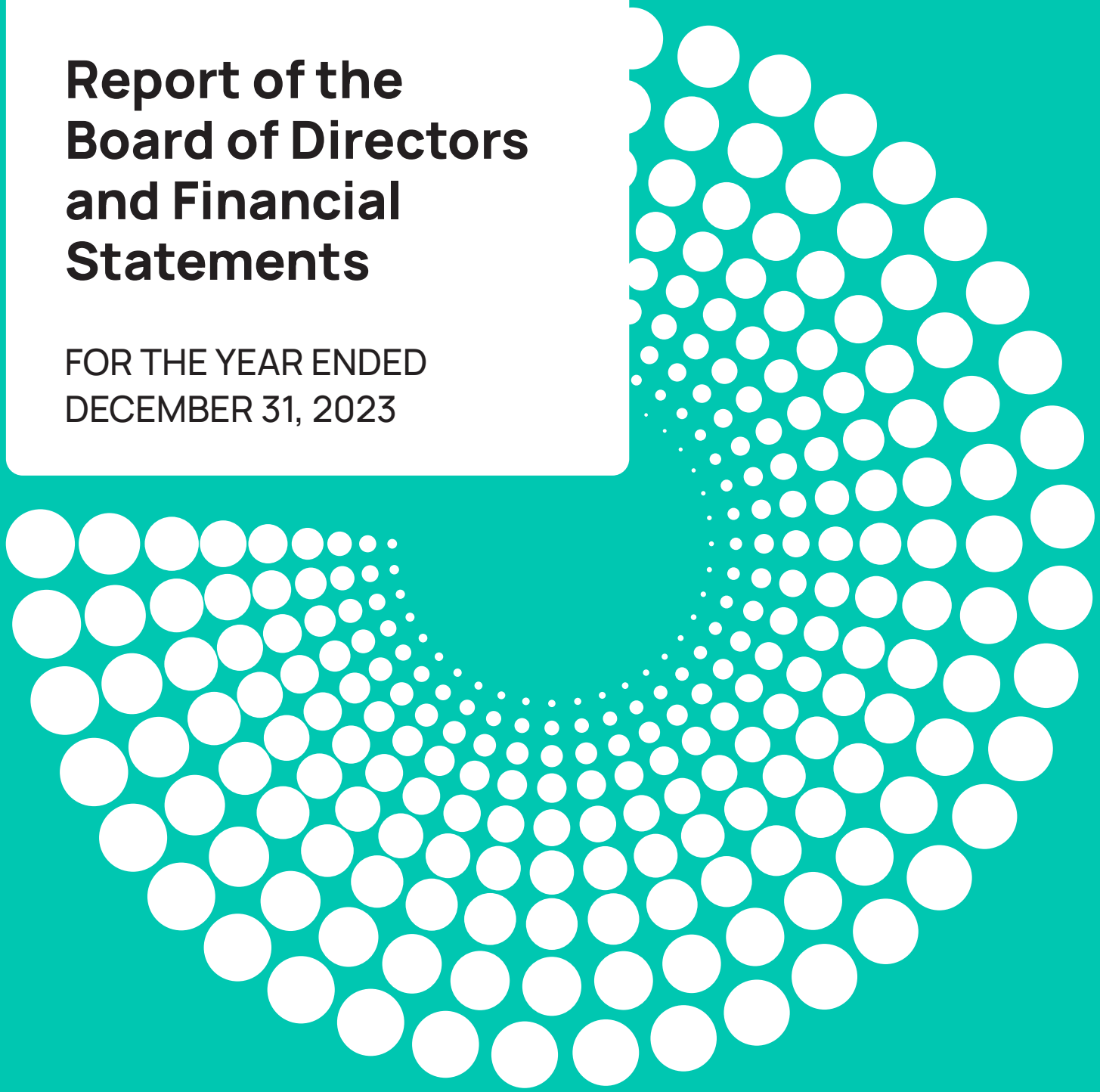
nanoform
small is powerful

Report of the Board of Directors and Financial Statements

FOR THE YEAR ENDED
DECEMBER 31, 2023



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Report of the Board of Directors for the financial year ended December 31, 2023

Operating environment

Nanoform operates in one of the world's largest markets, the global pharmaceutical market, where turnover exceeds USD 1,000 billion and where the annual R&D budget is almost USD 200 billion. Despite enormous investments in R&D, fewer than 50 new drugs have been approved by the FDA annually during the last ten years. One key reason why so few medicines are approved each year is low bioavailability of the API (Active Pharmaceutical Ingredient). Nanoform's technology platform offers a potential solution to this problem by producing nanoformed drug particles. When the size of drug particles is reduced, their combined surface area in proportion to the mass of API increases, which improves their solubility and bioavailability.

The pharmaceutical industry is highly regulated and characterized by a step-by-step development process, from discovery and clinical trials to market sale. It is considered to be a defensive industry where the underlying demand is non-cyclical and steadily increasing as the global population grows wealthier and older and as chronic diseases become more prevalent. The defensive nature of the industry has been evident both on the global stock markets, and in the stable demand for the pharma industry's products and services.

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 exceeding 50 per cent for many of the world's largest pharma companies. With an old product portfolio, the vulnerability to forthcoming 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 enabling opportunities to apply for patents for, e.g., new indications, dosage forms and delivery mechanisms, our technology may create significant value to our customers.

Significant events during 2023

- As of January 1, 2023, Antonio da Silva was appointed CBO and a member of the management team.
- On January 3, 2023, Nanoform established a new subsidiary in the UK, Nanoform U.K. Ltd.
- On January 10, 2023, the Board of Directors approved share subscriptions based on stock option programs 3/2019, 5/2019 and 1/2020. A total of 29,000 Nanoform Finland Plc new shares were subscribed and the entire subscription price for subscriptions made with the stock options of EUR 34 thousand was entered in the Company's reserve for invested unrestricted equity.
- On February 28, Nanoform announced two new near-term business targets for 2023: "Increased number of non-GMP and GMP projects signed in 2023 vs 2022" and "Improved operating free cash flow in 2023 vs 2022".
- Nanoform's Annual General Meeting (the "AGM") was held on April 12, 2023. The AGM approved the financial statements and discharged the Board of Directors and the CEO of the Company from liability for the financial year 2022. The Meeting decided that no dividend will be paid for the financial year that ended on December 31, 2022. The AGM further resolved the number of members of the Board of Directors to be four and the AGM re-elected Miguel Calado (Chairperson), Mads Laustsen, Albert Hæggström and Jeanne Thoma as ordinary members of the Board of Directors for the next term of office.
- On April 12, 2023, the Board of Directors approved share subscriptions based on stock option programs 2-3/2019 and 1/2020. A total of 37,000 Nanoform Finland Plc new shares were subscribed and the entire subscription price for subscriptions made with the stock options of EUR 41 thousand was entered in the Company's reserve for invested unrestricted equity.
- In April, Nanoform won a new grant from the Bill & Melinda Gates Foundation to work on several of the foundation's drug development projects.
- In May Nanoform's Manufacturer's Authorization and GMP Certificate were updated to include nanoforming of multiple APIs in the GMP facility.
- In June, Nanoform submitted a notification to the Finnish Medicines Agency to update our Manufacturer's Authorization (MIA). The objective of this notification was to include the following in our MIA: Our new production facilities and equipment (GMP2&3), our new Quality Control laboratory (GMP QC) and Nanoforming of APIs to be used in products with a Marketing Authorization. Due to this notification, a GMP inspection is expected to take place during 1H24.
- Nanoform previously disclosed on November 15, 2021, that it has signed an agreement to manufacture nanoformed GMP material for a European headquartered international company. Following 12 months of preclinical development work, two privately held European pharmaceutical development and manufacturing organizations decided to join Nanoform and the

European headquartered international company in funding the development and commercialization of this more patient centric version of a current blockbuster drug. For this purpose, the parties entered into a collaboration agreement on November 17, 2022. Under the terms of the agreement, Nanoform and the three other parties will fund in equal shares the completion of this development program. In the event that the commercialization is successful, Nanoform expects to retain a 25% share of the net-income received by the parties. In May 2023, after Fimea renewed Nanoform's GMP Certificate, Nanoform commenced the clinical manufacture related to this project.

- In June, Nanoform and Celanese Corporation, a global specialty materials company, provided an update on their collaboration to evaluate the synergies between their respective technologies in the field of nanoparticle-enabled drug delivery. The result, presented at the Biotech Outsourcing Strategies Conference in Basel on July 3, 2023, demonstrated significant reduction in the initial burst effect seen commonly in high drug load implants by combining Nanoform's CESS® particles with Celanese's Celanese VitalDose® EVA copolymer delivery technology for drug-eluting implants. Notably they also demonstrated that nanoformed particles can enable longer sustained release properties for long-acting drug products and smaller implants. This opens up many possibilities for drug developers.
- During the third quarter, the clinical manufacture related to project Nanoenzalutamide was successfully completed and the produced nanomaterial was released and shipped for manufacture of the final drug product. It was announced that clinical trials are expected to commence in 4Q23, that results are expected in 1Q24 and that if the results are positive, the targeted timeline for one or several license/commercial supply agreements is during 2024.
- Chief Quality Officer Johanna Kause became a member of Nanoform's management team as of September 1st, 2023. Johanna Kause, who is responsible for all matters related to quality, has been with the company since January 2021.
- We received notice of allowance from the United States Patent and Trademark Office (USPTO) for our US patent application (US17947490) directed at the process we have developed to nanoform biological molecules. We are encouraged by this positive response that reflects our innovative work also in the field of large molecules. We have filed several patent applications directed at the biologics nanoforming technology in other jurisdictions that are currently pending. Following granted patents in the United States, Japan, and Canada, we also received notification from the European Patent Office (EPO) of their intention to grant our corresponding European patent application (EP15793857.2) directed at the CESS® technology for manufacture of our small molecule nanoparticles.
- We conducted promising initial *in vitro* trials with two major pharma companies looking at monoclonal antibodies (mAb's). These results further strengthen our proposition that nanoparticles are relevant for improved product development and more patient centric commercial products in the field of mAb's and we look forward to advancing these developments with our pharma clients.
- In October, Nanoform announced that its customer TargTex S.A. had been granted Orphan Drug Designation by the FDA for its nanoformed drug candidate TTX101 to be used in patients with malignant gliomas. The orphan drug designation follows the generation of a preclinical rodent data package in which a survival advantage was shown for this nanoform-enabled medicine candidate. The hydrogel nanoformulation developed by Nanoform enabled a 200-fold increase in drug load compared to bulk and a 5-fold increase in drug load compared to nanomilling. Hence Nanoform's proprietary technology and nanoformulation expertise will enable TargTex's drug candidate TTX101 to move towards clinic. TargTex is currently raising funds to take this innovative treatment to clinic and is planning a phase 1/2a clinical trial in recurrent glioblastoma (GBM) patients across the US and EU, in which nanoformed TTX101 is applied as adjunct to surgery after tumour excision.
- In October, Nanoform announced that it had granted AstraZeneca Plc a global online STARMAP® license. STARMAP® is a digital AI version of the CESS® technology that enables *in silico* experiments to determine which molecules should be nanoformed. The license will enable AstraZeneca to screen molecules from drug discovery through to lifecycle management. As part of this licensing agreement, Nanoform will receive access to compound libraries and large data sets to undertake STARMAP® screening and propose innovative product development concepts and strategies in collaboration with AstraZeneca. This comes after several years of early-stage collaboration between Nanoform and AstraZeneca and a successfully completed technology evaluation partnership including STARMAP® which has resulted in clinical candidate feasibility studies. STARMAP® is well aligned with AstraZeneca's ambitious sustainability goals.

STARMAP® Online has been created as a direct request from Nanoform's current and future partners who seek to maintain the level of confidence STARMAP® offers, while integrating it into their own in-house molecule-selection processes. STARMAP® Online creates the opportunity for clients to perform large numbers of *in silico* CESS® experiments from their desktop. This approach further supports Nanoform's green ambition by ensuring that Nanoform progresses the molecules with the greatest probability of success. STARMAP® Online offers:

  - Security and safety – the interface has been developed in alignment with ISO27001:2017 standards.
  - Client submissions are confidential and seen only by clients (not by Nanoform), allowing molecules to be screened without sharing structures. Outputs are presented directly to the client via the system.
  - Scalability and agility: The ability to manage thousands of molecules in a single submission to support the selection of candidates from molecule libraries is possible.
  - Novel insights: STARMAP® Online holds a database of some 20,000 pre-analyzed, public-domain disclosed drugs and candidates. Clients can request thematic evaluations and understand the power of CESS® in different therapeutic areas, target classes, and disease areas.
- On December 5, 2023, the Board of Directors approved share subscriptions based on stock option programs 2/2019 and 1/2020. A total of 4,000 Nanoform Finland Plc new shares were subscribed and the entire subscription price for subscriptions

made with the stock options of EUR 6 thousand was entered in the Company's reserve for invested unrestricted equity.
- Nanoform has invested part of its cash into short-term government bonds issued by Nordic (Finland, Sweden, Norway) and European (German, France) governments in order to diversify and decrease bank risk. The short-term government bonds are planned to be held until maturity and measured at amortized cost applying the interest rate method. In the future nanoform may include UK and US T-bills as part of cash management.
- During 2023, 22 new non-GMP projects and one GMP project were signed, both with new and repeat customers, both US and Europe based. We also signed our first major pharma customer from Japan.
- During 2023 one new non-GMP line was commissioned, taking the total number of lines to 19 non-GMP lines and one GMP line. GMP lines 2&3 will be commissioned after they are inspected and approved by Fimea, which is expected to happen during 1H 2024.

Nanoform has continued to make progress on multiple fronts. During the year the company set a production record towards kg scale per hour with more than 90% collection efficiency on a R&D line. This achievement is important as we prepare for 2024's major milestone of manufacturing 100kg of nanoformed GMP material for the pivotal EU&US studies and registration batch related to project Nanoenzalutamide. This project progressed well during 2023 and all involved parties are excited. We also see significant external interest in the project. We expect to sign several license/commercial supply agreements in 2024 related to this project. After many years of hard work, it was rewarding to get promising data from our relative bioavailability study of nanoenzalutamide vs Xtandi®. Not only does the data in the clinical study provide a strong indication that our technology can be an improvement for medicines based on the current state-of-the-art and widely accepted industry approach of ASDs (amorphous solid dispersions), but it also shows the potential of what nanoforming potentially can do to many other ASDs both on the market and in the global pharmaceutical pipeline. This further strengthened our conviction that nanoforming can become a powerful and green new technology for the entire global pharma industry in their quest to help both patients with new and better medicines, but also help the planet by introducing environmentally friendly manufacturing technologies.

We also saw positive momentum in our ongoing GMP project with TargTex, as the Portuguese biotech company was granted Orphan Drug Designation by the FDA for its nanoformed drug candidate TTX101 to be used in patients with malignant gliomas.

We made clear progress with rolling out STARMAP®, our digital AI version of a CESS® line, in the pharma industry. We granted AstraZeneca Plc a global online STARMAP® license that will enable AstraZeneca to screen molecules from drug discovery through to lifecycle management to determine which molecules should be nanoformed.

After an inspection by Fimea in May, Nanoform's Manufacturer's Authorization and GMP Certificate were updated to include nanoforming of multiple APIs in our GMP facility. In June, we submitted a notification to Fimea to include our new production facilities and equipment (GMP2&3), our new GMP QC laboratory and the nanoforming of APIs to be used in products with a Marketing Authorization. A GMP inspection is expected to take place during 1H24. Progress has also been made on the operating free cash flow, which continued to see an improvement in 2023 without help from the topline yet.

We successfully went live with SAP S/4HANA on Jan 2, 2023. The new software platform enables and supports implementation of best practices from the pharma industry and accelerates the continued industrialization and scale-up of our nanoforming services in the coming years.

Our Biologics team also did a great job by building a pilot line for GMP and two new non-GMP lines, thereby doubling the capacity, which should come in handy, as it - based on the growth in proposals sent for biological POCs - seems like our customers are warming up to the idea of nanoforming also biological assets.

We've now reached a critical mass where we can serve a high number of clients in parallel on non-GMP projects, manufacture GMP material for several clinical trials annually, while helping our clients overcome their pharmaceutical development challenges. At the same time, we see significant potential to improve the productivity and to increase the output of our quite impressive fleet of nanoforming lines and related capabilities.

We continued to strengthen our patent portfolio and during 2023 we both received grants on several pending applications, as well as filed patents in several new patent families. These new filings together with our existing patents cover the full spectrum of our service offering, from CESS®, to our process for biologics, as well as pharmaceutical development, where we see mounting evidence that small may be a powerful ingredient when formulating new drug products for our clients.

All in all, the year 2023 was another successful year for Nanoform. Despite the macroeconomic volatility, Nanoform continued to make solid progress on many fronts. We won new customers, executed many successful projects, added significant new capacity, filed for new patents, finalized several large investments, saw our client NPS rise significantly, hired many new colleagues, participated in many conferences and so on.

Company near-term business targets for 2024

- Increased number of non-GMP and GMP projects signed in 2024 vs 2023
- Improved operating free cash flow in 2024 vs 2023
- To sign one or several license/commercial supply agreements during 2024

Company mid-term business targets 2025

- To nanoform at least 70 new Active Pharmaceutical Ingredients (API) annually
- To have 35 operating production lines in place of which 7 to 14 are expected to be GMP production lines
- Over 90 percent gross margin
- 200–250 employees
- To be cash flow positive

Risks Related to the Company's Business Activities and Industry

The Company is an early-stage growth company operating at a loss, and it may fail to manage its growth effectively or to grow at all while developing pioneering nanoforming technology

The Company is an early-stage growth company, which is developing a suite of nanoforming technologies to be applied in the field of medicine. Executing the Company's business plan and achieving its targets is associated with greater risks and uncertainties than the operations of companies with established business activities.

