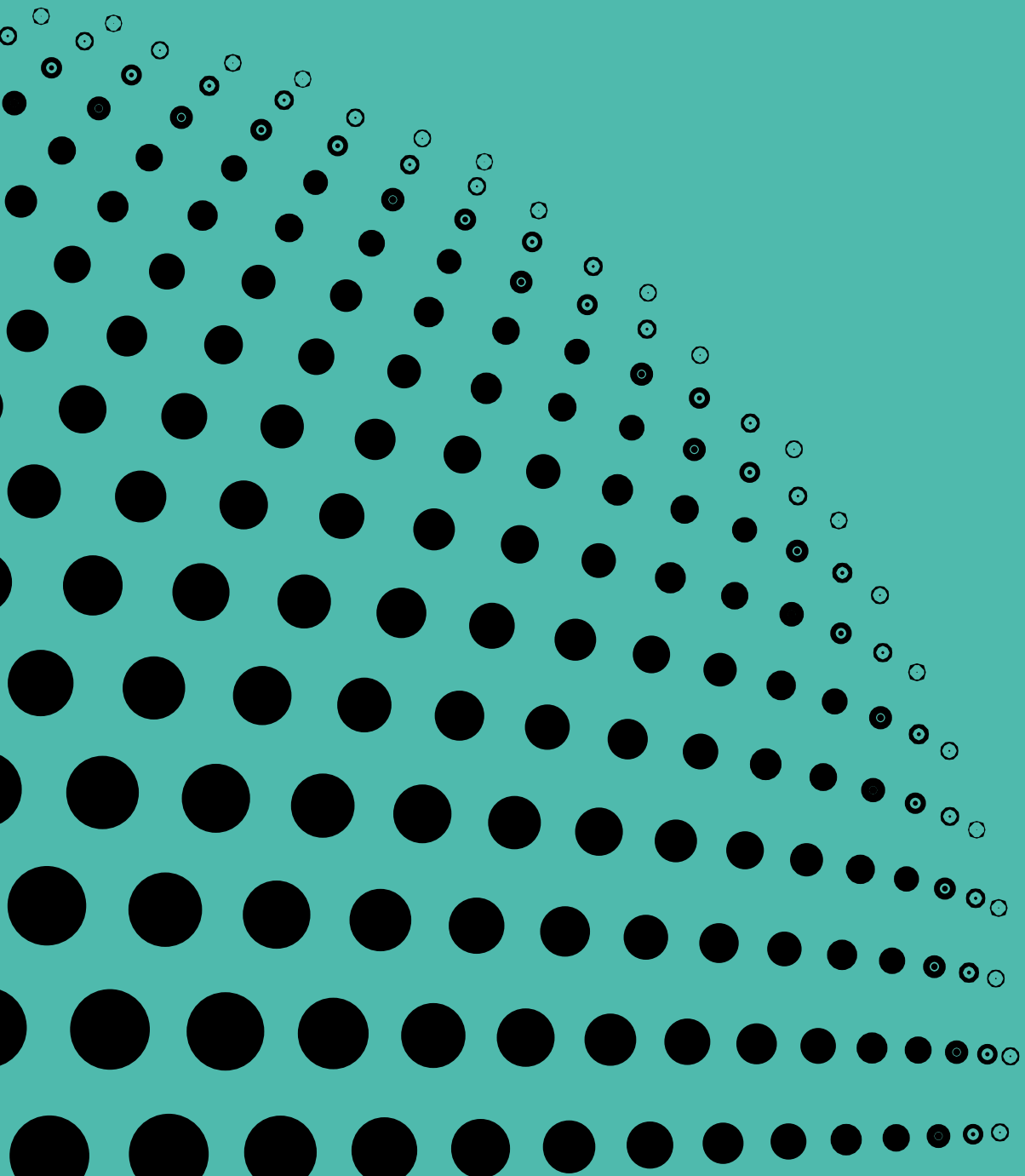
Interim Report
January–September 2021



Nanoform's January–September 2021 review:

The strong momentum continues: all near-term business targets for 2021 achieved, rapid customer project intake accelerating, commercial team in Europe expanded, more line capacity added, ISMS certificate received, and a new near-term business target introduced: *"Biologics pilot line for GMP in 2022"*.

