Report of the Board of Directors January 1–December 31, 2019





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January 1–December 31, 20192	

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Operating environment

The global pharmaceutical industry's revenues exceed USD 1 trillion and R&D investments USD 150 billion annually. Regardless of the massive investments, fewer than 50 new active pharmaceutical ingredients (API) enter the market annually. Most of the global pharmaceutical industry's R&D projects fail. One of the main reasons for failure is the poor solubility and thereby poor bioavailability of medicines. Nanoform's CESS® technology offers a solution to this problem by producing nano-sized drug particles. When the size of drug particles is reduced, their combined surface area in proportion to the mass of API increases, which improves their solubility and bioavailability. Nanoform's in vive studies in rodents have established the mutual dependence of particle size and API solubility. In clinical situations, th may also lead to the use of smaller doses and thereby fewer adverse effects. Nanoform believes that CESS® technolog will help the global pharmaceutical industry to develop existing medicines further, extend the patent protection of originator medicinal products, and introduce new medicines for both new and existing indications.

A research and development project launched around 10 years ago has now progressed to a stage where Nanoform is looking to commercialize the results. In 2019, Nanoform focused on building its global sales organization and the first production line in compliance with Good Manufacturing Practice (GMP). Interest among the global pharmaceutical industry in CESS® technology has been high, and the company held more than 200 meetings with clients in 2019. Although sales and marketing processes in the pharmaceutical industry usually take a long time, the company signed agreements with three new clients in 2019: Astra Zeneca; a major US pharmaceutical company; and a UK-based biotechnology company. We expect the number of new clients to grow in 2020.

Nanoform offers R&D and contract manufacturing services to its global clients. The company nanoforms and analyses the active pharmaceutical ingredients (API) of its client companies using the company's proprietary, patented CESS® technology. Nanoform's strategy is to build its own production capacity for its clients; at this point, the company does not license its production technology to third parties.

In 2019, Nanoform received private equity investments mainly from institutional investors, which allowed the company to make significant investments in cleanroom facilities and production equipment, with the aim of obtaining a pharmaceutical manufacturer's authorization from the Finnish Medicines Agency FIMEA. The company expects FIMEA to grant the authorization in 2020, after which the company will be able to manufacture nanoformed APIs in GMP-level facilities. These APIs will be used in Phase I–III clinical trials in humans as part of the clients' drug development projects.

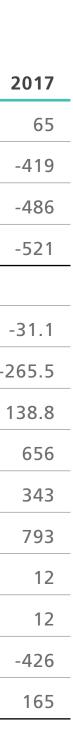
In 2019, the company strengthened its organization in e.g. sales, production, project management, and financial administration in order to support the company's strategic and operative objectives. By appointing international experts in the field to its Board of Directors the company has sought to support the company's strategic growth targets.

Nanoform participates actively in scientific and commercial conferences in the field. On November 6, 2019, the company won the prestigious Excellence in Pharma Award for Formulation in the pharmaceutical manufacturing industry's CPhI conference.

Key figures

EUR 1,000	2019	2018	2
Revenue	49	235	
EBITDA	-6,900	-1,827	
Operating loss	-7,344	-1,987	
Loss for the year	-7,554	-2,074	
Equity ratio, %	61.7	61.3	-1
Gearing, %	45.9	63.5	-2
Gearing, %* ⁾	83.5	100.1	1
Interest-bearing net debt	-3,640	-3,194	
Interest-bearing net debt,*)	-6,626	-5,040	
Total assets	12,910	8,209	
Average number of personnel	33	17	
Number of personnel at the end of the period	43	19	
Employee benefits	-4,359	-1,299	
Investments	1,858	322	

*) Excluding lease liabilities





Financial review

Revenue

Nanoform's full-year net revenue amounted to EUR 49 (2018: 235; 2017: 65) thousand. Revenue comprised proof-ofconcept type R&D services where the company nanoformed the APIs of client companies.

Results

Nanoform's materials and services amounted to EUR 603 (2018: 162; 2017: 160) thousand. During the financial period, costs increased mainly because of higher expenses related to commercialization and materials and supplies used in the R&D activities and operations. Employee benefits increased to EUR 4,359 (2018: 1,299; 2017: 426) thousand, primarily due to growth in personnel, share-based payments, and performance bonuses related to financing rounds. The average number of personnel was 33 (2018: 17; 2017; 12) employees, and the number of personnel at the end of the period was 43 (2018: 17; 2017: 12) employees.

EBITDA was EUR -6,900 (2018: -1,827; 2017: -419) thousand. The decrease in EBIDTDA was mainly attributable to a 236 (2018: 205; 2017: 801) per cent increase in employee benefits and a 160 (2018: 1,624; 2017: 67) per cent increase in external services.

For this reason, direct R&D expenses decreased relatively when compared to the previous year. Depreciation, amortization and impairment losses amounted to EUR 444 (2018: 160; 2017: 67) thousand, of which depreciations on property, plant and equipment accounted for EUR 417 (2018: 134; 2017: 43) thousand. The increase Supported by Business Finland, the company has carried out a project concerned with the development of production in depreciation is mainly due to an increase in leased premises and investments in machinery and equipment. Depreequipment and technology. This will help cut down the time between production batches and speed up the manufacture of production batches, which will increase production capacity and facilitate more diverse production activities. ciation of EUR 294 (2018: 93; 2017: 25) thousand was recognized on leased right-of-use assets presented under property, plant and equipment.

Operating loss amounted to EUR -7,344 (2018: -1,987; 2017: -486) thousand. Total finance income and expenses amounted to EUR -209 (2018: -87; 2017: -35) thousand. Loss for the year totaled EUR -7,554 (2018: -2,074; 2017: -521) thousand.

Cash flow

Nanoform's net cash flow from operations amounted to EUR -5,798 (2018: -1,504; 2017: -669) thousand. The change in working capital was EUR 511 (2018: 393; 2017: -64) thousand.

Nanoform's cash flow from investing activities totaled EUR -1,877 (2018: -441; 2017: -92) thousand, consisting of investments into intangible assets and property, plant and equipment. Investing activities mainly comprised cleanroom facilities built during the financial year and equipment and machinery used in business operations.

Nanoform's cash flow from financing activities amounted to EUR 9,415 (2018: 7,442; 2017: 474) thousand, including (Chairman), Mr. Rabbe Klemets and Mr. Mads Laustsen. proceeds from the share issues of EUR 10,046 (2018: 7,977; 2017; 0) thousand. Transaction cost related to the share According to the decisions made by the Annual General Meeting of Nanoform Finland Ltd on March 27, 2019, the fees paid to the members of the Board of Directors were as follows: Chairman; EUR 40,000 annually; Vice Chairman, issue were EUR 359 (2018: 622; 2017: 0) thousand. In addition, the company financed its operations with loans from EUR 30,000 annually; and other members, EUR 20,000 annually. Business Finland of EUR 122 (2018: 143; 2017: 503) thousand. The impact of repayments for lease liabilities on the

cash flow from financing activities was EUR -292 (2018: -56; 2017: -29) thousand. During the financial period, the company acquired treasury shares amounting to EUR 102 thousand.

Financial position

Nanoform's equity at the end of the financial period 2019 totaled EUR 7,932 (2018: 5,033; 2017: -247) thousand. Cash and cash equivalents at the end of the financial period 2019 were EUR 7,303 (2018: 5,595; 2017: 98) thousand. Interest-bearing net debt at the end of the financial period was EUR -3,640 (2018: -3,195; 2017: 656) thousand. Nanoform's total assets at the end of the financial year 2019 were EUR 12,910 (2018: 8,209; 2017: 793) thousand. The company's gearing ratio at the end of the financial year was 46 (2018: 64; 2017: -266) per cent.

Investments, research and development

In 2019, the company invested (EUR 1,501 thousand) in GMP-level cleanroom facilities and production equipment, which is a prerequisite for being granted a pharmaceutical manufacturer's authorization by FIMEA.

Research and development expenses in the financial year totaled EUR 986 (2018: 865; 2017: 452) thousand, representing 13 (2018: 38; 2017: 62) per cent of total operating costs. In 2019, after several years of technology development, the company focused on building its global sales organization and GMP-level production organization.

Management

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

The Annual General Meeting (AGM) of Nanoform Finland Ltd was held in Helsinki on March 27, 2019. The AGM adopted the financial statements and discharged the accountable persons from liability for the financial year ended December 31, 2018.

The members of Nanoform Finland Ltd's Board of Directors were Mr. Rabbe Klemets (Chairman), Mr. Albert Hæggström, and Mr. Jouko Yliruusi until 27 March 2019, Mr. Miguel Calado (Vice Chairman) from March 27, 2019 onwards, and Mr. Mads Laustsen from September 10, 2019 onwards.

In autumn 2019, the Board appointed an Audit and Compensation Committee, consisting of Mr. Miguel Calado







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

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

CEO and Leadership Team

Nanoform Finland Ltd's CEO is Professor Edward Hæggström. In addition to the CEO, the members of the company's of new technologies happens slowly. Leadership Team are: Mr. Niklas Sandler, Chief Technology Officer; Mr. Christian Jones, Chief Commercial Officer; Risks associated with the company's financial position mainly comprise liquidity, currency, interest rate, and Mr. Albert Hæggström, Chief Financial Officer; Mr. Goncalo Andrade, Chief of Business Operations; Mr. David Rowe, credit risks. Risks related to legislation, rules and regulatory compliance are associated with the company's sector of industry; the key risk relates to the granting of the pharmaceutical manufacturer's authorization in 2020. Head of Manufacturing; and Mr. Kai Falck, Senior Advisor.

Decisions of the Annual General meeting

The Annual General Meeting (AGM) held on March 27, 2019 authorized the Board of Directors to decide on a share The company's management has prepared financial forecasts for the development of revenues, expenses, and issue of up to 14,150,000 shares. Other decisions taken by the AGM are reported in sections Management and Equity investments within the next 12 months. The forecasts are based on the assumption that the company will continue to develop and commercialize its nanoforming technology also in the future, which requires considerable investand stock option rights of this report. ments from the company. Without additional financing, the company's current liquid assets are insufficient to Personnel continue activities according to the growth and investment plan until the end of 2020. Should the company fail to obtain additional financing in 2020, the management expects that by making considerable adjustments to its opera-At the end of the financial year, the company had 43 employees (2018: 19; 2017: 12). International, highly educated personnel is part of the company's strategy. More than one in three employees hold a doctorate in physics, pharmacy, tions by way of reducing costs, the company will have sufficient liquid assets to continue operating without growth or biology, etc. The employees represent more than 10 different nationalities. Some of them have moved to Finland investments until the end of 2020. For this reason, the company's financial statements have been prepared on a with their families.

going concern basis.

Primarily, the company seeks further opportunities to commercialize its nanoforming technology and where General operating procedures necessary, to obtain private equity or debt financing. The company's management continues to investigate and evaluate potential financing options. On the basis of discussions with several existing and new investors the man-The company has internal operating procedures which guide the company's operations and practices. The company has a quality management system as required by GMP. Procurement policy is described as part of the company's agement believes that the company is well positioned to ensure sufficient financing as necessary for growth investquality management system. A description of the personnel policy is included in the company's HR documents. The ments in 2020. As no binding decisions on additional financing have been made by the date of approval of the company also has in place an anti-corruption policy and guidelines directing the activities of the company's Leadership financial statements, the adequacy of financing represents a material uncertainty factor which may give significant cause to suspect the company may not be able to continue its operations. If the company is unable to obtain addi-Team and Audit Committee. tional financing, in which case the going concern basis of preparation would no longer apply, adjustments would be The CEO is accountable to the Board of Directors for the organization and the planning, implementation and monitoring of risk management, as well as related reporting. The company's Leadership Team supports the CEO required including to reduce balance sheet values of assets to their recoverable amounts, or to recognize for further in this work. liabilities that might arise.

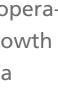
Short-term risks and uncertainty factors

Nanoform operates in a heavily regulated industry (pharmaceutical industry). The company's business is based on a new technology which has not yet been approved under GMP or applied in trials in humans. As Nanoform is a company still at the research and development stage, the viability of its business model has not yet been proven, and the company has been operating at a loss. The most important business-related risks are associated with the company's growth targets and their achievement with the company's chosen strategy. Industry-related risks are mainly associated with a target market which is both highly regulated and conservative and where introduction

Going concern













Risks and risk management

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

Significant pending disputes

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

Nanoform invests considerable resources in establishing new client relationships and maintaining existing relationships. The company seeks to build long-standing client relationships with companies in the global pharmaceutical and Equity and option rights biotechnology industry. In 2020, the company expects to win a larger number of new clients than in 2019 when the company won three clients. The company expects to receive a pharmaceutical manufacturer's authorization from Nanoform Finland Ltd has 42,095,365 shares. Each share entitles to one vote at the General Meeting of Shareholders Fimea in 2020, after which it will be able to supply clients with nanoformed APIs for clinical trials. The company and an equal share in the dividends. Based on authorization granted by the General Meeting, the company carried out a directed share issue on June 10, 2019, with subscriptions made for 5,457,345 shares at a price of EUR 1.42 focuses on the development of potent, high value density medicines with its clients. In 2020, the company will also per share and for 1,600,000 shares at a price of SEK 15.10 per share. The total number of shares subscribed for was invest in the planning and construction of new non-GMP and GMP production lines, which will make it possible to 7,057,345, and the overall subscription price amounted to EUR 9,687 thousand, less transaction costs of EUR 359 increase and diversify production. thousand. The proceeds from the share issue were recognized in the reserve for invested non-restricted equity. On Events after the reporting date May 10, 2019, the company acquired 900,000 treasury shares, which were nullified on the date of acquisition. The shares were acquired from an employee on the basis of the authorization granted to the Board of Directors by the Nanoform has established a subsidiary, Nanoform USA Inc., which acts as the sales company in the US market and General Meeting. The purchase price was EUR 102 thousand. The company does not hold any treasury shares at the employs Head of US Sales among its personnel. In 2020, Head of US Sales was also appointed to the company's Leadership Team. moment.