Execution of the Company's current business strategy places a significant strain on the Company's existing financial and human resources as the Company continues to invest in R&D, hire additional employees, increase its marketing efforts, and increase its investments to GMP and non-GMP production lines. The Company must implement and improve its operational, financial, management, sales, marketing, and human resources infrastructure while simultaneously continuing to focus on the development of its technologies and commercialize its services. Difficulties associated with the Company's growth could impede the Company's ability to meet its near-term and long-term business targets and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

To date, the Company has been operating at a loss, and if the Company is not able to continue the development of its technologies and commercialize its services, the Company may not become profitable

In relation to the development and commercialization of its technology offering, the Company has incurred and will continue to incur significant costs. To date, the operating cash flow generated from customer projects is insufficient to cover the Company's costs. Therefore, the Company is reliant on other sources of funding, such as equity financing, to continue operating.

Transforming the Company into a profitable business depends on the Company's ability to continue the development of its technology offering and to establish a market for this type of nanotechnology. To this end, the Company must complete several intermediate steps toward effective commercialization before finally reaching profitability. Such necessary steps include conducting focused commercial activities, entering into agreements with customers, and marketing its service offering to prospective customers. The Company's ability to successfully market its technology platforms to customers will at least in part depend on the Company's ability to convince the actors in the pharmaceutical industry of the safety, efficiency, benefits and value-creation of the Company's technologies for the pharmaceutical industry.

The Company does not anticipate reaching financial profitability in the near-term. The Company's management expects that a substantial part of the Company's future revenues will come from royalties from the sales of its customers' drugs that benefit from APIs nanoformed by the Company. The Company's customers may be hesitant to accept the terms of royalty agreements, and the Company's ability to negotiate the terms of royalty payments with its customers is uncertain and depend on the relative performance of the Company's service and the technology offering compared to competing alternatives on the pharmaceutical market. There is a risk that the Company's technologies work differently from what is expected and that it requires significant additional spending in order for the Company to reach the stage at which the Company receives royalties from the sales of its customers' drugs benefiting from APIs nanoformed by the Company. If such additional spending is required, the Company may be unable to secure funding or only be able to secure funding on unfavorable terms.

There is no certainty as to whether the Company has the required financial resources to be able to continue the development of its technologies, commercialize its services and earn royalties from the supply of nanoformed APIs to its customers. Fulfilling such conditions are key requirements to the Company becoming profitable in the future and failure to do so could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

Nanoparticles nanoformed using the Company's technology have not been extensively tested in humans, and if nanoparticles proved harmful to human health, the Company's business plan to nanoform APIs for its customers could be unsustainable

The Company's technology platforms are young and are either unproven for human use or have not been extensively tested in humans. There is a risk that future data from clinical trials will reveal that nanoparticles nanoformed using the Company's technologies fail to achieve the expected clinical outcomes or that they show unexpected hazardous properties, which would materially affect the Company's ability to commercialize its technologies, causing a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

Moreover, nanomedicine is a young branch of science. Future evidence may prove that nanomedicine, including the nanoparticles nanoformed using the Company's technologies, have adverse effects when used in humans, which would make it difficult for the Company to commercialize the technology and potentially subject the Company to future legal liability.

If the Company's technology cannot nanoform its customers' APIs or the services otherwise do not meet customer requirements, the Company's ability to commercialize its technology platforms and services could be hampered

The Company's growth strategy depends on its technology platforms being adopted by its customers for nanoforming APIs. The Company's growth strategy is to trial its technologies on as many APIs as possible. However, at this point, the Company has only tested its technologies on a small percentage of existing APIs. Not all APIs can be nanoformed for various reasons, and even if an API is successfully nanoformed, there may be additional factors including, but not limited to, throughput, yield, price or stability of

the nanoformed material that affect the customer's willingness to adopt the Company's technology. If these risks materialize, there would be a material adverse effect on the Company's ability to commercialize its technologies and service offerings, causing a material adverse effect to the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company's technology might not be widely adopted by the pharmaceutical and biotechnology industries, which would lead the Company to receive less revenue than the Company has anticipated

The Company's technology platforms might not be the most reliable, cost-effective, or, for any other reason, the most accepted method of producing nanometer sized API particles. New technologies frequently emerge on the market and the Company may fail to compete with a superior competing technology that could be developed at any time. The Company may have overestimated the market's overall demand or need for its technologies, leading the Company to receive less revenue than it has anticipated and thus the Company may not be able to reach profitability. The Company may have also overestimated the pharmaceutical market's demand for nanoformed APIs as compared to alternative formulation choices for APIs in development. If any of the foregoing factors were to materialize, the Company would receive less revenue from the provision of services to customers than the Company has anticipated which would have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

If the Company is not able to substantially scale up its production capacity and sales activities, it will be unable to nanoform the anticipated volume of APIs

Nanoform's strategy requires expansion of its nanoforming capacity by substantially scaling up its production capacity and its sales and marketing activities carried out by the Company's global commercial team. Expanding production capacity requires adding non-GMP and GMP production lines, and there is a risk that the expansion will not proceed as anticipated because of, for example, mistakes, delays, extra costs, dependence on outside suppliers and supply lead times, as well as availability of adequate facilities. There is a risk that as production expands rapidly, the Company will have difficulties ensuring consistent production, which is essential to nanoforming APIs used in its customers' drugs that proceed to clinical trials, and if successful, reach the pharmaceutical market. Expansion of production capacity and sales and marketing activities require additional personnel, and the Company may have difficulty in recruiting qualified personnel.

If any of the aforementioned risks were to materialize, the Company would be unable to meet the expected demands of its customers or to grow the customer base as anticipated, having a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

If the Company is unable to guard its trade secrets, its competitive advantage would be eroded

The Company is a knowledge-intensive organization, and much of the Company's competitive advantage is based on the knowledge of key personnel of the Company's operations and industry. The Company is dependent on being able to guard trade secrets and know-how relating to its services that are not covered by patents, patent applications or other intellectual property rights ("**IPRs**"), including, but not limited to, information on inventions for which no patent applications have yet been made.

There is a risk that someone who has access to trade secrets and other confidential information, such as employees, consultants, advisors, business partners or customers, will disseminate or otherwise use this information in a manner that damages the Company. There is also a risk that the Company may fail to maintain trade secrets and other confidential information or protect such information using legal means, or that such information could become known in another way because of circumstances beyond the Company's control. If the Company's trade secrets are revealed to its competitors, the Company's competitive advantage would be eroded. In addition, competitors or other external parties could independently develop similar know-how, which could damage the Company's competitive advantage.

If the Company fails to secure confidentiality of its trade secrets and know-how, or such information is spread without the Company's approval, this could have a material adverse effect on the Company's ability to commercialize its technologies and would have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company's commercial success depends in part on the Company maintaining and receiving new certificates to extend the initial GMP Certificate for nanoforming APIs for use in clinical trials

The Company has a manufacturing facility for GMP-certified CESS® processing of APIs and the Company has received a GMP Certificate from the Finnish Medicines Agency ("Fimea") on April 29, 2020. The GMP Certificate was further expanded on May 8, 2023. Each production line within the Company's manufacturing facility that nanoforms particles for human use will require GMP certification. Likewise, for manufacture of products under a marketing authorization with its CESS® technology, the Company will need to obtain a further extension to its GMP Certificate.

Although the Company believes that it is compliant with all applicable laws and regulations required to maintain the GMP Certificate and receive further GMP Certificates, it is not certain that Fimea will grant any future iterative certification or the grant of such certification may be delayed due to reasons outside of the Company's control. If the Company does not maintain the GMP Certificate , the Company's ability to commercialize its CESS® technology would be significantly hampered because the Company would have to make sufficient changes to ensure that it could obtain a GMP Certificate in the future. In addition, the Company has not to date GMP certified a production line for its biologics (large molecules) particle production technology. There is no

guarantee that the Company can succeed in GMP certifying the biologics technology in its current form or that the certification would not require changes which may cause delays or require further investments into alterations to the process or equipment.

Nanoform's management continuously assesses the need for non-GMP and GMP grade production capacity based on, for example, discussions held with current and prospective customers. If the Company were to lose the GMP Certificate or if the Company fails to correctly anticipate the need for non-GMP and GMP grade production capacity for its technologies, the Company's ability to commercialize its these technologies by supplying nanoformed APIs for use in clinical trials and in drugs sold commercially would be stymied, resulting in unobtained revenue and having a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company currently has limited presence in the United States ("U.S.") market and failure to expand its presence in the U.S. could prevent the Company from meeting its business targets

The Company currently has limited presence in the U.S. market and expanding its presence in the U.S. is material for its growth strategy. There is a risk that the Company may not be able to grow the business in the U.S. because U.S. customers, for instance, may be reluctant to expand their purchases from a company that does not have a local production facility in the U.S. Failure to expand its activities in the U.S., establish a U.S. manufacturing facility, and attract more U.S. business, could have a material adverse effect on the Company's growth and ability to meet its business targets, and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company's business strategy depends on the success of its customers and partners

The success rate of pharmaceutical drugs from invention to development and onward from development to clinical trials and ultimately to the market is low. Thus, the Company's customers may be unsuccessful in bringing drugs benefiting from APIs nanoformed using the Company's technology offering to the market for reasons unrelated to the Company's technology or services. If the Company's customers are unable to bring drugs benefiting from nanoformed APIs to the market, the Company will not receive revenue from royalties from the sales of such drugs and this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

In the future, the Company may depend on, and would have no control over, end sales of the drugs benefiting from nanoformed APIs by the Company's customers. In addition, the level of revenue generated by the drugs benefiting from the APIs nanoformed using the Company's technology could be adversely affected by, among other things, delays in clinical trials or regulatory approval, loss of patent or other IPR protection, emergence of competing products, including generics, the degree to which private and government drug plans subsidize payment for a particular product and changes in the marketing strategies for such products.

Furthermore, if the drugs benefiting from the APIs nanoformed by the Company do not gain market acceptance, the Company's revenue and profitability may be adversely affected. The degree of market acceptance of the customers' APIs nanoformed utilizing the Company's technology will depend on a number of factors, including:

- the ability of the Company's customers to publicly establish and demonstrate the efficacy and safety of such drugs, including favorably comparing such products to competing products;
- the outcome of clinical trials with respect to such drugs;
- regulatory approval of, or regulatory actions taken with respect to, such drugs;
- the costs to potential end-user consumers and so called "third-party-payers" (e.g., social insurance institutions) of using such drugs and the cost of competing drugs;
- patent and other intellectual property protection for such drugs and competing drugs;
- marketing and distribution support for such drugs; and
- public perception of the Company's customers and industry of the Company's customers.

If production volumes of key products that are nanoformed by the Company's customer utilizing the Company's technology and related sales do not grow, the Company may suffer a material adverse effect on its business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company may be unable to safeguard the trade secrets of its customers, which would negatively affect the Company's ability to maintain existing and establish new customer relationships

APIs, formulations and methods used by the Company to nanoform APIs to customer specifications are in many cases subject to trade secret protection, patents or other protections owned or licensed by the relevant customer. The Company's customers could make claims that their proprietary information has been inappropriately disclosed. The Company could inappropriately disclose its customers' trade secrets due to inadvertent or malicious acts of its employees, consultants or subcontractors, or due to a data breach or cyber intrusion. If any of the foregoing were to occur, it could, among other things, negatively affect the Company's ability to maintain existing and establish new customer relationships and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company may unintentionally infringe on third parties' IPR causing such parties to take legal action against the Company, which would be costly and would negatively affect the Company's ability to maintain existing and establish new customer relationships

In its business operations, the Company may unintentionally infringe on third parties' IPR. Such third parties may take legal action for alleged infringement of these IPR, seek injunctions or

bring claims to invalidate or rescind the IPR, and any such legal proceedings could have an adverse effect on the Company's patents, brands or business operations and result in trials and payment of damages. The defense of any legal actions for alleged infringement of IPR would be costly and consume time and focus of the Company's management from other matters. Any of the foregoing could negatively affect the Company's ability to maintain existing and to establish new customer relationships and, thus, could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

As the Company seeks to commercialize its technology offering and build a customer base, the Company could become reliant on a single or a small number of customers, which may lead to such customers obtaining increased bargaining power, and the loss of any such customer or customers would translate to a significant loss of revenue for the Company

Nanoform's strategy anticipates that a substantial part of the Company's future revenue will come from royalties agreed in contracts with pharmaceutical companies. There is a risk that, as the Company seeks to commercialize its technology offering and build a customer base, the Company becomes reliant on a single or a small number of customers, for example, if a single customer project or certain customer projects become disproportionately successful. In that case, the Company may become dependent on the contracts with its key customers and the success of these customers to sell their drugs nanoformed by the Company. Dependence on certain customers may lead to customers' increased bargaining power which may lead to adverse contractual changes of terms with such customer. In addition, the termination of any of such contract or loss of sales pursuant to any of them due to any of the foregoing or other factors, such as deterioration of the parties' business relationship or breach of contract, could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company depends on key personnel and if such persons leave the Company or are not available and the Company is unable to attract new skilled personnel, the Company would be put at a competitive disadvantage

The Company's success is materially dependent on the professional skills of its key personnel and its ability to hire competent employees and to grow its operations and expand its production capacity. Employees managing different phases of the client projects, in particular, are required to have specific professional skills. Because the Company conducts most if its business operations in a laboratory environment requiring the involvement of highly skilled professionals, the Company's organic growth requires the availability of competent and committed employees.

The Company losing the services of a large number of key personnel or such portion of key personnel not being available for a significant period of time could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company's failure to obtain or maintain patents, or to protect its existing or future patents, may impair the Company's ability to successfully execute its business plan

The Company's commercial success depends, in part, on its ability to obtain and maintain patent protection in respect of the technologies the Company develops and seeks to commercialize. If the Company fails to adequately protect its current or future inventions, its competitors may be able to erode, negate or preempt parts of the competitive advantage that the Company may have and the Company's customers may be less willing to pay a premium price for the Company's services. To protect the Company's competitive position, the Company has filed and will continue to file for patents covering the Company's CESS® and other technologies and inventions. The process of identifying patentable subject matter and filing a patent application is expensive and time-consuming. The Company cannot guarantee that it will be able to file necessary or desirable patent applications at a reasonable cost, in a timely manner, or at all. Further, since certain patent applications are confidential until patents are issued, third parties may have filed patent applications for subject matters covered by the Company's pending patent applications unbeknownst to the Company, and the Company's patent applications may not have priority over the patent applications of others. In addition, the Company cannot guarantee that its future or pending patent applications will result in patents being granted. The standards that patent offices in different jurisdictions use to grant patents are not always applied predictably or uniformly and may also change.

Even if the Company has been or is able to obtain and maintain patent protection for its key technologies, if the scope of that patent protection is insufficient, the Company may not be able to rely on that patent protection to prevent third parties from developing or commercializing similar or identical technology to the Company's technology or certain parts thereof. The enforceability of patents in the pharmaceutical industry involves complex legal and scientific questions and can be uncertain. The process of enforcing a patent through litigation is expensive and time-consuming. Accordingly, the Company cannot guarantee that third parties will not successfully challenge the validity, enforceability or scope of its patents. A successful challenge to the Company's patents may limit the Company's ability to prevent others from using or commercializing similar or identical technology or the duration of the patent protection of the Company's technology offering. If any of the Company's patents are narrowed, invalidated, or is not granted, its business and operations may be adversely affected. In addition, the Company cannot guarantee that it will be able to detect unauthorized use or take appropriate, adequate and timely actions to enforce its patents. If the Company is unable to adequately protect or prove infringement of its patents, this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

Additionally, the issuance of a patent is not conclusive as to the inventorship of the patented subject matter, or its scope, validity or enforceability. The Company cannot guarantee that all of the potentially relevant prior art, that is, any evidence that an invention is already known, relating to the Company's patents and

patent applications, has been found. If such prior art exists, it may be used to invalidate a patent or may prevent a patent from being issued. Even if the Company's patents and patent applications are unchallenged, they may not adequately protect the Company's technology or prevent third parties from designing around the Company's patents.

In addition, the Company may fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. As a result, the Company may miss potential opportunities to strengthen its patent position, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

Nanotechnology and nanomedicine are new fields that could become subject to additional restrictions or regulations, curtailing the Company's commercial activities

The Company nanoforms particles for use in drugs. Nanoparticles are a relatively new product category, and the health effects of nanoparticles are less well established compared to other formulation technologies. There is a risk that a regulatory body introduces additional restrictions or requirements on nanomedicine generally, nanoparticles under a specific size or specific formulations of nanoparticles because of proven or suspected risks to human health. Such restrictions may affect the Company directly if the Company's technology is subject to such restrictions or requirements, or indirectly through a general heightened skepticism in the pharmaceutical industry towards nanomedicine. If such risks were to materialize, the Company's ability to commercialize its technology offering would be significantly impaired, causing the Company to suffer a material adverse effect on its business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company must maintain its quality management systems and failure to do so could result in damaging existing customer relationships, adverse regulatory actions, including product recalls, product seizures, injunctions to halt manufacture and distribution, restrictions on the Company's operations, civil sanctions, including monetary sanctions, and criminal penalties

As the Company operates in a highly regulated industry, the Company must maintain consistent quality management systems and effectively train employees to consistently enforce high standards of quality management. A failure of the Company's quality control systems in its new and existing operations and facilities could result in problems with facility operations or the provision of services to the Company's customers. In each case, such problems could arise for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, such as the Company's customers providing APIs that are not compatible with the Company's CESS® or other technology, or environmental factors and damage to, or loss of, production capacity. Such problems could affect nanoforming of a particular batch or series of batches of APIs, requiring the destruction of such APIs or a halt of facility production altogether.

