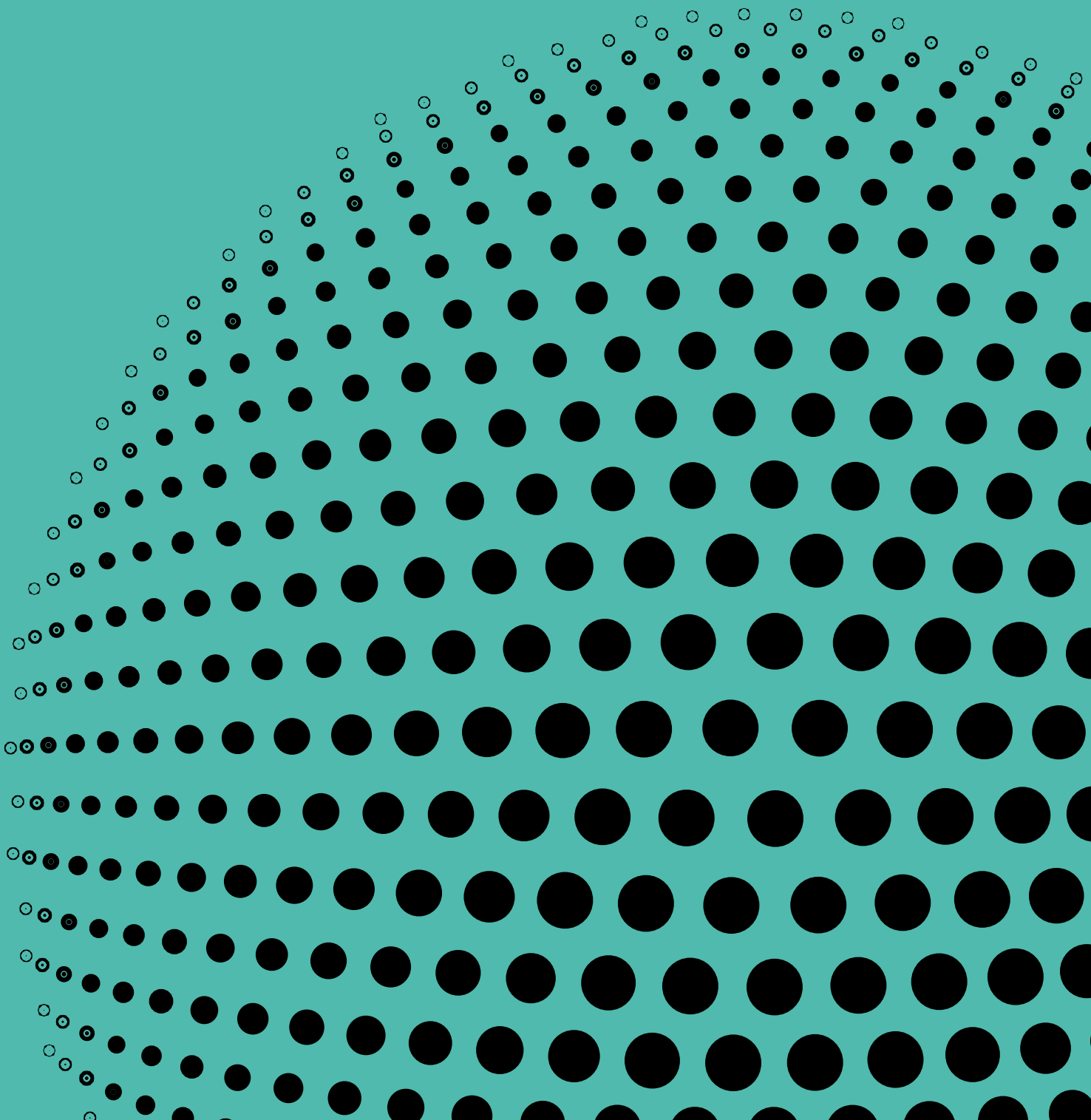


Half-year financial report 2020



Nanoform's January – June 2020 review:

Positive momentum continues to build after successful IPO, near-term business target: “to acquire more new customers in 2020 than in 2019” achieved in July.

Q2/2020 key financials:

- Revenue grew to EUR 191 thousand, up 28% sequentially from EUR 150 thousand in Q1/2020.
- Both the gross margin and gross profit increased sequentially, from 68% and EUR 103 thousand in Q1/2020 to 83% and EUR 159 thousand in Q2/2020, respectively.
- The operating loss was EUR -6.6 million including EUR -3.1 million costs related to the IPO (operating loss was EUR -1.6 million in Q2/2019).
- The loss for the period was EUR -6.8 million (EUR -1,7 million in Q2/2019).
- Basic EPS was EUR -0.14 (EUR -0.04).
- EUR 79.9 million (gross) was raised in the IPO.
- The number of employees grew to 55 at the end of Q2/2020 (33).

H1/2020 key financials:

- Revenue was EUR 342 thousand, during H1/2019 there were no revenues. The revenues in H1/2020 stemmed from seven different customer projects.
- Gross margin and profit came in at 77 % and EUR 262 thousand, respectively.
- The operating loss and the loss for the period were EUR -11.0 million and EUR -11.3 million, respectively.
- Basic EPS was EUR -0.23 (EUR -0.08).
- Cash position was EUR 75.2 million on June 30, 2020.

