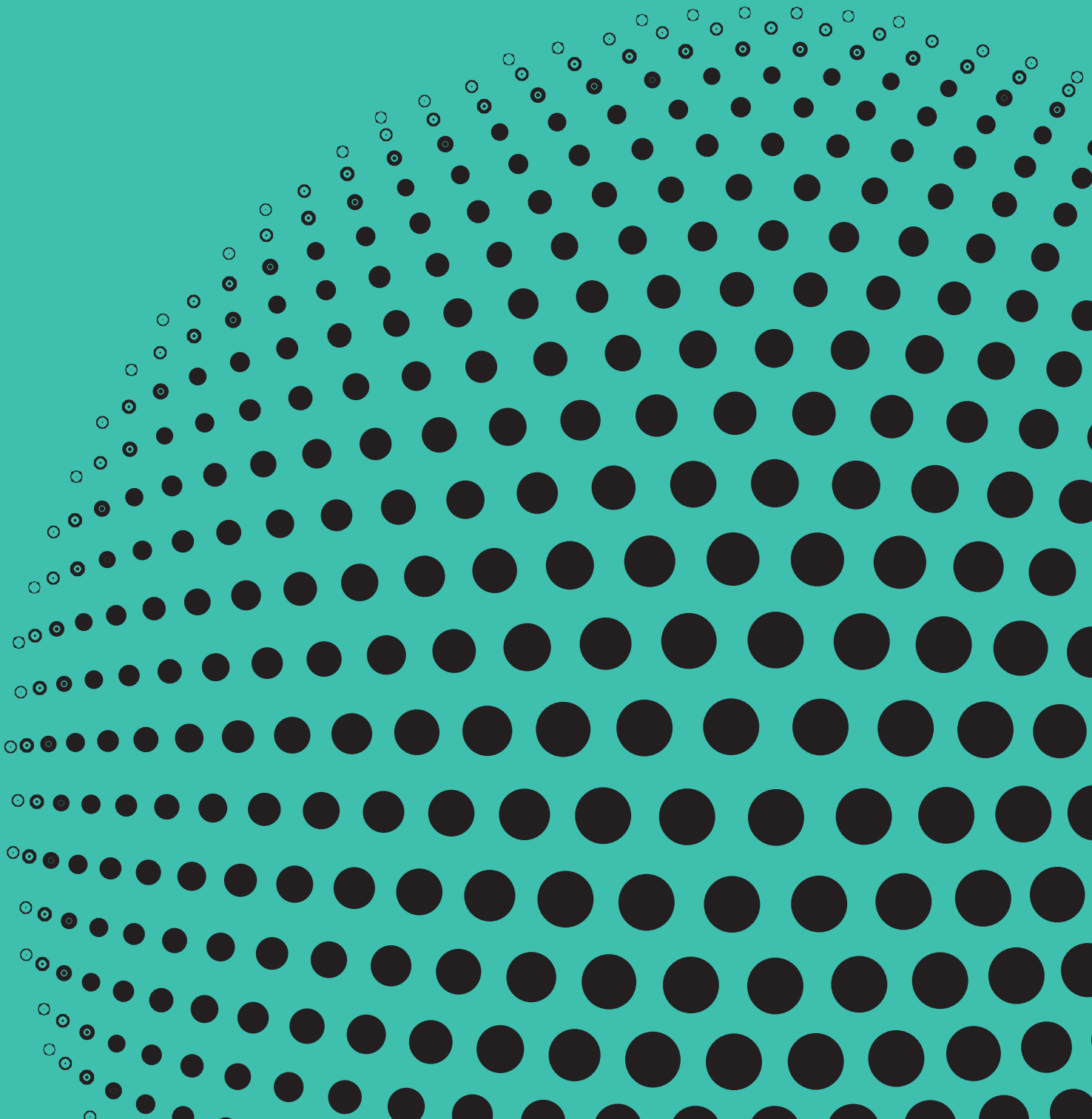


Interim Report January - September 2020



Nanoform's January – September 2020 review:

Strong momentum continues: first GMP campaign initiated, first dosing in humans to start before year-end, all near-term business targets set out in IPO to be achieved ahead of schedule, new global major pharma client signed, two new PoC projects started, one more non-GMP line commissioned and a new near-term business target introduced: "First Biologics PoC project in 2021".

