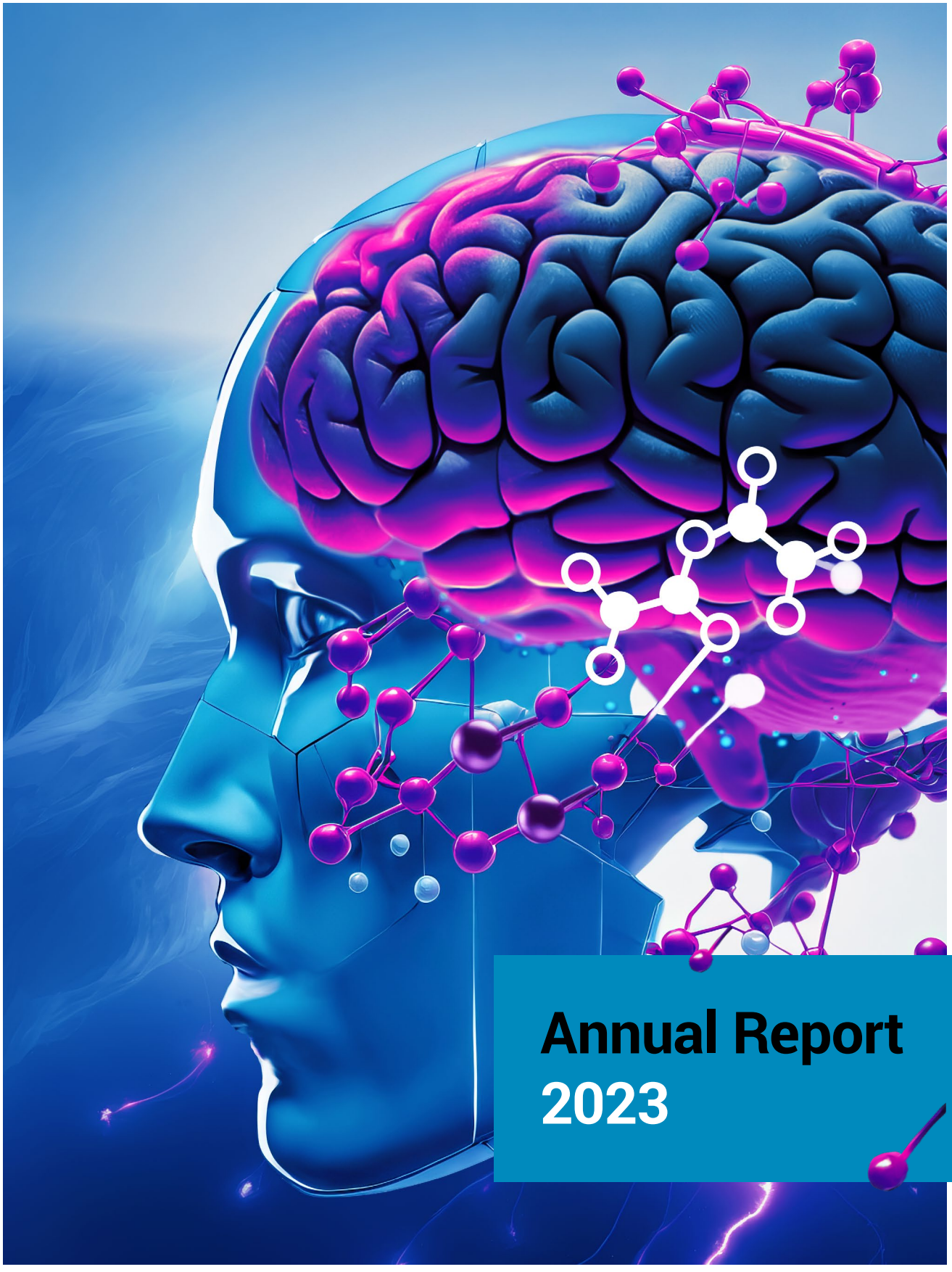
HERANTIS
PHARMA



Annual Report 2023

Content

Herantis in Brief

Herantis Pharma is an innovative biotech company developing disease modifying therapies for Parkinson's disease.

Herantis Pharma plc was **founded in Helsinki, Finland in 2008; Listed** at Nasdaq First North Helsinki

Phase 1a clinical trial readout in October 2023: Good safety profile, blood-brain barrier (BBB) penetration demonstrated

Developing a disease-modifying therapy to address the unmet clinical need in Parkinson's disease and other neurodegenerative diseases

Ambition: engage with a global partner before Phase 2

Lead asset **HER-096** is a small engineered peptide molecule with a **unique mechanism of action** and **subcutaneous injection** as an **easy route of administration**

About Herantis Pharma Plc

Herantis Pharma Plc is a clinical-stage biotechnology company developing disease modifying therapies for Parkinson's disease. Herantis' lead product HER-096, is an advanced small synthetic chemical peptidomimetic molecule developed based on the active site of the CDNF protein. It combines the compelling mechanism of action of CDNF with the convenience of subcutaneous administration. The Phase 1a clinical trial demonstrated a good safety and tolerability profile, and efficient blood-brain barrier penetration of subcutaneously administered HER-096 in humans.

The shares of Herantis are listed on the Nasdaq First North Growth Market Finland.

For more information, please visit www.herantis.com

Business Highlights

January – December 2023

HER-096 Phase 1a clinical trial met all primary and secondary endpoints:

- February: Clinical Trial Application (CTA) for a Phase 1a trial for HER-096 was approved.
- April: The first healthy volunteer was dosed.
- October: the read-out from the clinical trial demonstrated favorable safety and tolerability profile, fast uptake of HER-096, and significant HER-096 concentration in the cerebrospinal fluid (CSF) after a single subcutaneous injection.

April: Herantis signed the European Innovation Council (EIC) Accelerator grant agreement. Herantis will receive EUR 2.5 million grant funding from the EIC Accelerator program over the next two years.

July: Term sheet signed with EIC Fund, the investment arm of the EIC. Herantis' is eligible for up to EUR 15 million in direct equity investments, subject to certain customary terms and conditions.

September: Business Finland reached the positive decision of waiving off EUR 4,495,649 of the loans granted by it to Herantis for the development of CDNF (Cerebral Dopamine Neurotrophic Factor). This decreased the long-term debt and increased the equity by corresponding amount.

December: Herantis successfully completed a directed share issue raising gross EUR 4.5 million.

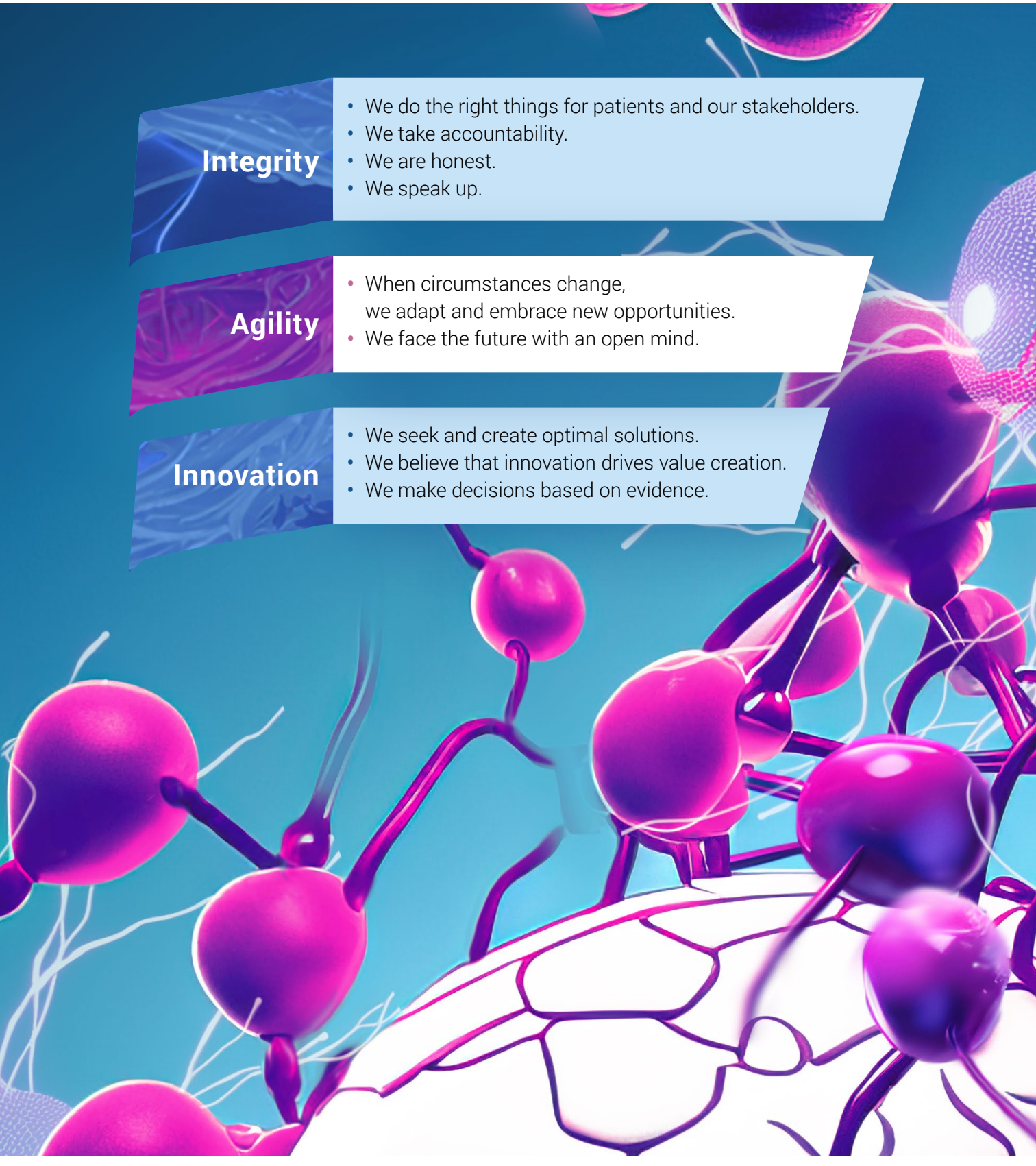
- 3,219,139 new shares were issued with a subscription price of EUR 1.40 per new share.
- This share issue attracted several new shareholders in addition to continued support from existing shareholders.
- EIC Fund became a new shareholder with an investment of 1/3 of the total share issued.

Events after year end

March 4th, Herantis announced two poster presentations at the AD/PD 2024 conference.

- Preclinical data shows that HER-096 promotes functional recovery and regeneration of stressed neurons.
- Phase 1a first-in-human trial results of HER-096 to be presented to the scientific audience for the first time.

Values



Integrity

- We do the right things for patients and our stakeholders.
- We take accountability.
- We are honest.
- We speak up.

Agility

- When circumstances change, we adapt and embrace new opportunities.
- We face the future with an open mind.

Innovation

- We seek and create optimal solutions.
- We believe that innovation drives value creation.
- We make decisions based on evidence.

CEO's statement

In 2023, we conducted the first-in-human clinical trial with our HER-096 drug candidate. The results of the study were in line with our expectations: in addition to a good safety profile, we showed that HER-096 efficiently penetrates through the blood-brain barrier into the central nervous system in humans. HER-096 can therefore be dosed as a patient-friendly injection under the skin. This provides an excellent base for continuing both the partnership discussions and further development of HER-096.

Herantis had one main goal for 2023: to conduct the Phase 1a clinical trial of HER-096. Altogether 64 healthy volunteers were recruited for the study, who were administered one subcutaneous dose of HER-096 drug candidate to determine safety and tolerability. Furthermore, our goal was to study the behavior of HER-096 in humans and to demonstrate that HER-096 passes through the blood-brain barrier into the cerebrospinal fluid. We are very excited that the study met all its goals!

We further strengthened the preclinical evidence of the effects of HER-096 in Parkinson's disease models. We have shown that HER-096 modifies the function of the target mechanism in neurons, and the changes lead to an improvement in the function of neurons, an increase in the secretion of the neurotransmitter dopamine, and therefore an improvement in motor symptoms. Therefore, we believe HER-096 has the potential to become a disease modifying treatment for Parkinson's disease.