Significant events during H1/2020

- Miguel Calado was appointed chairman of the Board of Directors at the AGM, April 7, 2020 after being the vice chairman for a year.
- In April Nanoform was awarded Good Manufacturing Practices (GMP) status by the Finnish Medicines Agency, FIMEA.
- In April the Company's form was changed to a public limited liability company and share capital was increased to EUR 80 thousand.
- On June 4, EUR 79.9 million (gross) was raised in a successful IPO on Nasdaq First North Premier Growth Markets in Finland and Sweden. The considerably oversubscribed offering attracted strong interest from Global, European, and Nordic investors. Trading started on June 4, 2020.
- Late June a proof-of-concept contract was signed with a UK Respiratory Biotech company.

- Late June Nanoform signed (employee contracts with) two experienced commercialization experts in the U.S.
- During Q2/2020 one new non-GMP line was commissioned, taking our capacity to seven non-GMP lines and one GMP line on the small molecules side.
- Nanoform appointed Peter Hänninen as General Counsel, starting September 1, 2020.

Significant events after H1/2020

- In July Nanoform's near-term business target to acquire more new customers in 2020 than in 2019 was achieved, when Nanoform signed a contract with a West Coast US Biotech company.
- On August 6, Nanoform's Board issued a notice that an extraordinary general meeting (EGM) will convene on September 1, 2020 at 10 am Helsinki time to elect Cynthia Schwalm, a renowned biotechnology and pharmaceutical leader, with experience from top-tier global pharma organizations like J&J, Amgen, Ipsen and Eisai, to the board. Further details on Cynthia Schwalm and the EGM may be found at our web page www.nanoform.com.

Nanoform H1/2020 Conference Call Friday August 28th 09:00 EEST (8.00 CEST)

Nanoform will hold a conference call in connection with the Q2/2020 report. Nanoform is represented by CEO Edward Hæggström, CFO Albert Hæggström, CCO Christian Jones, CBO Gonçalo Andrade and Director of Investor Relations Henri von Haartman.

Please call 5–10 minutes prior to the event for a prompt start. Participants Dial in (Access Code: 793554):

Finland (Local) 075 3252542

Denmark (Local) 89 87 50 45

Sweden 0200 123 717

Sweden (Local) 010 884 80 16

Denmark 80 82 00 35

Norway (Local) 815 03 308

United Kingdom 0800 640 6441

United Kingdom (Local) 020 3936 2999

Switzerland (Local) 022 518 90 26

US and all other locations +44 20 3936 2999

Viewing the presentation: www.incommuk.com/customers/nanoformcall (Access Code: 793554)

Nanoform Group's key figures

Financial KPI's

EUR thousand	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Revenue	191		342		49
Gross profit	159	-90	262	-145	-323
EBITDA	-6,348	-1,488	-10,485	-2,488	-6,900
Operating loss	-6,622	-1,579	-10,987	-2,663	-7,344
Loss for the period	-6,758	-1,647	-11,345	-2,791	-7,554
Basic EPS (EUR)	-0.14	-0.04	-0.23	-0.08	-0.19
Net debt	-69,751	-7,958	-69,751	-7,958	-3,640
Net debt excluding lease liabilities	-74,101	-9,748	-74,101	-9,748	-6,626
Investments in property, plant and equipment	-514	-360	-838	-467	-1,804
Operative free cash flow	-6,863	-1,848	-11,322	-2,955	-8,704
Cash and cash equivalents (end of period)	75,155	10,394	75,155	10,394	7,303

Operational KPI's

EUR thousand	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Number of new projects started during the period					
Non-GMP	1	0	5	0	2
GMP	0	0	0	0	0
Number of lines (end of the period)					
Non-GMP	7	4	7	0	4
GMP	1	0	1	0	0
Number of employees (end of the period)	55	33	55	33	43

CEO's review

The first half of 2020 goes to the history books. The COVID-19 global outbreak that started in China in December 2019, hit Europe and the US hard during March 2020. More or less all global travel between countries was banned and all work that could be done remotely was done from home. Fortunately, our commercial team travelled extensively during 2019 and the beginning of 2020 and introduced our technology to many prospective customers, which made follow-up discussions, negotiations and even signing contracts possible virtually. I'm also pleased that we've been able to initiate discussions with entirely new leads during Q2/2020.

I'm very proud that during the first seven months of 2020 we have won more new customers than we did during the entire 2019. I'm confident that the strong commercial momentum will continue, as starting from September 1, we will have doubled the size of our global commercial team after hiring two experienced US-based business development professionals.

Having met our second short-term business target (the first one we met in April, when the Finnish Medicines Agency gave us GMP status) and having successfully listed Nanoform – here I want to take the opportunity to explicitly thank all investors for the faith you have placed in the Nanoform team, the response we got from you during our roadshow was remarkable and energizing - my focus is now on ensuring that Nanoform enters the next stage on its growth trajectory. By that I mean the world of GMP projects supplying material to clinical trials with the long-term vision to help a billion patients. Based on the work done so far I'm confident that we are on track towards achieving our third and fourth short-term business targets, namely starting our first GMP project before year end 2020 and first dosing of nanoformed Active Pharmaceutical Ingredients (API) in humans in 2021.