7–9/2021 key financials:

- Revenue came in at EUR 0.48 million, up 198 % compared with EUR 0.16 million in 7–9/2020.
- The gross profit more than quadrupled to EUR 0.42 million as the gross margin jumped to 88% (EUR 0.10 million, 63% in 7–9/2020).
- EBITDA came in at EUR -4.62 million (EUR -3.49 million).
- The operating loss was EUR -5.11 million (EUR -3.81 million).
- The loss for the period was EUR -4.51 million (EUR -4.16 million).
- Basic EPS was EUR -0.06 (EUR -0.06).
- The number of employees grew to 116 at the end of the review period (68).
- Cash position was EUR 82.4 million on September 30, 2021 (EUR 66.6 million).

1–9/2021 key financials:

- Revenue EUR 1.30 million, growth +159%, stemming from 18 different customer projects (EUR 0.50 million, 9 customer projects in 1–9/2020).
- The gross profit more than tripled to EUR 1.18 million as the gross margin jumped to 91% (EUR 0.36 million, 72% in 1–9/2020).
- EBITDA came in at EUR -12.90 million (EUR -13.97 million).
- The operating loss improved to EUR -14.31 million (EUR -14.79 million).
- The loss for the period improved to EUR -14.12 million (EUR -15.50 million).
- Basic EPS was EUR -0.21 (EUR -0.29).
- EUR 40 million (gross) was raised in a new share issue in March.

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

Significant events during 1–9/2021

- 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 Christopher 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 PoC 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 PoC 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.
- In July, a PoC 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.
- In August, a fourth PoC project was started with a global major pharma customer.
- In September, Herantis Pharma Plc announced successful results from its project with Nanoform, where the aim is to enhance nasal drug delivery to the brain of Herantis' CDNF therapies for Parkinson's disease by using Nanoform's proprietary biological nanoparticle technology. The PoC project showed that the nanoforming process was successfully applied to rhCDNF. During the nanoparticle formation process, rhCDNF protein remained stable, retaining its structure, function, efficacy, and neuroprotective effects in line with CDNF controls.
- In September, Nanoform appointed Dr Nathalie Huther as VP Business Development Europe, based in the UK, starting in November.
- In September, Nanoform signed a contract for the implementation of a new enterprise resource planning system. The ERP system will be based on SAP's S/4HANA solution and Nanoform's partners in the implementation will be NTT Data Business Solutions, a leading global business and IT services provider with significant experience from the pharmaceutical industry as well as Enfo, a highly experienced Nordic SAP partner headquartered in Finland.
- In September, Nanoform announced that PoC studies will be funded by the Bill & Melinda Gates Foundation to assess the added value Nanoform's CESS® nanoparticle engineering technology can deliver to several of the foundation's drug development projects.

Significant events after 1–9/2021

- On November 12, Nanoform announced that it had received ISO/IEC 27001:2013 certification for its Information Security Management System (ISMS). The ISMS applies to all information, systems, processes, and people that operate, store, handle, and process Nanoform's and its client's trusted data.
- On November 15, Nanoform announced that it had signed a GMP agreement with a European headquartered international company and that as six new non-GMP projects were signed in the third quarter, the near-term business target "At least 12 new non-GMP and at least one GMP customer project in 2021" was achieved.
- On November 17, Jeanne Thoma was appointed ordinary member of the Board of Directors at the EGM.
- On November 25, a new near-term business target was announced: "Biologics pilot line for GMP in 2022".

Nanoform 1–9/2021 Conference call

Nanoform Finland Plc ("Nanoform"), will publish its Q3/2021 report on November 25, 2021, at 8.10 a.m. Finnish time / 7.10 a.m. Swedish time.