Under the shareholder's agreement concerning the company, certain shareholders have priority to distributable Board of Directors' proposal for the distribution of profits funds if the company enters into liquidation or to the consideration received from the sale of the company's share The Board of Directors proposes to the General Meeting that the loss for the year, EUR -7,553,521, be transferred stock or business. Further information on the clauses of the shareholder's agreement is included in Note 19 (Equity) to the accumulated deficit and that no dividend be paid. The company's distributable equity on December 31, 2019 to the Financial Statements. On March 27, 2019, the Nanoform General Meeting decided to grant option rights to the members of the Board totaled EUR 7,929 (2018: 5,031; 2017: -250) thousand.

of Directors and authorized the Board to decide on the issue of option rights to key personnel. The number of option rights granted to the Board members, excluding the Chief Financial Officer, is 350,000. The number of option rights granted to other key personnel is 905,000. Nanoform also has 1,300,000 outstanding, available options, which were granted to investors in connection with the financing round in 2016. Further information on option programs is included in Note 20 (Share-based payments) and Note 19 (Shareholder's equity) to the Financial Statements.

Owners		
Shares	Number of owners	Share of ownership
1-10,000	12	0.1%
10,000–99,999	91	8.2%
100,000–999,999	31	23.8%
>1,000,000	7	67.9%
Owners total	141	100.0%

Future outlook



Statement of comprehensive income

EUR	Notes	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 31, 2017 (restated)	EUR	Notes	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 2017 (restat
Revenue	4	49,093	235,000	65,000	Loss for the period attributable to				
					Equite holders of the Company		-7,553,521	-2,074,286	-521,2
Other operating income	6	231,335	54,652	180,605					
					Total comprehensive loss for the year		-7,553,521	-2,074,286	-521,2
Materials and services	7	-603,431	-161,624	-160,378					
Employee benefits	8	-4,358,917	-1,298,723	-426,203	Total comprehensive income attributable to				
Depreciation, amortization and impairment losses	10	-444,248	-159,924	-66,746	Equite holders of the Company		-7,553,521	-2,074,286	-521,2
Other operating expenses	9	-2,218,098	-656,376	-78,394					
Total expenses		-7,624,694	-2,276,648	-731,720	Loss per share	13			
					Basic and diluted loss per share, EUR		-0.19	-0.07	-0
Operating loss		-7,344,266	-1,986,996	-486,115					
Finance income	11	451	95	11					
Finance expenses	11	-209,707	-87,386	-35,169					
Total finance income and expenses		-209,256	-87,290	-35,158					
Loss before tax		-7,553,521	-2,074,286	-521,273					
Income tax	12	0	0	0					
Loss for the year		-7,553,521	-2,074,286	-521,273					





Statement of financial position

EUR	Notes	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2017 (restated)	EUR	Notes	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2 (restat
ASSETS						EQUITY AND LIABILITIES					
Non-current assets						Equity					
Intangible assets	14	153,729	166,330	177,264	163,735	Share capital	19	2,500	2,500	2,500	2,
Property, plant and equipment	15	4,972,148	2,179,358	442,707	243,772	Reserve for invested unre- stricted equity	19	17,706,692	8,020,160	665,411	665,
Other receivables	16	24,085	10,125	8,964	5,805	Accumulated deficit		-2,223,845	-914,953	-393,598	-393,
Total non-current assets		5,149,963	2,355,813	628,935	413,312	Loss for the year		-7,553,521	-2,074,286	-521,274	
						Total equity		7,931,826	5,033,422	-246,961	274,
Current assets											
Trade receivables	17	20,000	160,000	65,000	6,200	Non-current liabilities					
Other receivables	17	378,470	79,428	0	39,419	R&D loans	22	599,129	554,537	440,729	130,
Prepaid expenses and accrued income	17	58,754	18,456	992	158	Lease liabilities	22	2,573,024	1,656,396	285,616	210,
Cash and cash equivalents	18	7,302,666	5,594,974	98,007	385,636	Advances received		0	20,249	0	
Total current assets	10	7,759,890	5,852,858	163,998	431,413	Trade payables	22	0	58,719	104,930	157,
iotal current assets	_	7,755,650	5,652,656	105,558	451,415	Total non-current liabilities		3,172,153	2,289,901	831,274	498,
Total assets	_	12,909,852	8,208,671	792,934	844,725	Current liabilities					
						Provisions	23	19,079	0	0	
						R&D loans	22	77,500	0	0	
						Lease liabilities	22	413,073	189,588	27,250	9,
						Advances received		55,143	0	0	
						Trade payables	22	570,691	391,018	54,903	39,
						Other liabilities		94,498	23,152	344	5,
						Accrued expenses	24	575,889	281,590	126,124	18,
						Total current liabilities		1,805,873	885,349	208,620	72,
						Total liabilities		4,978,026	3,175,250	1,039,895	570,
						Total equity and liabilities		12,909,852	8,208,671	792,934	844,





Statement of changes in equity

EUR	Share capital	Reserve for invested unrestricted equity	Accumulated deficit	Total
Balance at Jan 1, 2017 (IFRS)	2,500	665,411	-413,843	254,068
Impact of restatements, Jan 1, 2017			20,245	20,245
Balance at Jan 1, 2017 (restated)	2,500	665,411	-393,598	274,313
Loss for the year 2017 (restated)			-521,273	-521,273
Balance at Dec 31, 2017 (restated)	2,500	665,411	-914,872	-246,961
Loss for the year 2018 (restated)			-2,074,286	-2,074,286
Transactions with equity holders of the Company				
Acquisition of treasury shares, Jan 22, 2018			-81	-81
Share issue, Jan 24, 2018		1,012,500		1,012,500
Share issue, Jun 21, 2018*)		6,342,249		6,342,249
Balance at Dec 31, 2018 (restated)	2,500	8,020,160	-2,989,240	5,033,422
Loss for the year 2019			-7,553,521	-7,553,521
Transactions with equity holders of the Company				
Share-based payments			866,912	866,912
Acquisition of treasury shares, May 10, 2019			-101,519	-101,519
Share issue, Jun 10, 2019*)		9,686,531		9,686,531
Balance at Dec 31, 2019	2,500	17,706,692	-9,777,368	7,931,826

*) Net of transaction costs in 2019 EUR 359,302 (2018: EUR 622,231)

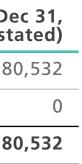




Statement of cash flows

EUR	Notes	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 31, 2017 (restated)	EUR	Jan 1–Dec 31, es 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 2017 (restat
Cash flow from operating activities					Cash flow from financing activities			
Loss before tax		-7,553,521	-2,074,286	-521,273	Proceeds from share issues	9 10,045,833	7,976,981	
Adjustment for:					Transaction costs from share issues	9 -359,302	-622,232	
Depreciation, amortization and impairment losses	10	444,248	159,924	66,746	Acquisition of treasury shares	-101,519	-81	
Finance income and expenses	11	209,256	87,290	35,158	Proceeds from R&D loans	121,903	143,000	502,
Share-based payments	8	866,912	0	0	Repayment of lease liabilities	-292,120	-56,143	-29,
Other adjustments*)		-212,256	-54,652	-180,532	Net cash from financing activities	9,414,796	7,441,525	473,
Change in net working capital:								
Trade and other receivables	17	-29,960	-191,892	-55,865	Net increase (+) decrease (-) in cash and cash equivalents	1,739,454	5,496,968	-287,
Trade payables and other liabilities	22	540,992	585,139	-8,581	Cash and cash equivalents at January 1	5,594,974	98,007	385,
Change in other receivables (long-term)		-13,960	-1,161	-3,159	Effects of exchange rates on cash and	5,554,574	58,007	505,
Interest paid	11	-49,922	-14,347	-1,681	cash equivalents	-31,763	0	
Interest received	11	451	95	11	Cash and cash equivalents at December 31	7,302,666	5,594,974	98,
Net cash used in operating activities		-5,797,759	-1,503,890	-669,177	*) Other adjustments in the statement of cash flows			
Cash flow from investing activities					EUR	Jan 1–Dec 31, 2019	Jan 1–Dec 31, 2018 (restated)	Jan 1–Dec 2017 (restat
Payments for intangible assets	14	-73,880	-61,205	-37,624	Other operating income - government grants	-231,335	-54,652	-180,
Payments for property, plant and equipment	15	-1,803,704	-379,463	-54,397	Other operating expenses - provision for onerous contract	19,079	0	
Net cash used in investing activities		-1,877,583	-440,668	-92,022	Total	-212,256	-54,652	-180,







Notes to the financial statements

1 Background

Nanoform Finland Oy is a Finnish limited liability company organized under the laws of Finland offering expert services in nanotechnology and drug particle engineering for the international pharma industry. The headquarters is located at Viikinkaari 4, 00790 Helsinki. The Company's commercial operations are at early stage and in the year 2019 its affairs have been consisted of both internal research and development activities and "proof of concept" type of research and development services provided to customers. Nanoform Finland has 43 employees at the end of 2019.

The Board of Directors approved these financial statements for issue on March 10, 2020. According to the Finnish Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming to the IAS standards and IFRS standards as well as IFRIC interpretations applicable as of December 31, 2019. The financial statements have been prepared on a historical cost basis unless otherwise disclosed in the accounting policies.

Nanoform's financial statements are presented in euros, which is Company's functional and presentation currency. Figures presented in these financial statements have been rounded from exact figures and therefore the sum of figures presented individually can deviate from the presented sum figure. Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in finance income and expenses in the statement of comprehensive income. Non-monetary items that are measured based on initial cost in a foreign currency are translated at exchange rates prevailing at the transaction date.

2.2 Restatements of previously issued financial statements

Subsequent to the original issuance of financial statements for the year ended December 31, 2018, the company has adjusted prior periods. The 2018 financial statements, as initially reported, have therefore been amended and restated as follows:

1) Leases

- The company has reassessed the discount rate applied previously in determining the present value of lease a. liabilities. The incremental borrowing rate used in previous year's discounting has been higher than such Company's incremental borrowing rate that takes into account the estimated collateral value of the rightof-use asset. Consequently, the Company adjusts both right-of-use assets and lease liabilities in the opening IFRS statement of financial position as of January 1, 2017 and for all subsequent reporting periods. The impact of the adjustments to the right-of-use assets and lease liabilities as of January 1, 2017 is EUR 60.0 thousand. As of December 31, 2017, the right-of-use assets are adjusted by EUR 83.2 thousand and lease liabilities by EUR 79.3 thousand and as of December 31, 2018 the right-of-use assets are adjusted by EUR 489.0 thousand and lease liabilities by EUR 481.9 thousand. The depreciations and interest expenses in the statement of comprehensive income have been adjusted in total by EUR -12.3 thousand and EUR 3.9 thousand for the financial years ended December 31, 2018 and December 31, 2017, respectively. The adjustments impact also the presentation of the statement of cash flows. The line items 'Loss before taxes' and 'Adjustments for depreciations and impairments' in the cash flow from operating activities are higher and 'Adjustment for finance income and expenses' is lower.
 - The Company had prematurely recognized a lease liability and right-of-use asset during the financial b. year ended December 31, 2018 for a lease contract whereby part of premises were made available to the Company only on September 1, 2019, which is the lease commencement date for the premises. Both the right-of-use asset and the lease liability have been derecognized from the statement of financial position as of December 31, 2018 for premises that were made available on September 1, 2019 and presented as off-balance sheet commitments as of December 31, 2018 (see Note 25 Contingencies and commitments). The lease liability and right-of-use asset are recognized in the balance as of September 1, 2019, which is the commencement date of the lease. The adjustment of EUR 655.8 thousand decreases the right-of-use asset and the lease liability in the statement of financial position as of December 31, 2018. The adjustment has no impact on the statement of comprehensive income or the statement of cash flows.
 - During the financial year ended December 31, 2018, the Company leased premises with lease-free period for the first months of a lease and the obligation to pay leases started only effective on January 1, 2019. Initially, the Company recognized the right-of-use asset and the lease liability for these premises as of September 1, 2018, which is the commencement date of the lease. However, the Company did to recognize the depreciations for the right-of-use asset and interest expense for the lease liability during the financial year ended December 31, 2018. The depreciations and interest expenses in the statement of comprehensive income have



been adjusted by EUR -44.2 thousand and by EUR -11.7 thousand, respectively for the financial year ended EUR 68.0 thousand and trade payables by EUR 111.2 thousand. Under IFRS the liability has been discounted to present value. The adjustment has no impact on the Company's cash flow, but it has impact on the pres-December 31, 2018. The adjustments impact the value of the right-of-use asset by EUR -44.2 thousand and the lease liability by EUR 11.7 thousand in the statement of financial position as of December 31, 2018. The entation of operating cash flows. adjustments have no impact on the 2018 statement of cash flows as no lease payments were made during the financial year 2018. However, the adjustments have an impact on the presentation of operating cash Further, the Company has revised the useful economic lives of patents and concluded, that the five-year b. amortization period previously used did not reflect the average legal protection period of the patents. The flow as line items "Loss before taxes" and 'Adjustment for depreciation, amortization and impairment' and 'Adjustments for finance income and expenses' are higher.

2) Government grants

The Company has adjusted amounts recognized during previous periods for government grants received in form of indirect government assistance through the government loans from Business Finland with interest-rates below the market rate. The adjustments for the grants received in form of below-market rate loans relates to the recognition of grant income on an accrual basis to align with the recognition of the expenses that the government grant is intended to compensate. Previously, the indirect interest related grant was recognized only at the time the R&D loan was withdrawn. Based on additional information and revised calculations, the Company has adjusted the recognition of the grant between the financial periods.