None of this can be done without our amazing employees and great partners! My sincere THANK YOU to you all for your continued dedication to Nanoform and for the inspiring and innovative work for which we are known. Our journey has only begun, let's make the coming five years as exciting as the first five have been! Best Regards,

Prof. Edward Hægström, CEO Nanoform



Market outlook 2020

Nanoform operates in one of the world's largest markets, the global pharmaceutical market, which turnover exceeds USD 1,000 billion and where the annual R&D budget is some USD 180 billion. Despite the enormous investments in R&D less than 50 new drugs have been approved by the FDA annually during the last ten years. One of the key reasons why so few medicines are approved each year is low bioavailability of the API. With 70 to 90 per cent of new drugs being poorly soluble we expect that the challenges with bioavailability will increase going forward. Hence, we have seen significant interest in our potentially ground-breaking CESS® technology platform from the global pharma market. This broad interest comes from global large, mid-sized, specialty pharmaceutical as well as from biotechnology companies. We expect the high customer interest in our technology to continue despite the COVID-19 situation.

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

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

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

Company near-term business targets for 2020 and 2021 (unchanged)

- to acquire more new customers in 2020 than in 2019 (achieved in July)
- to start its first GMP project before year-end 2020
- to deliver the first dosing of nanoformed APIs in humans in 2021

Company mid-term business targets 2025 (unchanged)

- to nanoform at least 50 new APIs annually
- to have in place 25 operating production lines of which 5 to 10 are expected to be GMP production lines
- over 90 percent gross margin
- approximately 200 employees
- to be cash flow positive

Financial review for January 1 – June 30, 2020

Revenue

Nanoform Group's revenue in January-June 2020 increased to EUR 342 thousand (Company had no revenue during

January – June 2019). Revenue in Q2 / 2020 was EUR 191 thousand. Revenue stemmed from Proof of Concept projects, where the company nanoformed APIs of client companies.

Results

Nanoform Group's operating loss in January-June 2020 was EUR -10,987 (EUR -2,663) thousand. Operating loss in Q2/2020 was EUR -6,622 (EUR -1,579) thousand. The operating loss increased due to the increase in employee benefit expenses, depreciations and other operating expenses. Employee benefit expenses increased as a function of increased number of employees, performance related variable compensations and share-based payments. The depreciations increased due to an increase in leased premises, additional non-GMP lines and as depreciations were started on the GMP line after receiving the GMP license. Other operating expenses grew due to the listing, increased GMP consulting and R&D expenses.

Nanoform Group's gross profit turned positive in January-June 2020 and came in at EUR 262 (EUR -145) thousand due to the positive effect of the increase in revenue. The gross margin was 77% in H1/2020. The loss before tax and the loss for the H1/2020 was EUR -11,345 (EUR -2,791) thousand and earnings per share was -0.23 (-0.08). Group's gross profit in Q2/2020 was EUR 159 (EUR -90) thousand and the loss before tax and the loss for the Q2/2020 was EUR -6,758 (EUR -1,647) thousand.

Financial position and cash flows

Nanoform Group's total assets at the end of review period were EUR 83,488 (December 31, 2019: EUR 12,910) thousand of which equity was EUR 69,467 (December 31, 2019: EUR 7,932) thousand and cash and cash equivalents were EUR 75,155 (December 31, 2019: EUR 7,303) thousand. Net debt amounted to EUR -69,751 (December 31, 2019: EUR -3,640) thousand.

Nanoform Group's operating net cash flow was EUR -6,766 (EUR -2,316) thousand. The change in working capital was EUR 3,154 (EUR 17) thousand. Cash flow from investing activities was EUR -856 (EUR -477) thousand mainly consisting of investments in GMP cleanroom and non-GMP production lines. Cash flow from financing activities was EUR 75,707 (EUR 7,643) thousand mainly consisting of raised share issue within listing, which was EUR 75,039 thousand including transaction costs. Share options subscribed by investors amounted to EUR 416 thousand. The loans from Business Finland was EUR 505 (EUR 122) thousand and the impact of repayments for lease liabilities was EUR -254 (EUR -127) thousand.

Investments, research and development

The Group's investments totaled EUR 838 (EUR 467) thousand consisting mainly of property, plant, and equipment investments. This included EUR 706 thousand from GMP-level cleanroom facilities and non-GMP production lines, which are classified as construction in progress until GMP

Certificate is obtained for the new GMP line and new non-GMP production lines are commissioned.

The total R&D expenses including internal and out-sourced R&D were EUR 1,414 (EUR 494) thousand, recognized as an expense in the income statement in employee benefits and other operating expenses.

Personnel

The number of personnel at the end of the review period was 55 (33) persons.

During the review period up until April 7, 2020, the Nanoform's members of the Board of Directors were Rabbe Klemets (Chairman), Miguel Calado (Vice Chairman), Mads Laustsen and Albert Hæggström. After the AGM held on April 7, 2020, the Board consisted of Miguel Calado (Chairman), Mads Laustsen (Vice Chairman) and Albert Hæggström. The CEO was Edward Hæggström.

Shares and shareholders

On June 30, 2020 Nanoform had 66,583,772 (37,006,319) shares. Each share entitles to one vote at the General Meeting of Shareholders. On June 30, 2020, the Group's share capital was EUR 80,000 (EUR 2,500). Trading with Nanoform's shares started on June 4, 2020. The offering price was EUR 3.45/SEK 36.03. The closing price on June 30, 2020 was EUR 4.25/SEK 45.5.

