

Nanoform Q2 and H1 2022 report: Strong momentum continues

Company Announcement

Nanoform Finland Plc

August 25, 2022

08:10 a.m. Finnish time / 07:10 a.m. Swedish time

Nanoform Q2 and H1 2022 report: Strong momentum continues

Capacity expansion continues according to plan, strong project intake from new and repeat customers, positive outcome from AstraZeneca's technology evaluation, while the revenue grew by 100%, the number of employees by 35%, whereas the total operating cost growth was kept to 29% in H1/2022. Productivity gains and economies of scale will enable continued slower growth in costs while expanding our manufacturing capacity.

Q2/2022 key financials:

- Revenue grew to EUR 0.89 million, compared with EUR 0.55m in 4-6/2021.
- The gross profit rose to EUR 0.82 million, with a gross margin of 92% (EUR 0.52 million, 95% in 4-6/2021).
- EBITDA came in at EUR -5.5 million (EUR -4.4 million).
- The operating loss was EUR -6.1 million (EUR -4.8 million).
- The loss for the period was EUR -6.1 million (EUR -5.3 million).
- Basic EPS was EUR -0.08 (EUR -0.07).
- Cash position was EUR 83.0 million on June 30, 2022 (EUR 88.1 million).

H1/2022 key financials:

- Revenue doubled to EUR 1.65 million, stemming from 28 different customer projects (EUR 0.82m, 16 projects in 1-6/2021).
- The gross profit also doubled, from EUR 0.76 to EUR 1.52 million, with an unchanged gross margin of 92%.
- The number of employees grew by 35 % to 143 (106) compared with one year ago.
- Total operating costs* grew by 29 % to EUR 11.7 million (EUR 9.1 million).
- EBITDA came in at EUR -10.1 million (EUR -8.3 million).
- The operating loss was EUR -11.2 million (EUR -9.2 million).
- The loss for the period was EUR -11.4 million (EUR -9.6 million).
- Basic EPS was EUR -0.15 (EUR -0.14).
- EUR 25 million (gross) was raised in a new share issue.

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

*Defined as materials & services expenses, employee benefit expenses, and other operating expenses

Significant events during H1/2022:

- On January 3, Nanoform announced two new near-term business targets for 2022: "At least 20 new customer non-GMP projects in 2022" and "At least 3 new customer GMP projects in 2022".

- In March, EUR 25 million (gross) was raised in a successful new share issue through an accelerated bookbuilding process. The considerably oversubscribed capital raise attracted strong interest from Nordic and international investors, including a considerable number of large global Tier 1 institutional investors.

- On May 4, 2022, Nanoform announced that it has launched its sparse-data AI solution, STARMAP® as a secure online portal. STARMAP® Online creates the opportunity for clients to perform large numbers of *in-silico* CESS® experiments from their desktop, prior to approaching Nanoform to perform experimental validation. This approach further supports Nanoform's green ambition by ensuring that Nanoform progresses the molecules with the greatest probability of success. STARMAP® Online offers increased user confidence through:

* Security and safety – the interface has been developed in alignment with ISO27001:2017 standards.

* Client submissions are 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 over 17,000 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.

- During the second quarter AstraZeneca Plc concluded its thorough technology evaluation of Nanoform's proprietary CESS® Technology (see Nanoform's press release September 25, 2019: <https://nanoform.com/en/nanoform-and-astrazeneca-initiate-technology-evaluation/>). The outcome of the technology evaluation was positive, and AstraZeneca is now moving forward to an identification and implementation stage for the technology where it will look to implement the technology on current and future development projects.

- During 1-6/2022 thirteen new non-GMP projects were signed, with twelve different customers, a slight majority of them new customers and half of the twelve customers US based.

Significant events after H1/2022:

- In July, Nanoform announced that it has partnered with Pharmanovia, a fast-growing specialty pharma business with a portfolio of over 20 branded drugs in 140 markets. The new strategic partnership aims to add value to branded prescription medicines. Pharmanovia will look to apply Nanoform's proprietary nanoparticle technologies and formulation know-how to leading established pharmaceutical brands. The partnership starts with an iconic branded medicine where both parties see value in enhancing bioavailability for patient benefit. The value of the stage-gated agreement is according to Nanoform's business model for non-GMP and cGMP work.

CEO's review

Another quarter with solid progress at Nanoform. We've continued to invest in our personnel, efficiency in client facing processes, line capacity, proprietary technologies, IT, automation, client relationships, brand, and facilities. The growth has continued in new and total number of projects and customers, revenue recognized and positively also in customer visits after almost two years of Teams meetings. It's been very rewarding to again welcome customers at our facility in Viikki, especially as the feedback has been truly enthusiastic.

Speaking of customer feedback, I'm very pleased that AstraZeneca's thorough technology evaluation had a positive outcome, and we're now together moving forward to an identification and implementation stage where AZ will look to implement the technology on current and future development projects.

Related to our substantial ongoing investments, our GMP expansion progresses according to plan – with the cleanrooms and sampling isolators for GMP 2&3 already in place, and the line equipment and main isolators arriving during 2022. Our ERP project, evident in the IT costs during this year, has progressed well and we look forward to the final Deploy & Run phases later in the year. Our Biologics pilot line for GMP is also progressing as planned.