In the opening IFRS balance sheet as of January 1, 2017, the adjustments impact R&D loans by EUR -0.5 thousand and other receivables by EUR 35.6 thousand. The net impact of EUR 35.2 thousand is recognized to accumulated deficit in the opening IFRS statement of financial position as of January 1, 2017. As of December 31, 2017, the adjustments impact R&D loans by EUR 4.3 thousand and advances received by EUR -114.0 thousand. As of December 31, 2018, the adjustments impact R&D loans by EUR 5.0 thousand and advances received by EUR -41.8 thousand. In the statement of comprehensive income, other operating income for the financial year 2017 is EUR 78.4 thousand higher and EUR 65.4 thousand lower for financial year 2018. The adjustments have no impact on the Company's cash flow, but they impact on the presentation of operating cash flows.

3) Patents

a. In 2015 the Company acquired patents with a contract, in which the consideration was settled in several instalments during years 2015-2019. Previously, the Company had recognized the cost of the patents on a cash flow basis. Since the Company received the control over the patents already in 2015 and the assets acquired fulfilled other recognition criteria for an intangible asset, the Company has adjusted the intangible assets and trade payables in opening IFRS statement of financial position as of January 1, 2017. The adjustments increased intangible assets as of January 1, 2017 by EUR 149.0 thousand, trade payables by EUR 157.2 thousand and the net impact of EUR 8.2 thousand was recognized in the accumulated deficit. As of December 31, 2017, the adjustments increased intangible assets by EUR 133.3 thousand and trade payables by EUR 157.4 thousand and as of December 31, 2018 the adjustments increased intangible assets by

Company has therefore lengthened the amortization period for the patents to 10 years and adjusted the amortizations retrospectively effective from the acquisition dates. As a result, the carrying value of intangible assets is EUR 2.3 thousand higher in the opening IFRS statement of financial position as of January 1, 2017. As of December 31, 2017, and December 31, 2018 the carrying value of the patents is EUR 6.7 thousand and EUR 10.8 thousand higher, respectively. During the financial periods 2017 and 2018, the amortizations have been adjusted by EUR 4.4 and 4.1 thousand, respectively. The adjustments have no impact on the Company' cash flows, but they have an impact on the presentation of operating cash flows and line items 'Loss before taxes' and 'Adjustment for depreciation, amortization and impairment losses' are higher.

4) Property, plant and equipment

The Company has capitalized acquisition costs of certain machinery and equipment, which were previously recognized as expenses. As a result of the adjustments, the carrying value of property, plant and equipment is EUR 115.7 and 84.7 thousand higher as of December 31, 2017 and as of December 31, 2018, respectively. For the financial years 2017 and 2018 the depreciation expense increased by EUR 11.5 thousand and EUR 31.0 thousand, respectively, and the materials and services decreased by EUR 54.4 thousand and EUR 72.8 thousand, respectively. The adjustments have no impact on the Company's cash flows, but they impact the presentation of operating cash flows.

5) Deferred taxes

The Company has adjusted the deferred taxes to the extent the deferred tax assets have been recognized during previous reporting periods. After netting of deferred taxes, the Company has not recognized any deferred tax assets from the temporary differences deductible in the taxation due to uncertainty relating to their utilization.

6) Classification changes in the statement of financial position

The Company has adjusted the classification of certain liabilities related to personnel public authorities in the statement of financial position as of December 31, 2018. The adjustments decreased other receivables by EUR 15.1 thousand and other liabilities by EUR 45.6 thousand and increased accrued expenses by EUR 30.5 thousand. The adjustments do not have an impact on the comprehensive income statement. The adjustments have no impact on the Company's cash flows but they impact the presentation of operating cash flows.



Restated statement of comprehensive income

EUR	Note*)	Reported** ⁾ 2018	Restatement	Restated 2018	Reported** ⁾ 2017	Restatement	Restated 2017
Revenue		235,000	0	235,000	65,000	0	65,000
Other operating income	2	120,048	-65,396	54,652	102,235	78,370	180,605
Materials and services	4	-234,414	72,790	-161,624	-214,775	54,397	-160,378
Employee benefits		-1,298,723	0	-1,298,723	-426,202	0	-426,203
Depreciation, amortization and impairment losses	1a, 1b, 3a, 3b, 4	-53,157	-106,767	-159,924	-37,087	-29,659	-66,746
Other operating expenses	1a	-671,859	15,483	-656,376	-78,394	0	-78,394
Total expenses		-2,258,153	-18,495	-2,276,648	-756,458	24,738	-731,720
Operating loss		-1,903,105	-83,891	-1,986,996	-589,223	103,108	-486,115
Finance income		95	0	95	11	0	11
Finance expenses	1a, 1c, 2, 3a	-72,478	-14,908	-87,386	-41,767	6,598	-35,169
Total finance income and expenses		-72,383	-14,908	-87,290	-41,757	6,598	-35,158
Loss before tax		-1,975,488	-98,798	-2,074,286	-630,980	109,707	-521,273
Income taxes		0	0	0	0	0	0
Changes in deferred taxes	5	1,795	-1,795	0	1,487	-1,487	0
Income taxes		1,795	-1,795	0	1,487	-1,487	0
Loss for the year		-1,973,693	-100,593	-2,074,286	-629,495	108,219	-521,273
Loss per share							
Basic and diluted loss per share, EUR		-0.06	-0.01	-0.07	-0.02	0.00	-0.02

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of comprehensive income presented in the financial statement in 2018

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Restated statement of financial position

EUR	Note*)	Reported** ⁾ 2018	Restatement	Restated 2018	Reported** ⁾ 2017	Restatement	Restated 2017	Reported** ⁾ 2017	Restatement	Restat Jan 1, 20
ASSETS										
Non-current assets										
Intangible assets	3a,3b	96,578	69,752	166,330	46,326	130,938	177,264	21,433	142,302	163,7
Property, plant and equipment	1a,1b,1c,4	2,305,596	-126,238	2,179,358	243,818	198,889	442,707	183,821	59,951	243,7
Other receivables		10,125	0	10,125	8,964	0	8,964	5,805	0	5,8
Deferred tax receivables	5	3,280	-3,280	0	1,485	-1,485	0	0	0	
Total non-current assets		2,415,579	-59,767	2,355,813	300,593	328,342	628,935	211,059	202,253	413,3
Current assets										
Trade receivables		160,000	0	160,000	65,000	0	65,000	6,200	0	6,2
Other receivables	2,6	94,494	-15,066	79,428	0	0	0	3,769	35,650	39,4
Prepaid expenses and accrued inco	me	18,456	0	18,456	992	0	992	158	0	1
Cash and cash equivalents		5,594,974	0	5,594,974	98,007	0	98,007	385,636	0	385,6
Total current assets		5,867,924	-15,066	5,852,858	163,999	0	163,998	395,763	35,650	431,4
Total assets		8,283,504	-74,832	8,208,671	464,592	328,343	792,934	606,822	237,903	844,7

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of financial position presented in the financial statement in 2018



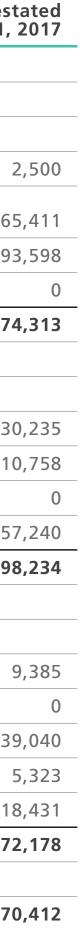


Restated statement of financial position

EUR	Note*)	Reported** ⁾ 2018	Restatement	Restated 2018	Reported** ⁾ 2017	Restatement	Restated 2017	Reported** ⁾ 2017	Restatement	Resta Jan 1, 2
EQUITY AND LIABILITIES										
Equity										
Share capital		2,500	0	2,500	2,500	0	2,500	2,500	0	2,!
Reserve for invested unrestricted equity		8,020,160	0	8,020,160	665,411	0	665,411	665,411	0	665,4
Accumulated deficit		-1,043,419	128,466	-914,953	-413,843	20,245	-393,598	-413,844	20,246	-393,
Loss for the year		-1,973,693	-100,593	-2,074,286	-629,495	108,221	-521,274	0	0	
Total equity		5,005,548	27,873	5,033,422	-375,427	128,466	-246,961	254,067	20,246	274,3
Non-current liabilities										
R&D loans	2	549,561	4,976	554,537	436,395	4,334	440,729	129,769	466	130,2
Lease liabilities	1a,1b,1c	1,897,600	-241,204	1,656,396	218,894	66,722	285,616	150,807	59,952	210,
Advances received		0	0	20,249	0	0	0	0	0	
Trade payables		0	58,719	58,719	0	104,930	104,930	0	157,240	157,2
Total non-current liabilities		2,447,160	-177,508	2,289,901	655,289	175,985	831,274	280,576	217,658	498,2
Current liabilities										
Lease liabilities	1a	110,398	79,190	189,588	14,630	12,620	27,250	9,385	0	9,3
Advances received	2	62,071	-41,822		114,020	-114,020	0	0	0	
Trade payables	3a	338,518	52,500	391,018	2,403	52,500	54,903	39,040	0	39,0
Other liabilities	6	68,750	-45,598	23,152	344	0	344	5,323	0	5,3
Accrued expenses	6	251,059	30,531	281,590	53,333	72,791	126,124	18,431	0	18,4
Total current liabilities		830,796	74,802	885,349	184,730	23,890	208,620	72,179	0	72,
Total liabilities		3,277,956	-102,707	3,175,250	840,019	199,876	1,039,895	352,755	217,658	570,4
Total equity and liabilities		8,283,504	-74,833	8,208,671	464,592	328,342	792,934	606,822	237,904	844,7

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of financial position presented in the financial statement in 2018



70,412 44,725



Restated statement of cash flows

EUR	Note*)	Reported** ⁾ 2018	Restatement	Restated 2018	Reported** ⁾ 2017	Restatement	Restated 2017
Cash flow from operating activities							
Loss before tax		-1,975,488	-98,798	-2,074,286	-630,980	109,707	-521,273
Adjustment for:							
Depreciation, amortization and impairment losses	1a,1b,3a,3b,4	53,157	106,767	159,924	37,087	29,659	66,746
Interest expense	1a,1c,2,3a	72,383	14,907	87,290	41,757	-6,599	35,158
Other adjustments	1a,1b,1c	-120,048	65,396	-54,652	-102,235	-78,297	-180,532
Loss before change in working capital		-1,969,996	88,272	-1,881,724	-654,371	54,470	-599,901
Change in net working capital:							
Trade and other receivables	2	-206,959	15,067	-191,892	-55,865	0	-55,865
Trade payables and other liabilities	4	600,105	-14,966	585,139	-8,581	0	-8,581
Interest paid	1a,1c,2,3a	-7,957	-6,390	-14,347	-5,026	3,345	-1,681
Interest received		95	0	95	11	0	11
Change in other receivables (long-term)		-1,161	0	-1,161	-3,159	0	-3,159
Net cash used in operating activities		-1,585,873	81,983	-1,503,890	-726,991	57,814	-669,177
Payments for property, plant and equipment	1a,1b,1c,4	-67,494	6,289	-61,205	-37,814	190	-37,624
Payments for tangible assets	1	-306,673	-72,790	-379,463	0	-54,397	-54,397
Net cash used in investing activities		-374,167	-66,501	-440,668	-37,814	-54,208	-92,022

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of cash flows presented in the financial statement in 2018



Restated statement of cash flows

EUR	Note*)	Reported** ⁾ 2018	Restatement	Restated 2018	Reported** ⁾ 2017	Restatement	Restated 2017
Cashflow from financig activities							
Proceeds from share issues		7,976,981	0	7,976,981	0	0	
Share issue transaction cost		-622,232	0	-622,232	0	0	
Acquisition of treasury shares		-81	0	-81	0	0	
Proceeds from R&D loans	2	143,000	0	143,000	506,414	-3,607	502,807
Repayments of lease liabilities	1a	-40,660	-15,483	-56,143	-29,237	0	-29,237
Net cash from financing activities		7,457,008	-15,483	7,441,525	477,177	-3,607	473,570
Net increase (+) decrease (-) in cash and cash equivalents		5,496,968	0	5,496,968	-287,628	-1	-287,629
Cash and cash equivalents at January 1		98,007	0	98,007	385,636	0	385,636
Effects of exchange rates on cash and cash equivalents							
Cash and cash equivalents at December 31		5,594,974	0	5,594,974	98,007	0	98,007

*) Reference to Note is related to 2.2. Restatements of previously issued financial statements

**) Original statements of cash flows presented in the financial statement in 2018

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2.3 Going concern

Nanoform's management has assessed the Company's ability to continue its operations as going concern in the fore-Operating segments are reported consistently with the internal reporting provided to the chief operating decision seeable future. The Company has started to provide "proof of concept" type services to its customers, in addition to maker. Nanoform's Chief Executive Officer reviews the operating results regularly and makes the decisions about the its on-going research and development and administrative activities. During the financial year 2019, the Company allocation of resources and to assess overall performance. Consequently, the Chief Executive Officer is identified as the chief operating decision maker. The Chief Executive Officer manages the Company as one integrated business has made significant investments to its production technology and is currently applying for GMP (Good Manufacturing Practice) quality certification that will enable the Company to commercialize its nanoforming technology also and hence, the Company has one operating and reportable segment. for clinical trials in humans.