The company will hold a conference call and an online presentation on the same day at 3.00 p.m. Finnish time / 2.00 p.m. Swedish time. Nanoform will be represented by CEO Edward Hæggström, CFO Albert Hæggström and 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/13596

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Nanoform Group's key figures

Financial KPI's

EUR thousand	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020	1–12/2019
Revenue	475	159	1,300	501	687	49
Revenue growth %	198%	n.m.	159%	n.m.	n.m.	n.m.
Gross profit	419	101	1,180	363	497	-323
Gross margin	88%	63%	91%	72%	72%	neg.
EBITDA	-4,615	-3,488	-12,898	-13,973	-18,196	-6,900
Operating loss	-5,108	-3,806	-14,312	-14,793	-19,423	-7,344
Loss for the period	-4,513	-4,155	-14,123	-15,500	-19,441	-7,554
Basic EPS (EUR)	-0.06	-0.06	-0.21	-0.29	-0.35	-0.19
Net debt	-74,788	-59,773	-74,788	-59,773	-54,156	-3,640
Net debt excluding lease liabilities	-82,372	-65,602	-82,372	-65,602	-59,977	-6,626
Investments in property, plant and equipment	-1,804	-545	-4,462	-1,383	-2,336	-1,804
Operative free cash flow	-6,420	-4,034	-17,361	-15,356	-20,532	-8,704
Cash and cash equivalents (end of period)	82,372	66,600	82,372	66,600	61,025	7,303

Operational KPI's

EUR thousand	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020	1–12/2019
Number of new customer projects started during the period						
Non-GMP	6	2	14	7	10	2
GMP	0	0	0	0	0	0
Number of lines (end of the period)						
Non-GMP	13	7	13	7	8	4
GMP	1	1	1	1	1	0
Number of employees (end of the period)	116	68	116	68	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 (achieved in November)
- Two new GMP lines in 2022
- Biologics pilot line for GMP in 2022 (new)

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

More than two dozen customer PoC projects started during the last two years – next on the growth journey I expect multiple customer GMP projects on multiple GMP lines!

Nanoform has continued to execute strongly. We've signed our first GMP customer project, while in parallel we've won many new non-GMP projects, both with new and repeat customers. We've continued to execute our GMP capacity expansion according to plan and continued to attract exceptional new employees from all over the world. Special effort has gone into expanding the GMP manufacturing staff, where we've introduced a shift work structure to be ready to serve significant customer interest and the two new GMP lines that will become operational during 2022. This will more than triple our GMP capacity for small molecules. In the Biologics domain we expect the pilot line for GMP to be ready in 2022.

During 2019–2021 we've diligently crafted GMP capability – hardware, software, and best practices by skilled operators – all part of the big, thoroughly regulated puzzle that takes time and significant investments to achieve. Today we already have some twenty nanoformers working in the GMP manufacturing organization and this is expected to grow rapidly during coming years. As the number of customer-APIs we've initiated PoC work on already exceeds two dozen - and should increase at least by 10x to more than 200 by 2025 – it is imperative that we build and polish our skills, processes, and most importantly quality as early as possible. I feel we have done a great job and are ready for a logarithmic step in the GMP manufacturing.

We are ready to take a similar logarithmic step in our IT systems and processes. After thoroughly evaluating five global ERP vendors and their IT service partners we chose SAP's S/4HANA private cloud solution, with very experienced SAP partners NTT Data Business Solutions and Enfo as system integrators. SAP is a solution of choice for much of the pharmaceutical industry and this will allow Nanoform to simultaneously implement many of the best practices of the industry, while being aligned with systems and ways of working of many of Nanoform's big pharma clients. A great early achievement was the ISO 27001 project, where we received the ISMS certificate a few weeks ago.