7-9/2020 key financials:

- Revenue was EUR 159 thousand, during 7-9/2019 there were no revenues.
- The gross profit and margin came in at EUR 101 thousand and 63%, during 7-9/2019 the gross profit was negative.
- The operating loss was EUR –3.8 million (operating loss was EUR –2.1 million in 7-9/2019).
- The loss for the period was EUR –4.2 million (EUR –2.2 million in 7-9/2019).
- Basic EPS was EUR -0.06 (EUR -0.05).
- The number of employees grew to 68 at the end of 7-9/2020 (34 employees at the end of 7-9/2019).
- Cash position was EUR 66.6 million on September 30, 2020 (EUR 10.3m on September 30, 2019).

1-9/2020 key financials:

- Revenue was EUR 501 thousand and stemmed from nine different customer projects. In 1-9/2019 there were no revenues.
- The gross profit and margin came in at EUR 363 thousand and 72%, respectively. In 1-9/2019 the gross profit was EUR -182 thousand.
- The operating loss and the loss for the period were EUR –14.8 million and EUR –15.5 million, respectively. In 1-9/2019 the operating loss and the loss for the period were EUR -4.7 million and EUR -5.0 million, respectively.
- Basic EPS was EUR -0.29 (EUR -0.12).
- EUR 79.9 million (gross) was raised in the IPO.

Significant events during 1-9/2020

- In January Nanoform USA Inc. (100% owned subsidiary in the US) was established.
- In March Nanoform signed two new agreements, one with a global major pharma company and one with Orion Corporation, a repeat customer.
- In March two new non-GMP lines were commissioned.
- On April 7, at the AGM, Miguel Calado was appointed chairman of the Board of Directors, after being 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 the share capital was increased to EUR 80 thousand.
- Early June, 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.
- In June a proof-of-concept contract was signed with a UK Respiratory Biotech company.
- In June Nanoform expanded its US commercial team by appointing Eric Peter and Sergie Letser to drive the business development in the US, starting September 1, 2020.
- During 4-6/2020 one new non-GMP line was commissioned, taking our capacity to seven non-GMP lines and one GMP line on the small molecules side.
- In June Nanoform appointed Peter Hänninen as General Counsel, starting September 1, 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.
- Cynthia Schwalm was appointed ordinary member of the Board of Directors at the EGM, September 1, 2020.
- In September, a new global major pharma customer was signed.

Significant events after 7-9/2020

- On October 20, a major milestone and mid-term business target was achieved when Nanoform announced that it had initiated its first GMP campaign for the first ever human trial of a drug candidate nanoformed using Nanoform's proprietary CESS® technology. Dosing was announced to begin before year-end 2020 (previously: in 2021) and results are expected before the end of Q2/2021.
- In October Johanna Tuomisto was appointed HR Director, starting January 1, 2021. Johanna joins Nanoform from a position as HR Director for Thermo Fisher Scientific Oy in Finland. She holds a Master of Law degree from the University of Helsinki.
- In November, a new non-GMP line was commissioned, taking our capacity to eight non-GMP lines and one GMP line on the small molecules side.
- On November 27, a new near-term business target was announced: "First Biologics PoC in 2021".

Nanoform 1-9/2020 Conference Call **Friday November 27th 15:00 p.m.** **Helsinki time (14:00 p.m. Stockholm time)**

Nanoform will be represented by CEO Edward Hæggström, CFO Albert Hæggström, CCO Christian Jones and CBO Gonçalo Andrade. The presentation will be delivered in English.