The Company must adhere to certain code of conduct requirements provided by its customers and regulations. Customer requirements for the handling of specific APIs may also differ. In addition, as the Company expects to nanoform APIs for customers globally, the Company must adhere to differing global regulatory and legal requirements. The Company faces the risk of operating in an increasingly complex industry with distinct local aspects.

If the Company fails to meet the required quality standards of any of its customers, the Company could damage its reputation for quality and service. Any such failure could lead to increased costs or lost revenue or could require reimbursement to customers for costs of services and materials. Any such failure could also lead to damage to and possibly termination of existing customer relationships. Moreover, a failure could lead to loss of time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or APIs.

As is the case for all companies operating in the pharmaceutical and biotechnology industries, if manufacturing or preparation problems or failures to meet required quality standards are not discovered before a product is released to the market, the Company may damage its existing customer relationships, be subject to adverse regulatory actions, including product recalls, product seizures, injunctions to halt manufacture and distribution, restrictions on the Company's operations, civil sanctions, including monetary sanctions, and criminal penalties. In addition, such problems or failures could subject the Company to litigation claims, including claims from the Company's customers for reimbursement for the cost of lost or damaged APIs, the cost of which could be significant. Failure of the Company to provide high quality and timely services to its customers could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company has in the past and may in the future expand the use of alternative payment methods in which the Company would receive equity in the customer as direct or indirect payment for the Company's services, which entails risks related to liquidity of the customer's shares, inability to sell the customer's shares, insider prohibitions on selling the customer's shares and other unforeseen risks

The Company owns shares in one of its current customers (Herantis Pharma Oyj) and may in the future expand the use of alternative payment methods such as the Company taking shares or another form of equity interest in a customer in exchange for the Company's services. Such alternative payment options mean that the Company faces increased risks related to such customer's liquidity, cash flow, working capital, profitability and strength of the customer's balance sheet. Having accepted equity as payment, the Company may not be able to sell a customer's shares freely due to insider prohibitions or contractual limitations. Not being able to sell a customer's shares at the anticipated time or price could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company may suffer interruptions or failures of its information technology, network or communications systems and/or cyber security breaches

Security breaches of the Company's information technology infrastructure can create system disruptions, shutdowns or unauthorized disclosure of confidential information. If the Company is unable to prevent such breaches, its operations could be disrupted, or it may suffer financial damage or loss because of lost or misappropriated information. The Company cannot be certain that criminal capabilities, new discoveries in the field of cryptography or other developments will not compromise or breach the technology protecting the networks that access its services. If any of these systems are interrupted, damaged by unforeseen events or fail for any extended period of time, including due to the actions of third parties, then the Company may not be able to effectively manage its business and significant reputational damage may occur for the Company, and this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company has implemented a new enterprise resource planning system and will continue to invest in software and automation technology. These constitute material investments and significant changes to the Company's operations. The Company expects these investments to offer opportunities for future operational efficiency gains. However, failures or delays in the implementation of these systems may lead to increased costs, disruptions or delays in the Company's operations, and the systems may not provide the benefits the Company expects. This could have an adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares

The Company may engage in acquisitions and joint ventures in the future, which may pose a number of significant risks including expending substantial amount of cash, incurring debt and assuming of loss-making divisions

The Company's future success may depend on its ability to acquire other businesses or technologies that could complement, enhance or expand its current business or offerings and services or that might otherwise offer it growth opportunities. The Company may face competition from other companies in pursuing acquisitions. The Company may not be able to complete such transactions due to a failure to secure financing. Any future acquisitions the Company undertakes may be financed through cash provided by operating activities and/or other debt or equity financing. All of these could reduce the Company's cash available for other purposes.

Any transactions that the Company is able to identify and complete may involve a number of risks, including but not limited to:

- the Company has not previously engaged in acquisitions or joint ventures and may therefore lack the needed internal processes for successfully executing an acquisition or joint venture;
- the diversion of the attention of the Company's management to negotiate the transaction and then integrate the acquired businesses;
- the possible adverse effects on the Company's operating results during the negotiation and integration process;
- significant costs, charges or write-downs;
- the potential loss of customers or employees of the acquired business;
- delays or reduction in realizing expected synergies;
- unexpected liabilities relating to an acquired business; and
- the Company's potential inability to achieve its intended objectives for the transaction.

In addition, the Company may be unable to maintain uniform standards, controls, procedures and policies with respect to an acquired business, leading to operational inefficiencies. To the extent that the Company is successful in making acquisitions, it may have to expend substantial amounts of cash, incur debt and assume loss-making divisions, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company has a single site of operation, any disruption to which, could adversely affect the Company's business.

The Company does not own the building in which the manufacturing is situated, and the facility is the Company's single site of operations. If the facility is damaged, for example in a fire, and its de-risk strategy options fail, the Company's business would be interrupted, having a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

Risks Related to the Company's Financial Situation and Regulatory Environment

The Company is not profitable which could restrict the Company's ability to achieve its business targets and conduct its business operations

The Company has generated losses since its formation. In the financial year ended December 31, 2023, the Company recognized losses of EUR 20,756 thousand. In the financial years ended December 31, 2022, and 2021, the Company recognized losses of EUR 22,075 thousand and EUR 19,690 thousand, respectively. There is a significant risk as to whether the Company will be able to reach positive cash flow and results in the future, because the Company will be required to conduct further R&D work, business development, expansion of production capacity, and activities related to regulatory compliance. Such activities, together with anticipated general and administrative expenses associated with the growth strategy of the Company, will increase costs, and may reduce the Company's liquidity and prevent the Company from becoming profitable. There is a risk that the Company will not be able to generate sufficient revenue or achieve profitability to conduct its business operations in accordance with at each time applicable targets or strategies, which could restrict the Company's ability to achieve its business targets, maintain the scope of its operations, and its ability to obtain required additional funding. In the past, the Company has financed its operations mainly with equity financing, and to a lesser extent with income from contracts with customers. However, there can be no assurance that the Company will obtain sufficient financing in the future to carry out its planned activities and to engage into planned growth investments. Even if the Company does achieve profitability in the future, it may not be able to sustain profitability in subsequent periods. In addition, the Company's results of operations can fluctuate and, as a result, period-to-period comparisons may not necessarily be meaningful and results of operations in prior financial periods should not be relied upon as an indication of the Company's future performance.

If the Company fails to generate sufficient income or achieve profitability, this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company is dependent on external financing if it, for example, pursues significant transactions or significant growth investments and the Company may have difficulties accessing additional financing on competitive terms or at all

The Company is currently dependent on external financing acquired, for instance, via equity financing from current and new shareholders. The Company may in the future require external financing if it, for example, pursues significant transactions or significant growth investments. The Company may not be able to obtain financing, or it may only be able to obtain financing at significantly higher cost than what is currently the case. Factors such as financial market conditions, the general availability of credit, the fact that the Company is not profitable and the associated uncertainty around its profitability and creditworthiness, as well as that the Company does not have a credit rating issued by a credit rating agency, may affect the availability of financing. Global financial markets have experienced several periods of high volatility since the latest global financial crisis in 2008, including the COVID-19 pandemic. Factors, including adverse macroeconomic development, sovereign debt crises and unstable political environment may affect financial market conditions. Future periods of uncertainty, increased volatility, disruptions or sustained adverse developments in the financial markets could constrain the Company's access to capital and result, for example, in a reduction of liquidity. A reduction in liquidity could make it more difficult to obtain funding for the Company at reasonable costs or at all. Being unable to obtain funding at a reasonable cost or at all, would affect the Company's ability to finance the operating and capital expenditure necessary to pursue further growth initiatives.

Difficulties in accessing additional financing could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company is exposed to foreign exchange rate risks arising from fluctuations in currency exchange rates

The Company is exposed to foreign exchange rate risks, both translation risks and transaction risks arising from fluctuations in currency exchange rates. The key currency in which the Company has the most significant exposure is the Swedish krona, the British pound sterling, the U.S. dollar, the Norwegian krone and the Japanese yen. Currently all revenue of the Company is in euros and U.S. dollar, but some of the Company's costs are in British pound sterling, U.S. dollar and Swedish krona, in addition to euros. At year-end 2023, the most significant currency exposure arose from the SEK 38,089 thousand and the NOK 33,319 thousand cash positions. The Company's exposure to other currencies has been limited. The Company's foreign exchange risks will increase further if its sales or costs in foreign currencies increase significantly. The Company monitors its currency positions but does not currently use any derivative instruments to hedge its exposure to foreign exchange risks.

The overall insurance coverage maintained by the Company may not be sufficient to cover unforeseen events

The Company maintains insurance coverage (including directors' and officers' liability insurance) to protect its business operations. The Company's production lines are concentrated in one production facility in Helsinki, Finland, which increases the consequences of an unforeseen event to the Company and its production facility. There is a risk that the overall insurance coverage will not be sufficient to cover the damages to the Company or third parties, and should such an unforeseen event occur, it could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company will be subject to product and other liability risks, which may expose the Company to lawsuits

If the Company's customers bring drugs benefiting from APIs nanoformed using the Company's technologies and services to market, the Company may be named as a defendant in product liability lawsuits, which may allege that services it, or any acquired business, has provided have resulted or could result in an unsafe condition or injury to consumers. The Company may be exposed to other liability lawsuits, such as tort, regulatory or intellectual property claims. Such lawsuits could be costly to defend and could result in reduced sales, significant liabilities and diversion of management's time, attention and resources. Even claims without merit could subject the Company to adverse publicity and require it to incur significant legal fees. Furthermore, product liability claims and lawsuits, regardless of their ultimate outcome could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

Currently, the Company has sought to manage this risk through contractual indemnities and liability limitations in its agreements with customers. The Company monitors its exposure to product liability and will seek to ensure it has adequate product liability insurance in place when necessary. The availability of product liability insurance for companies in the pharmaceutical industry is generally more limited than insurance available to companies in other industries. Insurance carriers providing product liability insurance to those in the pharmaceutical and biotechnology industries generally limit the amount of available policy limits, require larger deductibles and exclude coverage for certain services and claims. If the Company's liability insurance is inadequate or the Company is unable to maintain such insurance, there may be claims asserted against the Company that such insurance does not cover. A partially or completely uninsured claim, if successful and of sufficient magnitude, could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company is subject to environmental, health and safety laws and regulations, which, if not complied with, could result in the Company's operations being limited or suspended and the Company incurring monetary and criminal penalties

The Company's facilities and operations are subject to environmental, health and safety laws and regulations. These laws and regulations govern, among other things, the use, handling and disposal of hazardous and other regulated substances and employee health and safety. Environmental, health and safety laws and regulations have increasingly become stricter, and the Company may incur additional expenses to ensure compliance with existing or new requirements in the future. Any failure by the Company to comply with such requirements could result in the limitation or suspension of its operations. The Company could also incur monetary fines, civil or criminal sanctions, third-party claims or clean up or other costs or damages pursuant to such requirements. In addition, compliance with environmental, health and safety requirements could restrict the Company's ability to expand its facilities or cause the Company to incur other significant expenses.

The materialization of any of the foregoing risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company has in the past and may in the future undertake to sponsor clinical trials which make the Company subject to additional regulatory requirements, including among others Good Clinical Practice ("GCP") requirements, which, if not fulfilled, could result in the Company's operations being limited or suspended and the Company incurring monetary and criminal penalties

Clinical trials including API particles nanoformed by the Company could be either a clinical trial sponsored by one of the Company's customers or the Company itself. When the Company itself sponsors a clinical trial, the Company is subject to additional regulatory requirements, including among other GCP requirements, as well as laws and regulations of Nanoform's domicile and locally where the trial is conducted. Any failure by the Company to comply with such requirements could result in the limitation or suspension of its operations. The Company could also incur monetary fines, civil or criminal sanctions, third-party claims or other costs or damages pursuant to such requirements. The materialization of any of the foregoing risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company may suffer failures or deficiencies in operational risk management and internal control processes

The Company has adopted and regularly assesses and develops its risk management and internal control processes and systems. Risk management strives to ensure that the Company can identify, assess and manage its key risks. However, the Company's risk management policies and internal control procedures may not achieve their intended effects. The Company's risk management function may not be able to identify or monitor all relevant risks or implement efficient risk management procedures. Despite adequate risk management procedures, some of the risks identified could be beyond the Company's control.

The Company may also experience the realization of operational risks. There is a risk that the Company's employees, suppliers and other intermediaries make decisions that are inconsistent with Nanoform's strategy and that internal guidelines and policy documents relating to internal and external regulatory compliance are not fully complied with. The personnel and the management may make mistakes, or commit negligence, vandalism, wrongdoing, fraud or other criminal behavior or the Company and its property and operations may become a victim of embezzlement or crime. If the Company is unable to identify and address problems on time or to prevent violations by employees, suppliers and other intermediaries, this could damage the Company's reputation and give rise to the Company incurring liability in damages and customers choosing to turn to the Company's competitors.

Furthermore, the Company is still in a growth phase and there is a risk that current operational risk management and internal control processes may not remain adequate as the Company grows and that the Company may fail to update such processes. The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company may be subject to complaints and litigation that could damage the Company's brand and reputation, divert management resources and have direct adverse financial effects

From time to time, the Company may be the subject to complaints and litigation from its employees or third parties, alleging injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations. The projects performed for the Company's customer in the production facility may require that the Company's employees interact with hazardous materials, such as potent APIs.

Furthermore, the Company has in the past, and may in the future, undertake to indemnify and defend certain customers and partners, for example in the event that a third party would assert a claim against such customer and partner that the services and products that the Company sells infringe third party intellectual property rights.

Any such complaints or claims, even if successfully resolved without direct adverse financial effect, could have a material adverse effect on the Company's brand and reputation and divert its financial and management resources from more beneficial uses. If the Company were to be found liable under any such claims, for instance claims relating to certain product or service deficiencies, it could, for example, be ordered to pay damages or compensation, which would have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Company's shares.

The Company's Articles of Association include provisions on notification on the change of holdings and obligation to purchase Shares for the protection of shareholders but if the shareholders do not comply with such provisions, it could result in restricting the exercise of voting rights and non-redemption of Shares

Neither the regulation on mandatory tender offers of the Finnish Securities Markets Act nor the rules regarding mandatory offers in the takeover rules published by the Swedish Corporate Governance Board apply to the Company. The Articles of Association of the Company contain provisions on the shareholders' obligation to notify the Company of the change of holdings and obligation to purchase Shares if certain thresholds are met.

When the holdings of a shareholder reaches, exceeds or decreases significantly, the shareholder has the obligation to notify the Company on the change of holdings in accordance with the Articles of Association of the Company. When calculating changes in holdings that the shareholders should notify, only shares, and not other financial instruments that entitle to shares, are taken into consideration. If a shareholder does not notify the Company of the change of holdings in accordance with the Company's Articles of Association, the shareholder may not exercise its voting rights with regard to such shares, which acquisition has not been notified in accordance with the Articles of Association.

It is possible that a shareholder may gain control of the Company without the other shareholders being informed about it. A shareholder, whose holdings to the shares in the Company exceeds three tenths (3/10) or one half (1/2) is in accordance with the Company's Articles of Association obligated to purchase shares from the other shareholders of the Company. Enforcement of the obligation to purchase shares in accordance with the Articles of Association of the Company will be the sole responsibility of the Board of Directors of the Company and no other securities market authority is responsible for overseeing the enforcement. It is therefore possible that a shareholder who is obliged to purchase shares in accordance with the Articles of Association, and does not comply with such obligation, cannot be compelled to comply as efficiently as when such obligation is based on law or on an order of an authority. If a shareholder does not comply with the provisions of the Articles of Association or the Articles of Association are not efficiently enforced by the Company's Board of Directors, this could result in restricting the exercise of voting rights of the shareholder who is obliged to buy shares as well as non-redemption of the shares of those shareholders whose shares should be redeemed in accordance with the Articles of Association of the Company.