All in all, during the last months we've continued to expand and polish the different parts of Nanoform (R&D, non-GMP, GMP, pharma development, QC, QA, legal, finance, procurement, HR, IT, business development), continued to win more projects, sign new clients, add exceptional new Nanoformers and set a new near-term business target for 2022, after already having achieved all goals set

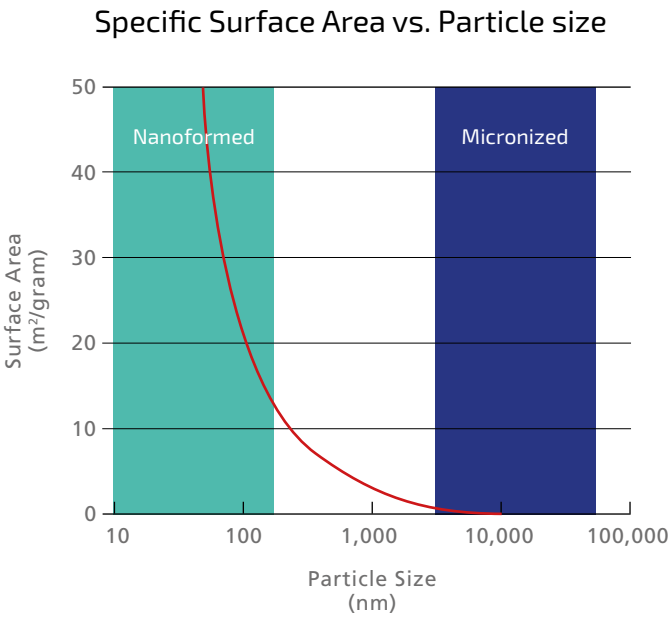
for 2021. Based on all this action in combination with client interaction, sales pipeline, and our recently strengthened commercial teams in the US and Europe, I'm confident that the coming quarters and years will continue to show strong commercial momentum.

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,

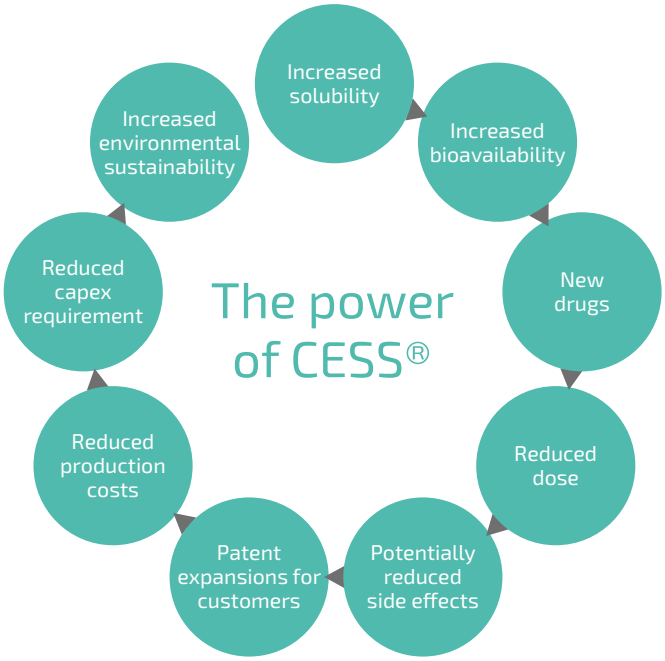
Prof. Edward Hæggström, CEO Nanoform

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 non-GMP projects 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, 2021

Revenue

Nanoform Group's revenue in January–September 2021 increased by 198% to EUR 1,300 (501) thousand. The main driver for revenue growth was the increased amount of non-GMP customer research and development projects 18 (9) where the Group has offered expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry.

Results

Nanoform Group's gross profit roughly tripled to EUR 1,180 (363) thousand in January–September 2021, due to the positive effect from the increase in revenue. The gross margin jumped to 91% (72%). The material & service costs have despite the increased number of projects been flat during the last quarters as we have insourced some of the QC work that was earlier done by third parties - e.g., XRPD (X-Ray Power Diffraction).

Nanoform Group's operating loss in January–September 2021 was EUR -14,312 (-14,793) thousand. The Group's costs stemmed mainly from employee benefit expenses and other operating expenses. Employee benefit expenses included performance related variable compensations. Other operating expenses included external R&D and GMP related consulting costs. The depreciations, amortization and impairments increased due to commissioned new non-GMP lines and instruments (related to e.g., pharmaceutical development and quality control) and performed impairment testing on older assets due to fast technological development.