The presentation will be broadcast live as a webcast available at: <https://financialhearings.com/event/13383>

Teleconference dial-in numbers:

Finland: +358981710521

Sweden: +46856642692

United Kingdom: +443333009263

United States: +18332498407

Nanoform Group's key figures

Financial KPI's

EUR thousand	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Revenue	159		501		49
Gross profit	101	-37	363	-182	-323
EBITDA	-3,488	-1,957	-13,973	-4,445	-6,900
Operating loss	-3,806	-2,072	-14,793	-4,735	-7,344
Loss for the period	-4,155	-2,170	-15,500	-4,962	-7,554
Basic EPS (EUR)	-0.06	-0.05	-0.29	-0.12	-0.19
Net debt	-59,773	-6,606	-59,773	-6,606	-3,640
Net debt excluding lease liabilities	-65,602	-9,606	-65,602	-9,606	-6,626
Investments in property, plant and equipment	-545	-688	-1,383	-1,155	-1,804
Operative free cash flow	-4,034	-2,645	-15,356	-5,600	-8,704
Cash and cash equivalents (end of period)	66,600	10,267	66,600	10,267	7,303

Operational KPI's

EUR thousand	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Number of new projects started during the period					
Non-GMP	2	0	7	0	2
GMP	0	0	0	0	0
Number of lines (end of the period)					
Non-GMP	7	4	7	4	4
GMP	1	0	1	0	0
Number of employees (end of the period)	68	34	68	34	43

Company near-term business targets for 2020 and 2021

- to acquire more new customers in 2020 than in 2019 (achieved in July)
- to start its first GMP project before year-end 2020 (achieved on October 20th)
- first dosing in humans before year-end 2020 (changed from in 2021 on October 20th)
- First Biologics PoC project in 2021 (new target)

Company mid-term business targets 2025 (unchanged)

- to nanoform at least 50 new Active Pharmaceutical Ingredients (API) 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

CEO's review

In a fast-moving company where the focus is intensely on future goals and daily demands, the quarterly reports give me the opportunity to reflect on and measure what has been achieved since last reporting to you. These reports help me deliver on the annual goals.

During the last month Nanoform has reached two major milestones on its long-term trajectory:

(1) the first GMP campaign was initiated and before year-end dosing will start in the first-ever human trial of a drug candidate nanoformed using Nanoform's proprietary CESS® technology. This is something the founders of Nanoform and I have diligently worked towards for more than a decade. Results are expected before the end of Q2/2021 and we are waiting for them with excitement.

(2) our technology for Biologics is now ready to be introduced to pharma customers, hence our new near-term business target "First Biologics PoC in 2021". Compared to the journey with our CESS® technology for small molecules, I see a faster and clearer early path with lots of synergies and structures already in place (organization, GMP, QC, QA, PM, commercial etc.) and market position (brand awareness, client relationships etc.). Hence, we are all very excited, as the opportunities within Biologics are vast.

During Q3 Nanoform has continued to show strong momentum; in addition to the above mentioned, we have won additional clients, added line capacity, started new customer projects, doubled our sales force, strengthened our board, and continued to attract exceptional individuals from all over the world.

For 2020, the list of achievements is even longer: establishing a US subsidiary, getting a GMP certificate, dual-listing, raising EUR 80m, more than doubling the number of clients, more than tripling the number of projects running in parallel, almost doubling the number of employees and most importantly initiating our first GMP campaign and soon dosing in humans. And all this during the corona crisis tells something about our will to win.

Having met our near-term business targets set out ahead of the IPO, 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