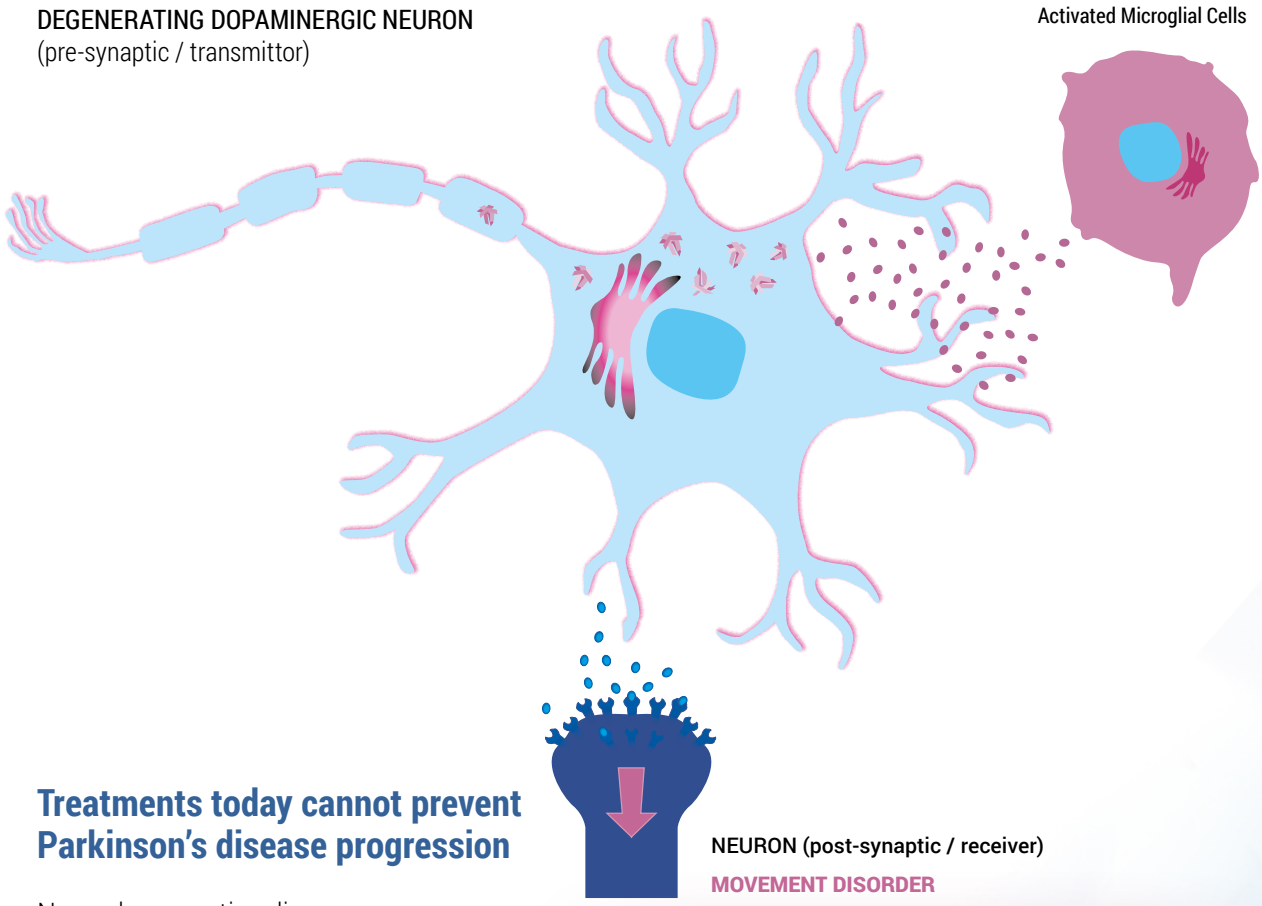
In the future, our goal is to expand preclinical studies to other neurodegenerative diseases as well. We have also made progress in our biomarker studies, which are carried out thanks to project funding from the European Innovation Council Accelerator Program (EICA). The EICA project started in May 2023 and will continue until 2025. In connection with the project, we signed an agreement with the EIC Fund for capital investments of 15 million euros. EIC Fund participates in future capital investment rounds with a maximum of 1/3 of the shares issued. EIC Fund made its first investment of around 1.5 million euros in December, when we carried out a directed share issue of 4.5 million euros to selected new and existing shareholders.

The results of the Phase 1a clinical trial were in line with our expectations and the strengthening of the preclinical evidence have improved our position. Our aim is to find a global pharmaceutical company as our partner for clinical development and commercialization of HER-096. In 2024, we will focus all our energy on speeding up the partnership negotiations. For now, however, it is difficult to predict when a possible partnership agreement will be concluded.

I would like to thank our highly professional team, our partners, our shareholders, and especially the healthy volunteers who participated in the HER-096 clinical trial for a very successful year 2023!

Antti Vuolanto
CEO of Herantis Pharma Plc

Parkinson's disease: Dopaminergic neurons degenerate in midbrain (substantia nigra)

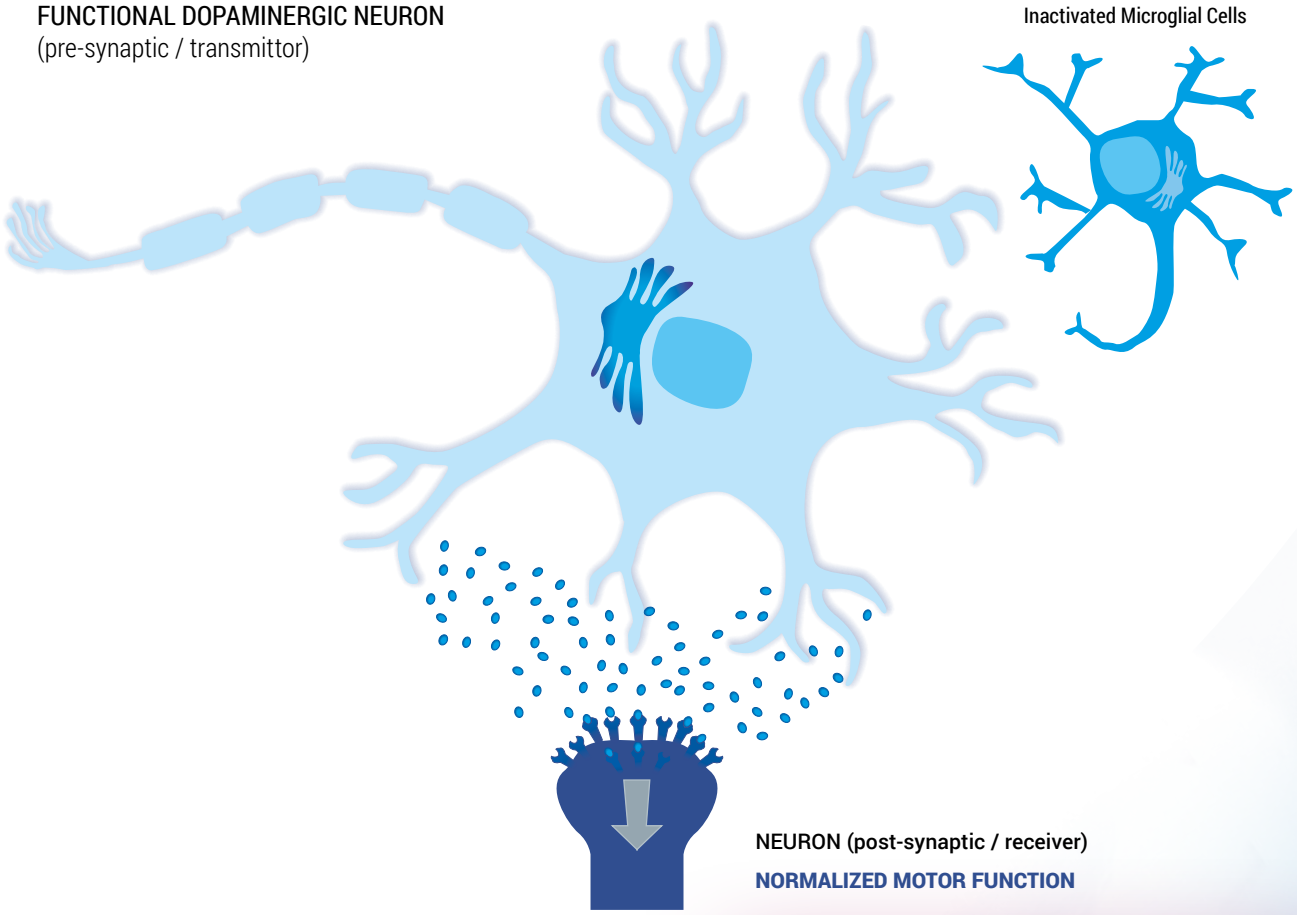


Treatments today cannot prevent Parkinson's disease progression

Neurodegenerative diseases are characterized by complex pathology in the brain that results in progressive degeneration and eventually death of neurons. In Parkinson's disease, a specific type of neurons, the dopamine neurons of the nigrostriatal pathway located in the midbrain are the cells that are primarily affected.

- The affected neurons play a central role in coordination of motor functions. Typical symptoms of the disease are related to movement such as tremor, slowness of movement, muscle stiffness and impaired balance. However, often also non-motor symptoms occur (e.g., problems with cognition, sleep, and speech; depression; severe constipation).
- Currently available treatments can increase the dopamine levels in the brain and thereby alleviate the motor symptoms. However, these treatments cannot stop or slow the progression of the disease, and the effect of these treatments will gradually be lost as an increasing amount of the dopamine-producing neurons have degenerated.

HER-096 restores the normal function of the dopaminergic neurons



While the root cause of Parkinson's disease still remains poorly understood, the therapeutic hypothesis of HER-096 is based on breaking a vicious cycle of chronic activation of various stress responses of the dopamine neurons, neuroinflammation, and accumulation of α-synuclein aggregates. This enables to protect the dopamine neurons from further degeneration and to promote the functional recovery.

HER-096 was developed based on the active site of cerebral dopamine neurotrophic factor (CDNF), an endogenous human protein that

- Regulates the UPR pathway,
- Protects neurons from cell death induced by, e.g., chronically elevated endoplasmic reticulum (ER) stress.

Scientific publications 2023

Publications related to HER-096:

Natalia Kulesskaya, Arnab Bhattacharjee, Kira M. Holmström, Päivi Vuorio, Alexandre Henriques, Noëlle Callizot, Henri J. Huttunen. HER-096 is a CDNF-derived brain-penetrating peptidomimetic that protects dopaminergic neurons in a mouse synucleinopathy model of Parkinson's disease. Cell Chemical Biology epub Nov 24, 2023.

HER-096 is a CDNF-derived brain-penetrating peptidomimetic that protects dopaminergic neurons in a mouse synucleinopathy model of Parkinson's disease - ScienceDirect

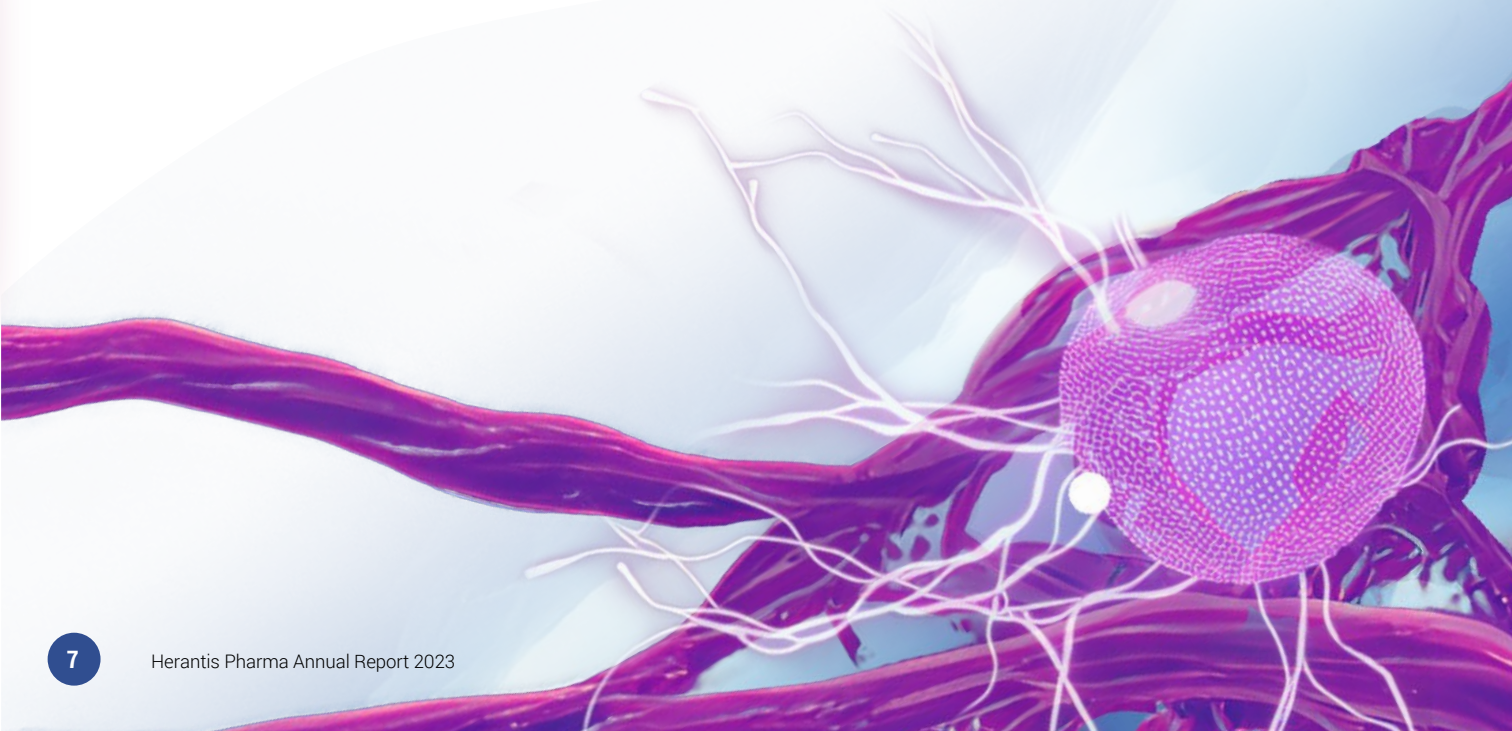
Natalia Kulesskaya, Arnab Bhattacharjee, Kira M. Holmström, Rebecka Holmnäs, Jani Koskinen, Satu Leikas, Sigrid Booms, Antti Vuolanto & Henri J. Huttunen. HER-096 Is a Novel Brain-Penetrating Peptidomimetic That Promotes Proteostasis and Reduces Neuroinflammation in an Aged Mouse Model of Synucleinopathy [AD/PD™ 2023 POSTER]

ADPD-2023-poster.pdf (herantis.com)

Publications related to CDNF:

Huttunen et al. Intraputamenal Cerebral Dopamine Neurotrophic Factor in Parkinson's Disease: A Randomized, Double-Blind, Multicenter Phase 1 Trial. Mov. Disord. epub May 22, 2023. Movement Disorders 38(7): 1209-1222, 2023.