On June 3, 2020, the Company has issued 20,289,856 and 2,898,551 new shares with directed share issues in connection with the listing. The holders of stock options program 1/2016 exercised their options to subscribe for 1,300,000 shares on April 22, 2020. (For more info see note 3).

Share-based incentive plans

Nanoform has eight active share-based incentive plans for the members of the Board of Directors and key persons of the Group; option programs 1-5/2019 and 1-3/2020. Based on the option programs, a total of 2,790,000 shares can be subscribed increasing the total amount of Nanoform shares to 69,373,772 (For more info see Note 7).

Share ownership

Nanoform's shares are in the book-entry system maintained by Euroclear Finland and Sweden, and Euroclear Finland maintains Nanoform's official shareholder register.

The number of registered shareholders at the end of the review period was 1,895 registered shareholders, including nominee registered. Nominee registered shareholders held 39.5 per cent of the company shares.

Shareholders at June 30, 2020

Shares	Number of owners	Share of ownership
1–10,000	1,830	1.0%
10,001–99,999	25	1.2%
100,000–999,999	30	16.4%
>1,000,000	10	81.5%
Owners total	1,895	100.0%

Major shareholders

		Number of shares	% of shares
	Nominee registered ⁽¹⁾	26,301,214	39.50%
1	Mandatum Henkivakuutusosakeyhtiö	5,854,957	8.79%
2	Helsingin Yliopiston Rahastot	5,489,640	8.24%
3	Hæggström Edvard Olof	5,409,405	8.12%
4	Falck Kai Edvin	2,700,000	4.06%
5	Yliruusi Jouko Kalervo	2,700,000	4.06%
6	Avohoidon Tutkimussäätiö Sr	2,638,737	3.96%
7	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2,402,000	3.61%
8	Keskinäinen Työeläkevakuutusyhtiö Varma	1,245,000	1.87%
9	Lassila Ilkka Johannes	810,000	1.22%
10	Puittinen Mika Petter	720,000	1.08%
11	Albert Alexander Haeggström	692,000	1.04%
12	Svanbäck Sami Oskar	585,000	0.88%
13	Sijoitusrahasto Säästöpankki Pienyhtiöt	580,000	0.87%
14	Björnberg-Paul Peggy Charlotta	481,095	0.72%
15	Öhman Kalle Alexander	476,574	0.72%
16	Klemets Rabbe Ilari	473,400	0.71%
17	Saarma Mart	450,000	0.68%
18	Säästöpankki Itämeri -Sijoitusrahasto	435,000	0.65%
19	Op-Suomi Pienyhtiöt	434,783	0.65%
20	Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	434,782	0.65%
21	Danske Invest Finnish Equity Fund	375,000	0.56%
22	Elo Niina Helena	360,000	0.54%
23	Hovinen Jari Juhani	360,000	0.54%
24	Meriläinen Antti Iisakki	360,000	0.54%
25	Öhman Kaj Alexander	327,716	0.49%
	Top 25 shareholders including nominee registered shares in total	63,096,303	94.76%
	Other shareholders	3,487,469	5.24%
	Total	66,583,772	100.00%

¹⁾ Nominee registered shares include the shares registered at Euroclear Sweden AB

Near-term risks and uncertainties

Nanoform operates in a heavily regulated industry (the pharmaceutical industry). The company's business is based on a new technology that has not yet been applied in humans. As Nanoform is an early stage company, 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 of new technologies happens slowly.

Risks associated with the company's financial position mainly comprise currency and credit risks. Risks related to legislation, rules and regulatory compliance are associated with the company's sector of industry.

Decisions by the Annual General Meeting

Nanoform's Annual General Meeting (the "AGM") was held in Helsinki on April 7, 2020. The following matters among others were handled:

Adoption of the Financial Statements for financial year January 1 – December 31, 2019

The AGM confirmed the financial statements of the company as per December 31, 2019.

Discharge from liability and dividend

The members of the Board of Directors and the President and CEO were discharged from liability for the financial period of January 1 – December 31, 2019. The AGM resolved that no dividend will be paid for the financial period January 1 – December 31, 2019.

Remunerations to be paid to the Board of Directors

The AGM decided that as a monthly fee, the Chairman shall receive EUR 3,333, the Vice Chairman shall receive EUR 2,500 and the other members shall receive EUR 1,666 each. Travel expenses of the members of the Board of Directors are compensated in accordance with the Group's travel rules.

Members and Chairman of the Board of Directors

The number of members on the Board of Directors was confirmed to be three. Miguel Calado was elected as Chairman, Mads Laustsen as Vice Chairman and Albert Hægström re-elected as member of the Board of Directors for the next term of office.

Auditor and their remuneration

PricewaterhouseCoopers Oy with Tomi Moisio as the auditor with principal responsibility were re-elected as the Group's auditor.

Share-based incentive plan

The AGM decided to issue option rights at most 350,000 without payment. The Chairman of the Board of Directors is entitled to subscribe to a maximum of 150,000 shares and the other members of the Board of Directors to each a maximum of 100,000 shares. The subscription right may not be transferred, and the subscription period of the option rights commences immediately and is in force until May 7, 2020. The subscription period for shares based on the option rights shall commence from the registration of the stock options to the Trade Register and is in force until April 7, 2025 and the subscription price of the shares subscribed with the option is EUR 2.45 per share. The payment period for the shares commences immediately and is in force until April 7, 2025.