Key figures

	Group		
EUR thousand	2023	2022	2021
Revenue	2,566	3,487	1,955
Revenue growth %	-26%	78%	185%
Gross profit	1,717	3,147	1,792
Gross margin	67%	90%	92%
EBITDA	-19,597	-19,027	-17,745
Operating loss	-22,476	-21,409	-19,705
Loss for the period	-20,756	-22,075	-19,690
Equity ratio %	86.2 %	87.0 %	85.7%
Gearing %	-61.6 %	-70.9 %	-80.6%
Gearing excluding lease liabilities %	-70.9 %	-78.8 %	-89.6%
Net debt	-41,235	-61,807	-68,070
Net debt excluding lease liabilities	-47,493	-68,740	-75,733
Total assets	78,135	100,641	99,353
Average number of personnel	159	139	104
Number of employees (end of the period)	165	150	125
Employee benefits expenses	-14,726	-14,010	-13,791
R&D expenses	-4,150	-4,606	-3,780
Investments in property, plant, and equipment	-3,477	-8,965	-7,737
Operating free cash flow	-23,075	-27,992	-25,482
Cash and cash equivalents excluding short-term government bonds (end of period)	14,232	68,740	75,733
Cash and cash equivalents including short-term government bonds (end of period)	47,493	68,740	75,733

Group share indicator

	Group		
	2023	2022	2021
Basic EPS EUR	-0.26	-0.29	-0.29
Equity per share EUR	0.85	1.11	1.16
Dividend per share			
Dividend, % of earnings			
Effective dividend yield			
P/E ratio EUR	neg.	neg.	neg.
Lowest share price EUR, NANOFH	1.47	2.48	5.84
Highest share price EUR, NANOFH	3.30	6.96	8.80
Volume-Weighted average share price (VWAP) EUR, NANOFH	1.97	4.02	7.14
Closing share price EUR, NANOFH	1.59	3.20	6.58
Lowest share price SEK, NANOFS	17.00	27.05	59.80
Highest share price SEK, NANOFS	38.95	71.10	88.60
Volume-Weighted average share price (VWAP) SEK, NANOFS	22.99	41.18	73.12
Closing share price SEK, NANOFS	18.80	37.00	68.20
Market value of shares at end of period EUR	124,317,833	250,764,685	477,281,261
Weighted average number of shares during the financial period	78,419,306	77,031,302	68,136,596
Number of shares in the end of the financial year	78,433,964	78,363,964	72,535,146

Financial review of the Nanoform Group

Revenue

Nanoform's full-year net revenue decreased by 26% to EUR 2,566 (2022; 3,487) thousand. Revenue was impacted by slow customer project signings during 2H22. The Group has offered expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry. Revenue stemmed from 33 different customer projects.

Results

Nanoform's materials and services amounted to EUR -849 (2022: -341) thousand. During the financial period, costs stemmed from customer projects reported in revenue, the increase in materials and services related mainly to GMP QC functions. Commercialization and materials and supplies used in the R&D activities and operations are reported in the other operating expenses. Employee benefit expenses were EUR -14,726 (2022: -14,010) thousand while the average number of personnel was 159 (2022: 139) employees, and the number of personnel at the end of the period was 165 (2022: 150) employees. EBITDA was EUR -19,597 (2022: -19,027) thousand.

Depreciation, amortization, and impairment losses amounted to EUR -2,878 (2022: -2,382) thousand, of which depreciations on property, plant and equipment accounted for EUR -2,779 (2022: -2,317) thousand. The increase in depreciation is mainly stemming from investments in machinery and equipment. Depreciation of EUR -1,075 (2022: -1,053) thousand was recognized on leased right-of-use assets presented under property, plant, and equipment.

Operating loss amounted to EUR -22,476 (2022: -21,409) thousand. Total finance income and expenses amounted to EUR 1,743 (2022: -647) thousand. Loss for the year totalled to EUR -20,756 (2022: –22,075) thousand.

Cash flow

Nanoform's net cash flow from operations amounted to EUR -18,001 (2022: -20,080) thousand. The change in working capital was EUR -229 (2022: -2,016) thousand.

Nanoform's cash flow from investing activities totalled EUR -35,471 (2022: - 9,625) thousand, consisting of investments in short-term government bonds, intangible assets and property, plant, and equipment. Investing in property, plant, and equipment activities mainly comprised of GMP, and R&D lines built during the financial year and equipment and machinery used in business operations. In the comparable year, the company invested EUR 499 thousand in Herantis Pharma Plc in a directed share issue.

Nanoform's cash flow from financing activities amounted to EUR -1,195 (2022: 22,737) thousand. Share subscriptions by stock options amounted to EUR 81 (2022: 303) thousand. The impact of repayments for lease liabilities on the cash flow from financing activities was EUR –1,276 (2022: -1,233) thousand. In the comparable year, the proceeds from a directed share issue were EUR 24,560 thousand and transaction cost related to the share issue were EUR -892 thousand.

Financial position

Nanoform's equity at the end of the financial period 2023 totalled EUR 66,947 (2022: 87,212) thousand. Cash and cash equivalents at the end of the financial period 2023 was 14,232 (2022: 68,740) thousand. Investments in short-term government bonds were EUR 33,261 thousand. Net debt at the end of the financial period was -41,235 (2022: -61,806) thousand.

Nanoform's total assets at the end of the financial year 2023 was EUR 78,135 (2022: 100,641) thousand. The company's debt to equity ratio at the end of the financial year was -61 (2022: -71) per cent.

Investments, research, and development

In 2023, the Group continued to make significant investments in GMP-level cleanroom facilities, R&D production lines and equipment's totalling EUR 3,477 (2022: 8,965) thousand.

At the end of 2023, Nanoform held approx. 4.7% of Herantis Pharma Plc shares.

Research and development expenses in the financial year totalled EUR 4,150 (2022: 4,606) thousand, representing 17 (2022: 19) percent of total operating costs.

Management

Nanoform's corporate governance model is presented in a separate Corporate Governance statement.

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

Nanoform held its Annual General Meeting (the "AGM") on April 12, 2023.

The AGM approved the financial statements and discharged the Board of Directors and the CEO of the Company from liability for the financial year 2022. The Meeting decided that no dividend will be paid for the financial year that ended on December 31, 2022.

The number of members of the Board of Directors was confirmed to be four and the AGM re-elected Miguel Calado as Chairperson, Mads Laustsen, Albert Hæggström and Jeanne Thoma as ordinary members of the Board of Directors for the next term of office.

The AGM confirmed a monthly compensation of EUR 8,000 for the Chairman and EUR 5,000 for the Board Members, EUR 2,500 for the Chairman of the Audit and Compensation Committee and EUR 1,500 for the Members of the Audit and Compensation Committee. The AGM resolved further that the remuneration will be paid in four installments after the publication of the respective interim report. Each board member has undertaken to use approximately 50% of the aforementioned remuneration to purchase shares in the company.

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

The AGM authorized the Board of Directors to repurchase Nanoform's own shares. Altogether no more than 7,700,000 shares may be repurchased. The authorization will be valid until the beginning of the next Annual General Meeting.

Related party transactions, including compensation and fees paid to key management personnel and expenses from the option programs as well as liabilities and commitments to related par-

ties are presented in Note 27 (Related party transactions) to the Financial Statements.

CEO and Management Team

Nanoform Finland Plc CEO is Professor Edward Hæggström. The company's Management Team consisted of CEO and Antonio da Silva, Chief Business Operations; Christian Jones, Chief Commercial Officer; Albert Hæggström, Chief Financial Officer; Dr David Rowe, Head of Manufacturing; Peter Hänninen, General Counsel and Johanna Kause, Chief Quality Officer (September 1, 2023 onwards) and Johanna Tuomisto, HR Director (until June 23, 2023).

Decisions of the Annual General meeting

Other decisions taken by the AGM are reported in sections Management and Equity and stock option rights of this report.

Personnel

At the end of the financial year, the company had 165 (2022: 150) employees representing 38 (2022: 34) nationalities. Within Nanoform's international team of highly skilled professionals there are 34 (2022: 34) PhD's from different fields including e.g., physics, chemistry, pharma, and biology. Nanoform Group has been able to attract talent with diverse skills. At the end of the review period 45 (2022: 22) employees worked in R&D (including non-GMP customer projects), 23 (2022: 22) in GMP Manufacturing and 7 (2022: 7) in Project Management. Quality Control had 25 (2022: 22) and Quality Assurance 9 (2022: 9) professionals. The Commercial team consisted of 9 (2022: 10) professionals. Nanoform has also been able to attract talent in Legal 3 (2022: 3) and IT 6 (2022: 4) and in corporate functions 18 (2022: 51) (e.g., Finance, Procurement, IR, HR, Business Operations).

General operating procedures

The company has internal operating procedures which guide the company's operations and practices. The company has a quality management system as required by GMP. The company maintains a certification for ISO 27001 standard for its information security management system. Procurement policy is described as part of the company's quality management system. A description of the personnel policy is included in the company's HR documents. The company has in place an anti-corruption policy, code of conduct, disclosure policy, insider policy, whistleblowing policy, internal control policy, and a charter for the company's Board of Directors and Audit and Compensation Committee, respectively.

The CEO is accountable to the Board of Directors for the organization and the planning, implementation and monitoring of risk management, as well as related reporting. The company's Management Team supports the CEO in this work.

Environmental, Health, Safety and Sustainability (EHSS) Matters

Nanoform's CESS® technology can give significant reduction in total volumes of APIs and thus lead to a relatively smaller manufacturing footprint. The CESS® process creates little waste as only CO_2 and the API provided by the customers are combined without the use of solvents or excipients in a simple process. The CESS® process has a high production yield and requires a small production line.

The company uses substances that are hazardous to the environment or health in its operations. Nevertheless, the quantities of those chemicals are small, and the substances are handled by employees according to the Safety Data Sheet (SDS) and other relevant safety documents. The company has in place a hazardous waste management operating policy and standard operating procedures for the handling of API material.

As the business grows the construction and implementation of a new dynamic Environmental, Health Safety and Sustainability (EHSS) program and strategy will focus on business initiatives to significantly reduce and eliminate hazards in the workplace associated with the manufacturing of nanoparticles and use of API materials.

The environmental and sustainability part of the strategy will focus on the significant reduction of waste produced, the substitution of more sustainable components used in manufacturing, the ability to efficiently use CO_2 through lean manufacturing of processes and the application of the process of CO_2 reclamation in the aim to reduce or even eliminate the production of CO_2 emissions from our manufacturing processes.

Short-term risks and uncertainty factors

Nanoform operates in a heavily regulated industry (pharmaceutical industry). The group's business is based on a new technology that has not yet been widely applied in humans. As Nanoform is still a young company, the viability of its business model has not yet been proven and the group has been operating at a loss. 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 of currency-, credit- and counterparty risks as well the liquidity risk. Foreign exchange fluctuations arise from SEK, GBP, USD, NOK and JPY currency exposure. The Company's counterparty risks consist mainly of contracts between external customers, suppliers, and partners in co-operation and financial institutions. Risks related to legislation, rules and regulatory compliance are associated with the group's sector of industry.

Risks and risk management

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

Significant pending disputes

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

Equity and option rights

Nanoform Finland Plc has 78,433,964 (2022: 78,363,964) shares. Each share entitles to one vote at the General Meeting of Shareholders and an equal share in the dividends.

In the year 2023 shares were subscribed for with stock-option rights totalling 70,000 shares based on the stock-option programs 1-5/2019 and 1-5/2020. In the comparable year 2022 shares were subscribed for with stock-option rights totalling 247,000 shares based on the stock option programs 1-5/2019 and 1-5/2020. (For more information see Note 21).

In the comparable period Nanoform carried out a directed share issue in March 2022 in which 5,581,818 shares were subscribed.

On September 11, 2023, the Board of Directors resolved to issue stock options to key personnel, the total number of option rights to be issued is at most 735,000. In the comparable period on June 6, 2022, the Board of Directors resolved to issue stock options to key personnel, the total number of option rights to be issued is at most 485,000. Further information on stock option programmes is included in Note 21 (Share-based payments) to the Financial Statements.

The total remaining amount of stock options is 4,614,510 on the reporting date.

Owners

Shares	Number of owners	Share of ownership %
1-10,000	6,236	4.51%
10,000-99,999	72	2.74%
100,000-999,999	30	13.87%
> 1,000,000	12	78.88%
Owners total	**6,350**	**100.00%**

Source: Euroclear Finland Ltd

10 largest shareholder owners at December 31, 2023

Shareholder	Number of shares	Percentage of shares and votes
HANDELSBANKEN FUNDS	6,050,106	7.71%
HÆGGSTRÖM EDVARD OLOF	5,409,405	6.90%
UNIVERSITY OF HELSINKI FUNDS	4,397,719	5.61%
MANDATUM PLC	4,311,972	5.50%
THE FOURTH SWEDISH NATIONAL PENSION FUND	3,715,050	4.74%
VARMA MUTUAL PENSION INSURANCE COMPANY	3,066,996	3.91%
KEEL CAPITAL	3,039,112	3.88%
ARBEJDSMARKEDETS TILLAEGSPENSION (ATP)	2,700,708	3.44%
FALCK KAI EDVIN	2,700,000	3.44%
YLIRUUSI JOUKO KALERVO	2,685,182	3.42%
10 largest shareholders total	**38,076,250**	**48.55%**
Others	40,357,714	51.45%
In total	**78,433,964**	**100.00%**

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear Sweden, Euroclear Finland and Morningstar.

Sector distribution at December 31, 2023

Sector	Number of shareholders	Shareholders %	Number of shares	Shares %
Private companies	218	3.43%	3,350,342	4.27%
Financial and insurance institutions	18	0.28%	17,775,582	22.66%
Public sector organizations	4	0.06%	5,530,496	7.05%
Households	6,069	95.58%	19,925,513	25.40%
Non-profit inst. serving households	13	0.21%	7,139,902	9.10%
Foreigners	28	0.44%	24,712,129	31.51%
Total	**6,350**	**100.00%**	**78,433,964**	**100.00%**
Nominee registered in the joint book-entry accounts	**11**		**34,599,070**	**44.11%**

Source: Euroclear Finland Ltd

Events after the reporting date

On January 5, 2024, Nanoform announced it had completed the First Subject First Visit (FSFV) in a trial to evaluate the relative bioavailability of its nanocrystalline enabled alternative to an amorphous solid dispersion (ASD); formulation of nanoenzalutamide and Xtandi®[1], the number one prescribed androgen receptor inhibitor first approved by the FDA in 2012 to treat prostate cancer. The single-dose, randomized, comparative bioavailability study, which is performed by a contract research organization in North America, compares enzalutamide 160 mg film-coated tablets (Bluepharma Farmaceutica S.A.) and Xtandi 4x40 mg film-coated tablets (Astellas Pharma Europe B.V.).

On January 10, 2024, The Board of Directors of Nanoform Finland Plc decided on the issue of stock options under an option program open to all employees. The total number of option rights to be issued is at most 1,240,412. The stock options are entitled to subscribe for at most 1,240,412 shares in Nanoform. Each stock option entitles to subscribe for one new share. The subscription price for shares subscribed with stock options is EUR 1.70 per share. The total subscription price of the shares shall be paid to the company's fund for invested own free equity.

On January 26, 2024 Nanoform announced that one of its leading nanoformulation drug products had received promising clinical results. These were from a relative bioavailability study of nanocrystalline-enabled enzalutamide (nanoenzalutamide) tablet formulation, an alternative to the amorphous solid dispersion (ASD) used in Xtandi®[1], the number one prescribed androgen receptor inhibitor[2] first approved by the FDA in 2012, and by the EMA in 2013 to treat prostate cancer. The nanoenzalutamide tablet formulation was developed in a partnership with the ONConcept® Consortium (Bluepharma, Helm, and Welding) whereby Nanoform's proprietary controlled expansion of supercritical solutions (CESS®) technology provides the opportunity for an improved and differentiated finished product. Tablet-burden and dysphagia are well-documented challenges for prostate cancer patients, and the development of a 160mg, single tablet per day regimen may be preferable for patients in need of reducing their total number of daily pills. The single-dose, randomized, comparative bioavailability study, which was performed by a contract research organization in North America, compared enzalutamide 160mg filmcoated tablets (Bluepharma) and Xtandi® 4x40 mg film-coated tablets (Astellas Pharma Europe B.V.). A patent application for the nanoenzalutamide formulation has already been jointly filed by Helm and Nanoform. We aim for product launch after the expiry of the enzalutamide substance patent in the respective territories. For the United States this patent expiry is expected in 2027, and in Europe in 2028. This unique IP position may allow the nanoenzalutamide product to enter the market prior to other generic competition based on the ASD formulation, which is currently patent protected in the US and Europe until 2033.

1 Xtandi is a registered trademark of Astellas Pharma Inc.
2 Source: xtandi.com

On February 15, 2024, Nanoform announced that it has won a grant of up to 4.3 million euros from Business Finland, the Finnish government organization for innovation funding and trade. The grant represents 50% of the costs associated with Nanoform's research and development project for nanoparticle-enabled formulation platforms for oral, inhaled, long-acting injectable, and high-concentration subcutaneous injectable drug delivery technologies for next generation medicines. The work is expected to take place during 2024 and 2025.

Board of Director's proposal for the distribution of profits

The Board of Directors proposes to the Annual General Meeting that the parent company's loss for the year, EUR -20,849,400 be transferred to the accumulated deficit and that no dividend be paid. The parent company's distributable equity on December 31, 2023, totalled EUR 66,705 (2022: 87,040) thousand.