Intraputamenal Cerebral Dopamine Neurotrophic Factor in Parkinson's Disease: A Randomized, Double Blind, Multicenter Phase 1 Trial - Huttunen - 2023 - Movement Disorders - Wiley Online Library



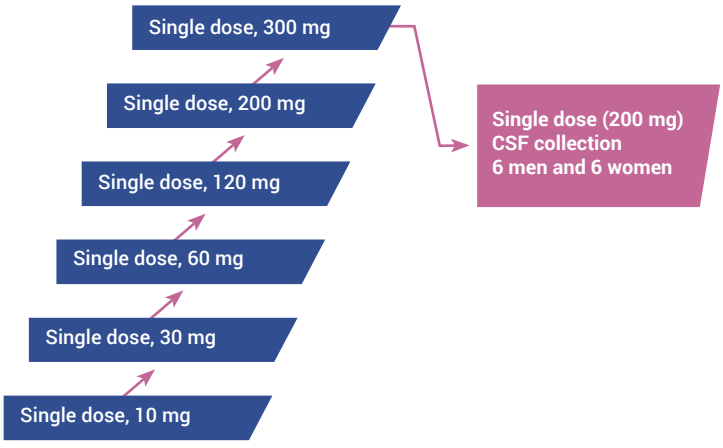
HER-096 Phase 1a first-in-human clinical trial

Study design:

- Double-blind, placebo-controlled clinical trial
- Subcutaneously administered single ascending dose of HER-096 to healthy volunteers
- Total of 60 healthy volunteers participated in the trial; 48 in Part 1 and 12 in Part 2

Part 1:
Male, age 20-45 years
In each dose level, 2 individuals dosed with placebo and 6 with HER-096 investigational drug.

Part 2:
Male & female, age >50 years



Summary of demographic data

	Part 1	Part 2
Age (y)	32.4 ± 7.5	63.2 ± 6.3
Sex (males, %)	100%	50%
BMI (kg/m2)	24.7 ± 2.6	26.2 ± 2.7

All endpoints were met

Primary endpoint was met

- Single subcutaneous doses of HER-096 (from 10 to 300 mg) were found to be safe and well-tolerated in healthy volunteers

Secondary endpoints were met

- Single ascending doses of HER-096 in healthy volunteers showed an expected plasma pharmacokinetic profile in both young and elderly healthy volunteers
- Blood-brain barrier (BBB) penetration was assessed in elderly healthy volunteers; cerebrospinal fluid (CSF) levels of HER-096 were found to be in a pharmacologically active range based on preclinical studies
- In summary, the pharmacokinetic data support moving forward with subcutaneous HER-096 dosing

Exploratory endpoints

- As a part of the exploratory endpoints for the Phase 1a clinical trial. Herantis has identified potential treatment response/pharmacodynamic biomarkers that provide the first indication of biological response to HER-096 in human subjects.

Management team

CEO **Antti Vuolanto**, DSc (Tech), started in his current role in July 2022. He joined Herantis Pharma Plc in February 2018 as COO. Antti has vast experience in financing, partnering, research, development, and manufacturing of biological drugs. Previously he served as COO at Valo Therapeutics, Executive Vice President at Targovax ASA, and COO and co-founder at Oncos Therapeutics Ltd that merged with Targovax in 2015. Dr. Vuolanto graduated as Doctor in Science in Technology at Aalto University, Finland, in 2004 in bioprocess engineering.

CSO **Henri Huttunen**, PhD, co-founded Herantis Pharma Plc. in 2008 and served as the company's founding CEO for the first two years. Dr. Huttunen is currently the Chief Scientific Officer of Herantis. Dr. Huttunen has previously held research positions at the University of Helsinki, Orion Pharma, and Massachusetts General Hospital, Harvard Medical School (USA). Dr. Huttunen has a PhD in biochemistry from the University of Helsinki and 25 years of experience in neuroscience research. As an adjunct professor, Dr. Huttunen previously lead an academic research group focusing on molecular mechanisms of neurodegenerative diseases at the Neuroscience Center, University of Helsinki.

CFO **Tone Kvåle** joined Herantis as CFO in October 2020. She has more than 25 years of experience from the biotech, medtech and life sciences industry. She held CFO roles at Nordic Nanovector (publicly listed company), NorDiag (publicly listed company), Kavli Holding, Dynal Biotech, as well as senior management positions at Invitrogen/Life Technologies, in US, now part of Thermo Fisher. She is member of board and audit committee president of MedinCell (MEDCL), France and has been board member and chair of the audit committee of Bonesupport AB (BONEX), Sweden from December 2016 until May 2022. Tone has a diploma in finance and administration from UiT, The Arctic University of Norway, Harstad. She has completed the prescribed course of study and the examination for Advanced Programme in Corporate Finance at The Norwegian School of Economics, NHH.

Board of Directors

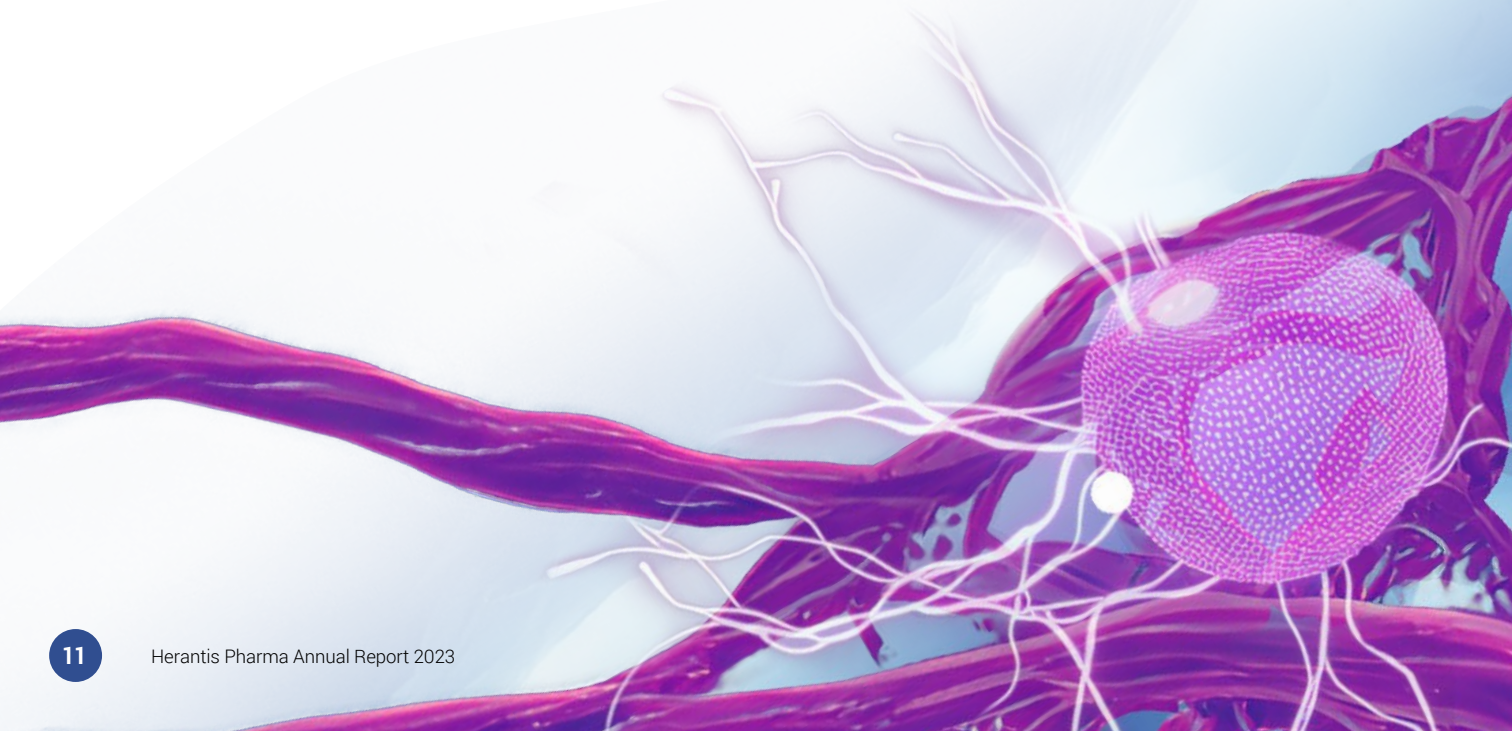
Timo Veromaa MD, PhD, eMBA, has been a board member since 2012 and chairman since April 2020. He is currently professor of practice of drug development at the University of Turku, Finland, and also chairman of Tenboron Ltd in Helsinki, Finland. He is the former executive chairman of Domainex Ltd in Cambridge, UK and was the CEO and President of Biotie Therapies Corp.,of Finland & US from 2005 until its acquisition by Acorda Therapeutics in 2016. He was the chairman of Finnish BioBanks FINBB 2017-2022 and was Chairman of Finnish Bioindustries FIB 2012- 2018. During the beginning of his career, he was Medical Director of Schering Ltd. in Finland, Senior Scientist and Project Director of Collagen Corp. and a Postdoctoral Fellow at Stanford University. Timo Veromaa is a physician by training and has a PhD in immunology and an eMBA from the University of Turku and Special Competence in Pharmaceutical Medicine from the Finnish Medical Association.

Frans Wuite MD, MBA has been a board member since 2014 and vice chairman from April 2020 until January 2022. He has a long international career with a track record of successfully commercializing and growing pharmaceutical and biotech businesses. Frans Wuite was CEO of Acesion Pharma ApS until 2020. Prior to this, he was CEO and President of Oncos Therapeutics Oy, COO of Warren Pharmaceuticals Inc, Co-founder and Board Director of Araim Pharmaceuticals Inc, and member of Amgen's European management team, where he was in charge of establishing the anaemia franchise. Before Amgen, he was President of Pharmacia-Leiras BV, a joint venture for marketing products with novel dose delivery technologies for women's healthcare in Europe. Frans is also a board director of Healthcap VII GP SA and a co-founder of Rigi Therapeutics AG, a company developing novel dermatological products.

Hilde Furberg has been a board member since 2021. She brings 30+ years of experience in sales, marketing, strategy and management in Pharma / Biotech, most recently as European Head of Rare Disease Europe/ General Manager Diseases EMEA at Genzyme/ Sanofi. Hilde has experience in many different therapeutic areas. She holds a Master of Science from the University of Oslo. She is currently an industrial advisor to Investinor and Board member of Pluvia Biotech, Bio-Me, PCI Biotech, Calliditas and Sedana Medical.

Aki Prihti has been a board member since 2014. Currently he is CEO of Aplagon Oy and a board member in Rokote Laboratories Finland Oy. Aki Prihti is also one of the founding partners of the venture fund management company Inveni Capital and has previously served among others as Board member & CFO in HVR Cardio Oy. Prior to transitioning to life science venture capital, he worked in the corporate finance arm of Salomon Brothers in London.

Mats Thorén, has been a board member since 2020. Currently CEO of Vixco Capital. He was one of the founding partners of Catella Healthcare, an investment firm in the Healthcare business. Mats Thorén has been a first-ranked equity research analyst in Sweden with SEB and the Head of Swedish Healthcare with SHB Markets Corporate Finance. He currently serves on the Board of Arcoma AB, Xbrane Biopharma AB and FluoGuide A/S.