The loss before tax was EUR -14,121 (-15,500) thousand. Earnings per share was EUR -0.21 (-0.29). The finance income included changes in foreign exchange rates of EUR 2,168 (287) thousand and the finance expenses included changes in the fair market value of share investments of EUR -572 thousand and changes in foreign exchange rates of EUR -786 (-804) thousand.

Financial position and cash flows

Nanoform Group's total assets at the end of the review period were EUR 102,190 (76,810) thousand. Equity was EUR 89,553 (66,078) thousand and cash and cash equivalents were EUR 82,372 (66,600) thousand. Net debt amounted to EUR -74,788 (-59,773) thousand.

Nanoform Group's net cash flow from operating activities in January–September 2021 was EUR -10,969 (-10,849) thousand. The change in working capital was EUR 323 (1,871) thousand mainly due to changes in trade payables and accrued expenses. The Group continued to invest heavily in GMP and non-GMP production lines amounting to EUR -4,462 (-1,383) thousand. During the review period, the Group made an additional investment into Herantis Pharma Plc shares for amount EUR -1,200 thousand and now holds some 7.5% of the total shares. The net cash flow from investing activities was EUR -5,774 (-1,412). Cash flow from financing activities was EUR 36,707 (72,074) thousand. Cash flow was positively affected by the share issue in March 2021 increasing the equity EUR 38,533 (71,612) thousand net of transaction costs. Share options were subscribed amounting to EUR 386 (438) thousand. The impact of repayments on lease liabilities was EUR -821 (-403) thousand. The 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 -1,391 thousand and the carrying amount of the R&D loans was EUR 1,083 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 R&D 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–September 2021 amounted to EUR 4,462 (1,383) thousand, consisting mainly of investments in additional GMP and non-GMP production lines 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 for new non-GMP production lines until they are commissioned for customer projects.

The Group increased its R&D expenditure during the review period, and its R&D expenses amounted to EUR 2,303 (2,113) 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

At the end of the review period, Nanoform had 116 (68) employees representing 26 nationalities. Within Nanoform's international team of highly skilled professionals there are 37 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 38 (22) employees worked in R&D (including non-GMP customer projects), 17 (12) in GMP Manufacturing and 7 (2) in Project Management. Quality Control had 20 (11) and Quality Assurance 7 (5) professionals. The Commercial team grew to 6 (4). Nanoform has also been able to attract talent in Legal 3 (1) and IT 3 (2) and in corporate functions 15 (9) (e.g., Finance, Procurement, IR, HR).

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 transitioned to Senior Advisor Business Development US, from her role as member of the Board of Directors. Between May 21 – September 30, 2021, the members of the Board of Directors were Miguel Calado (Chairman), Mads Laustsen and Albert Hæggström. Edward Hæggström was the CEO during the review period.

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 held 72,535,146 (66,600,443) fully paid shares. The share's volume weighted average price during the review period was EUR 7.14 and SEK 73.22. The highest price paid during the January–September review period was EUR 8.80 and SEK 88.6 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 8.10 (4.26) and SEK 82.6 (44.02). The market value of the share capital on September 30, 2021, was EUR 588 (284) 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. 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 14 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 1-4/2021. Based on all the option programs, with strike prices ranging from EUR 1.1 to EUR 9.00 a total maximum number of 4.087.880 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 investment. 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. 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.

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.

On 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 interim financial information January–September 2021