About the global macroeconomic situation. Even though Nanoform has some experience from stock market turbulence - we got listed during the early stage of the covid pandemic in 1H20, with the stock market initially in free fall, but then rallying strongly due to enormous monetary and fiscal stimuli – it is clear that today's situation is serious with war in Ukraine, the continued covid shutdowns in China, with rampant inflation leading to tightening monetary conditions, and more than a year of falling biotech shares (XBI index in the US peaked in February 2021), which might hamper the ability for some early stage biotech companies to get funding.

Nevertheless, the problem with bioavailability is enormous in the pharma industry, the R&D budgets of large pharma companies are huge, the amount of money raised by biotech companies and life science funds during 2020-21 was record-breaking and so far, we've seen no slowdown in the interest in our technology. Naturally, the strong dollar and significant price increases in the global CDMO industry help us as our cost base is mostly in euros. It's also evident in most customer discussions that our strong balance sheet is mentioned as a positive aspect when present and potential partners evaluate us.

Related to the strong balance sheet, the operative free cashflow in 1H22 was impacted by our investments in a new ERP system, the building of the second and third GMP lines, the 40m3 CO2 tank and the continued growth in personnel. I expect the coming quarters and years to show a diminishing negative operative free cashflow, with the 2025 target to be cashflow positive.

All in all, I look with confidence and excitement forward to the coming quarters and years. We'll continue to work relentlessly towards our 2025 mid-term business targets, with our near-term business targets being at least 20 new non-GMP customer projects, at least three customer GMP projects, Biologics pilot line for GMP and 2 new GMP lines in 2022.

None of this can be done without our amazing employees and great partners. My sincere THANK YOU to you all for your continued dedication to Nanoform and for the inspiring and innovative work for which we're known.

Best Regards,

Prof. Edward Hægström, CEO Nanoform

Nanoform's complete Q2 and H1 2022 report can also be found at: <https://nanoform.com/en/financial-reports-and-presentations/>

Nanoform online presentation and conference call August 25, at 3:00 p.m. Helsinki time / 2:00 p.m. Stockholm time:

Nanoform Finland Plc will publish its Interim Report January-June 2022 on August 25th, 2022, at 8.10 a.m. Finnish time / 7.10 a.m. Swedish time. The company will hold an online presentation and conference call the same day at 3.00 p.m. Finnish time / 2.00 p.m. Swedish time. Nanoform will be represented by CEO Edward Hægström, CFO Albert Hægström and CCO Christian Jones. The presentation will be delivered in English.

The presentation will be broadcast live as a webcast available at:

<https://financialhearings.com/event/44324>

Teleconference dial-in numbers:

FI: +358981710520

SE: +46856642703

NO: +4723963938

DK: +4578150107

FR: +33170750721

DE: +4969222239166

UK: +443333009263

US: +16467224902

Company near-term business targets for 2022 (reiterated)

- 2 new GMP lines (announced Feb-21)
- Biologics pilot line for GMP (announced Nov-21)
- At least 20 new customer non-GMP projects (announced Jan-22)
- At least 3 new customer GMP projects (announced Jan-22)

Company mid-term business targets 2025 (reiterated)

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

For further information, please contact:

Albert Hæggström, CFO

albert.haeggstrom@nanoform.com / +358 29 370 0150

For investor relations queries, please contact:

Henri von Haartman, Director of Investor Relations

hvh@nanoform.com / +46 7686 650 11

About Nanoform

Nanoform is an innovative nanoparticle medicine enabling company. Nanoform works together with pharma and biotech partners globally to provide hope for patients in developing new and improved medicines utilizing Nanoform's platform technologies. The company focuses on reducing clinical attrition and on enhancing drug molecules' performance through its Nanoforming technologies and formulation services. Nanoform's capabilities include GMP manufacturing, and its services span the small to large molecule development space with a focus on solving key issues in drug solubility and bioavailability and on enabling novel drug delivery applications. Nanoform's shares are listed on the Premier-segment of Nasdaq First North Growth Market in Helsinki (ticker: NANO FH) and Stockholm (ticker: NANO FS). Certified Adviser: Danske Bank A/S, Finland Branch, +358 40 744 1900. For more information, please visit www.nanoform.com.

Forward-Looking Statements

This press release contains forward-looking statements, including, without limitation, statements regarding Nanoform's strategy, business plans and focus. The words "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "project," "potential," "continue," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Any forward-looking statements in this press release are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and important factors that may cause actual events or results to differ materially from those expressed or implied by any forward-looking statements contained in this press release, including, without limitation, any related to Nanoform's business, operations, clinical trials, supply chain, strategy, goals and anticipated timelines, competition from other companies, and other risks described in the Report of the Board of Directors and Financial Statements for the year ended December 31, 2021 as well as our other past disclosures. Nanoform cautions you not to place undue reliance on any forward-looking statements, which speak only as of the date they are made. Nanoform disclaims any obligation to publicly update or revise any such statements to reflect any change in expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements. Any forward-looking statements contained in this press release represent Nanoform's views only as of the date hereof and should not be relied upon as representing its views as of any subsequent date.