Scientific Advisory Board (SAB):

Anders Gersel Pedersen, MD spent nineteen years at Lundbeck from 2000 to 2019, seven years of which he lead the R&D organization as Executive Vice President of Research & Development from 2013 – 2019. Anders is currently a member of the board of Hansa Biopharma, where he also is Chairman of the scientific committee. He has served since 2003 on the board of Genmab (previously as Chairman), a leading biotechnology company focused on development and specialisation of antibody products and he has served since 2009 on the board of Bavarian Nordic (currently as Deputy Chairman), a biotechnology company specialized in vaccines. In November 2020, he joined Aelis Farma as Chairman of the Board. He previously also served for more than 10 years (2000-2011) on the board of TopoTarget and for twelve years on the board of ALK-Abelio (2005-2018). Other notable positions included working for Eli Lilly for eleven years as a director overseeing worldwide clinical research in oncology. Dr. Pedersen received his medical degree and a doctoral degree in neuro-oncology from the University of Copenhagen and a B.Sc. in Business Administration from Copenhagen Business School. He is a member of the Danish Society of Internal Medicine.

Alberto Espay, M.D., MSc. is the director, professor and endowed chair of the University of Cincinnati James J. and Joan A. Gardner Family Center for Parkinson's Disease and Movement Disorders (OH, USA). Dr. Espay has published more than 300 peer-reviewed research articles, 30 book chapters and seven books. His research efforts focus on the measurement of motor and behavioral phenomena in — and clinical trials for — Parkinson's disease as well as in the understanding and management of functional movement disorders. Dr. Espay has served as chair of the Movement Disorders Section of the American Academy of Neurology; associate editor of Movement Disorders, the official journal of the International Parkinson and Movement Disorder Society (MDS); and in the executive committee of the Parkinson Study Group. He currently serves as chair of MDS Technology Task Force and as president-elect of the Pan-American Section of the MDS. Dr. Espay is also an honorary member of the Mexican Academy of Neurology. He trained in neurology at Indiana University as well as in clinical and electrophysiology of movement disorders at the University of Toronto, where he obtained a master's degree in clinical epidemiology and healthcare research.

David Dexter Ph.D. is the Associate Research Director of Parkinson's UK and visiting Professor of Neuropharmacology at Imperial College London. Over the last three years, he has helped develop the funding strategy for the largest patient-led charity for Parkinson's in Europe, funding drug discovery to late-stage clinical trials. Professor Dexter started his professional career at Imperial College London, initially as a Lecturer, progressing to Professor in 2012 and Deputy Head of the Division of Brain Sciences in 2014. He founded the Parkinson's UK Brain Bank in 2002, an internationally acclaimed tissue resource advancing our understanding of Parkinson's and helping drug development. He has played a key role in drug discovery, identifying three of the six recognised processes which are thought to cause Parkinson's, and clinically testing iron chelators to slow Parkinson's. Since joining Parkinson's UK, he has successfully transformed the peer review processes for grant applications, and is the biology lead for the Parkinson's virtual biotech a unique funding model for fast-tracking drug development. He received his Ph.D. in Neuropharmacology on the role of iron and oxidative stress in the aetiology of Parkinson's disease.

Daniele Bravi, M.D. is associate professor at the Movement Disorder research center, S. Raffaele Institute, Rome, looking after clinical research activities about Parkinson's disease and related disorders. He has 30+ years of experience in executive management and drug development within pharma industry. Previous roles includes Vice President Parkinson's Disease Strategy at Lundbeck R&D, CMO and VP Drug Development Lundbeck USA, CSO at the Lundbeck Institute and VP, Clinical Development Centre Europe, Latin America and Canada at Lundbeck Pharma in Copenhagen. He has contributed to the development and commercialization of drugs in CNS (Depression, Schizophrenia, Parkinson and Alzheimer), Diabetes, Endocrinology, Oncology and Bone diseases. He has been member of the EFPIA Clinical Development Group, a Speaker of the European School for Scientific and Regulatory Affairs and published several papers in the field of Neuroscience.

HERANTIS PHARMA

Board of Directors' Report and Financial Statements

January 1–December 31, 2023

1 Review of operations January 1–December 31, 2023

Herantis Pharma Plc ("Herantis") is a clinical-stage biotechnology company developing disease modifying therapies to address the unmet medical need in Parkinson's and other neurodegenerative diseases. The lead asset HER-096 is a small, engineered peptide molecule with a unique mechanism of action and subcutaneous injection as an easy route of administration.

In October, Herantis' reported positive Phase 1a, clinical trial data:

- HER-096 showed a favorable safety profile and demonstrated blood-brain barrier (BBB) penetration in humans.

These data support moving forward with subcutaneously administered HER-096 and the plan is to start a Phase 1b clinical trial during 2024 to test safety and tolerability of multiple subcutaneous dosing in Parkinson's disease patients. The overall aim is to develop a treatment to slow or stop the progression of Parkinson's disease with symptomatic relief and to demonstrate effect in other neurodegenerative diseases.

Herantis Pharma was founded in Helsinki, Finland in 2008 and is listed at Nasdaq First North Helsinki.

Herantis is developing HER-096 for stopping the progression of Parkinson's disease

HER-096 is an engineered peptidomimetic molecule designed to retain the activity of CDNF, a protein that promotes cell survival and functional recovery of neurons. HER-096 modulates the Unfolded Protein Response (UPR) pathway, the regulation of which is essential in restoring the cell protein balance (proteostasis) and preventing the processes leading to, e.g., cytotoxic protein aggregation and neuronal cell death in the brain. In addition, HER-096 alleviates inflammation in the affected brain area.

All primary and secondary endpoints were met in HER-096 Phase 1a clinical trial

Herantis announced positive results from its Phase 1a clinical trial in healthy subjects in October. This trial demonstrated that following subcutaneous administration, HER-096 was safe and well tolerated, and efficiently penetrated the blood-brain barrier reaching a therapeutic concentration in the human cerebrospinal fluid. It was encouraging to see that the concentration of HER-096 remained at a high level in the cerebrospinal fluid longer than expected. The inability to penetrate blood-brain barrier (BBB) has been a major hurdle in the development of disease-modifying drugs for Parkinson's and other neurodegenerative diseases. In addition to meeting the safety endpoints, proving the penetration of the BBB by HER-096 was the most important outcome of this Phase 1a trial.

As a part of the exploratory endpoints for the Phase 1a clinical trial. Herantis has identified potential treatment response/pharmacodynamic biomarkers that provide the first indication of biological response to HER-096 in human subjects.

Topline data overview:

- Overall good safety and tolerability profile in young and older healthy subjects. As expected, there were mild local injection site adverse events both in the HER-096 and the placebo groups.
- Plasma pharmacokinetic (PK) profile in humans is well aligned with preclinical data. Maximum plasma concentration of HER-096 reached at the highest dose level (300 mg) was approximately 10 000 ng/ml and the plasma half-life was approximately 2 hours in all dose groups in young subjects and 2.5 hours in older subjects. Elimination of HER-096 occurred mainly via renal excretion as predicted by preclinical studies.
- HER-096 concentration in the cerebrospinal fluid (CSF) reached 50 – 100 ng/ml within 4 – 12 hours after a 200 mg subcutaneous dose of HER-096. This is in the predicted pharmacologically active CSF concentration range and is aligned with the preclinical data.

These results in combination with the strong existing preclinical data set, provide a solid basis for further clinical development in Parkinson's disease and in other neurodegenerative diseases. Herantis intends to advance HER-096 into a Phase 1b clinical trial in 2024 with the aim to demonstrate safety and tolerability for multiple subcutaneous dosing of HER-096 in Parkinson's disease patients.

HER-096 Phase 1a clinical trial design and objectives

The Phase 1a trial was a randomized, double-blinded, placebo-controlled, safety, tolerability, and pharmacokinetic trial of subcutaneous single ascending doses of HER-096.

- In part 1 of the trial, a single subcutaneous dose of HER-096 or placebo was administered to young, healthy, male subjects (20-45 years of age) to assess safety, tolerability, and the pharmacokinetic profile of HER-096 (plasma, urine) in six ascending dose groups, 6 dosed with HER-096 and 2 dosed with placebo in each dose group.
- In the part 2 of the trial, 12 older healthy subjects (50-75 years of age), both males and females, were administered a single dose of HER-096 to assess safety, tolerability, and

the pharmacokinetic profile of HER-096 including blood-brain barrier penetration (plasma, urine, CSF).

In total, the trial recruited 60 healthy volunteer subjects. The trial took place at a single site in Finland and was conducted by the contract research organization Clinical Research Services Turku – CRST Oy.

Preclinical HER-096 data show disease modifying effect in a mouse model of Parkinson's

Herantis announced a publication of HER-096 preclinical data in in peer reviewed Cell Chemical Biology journal in December. Subcutaneously administered HER-096 modulates the unfolded protein response (UPR) pathway activity, protects dopamine neurons, and reduces toxic α-synuclein aggregates and neuroinflammation in substantia nigra of aged mice with synucleinopathy. HER-096 was shown to i) be metabolically stable and ii) penetrate the blood-brain barrier (BBB) allowing systemic administration for treatment of neurodegenerative diseases.

Since endoplasmic reticulum (ER) stress contributes to promote neuroinflammation, a central process in neurodegeneration, regulating the UPR cascade through therapy may become an efficient cellular target that can lower misfolded protein overload as well as improve inflammation. Thus, treatment approaches tackling the UPR pathway in order to recover ER functionality could potentially lead to disease-modifying therapy in Parkinson's disease and possibly other neurodegenerative diseases.

The publication summarizes preclinical development data on subcutaneously administered HER-096, including pharmacokinetics and distribution data in rats and mice, and demonstration of therapeutic effects in an aged mouse model of Parkinson's disease. The open access article can be accessed via this link: https://www.sciencedirect.com/science/article/pii/S2451945623004208

EIC grant funding of EUR 2.5 million signed in April 2023

Herantis was selected for European Innovation Council (EIC) grant of EUR 2.5 million over a two-year period through EIC's prestigious EIC Accelerator program. Herantis, together with 77 other deep tech innovative companies were selected from over 1000 start-ups and small to medium enterprises that had already passed the first round of evaluation in the Accelerator-program. The grant project, named ReTreatPD, will focus on preparations towards a Phase 2 clinical study with HER-096 in Parkinson's disease including development of biomarkers for monitoring target engagement and treatment response to HER-096. Herantis received the first grant instalment of EUR 1.4 million in May 2023 and the project is running according to plan.

Term sheet covering direct equity investment of up to EUR 15 million was signed with EIC Fund in July 2023

The investment arm of the EIC, the EIC Fund, has decided to make up to EUR 15 million in direct equity investments in Herantis, subject to certain customary terms and conditions. According to the term sheet signed, the EIC Fund foresees to invest this amount by participating with up to 1/3 of the aggregate capital raised in the potential future capital raises. EIC Fund became a new shareholder of Herantis with an investment of 1/3 of the successfully completed directed share issue, raising gross proceeds of EUR 4.5 million, in December.

About Parkinson's disease

Parkinson's disease (PD) is an incurable, progressive brain disorder and the second most common neurodegenerative disorder, affecting over 10 million people worldwide, and 1.2 million in the EU alone. The disease is caused by the degeneration of dopamine-producing neurons in the brain. The underlying reasons that trigger degeneration of dopamine-producing neurons in Parkinson's disease remain poorly understood.

However, the symptoms are a consequence of reduced brain levels of dopamine, a neurotransmitter in the brain. This chronic disabling disease affects the central nervous system, causing motor symptoms such as tremor, balance disturbances, and falls, as well as non-motor features such as dementia and autonomic symptoms. As the disease progresses symptoms worsen and become debilitating. Available treatments for Parkinson's disease do not cure the disease or even slow down its progression because the pathological processes resulting in degeneration and death of dopamine-producing neurons are not affected by the treatment. Current standard-of-care treatments are mainly pharmaceuticals, which can increase dopamine levels in the brain. The efficacy of these treatments is typically gradually lost with disease progression as an increasing amount of the dopamine-producing neurons have degenerated.

Global burden of Parkinson's disease

Neurological disorders are now the leading source of disability globally, and ageing is increasing the burden of neurodegenerative disorders, including Parkinson's disease. The high disease burden for patients and relatives also comes with a big price tag for society, which is expected to increase dramatically with an aging population. The main costs are not linked to treatments but, for instance, the loss of productive years and the increased need for supported living arrangements for disabled patients. In 2010 the costs per Parkinson's patient amounted to approximately EUR 11,000 on average across Europe, and societal costs to Europe of EUR 13.9bn annually[1]. The cost per person each year also increases as the condi-

1) Source: European Brain Council, Costs of Disorders of the Brain in Europe (2010)

tion becomes more severe, while non-motor symptoms are a major source of hospitalisation and institutionalisation – both key cost-drivers in Parkinson's care. The causes of PD are not yet clearly proved and there is a broad spectrum of pathologies that ultimately lead to the loss of dopamine producing neurons in the brain. Although symptomatic treatment exists for early stages of the disease, no disease modifying treatment is available for PD.