Legal form of the company and the share capital

The AGM decided to change the legal form of the company from a private limited company to a public limited company and the name of the Company was changed from Nanoform Finland Ltd to Nanoform Finland Plc. It was resolved to increase the share capital of the company by a reserve increase with EUR 77,500 after which the company's share capital is EUR 80,000. The funds for the increase were transferred from the reserve for invested unrestricted equity. No new shares were issued, and the increase of share capital and the change of the company form were registered to trade register on April 24, 2020.

Trading in Nanoform's shares

The AGM authorized the Board of Directors to resolve upon admission of the company's shares to trading on the Nasdaq Helsinki Ltd (Helsinki Stock Exchange) and Nasdaq Stockholm AB (Stockholm Stock Exchange) First North (Premier) marketplaces ("Listing") at such time as it deems appropriate. (Nanoform's shares started trading on June 4, 2020 after a successful IPO.)

Issuance of new shares

The AGM authorized the Board of Directors to resolve upon the issuance of new shares in one or more instalments against payment. The number of new shares to be issued pursuant to the authorization should not exceed 30,000,000 shares. The Board of Directors is authorized to decide on the conditions of the issuance of shares, including the criteria for determination of the subscription price of the new shares and the final subscription price, as well as the approval of the share subscriptions, the allocation of the new shares to be issued, and the final number of shares to be issued. In a share issue, which is carried out in connection with the company applying for admission of its shares to trading on the stock exchange list of the Nasdaq Helsinki Ltd and Nasdaq Stockholm Ab First North marketplaces, the Board of Directors may also decide on the issuance of new shares to the members of the Board under the same conditions as to other subscribers.

The authorization includes the right to deviate from the shareholders' pre-emptive subscription right, provided that there is a weighty financial reason for the deviation from the company's point of view. The authorization includes, furthermore, the right to decide on whether the subscription price of the share shall be recorded in full or in part in the reserve for invested unrestricted equity or as an increase of the share capital. The authorization is valid until the end of the next annual general meeting, but no later than June 30, 2021.

Authorisations of the Board of Directors

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares that would not exceed 1,650,000 shares, which corresponds to approximately 2 per cent of all the shares in the company, if the full number of shares are issued under the share issue authorization.

Condensed half-year financial information June 30, 2020

Consolidated statement of comprehensive income

EUR thousand	Note	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Revenue	4	191		342		49
Other operating income		14	56	27	156	231
Materials and services		-47	-146	-107	-300	-603
Employee benefits	7	-4,609	-1,008	-7,551	-1,602	-4,359
Depreciation, amortization and impairment losses	6	-274	-91	-502	-174	-444
Other operating expenses	5	-1,898	-390	-3,195	-742	-2,218
Total expenses		-6,828	-1,636	-11,355	-2,819	-7,625
Operating loss		-6,622	-1,579	-10,987	-2,663	-7,344
Finance income		202		202	0	0
Finance expenses		-337	-68	-561	-128	-210
Total finance income and expenses		-135	-68	-358	-128	-209
Loss before tax		-6,758	-1,647	-11,345	-2,791	-7,554
Income tax						
Loss for the period		-6,758	-1,647	-11,345	-2,791	-7,554
Loss for the period attributable to the equity holders of the parent company		-6,758	-1,647	-11,345	-2,791	-7,554
Other comprehensive income						
Items that may be reclassified to loss in subsequent periods						
Translation differences		0		0		
Other comprehensive income, net of tax						
Total comprehensive income total		-6,758	-1,647	-11,345	-2,791	-7,554
Total comprehensive income for the period attributable to the equity holders of the parent company		-6,758	-1,647	-11,345	-2,791	-7,554
Basic earnings per share, EUR		-0.14	-0.04	-0.23	-0.08	-0.19
Diluted earnings per share, EUR		-0.14	-0.04	-0.23	-0.08	-0.19

Consolidated statement of financial position

EUR thousand	Note	June 30, 2020	June 30, 2019	December 31, 2019
ASSETS				
Non-current assets				
Intangible assets		158	163	154
Property, plant and equipment	6	7,145	2,565	4,972
Other receivables		226	15	24
Total non-current receivables		7,529	2,743	5,150
Current assets				
Trade receivables		143		20
Other receivables		362	2,525	378
Prepaid expenses and accrued income		298	45	59
Cash and cash equivalents	8	75,155	10,394	7,303
Total current assets		75,959	12,964	7,760
Total assets		83,488	15,707	12,910
EQUITY AND LIABILITIES				
Equity				
Share capital		80	3	3
Reserve for invested unrestricted equity		89,674	17,707	17,707
Accumulated deficit		-8,942	-2,736	-2,224
Loss for the period		-11,345	-2,791	-7,554
Total equity		69,467	12,182	7,932
Non-current liabilities				
R&D loans	8	977	646	599
Lease liabilities	8	3,777	1,570	2,573
Total non-current liabilities		4,754	2,216	3,172
Current liabilities				
Provisions				19
R&D loans	8	78		78
Lease liabilities	8	573	219	413
Advances received		18	47	55
Trade payables		5,752	260	571
Other liabilities		723	51	94
Accrued expenses	9	2,122	731	576
Total current liabilities		9,266	1,309	1,806
Total liabilities		14,020	3,525	4,978
Total equity and liabilities		83,488	15,707	12,910