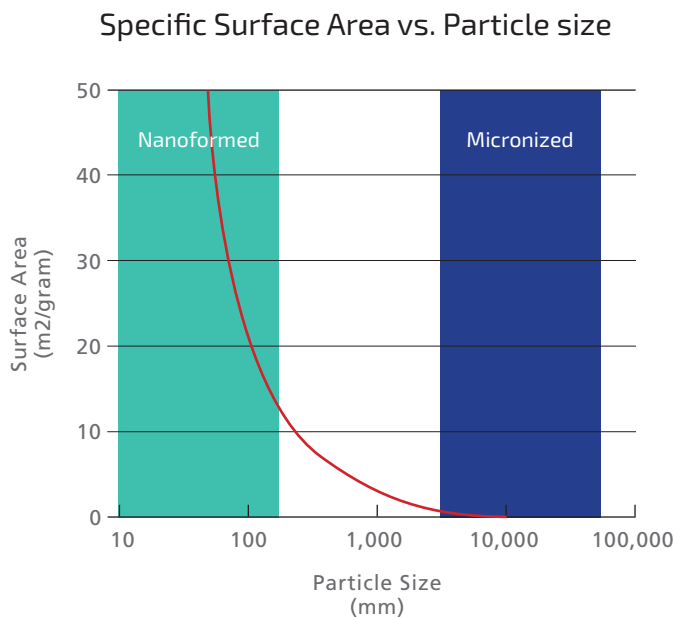
material to clinical trials with the long-term vision to help a billion patients. We have added a new near-term business target and will in the coming months add a few more targets for 2021 and 2022. Our 2025 mid-term targets are unchanged.

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 next five years as exciting and fast paced as the first five have been!

Best Regards,

Prof. Edward Hæggström, CEO Nanoform

Smaller particle size improves a drug's bioavailability



The surface area increases 30 fold from a 10 micron¹ sized particle once the particle size is reduced to 100nm

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

Nanoform in brief

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

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

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



The CESS® technology

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

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

Market outlook

Nanoform operates in one of the world's largest markets, the global pharmaceutical market, which turnover exceeds USD 1,000 billion and where the annual R&D budget is 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 nine months 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 January - September 2020 period its affairs have comprised of both R&D activities and Proof of Concept (PoC) type of R&D services provided to its customers. Our existing customers include global large, mid-sized and specialty pharmaceutical as well as biotech companies. Major pharma companies are in general entities integrated across the entire pharmaceutical value chain and therefore often do the marketing and sales of the drugs they have developed. The price of a drug, set by a pharmaceutical company, is often a function of several factors, e.g. the potential competitive landscape it faces, the need for financing future R&D of novel drug candidates, and the benefit or value the drug is deemed to add for its target group. However, actual pricing mechanisms, including, e.g. potential reimbursement and regulatory restrictions on pricing of drugs, vary between different jurisdictions. Contract development and manufacturing organizations (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.

Financial review for January 1 – September 30, 2020

Revenue

Nanoform Group's revenue in January - September 2020 totaled EUR 501 thousand (no revenue during January – September 2019). Revenue in 7-9/2020 was EUR 159 thousand. Revenue stemmed from Proof of Concept projects, where the company nanoformed APIs of client companies.

Results

Nanoform Group's operating loss in January - September 2020 was EUR -14,793 (EUR -4,735) thousand. The operating loss in 7-9/2020 was EUR -3,806 (EUR -2,072) thousand. The operating loss increased due to the increase in employee benefits, depreciations and other operating expenses. Employee benefits 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 - September 2020 and came in at EUR 363 (EUR -182) thousand due to the positive effect of the increase in revenue. The gross margin was 72% in January - September 2020. The loss before tax and the loss for the period January - September 2020 was EUR -15,500 (EUR -4,962) thousand and earnings per share was -0.29 (-0.12). The Group's gross profit in 7-9/2020 was EUR 101 (EUR -37) thousand and the loss before tax and the loss for the 7-9/2020 period was EUR -4,155 (EUR -2,170) thousand.

Financial position and cash flows

Nanoform Group's total assets at the end of review period were EUR 76,810 (December 31, 2019: EUR 12,910) thousands of which equity was EUR 66,078 (December 31, 2019: EUR 7,932) thousand and cash and cash equivalents were EUR 66,600 (December 31, 2019: EUR 7,303) thousand. Net debt amounted to EUR -59,773 (December 31, 2019: EUR -3,640) thousand.