Consolidated and parent company financial statements

Statement of comprehensive income

		Group		Parent company	
EUR	Notes	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Revenue	**4**	**2,566,485**	**3,487,376**	**2,566,485**	**3,487,376**
Other operating income	6				
Materials and services	7	-849,043	-340,493	-849,043	-340,493
Employee benefits	8	-14,725,834	-14,009,747	-13,109,964	-13,333,947
Depreciation, amortization, and impairment losses	10	-2,878,128	-2,381,741	-2,878,128	-2,381,741
Other operating expenses	9	-6,589,043	-8,164,485	-8,298,698	-8,881,486
Total expenses		**-25,042,047**	**-24,896,466**	**-25,135,832**	**-24,937,667**
Operating loss		**-22,475,562**	**-21,409,089**	**-22,569,347**	**-21,450,291**
Finance income	11	1,945,512	956,826	1,942,447	956,826
Finance expenses	11	-202,591	-1,603,559	-202,501	-1,603,559
Total finance income and expenses		**1,742,921**	**-646,733**	**1,739,947**	**-646,733**
Loss before tax		**-20,732,641**	**-22,055,822**	**-20,829,400**	**-22,097,024**
Income tax	12	-23,233	-19,026		
Loss for the period		**-20,755,874**	**-22,074,848**	**-20,829,400**	**-22,097,024**
Loss for the period attributable to the equity holders of the parent company		**-20,755,874**	**-22,074,848**	**-20,829,400**	**-22,097,024**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation differences		-4,149	3,861		
Other comprehensive income for the period, net of tax		-4,149	3,861		
Total comprehensive loss for the period		**-20,760,023**	**-22,070,986**	**-20,829,400**	**-22,097,024**
Total comprehensive loss for the period attributable to the equity holders of the company		**-20,760,023**	**-22,070,986**	**-20,829,400**	**-22,097,024**
Loss per ordinary share	13				
Basic and diluted loss per share, EUR		-0.26	-0.29		

Statement of financial position

EUR	Notes	Group Dec 31, 2023	Group Dec 31, 2022	Parent company Dec 31, 2023	Parent company Dec 31, 2022
ASSETS					
Non-current assets					
Intangible assets	14	613,578	383,348	613,578	383,348
Property, plant, and equipment	15	26,703,890	27,126,909	26,703,890	27,126,909
Investments	23	1,479,136	1,922,917	1,481,183	1,923,818
Other receivables	16	288,162	288,025	288,162	288,025
Total non-current receivables		**29,084,766**	**29,721,199**	**29,086,813**	**29,722,101**
Current assets					
Inventories	18	218,265	5,946	218,265	5,946
Trade receivables	17	418,368	829,072	418,368	829,072
IC receivables	22			25,898	
Other receivables	23	105,040	274,370	102,039	269,786
Investments in short-term government bonds	23	33,260,887		33,260,887	
Contract assets and prepayments	17	815,729	1,070,960	815,729	1,070,960
Cash and cash equivalents	19	14,231,630	68,739,628	13,673,443	68,593,904
Total current assets		**49,049,920**	**70,919,975**	**48,514,629**	**70,769,668**
Total assets		**78,134,687**	**100,641,174**	**77,601,442**	**100,491,768**
EQUITY AND LIABILITIES					
Equity					
Share capital		80,000	80,000	80,000	80,000
Reserve for invested unrestricted equity	20	152,650,500	152,569,100	152,650,500	152,569,100
Accumulated deficit	20	-65,028,032	-43,361,984	-65,115,973	-43,431,897
Loss for the period		-20,755,874	-22,074,848	-20,829,400	-22,097,024
Total equity		**66,946,593**	**87,212,269**	**66,785,127**	**87,120,179**
Non-current liabilities					
R&D loans					
Lease liabilities	23	5,203,371	5,895,908	5,203,371	5,895,908
Advance payments	23				
Trade payables					
Total non-current liabilities	**23**	**5,203,371**	**5,895,908**	**5,203,371**	**5,895,908**
Current liabilities					
Provisions	24	19,075		19,075	
R&D loans	23				
Lease liabilities	23	1,054,072	1,036,886	1,054,072	1,036,886
Advance payments	4	442,685	447,137	442,685	447,137
Trade payables	23	882,907	1,191,656	878,882	1,191,281
IC liabilities	22			64,882	102,926
Other liabilities		310,528	233,119	273,671	233,119
Accrued expenses	25	3,275,455	4,624,198	2,879,676	4,464,332
Total current liabilities		**5,984,722**	**7,532,997**	**5,612,943**	**7,475,681**
Total liabilities		**11,188,093**	**13,428,905**	**10,816,315**	**13,371,589**
Total equity and liabilities		**78,134,687**	**100,641,173**	**77,601,442**	**100,491,768**

Statement of changes in equity

	Group statement of changes in equity			
EUR	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Balance at Jan 1, 2022	**80,000**	**128,598,848**	**-44,185,026**	**84,493,822**
Loss for the period			-22,074,848	-22,074,848
Other comprehensive income for the period			3,861	3,861
Comprehensive loss for the period			**-22,070,987**	**-22,070,987**
Transactions with equity holders of the Company				
Increase of the share capital				
Share subscription with stock options		302,500		302,500
Share-based payments			819,179	819,179
Share issue		23,667,752		23,667,752
Balance at Dec 31, 2022	**80,000**	**152,569,100**	**-65,436,834**	**87,212,266**
Loss for the period			-20,755,874	-20,755,874
Other comprehensive income for the period			-4,149	-4,149
Comprehensive loss for the period			**-20,760,023**	**-20,760,023**
Transactions with equity holders of the Company				
Increase of the share capital				
Share subscription with stock options		81,400		81,400
Share-based payments			412,948	412,948
Directed share issue				
Balance at Dec 31, 2023	**80,000**	**152,650,500**	**-85,783,909**	**66,946,591**

	Parent company statement of changes in equity			
EUR	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Balance at Jan 1, 2022	**80,000**	**128,598,848**	**-44,251,078**	**84,427,770**
Loss for the period			-22,097,024	-22,097,024
Comprehensive loss for the period			**-22,097,024**	**-22,097,024**
Transactions with equity holders of the Company				
Increase of the share capital				
Share subscription with stock options		302,500		302,500
Share-based payments			819,179	819,179
Share issue		23,667,752		23,667,752
Balance at Dec 31, 2022	**80,000**	**152,569,100**	**-65,528,923**	**87,120,177**
Loss for the period			-20,829,400	-20,829,400
Comprehensive loss for the period			**-20,829,400**	**-20,829,400**
Transactions with equity holders of the Company				
Increase of the share capital				
Share subscription with stock options		81,400		81,400
Share-based payments			412,948	412,948
Directed share issue				
Balance at Dec 31, 2023	**80,000**	**152,650,500**	**-85,945,375**	**66,785,126**

Statement of cash flows

EUR	Notes	Group		Parent company	
		Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flow from operating activities					
Loss before tax		**-20,732,641**	**-22,055,822**	**-20,829,400**	**-22,097,024**
Adjustment for:					
Depreciations and impairments	10	2,878,128	2,381,741	2,878,128	2,381,741
Finance income and expenses	11	-1,517,819	646,733	-1,514,844	646,733
Share-based payments	8;20	412,948	785,134	412,948	785,134
Other adjustments*:		94,538	37,088	94,538	37,088
Change in net working capital:					
Trade and other receivables	17	65,488	-1,408,299	38,009	-1,403,715
Trade payables and other liabilities	23	-81,673	-607,331	-379,680	-508,995
Change in inventory	18	-212,319	-5,946	-212,319	-5,946
Change in other receivables (non-current)		-137	-2,220	-137	-2,220
Interest paid	11	-6,730	-204,436	-6,639	-204,436
Interest received	11	1,110,171	372,688	1,107,106	372,688
Paid tax		-10,927	-19,026		
Net cash used in operating activities		**-18,000,973**	**-20,079,695**	**-18,412,291**	**-19,998,951**
Cash flow from investing activities					
Payments for intangible assets	14	-329,341	-160,454	-329,341	-160,454
Payments for property, plant, and equipment	15	-3,477,182	-8,964,924	-3,477,182	-8,964,924
Investments in short-term government bonds	23	-32,142,956		-32,142,956	
Payments for subsidiary shares	23; 28			-1,145	
Acquisition of financial assets at fair value through profit or loss	23	478,495	-499,458	478,495	-499,458
Net cash used in investing activities		**-35,470,984**	**-9,624,836**	**-35,472,129**	**-9,624,836**
Cash flow from financing activities					
Proceeds from share issues	20		24,559,825		24,559,825
Transaction costs from the share issues	20		-892,073		-892,073
Acquisitions of treasury shares					
Share subscription with stock options	20	81,400	302,500	81,400	302,500
Proceeds from R&D loans	23				
Repayment of R&D loans					
Repayment of lease liabilities	23	-1,276,076	-1,233,482	-1,276,076	-1,233,482
Net cash from financing activities		**-1,194,676**	**22,736,770**	**-1,194,676**	**22,736,770**
Net increase (+) decrease (-) in cash and cash equivalents		**-54,666,633**	**-6,967,761**	**-55,079,096**	**-6,887,017**
Cash and cash equivalents at 1 January		68,739,628	75,732,679	68,593,904	75,506,211
Effects of exchange rate changes on cash and cash equivalents		158,635	-25,289	158,635	-25,289
Cash and cash equivalents at 31 December		**14,231,630**	**68,739,628**	**13,673,444**	**68,593,904**
Cash and cash equivalents and short-term government bonds at the end of period		46,374,586		45,816,400	

* Other adjustments in cash flow statement

	Group		Parent company	
EUR	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Other operating expenses – leases		12,005		12,005
Other operating expenses – impairments of fixed assets				
Other operating expenses – change in fixed asset materiality consideration				
Other operating expenses – provision for onerous contract	19,075	-875	19,075	-875
Other adjustments – provision for credit loss	75,464	25,958	75,464	25,958
Total	**94,539**	**37,088**	**94,539**	**37,088**

Notes to the financial statements

1. Background

Nanoform Group is a supplier of expert services for the international pharma and biotech industry in nanotechnology and drug particle engineering. Parent company Nanoform Finland Plc is a public company under Finnish law.

Business ID of Nanoform Finland Plc is 2730572-8 and its headquarter is located at Viikinkaari 4, 00790 Helsinki. These consolidated financial statements consist of the parent company Nanoform Finland Plc and its subsidiaries ("Nanoform" or "the Group"). The shares of the parent company Nanoform Finland Plc have been listed on NASDAQ First North Growth Market Premier in Helsinki and Stockholm since June 4, 2020. Nanoform Group has 165 (2022: 150) employees at the end of 2023.

The Board of Directors approved these financial statements for issue on February 28, 2024. According to the Finnish Companies Act, the shareholders can approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

2. Accounting principles

Basis of preparation

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

Nanoform's financial statements are presented in euros, which is the Group's functional and presentation currency. Figures presented in these financial statements have been rounded from exact figures and therefore the sum of figures presented individually can deviate from the presented sum figure.

Nanoform Group's accounting policies of the financial statements are described in conjunction with each note in the aim of providing enhanced understanding of each accounting area. The table below summarizes the note in which each accounting policy is presented and the relevant IFRS accounting standard.

Basis of preparation	Note	IFRS Accounting standard
Revenue recognition	4. Revenue	IFRS 15
Segment reporting	5. Segment reporting	IFRS 8
Government grants	6. Other operating income	IFRS 9, IAS 20
R&D expenses	7. Materials and services	IAS 38
Employee benefits	8. Employee benefit expenses	IAS 19
Taxes	12. Taxes	IAS 12
Earnings per share	13. Loss per share	IAS 33
Intangible assets	14. Intangible assets	IAS 38
Tangible assets	15. Property, plant, and equipment	IAS 16
Leases	15. Property, plant, and equipment	IFRS 16
Trade receivables	17. Current trade, other receivables, prepayments, and accrued income	IFRS 9
Inventories	18. Inventories	IAS 2
Share-based payments	21. Share-based payments	IFRS 2
Financial risk management	22. Financial risk management	IFRS 7, IFRS 9
Financial assets and liabilities	23. Financial assets and liabilities	IFRS 9
Provisions	24. Provisions	IAS 37

Foreign currency translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in finance income and expenses in the statement of comprehensive income. Non-monetary items that are measured based on initial cost in a foreign currency are translated at exchange rates prevailing at the transaction date.

The result and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit of loss are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

Consolidation principles

The consolidated financial statement includes the parent company, Nanoform Finland Plc, and the subsidiaries in the USA, Nanoform USA Inc and in the UK, Nanoform U.K. Ltd. Subsidiaries are companies over which the Group exercises control. The Group has a controlling interest in a company if, by being involved in the company, it is exposed to fluctuating returns or is entitled to such fluctuating returns and it is able to influence these returns by exercising its control over the company.

Mutual shareholdings of Group companies have been eliminated using the acquisition cost model. Acquisition costs include transferred assets at fair value, generated or assumed liabilities and equity-based instruments that are issued. Acquired subsidiaries are consolidated from the moment that the Group gains control over them and divested subsidiaries are consolidated until this control ends. All internal Group business transactions, receivables, liabilities, unrealized profits and internal profit distribution are eliminated when preparing the consolidated financial statement. Unrealized losses are not eliminated if the loss results from impairment. The distribution of profits for the financial period to the parent company's owners and minority interest-holders is presented in the income statement, and the minority interest-holders' share of equity is presented as a separate item in the balance sheet under equity. The Group has no associated companies or minority shareholders. Accounting principles applied by subsidiaries have been adapted to correspond to the Group's principles.

Nanoform USA Inc. was incorporated in January 2020. Nanoform U.K. Ltd was incorporated in January 2023. The financial statement of the Group has been consolidated with the financial statements of its subsidiaries. On December 31, 2023, the Group had no goodwill on its balance sheet.

Changes in accounting policies and disclosures

Nanoform has applied amendments and annual improvements to IFRS standards effective on January 1, 2023. The amended standards are:

- IFRS 17 Insurance contracts and amendments to IFRS 17 insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative information
- Amendments to IAS 1 standard: Presentation of financial statements, IFRS Practice Statement 2 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure of Accounting policies and Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform, Pillar Two Model Rules

Amendments and annual improvements have not had a major impact on the financial statement.

At the date of authorization of these financial statements, Nanoform has not applied the following new and revised IFRS Standards that have been issued but will be in effect later than 1.1.2024.

- Amendments to IFRS 16 Leases: Lease Liabilities in a Sale and Leaseback
- Amendments to IAS 1 standard: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Nanoform will apply these amendments to standards as applicable.

3. Significant accounting judgements, estimates, and assumptions

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

The sources of uncertainty and management judgment which have been identified by the Group and which are considered to fulfill these criteria are presented in connection to the items considered to be affected. The table below discloses where to find these descriptions.

Accounting judgements, estimates, and assumptions	
Revenue recognition	4. Revenue
Leases	15. Property, plant, and equipment
Share-based payments	20. Share-based payments

4. Revenue

Nanoform's revenue consists of GMP and non-GMP type of research and development services provided to the Group's

customers, in which the Group nanoforms customers drug compounds. The Group's customer contracts can include one or multiple performance obligations. In the contracts every, separate nanoformed drug ingredient is a separate performance obligation, as the customer can receive benefit from each separate nanoformed compound and each nanoformed compound is distinct from the other promises in the contract.

Total revenue in 2023 was EUR 2,566 (2022: 3,487) thousand. The Group's revenue consists solely of customer contracts, which are recognized over time as project performance does not create an asset with an alternative use to the Nanoform Group and the Nanoform Group has an enforceable right to payment for performance to date. Two different customers' revenue during the reporting period accounts for more than 10% of the total cumulative revenue.

Contract assets and liabilities

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

The transaction prices allocated to unsatisfied performance obligations or included in contract liability balance are expected to be recognized as revenue during the following financial year for the major part. Nanoform applies practical relief and does not disclose information on partially or fully unfulfilled performance obligations related to contracts up to one year.

The Group will satisfy performance obligations related to the contract liabilities within one year.

No material amounts of revenue were recognized during the reporting period due to changes in transaction prices or changes in estimates for performance obligations partially or fully satisfied in previous years. There were no impairment charges recognized during the reporting period for the contract assets. Changes in transaction price are reflected directly on assets and liabilities based on percentage of completion.

	Group		Parent company	
EUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Contract assets	606,507	673,685	606,507	673,685
Contract liabilities	442,685	361,154	442,685	361,154

Accounting policy

Nanoform recognizes revenue from customer contracts over time as the Group fulfills the performance obligation by performing the promised service. Nanoform's performance does not create an asset with an alternative use to the Group and Nanoform has an enforceable right to payment for performance completed to date. Consequently, the revenue is recognized over time. Nanoform measures the progress towards complete satisfaction of the performance obligations by applying the input method, in which the revenue is recognized based on the costs incurred relative to the total estimated costs of the performance obligation. The Group views that the used method best describes the transfer of control for the services provided. Estimated costs and revenues will be re-assessed regularly during performing the services. Revisions in profit estimates as well as projected potential losses on contracts are charged through the statement of comprehensive income in the period in which they become known. The project duration in Nanoform´s customer contracts vary but are clearly below one year.

The transaction prices in Nanoform's customer contracts are fixed. The terms of payment and payment periods in customer contracts vary, but payment time is nonetheless clearly below one year. Consequently, customer contracts do not include a significant financing component. In case a contract includes several performance obligations, Nanoform will allocate the fixed transaction price in the contract to different performance obligations based on their stand-alone selling prices. Revenue is recognized to the extent Nanoform expects to be entitled to consideration in exchange for the services provided.

Nanoform does not have costs for obtaining or fulfilling the customer contracts.

Significant management judgements

Nanoform applies the input method in measuring the progress towards complete satisfaction of a performance obligation. In the input method, the fulfillment is measured by comparing the costs incurred relative to the total estimated costs of the performance obligation. Significant management judgment is required to determine the estimated total costs of performance obligations. Estimated costs are reviewed regularly during performing the services and revisions in forecasts and projected losses on service contracts are recognized through the statement of comprehensive income in the period in which they become known.

5. Segment reporting

Nanoform's business is to offer expert services in nanotechnology and drug particle engineering for the global pharma and biotech industry. In the year 2023 the Group's operations consisted of GMP and non-GMP type of research and development services provided to the customers. The Group's chief operating 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. The revenue in 2023 was EUR 2,566 (2022: 3,487) thousand. The Group's revenue during all the reported financial years is recognized from customer contracts both from Europe and outside of Europe (defined by the domicile of customer). During the reporting period revenue from two separate customer projects is over 10% of the total cumulative revenue. During 2022, Group's revenue stemmed from 33 (2022: 35) different customer projects whose relative share of the revenue varied between 1-15 (2022: 1-9) percent.