Consolidated statement of changes in equity

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2020	3	17,707		-9,777	7,932
Loss for the period				-11,345	-11,345
Other comprehensive income					
Translation differences			0		0
Transactions with equity holders of the Company					
Increase of the share capital	77.5	-77.5			
Subscription of shares		416			416
Share issue *)		71,629			71,629
Share-based payments				836	836
At June 30, 2020	80	89,674	0	-20,287	69,467

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2019	3	8,020		-2,989	5,033
Loss for the period				-2,791	-2,791
Transactions with equity holders of the Company					
Acquisition of treasury shares				-102	-102
Share issue *)		9,687			9,687
Share-based payments				355	355
At June 30, 2019	3	17,707		-5,527	12,182

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated deficit	Total equity
At January 1, 2019	3	8,020		-2,989	5,033
Loss for the period				-7,554	-7,554
Translation differences					
Transactions with equity holders of the Company					
Acquisition of treasury shares				-102	-102
Share issue *)		9,687			9,687
Share-based payments				867	867
At December 31, 2019	3	17,707		-9,777	7,932

*) netted transaction costs in the reporting period EUR 8,299 thousand (December 31, 2019: EUR 622 thousand; June 30, 2019: EUR 622 thousand)

Consolidated statement of cash flow

EUR thousand	Note	1-6/2020	1-6/2019	1-12/2019
Cash flow from operating activities				
Loss before tax		-11,345	-2,791	-7,554
Adjustment for:				
Depreciation, amortization and impairment losses	6	502	174	444
Finance income and expenses		358	128	209
Share-based payments	7	836	355	867
Other adjustments *)		-46	-156	-212
Change in net working capital:				
Trade and other receivables		-515	-16	-30
Trade payables and other liabilities		3,669	33	541
Change in other receivables (non-current)		-202	-5	-14
Interest paid		-23	-39	-50
Interest received		1	0	0
Net cash used in operating activities		-6,766	-2,316	-5,798
Cash flow from investing activities				
Payments for intangible assets	6	-18	-11	-74
Payments for property, plant and equipment	6	-838	-467	-1,804
Net cash used in investing activities		-856	-477	-1,878
Cash flow from financing activities				
Proceeds from share issues		79,928	7,749	10,046
Transaction costs from the share issues		-4,889		-359
Acquisitions of treasury shares			-102	-102
Subscriptions of share options		416		
Proceeds from R&D loans	8	505	122	122
Repayment of lease liabilities	8	-254	-127	-292
Net cash from financing activities		75,707	7,643	9,415
Net increase (+) decrease (-) in cash and cash equivalents		68,085	4,849	1,739
Cash and cash equivalents at the beginning of period		7,303	5,595	5,595
Effects of exchange rate changes on cash and cash equivalents		-232	-51	-32
Cash and cash equivalents at the end of the period		75,155	10,394	7,303

*) Other adjustments

EUR thousand	1-6/2020	1-6/2019	1-12/2019
Other operating income - government grants	-15	-156	-231
Other operating income - leases	-12		
Other operating expenses - provision for onerous contract	-19		19
Total	-46	-156	-212

Selected notes

1. Company information

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

2. Accounting policies

This interim financial information for the six months period ended June 30, 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting. In preparation of this interim report, Nanoform has applied the same accounting policies, methods of computation and presentation as in the financial statements for the year ended December 31, 2019 with exception as follows.

During 2020, the Company has established a subsidiary (Nanoform USA Inc.) in the United States and as the result, Nanoform Group was formed. The interim financial information for the six months period ended June 30, 2020 has been prepared as consolidated financial information for Nanoform Finland Plc and its subsidiary. The comparative figures presented in this interim report represent the financial information of Nanoform Finland Plc (formerly Nanoform Finland Ltd).

The subsidiary established during the financial periods is consolidated from the date that control was obtained by the Group. The parent company holds 100 % ownership of its subsidiary. The subsidiary is consolidated using the acquisition method. All intragroup transactions, receivables, liabilities and unrealized gains are eliminated in the consolidated financial statements.

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

The COVID-19 global outbreak that started in China in December 2019, hit Europe and the US during H1/2020. The Company has not had significant delays or disruptions to its customer project timelines due to COVID-19 and it carries out measures to ensure the security and functionality of supply chains and has contingency plans in place to mitigate the risk of potential shortages moving forward. COVID-19 did not have any significant impact on methods of computation and presentation applied in the financial statements during H1/2020.