Herantis is developing a new pharmaceutical HER-096 with the ability to affect PD pathology and potential to revolutionise the treatment of PD, thus, alleviating the huge burden PD now causes to patients and healthcare. A safe and patient friendly disease modifying therapy is desperately needed to improve patient's lives and lessen the burden on society.

Rapidly growing global Parkinson's disease treatment market

The global Parkinson's disease treatment market size[2)] was valued at USD 4.28 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 12.1% from 2022 to 2030 (USD 12 billion). The increasing geriatric population, which is exposed to a high risk of developing Parkinson's disease, the high burden of PD in western countries, and the strong product pipeline of disease-modifying therapies are anticipated to be major drivers for the industry.

Business strategy

The strategy of Herantis is to:

- Create value in preclinical & early clinical development of neurodegenerative diseases; and
- Find a partner for clinical development and commercialization of HER-096.

2) Source: Grand view research, Market analysis report (GVR-4-68039-990-7)

2 Financial review January 1–December 31, 2023

(Figures in brackets = same period 2022 unless stated otherwise)

Accounting principles

Herantis prepares financial statements in accordance with Finnish Accounting Standards (FAS). The figures in the financial statements are audited. The figures are individually rounded from exact figures.

Statement of Profit & Loss

Herantis had EUR 5.3 million (EUR 135 thousand) in other operating income in 2023. This is mainly related to the decision of Business Finland in September 2023 to waive off EUR 4,495,649 of the principal amount of the loans granted by it to Herantis for the development of CDNF (Cerebral Dopamine Neurotrophic Factor). In addition, Herantis signed in April 2023 an EIC Accelerator grant agreement with EIC and will receive a total of EUR 2.5 million grant funding over a two-year period. This grant project will focus on preparations towards a Phase 2 clinical trial with HER-096 in Parkinson's disease including development of biomarkers for monitoring target engagement and treatment response to HER-096. The grant is obtained upfront and is recognized as short-term debt in the balance sheet. This debt is amortized as income in line with the occurrence of the eligible costs. At the end of December 2023, in total EUR 0.8 million were booked as operating income in the P&L. Herantis received the first grant payment of EUR 1.4 million in May 2023. The project started in May 2023 and the EIC grant will cover up to 70% of the eligible costs.

Payroll and related expenses decreased to EUR 1.7 million (EUR 2.6 million) due to reduction of headcount from 13 to 10 during 2022. Part of the payroll expenses in 2023 have been covered by the EIC grant, which is recognized as other operating income in the statement of profit and loss. Other operating expenses decreased with EUR 1.9 million from 2022 (EUR 5.3 million) to 2023 (EUR 3.4 million), due to the decision taken to focus only on development of HER-096 and implementation of other cost saving measures.

The R&D expenses for 2023 were EUR 2.7 million (EUR 5.0 million), recorded in the income statement as other operating and payroll and related expenses for the period. Depreciation and amortization for the period was EUR 0 million (EUR 160 thousand).

Finance income and expenses totalled EUR 0.1 million (EUR -1.3 million). This amount mainly consists of bank interests, other financial income from the completed bankruptcy proceedings of the subsidiary Laurantis Pharma of EUR 607 thousand, and finance expenses related to fundraising in December 2023.

For the full year of 2023, Herantis had a profit of EUR 280 thousand compared to a loss of EUR 9.3 million in 2022. The

improvement was related to the waiving off loans by Business Finland, cash from the completed bankruptcy proceedings of its subsidiary Laurantis Pharma, EIC grant, reduction in headcount and focus on developing HER-096 only.

Statement of financial position (balance sheet)

As of December 31, 2023, Herantis' balance sheet amounted to EUR 6.7 million (EUR 6.2 million). The balance sheet includes short-term debt in the amount of EUR 2.0 million (EUR 1.9 million) and long-term debt in the amount of EUR 30 thousand (EUR 4.4 million). The EIC grant is obtained upfront and is recognized as short-term debt in the balance sheet. This debt is amortized as income in line with the occurrence of the eligible costs, per end of December 2023, a total of EUR 0.6 million of the EIC grant was included in the short-term debt.

The decrease in the long-term debt relates to Business Finland waiving off the CDNF development loan of EUR 4.5 million in September 2023. The remaining payment by Herantis towards Business Finland of EUR 30 thousand will be paid in fixed instalments until March 2030. No R&D expenses were capitalized during the review period.

Statement of cash flow

As of December 31, 2023, cash and cash equivalents for Herantis amounted to EUR 5.5 million (EUR 5.0 million). This amount does not include securities (consists of an investment in a fund investing in euro-denominated short-term fixed income securities) of EUR 985 thousand (EUR 955 thousand).

Cash flow from operations:
The cash flow from operating activities for 2023 was EUR -4.6 million (EUR -8.9 million). This significant improvement relates mainly to cost cutting measures implemented during 2022 which continued into 2023, and the decision to focus only on development of HER-096. In April, 2023 Herantis signed EIC Accelerator grant agreement and will receive EUR 2.5 million in grant funding over a two-year period. Herantis received the first grant payment of EUR 1.4 million in May 2023.

Cash flow from investment:
As one of the main debtors, Herantis received cash from the completed bankruptcy proceedings of its subsidiary Laurantis Pharma of EUR 607 thousand in May 2023.

Cash flow from financing:
In December, Herantis successfully completed a directed share issue raising EUR 4.5 million in gross proceeds.

Equity statement

Equity per December 31, 2023 was EUR 4.7 million (EUR -60 thousand). The significant improvement in equity position since December 31, 2022 relates to Business Finland waiving off the CDNF development loans of EUR 4.5 million in September 2023 and the successful directed share issue raising EUR 4.5 million in gross proceeds in December 2023.

Employees, Management, Board of Directors, Scientific Advisory Board and Nomination committee

During this reporting period, the company's Board of Directors comprised of chairman Timo Veromaa, Frans Wuite, Hilde Furberg, Aki Prihti, Mats Thorén, and Jim Phillips. Jim Phillips served until the Annual General Meeting in April 2023.

The number of employees at the end of the review period on December 31, 2023, was 10 (10) and the management team consisted of CEO Antti Vuolanto DSc, CSO Henri Huttunen PhD, and CFO Tone Kvåle.

Herantis Scientific Advisory Board (SAB) have four globally leading experts in the development of therapies for Parkinson's disease from industry and academia. The SAB members are Dr. Anders Gersel Pedersen (ex- EVP R&D Lundbeck), Dr. Daniele Bravi M.D. (ex- VP Lundbeck), Prof. David Dexter, PhD (Imperial College, London) and Prof. Alberto Espay M.D. MSc (Univ. of Cincinnati). The SAB is chaired by Dr. Pedersen.

Herantis' Shareholders' Nomination Committee consists of four members, of which three represent the company's shareholders. The Chairman of Herantis's Board of Directors will serve as the fourth member of the Nomination Committee. The Shareholders' Nomination Committee prepares and presents to the Annual General Meeting proposals on the remuneration, the number and members of the Board of Directors. The following members have been appointed to Herantis's Shareholders' Nomination Committee: Kyösti Kakkonen, representing Joensuun Kauppa ja Kone Oy (Chairman), Pia Gisgård, representing Swedbank Robur, Timo Syrjälä representing himself and Acme Investments SPF S.à.r.l., and Timo Veromaa, the Chairman of Herantis's Board of Directors.

Decisions by the Annual General Meeting

Herantis Annual General Meeting was held in Helsinki on Thursday, April 20, 2023. The Annual General Meeting decided upon the following:

Adoption of the annual accounts

The Annual General Meeting adopted the consolidated financial statements and the parent company's financial statements for the financial year January 1 – December 31, 2022.

Profit / loss for the financial year

The Annual General Meeting resolved, in accordance with the proposal by the Board of Directors, that no dividend will be paid for the financial year January 1 – December 31, 2022 and that the loss for the financial year shall be recorded to the profit and loss account.

Resolution on the discharge of the members of the Board of Directors and the CEO from liability for the financial year 2022

The Annual General Meeting resolved to grant discharge from liability to the persons acting in Board of Directors and as the CEO of the Company.

Resolution on the remuneration of the members of the Board of Directors and reimbursement of travel expenses

The Annual General Meeting resolved, in accordance with the proposal by the Shareholders' Nomination Committee, that the remuneration of the Board of Directors shall be as follows:

- The remuneration payable to the members of the Board of Directors shall be EUR 18,000 annually for each member of the Board except for the Chairman of the Board who shall be paid EUR 36,000 annually.
- The Chairman of the Audit Committee shall receive a fixed annual fee of EUR 8,000 and each member of the Audit Committee a fixed annual fee of EUR 4,000.
- The Chairman of the Remuneration Committee shall receive a fixed annual fee of EUR 4,000 and each member of the Remuneration Committee a fixed annual fee of EUR 2,000.
- Board members are also reimbursed reasonable travel expenses related to the duties of the Board of Directors.

Resolution on the number of the members and election of the members of the Board of Directors

In accordance with the proposal of the Shareholders' Nomination Committee, the Annual General Meeting resolved that the number of members of the Board of Directors shall be five (5). In accordance with the proposal of the Shareholders' Nomination Committee, of the current members of the Board of Directors, Timo Veromaa, Mats Thorén, Frans Wuite, Aki Prihti and Hilde Furberg were re-elected as members of the Board of Directors.

Resolution on the remuneration of auditor

The Annual General Meeting resolved, in accordance with the proposal by the Board of Directors, that the Auditor be paid reasonable remuneration in accordance with the invoice approved by the Company.

Election of auditor

The Annual General Meeting resolved, in accordance with the proposal by the Board of Directors, to elect the firm of authorised public accountants PricewaterhouseCoopers Oy as auditor until the end of the next Annual General Meeting. PricewaterhouseCoopers Oy has notified the Company that APA Panu Vänskä will act as the responsible auditor.

Authorization of the Board of Directors to decide on issuing shares

The Annual General Meeting resolved to reject the proposal of the Board of Directors to authorise the Board of Directors to decide on issuing shares.

Authorization of the Board of Directors to decide on issuing option rights

The Annual General Meeting resolved to authorise the Board of Directors to resolve on issues of option rights pursuant to Chapter 10 of the Companies Act as follows:

A maximum of 300,000 share options and shares may be issued under the authorization, provided however that the number of share options so issued may not together with any option rights granted on the basis of the authorizations from previous General Meetings exceed 1,290,000 option rights in total. Option rights and other special rights entitling to shares may be issued in one or more tranches. The maximum amount of share options issued on the basis of this authorization and any other authorization granted by previous General Meetings may not exceed 10 per cent. of all the shares issued by the Company from time to time.

Objective

The objective of the authorization is to ensure that the employee option incentive program of the Company is aligned with international industry practices and thereby enables the Board to commit the existing and potential new key personnel into long-term value creation of the Company.

Eligibility

New employees are eligible for option grants upon joining the Company. Employees will be eligible for an annual option award on a discretionary basis, taking into account overall performance, competitiveness of terms, work responsibility, importance of retention, organization level, and position. The Board of Directors will exercise discretion as to who will receive an equity award in any given year, based on recommendations made by the Remuneration Committee. The Board of Directors intends to grant awards under the plan on an annual basis. Board members are not eligible to participate.

Grant size and exercise price

The Remuneration Committee shall recommend to the Board the size of the overall option grant. The grant schedule will be determined, and reviewed, on the basis of market competitiveness of the equity component of the compensation package and the overall size of the available option and share pool approved by shareholders. The exercise price will correspond to 126 per cent. of the volume weighted average share price of the Company's share during 10 trading days preceding the grant date. However, in no event shall the exercise price be lower than the subscription price of the Company's share in the Company's latest share issue against consideration (excluding share subscriptions based on option rights) preceding the option grant date.

Employee vesting schedule

Granted share options shall vest and become exercisable over a three-year period, with 1/3 on the first anniversary of the grant date, with an annual vesting of 1/3 during the second year after the grant date, and with an annual vesting of 1/3

during the third year after the grant date. The options expire five years after the grant date. In the case of termination of employment, the employee will not vest further share options beyond notice of termination. Unless special circumstances dictate otherwise, the terminated employee can, as a general rule, exercise vested options no later than the expiry of the first exercise period following the notice of termination (unless a later date has been resolved by the Board). Options not exercised prior to the above deadline will lapse. The Board of Directors is authorized to resolve on all terms for the issuance of special rights entitling to shares. The granting of special rights entitling to shares may be directed i.e. deviate from the preemptive subscription right of shareholders, provided that there is a weighty financial reason. The proposed authorization does not invalidate any earlier authorizations entitling the Board of Directors to decide on issues of special rights entitling to shares. The authorization is valid until the close of next annual general meeting, however no longer than until June 30, 2024.

Decisions of the constitutive meeting of the Board of Directors

In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Timo Veromaa as Chairman of the Board. The Board of Directors also resolved on the composition of the Board Committees in its constitutive meeting. Aki Prihti was elected as the Chairman, and Mats Thorén and Hilde Furberg were elected as members of the Audit Committee. Timo Veromaa was elected as the Chairman and Frans Wuite was elected as a member of the Remuneration Committee.