Consolidated statement of comprehensive income

EUR thousand	Note	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020
Revenue	4	475	159	1,300	501	687
Other operating income		0		0	27	27
Materials and services		-57	-58	-120	-165	-216
Employee benefits	7	-3,635	-2,214	-10,088	-9,766	-12,526
Depreciation, amortization and impairment losses	6	-493	-318	-1,414	-820	-1,226
Other operating expenses	5	-1,399	-1,375	-3,990	-4,570	-6,168
Total expenses		**-5,584**	**-3,966**	**-15,611**	**-15,321**	**-20,136**
Operating loss		**-5,108**	**-3,806**	**-14,312**	**-14,793**	**-19,423**
Finance income		759	88	2,190	291	1,674
Finance expenses		-163	-436	-1,999	-997	-1,689
Total finance income and expenses		**596**	**-348**	**191**	**-706**	**-15**
Loss before tax		**-4,512**	**-4,155**	**-14,121**	**-15,500**	**-19,438**
Income tax		-1		-2		-4
Loss for the period		**-4,513**	**-4,155**	**-14,123**	**-15,500**	**-19,441**
Loss for the period attributable to the equity holders of the parent company		**-4,513**	**-4,155**	**-14,123**	**-15,500**	**-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		**0**	**0**	**1**	**0**	**-1**
Total comprehensive income total		**-4,513**	**-4,155**	**-14,122**	**-15,500**	**-19,442**
Total comprehensive income for the period attributable to the equity holders of the parent company		**-4,513**	**-4,155**	**-14,122**	**-15,500**	**-19,442**
Basic earnings per share, EUR		-0.06	-0.06	-0.21	-0.29	-0.35
Diluted earnings per share, EUR		-0.06	-0.06	-0.21	-0.29	-0.35

Consolidated statement of financial position

EUR thousand	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Intangible assets		249	160	211
Property, plant and equipment	6	15,951	9,180	10,016
Investments		2,422		1,795
Other receivables		297	295	295
Total non-current receivables		**18,919**	**9,635**	**12,317**
Current assets				
Trade receivables		513	66	226
Other receivables		197	176	116
Prepaid expenses and accrued income		189	333	202
Cash and cash equivalents	8	82,372	66,600	61,025
Total current assets		**83,271**	**67,175**	**61,569**
Total assets		**102,190**	**76,810**	**73,886**
EQUITY AND LIABILITIES				
Equity				
Share capital		80	80	80
Reserve for invested unrestricted equity		128,599	89,680	89,680
Accumulated deficit		-25,003	-8,182	-7,683
Loss for the period		-14,123	-15,500	-19,441
Total equity		**89,553**	**66,078**	**62,635**
Non-current liabilities				
R&D loans	8		920	971
Lease liabilities	8	6,647	5,051	4,920
Advances received				
Trade payables				
Total non-current liabilities		**6,647**	**5,972**	**5,891**
Current liabilities				
Provisions		2		
R&D loans	8		78	78
Lease liabilities	8	937	778	901
Advances received		260	29	46
Trade payables		1,239	1,184	1,219
Other liabilities		235	210	222
Accrued expenses	9	3,318	2,483	2,895
Total current liabilities		**5,990**	**4,761**	**5,360**
Total liabilities		**12,637**	**10,732**	**11,251**
Total equity and liabilities		**102,190**	**76,810**	**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				-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 September 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, 2020	**3**	**17,707**		**-9,777**	**7,932**
Loss for the period				-15,500	-15,500
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		438			438
Share issue*)		71,612			71,612
Share-based payments				1,595	1,595
At September 30, 2020	**80**	**89,680**	**0**	**-23,682**	**66,078**

*) netted transaction costs EUR 8,316 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	1–9/2021	1–9/2020	1–12/2020
Cash flow from operating activities				
Loss before tax		**-14,121**	**-15,500**	**-19,438**
Adjustment for:				
Depreciation, amortization and impairment losses	6	1,414	820	1,226
Finance income and expenses		-191	706	15
Share-based payments	7	2,120	1,595	2,095
Other adjustments*)		-4	-46	-3
Change in net working capital:				
Trade and other receivables		-360	-287	-256
Trade payables and other liabilities		325	2,158	2,533
Change in other receivables (non-current)		-2	-271	-271
Interest paid		-169	-29	-66
Interest received		22	4	9
Paid tax		-2		
Net cash used in operating activities		**-10,969**	**-10,849**	**-14,156**
Cash flow from investing activities				
Payments for intangible assets	6	-111	-29	-103
Payments for property, plant and equipment		-4,462	-1,383	-2,336
Payments for investments	6	-1,200		-1,601
Net cash used in investing activities		**-5,774**	**-1,412**	**-4,040**
Cash flow from financing activities				
Proceeds from share issues		39,996	79,928	79,928
Transaction costs from the share issues		-1,464	-8,316	-8,316
Acquisitions of treasury shares				
Share subscription with stock options		386	438	438
Proceeds from R&D loans	8		505	505
Repayment of R&D loans	8	-1,391	-78	-78
Repayment of lease liabilities	8	-821	-403	-620
Net cash from financing activities		**36,707**	**72,074**	**71,858**
Net increase (+) decrease (-) in cash and cash equivalents		**19,965**	**59,814**	**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		1,382	-517	61
Cash and cash equivalents at the end of the period		**82,372**	**66,600**	**61,025**