Nanoform Group's cash flow from operating activities in January - September 2020 was EUR -10,849 (EUR -3,554) thousand. The change in working capital was EUR 1,871 (EUR 474) thousand. Cash flow from investing activities was EUR -1,412 (EUR -1,169) thousand mainly consisting of investments in the GMP cleanroom and non-GMP production lines. Cash flow from financing activities was EUR 72,074 (EUR 9,503) thousand mainly consisting of proceeds raised from the share issue, which was EUR 71,612 thousand net of transaction costs. Share subscriptions by stock options held by certain investors amounted to EUR 416 thousand and by employees to EUR 22 thousand. The loans withdrawn from Business Finland amounted to EUR 505 (EUR 122) thousand and repayments of loans were EUR -78 thousand (no repayments during January - September 2019). The impact of repayments on lease liabilities was EUR -403 (EUR -204) thousand.

Investments, research and development

The Group's investments in property, plant and equipment in January - September 2020 totaled EUR 1,383 (EUR 1,155) thousand consisting mainly for GMP-level cleanroom facilities and non-GMP production lines. Additions to GMP and non-GMP facilities are classified as construction in progress until GMP Certificate is obtained for the new GMP line and new non-GMP production lines are commissioned.

The total R&D expenses in January - September 2020 were EUR 2,113 (EUR 724) thousand, recognized as an expense in the income statement in employee benefits and other operating expenses.

Personnel, management and the Board of Directors

The number of personnel at the end of the review period was 68 (34 at the end of 7-9/2020) persons.

Nanoform's members of the Board of Directors were Rabbe Klemets (Chairman), Miguel Calado (Vice Chairman), Mads Laustsen and Albert Hæggström until April 7, 2020. After the AGM held on April 7, 2020, the Board consisted of Miguel Calado (Chairman), Mads Laustsen (Vice Chairman) and Albert Hæggström. After an Extraordinary General Meeting (EGM) held on September 1, 2020, the Board consisted of Miguel Calado (Chairman), Albert Hæggström, Mads Laustsen (Deputy Chairman) and Cynthia Schwalm. The CEO was Edward Hæggström.

Shares and shareholders

Nanoform's share is listed on the Premier segment of Nasdaq First North Growth Market in Helsinki (ticker: NANOFH) and Stockholm (ticker: NANOF5).

On September 30, 2020 Nanoform had 66.600.443 (42.095.365 December 31, 2019) shares. Each share entitles to one vote at the General Meeting of Shareholders. On September 30, 2020, the Group's share capital was EUR 80,000 (EUR 2,500). Trading with Nanoform's shares on First North Premier Growth Market in Helsinki and Stockholm started on June 4, 2020. The offering price was EUR 3.45/SEK 36.03. The closing price on September 30, 2020 was EUR 4.26/SEK 44.02.

On June 3, 2020, the Company has issued directed shares 20,289,856 and additional directed new shares 2,898,551 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. Certain participants of the Company's stock option programs 2/2019 and 1/2020 exercised their options and subscribed for 10,000 and 6,671 shares on September 1, 2020, respectively. (For more info see note 3).

Share-based incentive plans

Nanoform has nine 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 1-4/2020. Based on all the option programs, with strike prices ranging from EUR 1.65 to EUR 5.00 and with expiration dates five year's from issuance, a total maximum number of 2.826.726 shares representing 4.1% of the amount of shares today, can be subscribed, potentially increasing the total amount of Nanoform shares to 69.427.169 (For more info see Note 7).

Shareholder structure

See the latest shareholder structure on our homepage www.nanoform.com.

Near-term risks and uncertainties

Nanoform operates in a heavily regulated industry (the pharmaceutical industry). The group'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 group has been operating at a loss, with no proof so far of being able to sustainably cover its costs with revenues without additional external funding. The most important business-related risks are associated with the group's growth targets and their achievement with the company's chosen strategy. Industry-related risks are mainly associated with a target market which is both highly regulated and conservative and where introduction of new technologies happens slowly.

Risks associated with the group's financial position mainly comprise currency and credit risks. Risks related to legislation, rules and regulatory compliance are associated with the group'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 Hæggström 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.