Nanoforms loss for the financial year ended December 31, 2019 was EUR 7,554 thousand and equity totaled EUR 7,932 thousand including accumulated deficit of EUR 9,777 thousand. Cash flow from operating activities for the Nanoform's revenue consists of "proof of concept" type of research and development services provided to the financial year ended December 31, 2019 was EUR 5,798 thousand negative and cash outflows for investing activities Company's customers, in which the Company nanoforms drug compounds to the customers. The Company's customer was EUR 1,878 thousand. The Company's cash and cash equivalents totaled EUR 7,303 thousand on December 31, 2019. contracts can include one or multiple performance obligations. In the contracts every, separate nanoformed drug In the past, the Company has financed its development activities mainly with funds raised through share issues. ingredient is considered to be a separate performance obligation, as the customer can receive benefit from each During 2018 and in June 2019 the Company had proceeds of EUR 7,355 thousand and EUR 9,687 thousand, respectively, separate nanoformed compound and each nanoformed compound is distinct from the other promises in the contract. from share issues (see Note 21). In addition to equity financing, the Company has obtained funding from R&D loans. The transaction prices in Nanoform's customer contracts are fixed. The terms of payment and payment periods in Company's management have developed financial forecasts for revenues, expenses and investments for the period customer contracts vary, but payment time is nonetheless clearly below one year. Consequently, customer contracts covering the next twelve months. These forecasts are based on the assumption that the Company will continue do not include a significant financing component. In case a contract includes several performance obligations, Nanoform will allocate the fixed transaction price in the contract to different performance obligations based on development and commercialization of its nanoforming technology also in future, which will require significant investments. The Company's liquid funds of EUR 7,303 thousand at year-end are not sufficient enough to fully cover their stand-alone selling prices. Revenue is recognized to the extent Nanoform expects to be entitled to consideration in exchange for the services provided.

its ambitious growth and investment plan for calendar year 2020 without additional external financing. Hence, should the Company not obtain additional funding during 2020, the Company would need to significantly scale down growth and investment plans as well as reduce overall costs. With this in mind the financial statements have been prepared on a going concern basis.

Nanoform recognizes revenue from customer contracts as the Company fulfils the performance obligation by performing the promised service. Nanoform's performance does not create an asset with an alternative use to the Company and Nanoform has an enforceable right to payment for performance completed to date. Consequently, As part of its growth plan and change in focus from technology development to commercialization of its technolthe revenue is recognized over time. Nanoform measures the progress towards complete satisfaction of the perforogy, the Company plans to raise new equity in 2020. Based on discussions with several existing and new institutional mance obligations by applying the input method, in which the revenue is recognized based on the costs incurred investors the management estimates that the Company has good opportunities to secure sufficient new capital relative to the total estimated costs of the performance obligation. The Company views that the used method best during 2020 to enable its growth and investment plans in foreseeable future. However, as there are no binding describes the transfer of control for the services provided. Estimated costs and revenues will be re-assessed regularly commitments for such financing at the date of approval of these financial statements, these circumstances represent during performing the services. Revisions in profit estimates as well as projected potential losses on contracts are material uncertainty that may cast significant doubt on the Company's ability to continue as going concern. Should charged through the statement of comprehensive income in the period in which they become known. the Company be unable to obtain further financing such that the going concern basis of preparation were no longer Nanoform does not have costs for obtaining or fulfilling the customer contracts. For further information on appropriate, adjustments would be required including to reduce balance sheet values of assets to their recoverable revenue recognition, see Note 4. amounts, or to recognize for further liabilities that might arise.

2.4 Segment reporting

2.5 Revenue recognition



2.6 Research and development expenses

Research and development costs are recognized as expenses when internally developed intangible assets do not Nanoform's property, plant and equipment consists of leased premises and apartments (right-of-use assets), leasehold improvements and machinery and equipment. Property, plant and equipment are measured at cost less accumeet the criteria for capitalization. Development costs are capitalized when a development project is likely to genmulated depreciation and impairment losses. Costs include the purchase price and any costs directly attributable to erate economic benefits for the company and the products are assessed to be technically feasible and commercially bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended viable. Development projects are related to new or essentially improved nanoparticle technology. The Company has not capitalized development costs during 2019, 2018 or 2017, as there is no evidence on intangible asset's technical by the management. Maintenance and repair costs are expensed as incurred. viability or its ability to generate future economic benefits until the Company has capability to produce GMP (Good Manufacturing Practice) level materials for clinical trials. In 2019 financial statements, development expenses of The estimated useful lives of property, plant and equipment are as follows: • Machinery and equipment: 4 years EUR 986.0 thousand have been expensed in the statement of comprehensive income.

2.7 Income taxes

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

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

2.8 Intangible assets

Intangible assets consist of patents and software licenses. Intangible assets are measured at cost less accumulated to be derived from the asset. amortization and impairment losses and are recognized in the statement of financial position if it is probable that 2.11 Government grants the future economic benefits that are attributable to the assets will flow to the company and the cost of the assets can be measured reliably. The costs of new patents are capitalized in the statement of financial position and the Government grants are recognized at fair value when it is reasonably certain that the grant will be received, and costs relating to maintaining existing patents are expensed and presented in other operating expenses in the statethe Company will comply with all related conditions. Government grants are recognized as income in the statement ment of comprehensive income. The intangible assets have definite useful life. of comprehensive income during the same period with the costs incurred that they are intended to compensate.

The estimated useful lives for intangible assets are as follows:

- Patents 10 years
- Licenses 5 years

2.9 Property, plant and equipment

- Leased premises and apartments (right-of-use assets) based on the lease term or asset's economic life, whichever is shorter

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

2.10 Impairment

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

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



quent reporting periods, is recognized as grant income in the statement of comprehensive income and as other receivable in the statement of financial position.

2.12 leases

Nanoform has early adopted IFRS 16 Leases standard (with effective date of January 1, 2019) for the financial year ended December 31, 2018. The standard has been applied retrospectively and all comparable reporting periods have been restated.

over the shorter of the asset's useful life and the lease term, whichever is shorter.

Trade payables and other liabilities are classified as current liabilities if the Company has not implicit right to defer Nanoform has leased all its business premises. Lease contracts are made for a perpetual period or as fixed term the settlement for at least 12 months after the end of the reporting period ahead from the end of financial period, of 3 to 5 years. A right-of-use asset and a corresponding lease liability are recognized in the statement of financial position at the date on which the leased asset is made available for use by the Company. Lease payments on the in which case financial liabilities are recognized as a non-current liability. Trade payables and other liabilities are measured at amortized cost. Information of lease liabilities are provided in Leases section 2.12. contracts are recognized as repayment of lease liability and interest expense. Right-of-use assets are depreciated Financial assets are recognized at amortized cost including trade receivables, other receivables and cash and cash equivalents. Financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire. At the commencement date, a right-of-use asset and a corresponding lease liability are recognized at the discounted present value of the lease payments that are not paid at that date. The discounted present value of the 2.14 Trade receivables lease payments includes the lease payments for non-cancellable lease period lease payments and lease payments for voluntary extension periods when it is reasonably certain that the Company will exercise the extension option. Trade receivables are recognized at amounts of initial sale. The Company applies simplified approach in IFRS 9, according to which all trade receivables are deducted by lifetime expected credit losses. The lifetime expected credit In the perpetual lease agreements including a termination option, the Company estimates if the termination option will be used when assessing the lease period. The Company uses incremental borrowing rate as discounting rate for losses are based on assumptions on probability of neglecting the payments and degree of expected losses. Management lease payments. Lease payments of certain premises are adjusted for inflation index. Variable rents based on index exercises judgment when calculating the allowance and assessing underlying assumptions. Management judgment are a part of the lease liability relating to lease contract and the net present values of such contracts are measured relates to history of credit losses, assumptions on existing market conditions and forward-looking information at based on the index at the beginning of the lease period. Changes in index are measured in the period when the the end of each reporting period. Credit losses are recognized as other operating expenses. The Company has not index is changed. Cash flows relating to leases are presented as repayments of lease liabilities under cash flows from recognized expected credit losses at financial reporting date. financing activities and the interests from lease liabilities under cash flows from operating activities. The Company 2.15 Cash and cash equivalents does not have short term or low-value lease contracts.

2.13 Financial assets and liabilities

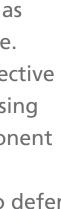
The Company's financial liabilities consists of interest-bearing R&D loans, lease liabilities, trade payables and other non-current and current liabilities. Financial liabilities are recognized at the date on which the related contract has A provision is recognized when the Company has a present legal or constructive obligation as a result of past events, been made. Financial liability or part of it is derecognized when the obligation specified in the contract is either disand it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of charged or cancelled or expires. Financial liabilities are presented as current, if the Company has not implicit right to the amount can be made. Provisions are measured at the present value of the payments required to cover the oblidefer the settlement for at least 12 months after the end of the reporting period, in which case financial liabilities gation. The discount factor used in calculation of the present value reflects the time value of money and specific risks related to the obligation. In case it is virtually certain that the Company will receive reimbursement to cover the are presented as non-current. obligation partially from a third party, the reimbursement is recognized as separate asset.

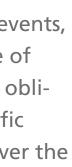
The Company has R&D loans at below-market interest rate from government agency Business Finland.

The portion of interest at below the market interest rate represents government grant, which is recognized as income in the same period in which the Company incurs the expenses that the grant is intended to compensate. The loans are initially recognized and measured at fair value and subsequently at amortized cost using the effective interest method. The fair value of the loans is measured by discounting the future cash flows from the loans using a rate for which the Company would receive comparable loan without the grant component. The grant component is measured as the difference between the initial fair value of the loan and the proceeds received.

Cash and cash equivalents consist of liquid funds in Company's bank accounts.

2.16 Provisions and contingent liabilities







A contingent liability is a possible obligation, that arises from past events and whose existence is confirmed only when an uncertain event outside the control of the Company is realized. An existing liability that is not likely to The Company has option programs where the option holders are entitled to subscribe Company's shares. The option rights are measured at fair value at grant date and recognized as expenses in the statement of comprehensive require the fulfilment of the payment obligation or whose amount cannot with sufficient reliability measured is also considered a contingent liability. At the reporting date the Company doesn't have contingent liabilities. In the financial income during the vesting period. The service conditions are ignored in grant date fair value, but fulfilment of statements the Company has recognized a provision relating to an onerous customer contract. service conditions is taken into account as the Company revises its estimate on the amount of equity instruments that will eventually vest and its estimate on related expense. Cumulatively, expenses are recognized only for equity 2.17 Equity The equity of the Company consists of share capital, reserve for invested unrestricted equity and accumulated defi-

cit. The proceeds from new share issues, less incremental costs directly attributable to the issue, are recognized in the share capital if it is not decided in decision of share issue to recognize the subscription price in the reserve for invested unrestricted equity.

The accumulated deficit consists of the Company's cumulated losses since foundation of the Company.

2.18 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year and are unpaid. Trade and other payables are presented as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The carrying amounts of trade and other payables are considered to be the same as their fair values.

2.19 Employee benefits

Nanoform's employee benefits consist of short-term employee benefits and post-employment benefits (defined contribution pension plans) and share-based payments. Nanoform's defined contribution schemes are with external Earnings per share is calculated by dividing the loss for the year with the weighted average number of shares during insurance companies and the Company does not have a legal or constructive obligation to make additional paythe year. ments in case the recipient for pension contributions is unable to pay the pension benefits. The pension contribu-Since the Company has reported losses, inclusion of unexercised option rights would decrease the loss per share and therefore not taken into account in diluted loss per share calculation. tions are recognized as expenses in the statement of comprehensive income during the period to which the charge relates to.

Short-term employee benefits are recognized as expenses during the period in which related service is provided. A liability is recognized when the Company has a statutory and constructive obligation relating to employment rela-The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies (to be tionship based on performance received and when an obligation can be measured reliable. applied for annual periods on or after Jan, 1 2020). Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting. Nanoform will apply the amended standards as applicable.

2.20 Share-based payments

instruments granted that will vest. The expenses for option programs are recognized in employee benefits, with corresponding increase in equity. At grant date, the expense recognized for the option programs is based on the Company's estimate of the option rights that will vest during the vesting period. The estimate is revised at each reporting date. Changes in the estimate are recognized through profit and loss. The fair value of option rights is measured using Black-Scholes valuation model. When option rights are exercised, the proceeds from the subscription of shares are recognized in the reserve for invested unrestricted equity. Further information on the share-based payments are provided in the Note 22 – Share-based payments.

2.21 Operating profit

According to the definition used by the Company, operating profit is the net amount arising from adding other operating income to revenue, deducting cost of sales, deducting employee benefits, depreciation, amortization and impairment losses as well as other operating expenses.

2.22 Earnings per share

2.23 Changes in accounting policies and disclosures



3 Significant accounting judgements, estimates and assumptions

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

3.1 Going concern

As disclosed in note 2.3, Nanoform's management has assessed the Company's ability to continue its operations as going concern in foreseeable future and has developed financial forecasts for revenues, expenses and investments for the period covering the next twelve months. These financial forecasts are based on assumptions on future cashflows and their realization is uncertain. The Company's management estimates that should the Company not obtain additional financing in 2020, current liquid funds are sufficient to continue the Company's operations until December 31, 2020 with significant downscaling through cost reductions and without engaging into planned growth investments. They have therefore prepared the financial statements on a going concern basis.

3.2 Revenue recognition

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

3.3 Leases

The company's lease contracts include both extension and termination options. Management uses the options managing lease contracts to ensure flexible use of premises in Company's businesses. The Company's managem assess the use of extension and termination options individually for each lease contract. Based on managemen judgment, the Company will use extension options, which relate to premises that are significant to Company's future operations and growth. Further, based on management judgment the Company will not use termination

3.4 Share-based payments

The Company recognizes expenses for share-based payments in the statement of comprehensive income. Management uses judgment when determining certain assumptions used in the option pricing model, such as volatility, fair value of shares at the grant date, estimated amount of options that will eventually vest and the probable exercise date of options. The detailed information on the assumptions used in the measurement of share-based payments used are included in the Note 22 Share-based payments.