*) Other adjustments

EUR thousand	1–9/2021	1–9/2020	1–12/2020
Government grants		-15	27
Lease adjustments	79	-12	-12
Impairments of fixed assets	-40		
Change in fixed asset materiality consideration	-50		
Credit loss accrual	5		
Provision for onerous contracts	2	-19	-19
Total	**-4**	**-46**	**-3**

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 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. 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 report 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 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 also 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 and as a consequence of fast technological development the Nanoform Group has performed impairment for some of the older minor assets. 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 24, 2021. This interim report is not audited or reviewed by the auditors of the Group.

3. Significant changes during the reporting period

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

- On March 9, 2021, the Board of Directors resolved on a directed share issue to investors, where a total of 5,633,803 new shares were issued. The subscription price was EUR 7.10 and SEK 71.88 per share and total proceeds of EUR 39,996 thousand were recorded in the invested unrestricted equity reserve, netted with transaction costs of EUR 1,463 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 amount 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. On August 27, 2021, the Board of Directors resolved to issue stock options to key personnel, the total number of option rights to be issued is at most 50,000. Each stock option entitles to subscribe for one new share with the subscription price EUR 9.00 per share.
- Revenue increased due to the increased number of non-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 a 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 to 116 (68), while the total employee benefit expenses came in at EUR 10,088 (9,766) thousand for the review period. The employee benefit expenses in the comparable period included variable performance compensations related to the IPO.
- Other operating expenses included consulting (finance & 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 owned 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 prolonged leasing periods and extended 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 1,391 thousand in June 2021 (see note 8 Net debt).
- Additional investment to Herantis Pharma Plc shares was made, totaling EUR 1,200 thousand in September.

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 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	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020
Europe	385	105	1,048	385	547
United States	90	54	251	116	140
Total	**475**	**159**	**1,300**	**501**	**687**

EUR thousand	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020
Services transferred over time	475	159	1,300	501	687
Total	**475**	**159**	**1,300**	**501**	**687**

5. Other operating expenses

EUR thousand	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020
Premises expenses	92	55	144	82	106
IT expenses	153	78	386	219	309
Marketing and communication expenses	162	63	452	200	427
Consultant and professional fees	225	458	848	2,365	2,884
Travel expenses	44	20	80	84	100
Voluntary personnel related expenses	164	151	548	357	532
R&D expenses - external	149	436	688	1,050	1,357
Other expenses	410	114	842	213	453
Total	**1,399**	**1,375**	**3,990**	**4,570**	**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, 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.

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 and impairments	-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, 2020	531	2,853		1,588	4,972
Additions	348	3,679		1,486	5,513
Disposals *)		-526			-526
Reclassification	1,075		915	-1,970	20
Depreciations and impairments	-229	-531	-38		-798
Net book value at September 30, 2020	**1,724**	**5,475**	**877**	**1,105**	**9,180**

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 and impairments	-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 changes in leasing contracts and payment periods. Disposals in machinery and equipment and construction in progress are mainly due to changes in materiality considerations.