Decisions by the Extraordinary General Meeting

Nanoform's Extraordinary General Meeting (the "EGM") was held in Helsinki on September 1, 2020 and following matters were decided among others:

Remuneration to be paid to the Board of Directors

It was noted that the General Meeting has previously resolved following monthly fees: 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 four. Cynthia Schwalm was appointed as a new member of the Board of Directors and Miguel Calado, Albert Hæggström and Mads Laustsen were re-elected as member of the Board of Directors.

Share-based incentive plan

The EGM decided to issue option rights at most 59,726 without payment to the new member of the Board of Directors. The subscription right may not be transferred, and the subscription period of the option rights commences immediately and is in force until October 1, 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 5.00 per share. The payment period for the shares commences immediately and is in force until April 7, 2025.

Condensed interim financial information

January - September 2020

Consolidated statement of comprehensive income

EUR thousand	Note	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Revenue	4	159		501		49
Other operating income			54	27	210	231
Materials and services		-58	-91	-165	-391	-603
Employee benefits	7	-2,214	-1,521	-9,766	-3,123	-4,359
Depreciation, amortization and impairment losses	6	-318	-115	-820	-289	-444
Other operating expenses	5	-1,375	-399	-4,570	-1,141	-2,218
Total expenses		-3,966	-2,126	-15,321	-4,944	-7,625
Operating loss		-3,806	-2,072	-14,793	-4,735	-7,344
Finance income		88	0	291	0	73
Finance expenses		-436	-99	-997	-227	-282
Total finance income and expenses		-348	-98	-706	-227	-209
Loss before tax		-4,155	-2,170	-15,500	-4,962	-7,554
Income tax						
Loss for the period		-4,155	-2,170	-15,500	-4,962	-7,554
Loss for the period attributable to the equity holders of the parent company		-4,155	-2,170	-15,500	-4,962	-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		0		0		
Total comprehensive income total		-4,155	-2,170	-15,500	-4,962	-7,554
Total comprehensive income for the period attributable to the equity holders of the parent company		-4,155	-2,170	-15,500	-4,962	-7,554
Basic earnings per share, EUR		-0.06	-0.05	-0.29	-0.12	-0.19
Diluted earnings per share, EUR		-0.06	-0.05	-0.29	-0.12	-0.19

Consolidated statement of financial position

EUR thousand	Note	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS				
Non-current assets				
Intangible assets		160	159	154
Property, plant and equipment	6	9,180	4,495	4,972
Other receivables		295	18	24
Total non-current receivables		9,635	4,673	5,150
Current assets				
Trade receivables		66		20
Other receivables		176	427	378
Prepaid expenses and accrued income		333	39	59
Cash and cash equivalents	8	66,600	10,267	7,303
Total current assets		67,175	10,732	7,760
Total assets		76,810	15,405	12,910
EQUITY AND LIABILITIES				
Equity				
Share capital		80	3	3
Reserve for invested unrestricted equity		89,680	17,707	17,707
Accumulated deficit		-8,182	-2,428	-2,224
Loss for the period		-15,500	-4,962	-7,554
Total equity		66,078	10,320	7,932
Non-current liabilities				
R&D loans	8	920	584	599
Lease liabilities	8	5,051	2,653	2,573
Total non-current liabilities		5,972	3,237	3,172
Current liabilities				
Provisions				19
R&D loans	8	78	78	78
Lease liabilities	8	778	347	413
Advances received		29	12	55
Trade payables		1,184	584	571
Other liabilities		210	282	94
Accrued expenses	9	2,483	547	576
Total current liabilities		4,761	1,849	1,806
Total liabilities		10,732	5,085	4,978
Total equity and liabilities		76,810	15,405	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				-15,500	-15,500
Other comprehensive income					
Translation differences			0		0
Transactions with equity holders of the Company					
Increase of the share capital	78	-78			
Subscription of shares		438			438
Share issue *)		71,612			71,612
Share-based payments				1,595	1,595
At September 30, 2020	80	89,680	0	-23,682	66,078