Decisions by the Extraordinary General Meeting

Herantis' Extraordinary General Meeting was held on Friday November 17, 2023 as a hybrid meeting in accordance with chapter 5, section 16, subsection 2 of the Finnish Companies Act. As an alternative to participating in the Extraordinary General Meeting at the meeting place, shareholders had the opportunity to fully exercise their rights during the meeting by remote connection. The Extraordinary General Meeting decided upon the following:

Authorization of the Board of Directors to decide on issuing shares

The Extraordinary General Meeting resolved to authorize the Board of Directors to decide on issuing shares as follows:

The shares issued under the authorization may be new shares or treasury shares. Under the authorization, a maximum of 5,082,000 shares may be issued which corresponds to approximately 30 percent of all the shares issued by the Company. The shares may be issued in one or more tranches.

The Board of Directors is authorized to resolve on all other terms and conditions of the share issue. The share issue may be directed, i.e., deviate from the pre-emptive subscription right of shareholders, provided that there is a weighty financial reason.

The proposed authorization does not invalidate any earlier authorizations entitling the Board of Directors to decide on share issues or issues of special rights entitling to shares.

The authorization is valid until the close of next Annual General Meeting, however no longer than until June 30, 2024.

Amendment of the Articles of Association

The Extraordinary General Meeting resolved on amending the Articles of Association of the Company so that that the Board of Directors is permitted to convene General Meetings of Shareholders as virtual or hybrid meetings in accordance with Chapter 5, Section 16, Subsections 2 and 3 of the Finnish Companies Act.

Share based incentive program

Herantis has five stock option programs: 2010, 2018 I, 2021 I, 2022 I and 2023 I.

The Annual General Meeting on April 20, 2023 resolved to authorise the Board of Directors to decide on the issuance of option rights of a maximum of 300,000 share options, provided however that the number of share options so issued may not together with any option rights granted on the basis of the authorizations from previous General Meetings exceed 1,290,000 option rights in total.

On June 2, 2023, the Board of Directors decided on a new option rights program 2023 I. Under the new option rights program 2023 I, in aggregate up to 300,000 option rights entitling to shares may be issued to the CEO of Herantis, management team members, and other key personnel. The new option rights program is based on the authorization granted by the Annual General Meeting held on April 20, 2023. There is a weighty financial reason to issue the option rights as they will be offered to management team members and other key personnel to increase their commitment towards long-term contribution to growing shareholder value in Herantis. The option rights will be offered without consideration. Each option right entitles to subscribe for one ordinary share in Herantis for a subscription price of EUR 2.45 per share. The share subscription price is 126% of the volume weighted average share price during 10 trading days preceding the grant date of the option rights. Granted share options shall vest and become exercisable over a three-year period, with 1/3 becoming exercisable one year after the grant date, with an annual vesting of 1/3 during the second year after the grant date, and with an annual vesting of 1/3 during the third year after the grant date. The options expire five years after the grant date or earlier subject to customary conditions.

On June 16, 2023, one Herantis employee, one previous employee, board members and previous board members exercised in total of 29,200 stock options under the 2010 and 2014 I stock option programs. There are no option rights outstanding for the 2014 I stock option program after this exercise. During 2023, 18,757 stock options were forfeited.

Stock option program	Subscription price per share	Maximum amount of option rights outstanding	Options exercised in 2023	Options forfeited in 2023	Subscription period
2010	0.00005	9,600	22,000		August 2011 - June 2024
2014 I	0.00005	0	7,200		March 2014 - January 2024
2018 I	5.85	38,000		4,000	August 2018 - December 2024
2021 I	3.44	546,454		9,757	April 2022 - 2026
2021 I	2.60	150,000			April 2023 - 2027
2022 I	2.49	50,000			September 2023 - 2027
2022 I	2.21	145,000		5,000	December 2023 - 2027
2023 I	2,45	300,000			June 2024 - 2028
TOTAL	**-**	**1,239,054**	**29,200**	**18,757**	

Shareholder structure

The company's shares are now only listed at Nasdaq First North Growth Market Finland with ticker symbol "HRTIS". Nasdaq Stockholm AB approved Herantis' delisting application December 2, 2022, and the last day of trading in the shares of Herantis on Nasdaq First North Growth Market Sweden was January 31, 2023.

The market capitalization of Herantis at the end of the review period on December 31, 2023 was approximately EUR 32 million. The closing price of the company's shares in the Nasdaq First North Growth Market Finland at the end of the review period was 1.58 euros. The highest share price during the review period was 2.95 euros, lowest 1.37 euros, and average 1.91 euros. According to Herantis' shareholder register dated December 31, 2023, the company had 3,241 registered shareholders. Members of Herantis' Board of Directors and the management are holding in aggregate 139,388 (137,494) shares or 0.7 (0.8) percent of the company's shares. Information on managers' transactions with the company's shares is published through company releases and on the company's webpage. The total number of shares in Herantis per December 31, 2023 was 20,160,733.

	Shareholders December 31, 2023	Numbers of shares	%
1	Skandinaviska Enskilda Banken AB (Publ)	3,807,461	18.9 %
2	Joensuun Kauppa Ja Kone Oy	1,942,954	9.6 %
3	Citibank Europe Plc	1,204,251	6.0 %
4	Sijoitusrahasto Säästöpankki Pienyhtiöt j	1,007,620	5.0 %
5	Nanoform Finland Oy	940,562	4.7 %
6	Pensionsförsäkringsaktiebolaget Veritas	710,891	3.5 %
7	Op Fin Small Cap	656,497	3.3 %
8	Helsingin Yliopiston Rahastot	572,678	2.8 %
9	Kakkonen Kari Heikki Ilmari	400,000	2.0 %
10	Kaloniemi Markku Petteri	371,348	1.8 %
11	Nordea Nordic Small Cap Fund	325,080	1.6 %
12	Syrjälä Timo Kalevi	293,163	1.5 %
13	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	293,163	1.5 %
14	Anmiil Oy	288,616	1.4 %
15	Siementila Suokas Oy	253,405	1.3 %
16	Suotuuli Oy	234,947	1.2 %
17	Vakuutusosakeyhtiö Henki-Fennia	231,333	1.1 %
18	Yleisradion Eläkesäätiö	214,285	1.1 %
19	Laakkonen Mikko Kalervo	200,000	1.0 %
20	Alakortes Ilkka Antero	189,883	0.9 %
	Top 20 largest shareholders	**14,143,568**	**70.2%**
	Others	**6,017,165**	**29.8%**
	Total numbers of shares	**20,160,733**	**100.0%**

Risk and uncertainties

Herantis focuses on disease modifying therapies for debilitating neurodegenerative diseases and have or will have assets in preclinical and clinical development.

Key risk factors:

- The company's products and business operations are in a research and development stage and the company may fail to reach profitability.
- The company may face difficulties in obtaining further financing with competitive terms and conditions, or at all, and this may affect the continuity of the company's operations.
- The company's strategy is development of new pharmaceutical products, drugs, which involves a lengthy and expensive process with uncertain outcomes.
- The business of Herantis is highly dependent on the success of its current or potential future drug candidates, which will require significant high-risk product development.
- Uncertain global economic and financial market conditions as well as geopolitical situation could have a material adverse effect on Herantis.
- Herantis is exposed to risks of operating in a highly competitive industry.

- Herantis is exposed to risk of relying upon third parties for pre-clinical projects, clinical trials and manufacturing.
- The company may be unsuccessful in protecting or enforcing its intellectual property rights.
- Herantis may not be able to enter into or maintain partnership agreements.
- Due to the novelty of Herantis' drug candidate HER-096, the risks associated with its development, or development of any other novel drug candidates Herantis may have in the future, can be considered greater than the risks typically associated with drug development, which also apply to the company's operations.
- The company's insurance cover may prove insufficient, and its business involves the risk of liability claims in the event that the use or misuse of Herantis' current or potential future drug candidates results in injury or death.

General risks and uncertainties present in drug development also apply to Herantis. For instance, the production, stability, safety, efficacy, and regulatory aspects of drug candidates involve risks, the realization of which can render the commercialization of the drug candidate impossible or significantly delayed. One common challenge in drug development is that preclinical disease models may not accurately simulate the real disease. Promising preclinical results do therefore not guarantee that the drug candidate is efficacious in humans. Further, the company has not commercialized any drug candidates, it does not have any history of profitable operations, and it has not so far closed any commercialization agreements pursuant to its strategy.

Drug development requires significant investments. Since Herantis is a pre-revenue company it must finance its drug development programs from external sources such as grants, R&D loans, or equity investments from investors and existing shareholders. Factors such as delays in the company's development programs, lack of share authorization or a weak financial market can impact the company's ability to raise funding and continue its operations. Even if the safety and efficacy of a drug candidate was established in clinical studies its commercialization involves risks such as pricing or reimbursement, organizing a sales network, competition from other emerging treatments, unexpected adverse events in long-term use, strength of the company's patents, patent infringement claims raised against the company and other factors. The success, competitive position and future revenues will depend in part on the company's ability to protect intellectual property and know-how. Competitors may claim that one or more of the company's product candidates infringe upon their patents or other intellectual property.

Resolving a patent or other intellectual property infringement claim can be costly and time consuming and may require the company to enter into royalty or license agreements, and the company cannot guarantee that it would be possible to enter into such agreements on commercially advantageous terms or at all.

Unusual business risks and uncertainties are also relevant to the operations of Herantis, such as data protection risks, dependencies on subcontractors and other third parties, and the ability to recruit and keep a qualified senior team and other employees.

Herantis strategy is to continuously identify, minimize and mitigate potential risks, and risk assessment and management are an integrated part of Herantis' operations. Herantis has protected its operations against risks to its best ability and is not aware of any such risks or uncertainties, which would essentially differ from the usual risks and uncertainties in its business.

Going concern

Herantis has performed a going concern review according to Finnish Accounting Standards (FAS). Detailed financial forecasts and cash flows looking beyond 12 months from December 31, 2023, have been prepared, and in these forecasts, the company has made assumptions based upon their view of the current and future economic conditions that are expected to prevail over the forecasted period. It is estimated that the cash held by the company will be sufficient to support the current level of activities into the second quarter of 2025.

In July 2023, EIC approved Herantis' direct equity investment application. Herantis is eligible for up to EUR 15 million in direct equity investments from the EIC Fund, and the EIC Fund is committed to invest this amount by participating with up to 1/3 of the aggregate capital raised in the potential future capital raises made by Herantis. EUR 1.5 million of this was already invested by EIC Fund in December 2023 when Herantis successfully raised EUR 4.5 million in a direct placement among new and existing investors. With this strong commitment from the EIC Fund, the company believes it will be able to secure sufficient cash inflows to continue its activities.

Environmental factors

Herantis works purposefully and systematically to reduce the environmental impact and strives not to pollute the external environment. All production and distribution activities are outsourced. Herantis' quality instructions and practices consider the environment and for example encourage the use of public transportation, limit travelling to strictly necessary business needs, and endorse the use of virtual meetings where possible. Printing and waste are minimized, and recycling is organized appropriately.

3 Events after the review period

March 4th, Herantis announced two poster presentations at the AD/PD 2024 conference.

- Preclinical data shows that HER-096 promotes functional recovery and regeneration of stressed neurons.
- Phase 1a first-in-human trial results of HER-096 to be presented to the scientific audience for the first time.

4 Summary of 2023 and outlook for 2024

2023 milestones for HER-096 were:

- Phase 1a clinical trial application (CTA) regulatory approval (targeted 1H/2023) – *achieved February 20,* 2023
- First HER-096 human dose in Phase 1a study (targeted 1H/2023) – *achieved April 19, 2023*
- Phase 1a read-out: Evidence of HER-096 safety and blood-brain barrier penetration in humans (targeted in Q4/2023) – *achieved October 25, 2023*

2024 milestones for HER-096:

- Phase 1b clinical trial application submitted (targeted 1H/2024)
- Phase 1b clinical trial application approved (targeted 2H/2024)
- First Parkinson's patient dosed with HER-096 in a Phase 1b trial (targeted 2H/2024)

5 The Board's proposal for the use of distributable funds

Herantis Pharma Plc whose distributable equity was EUR 4,646,353.69 according to the balance sheet December 31, 2023. Herantis had no revenues in 2023. Herantis reported EUR 5,306,567.47 in other operating income in 2023. This is mainly related to the decision of Business Finland in September 2023 to waive off EUR 4,495,649 of the principal amount of the loans granted by it to Herantis for the development of CDNF (Cerebral Dopamine Neurotrophic Factor). The result was EUR 279,839.10 in 2023. The Board of Directors propose to the Annual General Meeting convening on April 24, 2024, that no dividend shall be paid for the financial period January 1 - December 31, 2023 and that the profit for the financial year shall be recorded to the profit and loss account.