4 Revenue

Nanoform recognizes revenue from customer contracts over time as the Company fulfills the performance obligation by performing the promised service. The method of measuring the progress towards completion of a performance obligation is input method, in which the fulfillment is measured by comparing the costs incurred relative to the total estimated costs of the performance obligation. Significant management judgment is required to determine the estimated total costs of performance obligations. Estimated costs are reviewed regularly during performing the services and revisions in forecasts and projected losses on service contracts are recognized through the statement of comprehensive income in the period in which they become known. Total revenue in 2019 was EUR 49.1 (2018: 235.0; 2017: 65.0) thousand. The Company's revenue consists solely of customer contracts.

Contract assets and liabilities

Nanoform has recognized the following contract assets and liabilities from contracts with customers in its statement of financial position. 2017

	EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2
is in ment	Prepaid expenses and accrued income - revenue accruals from percentage of completion method	13,988	0	0	
ent's	Advances received - revenue accruals from percentage of completion method	-34,894	0	0	
'S					

The transaction prices allocated to unsatisfied performance obligations or included in contract liability balance is expected to be recognized as revenue during the first quarter of 2020.

options on such perpetual lease contracts that are essential for business growth. These lease contracts are recognized as long-term lease contracts. Further information is provided in Note 15 Property, plant and equipment.

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5 Segment reporting

The Company's business is to offer expert services in nanotechnology and drug particle engineering. In the year 2019 The Company's operations have consisted of "proof of concept" type of research and development services provided to the customers, in which the Company has been nanoforming customer's drug compounds. The Compa chief operating decision maker is the Chief Executive Officer. The CEO manages the Company as one integrated business and hence, the Company has one operating and reportable segment. The revenue in 2019 was EUR 49. (2018: 235.0; 2017: 65.0) thousand. The Company's revenue during all the reported financial years is recognized customer contracts outside of Finland (defined by the domicile of customer). During 2019, Company's revenue co sisted of two customer contracts. Both customer contracts exceed 10 percentage of the revenue.

The Company's all non-current assets are in Finland. The Company's strategy is to sell nanotechnological services The Company's materials and services mainly consist of materials and supplies relating to the development of widely to minimize the dependence from single customers or projects. the Company's production technology.

EUR	2019	2018 (restated)	2017 (restated)	EUR	2019	2018	20
Grant component of the government loans	231,335	54,652	180,532	Wages and salaries	2,898,140	1,075,100	350,0
Other income	0	0	73	Pension expenses, defined contribution plans	374,755	193,324	66,
	231,335	54,652	180,605	Other social security expenses	219,109	30,300	9,9
	231,333	54,052	180,005	Share-based payments - settled in equity	866,912	0	
The grant component of government loans consists o	f indirect financial benef	it from below-mark	et interests of	Total	4,358,917	1,298,723	426,2
the government loans from the Business Finland. The of nanotechnology.							
					2019	2018	20
				Number of personnel at the end of the period	43	19	
				Average number of personnel	33	17	

6 Other operating income

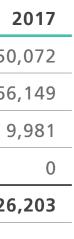
7 Materials and services

es	EUR	2019	2018 (restated)	2017 (resta
bany's	Raw materials and consumables			
d 9.1	Purchases during the period	506,001	160,994	147,
d from	External services	97,430	629	12,
con-	Total	603,431	161,624	160,

8 Employee benefits

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









9 Other operating expenses

EUR	2019	2018 (restated)	2017 (restated)	EUR	2019	2018 (restated)	2017 (restate
Premises expenses	65,867	21,313	0	Finance income			
IT expenses	201,908	66,406	15,720	Interest and other finance income	451	95	
Marketing and communication expenses	312,060	101,151	670	Total finance income	451	95	
Consultant and professional fees	857,613	319,135	20,160				
Travel expenses	268,800	53,584	6,128	Finance expenses			
Voluntary personnel related expenses	304,009	52,862	8,289	Interest expenses	-138,989	-78,757	-34,9
Research and development expenses	27,521	0	0	Losses from foreign exchange	-39,275	-1,118	
Other expenses	180,320	41,925	27,427	Other finance expenses	-31,442	-7,511	-2
Total	2,218,098	656,376	78,394	Total finance expenses	-209,707	-87,386	-35,

Auditor's fee

EUR	2019	2018 (restated)	2017 (restate
PricewaterhouseCoopers			
Audit fees	36,226	1,500	1,8
Other fees	48,926	0	
Total	85,151	1,500	1,8

				EUR	2019	2018 (restated)	2017 (restat
10 Depreciation and amortization				Loss before tax	-7,553,521	-2,074,286	-521,2
io Depreciation and anor tization		Income tax calculated at Finnish tax rate 20%		-1,510,704	-414,857	-104,2	
EUR	2019	2018 (restated)	2017 (restated)	Tax losses and temporary differences for which no deferred tax asset is recognized	1,689,879	415,267	104,3
Intangible assets	27,761	25,928	24,284	Non-deductible expenses and tax-exempt income	-179,174	-410	
Property, plant and equipment	416,487	133,996	42,461	Taxes in the statement of comprehensive income	0	0	
Total	444,248	159,924	66,746		0		

11 Finance income and expense

The interest expense relates mainly to the R&D loans and lease liabilities. Other financial expenses consist of guarantee commission.

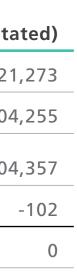
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12 Taxes

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









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

EUR	2019	2018	2017				
R&D expenses not yet deducted in taxation	2,610,035	1,624,000	0	EUR	2019	2018 (restated)	2017 (restate
Tax losses carried forward	9,763,593	2,230,073	426,799	Loss for the year	-7,553,521	-2,074,286	-521,2
Temporary differences from property, plant and				Weighted average number of shares in issue	39,107,334	31,628,453	27,592,3
equipment	122,438	67,779	0	Basic and diluted loss per share	-0.19	-0.07	-0
Provisions not deductible in taxation	19,079	0	0				
Total	12,515,146	3,921,852	426,799	The Company's potential dilutive instruments consist of s	hare options granted	l in the years 2016 a	nd 2019. Becau

- 1) The Company has incurred research and development expenses especially in the year 2018, which have not yet been deducted in its taxation. The amounts deferred for tax purposes can be deducted over an indefinite period.
- 2) Tax losses carried forward expire over the period of 10 years. The tax losses will expire as follows:

EUR	2019	2018	20
Expiry within 5 years	0	0	
Expiry within 5–10 years	2,230,073	426,799	173,2
Total	2,230,073	426,799	173,2

The unconfirmed tax loss for 2019 is EUR -7,340.9 (2018: -1,803.3; 2017: -253.5) thousand. Related deferred tax assets have not been recognized in the statement of financial position due to uncertainty as to whether they can be utilized. The company has unprofitable history, which is considered a significant factor when assessing whether to recognize deferred tax assets. The Company does not have any other deductible or taxable temporary differences. For this reason, no deferred tax assets or liabilities are recognized in the statement of financial position nor disclosed. The total value of unrecognized deferred tax assets is EUR 2,503.0 (2018: 784.4; 2017: EUR 85.4) thousand.

13 Loss per share

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

ecause unutive instruments consist of share options granted in the years 2016 and 2019 the Company's businesses have been unprofitable, share options would have an anti-dilutive effect and therefore they are not taken into account in measuring the dilutive loss per share. Therefore, there is no difference between the basic and the diluted loss per share.

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14 Intangible assets

EUR	Patents	Licenses	Total	EUR	Machinery and equipment	Right-of-use assets	Prepayments and construction in progress	Total
Cost at Jan 1, 2017 (restated)	177,832	6,200	184,032	Cost at Jan 1, 2017 (restated)	31,505	220,143	0	251,648
Additions (restated)	22,607	15,207	37,814	Additions (restated)	127,187	114,209	0	241,396
Cost at Dec 31, 2017 (restated)	200,439	21,407	221,846	Cost at Dec 31, 2017 (restated)	158,692	334,352	0	493,044
Additions (restated)	14,994	0	14,994	Additions (restated)	219,523	1,563,973	87,150	1,870,647
Cost at Dec 31, 2018 (restated)	215,433	21,407	236,840	Cost at Dec 31, 2018 (restated)	378,216	1,898,325	87,150	2,363,691
Additions	15,160	0	15,160	Additions	341,627	1,366,355	1,501,296	3,209,277
Cost at Dec 31, 2019	230,593	21,407	252,000	Cost at Dec 31, 2019	719,842	3,264,680	1,588,446	5,572,968
Accumulated amortization and impairment losses				Accumulated depreciation and impairment losses				
Accumulated amortization and impairment losses at Jan 1, 2017 (restated)	-19,057	-1,240	-20,297	Accumulated depreciation and impairment losses at Jan 1, 2017 (restated)	-7,876	0	0	-7,876
Amortization the financial year (restated)	-20,003	-4,281	-24,284	Depreciation for the financial year (restated)	-17,431	-25,030	0	-42,461
Accumulated amortization and impairment losses at Dec 31, 2017 (restated)	-39,061	-5,521	-44,581	Accumulated depreciation and impairment losses at Dec 31, 2017 (restated)	-25,307	-25,030	0	-50,337
Amortization for the financial year (restated)	-21,647	-4,281	-25,928	Depreciation for the financial year (restated)	-41,383	-92,613	0	-133,996
Accumulated amortization and impairment losses at Dec 31, 2018 (restated)	-60,708	-9,802	-70,510	Accumulated depreciation and impairment losses at Dec 31, 2018 (restated)	-66,690	-117,643	0	-184,333
Amortization for the financial year	-23,480	-4,281	-27,761	Depreciation for the financial year	-122,438	-294,049	0	-416,487
Accumulated amortization and impairment losses at Dec 31, 2019	-84,188	-14,083	-98,271	Accumulated depreciation and impairment losses at Dec 31, 2019	-189,129	-411,691	0	-600,820
Carrying amount								
Dec 31, 2019	146,407	7,323	153,729	Carrying amount	E20 742	2 952 000	1 600 446	4 072 440
Dec 31, 2018 (restated)	154,726	11,604	166,330	Dec 31, 2019	530,713	2,852,989	1,588,446	4,972,148
Dec 31, 2017 (restated)	161,378	15,886	177,264	Dec 31, 2018 (restated)	311,525	1,780,683	87,150	2,179,358
Jan 1, 2017 (restated)	158,775	4,960	163,735	Dec 31, 2017 (restated)	133,385	309,322	0	442,707
- · ·	*	-		Jan 1, 2017 (restated)	23,629	220,143	0	243,772

15 Property, plant and equipment









The right-of-use assets consists of Nanoform's leased premises. The lease contracts are either perpetual or fixed three-year contracts including extension option for six years. The perpetual lease contracts are recognized as lon term lease contracts, if the management assesses that the termination options in the contracts will not be used (see Note 3.2).

In the year 2019 the interests from lease liabilities amounted to EUR 65.9 (2018: 25.2; 2017: 7.7) thousand.

Prepayments and construction in progress include the cost of clean room for which the regulatory approval is pending. The asset is ready for use when the approval is obtained.

16 Non-current other receivables

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Other receivables	24,085	10,125	8,964	5,805
Total	24,085	10,125	8,964	5,805

Other receivables consist of rental security deposits paid by the Company.

17 Current trade and other receivables and prepayments and accrued income

Aging of trade receivables

EUR	Total	Not past due	< 30 days	30–60 days	18 Cash and cash equivalents				
2019	20,000	20,000	0	0	to cush and cush equive				
2018	160,000	160,000	0	0	EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 20
2017	65,000	65,000	0	0	Cash and cash equivalents	7,302,666	5,594,974	98,007	385,6
Jan 1, 2017	6,200	6,200	0	0	Total	7,302,666	5,594,974	98,007	385,6

na-					
ng-	EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2
	Other prepayments	16,397	0	0	
	Contract assets	13,988	0	0	
S	Other accrued income	28,369	18,456	992	
	Total	58,754	18,456	992	

Prepaid expenses and accrued income

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

2017 5,805

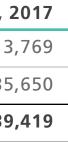
Other receivables

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2
VAT receivables	208,040	79,428	0	3,
Other receivables	170,430	0	0	35,
Total	378,470	79,428	0	39,

Other receivables include the R&D loan's grant component, for which the corresponding costs are retained in the financial year 2019 and the loan is not yet drawn. Other receivables also include receivables from personnel.

Cash and cash equivalents correspond to the same item in the statement of cash flows.











19 Shareholders' equity

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

	Outstanding shares (pcs)	Treasury shares (pcs)	Total shares (pcs)	Share capital (EUR)	Reserve for unrestricted equity (EUR)
Jan 1, 2017	137,998		137,998	2,500	665,411
Dec 31, 2017	137,998		137,998	2,500	665,411
Jan 1, 2018	137,998		137,998	2,500	665,411
Acquisition of treasury shares, Jan 22, 2018	-3,250	3,250	0		
Share issue, Jan 24, 2018	8,100		8,100		1,012,500
Bonus issue at Jun 8, 2018	28,426,752	646,750	29,073,502		
Nullification of treasury shares, Jun 19, 2018		-650,000	-650,000		
Share issue, Jun 21, 2018	7,368,420		7,368,420		6,342,249
Dec 31, 2018	35,938,020	0	35,938,020	2,500	8,020,160
Acquisition of treasury shares, May 10, 2019	-900,000	900,000	0		
Nullification of treasury shares, May 10, 2019		-900,000	-900,000		
Share issue, Jun 10, 2019	7,057,345		7,057,345		9,686,531
Dec 31, 2019	42,095,365	0	42,095,365	2,500	17,706,692

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

In the Shareholders' agreement regarding the Company it has been agreed that in case of liquidation event or sale of the Company's shares or substantially all business, certain shareholders have first priority to the funds available or consideration from trade sale. In these situations, these shareholders receive the higher of either a) the original subscription price of the shares plus any possible resolved, but unpaid dividends pro-rata to their holding of shares. If the funds available for distribution are insufficient to pay full amounts to which they are entitled, the proceeds are distributed to investors pro-rata their original subscriptions; or b) all proceeds are divided pro-rata to all shareholders.

based on the Shareholders' agreement. The redemption price was original subscription price of the shares.