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				-4,962	-4,962
Transactions with equity holders of the Company					
Acquisition of treasury shares				-102	-102
Share issue *)		9,687			9,687
Share-based payments				663	663
At September 30, 2019	3	17,707		-7,390	10,320

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 8,316 thousand (December 31, 2019: EUR 622 thousand; September 30, 2019: EUR 622 thousand)

Consolidated statement of cash flow

EUR thousand	Note	1-9/2020	1-9/2019	1-12/2019
Cash flow from operating activities				
Loss before tax		-15,500	-4,962	-7,554
Adjustment for:				
Depreciation, amortization and impairment losses	6	820	289	444
Finance income and expenses		706	227	209
Share-based payments	7	1,595	663	867
Other adjustments *)		-46	-210	-212
Change in net working capital:				
Trade and other receivables		-287	-208	-30
Trade payables and other liabilities		2,158	682	541
Change in other receivables (non-current)		-271	-8	-14
Interest paid		-29	-28	-50
Interest received		4	0	0
Net cash used in operating activities		-10,849	-3,554	-5,798
Cash flow from investing activities				
Payments for intangible assets	6	-29	-14	-74
Payments for property, plant and equipment	6	-1,383	-1,155	-1,804
Net cash used in investing activities		-1,412	-1,169	-1,878
Cash flow from financing activities				
Proceeds from share issues		79,928	9,687	10,046
Transaction costs from the share issues		-8,316		-359
Acquisitions of treasury shares			-102	-102
Share subscription with stock options		438		
Proceeds from R&D loans	8	505	122	122
Repayment of R&D loans		-78		
Repayment of lease liabilities	8	-403	-204	-292
Net cash from financing activities		72,074	9,503	9,415
Net increase (+) decrease (-) in cash and cash equivalents		59,814	4,781	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		-517	-110	-32
Cash and cash equivalents at the end of the period		66,600	10,266	7,303

*) Other adjustments

EUR thousand	1-9/2020	1-9/2019	1-12/2019
Other operating income - government grants	-15	-210	-231
Other operating income - leases	-12		
Other operating expenses - provision for onerous contract	-19		19
Total	-46	-210	-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 nine months period ended September 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 nine months period ended September 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.

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 January - September 2020.

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

3. Significant changes during the reporting period

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

- On 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 increased due to increased amount of proof of Concept projects, where the Group nanoformed APIs of client companies (see note 4 Segment information and revenue)
- Employee benefits 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. On September 1, 2020, the EGM decided on the option program 4/2020, where 59,726 stock options were granted to new member of the Board of Directors (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-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).
- On September 1, 2020, the Company issued 16,671 new shares for subscription based on the options the Company had granted to key personnel as part of 2/2019 and 1/2020 option programs. The total subscription price was EUR 22 thousand and was recorded to the reserve of invested unrestricted equity.

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	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Europe	105		385		15
United States	54		116		34
Total	159		501		49

EUR thousand	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Services transferred over time	159		501		49
Total	159		501		49

5. Other operating expenses

EUR thousand	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Premises expenses	55	5	82	58	66
IT expenses	78	36	219	116	202
Marketing and communication expenses	63	63	200	156	312
Consultant and professional fees	458	144	2,365	348	858
Travel expenses	20	82	84	220	269
Voluntary personnel related expenses	151	48	357	156	304
R&D expenses - external	436	3	1,050	15	28
Other expenses	114	18	213	70	180
Total	1,375	399	4,570	1,141	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	348	3,679		1,486	5,513
Disposals *)		-526		0	-526
Reclassification	1,075		915	-1,970	20
Depreciations	-229	-531	-38		-798
Net book value at September 30, 2020	1,724	5,475	877	1,105	9,180

EUR thousand	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Net book value at January 1, 2019	312	1,781		87	2,179
Additions	137	1,314		1,134	2,585
Depreciations	-83	-186		0	-269
Net book value at September 30, 2019	366	2,909		1,221	4,495

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 521 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. 6,329 unvested stock options from the option program 1/2020 have been voided on September 1, 2020. Effect of the options issued to earnings of the period was EUR 100 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 options have a service condition which requires membership in the Board of Directors during 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 203 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 446 thousand.