6 Key figures

EUR thousands	2023	2022
Other operating income	5,306	135
Payroll and related expenses	1,735	2,649
Depreciation and amortization	0	160
Other operating expenses	3,417	5,319
Profit for the period	280	-9,324
Cash flow from operating activities	-4,636	-8,944

	2023	2022
Equity ratio %	0,70	-0.9
Basic and diluted loss per share EUR	0,02	-0.64
Number of shares at end of period	20,160,733	16 ,912,394
Average number of shares	17,195,255	14,654,149

EUR thousands	31-Dec-23	31-Dec-22
Cash and cash equivalents [1)]	6,488	5,991
Equity	4,726	-60
Balance sheet total	6,746	6,232

1) 2023: Cash = 5 503' and Securities = 985' 2022: Cash = 5 036' and Securities = 955'

Formulas used in calculating key figures

$$\text{Equity ratio} = \frac{\text{Equity}}{\text{Balance sheet total}}$$

$$\text{Earnings per share} = \frac{\text{Profit for period}}{\text{Average number of shares}}$$

Average number of shares = Weighted average number of shares. The number of shares is weighted by the number of days each share has been outstanding during the review period.

7 Governance

Herantis Pharma Plc is a public Finnish limited liability company, which complies with the Finnish Companies Act, Securities Market Act, Finnish Accounting standards (FAS), the rules of Nasdaq First North Growth Market, and the company's Articles of Association.

7.1 Annual General Meeting

The Annual General Meeting is Herantis Pharma's highest decision-making body. The company's Board of Directors

invites the Annual General Meeting within six months after the end of the financial year. The Annual General Meeting decides on adopting the financial statements and on distribution of the result shown in the balance sheet, grants the discharge of the Board of Directors and the CEO from liability, decides the number of the members of the Board of Directors, and the remuneration of the Board of Directors and the auditors. The Annual General Meeting also elects Board members and auditors, as well as deals with any other matters on the agenda. General meeting documents are kept on the company's website for a period of no less than five years from the general meeting. The Board of Directors may decide that the General Meeting will be held without a meeting venue so that shareholders exercise their decision-making powers during the meeting in full and in real time using a remote connection and technical means (virtual meeting). The Board of Directors may also decide that participation in the General Meeting is also permitted so that a shareholder exercises their full decision-making powers during the General Meeting using a remote connection and technical means (hybrid meeting).

7.2 Board of Directors

The Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. According to the Articles of Association the Board of Directors consists of four to eight ordinary members. The term of the Board member shall begin from the General Meeting where he or she has been elected and last until the closing of the following Annual General Meeting. The Board of Directors shall elect a Chairperson and, if it finds it warranted, a Vice-Chairperson from among its members for one term at a time. All Board members of Herantis Pharma are deemed to be independent of the company. The Board of Directors has implemented a written charter for its work. An Audit Committee and Remuneration Committee have been established and the main duties and operating principles of each committee are included in a written charter. During this reporting period, the company's Board of Directors comprised of Chairman Timo Veromaa, Frans Wuite, Hilde Furberg, Aki Prihti, Mats Thorén, and Jim Phillips. Jim Phillips served until the Annual General Meeting in April 2023.

A Shareholders' Nomination Committee has also been established. A written charter has been implemented regulating the nomination and composition of the Nomination Committee and defining the tasks and duties thereof. The following members have been appointed to the Shareholders' Nomination Committee:

- Kyösti Kakkonen, representing Joensuun Kauppa ja Kone Oy (Chairman),
- Pia Gisgård, representing Swedbank Robur,
- Timo Syrjälä representing himself and Acme Investments SPF S.à.r.l., and
- Timo Veromaa, the Chairman of Herantis Pharma's Board of Directors.

The Shareholders' Nomination Committee consists of four members, of which three represent the company's shareholders. The Chairman of Herantis Pharma's Board of Directors serves as the fourth member of the committee. The committee prepares and presents to the Annual General Meeting proposals on the remuneration, number and members of the Board of Directors.

7.3 CEO

CEO manages the day-to-day operations in accordance with guidelines and rules set out by the Board of Directors and actively looks after the interests of the company. CEO is appointed and removed from office by the Board of Directors, to whom he/she reports e.g. on the company's financial position, business environment, and other significant issues. CEO guides and supervises the company and its businesses and is responsible for the daily operational management of the company as well as strategy implementation.

7.4 Management team

Along with the Chief Executive Officer (CEO), Herantis' Management team includes the Chief Scientific Officer (CSO) and Chief Financial Officer (CFO).

7.5 Internal Controls and Risk Management

The risks of Herantis Pharma are mainly drug development related, such as clinical, technical, biological, regulatory, and strategic decision-making risks, and financial, such as budgeting, accounting, funding and other financial control risks. With its internal control policies and practices Herantis Pharma aims to ensure that appropriate financial information is available timely and accurately for any decision making and other needs, and that its financial reports are reliable, complete, and timely. Further, they aim to ensure that the company's operations are efficient and implement the strategy of the company. Also, they aim to ensure that the company is in compliance with all applicable laws and regulations.

7.6 Certified Advisor

The shares of Herantis Pharma Plc are listed for trading on the Nasdaq First North Growth Market Finland with ticker symbol "HRTIS". The First North Growth Markets require the nomination of a Certified Advisor. The Certified Advisor is responsible for ensuring that the company complies with the rules and regulations of First North Growth Market. UB Corporate Finance Oy, a company residing at Aleksanterinkatu 21A, FI-00100 Helsinki, Finland, is the Certified Advisor to Herantis Pharma Plc. UB Corporate Finance Oy phone number is +358 9 25 380 225.

7.7 Remuneration

7.7.1 Remuneration of the directors

Herantis' Board members were paid in total EUR 134,666.64 as remuneration during the financial year 1 Jan 2023 – 31

Dec 2023. On 20 April 2023 the General Meeting of Herantis resolved that the remuneration payable to the members of the Board of Directors shall be EUR 18,000 annually for each member of the Board except for the Chairman of the Board who shall be paid EUR 36,000 annually. The Chairman of the Audit Committee shall receive a fixed annual fee of EUR 8,000 and each member of the Audit Committee a fixed annual fee of EUR 4,000. The Chairman of the Remuneration Committee shall receive a fixed annual fee of EUR 4,000 and each member of the Remuneration Committee a fixed annual fee of EUR 2,000. The board members are also reimbursed reasonable travel expenses related to Board of Director's duties. Jim Phillips served as a Board member until the Annual General Meeting in April 2023.

7.7.2 Remuneration of the management team members

The Board of Directors is responsible for appointing the CEO, and for approving the remuneration of the CEO and other management team members. The Remuneration Committee prepares decision proposals to the Board of Directors regarding said matters. The Board of Directors considers the interests of shareholders when deciding on the remuneration. The remuneration of the CEO and other management team members comprises fixed basic salary, fringe benefits (such as company phone), a performance- based bonus, and a stock option plan. The bonus payments are assessed and decided upon annually by the Board of Directors, and a possible bonus is paid in January of the following year. The maximum bonus for the CEO is 50% and for other management team members 33% of fixed annual compensation. The remuneration to the CEO for 2023 was in total EUR 390,518.53 which also includes bonus payment to interim CEO for the year of 2022. For the management excluding CEO, the remuneration for 2023 was EUR 482,089.70. The CEO contract may be terminated by the company or by the CEO with a six-month notice period. If terminated by the company the CEO is entitled to severance payment equal to 6 months base salary. The CEO is entitled to statutory pension benefits.

7.8 Persons discharging managerial responsibilities and their holdings

The company voluntarily maintains a public list of its persons discharging managerial responsibilities, as well as a list showing changes that have occurred in their own security holdings as well as in the holdings of their closely associated persons. The list of holdings by persons discharging managerial responsibilities is provided below. A list of transactions is also available on the web site of the company. The Board of the Directors of the company has approved an Insider Policy, which aims to ensure compliance with Finnish law, EU regulations and directives, and the rulebook of the Nasdaq First North Growth Market.

Holdings of persons discharging managerial responsibilities in the company at the end of the review period, compared to the previous:

Insider holdings	31 Dec 2023	31 Dec 2022
Timo Veromaa (Chairman)	15,260	12,460
Frans Wuite (Board member)	27,338	25,738
Aki Prihti (Board member)	1,600	0
Mats Thorén (Board member)	0	0
Hilde Furberg (Board member)	2,000	2,000
Antti Vuolanto (Chief Executive Officer)	2,340	2,340
Henri Huttunen (Chief Scientific Officer)	79,650	78,050
Tone Kvåle (Chief Financial Officer)	11,200	11,200

7.9 Auditing

The external audit is to verify that the financial statements give a true and fair view of the company's financial performance and financial position for the fiscal year. The company's auditor gives the company's shareholders the statutory auditor's report on the annual financial statements. The audit performed during the financial period is reported to the Board of Directors. The auditor and the Board of Directors will meet at least once a year. The Annual General Meeting elects the auditor. The auditor's term of office includes the current financial year and ends at the end of the following Annual General Meeting. Herantis Pharma's auditor is authorized public accountants PricewaterhouseCoopers Oy (Business ID 0486406-8), principal auditor is APA Panu Vänskä.

7.10 Public Disclosure policy

Herantis complies with the disclosure obligations as outlined and defined in the Market Abuse Regulation ((EU) No 596/2014) and in the First North Nordic Rulebook, which states that the company is required to disclose information to the public in a timely and consistent manner.

7.10.1 Disclosure channels

In addition to company announcements, the most important disclosure channel for information related to the company's activities and financial situation is on the company's website www.herantis.com.

Herantis Pharma publishes its company announcements through Nasdaq Helsinki Ltd, in the most relevant public media and on the company's website in both English and Finnish. Herantis Pharma publishes any essential materials that have been presented in public events, such as result presentations and conference attendance, on its website as simultaneously as possible.

7.10.2 Disclosure principles

The information made public by the company shall be accurate and complete and give a true and fair picture of the company's operations. The information is disclosed as soon as possible as set forth in the applicable regulations.

The company's announcements are issued to give information on matters that could likely have a significant effect on the price of the company's financial instruments. The timing of their publishing shall be defined based on applicable regulations and when otherwise deemed relevant by the company.

The following situations and/or activities are considered as inside information to be disclosed and are reviewed regularly on a case-by-case basis and take into consideration the stage of the company's development projects:

- Any significant activities related to clinical development projects, such as their launch, completion, and end results;
- Information related to new collaboration agreements with pharmaceutical companies;
- Significant decisions made by regulatory or other relevant authorities relevant to the company's clinical development projects;
- Information on significant financing transactions;
- The status of the company's clinical research project changes significantly compared to previously disclosed information or otherwise announced expectations the company will inform of deviations;
- If the company's financial performance or liquid cash position significantly deviates from what can be justifiably concluded on the basis of the information previously reported by the company, the company shall issue a profit warning.

The company regularly assesses the potential effect of the various facts on the price of its financial instruments. The assessment shall be made from the point of view of whether a reasonable investor would be likely to use the information as part of the basis of his/her investment decisions. The company adheres to a standard thirty (30) calendar days silent period prior to publication of its half-yearly reports and other financial results. During the silent period, the company does not organize or attend private meetings with the media, analysts or investors. The company may, however, during the silent period, answer questions in relation to its known business operations and publicly available information. As a general policy, the company does not comment on market rumors, stock price trends, actions of competitors or customers, analyst estimates, or confidential and unfinished business unless the company deems it relevant to correct clearly incorrect information. If inside information regarding the company has leaked to public the company shall issue a related company announcement.

7.10.3 Spokespersons

The designated authorized persons to make public statements on behalf of Herantis Pharma are its CEO and Chairperson of the Board. The CEO is responsible for the company's communications.

7.10.4 Approval of the disclosure policy

The Board of Directors of Herantis Pharma has approved this disclosure policy on 14 December 2021.

7.11 Information for the shareholders

Annual General Meeting 2024

Shareholders of Herantis Pharma Plc are invited to attend the Annual General Meeting of the Company on Wednesday, April 24, 2024, commencing at 10.00 am (EEST). The meeting venue will be informed in the formal notice to convene the Annual General Meeting. The reception of participants and the distribution of voting tickets will commence at 9.30 am. The Annual Report is available on the company's web site www.herantis.com no later than March 27, 2024.

Financial releases

Financial results of the first half of 2024 are expected to be released on Thursday, 22 August 2024.

Where discrepancies exist between the language versions of this Report by the Board of Directors, the Finnish-language text shall prevail.