The Group production, research and development functions operate in Finland. The Group's strategy is to sell nanotechnological services widely to minimize the dependence from single customers or projects. Major parts of the Group's assets and liabilities are located in Finland.

Income by geographical area:

	Group		Parent company	
EUR	2023	2022	2023	2022
Europe	1,463,619	1,961,276	1,463,619	1,961,276
United States	1,102,867	1,526,100	1,102,867	1,526,100
Total	**2,566,487**	**3,487,376**	**2,566,487**	**3,487,376**

Accounting policy

Operating segments are reported consistently with the internal reporting provided to the chief operating decision maker. Nanoform's Chief Executive Officer reviews the operating results regularly and makes the decisions about the allocation of resources and to assess overall performance. Consequently, the Chief Executive Officer is identified as the chief operating decision maker.

The Chief Executive Officer manages the Company as one integrated business and hence, the Company has one operating and reportable segment.

6. Other operating income

	Group		Parent company	
EUR	2023	2022	2023	2022
Grant component of government loans				
Other operating income				
Total				

7. Materials and services

	Group		Parent company	
EUR	2023	2022	2023	2022
Raw materials and consumables				
Purchases during the period	227,872	202,374	227,872	202,374
External services	621,171	138,119	621,171	138,119
Total	**849,043**	**340,493**	**849,043**	**340,493**

The Group's materials and services mainly consist of materials and supplies relating to customer projects and production support.

8. Employee benefits

	Group		Parent company	
EUR	2023	2022	2023	2022
Wages and salaries	12,038,179	11,220,032	10,618,152	10,598,782
Pension expenses, defined contribution plans	1,682,221	1,523,110	1,620,224	1,489,923
Other social security expenses	592,486	447,425	458,639	426,063
Share-based payments	412,948	819,179	412,948	819,179
Total	**14,725,834**	**14,009,746**	**13,109,964**	**13,333,947**

	Group		Parent company	
	2023	2022	2023	2022
Personnel at the end of reporting period	165	150	157	147
Average number of personnel	159	139	151	136

Accounting policy

Nanoform's employee benefits consist of short-term employee benefits and post-employment benefits (defined contribution pension plans) and share-based payments. Nanoform's defined contribution schemes are with external insurance companies and the Group does not have a legal or constructive obligation to make additional payments in case the recipient for pension contributions is unable to pay the pension benefits. The pension contributions are recognized as expenses in the statement of comprehensive income during the period to which the charge relates to.

Short-term employee benefits are recognized as expenses during the period in which related service is provided. A liability is recognized when the Group has a statutory and constructive obligation relating to employment relationship based on performance received and when an obligation can be measured reliably.

The management compensation and share-based payments are disclosed in more detail in Notes 21 Share-based payments and 27 Related party transactions.

9. Other operating expenses

	Group		Parent company	
EUR	2023	2022	2023	2022
Premises expenses	241,924	158,542	241,924	158,542
IT expenses	1,019,477	2,064,187	1,019,127	2,064,187
Marketing and communication expenses	647,985	824,982	644,145	824,982
Consultant and professional fees	1,244,949	1,355,202	1,219,601	1,328,896
Travel expenses	391,598	352,593	271,293	288,397
Voluntary personnel related expenses	580,298	781,457	578,998	781,457
R&D expenses – external	998,885	1,007,692	998,885	1,007,692
Other expenses	1,463,926	1,619,831	3,324,725	2,427,335
Total	**6,589,043**	**8,164,485**	**8,298,698**	**8,881,486**

Auditor's fee

	Group		Parent company	
EUR	2023	2022	2023	2022
PricewaterhouseCoopers				
Audit fees	80,000	52,178	80,000	52,178
Other fees	7,691	20,115	7,691	20,115
Total	**87,691**	**72,292**	**87,691**	**72,292**

Other operating expenses contain external research and development expenses. In the 2023 financial statement, the total development expenses of EUR 4,150 (2022: 4,606) thousand have been expensed in the statement of comprehensive income, part of the research and development expenses are combined into personnel expenses and part in the other operating expenses. Voluntary personnel expenses contain EUR 199 (2022: 196) thousand of IAS19 defined employee benefits

Accounting policy

Research and development costs are recognized as expenses when internally developed intangible assets do not meet the criteria for capitalization. Development costs are capitalized when a development project is likely to generate economic benefits for the Group and the products are assessed to be technically feasible and commercially viable. Development projects are related to new or essentially improved nanoparticle technology. Because the capitalization requirements have not been met, the Group has not capitalized development costs over the reporting periods.

10. Depreciation and amortization

	Group		Parent company	
EUR	2023	2022	2023	2022
Intangible assets	99,111	64,337	99,111	64,337
Tangible assets	2,779,017	2,317,404	2,779,017	2,317,404
Amortization of tangible assets				
Amortization of intangible assets				
Total	**2,878,128**	**2,381,741**	**2,878,128**	**2,381,741**

11. Finance income and expense

	Group		Parent company	
EUR	2023	2022	2023	2022
Financial income				
Gains from foreign exchange	158,636	584,138	158,636	584,138
Fair value through profit or loss	36,996		36,996	
Interest and other financial income	1,749,881	372,688	1,746,816	372,688
Total financial income	**1,945,513**	**956,826**	**1,942,448**	**956,826**
Financial expenses				
Interest expenses	-6,827	-218,431	-6,737	-218,431
Losses from foreign exchange		-609,427		-609,427
Other financial expenses	-195,764	-201,322	-195,764	-201,322
Fair value through profit or loss		-574,378		-574,378
Total financial expenses	**-202,591**	**-1,603,559**	**-202,501**	**-1,603,559**
Financial income and expense total	**1,742,922**	**-646,733**	**1,739,947**	**-646,733**

Foreign exchange gains and losses are based on foreign exchange changes in SEK, USD, GBP, NOK and JPY currencies. Fair value change in financial income and expenses related to fair value changes in Herantis Pharma Plc shares. The other financial expense relates mainly to the lease liabilities. Interest expenses consist of guarantee commission and deposit interests. Interest and other financial income consist of interest income from bank accounts and T-bills.

12. Taxes

Group's income tax expense consists of current tax expenses from subsidiaries.

	Group		Parent company	
EUR	2023	2022	2023	2022
Current tax				
Current tax on profits for the year	23,889	8,652		
Adjustments for current tax of prior periods	-656	10,374		
Total current tax expense	**23,233**	**19,026**		
Deferred income tax				
Change in deferred tax assets	-135,070	1,386,559	-135,070	1,386,559
Change in deferred tax liabilities	135,070	-1,386,559	135,070	-1,386,559
Total deferred tax expense/(benefit)	**0**	**0**	**0**	**0**
Income tax expense	**23,233**	**19,026**	**0**	**0**

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

	Group		Parent company	
EUR	2023	2022	2023	2022
Loss before tax	-20,732,641	-22,055,822	-20,829,400	-22,097,024
Income tax calculated at Finnish tax rate, 20%	4,146,528	4,411,164	4,165,880	4,419,405
Difference between Finnish and foreign rates	-2,045	-412		
Tax losses and temporary differences for which no deferred tax asset is recognized	-4,134,860	-4,454,261	-4,132,775	-4,454,261
Non-deductible expenses	-83,790	-158,084	-84,039	-158,084
Deductible expenses recognized in equity		178,415		178,415
Research and development tax credit	50,934	14,526	50,934	14,526
Adjustment for current tax of prior periods		-10,374		
Taxes in the statement of comprehensive income	**-23,233**	**-19,026**	**0**	**0**

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

	Group and Parent company	
EUR	2023	2022
R&D expenses not deducted in taxation	15,175,567	12,222,081
Tax losses carried forward	75,277,640	58,986,966
Deferred tax depreciation on fixed assets	5,424,785	4,072,641
Lease liability*	498,305	496,247
Provisions and fair value through profit and loss not deductible in taxation	1,839,395	1,376,539
Expected credit loss	101,168	26,099
Total	**98,316,861**	**77,180,573**

* Company has recognized a deferred tax asset 1,251,489 EUR (2022: 1,386,559 EUR) from right-of-use liabilities and a deferred tax liability 1,251,489 EUR (2022: 1,386,559 EUR) from right-of-use assets. Deferred tax assets and liabilities are offsetted and the net deferred tax asset is 0 EUR (2022: 0 EUR).

The company has incurred research and development expenses especially in the year 2018–2023, which have not yet been deducted in taxation. The amounts deferred for tax purposes can be deducted over an indefinite period.

Tax losses carried forward expire over the period of 10 years. The tax losses will expire as follows:

	Group and Parent company	
EUR	2023	2022
Expiry within 5 years	2,230,073	426,799
Expiry within 5–10 years	73,047,568	58,560,168
Total	**75,277,641**	**58,986,966**

The parent company's unconfirmed tax loss for 2023 is EUR -16,290 (2022: -14,729) thousand. Deferred tax assets from tax losses have not been recognized in the statement of financial position due to uncertainty as to whether they can be utilized. The Group has an unprofitable history, which is considered a significant factor when assessing whether to recognize deferred tax assets. The total value of unrecognized deferred tax assets from tax losses is EUR 15,056 thousand with an estimated 20% tax rate.

Accounting policy

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

Deferred tax assets and liabilities are recognized on all temporary differences arising between the tax bases and carrying amounts of assets and liabilities. Deferred tax has been determined using the tax rates enacted at the balance sheet date, and as the rates change, at the known new rate. Deferred tax asset is recognized to the extent that it is probable that it can be utilized against future taxable income.

13. Loss per share

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

	Group	
EUR	2023	2022
Loss for the period	-20,755,874	-22,074,848
Weighted average number of ordinary shares in issue	78,419,306	77,031,302
Basic and diluted loss per share, EUR	**-0.26**	**-0.29**

Accounting policy

Earnings per share is calculated by dividing the loss for the year with the weighted average number of ordinary shares during the year.

The Group's potential dilutive instruments consist of share options granted in the years 2019–2023. Because the Group's businesses have been unprofitable, share options would have an anti-dilutive effect and therefore these are not considered in measuring the dilutive loss per share. Therefore, there is no difference between the basic and the diluted loss per share. These options could potentially dilute earnings per share in the future.

14. Intangible assets

	Group		
EUR	Patents	Licenses	Total
Dec 31, 2023			
Net book value at Jan 1, 2023	295,578	87,771	383,348
Additions	169,131	160,210	329,341
Depreciation	-50,784	-48,326	-99,111
Net book value at Dec 31, 2023	**413,923**	**199,655**	**613,578**
Dec 31, 2023			
Cost	665,073	303,091	968,164
Accumulated depreciation	-251,149	-103,436	-354,586
Net book value at Dec 31, 2023	**413,923**	**199,655**	**613,578**
Dec 31, 2022			
Net book value at Jan 1, 2022	232,879	54,353	287,232
Additions	106,349	54,107	160,456
Depreciation	-43,650	-20,689	-64,339
Net book value at Dec 31, 2022	**295,578**	**87,771**	**383,348**
Dec 31, 2022			
Cost	495,942	142,881	638,823
Accumulated depreciation	-200,365	-55,110	-255,475
Net book value at Dec 31, 2022	**295,578**	**87,771**	**383,348**

	Parent company		
EUR	Patents	Licenses	Total
Dec 31, 2023			
Net book value at Jan 1, 2023	295,578	87,771	383,348
Additions	169,131	160,210	329,341
Depreciation	-50,784	-48,326	-99,111
Net book value at Dec 31, 2023	**413,923**	**199,655**	**613,578**
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Dec 31, 2022			
Cost	495,942	142,881	638,823
Accumulated depreciation	-200,365	-55,110	-255,475
Net book value at Dec 31, 2022	**295,578**	**87,771**	**383,348**

Accounting policy

Intangible assets consist of patents and software licenses. Intangible assets are measured at cost less accumulated amortization and impairment losses and are recognized in the statement of financial position if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The costs of new patents are capitalized in the statement of financial position and the costs relating to maintaining existing patents are expensed and presented in other operating expenses in the statement of comprehensive income. The intangible assets have definite useful life.

The estimated useful lives for intangible assets are as follows:

- Patents 10 years
- Licenses 5 years

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

Please also see additional information on R&D expenses in note 9.

15. Property, plant, and equipment

	Group				
EUR	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Dec 31, 2023					
Net book value at Jan 1, 2023	5,294,577	6,436,546	1,124,279	14,271,508	27,126,910
Additions	624,210	398,130	9,340	1,652,360	2,684,040
Disposals	-165,000				-165,000
Reclassification	2,025,470		424,190	-2,613,100	-163,440
Depreciation	-1,523,350	-1,075,540	-180,120		-2,779,010
Net book value at Dec 31, 2023	**6,255,907**	**5,759,136**	**1,377,689**	**13,310,768**	**26,703,890**
Dec 31, 2023					
Cost	2,900,982	10,676,141	213,997	23,121,524	36,912,644
Disposals	-283,258	-652,148		-319,027	-1,254,433
Reclassification	7,641,723		1,686,566	-9,491,729	-163,440
Accumulated depreciation	-4,003,540	-4,264,858	-522,874		-8,791,272
Net book value at Dec 31, 2023	**6,255,907**	**5,759,135**	**1,377,689**	**13,310,768**	**26,703,890**
Dec 31, 2022					
Net book value at Jan 1, 2022	3,465,050	7,212,875	1,232,838	7,807,408	19,718,171
Additions	384,198	332,235	30,530	9,276,576	10,023,539
Disposals		-56,057		-241,341	-297,398
Reclassification	2,565,119		6,016	-2,571,135	
Depreciation	-1,119,790	-1,052,507	-145,105		-2,317,402
Net book value at Dec 31, 2022	**5,294,577**	**6,436,546**	**1,124,279**	**14,271,508**	**27,126,909**
Dec 31, 2022					
Cost	2,276,772	10,278,011	204,657	21,469,164	34,228,604
Disposals	-118,258	-652,148		-319,027	-1,089,433
Reclassification	5,616,253		1,262,376	-6,878,629	
Accumulated depreciation	-2,480,190	-3,189,318	-342,754		-6,012,262
Net book value at Dec 31, 2022	**5,294,577**	**6,436,545**	**1,124,279**	**14,271,508**	**27,126,909**

	Parent company				
EUR	Machinery and equipment	Right-of-use assets	Improvements to leasehold premises	Construction in progress	Total
Dec 31, 2023					
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Net book value at Dec 31, 2022	**5,294,577**	**6,436,545**	**1,124,279**	**14,271,508**	**27,126,909**

The right-of-use assets consists of Nanoform's leased premises. The right-of-use assets in the balance sheet consists of the Nanoform leased premises. The lease contracts are either perpetual or fixed 2,5-year contracts including extension option for six years. The perpetual lease contracts are recognized as long-term lease contracts and Group's management has used assessment to estimate contract termination time.

In the year 2023 the interests from lease liabilities amounted to EUR 196 (2022: 215) thousand.

Prepayments and construction in progress consists of the cost for building GMP and R&D lines.

Accounting policy

Nanoform's property, plant and equipment consists of leased premises and apartments (right-of-use assets), leasehold improvements and machinery and equipment. Property, plant, and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Regular maintenance and repair costs are expensed as incurred. Spare parts are classified as expenses, estimated useful live is less than one year.

The estimated useful lives of property, plant and equipment are as follows:

- Isolators 10 years
- Improvements to leasehold premises 10 years
- Production lines 5 years
- Machinery and equipment 4 years
- Leased premises and apartments (right-of-use assets) based on the lease term or asset's economic life, whichever is shorter

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

A right-of-use asset and a corresponding lease liability are recognized in the statement of financial position at the date on which the leased asset is made available for use by the Group. Lease payments on the contracts are recognized as repayment of lease liability and interest expense. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, whichever is shorter. At the commencement date, a right-of-use asset and a corresponding lease liability are recognized at the discounted present value of the lease payments that are not paid at that date. The discounted present value of the lease payments includes the lease payments for non-cancellable lease period lease payments and lease payments for voluntary extension periods when it is reasonably certain that the Group will exercise the extension option. In the perpetual lease agreements including a termination option, the Group estimates if the termination option will be used when assessing the lease period. The Group uses incremental borrowing rate as discounting rate for lease payments. Lease payments of certain premises are adjusted for inflation index. Variable rents based on index are a part of the lease liability relating to lease contract and the net present values of such contracts are measured based on the index at the beginning of the lease period. Changes in index are measured in the period when the index is changed. Cash flows relating to leases are presented as repayments of lease liabilities under cash flows from financing activities and the interests from lease liabilities under cash flows from operating activities. The Group does not have short term or low-value lease contracts.

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

Significant management judgements

The Group's lease contracts include both extension and termination options. Management uses the options in managing lease contracts to ensure flexible use of premises in Group's businesses. The Group's management assess the use of extension and termination options individually for each lease contract. Based on management's judgment, the Group will use extension options, which relate to premises that are significant to Group's future operations and growth. Further, based on management judgment the Group will not use termination options on such perpetual lease contracts that are essential for business growth. These lease contracts are recognized as long-term lease contracts.

Management has used judgment to evaluate property, plant, and equipment recoverable amount, and performed impairment testing on assets due to fast technological development during 2021. Management will review technological development regularly also in the future to ensure that property, plant, and equipment are carried at no more than at their recoverable amount.

16. Non-current other receivables

	Group		Parent company	
EUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Other receivables	288,162	288,025	288,162	288,025
Total	**288,162**	**288,025**	**288,162**	**288,025**

Other receivables consist of bank guarantee and rental security deposits.