7. Share-based payments

Nanoform has 14 share-based incentive plans: Option programs 1-5/2019, 1-5/2020 and 1-4/2021. 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 and the 1-4/2021 share-based incentive plans have a vesting period of 12 months from grant date. The effect of all options issued to the earnings of the period was EUR 2,121 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
01-04/2021	5.97–7.43	9.00	45.95–47.62	0.01	1.72–2.49	Apr 6, 2026–Aug 27, 2026

8. Net debt

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

EUR thousand	September 30, 2021	September 30, 2020	December 31, 2020
Current R&D loans		78	78
Non-current R&D loans		920	971
Cash and cash equivalents	-82,372	-66,600	-61,025
Net debt excluding lease liabilities	**-82,372**	**-65,602**	**-59,977**
Current lease liabilities	937	778	901
Non-current lease liabilities	6,647	5,051	4,920
Net debt	**-74,788**	**-59,773**	**-54,156**

All R&D loans to Business Finland have been repaid in June 2021. The increase in lease liabilities at the end of review period is mainly due to extended lease agreements in the current manufacturing site.

9. Related party transactions

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

	1–9/2021		1–9/2020		1–12/2020	
EUR thousand	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments
Rabbe Klemets			13	5	13	5
Miguel Maria Calado	30	314	27	259	37	302
Albert Hæggström, CFO	15	209	15	173	20	203
Mads Laustsen	18	209	20	204	27	233
Cynthia Schwalm	8	40			7	71
Total	**72**	**772**	**76**	**640**	**105**	**814**

Compensation for CEO and Management team:

EUR thousand	CEO	Management team *)
Jan 1 – Sep 30, 2021		
Salaries and other short-term employee benefits expenses	210	1,307
Post-employment benefits	37	242
Share-based payments		1,002
Total	**247**	**2,551**

EUR thousand	CEO	Management team *) **)
Jan 1 – Sep 30, 2020		
Salaries and other short-term employee benefits expenses	207	2,649
Post-employment benefits	53	575
Share-based payments		326
Total	**260**	**3,550**

EUR thousand	CEO	Management team *) **)
Jan 1 – Dec 31, 2020		
Salaries and other short-term employee benefits expenses	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	1–9/2021	1–9/2020	1–12/2020
Liabilities to key management*)	417	1,097	827
Total	**417**	**1,097**	**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 services and property, plant, and equipment (mainly related to new GMP and non-GMP lines) amounted to EUR 7,963 thousand at the end of review period.

11. Events after the review period

- On November 12, Nanoform announced that it had received ISO/IEC 27001:2013 certification for its Information Security Management System (ISMS). The ISMS applies to all information, systems, processes, and people that operate, store, handle, and process Nanoform's and its client's trusted data.
- On November 15, Nanoform announced that it had signed a GMP agreement with a European headquartered international company and that as 6 new non-GMP projects were signed in the third quarter, the near-term business target "At least 12 new non-GMP and at least one GMP customer project in 2021" was achieved.
- On November 17, Jeanne Thoma was appointed ordinary member of the Board of Directors at the EGM. The EGM also approved the proposal that the new board member is issued special rights to subscribe a maximum of 38,630 shares in the company.
- On November 25, a new near-term business target was announced: "Biologics pilot line for GMP in 2022".

Appendix 1

Key figures

EUR thousand	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020	1–12/2019
Revenue	475	159	1300	501	687	49
Gross profit	419	101	1,180	363	497	-323
Gross margin	88%	63%	91%	72%	72%	neg.
EBITDA	-4,615	-3,488	-12,898	-13,973	-18,196	-6,900
Operating loss	-5,108	-3,806	-14,312	-14,793	-19,423	-7,344
Loss for the period	-4,513	-4,155	-14,123	-15,500	-19,441	-7,554
Basic EPS (EUR)	-0.06	-0.06	-0.21	-0.29	-0.35	-0.19
Net debt	-74,788	-59,773	-74,788	-59,773	-54,156	-3,640
Net debt excluding lease liabilities	-82,372	-65,602	-82,372	-65,602	-59,977	-6,626
Investments in property, plant and equipment	-1,804	-545	-4,462	-1,383	-2,336	-1,804
Operative free cash flow	-6,420	-4,034	-17,361	-15,356	-20,532	-8,704
Cash and cash equivalents (end of period)	82,372	66,600	82,372	66,600	61,025	7,303
Personnel at the end of reporting period	116	68	116	68	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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Financial calendar

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