8 Financial Statement

Statement of profit & loss

	Full Year	
Currency EUR	**2023**	**2022**
Revenue	**0**	**0**
Other operating income	5,306,567.47	135,000.00
Payroll and related expenses	1,735,164.35	2,648,623.41
Depreciation and amortization	0	159,705.15
Other operating expenses	3,417,034.55	5,319,434.87
Total operating expenses	5,152,198.90	8,127,763.43
Operating profit (loss)	154,368.57	-7,992,763.43
Finance income	677,068.44	1,021.50
Finance expenses	-551,597.91	-1,332,483.40
Total finance income and expenses	125,470.53	-1,331,461.90
Profit (loss) before taxes	279,839.10	-9,324,225.33
Profit (loss) for the financial year	279,839.10	-9,324,225.33
Profit (loss)	**279,839.10**	**-9,324,225.33**

Statement of financial position

Currency EUR	31 December 2023	31 December 2022
ASSETS		
Current assets		
Debtors		
Short-term		
Other debtors	237,971.56	198,241.61
Prepayments and accrued income	19,389.96	43,049.63
	257,361.52	241,291.24
Securities	985,243.95	955,046.73
Cash in hand and at banks	5,503,036.09	5,035,797.05
Total current assets	**6,745,641.56**	**6,232,135.02**
ASSETS TOTAL	**6,745,641.56**	**6,232,135.02**

LIABILITIES	31 December 2023	31 December 2022
Capital and reserves		
Subscribed capital	80,000.00	80,000.00
	80,000.00	80,000.00
Other reserves		
Free invested equity reserve	79,746,211.78	75,239,415.72
Retained loss	-75,379,697.19	-66,055,471.86
Loss for the financial year	279,839.10	-9,324,225.33
Total equity	**4,726,353.69**	**-60,281.47**
Debt		
Long-term		
Loans from credit institution	29,846.52	4,390,888.45
	29,846.52	4,390,888.45
Short-term		
Loans from credit institution	4,974.50	150,213.65
Trade creditors	748,672.35	660,302.64
Other creditors	64,412.36	27,308.85
Accruals and deferred income	1,171,382.14	1,063,702.90
	1,989,441.35	1,901,528.04
Total liability	**2,019,287.87**	**6,292,416.49**
LIABILITIES TOTAL	**6,745,641.56**	**6,232,135.02**

Statement of cash flow

	Full Year	
Currency EUR	**2023**	**2022**
Cash flow from operating activities		
Profit (loss) before income taxes	279,839.10	-9,324,225.33
Adjustments:		
Depreciation according to plan	0	159,705.15
Other financial income and expenses	-125,470.53	1,331,461.90
Waive-off loans granted by Business Finland	-4,495,649.00	0
Cash flow before change in working capital	**-4,341,280.43**	**-7,833,058.28**
Change in working capital:		
Increase(-)/decrease(+) in short term interest free receivables	-16,070.28	-98,549.43
Increase(-)/decrease(+) in short term interest free liabilities	233,152.46	78,827.16
Cash flow from operations before financial items and taxes	**-4,124,198.25**	**-7,852,780.55**
Interest paid and other financial expenses from operation	-551,597.91	-1,092,153.09
Interest received	39,789.86	1,021.50
Cash flow from operations before income taxes	-4,636,006.30	-8,943,912.14
Cash flow from operating activities (A)	**-4,636,006.30**	**-8,943,912.14**
Cash flow from investments:		
Bankruptcy proceedings obtained from prior subsidiary	607,081.36	0
Loans to subsidiary	0	-210,133.09
Cash flow from investments activities (B)	**607,081.36**	**-210,133.09**
Cash flow from financing:		
Gross proceeds from equity issue	4,506,796.06	8,709,639.12
Short term loan repayments	-10,632.08	-150,216.55
Cash flow from financing activities (C)	**4,496,163.98**	**8,559,422.57**
Change in cash and cash equivalents (A+B+C) incr. (+)/decr.(-)	467,239.04	-594,622.66
Cash and cash equivalents at beginning of period	5,035,797.05	5,630,419.71
Cash and cash equivalents at end of period	**5,503,036.09**	**5,035,797.05**

Notes to the financial statements

Domicile: Helsinki, Finland

Note information concerning the preparation of the financial statement

Evaluation principles and methods

Valuation of current assets

Loans and other receivables marked as financial assets are valued at their nominal value, or a lower expected value. Financial assets securities are valued at their acquisition cost or a lower expected net realisable value. The company's previous subsidiary Laurantis Pharma Oy was declared bankrupt during 2022. Due to this loss of control, the cash position from previous subsidiary Laurantis Pharma was not included in the cash in hand and at banks for the company per end of 2022. The company had significant loan receivables from Laurantis Pharma and the completed bankruptcy during 2023, gave EUR 607 thousand in proceeds which is booked as finance income in the statement of profit & loss for 2023.

Going concern

The company has performed a going concern review according to Finnish Accounting Standards (FAS). Detailed financial forecasts and cash flows looking beyond 12 months from December 31, 2023, have been prepared, and in these forecasts, the company has made assumptions based upon their view of the current and future economic conditions that are expected to prevail over the forecasted period. It is estimated that the cash held by the company will be sufficient to support the current level of activities into the second quarter of 2025.

Allocation principles and methods

Depreciations

The acquisition cost of non-current intangible and tangible assets are depreciated or amortized, in accordance with the pre-prepared plan. Depreciation and amortization for the financial year is recorded as an expense in taxation, depending on the method of depreciation, to the corresponding amount of the maximum straight line or reducing balance method of depreciation. Assets with the probable economic life of less than three years, as well as minor acquisitions, are recorded in full as expenses for the acquisition accounting period.

Depreciation plan	
Intangible assets	
• Development expenses	straight line amortization 10 yr.
• Intangible rights	straight line amortization 10 yr.
• Consolidated goodwill	straight line amortization 5 yr.
Tangible assets	
• Machinery and equipment	25% reducing balance method of depreciation

The depreciation plan for development expenses is a straight-line amortisation in 10 years, which is appropriate, as the typical duration of a drug development project is 10-15 years, from the start of the development work to when the drug product is ready for the market.

The company had no non-current intangible and tangible assets in the balance sheet for 2023. No depreciation and amortization were done for the financial year of 2023.

Transactions in foreign currency

Exchange rate gains and losses arising from foreign-currency sales or purchases are recorded as adjustments to income and expenses.

Foreign currency translation

Assets denominated in foreign currency are translated into euros using the exchange rates of European Central Bank in effect on the balance sheet date.

Note information concerning statement of profit & loss

Finance income and expenses

Currency EUR	1.1.–31.12.2023	1.1.–31.12.2022
Finance income	640,471.07	1,021.50
Interest income	36,597.37	35.93
Interest expenses	-21,031.42	-67,524.29
Finance expenses	- 530,566.49	- 1,264,995.04
	125,470.53	**-1,331,461.90**

Finance income for 2023 relates to completed bankruptcy proceedings of the subsidiary Laurantis Pharma. Finance expenses consist mainly of transaction expenses for equity issuances..

Note information concerning the balance sheet assets

Current assets

Securities

Difference between acquisition costs and market value of securities other than current assets.

Currency EUR	31.12.2023	31.12.2022
Other shares and similar rights of ownership		
Market value	1,026,120.76	955,046.73
Acquisition cost	985,243.95	985,243.95
Difference	**40,876.81**	**-30,197.22**

Note information concerning statement of financial position (liabilities)

Equity

Changes in equity assets

Currency EUR	1.1.–31.12.2023	1.1.–31.12.2022
Restricted equity		
Share equity at the start of the period	80,000.00	80,000.00
Share equity at the end of the period	80,000.00	80,000.00
Restricted equity, total	**80,000.00**	**80,000.00**
Unrestricted equity		
Invested unrestricted equity reserve at beginning of period	75,239,415.72	66,529,776.60
Issues of shares	4,506,796.06	8,709,639.12
Invested unrestricted equity reserve at the end of the period	79,746,211.78	75,239,415.72
Loss from previous acc, period, at the beginning of period	-75,379,697.19	-66,055,471.86
Loss at the end of the previous period	-75,379,697.19	-66,055,471.86
Profit for the period	279,839.10	-9,324,225.33
Restricted equity, total	4,646,353.69	-140,281.47
Equity, total	**4,726,353.69**	**-60,281.47**

Calculation of distributable unrestricted equity

Currency EUR	31.12.2023
Invested unrestricted equity reserve	79,746,211.78
Retained earnings (loss)	-75,379,697.19
Profit for the financial year	279,839.10
Development expenses in balance sheet	0.00
Distributable unrestricted equity total	**4,646,353.69**

Herantis Pharma Plc whose distributable equity was EUR 4,646,353.69 according to the balance sheet December 31, 2023. Herantis had no revenues in 2023. Herantis reported EUR 5,306,567.47 in other operating income in 2023. This is mainly related to the decision of Business Finland in September 2023 to waive off EUR 4,495,649 of the principal amount of the loans granted by it to Herantis for the development of CDNF (Cerebral Dopamine Neurotrophic Factor). The result was EUR 279,839.10 in 2023. The Board of Directors propose to the Annual General Meeting convening on April 24, 2024, that no dividend shall be paid for the financial period January 1 - December 31, 2023 and that the profit for the financial year shall be recorded to the profit and loss account.

Liabilities

Long-term liabilities maturing after more than five years

Currency EUR	31.12.2023	31.12.2022
Total	10,097.75	1,014,266.65

Collaterals. commitments and off-balance sheet arrangements

Other financial commitments. which are not entered in the balance sheet

Currency EUR	
Rental commitments	
Rental commitments due in 2024	42,647.90
Rental commitments due later than 2024	0.00
Rental commitments. total	**42,647.90**

Note information on the remuneration of the auditor

Currency EUR	1.1.–31.12.2023	1.1.–31.12.2022
PricewaterhouseCoopers Oy		
Audit fees	**37,755.20**	**38,459.00**

Note information on the personnel and board members

Average number of employees during the financial year

	1.1.–31.12.2023	1.1.–31.12.2022
Average number of employees	10.0	11.5

Remuneration of directors and management

Currency EUR	1.1.–31.12.2023	1.1.–31.12.2022
CEO	390,518.53	886,804.75
Directors of the Board	134,666.64	134,376.32
	525,185.17	1,021,181.07

The remuneration to the CEO for 2023 includes bonus payment to interim CEO for the year of 2022. The remuneration to the CEO for 2022 consists of payroll and transition costs for previous CEO, payroll for interim CEO from January to mid of July 2022 and payroll from mid of July 2022 to end of December 2022 for existing CEO.

Signatures

In Helsinki, March 21, 2024

Timo Veromaa
Chairman of the Board

Hilde Furberg
Board Member

Mats Thóren
Board Member

Aki Prihti
Board Member

Frans Wuite
Board Member

Antti Vuolanto
CEO

The Auditor's Note

A report on the audit performed has been issued today In Helsinki, Finland, March 21, 2024
PricewaterhouseCoopers Oy

Authorised Public Accountants

Panu Vänskä
Authorised Public Accountant (KHT)

9 Auditor's Report

To the Annual General Meeting of Herantis Pharma Oyj (Translation of the Finnish Original)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Herantis Pharma Oyj (business identity code 2198665-7) for the financial period 1 January 2023-31 December 2023. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

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

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

Independence

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

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 the laws and regulations governing the preparation of financial statements in Finland 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 company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- 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 company'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 compa-

ny's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

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 and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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. With respect to the report of the Board of Directors, 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 other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 21 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Panu Vänskä

Authorised Public Accountant (KHT)

Financial information

These financial statements release, and its appendices are published in Finnish and in English on March 27, 2024, at 8:00 EET/7:00 CET on the company's website at www.herantis.com. In case of any discrepancies between the language versions, the Finnish version shall prevail.

Certified Advisor:

UB Corporate Finance Oy
Finland: +358 9 25 380 225

Financial calendar

Annual Report 2023	March 27, 2024
Annual General Meeting	April 24, 2024
1H 2024 financial reporting	August 22, 2024

Investor contact

Tone Kvåle, CFO
Tel: +47 915 19576
Email: ir@herantis.com
Company website: www.herantis.com

Forward-looking statements

This company release includes forward-looking statements which are not historical facts but statements regarding future expectations instead. These forward-looking statements include without limitation, those regarding Herantis' future financial position and results of operations, the company's strategy, objectives, future developments in the markets in which the company participates or is seeking to participate or anticipated regulatory changes in the markets in which the company operates or intends to operate. In some cases, forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should" or "will" or the negative of such terms or other comparable terminology. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. The company's actual results of operations, including the company's financial condition and liquidity and the development of the industry in which the company operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this company release. Factors, including risks and uncertainties that could cause these differences include, but are not limited to risks associated with implementation of Herantis' strategy, risks and uncertainties associated with the development and/or approval of Herantis' drug candidates, ongoing and future clinical trials and expected trial results, the ability to commercialize drug candidates, technology changes and new products in Herantis' potential market and industry, Herantis' freedom to operate in respect of the products it develops (which freedom may be limited, e.g., by competitors' patents), the ability to develop new products and enhance existing products, the impact of competition, changes in general economy and industry conditions, and legislative, regulatory and political factors. In addition, even if Herantis' historical results of operations, including the company's financial condition and liquidity and the development of the industry in which the company operates, are consistent with the forward-looking statements contained in this company release, those results or developments may not be indicative of results or developments in subsequent periods.

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HERANTIS
PHARMA

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02600 Espoo, Finland

herantis.com