17. Current trade, other receivables, prepayments, and accrued income

Aging of Group and Parent company trade receivable and bad debt losses at Dec 31, 2023

EUR	Not past due	1–30 days past due	31–60 days past due	61–90 days past due	Over 90 days past due	Total
Expected loss rate	0.05%	0.10%	1.00%	7.00%	13.00%	
Gross carrying amount trade receivable	338,007		102,000		100,000	**519,537**
Gross carrying amount contract assets	586,883		10,194			**597,078**
Credit loss allowance provision trade receivables	169		1,020		13,000	**14,168**
Credit loss allowance provision contract assets	293		102			**395**
Additional credit loss allowance						**87,000**
Total loss allowance provision						**101,564**

Trade receivable loss allowance provision Dec 31, 2023 reconciliation:

EUR	2023	2022
Loss allowance opening balance at Jan 1	26,099	141
Loss allowance provision change	75,465	25,958
Loss allowance closing balance at Dec 31	**101,564**	**26,099**

2023 figures include contract assets ECL.

Trade receivables net book value EUR 418 (2022: 829) thousand.

EUR	Not past due	1–30 days past due	31–60 days past due	61–90 days past due	Over 90 days past due	Total
Expected loss rate	0.05%	0.10%	1.00%	7.00%	13.00%	
Gross carrying amount	632,671	132,500	65,000		25,000	855,171
Credit loss allowance provision	316	133	650		3,250	4,349
Additional credit loss allowance						21,750
Total loss allowance provision						26,099

Trade receivable loss allowance provision at Dec 31, 2022 reconciliation:

EUR	2022	2021
Loss allowance opening balance at Jan 1	141	5,297
Loss allowance provision change	25,958	-5,156
Loss allowance closing balance at Dec 31	**26,099**	**141**

Accounting policy

Trade receivables are recognized at amounts of initial sale. The Group applies a simplified approach in IFRS 9, according to which all trade receivables and contract assets are deducted by lifetime expected credit losses. The lifetime expected credit losses are based on assumptions on probability of neglecting the payments and degree of expected losses. Management exercises judgment when calculating the allowance and assessing underlying assumptions. Management judgment relates to history of credit losses, assumptions on existing market conditions and forward-looking information at the end of each reporting period. Credit losses are recognized as other operating expenses. The Group has not incurred any actual credit losses per the financial reporting date.

Contract assets and prepayments

	Group		Parent company	
EUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Other prepayments	156,966	81,399	156,966	81,399
Contract assets	606,507	463,366	606,507	463,366
Other prepaid income	52,256	526,194	52,256	526,194
Total	**815,729**	**1,070,960**	**815,729**	**1,070,960**

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

Other receivables

	Group		Parent company	
EUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
VAT receivables	98,625	269,786	98,626	269,786
Other receivables	6,415	4,584	3,413	
Total	**105,040**	**274,370**	**102,039**	**269,786**

18. Inventories

	Group		Parent company	
EUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Raw materials	218,265	5,946	218,265	5,946
Total	**218,265**	**5,946**	**218,265**	**5,946**

Inventories are measured at the lower of cost and net realisable value (NRV).

19. Cash and cash equivalents

	Group		Parent company	
EUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Cash and cash equivalents	14,231,630	68,739,628	13,673,443	68,593,904
Total	**14,231,630**	**68,739,628**	**13,673,443**	**68,593,904**

During the year 2023 most of the Group and parent company cash and cash equivalents were invested in short-term T-bills. Presented cash and cash equivalents consist of liquid funds in Group's bank accounts. Cash and cash equivalents reconcile to the cash shown in the statement of cash flows at the end of the financial year.

20. Shareholders' equity

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

	Group				
EUR	Outstanding shares (pcs)	Own shares (pcs)	Total registered shares (pcs)	Share capital (EUR)	Reserve for unrestricted equity (EUR)
Jan 1, 2022	**72,535,146**	**0**	**72,535,146**	**80,000**	**128,598,848**
Increase of the share capital					
Share subscription with stock options	247,000		247,000		302,500
Share issue with netted transaction cost	5,581,818		5,581,818		23,667,752
Dec 31, 2022	**78,363,964**		**78,363,964**	**80,000**	**152,569,100**
Increase of the share capital					
Share subscription with stock options	70,000		70,000		81,400
Share issue with netted transaction cost					
Dec 31, 2023	**78,433,964**		**78,433,964**	**80,000**	**152,650,500**

	Parent company				
EUR	Outstanding shares (pcs)	Own shares (pcs)	Total registered shares (pcs)	Share capital (EUR)	Reserve for unrestricted equity (EUR)
Jan 1, 2022	**72,535,146**	**0**	**72,535,146**	**80,000**	**128,598,848**
Increase of the share capital					
Share subscription with stock options	247,000		247,000		302,500
Share issue with netted transaction cost	5,581,818		5,581,818		23,667,752
Dec 31, 2022	**78,363,964**		**78,363,964**	**80,000**	**152,569,100**
Increase of the share capital					
Share subscription with stock options	70,000		70,000		81,400
Share issue with netted transaction cost					
Dec 31, 2023	**78,433,964**		**78,433,964**	**80,000**	**152,650,500**

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

The company's equity consists of share capital, reserve for unrestricted equity and accumulated deficit. The subscription price of new shares is recognized in the share capital unless the share issue resolution states that it shall be recognized in full or partially in the reserve for invested unrestricted equity, where the transaction costs relating to issue are also netted. The transaction costs of equity financing arrangements have been netted into the invested unrestricted equity. Accumulated deficit includes the company's cumulative losses since the company's establishment.

The Company issued a total of 70,000 new shares for subscription based on the stock option programs 1-5/2019 and 1-5/2020 on following dates: January 10, 2023, April 12, 2023; December 5, 2023. The total subscription price EUR 81 thousand was recorded to the reserve for invested unrestricted equity. In the comparable period the Company issued a total of 247,000 new shares for subscription based on the stock option programs 1-5/2019 and 1-5/2020 and the total subscription price of EUR 303 thousand was recorded to the reserve for invested unrestricted equity.

In the comparable year, on March 22, 2022, the Board of Directors resolved on a directed share issue to investors, where a total of 5,581,818 new shares were issued. The subscription price was EUR 4.40 and SEK 45.68 per share. The total proceeds of EUR 24,560 thousand were recorded in the invested unrestricted equity reserve, netted with transaction costs EUR 892 thousand.

Parent company distributable equity at 31 December

EUR	Dec 31, 2023	Dec 31, 2022
Retained earnings from previous years	-65,115,973	-43,431,897
Loss for the period	-20,829,400	-22,097,024
Reserve for invested unrestricted equity	152,650,500	152,569,100
Total	**66,705,127**	**87,040,179**

The Board of Directors' proposal for distributable equity:

The Board proposes the parent company's loss for the period, amounting to EUR -20,829,400 to be allocated to the accumulated deficit and that no dividend will be paid.

21. Share-based payments

Nanoform Group has 17 different share-based payment programs for members of the Board of Directors and Group's key personnel: stock option programs 1–5/2019, 1–5/2020, 1–5/2021, 1/2022, and 1/2023. Stock options programs entitles holders of the stock options to subscribe to company shares.

The Board of Directors resolved on September 11, 2023, of the stock option program 1/2023 to the Group's key personnel. In the comparable year the board of directors resolved on june 6, 2022, of the stock option program 1/2022 to the Group's key personnel. The option rights granted in 2023-2022 were issued with no consideration. Each option right entitles the option holder to subscribe one new share and the option rights vest linearly so that the options are 100% vested within half year to one year from the grant date. The subscription period of the shares with option rights begins immediately upon the vesting of the option right.

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

The volatility used in the valuation of option rights is based on five peer group companies before the listing, which are assessed to be the best estimate to reflect the risk level of the Group. After the listing, the volatility is based on annualized volatility from Nanoform share price.

Key factors and definitions of the stock option programs are presented in the below table.

Option program	Fair value of the Company share at grant date, EUR	Subscription price of the Company share with options, EUR	Volatility, %	Risk free interest rate, %	Fair value of the option, EUR	End of the share subscription period
01–05/2019	1.30–1.62	1.10	64.85	0.01	0.74–1.00	Until further notice
01–05/2020	1.77–4.30	1.65–5.00	43.25–64.85	-0.55–0.01	0.97–2.11	Mar 10, 2025–Oct 23, 2025
01–05/2021	5.97–7.50	9.00	44.97–47.62	0.01	1.72–2.49	Apr 6, 2026–Aug 27, 2026
01/2022	3.52	9.00	42.5	1.33	0.65	June 6, 2027
01/2023	2.02	2.5	48.25	3.01	0.79	Sept 11, 2028

Changes during the reporting period

Option program	Outstanding at 1 January 2023	Granted	Forfeited	Exercised	Outstanding at 31 December	Exercisable at 31 December 2023
1–5/2019	834,000		-100,000	-62,000	669,000	669,000
1–5/2020	1,516,826		-82,000	-8,000	1,429,826	1,429,826
1–5/2021	1,450,684		-50,000		1,400,684	1,400,684
01/2022	485,000		-105,000		380,000	380,000
01/2023		735,000			735,000	223,251
Total	**4,286,510**	**735,000**	**-337,000**	**-70,000**	**4,614,510**	**4,102,761**

Changes during the previous period

Option program	Outstanding at 1 January 2022	Granted	Forfeited	Exercised	Outstanding at 31 December	Exercisable at 31 December 2022
1–5/2019	1,025,000			-191,000	834,000	834,000
1–5/2020	1,650,826		-78,000	-56,000	1,516,826	1,516,826
1–5/2021	1,450,684				1,450,684	1,450,684
01/2022		485,000			485,000	242,496
Total	**4,126,510**	**485,000**	**-78,000**	**-247,000**	**4,286,510**	**4,044,006**

	2023	2022
Effect on earnings from programs 01–05/2019, EUR		
Effect on earnings from programs 01–05/2020, EUR		
Effect on earnings from programs 01–05/2021, EUR		555,605
Effect on earnings from program 01/2022, EUR		263,574
Effect on earnings from program 01/2023, EUR	412,948	
Total	**412,948**	**819,179**

Accounting policy

The option rights are measured at fair value at grant date and recognized as expenses in the statement of comprehensive income during the vesting period. The service conditions are ignored in grant date fair value, but fulfilment of service conditions is considered as the Group revises its estimate on the amount of equity instruments that will eventually vest and its estimate on related expenses. Cumulatively, expenses are recognized only for equity instruments granted that will vest. The expenses for option programs are recognized in employee benefits, with corresponding increase in equity.

At grant date, the expense recognized for the option programs is based on the Group's estimate of the option rights that will vest during the vesting period. The estimate is revised at each reporting date. Changes in the estimate are recognized through profit and loss. The fair value of option rights is measured using Black-Scholes valuation model. When option rights are exercised, the proceeds from the subscription of shares are recognized in the reserve for invested unrestricted equity.

Significant management judgements

The Group recognizes expenses for share-based payments in the statement of comprehensive income. Management uses judgment when determining certain assumptions used in the option pricing model, such as volatility, fair value of shares at the grant date, estimated number of options that will eventually vest and the probable exercise date of options.

22. Financial risk management

Nanoform is exposed to various financial risks such as foreign exchange risk, stock market risk and interest rate risk as well as credit and counterparty risk. Most significant risks relate to foreign exchange rates and changes in fair market value for quoted shares. The Group's CFO is responsible for the Group's risk management. The aim of the Group is to minimize its risks with financing activities to the extent it is financially beneficial and reasonable.

Capital management and liquidity risk

Nanoform's objective in managing capital is to safeguard the Group's ability to continue its operations and to enable the development and commercialization of its nanoforming technology in the future (see note 19). For maintaining or adjusting the capital structure, the Group may issue new shares, request for debt financing or change the realization of its planned growth investments.

The Group's management monitors the capital through net debt to equity ratio, which was -61,6 as at December 31, 2023 (2022: -70,9) percentage. Net debt includes interest-bearing liabilities, net of cash and cash equivalents. Interest bearing liabilities consist of lease liabilities.

	Group		Parent company	
EUR	2023	2022	2023	2022
Net debt	-41,235,074	-61,806,834	-40,676,887	-61,661,110
Total equity	66,946,593	87,212,269	66,785,127	87,120,179
Net debt equity ratio	**-61.6%**	**-70.9%**	**-60.9%**	**-70.8%**

Cash flow from operating activities for the financial year ended December 31, 2023, was EUR -18,001 (2022: -20,080) thousand and cash outflow for investing activities was EUR -35,471 (2022: -9,625) thousand including the investments to short-term government bonds. The Group's cash and cash equivalents totaled to EUR 14,232 (2022: 68,740) thousand as at December 31, 2023. The Group's liquidity position is monitored regularly and projected both in short and long term to ensure that the Group has sufficient funding and cash and cash equivalents available to meet obligations when due. The management monitors the forecasts on the Group's cash flows based on expected future cash flows. The Group has no committed credit facilities available. So far, the Group has financed its operations mainly with equity financing and with income from contracts with customers, as well as in the past with R&D loans at below market-interest through government grants.

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

At December 31, 2023, the Group's contractual maturity of financial liabilities was as follows:

EUR	2024	2025	2026	2027-	Total
Finance leases	1,262,056	1,163,190	1,140,617	3,490,747	7,056,610
Trade payables	882,907				882,907
Total	**2,144,963**	**1,163,190**	**1,140,617**	**3,490,747**	**7,939,517**

At December 31, 2022, the Group's contractual maturity of financial liabilities was as follows:

EUR	2023	2024	2025	2026-	Total
Finance leases	1,242,824	1,176,409	1,094,151	4,471,417	7,984,800
Trade payables	1,191,656				1,191,656
Total	**2,434,479**	**1,176,409**	**1,094,151**	**4,471,417**	**9,176,456**

At December 31, 2023, the Parent company's contractual maturity of financial liabilities was as follows:

EUR	2024	2025	2026	2027-	Total
Finance leases	1,262,056	1,163,190	1,140,617	3,490,747	7,056,610
Trade payables	878,882				878,882
IC liabilities	64,882				64,882
Total	**2,205,821**	**1,163,190**	**1,140,617**	**3,490,747**	**8,000,375**

At December 31, 2022, the Parent company's contractual maturity of financial liabilities was as follows:

EUR	2023	2024	2025	2026-	Total
Finance leases	1,242,824	1,176,409	1,094,151	4,471,417	7,984,801
Trade payables	1,191,281				1,191,281
IC liabilities	102,926				102,926
Total	**2,537,031**	**1,176,409**	**1,094,151**	**4,471,417**	**9,279,008**

Foreign exchange risk

Nanoform is exposed mainly to foreign exchange fluctuations arising from SEK, GBP, USD, NOK and JPY currencies. Part of the revenue and the expenses together with receivables and liabilities are nominated in GBP, USD and SEK currencies. Currency positions arise from T-bills in NOK and SEK, subsidiaries' cash and cash equivalents and liabilities denominated in USD and GBP and cross-border bank deposits in SEK, USD, GBP, NOK and JPY currencies. The following table illustrates the effect of +/- 10 per cent changes in foreign currencies. Nanoform does not hedge its currency risk.

Factor	Exposure (thousand EUR)	Change (%)	Effect of change on profit (thousand EUR)	Effect of change on profit (%)
Exposure SEK	9,170	+/- 10%	+/- 917	+/- 4.4
Exposure USD	1,215	+/- 10%	+/- 147	+/- 0.7
Exposure GBP	58	+/- 10%	+/- 36	+/- 0.2
Exposure NOK	8,658	+/- 10%	+/- 866	+/- 4

Interest rate risk

While the market interest rates have been negative, bank deposits have generated interest payable which have been recognized in the financial statement in 2022. After the market interest rates have increased, Nanoform has received interest income from EUR valued cash and cash equivalent balances. Market interests have been increased to positive during the years 2023–2022, and Nanoform has gained interest income from bank deposits. Nanoform does not hedge its interest rate risk.

Credit risk and counterparty risk

The Group's counterparty risk consists mainly of contracts between external customers, suppliers, partners in cooperation and financial institutions. Counterparty risk with financial institutions concerns creditworthy banks and financial institutions. Counterparty risk with the customer contracts is low because when selecting a counterparty, only counterparties with high creditworthiness are approved. Counterparty creditworthiness is evaluated constantly, and the required actions are considered case by case if significant changes in the creditworthiness of a counterparty occur. Credit risk is managed by defining the rules for payment terms, authorizations, and credit control. The credit quality is evaluated both based on the aging of the receivables as well as based on individual case by case customer analysis in order to identify customers with potential higher credit risk due to individual customer specific reasons. The expected credit loss for the trade receivables is recognized based on this credit quality evaluation. The Group follows the credit rating of customers given by credit institutions. Investments into short-term government bonds (Treasury Bills, duration less than one year) are considered risk free investments from a counterparty (credit risk) point of view but may include currency risk.

Stock market risk

Stock market risk factors the changes in share prices for the quoted shares for Herantis Pharma Plc. The following table illustrates the effect of +/-30% change in share price in share investments. Nanoform does not hedge its share investment risk.