The subscription price of new shares is recognized in the share capital unless the share issue resolution states that it shall be recognized in full or partially in the reserve for invested unrestricted equity, where the transaction costs relating to issue are also netted. On January 22, 2018, the Company acquired 3,250 treasury shares. The shares were redeemed from an employee On January 24, 2018, the Board of Directors decided on a directed share issue based on the authorization from the shareholders on January 10, 2018. In the share issue a total of 8,100 new shares were issued. The subscription price of shares was EUR 125 per share. Proceeds from the share issue, EUR 1,012.5 thousand, were recognized in the reserve for invested unrestricted equity. On June 8, 2018, the shareholders decided on a bonus issue in which each share entitled to subscription of 199 new shares and total number of shares increased by 29,073,502 shares. On June 19, 2018, the Company nullified 650,000 treasury shares redeemed during the financial year 2018. On June 21, 2018 the Company's Board of Directors decided on a share issue based on the authorization of the general meeting on June 8, 2018. In the share issue, a total of 4,914,460 shares were issued at the subscription price of EUR 0.95 per share and 2,453,960 shares at the subscription price of SEK 9.60 per share. The total amount of subscribed shares amounted to 7,368,420 shares and the total proceeds from the share issue amounted to EUR 6,342.2 thousand. The proceeds from the share issue, net of transaction costs of EUR 622.2 thousand were recognized in the reserve for invested unrestricted equity. On May 10, 2019 the Company acquired 900,000 treasury shares The Board of Directors decided to acquire the shares from an employee based on authorization given by the general meeting. The total consideration paid for the shares was EUR 101.5 thousand. The shares were nullified on May 10, 2019. On June 10, 2019, the Board of Directors decided on a directed share issue based on the authorization from the general meeting on March 27, 2019. In the share issue, 5,457,345 new shares were issued with the subscription price

of EUR 1.42 per share and 1,600,00 shares were issued with the subscription price of SEK 15.10 per share. The total amount of subscribed shares amounted to 7,057,345 shares and the total proceeds from the share issue amounted to EUR 9,686,5 thousand. The proceeds from the share issue, net of transactions costs of EUR 359.3 thousand, were recognized in the reserve for invested unrestricted equity.

6,692





With unanimous shareholders' decision on September 8, 2016, the Company decided to grant a total of 6,500 options (option program 1/2016) to certain investors as a part of their equity investment. The options were issued with no consideration and each option entitles the option holder to subscribe one new share. After the bonus issue (1:200) on June 8, 2018 the amount of options is 1,300,000 and the options entitle to subscribe a total of 1,300,000 shares at subscription price of EUR 0.32 per share. Right to subscribe shares began immediately upon the issue of options and the right to subscribe shares with the options ends at the earliest date of following a) September 30, 2021 b) sale of the entire issued share capital of the Company or c) initial public offering. At the end of financial year December 31, 2019 all 1,300,000 options are outstanding and exercisable.

EUR	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2017 (restated)
Accumulated deficit	-2,223,845	-914,872	-393,598	-393,598
Loss for the year	-7,553,521	-2,074,286	-521,273	0
Reserve for invested unrestricted equity	17,706,692	8,020,160	665,411	665,411
Total	7,929,326	5,031,003	-249,461	271,813

Distributable equity at December 31

The Board of Directors' proposal for distributing the profit: The Board proposes the loss for the period, amounting to EUR -7,553,521, is to be allocated to the accumulated deficit and that no dividend will be paid.

20 Share-based payments

Based on Shareholder's agreement on May 26, 2016, the Company has a share-based incentive program for a grou of employees that hold the shares in the Company. In certain leaver situations these employees are obligated to have their unvested shares redeemed by the Company. As the redemption price for the shares equals to the origin subscription price of the shares (bad leaver) or the higher of the following; the original subscription price of the shares or the value based on net assets (good leaver), there is no employee benefit to be recognized for the plan Hence, the Company has not recognized any share-based payment expenses for the program. The vesting periods are as follows:

Number	of	shares	gr
--------	----	--------	----

	Good leaver	Bad lea
Prior to Dec 1, 2016	100% of shares	20% of sh
Dec 2, 2016–Dec 1, 2017	100% of shares	35% of sh
Thereafter	100% of shares	50% of sh

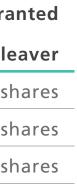
The annual general meeting on March 27, 2019 decided to issue option rights to the members of the Board of Directors and authorized the Board of Directors to issue the option rights to bind the Company's key personnel. The option rights were issued with no consideration. Each option right entitles the option holder to subscribe one new share and the option rights vest linearly so that the options are 100 per cent vested within one year from the grant date. The subscription period of the shares with option rights begins immediately upon the vesting of the option right.

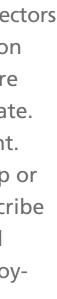
If the option holder's employment or service relationship with the Company or a company in the same group or the membership in the Company's Board of Directors terminates for any reason, the option holder has to subscribe the shares within 90 or 30 days after the employment of service relationship has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

The volatility used in the valuation of option rights is based on five peer group companies, which are assessed to be the best estimate to reflect the risk level of the Company.

The key features and terms of the option programs are presented in the table below.

		4/2040	2/2040	2/2040	4/2040	- //
	Option program	1/2019	2/2019	3/2019	4/2019	5/2
oup	Maximum number of options	350,000	555,000	200,000	100,000	50
to	Exercise price, EUR	1.10	1.10	1.10	1.10	
inal	Beginning of subscription period		Linearly as	the options are v	vested	
ne	End of subscription period	Continue indefinitely				
lan.	Vesting conditions	Employm	ent or service re	lationship during	g the vesting per	iod
odc						













Determination of the fair value of the share options granted	1/2019	2/2019	3/2019	4/2019	5/2019	
Share price at grant date, EUR	1.30	1.34	1.42	1.54	1.62	
Subscription price of the Company share with options, EUR	1.10	1.10	1.10	1.10	1.10	
Volatility, %	65	65	65	65	65	
Interest free rate, %	0.01	0.01	0.01	0.01	0.01	
Fair value of the option, EUR	0.74	0.78	0.84	0.94	1.00	
Exercise date of the options	After five years from the grant date of option right					
Effect on earnings 2019, EUR 000	250	401	140	60	16	

Number of share options	1/2019	2/2019	3/2019	4/2019	5/2019
Outstanding at Jan 1uary	0	0	0	0	0
Granted	350,000	555,000	200,000	100,000	50,000
Forfeited	0	-20,000	0	0	0
Exercised	0	0	0	0	0
Outstanding at December 31	350,000	535,000	200,000	100,000	50,000
Exercisable at December 31	335,555	517,334	166,773	64,155	16,435

21 Financial risk management

Nanoform is exposed to various financial risks such as liquidity risk, foreign exchange risk and interest rate risk as well as credit and counterparty risk. Most significant risks relate to liquidity and foreign exchange rates. CFO is responsible for the Company's risk management. The Company aims to minimize its risks with financing activities to the extent it is financially beneficial and reasonable. Capital management and liquidity risk

Nanoform's objective in managing capital is to safeguard the Company's ability to continue its operations and to enable the development and commercialization of its nanoforming technology in the future (see notes 2.3 and 18). In order to maintain or adjust the capital structure, the Company may issue new shares, request for debt financing or change the realization of its planned growth investments.

The Company's management monitors the capital through net debt to equity ratio, which was positive 45.9 as at December 31, 2019 (2018: positive 63.5; 2017: negative 265.5; January 1, 2017: positive 12.9) percentage. Net debt includes interest-bearing liabilities, net of cash and cash equivalents. interest bearing liabilities include R&D loans at below market-interest through government grants and lease liabilities.

EUR	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2 (restat
Net debt	-3,639,940	-3,194,454	655,588	-35,
Total equity	7,931,826	5,033,422	-246,961	274,
Net debt equity ratio	45.9%	63.5%	-265.5%	12.

Cash flow from operating activities for the financial year ended December 31, 2019 was EUR 5,798 thousand negative and cash outflow for investing activities was EUR 1,878 thousand. The Company's cash and cash equivalents totaled to EUR 7,303 thousand as at December 31, 2019. The Company's liquidity position is monitored regularly and projected both in short and long term to ensure that the Company has sufficient funding and cash and cash equivalents available to meet obligations when due. The management monitors the forecasts on the Company's cash flows based on expected future cash flows. The Company has no committed credit facilities available.

2017 ated) 5,258 4,313 2.9%



In the past, the Company has financed its operations mainly with equity financing and with R&D loans at below market-interest through government grants, and to lesser extent with income from contracts with customers. However, there can be no assurance that the Company will obtain sufficient financing in the future to carry out its planned activities and to engage into planned growth investments. In order to safeguard the Company's ability to continue its operations as going concern in foreseeable future, the management aims to manage the capital to has sufficient liquidity and liquid funds available. When needed, the management may adjust the expenses and growt investments to correspond to the financing that is available.

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

EUR	2020	2021	2022	2023 – thereafter	Total	EUR	2018	2019	2020	2021 – thereafter	То
Lease liabilities	494,237	429,887	417,677	1,935,025	3,276,826	Lease liabilities	36,050	36,050	36,050	252,350	360,
Trade payables	570,691	0	0	0	570,691	Trade payables	54,903	113,750	0	0	168,0
Repayment of R&D loans	77,500	77,500	77,500	731,268	963,768	Repayment of R&D loans	0	0	77,500	621,365	698,8
Interest expenses of R&D loans	8,195	7,403	7,008	18,008	40,614	Interest expenses of R&D loans	7,443	8,419	8,195	29,056	53,
Total	1,150,622	514,790	502,185	2,684,301	4,851,899	Total	98,396	158,219	121,745	902,771	1,281,

As at December 31, 2019, the contractual maturity of financial liabilities was as follows:

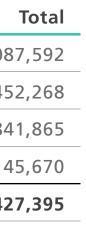
ıt its	EUR	2019	2020	2021	2022 – thereafter	
y to	Lease liabilities	240,833	240,833	240,833	1,365,093	2,087
o have	Trade payables	452,268	0	0	0	452
owth	Repayment of R&D loans	0	77,500	77,500	686,865	841
unts	Interest expenses of R&D loans	8,419	8,195	7,403	21,653	45
	Total	701,520	326,528	325,736	2,073,611	3,427

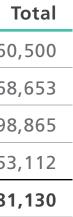
As at December 31, 2018, the contractual (restated) maturity of financial liabilities was as follows:

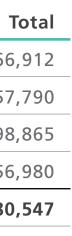
As at December 31, 2017, the contractual maturity of financial liabilities was as follows:

As at January 1, 2017, the contractual maturity of financial liabilities was as follows:

EUR	2017	2018	2019	2020 – thereafter	٦
Lease liabilities	29,237	23,520	23,795	190,360	266
Trade payables	91,540	52,500	113,750	0	257
Repayment of R&D loans	0	0	0	698,865	698
Interest expenses of R&D loans	3,868	7,443	8,419	37,250	56
Total	124,645	83,464	145,964	926,475	1,280











Foreign exchange risk

Nanoform is exposed mainly to foreign exchange fluctuations arising from SEK and GBP. Currently all revenues and loans are nominated in euros, but expenses are partially nominated in GBP and SEK. The most significant currency exposure arises from the SEK 32 million cash position consisting of the cross-border equity private placement. A 10 per cent movement in SEK/EUR exchange rate would result in EUR 300 (2018: 170; 2017: 0) thousand change in net result and correspond to a 4-percentage movement in EUR 7.3 million cash and cash equivalent position as at December 31, 2019. As the exposure to currency risk is limited, Nanoform does not hedge its currency risk.

Interest rate risk

Nanoform is exposed to a potential interest risk through its Business Finland loans and through its cash and cash equivalent balances. Interest on Business Finland loans is the base rate as defined by the Finnish Ministry of Financ minus three percentage points, subject to minimum rate of 1 per cent. As the interest during the reporting periods presented have been below the minimum level and the Company has paid the minimum interest of 1 per cent, the interest risk is considered as minimal. With respect of the cash and cash equivalent balances, there is a minor risk that the ECB, in the event of weakening economy, could lower its policy rates further or that the commercial bank would start to charge interest on cash deposits also from smaller companies like Nanoform. In the event of rising interest rates Nanoform would be a relative winner due to its positive net cash position. A one percentage point change in market interest rates would affect earnings by EUR 70 (2018: 50; 2017: 1) thousand. Nanoform does not hedge its interest rate risk.

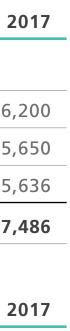
Credit risk and counterparty risk

The Company's counterparty risk consists mainly of contracts between external customers, suppliers, partners in Fair value of the R&D loans from Business Finland is calculated by discounting estimated future cash flows for the cooperation and financial institutions. Counterparty risk with financial institutions concerns creditworthy banks loans using appropriate interest rate at the reporting date. The discount rate considers the risk-free interest rate and estimated margin for the company's own credit risk. The discount rate in 2019 has been used 7 percentage and and financial institutions. Counterparty risk with the customer contracts is low because when selecting counterparty, in the financial years 2017-2018 10 percentage. Discounted future cash flows are derived from the loan terms cononly counterparties with high creditworthiness are approved. Counterparty creditworthiness is evaluated constantly, taining the timing and the amounts of repayment and the cash payments for interest. The valuation of R&D loans and the required actions are considered case by case if significant changes in the creditworthiness of a counterparty relies on unobservable market data, and the loans are classified in Level 3 (Measurement of financial instruments is occur. Credit risk is managed by defining the rules for payment terms, authorizations and credit control. The credit guality is evaluated both on the basis of the aging of the receivables as well as the basis of individual case by case not based on verifiable market information). customer analysis in order to identify customers with potential higher credit risk due to individual customer specific In 2019, the carrying amount of R&D loans was EUR 676.6 thousand and their fair value was EUR 766.0 (2018: 554.5; 2017: 440.7) thousand. In the comparison years of financial statements, the carrying amounts of the loans reasons. The expected credit loss for the trade receivables is recognized on the basis of this credit quality evaluation. The Company follows credit rating of customers given by credit institutions. correspond to their fair value.