3. Significant changes during the reporting period

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

- On June 3, 2020, the Board of Directors resolved on a directed share issue to the investors, where a total of 20,289,856 new shares were issued. Also on the June 3, 2020, the Board of Directors approved directed share issue of 2,898,551 new shares and approved the listing of Company's shares on the multilateral First North Premier Growth Market Helsinki and First North Premier Growth market Stockholm marketplaces maintained by Nasdaq Helsinki Oy and Nasdaq Stockholm AB. With the listing the Company raised EUR 79,928 million gross funds. Transaction costs were EUR 13,037 million of which EUR 8,299 million were recorded to the reserve for invested unrestricted equity and EUR 4,738 million to the operating expenses of the reporting period.
- On April 24, 2020, the Company issued 1,300,000 new shares for subscription based on the options that the Company had granted to certain investors as part of 1/2016 option program. The subscription price for shares was EUR 0.32 per share and total proceeds of EUR 416 thousand were recorded to the reserve for invested unrestricted equity.
- Revenue stemmed from Proof of Concept projects, where the Group nanoformed APIs of client companies (see note 4 Segment information and revenue)
- Employee benefit expenses increased mainly because of the increased number of employees, performance related variable compensations and share-based payments. Other operating expenses included IPO and GMP related expenses (see note 5 Other operating expenses).
- On March 10, 2020, the Board of Directors decided on the option program 1/2020, where 505,000 stock options were granted to Group's key personnel. On April 7, 2020, the Annual General meeting decided on the option program 2/2020, where 350,000 stocks

options were granted to Board of Directors. On June 25, 2020, the Board of Directors decided on the option program 3/2020, where 700,000 stocks options were granted to Group's key personnel. (See note 7 Share-based payments).

- Increase in right-of-use assets and lease liabilities is due to the Group entering into a new lease agreement for new larger premises and terminating existing lease agreement for smaller premises under termination clauses. Both existing and new premises locate in the building campus where the Group's current head-of-office is located (see note 6 Property, plant and equipment and 8 Net debt).
- The Group withdrew EUR 505 thousand R&D loans from Business Finland based on existing loan decision (see note 8 Net debt).

4. Segment information and revenue

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

Nanoform's revenue during the reported period is recognized from customer contracts mostly outside of Finland (defined by the domicile of customer). The Group's strategy is to sell nanoforming services widely to minimize dependence from a single customer or project. Nanoform's revenue consists of "proof on concept" type of research and development services provided to customers, in which the Group nanoforms customer's APIs. Nanoform's customer contracts include one or multiple performance obligations. In the customer contracts, every separate nanoformed API is considered as a separate performance obligation, as the customer can receive benefit from every single separate nanoformed compound and every nanoformed compound is distinct from the other promises given in the contract. The following table summarizes the revenue breakdown:

EUR thousand	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Europe	187		279		15
United States	4		62		34
Total	191		342		49

EUR thousand	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Services transferred over time	191		342		49
Total	191		342		49

5. Other operating expenses

EUR thousand	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Premises expenses	14	52	28	54	66
IT expenses	77	49	140	80	202
Marketing and communication expenses	55	48	137	94	312
Consultant and professional fees	1,124	117	1,898	204	858
Travel expenses	8	66	65	138	269
Voluntary personnel related expenses	128	34	205	108	304
R&D expenses - external	430	5	614	12	28
Other expenses	63	19	107	52	180
Total	1,898	390	3,195	742	2,218

6. Property, plant and equipment

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

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

EUR thousand	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2019	312	1,781		87	2,179
Additions	39	45		463	547
Depreciations	-51	-110		0	-161
Net book value at June 30, 2019	299	1,716		551	2,565

EUR thousand	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2019	312	1,781		87	2,179
Additions	342	1,366		1,501	3,209
Depreciations	-122	-294			-416
Net book value at December 31, 2019	531	2,853		1,588	4,972

*) Disposals consist of the changes in right-of-use assets due to shortening of leasing period

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

The Group has commitments to purchase of property, plant and equipment amounted to EUR 759 thousand at the end of review period.

7. Share-based payments

The Board of Directors decided on March 10 to issue 505,000 option rights to the Group's personnel (option program 1/2020). Each option right entitles the option holder to subscribe for one share and the option rights vest linearly so that the options are 100 per cent vested within one year from the grant date. The options have a service condition which requires employment or service relationship during the vesting period. The subscription period of the shares with option rights begins linearly as the registered option rights are vested. Effect of the options issued to earnings of the period was EUR 281 thousand.

The Annual General meeting decided on April 7, 2020 to issue 350,000 option rights to the Board of Directors (option program 2/2020). Each option right entitles the option holder to subscribe for one share and the option rights vest linearly so that the options are 100 per cent vested within one year from the grant date. The subscrip-

tion period of the shares with option rights begins linearly as the registered option rights are vested. Effect of the options issued to earnings of the period was EUR 393 thousand.

The Board of Directors decided on June 25, 2020 to issue 700,000 option rights to the Group's key personnel (option program 3/2020). Each option right entitles the option holder to subscribe for one share and the option rights vest linearly so that the options are 100 per cent vested within one year from the grant date. The options have a service condition which requires employment or service relationship during the vesting period. The subscription period of the shares with option rights begins linearly as the registered option rights are vested. Effect of the options issued to earnings of the period was EUR 35 thousand.

The factors used to determine the fair value of the options are presented in the table below.