Factor	Change (%)	Effect of change in cash position (thousand €)	Effect of change in cash position (%)	Effect of change on profit (%)
Herantis shares (FVPL)	+/- 30%	+/- 444	+/- 3.2	+/- 2.1

23. Financial assets and liabilities

EUR	Fair Value Hierarchy	Group Dec 31, 2023	Group Dec 31, 2022	Parent company Dec 31, 2023	Parent company Dec 31, 2022
Financial assets at fair value through profit or loss					
Quoted shares	1	1,479,136	1,922,917	1,481,183	1,992,917
Unquoted shares				2,047	902
Financial assets measured at amortized cost					
Short-term government bonds		33,260,887		33,260,887	
Trade receivables		418,368	829,072	418,368	829,072
Other receivables		105,040	274,370	102,039	269,786
Cash and cash equivalents		14,231,630	68,739,628	13,673,443	68,593,904
Total		**49,495,062**	**71,765,986**	**48,937,967**	**71,686,581**

Fair value (level 1) of the short-term government bond investments (group and parent) as of reporting date 31.12.2023: 33,030,204 EUR.

EUR	Fair Value Hierarchy	Group Dec 31, 2023	Group Dec 31, 2022	Parent company Dec 31, 2023	Parent company Dec 31, 2022
Financial liabilities measured at amortized cost					
Trade payables		882,907	1,191,656	878,882	1,191,281
Lease liabilities		6,257,443	6,932,794	6,257,443	6,932,794
Total		**7,140,350**	**8,124,450**	**7,136,325**	**8,124,075**

Accounting policy

Classification and value of financial assets

The Group's financial assets are classified at the amortized cost and at fair value in financial assets. The financial assets are classified at the time of initial acquisition. Purchases and sales of financial assets are recognized to the balance sheet at the transaction date when the Group has committed to buy or sell the financial instrument. The derecognition of financial assets occurs when the Group has lost its contractual right to cash flows or has significantly transferred the risks and income outside the group.

Financial assets valued at fair value through profit or loss are classified as investments in equity instruments of non-group companies. Those financial instruments are measured at fair value and any changes in value are recognized in the income statement for the occurring period.

Financial assets are recognized at amortized cost including trade receivables, other receivables and short-term government bonds. Trade receivables are measured at accrued cost netted with any impairment losses. More information on principles of credit loss calculations in the note 17.

The group assesses on a forward-looking basis the expected credit losses associated with its short-term government bonds carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. If a significant increase in credit risk of bonds has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

Cash and cash equivalents consist of bank deposits, partially also in foreign currency. Changes in the foreign currency bank deposit values are stemming from converting assets to exchange rate of the balance sheet date. Foreign exchange gains and losses are recognized in the financial income and expenses through profit or loss statement. More information of currency risk management in the note 21.

Classification and value of financial liabilities

The Group's financial liabilities are classified as liabilities measured at amortized cost. The financial liabilities of the Group consist of lease liabilities, trade payables and other non-current and current liabilities. Withdrawals, purchases, and sales of financial liabilities are recognized in the balance sheet on the contract date. A financial liability is derecognized when the obligation specified in the contract has been met, canceled or has expired. Long-term financial liabilities that mature more than one year

are classified as non-current, short-term financial liabilities that mature less than one year are classified as current.

Amortized cost liabilities are including lease liabilities and trade payables. The classification of trade and other payables is current unless the company has an implicit right to defer the settlement for at least 12 months from the end of the financial year, in which case they would be classified as non-current liabilities. More information about lease liabilities in the note 15.

Recognized fair value measurements

Fair value measurements are classified using a fair value hierarchy i.e., Level 1, Level 2 and Level 3 that reflects the significance of the inputs used in making the measurements.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have not been any transfers between fair value levels during the year 2023–2022.

Changes in liabilities arising from financing

Net debt reconciliation

	Group		Parent company	
EUR	2023	2022	2023	2022
Cash and cash equivalents	-14,231,630	-68,739,628	-13,673,443	-68,593,904
Liquid investments	-33,260,887		-33,260,887	
Short-term lease liabilities	1,054,072	1,036,886	1,054,072	1,036,886
Long-term lease liabilities	5,203,371	5,895,908	5,203,371	5,895,908
Net debt	**-41,235,074**	**-61,806,834**	**-40,676,887**	**-61,661,110**

	Group				
	Other assets	Liabilities from financing activities			
EUR	Cash and cash equivalents	Liquid investments	Short-term lease liabilities	Long-term lease liabilities	Total
Net debt as at Dec 31, 2021	**-75,732,677**		**971,896**	**6,690,881**	**-68,069,900**
Cash flows	6,967,760		-1,221,477		5,746,283
Other non-cash movements			1,286,468	-1,071,151	215,317
Foreign exchange adjustments	25,288				25,288
New leases				276,178	
Changes in fair values					
Net debt as at Dec 31, 2022	**-68,739,629**		**1,036,887**	**5,895,908**	**-61,806,834**
Cash flows	54,666,633	-33,260,887	-1,276,076		20,129,670
Other non-cash movements			1,293,259	-1,090,668	202,591
Foreign exchange adjustments	-158,635				-158,635
New leases				398,130	398,130
Changes in fair values					
Net debt including as at Dec 31, 2023	**-14,231,631**	**-33,260,887**	**1,054,070**	**5,203,370**	**-41,235,075**

	Parent company				
	Other assets	Liabilities from financing activities			
EUR	Cash and cash equivalents	Liquid investments	Short-term lease liabilities	Long-term lease liabilities	Total
Net debt as at Dec 31, 2021	**-75,506,211**		**971,896**	**6,690,881**	**-67,843,434**
Cash flows	6,887,018		-1,221,477		5,665,541
Other non-cash movements			1,286,468		1,286,468
Foreign exchange adjustments	25,288			-1,071,151	
New leases				276,178	
Changes in fair values					
Net debt as at Dec 31, 2022	**-68,593,905**		**1,036,887**	**5,895,908**	**-61,661,110**
Cash flows	55,079,097	-33,260,887	-1,276,076		20,542,134
Other non-cash movements			1,293,259	-1,090,668	202,591
Foreign exchange adjustments	-158,635				
New leases				398,130	
Changes in fair values					
Net debt as at Dec 31, 2023	**-13,673,443**	**-33,260,887**	**1,054,070**	**5,203,370**	**-40,676,891**

24. Provisions

	Group	Parent company
EUR	Onerous contracts	
Jan 1, 2022	**875**	**875**
Additional provisions recognized		
Amounts used during the year		
Unused amounts reserved	-875	-875
Dec 31, 2022		
Additional provisions recognized	19,075	19,075
Amounts used during the year		
Unused amounts reserved		
Dec 31, 2023	**19,075**	**19,075**

	Group		Parent company	
EUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Long-term provisions				
Short-term provisions	19,075		19,075	
Total	**19,075**		**19,075**	

Accounting policy

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the payments required to cover the obligation. The discount factor used in calculation of the present value reflects the time value of money and specific risks related to the obligation. In case it is virtually certain that the Group will receive reimbursement to cover the obligation partially from a third party, the reimbursement is recognized as a separate asset.

A contingent liability is a possible obligation that arises from past events and its existence is confirmed only when an uncertain event outside the control of the Group is realized. An existing liability that is not likely to require the fulfillment of the payment obligation or whose amount cannot with sufficient reliability measured is also considered a contingent liability. At the reporting date the Group doesn't have contingent liabilities.

25. Other current liabilities

	Group		Parent company	
EUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Holiday pay liabilities	1,507,702	1,271,378	1,409,991	1,271,378
Pension contributions and other statutory personnel related insurance premium	313,341	269,490	267,723	269,490
Interest expenses				
Other accruals	1,454,411	3,083,330	1,201,962	2,923,463
Total	**3,275,455**	**4,624,199**	**2,879,676**	**4,464,332**

Other accruals include the accrued variable payment for the Group's employees and management team, and other accruals.

26. Contingencies and commitments

The Group has commitments related to services and purchases of property, plant and equipment amounted to EUR 4,167 (2022: 2,005) thousand at the end of financial year 2023.

Nanoform is obliged to revise its VAT deductions for improvements to leasehold premises if the taxable use of the premises decreases during the review period. The maximum amount of the liability is EUR 325 thousand and the last revise year is 2033.

Disputes and litigations

The Group's management is not aware of any open disputes or litigations, which could have a significant impact on the Group's financial position. At the reporting date the Group doesn't have any contingent liabilities.

27. Related party transactions

The Group's related parties are as follows:

- Members of the Board of Directors and their closely related family members and the entities over which they have control or joint control
- Group's Management team and their closely related family members and the entities over which they have control or joint control
- Nanoform Group's intercompany transactions

Nanoform has not had interests in other entities at the end of December 31, 2023, and 2022.

Key management personnel

The Group's key management personnel consist of the members of the Board of Directors and the management team including CEO.

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

	2023		
EUR	Fees settled in cash	Fees settled in shares	Share-based payments
Miguel Maria Calado	47,252	47,252	
Albert Hæggström, CFO	22,503	22,503	35,360
Mads Laustsen	29,253	29,253	
Jeanne Thoma	29,253	29,253	
Total	**128,261**	**128,261**	**35,360**

	2022		
EUR	Fees settled in cash	Fees settled in shares	Share-based payments
Miguel Maria Calado	91,334	79,246	18,586
Albert Hæggström, CFO	42,668	36,573	82,525
Mads Laustsen	54,665	48,767	12,390
Jeanne Thoma	54,665	48,767	37,088
Total	**243,332**	**213,353**	**150,589**

The company's Annual General Meeting confirmed the number of members of the Board of Directors to be four and re-elected Miguel Calado (Chair), Mads Laustsen, Albert Hæggström and Jeanne Thoma to the company's Board of Directors. In the comparable period the Annual General Meeting confirmed the number of members of the Board of Directors to be four and Miguel Calado (Chair), Albert Hæggström, Mads Laustsen and Jeanne Thoma were elected. Each board member has undertaken to use approximately 50% of remuneration to purchase shares in the company.

Compensation for CEO and Management team

	2023		
EUR	Salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation
CEO	279,518	49,554	
Management team*	1,130,798	202,720	134,182
Total	**1,410,316**	**252,274**	**134,182**

	2022		
EUR	Salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation
CEO	294,825	39,705	
Management team*	1,353,967	228,888	223,712
Total	**1,648,792**	**268,593**	**223,712**

* The management team without CEO, whose employee benefit expenses are presented separately.

Salaries and other short-term employee benefits consist of salaries and benefits, incentive bonuses and performance bonuses. Contributions to statutory pension schemes are presented in the post-employment benefits.

CEO's period of notice is 12 months and the severance payment 12 months of base salary in case of termination by the Company. The retirement age corresponds to the Finnish Statutory Employment Pension Scheme.

During 2023, a total of 300,000 (2021: 200,000) options were granted to the members of the Board of Directors and the management team.

Management shareholding	Dec 31, 2023	Dec 31, 2022
Number of shares	6,250,084	6,256,665
Shareholding, percentage	8.0%	8.0%

Board shareholding*	Dec 31, 2023	Dec 31, 2022
Number of shares	120,178	64,156
Shareholding, percentage	0.2%	0.1%
Total number of shares outstanding (pcs)	78,433,964	78,363,964

* Board of directors' shareholding excluding members of the management team

Transactions with related parties and open balances

	Group			
EUR	Purchases	Liabilities	Sales	Receivables
2023				
Key management personnel		124,588		
Total		**124,588**		
2022				
Key management personnel		155,780		
Total		**155,780**		

	Parent company			
EUR	Purchases	Liabilities	Sales	Receivables
2023				
Intercompany	1,888,514	64,882		25,898
Key management personnel		101,762		
Total	**1,888,514**	**166,644**		**25,898**
2022				
Intercompany	834,158	102,926		
Key management personnel		155,780		
Total	**834,158**	**258,706**		

Liabilities to key management personnel consist of bonus accrual.

28. Group's structure

During the years 2023–2022 Group financial statement consisted of parent company Nanoform Finland Plc and its 100% owned subsidiaries Nanoform USA Inc. (domicile United States of America) and Nanoform U.K. Ltd (domicile United Kingdom).

29. Events after reporting date

On January 5, 2024, Nanoform announced it had completed the First Subject First Visit (FSFV) in a trial to evaluate the relative bioavailability of its nanocrystalline enabled alternative to an amorphous solid dispersion (ASD); formulation of nanoenzalutamide and Xtandi®[1], the number one prescribed androgen receptor inhibitor first approved by the FDA in 2012 to treat prostate cancer. The single-dose, randomized, comparative bioavailability study, which is performed by a contract research organization in North America, compares enzalutamide 160 mg film-coated tablets (Bluepharma Farmaceutica S.A.) and Xtandi 4x40 mg film-coated tablets (Astellas Pharma Europe B.V.).

On January 10, 2024, The Board of Directors of Nanoform Finland Plc decided on the issue of stock options under an option program open to all employees. The total number of option rights to be issued is at most 1,240,412. The stock options are entitled to subscribe for at most 1,240,412 shares in Nanoform. Each stock option entitles to subscribe for one new share. The subscription price for shares subscribed with stock options is EUR 1.70 per share. The total subscription price of the shares shall be paid to the company's fund for invested own free equity.

On January 26, 2024 Nanoform announced that one of its leading nanoformulation drug products had received promising clinical results. These were from a relative bioavailability study of nanocrystalline-enabled enzalutamide (nanoenzalutamide) tablet formulation, an alternative to the amorphous solid dispersion (ASD) used in Xtandi®[1], the number one prescribed androgen receptor inhibitor[2] first approved by the FDA in 2012, and by the EMA in 2013 to treat prostate cancer. The nanoenzalutamide tablet formulation was developed in a partnership with the ONConcept® Consortium (Bluepharma, Helm, and Welding) whereby Nanoform´s proprietary controlled expansion of supercritical solutions (CESS®) technology provides the opportunity for an improved and differentiated finished product. Tablet-burden and dysphagia are well-documented challenges for prostate cancer patients, and the development of a 160mg, single tablet per day regimen may be preferable for patients in need of reducing their total number of daily pills. The single-dose, randomized, comparative bioavailability study, which was performed by a contract research organization in North America, compared enzalutamide 160mg filmcoated tablets (Bluepharma) and Xtandi® 4x40 mg filmcoated tablets (Astellas Pharma Europe B.V.). A patent application for the nanoenzalutamide formulation has already been jointly filed by Helm and Nanoform. We aim for product launch after the expiry of the enzalutamide substance patent in the respective territories. For the United States this patent expiry is expected in 2027, and in Europe in 2028. This unique IP position may allow the nanoenzalutamide product to enter the market prior to other generic competition based on the ASD formulation, which is currently patent protected in the US and Europe until 2033.

1 Xtandi is a registered trademark of Astellas Pharma Inc.
2 Source: xtandi.com

On February 15, 2024, Nanoform announced that it has won a grant of up to 4.3 million euros from Business Finland, the Finnish government organization for innovation funding and trade. The grant represents 50% of the costs associated with Nanoform's research and development project for nanoparticle-enabled formulation platforms for oral, inhaled, long-acting injectable, and high-concentration subcutaneous injectable drug delivery technologies for next generation medicines. The work is expected to take place during 2024 and 2025.

Signatures for the financial statements

Helsinki 28, February 2024

Miguel Calado
Chair of the Board of Directors

Albert Hæggström
Member of the Board of Directors

Mads Laustsen
Member of the Board of Directors

Jeanne Thoma
Member of the Board of Directors

Edward Hæggström
CEO

Auditor's statement

A report on the audit performed was given today

Helsinki 28, February 2024

PricewaterhouseCoopers Oy
Authorized Public Accountants

Tomi Moisio
Authorized Public Accountant (KHT, JHT)

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Nanoform Finland Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion the financial statements give a true and fair view of the group's and the parent company's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU and comply with statutory requirements.

What we have audited

We have audited the financial statements of Nanoform Finland Plc (business identity code 2730572-8) for the year ended 31 December, 2023. The financial statements comprise the group's and the parent company's balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information

Basis for Opinion

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

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

Independence

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

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

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

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

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

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

Helsinki 28 February 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tomi Moisio
Authorised Public Accountant (KHT, JHT)

Financial ratios and definitions

Ratio	Definition
Gross profit	Revenue + Other operating income – Materials and services expenses
Gross Margin (EBITDA)	Operating loss before depreciations, amortizations, and impairment losses
Equity ratio %	Total equity / Total assets – advances received
Gearing %	Interest-bearing net debt / Total equity
Gearing excluding lease liabilities %	Interest-bearing net debt / Total equity excluding lease liabilities
Net debt	Long-term and short-term loans + long-term and short-term lease liabilities - cash and cash equivalents and liquid investments
Net debt excluding lease liabilities	Long-term and short-term loans – cash and cash equivalents
R&D expenses	Employee benefit expenses for R&D personnel and other operating expenses related to R&D activities
Investments	Investments in Property, Plant and Equipment as presented in cash flow statement

Ratio	Definition
Basic EPS (EUR)	Profit for the period / adjusted average number of shares during the period
Equity per share	Shareholder's equity / adjusted number of shares at the end of financial period – own shares
Dividend per share	Total dividend / adjusted number of shares at the end of the financial period – own shares
Dividend, % of earnings	Dividends per share / earnings per share × 100
Effective dividend yield	Dividend per share × 100 / share price at the end of the financial period
P/E ratio	Earnings per share / market value per share
Net debt excluding lease liabilities	Long-term and short-term loans – cash and cash equivalents
R&D expenses	Employee benefit expenses for R&D personnel and other operating expenses related to R&D activities
Investments	Investments in Property, Plant and Equipment as presented in cash flow statement

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Further enquiries:

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Financial calendar

February 29, 2024, Annual Review 2023, Financial Statements Review 2023

May 30, 2024, Interim Report January–March 2024

August 29, 2024, Half-year Financial Report January–June 2024

November 22, 2024, Interim Report January–September 2024

February 27, 2025, Annual Review 2024, Financial Statements Review 2024