The Extraordinary General meeting decided on September 1, 2020 to issue 59,726 option rights to the new member of the Board of Directors (option program 4/2020). Each option entitles the option holder to subscribe for one share and the option rights vests linearly over a period from September 1, 2020 to April 7, 2021. The options have a service condition which requires membership in the Board of Directors during vesting period. The subscription period for shares 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. Effect of the option issued to earnings of the period was EUR 11 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
04/2020	4.30	5.00	45	-0.55	1.35	April 7, 2025

8. Net debt

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

EUR thousand	Sep 30, 2020	Sep 30, 2019	December 31, 2019
Current R&D loans	78	78	78
Non-current R&D loans	920	584	599
Cash and cash equivalents	-66,600	-10,267	-7,303
Net debt excluding lease liabilities	-65,602	-9,606	-6,626
Current lease liabilities	778	347	413
Non-current lease liabilities	5,051	2,653	2,573
Net debt	-59,773	-6,606	-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 1 074 (December 31, 2019: EUR 677) thousand, while the fair value of the loans was EUR 1 148 (December 31, 2019: EUR 766) thousand.

9. Related party transactions

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

EUR thousand	1-9/2020		1-9/2019		1-12/2019	
	Fees	Share-based payments	Fees	Share-based payments	Fees	Share-based payments
Miguel Maria Calado	27	259	15	62	23	71
Rabbe Klemets	21	5	20	93	30	107
Albert Haeggström, CFO	15	173	12	62	20	71
Mads Laustsen	20	204	2	16	7	60
Cynthia Schwalm						
Total	83	640	48	233	79	310

Compensation for CEO and Management team

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

EUR thousand	CEO	Management team ^{*)}
Jan 1 - Sep 30, 2019		
Salaries and other short-term employee benefits	49	501
Post-employment benefits	12	65
Share-based payments		228
Total	61	793

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	1-9/2020	1-9/2019	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	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Liabilities to key management ^{*)}	1,097	261	232
Total	1,097	261	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 946 thousand at the end of review period.

11. Events after the review period

On October 20, Nanoform initiated its first GMP campaign for the first ever human trial of a drug candidate nanoformed using Nanoform's proprietary CESS® technology. Dosing was announced to begin before year-end 2020 and results are expected before the end of Q2/2021.

On October 20, 2020 Nanoform announced that it had achieved its third near-term business target set out in relation to the IPO "Start of first GMP project before end of 2020" and that the last target "first dosing in humans in 2021" is on track to be already achieved in 2020 (previously: in 2021).

On October 23, 2020 Board of Directors decided to issue stock options to key employees. Total number of option rights is at most 150,000 and each stock option entitles to subscribe for one new share. The subscription price is EUR 5.00 per share. The subscription period ends on October 23, 2025.

Appendix 1

Key figures

EUR thousand	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Revenue	159		501		49
Gross profit	101	-37	363	-182	-323
EBITDA	-3,488	-1,957	-13,973	-4,445	-6,900
Operating loss	-3,806	-2,072	-14,793	-4,735	-7,344
Loss for the period	-4,155	-2,170	-15,500	-4,962	-7,554
Basic EPS (EUR)	-0.06	-0.05	-0.29	-0.12	-0.19
Net debt	-59,773	-6,606	-59,773	-6,606	-3,640
Net debt excluding lease liabilities	-65,602	-9,606	-65,602	-9,606	-6,626
Investments in property, plant and equipment	-545	-688	-1,383	-1,155	-1,804
Operative free cash flow	-4,034	-2,645	-15,356	-5,600	-8,704
Cash and cash equivalents (end of period)	66,600	10,267	66,600	10,267	7,303
Personnel at the end of reporting period	68	34	68	34	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

Annual Review 2020 and Financial
Statements for financial year 2020
will be published February 26, 2021.