22 Financial assets and liabilities

EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Financial assets measured at amortized cost				
Trade receivables	20,000	160,000	65,000	6,200
Other receivables	170,430	0	0	35,650
Cash and cash equivalents	7,302,666	5,594,974	98,007	385,636
otal	7,493,096	5,754,974	163,007	427,486
EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
Financial liabilities measured at amortized cost				
Trade payables	570,691	449,737	159,833	196,280
Lease liabilities	2,986,097	1,845,984	312,866	220,143
R&D loans	676,629	554,537	440,729	130,235
Total	4,233,417	2,850,258	913,427	546,658

Government loans





R&D loans are granted to specific development projects and cover a contractually defined portion of the underlying development project's R&D expenses. The below-market interest rate for these loans is the base rate set by the Ministry of Finance minus three (3) percentage points, subject to a minimum rate of 1 per cent. Repayment of these loans shall be initiated after 5 years, thereafter loan principals shall be paid back in equal instalments over a 5-year period, unless otherwise agreed with Business Finland. The interests on R&D loans amounted to EUR 62.1 (2018: 45.7; 2017: 23.9) thousand.

Net debt reconciliation

	Other assets	Liabilities from financing activities						
EUR	Cash and cash equivalents	Short-term lease liabilities	Long-term lease liabilities	Short-term R&D loans	Long-term R&D loans	То		
Net debt as at Jan 1, 2017	385,636	0	-220,143	0	-130,235	35,2		
Cash flows	-287,629	0	29,237	0	-502,807	-761,		
Other non-cash movements	0	-27,250	-94,710	0	192,313	70,3		
Net debt as at Dec 31, 2017 (restated)	98,007	-27,250	-285,616	0	-440,729	-655,5		
Cash flows	5,496,968	56,143	0	0	-143,000	5,410,1		
Other non-cash movements	0	-218,481	-1,370,811	0	29,192	-1,560,7		
Net debt as at Dec 31, 2018 (restated)	5,594,974	-189,588	-1,656,427	0	-554,537	3,194,4		
Cash flows	1,739,454	292,120	0	0	-121,903	1,909,6		
Other non-cash movements	-31,763	-515,606	-916,597	-77,500	77,311	-1,464,		
Net debt as at Dec 31, 2019	7,302,666	-413,074	-2,573,024	-77,500	-599,129	3,639,9		

22.1 Changes in liabilities arising from financing activities

Net debt reconciliation

EUR	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017 (restated)	Jan 1, 2 (resta
Cash and cash equivalents	7,302,666	5,594,974	98,007	385
Short-term R&D loans	-77,500	0	0	
Long-term R&D loans	-599,129	-554,537	-440,729	-130
Short-term lease liabilities	-413,073	-189,588	-27,250	-9
Long-term lease liabilities	-2,573,024	-1,656,396	-285,616	-210
Net debt	3,639,940	3,194,454	-655,588	35

- billities from financing activitie







23 Provisions

Carrying amount at Dec 31, 2017Pension contributions and other statutory personnel related insurance premiumPension contributions andPension	17,4	Dec 31, 2017 (restated)	Dec 31, 2018	Dec 31, 2019	EUR	erous contracts	Or			EUR
Carrying amount at Dec 31, 201700Amounts recognized during the year19,079Amounts used during the year0Unused amounts reversed0Carrying amount at Dec 31, 20190EUR20192019201820192		47,154	104,606	252,920	Holiday pay accrual	0				Carrying amount at Jan 1, 2017
Carrying amount at Dec 31, 20180Amounts recognized during the year19,079Amounts used during the year0Unused amounts reversed0Carrying amount at Dec 31, 201919,079EUR201920192018 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> <td></td> <td></td> <td></td> <td>Carrying amount at Dec 31, 2017</td>						0				Carrying amount at Dec 31, 2017
Amounts used during the year 0 Unused amounts reversed 0 Carrying amount at Dec 31, 2019 2019 2019 2018 2017 Jan 1, 2017		3,842	0	26,210		0				Carrying amount at Dec 31, 2018
Unused amounts reversed Total Total 281,590 12 Carrying amount at Dec 31, 2019 2019 2018 2017 Jan 1, 2017 Other accruals include the accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued accrued borus payment of the management and the accrued borus payment acc		2,337	4,379	4,476	Interest expenses	19,079				Amounts recognized during the year
Carrying amount at Dec 31, 2019 19,079 EUR 2019 2018 2017 Jan 1, 2017		72,790	172,604	292,284	Other accruals	0				Amounts used during the year
EUR 2019 2018 2017 Jan 1, 2017	18,	126,124	281,590	575,889	Total	0				Unused amounts reversed
EUR 2019 2018 2017 Jan 1, 2017						19,079				Carrying amount at Dec 31, 2019
	ion cost of asset	accrued acquisition of	anagement and the a	ius payment of the ma	Other accruals include the accrued bon					
Long-term provisions 0 0 0						Jan 1, 2017	2017	2018	2019	EUR
						0	0	0	0	Long-term provisions
Short-term provisions 19,079 0 0 0 25 Contingencies and commitments				imitments	25 Contingencies and com	0	0	0	19,079	Short-term provisions
Total 19,079 0 0 0						0	0	0	19,079	Total

In 2019 the Company has recognized a provision from an onerous customer contract amounting to EUR 19.1 thousand.

24 Trade payables and other current liabilities

Lease commitments

EUR	Dec 31, 2019	Dec 31, 2018 (restated)	Dec 31, 2017	Jan 1, 2
Within one year	0	0	0	
Later than one year but not late than five years	0	708,600	0	
Later than five years	0	366,110	0	
Total	0	1,074,710	0	

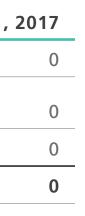
The Company's lease commitments in the comparative year consist of a of lease contract of premises, that was signed during the financial year 2018, but for which the lease commencement date was September 1, 2019.

The patents acquired from University of Helsinki in 2015 have been pledged as a guarantee of unpaid consideration. The acquisition cost of the patents was EUR 175.0 thousand and the corresponding unpaid liability was in 2018 EUR 113.7 (2017: 166.2) thousand. The acquisition price has been fully paid in 2019.

The Company does not have any other commitments or contingencies to be reported.



sets.







Disputes and litigations

The Company's management is not aware of any open disputes or litigations, which could have a significant impact The Company's key management personnel consist of the members of the Board of Directors and the leadership team on the Company's financial position.

26 Related party transactions

The Company's related parties are as follows:

- The University of Helsinki, which has a significant influence over the Company based on the ownership of 14.5 (2018: 17.0; 2017: 20.7) percentage and its right to nominate a representative to the Company's Board of Directors.
- Members of the Board of Directors and their closely related family members and the entities over which they have control or joint control
- Company's leadership team and their closely related family members and the entities over which they have control or joint control

Nanoform has not had interests in other entities as at and for the years ended December 31, 2019, 2018 and 2017.

2019

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

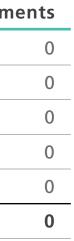
EUR	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payme
Rabbe Klemets	29,997	106,953	0	0	0	
Miguel Maria Calado	22,500	71,302	0	0	0	
Albert Hæggström, CFO	19,992	71,302	0	0	0	
Mads Laustsen	6,664	60,015	0	0	0	
Jouko Yliruusi	0	0	0	0	0	
Total	79,153	309,572	0	0	0	

Key management personnel

During 2019, the Company's Board of Directors consisted of Rabbe Klemets, Albert Hæggström and Jouko Yliruusi (until March 27, 2019), replaced by Miguel Calado as of March 27, 2019. In Extraordinary Shareholders' Meeting of September 10, 2019 Mads Laustsen was appointed as member of the Board of Directors.

2018



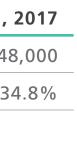


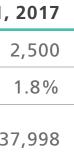


EUR	CEO	Leadership team* ⁾	Management shareholding	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 20	
2019			Number of shares (pcs)	9,672,150	9,652,150	48,000	48,0	
Salaries and other short-term employee benefits	109,100	836,453	Shareholding, percentage	23.0%	26.9%	34.8%	34.8	
Post-employment benefits	23,976	124,634						
Share-based payments	0	274,570	Board shareholding*)	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	lan 1 20	
Total	133,076	1,235,658					Jan 1, 20	
			Number of shares (pcs)	526,000	526,000	2,500	2,5	
2018			Shareholding, percentage	1.2%	1.5%	1.8%	1.8	
Salaries and other short-term employee benefits	31,500	228,845	Total number of shares outstanding at December 31, 2019 (pcs)	42,095,365	35,938,020	137,998	137,9	
Post-employment benefits	5,969	41,148						
Share-based payments	0	0	*) Board of Directors' shareholding, excluding the members of the leadership team					
Total	37,469	269,993						
			Transactions with related parties a	nd open balance				
2017			EUR		2019	2018	20	
Salaries and other short-term employee benefits	12,720	5,000	Purchases of materials and services from the University of Helsinki		159,218	65,323	3,1	
Post-employment benefits	2,417	950			133,210	03,323	3,	
Share-based payments	0	0						
Total	15,137	5,950	EUR	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Jan 1, 20	
* ⁾ The leadership team without CEO, who's employee benefits are presente	ed separately.		Liabilities regarding purchases of materials and services from the University of Helsinki	0	141,050	206,150	206,1	
Salaries and other short-term employee benefits consist of salar		-	Liabilities to key management	224 504				
bonuses. Contributions to statutory pension schemes are prese			personnel - bonus payment	231,504	172,604	0		
CEO's period of notice is two months and severance pay is E	UR 50 thousand in case of ter	mination by	Total	231,504	313,654	206,150	206,1	

the Company. The retirement age corresponds to the Finnish Statutory Employment Pension Scheme.

During 2019, a total of 830,000 options were granted to the members of the Board of Directors and the leadership team, of which a total of 350,000 options were granted to the members of the Board of Directors, excluding the CFO. More information from Notes to the Financial Statements 20 Share-based payments.











27 First-time adoption to IFRS standards

Nanoform prepared its first financial statements in accordance with IFRS for the financial year ended on December 31, 2018, including comparative financial information for the financial year ended on December 31, 2017 and the opening statement of financial position as of January 1, 2017. Nanoform's financial statements were prepared previously in accordance with Finnish Accounting Standards ("FAS"). In these financial statements, the Company presents restated information on first-time adoption of IFRS standards, as it has restated previously published financial statements as described in Note 2.2.

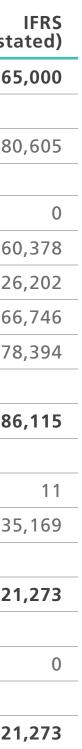
The Company has early adopted IFRS 16 Leases standard and applied the following first-time adopter's practical expedients. Lease liability is measured at present value of the remaining lease payments at the date of transition using the lessee's incremental discount rate. A single discount rate has been applied to all lease contracts with similar characteristics. Right-of-use assets are measured at the date of transition at the amount equal to the lease liability.

36



Statement of comprehensive income 2017

EUR	FAS 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	l 2017 (restat
Revenue	65,000	0	0	0	0	0	65,0
			0				
Other operating income	73	0	0	0	180,532	180,532	180,
Production to own use	540,019	0	-540,019	0	0	-540,019	
Materials and services	-214,776	54,397	0	0	0	0	-160,
Employee benefits	-426,202	0	0	0	0	0	-426,2
Depreciation, amortization and impairment losses	-106,928	-22,887	88,099	-25,030	0	63,069	-66,7
Other operating expenses	-107,631	0	0	29,237	0	29,237	-78,
Operating loss	-250,444	31,510	-451,920	4,207	180,532	-267,181	-486,
Finance income	11	0	0	0	0	0	
Finance losses	-3,360	0	-189	-7,750	-23,869	-31,809	-35,
Loss before tax	-253,794	31,510	-452,109	-3,544	156,663	-298,989	-521,2
Income tax	0	I	0	0	0	0	
Loss for the year	-253,794	31,510	-452,109	-3,544	156,663	-298,989	-521,





Statement of financial position Dec 31, 2017

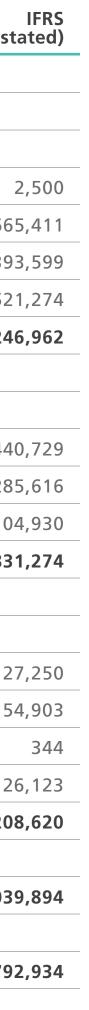
EUR	FAS Dec 31, 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	ا Dec 31, 2017 (restat
ASSETS							
Non-current assets							
Intangible assets	805,123	139,948	-767,807	0	0	-767,807	177,
Property, plant and equipment	17,721	115,664	0	309,322	0	309,322	442,
Other receivables	8,964	0	0	0	0	0	8,
Deferred tax receivables		0	0	0	0	0	
Total non-current assets	831,809	255,612	-767,807	309,322	0	-458,484	628,
Current assets							
Trade receivables	65,000	0	0	0	0	0	65,
Prepaid expenses and accrued income	992	0	0	0	0	0	
Cash and cash equivalents	98,007	0	0	0	0	0	98,
Total current assets	163,998	0	0	0	0	0	163,
Total assets	995,807	255,612	-767,807	309,322	0	-458,484	792,