Option program	Fair value of the Company share at grant date, EUR	Subscription price of the Company share with options, EUR	Volatility, %	Risk free interest rate, %	Fair value of the option	End of the share subscription period
01/2020	1.77	1.65	65	0.01	0.97	March 10, 2025
02/2020	3.45	2.45	65	0.01	2.11	April 4, 2025
03/2020	4.17	5.00	44	-0.55	1.31	June 25, 2025

8. Net debt

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

EUR thousand	June 30, 2020	June 30, 2019	December 31, 2019
Current R&D loans	78		78
Non-current R&D loans	977	646	599
Cash and cash equivalents	-75,155	-10,394	-7,303
Net debt excluding lease liabilities	-74,101	-9,748	-6,626
Current lease liabilities	573	219	413
Non-current lease liabilities	3,777	1,570	2,573
Net debt	-69,751	-7,958	-3,640

Fair value of the R&D loans is calculated by discounting estimated future cash flows for the loans using appropriate interest rate at the reporting date. The discount rate considers the risk-free interest rate and estimated margin for the company's own credit risk. The valuation of R&D loans relies on unobservable market data, and the loans

are classified in Level 3 (Measurement of financial instruments is not based on verifiable market information). The carrying amount of the R&D loans was EUR 1 054 (December 31, 2019: EUR 677) thousand, while the fair value of the loans was EUR 1 132 (December 31, 2019: EUR 766) thousand.

9. Related party transactions

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

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

EUR thousand	1-6/2020		1-6/2019		1-12/2019	
	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments
Miguel Maria Calado	17	172	8	64	23	71
Rabbe Klemets	16	5	10	43	30	107
Albert Haeggström, CFO	10	115	5	43	20	71
Mads Laustsen	12	143			7	60
Total	56	435	22	150	79	310

Compensation for CEO and Management team

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

EUR thousand	CEO	Management team ^{*)}
Jan 1 - June 30, 2019		
Salaries and other short-term employee benefits	36	291
Post-employment benefits	9	30
Share-based payments		137
Total	45	459

EUR thousand	CEO	Management team ^{*)}
Jan 1 - Dec 31, 2019		
Salaries and other short-term employee benefits	109	836
Post-employment benefits	24	125
Share-based payments		275
Total	133	1,236

^{*)} The management team without CEO, who's employee benefits are presented separately.

^{**) Includes the variable pay component of Chief Financial Officer based on Director Agreement.}

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

EUR thousand	1-6/2020	1-6/2019	1-12/2019
Purchases of materials and services from the University of Helsinki		6	159

University of Helsinki which had significant influence over the Company through Helsinki University Funds based on the percentage of its ownership of the Company and its right to nominate a representative to the Company's

Board of Directors as at end of December 2019, has been ceased to be a related party after the FN listing at June 4, 2020.

EUR thousand	June 30, 2020	June 30, 2019	December 31, 2019
Liabilities to key management*)	1,279	292	232
Total	1,279	292	232

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

10. Commitments and contingencies

The Group has commitments related to services and purchases of property, plant and equipment amounted to EUR 1,352 thousand at the end of review period.

11. Events after the review period

On August 6, 2020 Board of Directors issued a notice that an extraordinary general meeting (EGM) will convene on September 1, 2020 at 10 am Helsinki time to resolve on

- Number of members of the Board of Directors to be four (4).
- Election of members of the Board of Directors,

proposal that Cynthia Schwalm is elected as an ordinary member of the Board of Directors. Miguel Calado (chairperson), Albert Hæggström (ordinary member) and Mads Laustsen (deputy chairman) would continue as members of the Board of Directors.

- Issue of 59,726 stock options without payment to the new member of the Board of Directors Cynthia Schwalm.

Appendix 1

Key figures

EUR thousand	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Revenue	191		342		49
Gross profit	159	-90	262	-145	-323
EBITDA	-6,348	-1,488	-10,485	-2,488	-6,900
Operating loss	-6,622	-1,579	-10,987	-2,663	-7,344
Loss for the period	-6,758	-1,647	-11,345	-2,791	-7,554
Basic EPS (EUR)	-0.14	-0.04	-0.23	-0.08	-0.19
Net debt	-69,751	-7,958	-69,751	-7,958	-3,640
Net debt excluding lease liabilities	-74,101	-9,748	-74,101	-9,748	-6,626
Investments in property, plant and equipment	-514	-360	-838	-467	-1,804
Operative free cash flow	-6,863	-1,848	-11,322	-2,955	-8,704
Cash and cash equivalents (end of period)	75,155	10,394	75,155	10,394	7,303
Personnel at the end of reporting period	55	33	55	33	43

Calculation of key figures

Key figure	Definition	Reason to the use
Gross profit	Revenue + Other operating income - Materials and services	Gross profit is the margin, which the Group generates, when its service production related expenses has been decreased
EBITDA	Operating loss before depreciation, amortization and impairments	EBITDA is the indicator to measure the performance of Nanoform, EBITDA also provides a proxy for cash flow generated by operations
Loss for the period	Loss for the period as presented in the comprehensive income statement	Loss for the period shows the net profit for the Group's owners
Basic EPS	The loss for the period/the weighted average number of ordinary shares during the year	Measure describe the division of profit to each share
Net debt	Short-term R&D loans + Long-term R&D loans + Short-term lease liabilities + Long-term lease liabilities - Cash and cash equivalents	Net debt is an indicator to measure the total external debt financing of Nanoform
Net debt excluding lease liabilities	Short-term R&D loans + Long-term R&D loans - Cash and cash equivalents	Net debt excluding lease liabilities is an indicator to measure the total external debt financing of Nanoform without lease liabilities
Investments in property, plant and equipment	Investments in property, plant and equipment as presented in cash flow statement	Measure generates further information for the cash flow needs of investments
Operative free cash flow	Operating cash flow before growth capex - growth capex	Free cash flow indicates the cash flow that is largely available for e.g. paying dividends

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Financial calendar

Interim report for Q3 and
January-September report will be
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