Statement of financial position Dec 31, 2017

EUR	FAS Dec 31, 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	Dec 31, 2017 (resta
EQUITY AND LIABILITIES							
Equity							
Share capital	2,500	0	0	0	0	0	2,
Reserve for invested unrestricted equity	665,411	0	0	0	0	0	665,
Accumulated deficit	-173,256	-14,939	-306,878	0	101,473	-205,405	-393,
Loss for the year	-253,794	31,510	-452,109	-3,544	156,663	-298,990	-521,
Total equity	240,861	16,572	-758,986	-3,544	258,136	-504,395	-246,
Non-current liabilities							
R&D loans	698,865	0	0	0	-258,136	-258,136	440,
Lease liabilities	0	0	0	285,616	0	285,616	285,
Trade payables	0	113,750	-8,820	0	0	-8,820	104,
Total non-current liabilities	698,865	113,750	-8,820	285,616	-258,136	18,659	831,
Current liabilities							
Lease liabilities	0	0	0	27,250	0	27,250	27,
Trade payables	2,403	52,500	0	0	0	0	54,
Other liabilities	344	0	0	0	0	0	
Accrued expenses	53,333	72,790	0	0	0	0	126,
Total current liabilities	56,080	125,290	0	27,250	0	27,250	208,
Total liabilities	754,945	239,040	-8,820	312,866	-258,136	45,909	1,039,
Total equity and liabilities	995,807	255,612	-767,807	309,322	0	-458,485	792,





Statement of financial position Jan 1, 2017

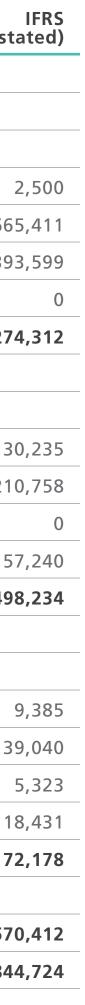
EUR	FAS Jan 1, 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	ا Jan 1, 2017 (restat
ASSETS							
Non-current assets							
Intangible assets	328,311	151,311	-315,888	0	0	-315,888	163,
Property, plant and equipment	23,629	0	0	220,143	0	220,143	243,
Other receivables	5,805	0	0	0	0	0	5,
Total non-current assets	357,744	151,311	-315,888	220,143	0	-95,744	413,
Current assets							
Trade receivables	6,200	0	0	0	0	0	6,7
Other receivables	3,769	0	0	0	35,650	35,650	39,4
Prepaid expenses and accrued income	158	0	0	0	0	0	
Cash and cash equivalents	385,636	0	0	0	0	0	385,
Total current assets	395,763	0	0	0	35,650	35,650	431,
Total assets	753,507	151,311	-315,888	220,143	35,650	-60,094	844,





Statement of financial position Jan 1, 2017

EUR	FAS Jan 1, 2017	Adj. FAS 2017	Intangible assets	Leases	Financial instruments	Effects of transition to IFRS	ا Jan 1, 2017 (resta
EQUITY AND LIABILITES							
Equity							
Share capital	2,500	0	0	0	0	0	2,
Reserve for invested unrestricted equity	665,411	0	0	0	0	0	665,
Accumulated deficit	-173,255	-14,939	-306,878	0	101,473	-205,405	-393,
Loss for the year	0	0	0	0	0	0	
Total equity	494,656	-14,939	-306,878	0	101,473	-205,405	274,
Non-current liabilities							
R&D loans	196,058	0	0	0	-65,823	-65,823	130,
Lease liabilities	0	0	0	210,758	0	210,758	210,
Advances received	0	0	0	0	0	0	
Trade payables	0	166,250	-9,010	0	0	-9,010	157,
Total non-current liabilities	196,058	166,250	-9,010	210,758	-65,823	135,926	498,
Current liabilities							
Lease liabilities	0	0	0	9,385	0	9,385	9,
Trade payables	39,040	0	0	0	0	0	39,
Other liabilities	5,323	0	0	0	0	0	5,
Accrued expenses	18,431	0	0	0	0	0	18,
Total current liabilities	62,793	0	0	9,385	0	9,385	72,
Total liabilities	258,851	166,250	-9,010	220,143	-65,823	145,311	570,
Total equity and liabilities	753,507	151,311	-315,888	220,143	35,650	-60,094	844,



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Intangible assets

When applying IAS 38 standard to intangible assets arising from development projects, Nanoform has expensed Nanoform has early adopted IFRS 16 Leases -standard. As a result of the adoption, all lease agreements are recall development costs capitalized under FAS in the statement of comprehensive income. In accordance with FAS, ognized in the statement of financial position. In accordance with IFRS 16, the Company recognizes a right-of-use internally developed intangible rights may be recognized as assets following the principle of prudence, assuming asset and a finance liability corresponding to lease payments in the statement of financial position. Under FAS, lease that such rights are expected to generate economic benefits during more than one financial period. The developpayments are recognized in other operating expenses straight-line over the lease term and future lease payments ment costs include employee benefits and other expenses directly attributable to development projects. The Comsubsequent to financial year-end are disclosed as off-balance sheet commitments. Under IFRS, lease payments are pany will recognize the nanotechnology development costs as an intangible asset when technical and commercial adjusted from other operating expenses to instalments of lease liability and to interest expense. Right-of-use assets feasibility of the product can be demonstrated, and it is reasonably certain that asset from developed nanotechnology recognized in the statement of financial position are depreciated. will generate future economic benefits. In the opening IFRS statement of financial position as of January 1, 2017, the Company has recognized right-of-

In the opening balance as of January 2017, capitalized development of EUR 306.9 thousand have been derecog-

nized to the accumulated deficit. Under FAS capitalized development costs have been presented on gross basis as income under line item 'Production to own use' in the statement of comprehensive income, which has been set to zero in IFRS transition. The amortization of capitalized development costs in the statement of comprehensive income have been adjusted as well. During the financial year ended December 31, 2018, carrying amount of capitalized development expenses derecognized to expenses amounted to EUR 758.8 thousand, decrease in 'Production to own use' income amounted to EUR 540.0 thousand and reversal of financial period amortization EUR 88.1 thousand. In 2015 the Company acquired patents with a contract, in which the consideration was settled in several instalments during years 2015-2019. According to FAS, the Company had recognized the cost of the patents on a cash flow basis. Since the Company received the control over the patents already in 2015 and the asset acquired fulfilled the other recognition criteria for an intangible asset, the Company has adjusted intangible assets and trade payable on Jan 1, 2017. The Company presents the adjustment as a FAS adjustment in the IFRS statement of financial position. The adjustments increased intangible assets as of January 1, 2017 by EUR 140.0 thousand, trade payables by EUR 157.2 and the net impact of EUR 17.2 thousand was recognized in the accumulated deficit. As of December 31, 2017, the adjustments increased intangible assets by EUR 124.3 thousand and trade payables by EUR 157.4 thousand. Under IFRS the liability has been discounted to present value. Further, the Company has revised the useful economic lives of patents and concluded, that the five-year amortization period previously used did not reflect the average legal protection period of the patents. The Company has therefore lengthened the amortization period for the patents to 10 years and adjusted the amortizations retrospectively effective from the acquisition dates. As a result, the carrying value of intangible assets is EUR 2.3 thousand higher in the opening IFRS statement of financial position as of January 1, 2017. As of December 31, 2017, the carrying value of the patents is EUR 6.7 thousand higher, respectively. During the financial period 2017, the amortizations have been adjusted by EUR 4.4 thousand, respectively.

Leases

use assets as presented in line item 'Property, plant and equipment' and corresponding lease liabilities amounting to EUR 220.1 thousand. The carrying value of right-of-use assets in the statement of financial position as of December 31, 2017 was EUR 309.3 thousand and lease liabilities were EUR 312.9 thousand. In 2017, the depreciations of rightof-use assets were EUR 25.0 thousand, other operating expenses were decreased by EUR 29.2 thousand and financial expenses were increased by EUR 7.8 thousand.

Government grants and financial instruments

Nanoform has government loans at below-market interest from Business Finland. The loans are granted to specific development projects and cover contractually defined portion of the underlying development project's R&D expenses. The below-market interest rate for these loans is the base rate set by the Ministry of Finance minus three (3) percentage points, subject to a minimum rate of 1 per cent. Under FAS, indirect government grants are not recognized, and loans are recognized at nominal value. Under IFRS financial statements, the Company has recognized indirect government grant as a difference between the initial fair value of the loan and the proceeds received. The fair values of the loans are measured by discounting estimated future cash flows of the loans using the Company's estimation on market rate to the loan.

The indirect government assistance in the form of government loans is recognized as grant income and recorded as other operating income in the same period in which the company recognizes the expenses for which the benefit is intended to compensate. The income recognized for the share of government grant component, for which corresponding loan is not vet withdrawn, is presented as other receivables in the statement of financial position.

In the opening balance as of January 1, 2017, the fair value adjustment of the loans decreased the carrying amount of R&D loans by EUR 65.8 thousand. The government grant recognized as income, from which corresponding loan was not yet withdrawn, amounted to EUR 35.7 thousand and has been recognized in other receivables.



The adjustments decreased the accumulated deficit in the opening IFRS statement of financial position by EUR 101.5 thousand. The fair value adjustment of the loans as of December 31, 2017 decreased the carrying amount of R&D loans by EUR 258.1 thousand. In the statement of comprehensive income for 2017, the government grants of EUR 180.5 thousand was recognized in other operating income and interest on R&D loans amounting to EUR 23.9 thousand in the finance expenses.

Property, plant and equipment

The Company has capitalized acquisition costs of certain machinery and equipment, which were previously recognized as expenses. The correction has been presented as a FAS adjustment as the criteria for capitalizing a property, plant and equipment asset in the statement of financial position has also been met in the financial statements in accordance with FAS. These adjustments have not impact on the opening IFRS statement of financial position, but as a result, the carrying value of property, plant and equipment is EUR 115.7 thousand higher and accrued expenses are EUR 72.8 thousand higher as of December 31, 2017, respectively. For the financial year 2017, the depreciation expense increased by EUR 11.5 thousand, and the materials and services decreased by EUR 54.4 thousand, respectively.

28 Events after reporting date

Nanoform has established a subsidiary, Nanoform USA Inc., in the United States and appointed Sally Langa as Head of US Sales. The company operates as a sales company in the US markets. During 2020 Head of US Sales was also appointed to company's Leadership Team.

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Signatures for the financial statements

Helsinki

2020

Rabbe Klemets Chairman of the Board of Directors Miguel Calado Member of the Board of Directors

Albert Hæggström Member of the Board of Directors Mads Laustsen Member of the Board of Directors

Edward Hæggström CEO

Auditor's statement

A report on the audit performed was given today

Helsinki

2020

PricewaterhouseCoopers Oy Authorized Public Accountant Firm

Tomi Moisio Authorized Public Accountant (KHT, JHT)

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Auditors' report

To the Annual General Meeting of Nanoform Finland Oy

Report on the Audit of the Financial Statements

Opinion

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

What we have audited

We have audited the financial statements of Nanoform Finland Oy (business identity code 2730572-8) for the year ended 31 December 2019. The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements.

Basis for Opinion

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

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

Independence

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

Material uncertainty related to going concern

We draw attention to the note 2.3 in the financial statements which describe the company's ability to continue as a going concern. The company plans to raise new equity in 2020. As there are no binding commitments for such financing at the date of approval of these financial statements, these circumstances represent material uncertainty that may cast significant doubt on the company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

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

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

PricewaterhouseCoopers Oy, Authorised Public Accountants, P.O. Box 1015 (Itämerentori 2), FI-00101 HELSINKI Phone +358 20 787 7000, fax +358 20 787 8000, www.pwc.fi *Reg. Domicile Helsinki, Business ID 0486406-8*

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- forgery, intentional omissions, misrepresentations, or the override of internal control.
- company's internal control.
- related disclosures made by management.
- statements give a true and fair view.

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and

Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial

Other Information

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

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

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

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

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

Helsinki 17 March 2020

PricewaterhouseCoopers Oy Authorised Public Accountants

Tomi Moisio Authorised Public Accountant (KHT, JHT)

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Financial ratio definition and description of usage

Ratio	Definition	Use
EBITDA	Operating loss before depreciation, amortization and impairment losses	EBITDA shows the ac
Equity ratio, %	<u>Total equity</u> Total assets – advances received	Equity ratio helps to is a useful measurem the capital level used
Gearing, %	<u>Interest-bearing net debt</u> Total equity	Gearing ratio helps to a useful measuremen the gearing level. Sig
Gearing, %*)	<u>(Interest bearing net debt</u> Non-current and current lease liabilities) / total equity	Gearing ratio excluding that relate to financing by the management of the measurement of
Interest-bearing net debt	Non-current and current R&D loans + non-current and current lease liabilities - cash and cash equivalents	Interest-bearing net amount of net extern
Interest-bearing net debt*)	Non-current and current R&D loans - cash and cash equivalents	Interest-bearing net of that shows the total a lease liabilities
Investments	Additions to intangible assets, machinery and equipment and construction in progress	Investments present during the period

*) Excluding lease liabilities

accumulated profit generated by the business

to identify risks that relates to financing and ement that is used by management to monitor ed in the business.

to identify risks that relate to financing and is ent that is used by the management to monitor ignificant measure of the loan portfolio.

ding lease liabilities helps to identify risks cing and is a useful measurement that is used at to monitor the gearing level. Significant le loan portfolio.

et debt is a measurement that shows the total ernal debt finance

t debt excluding lease liabilities is a measurement I amount of net external debt finance excluding

t the amount of total investments made

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