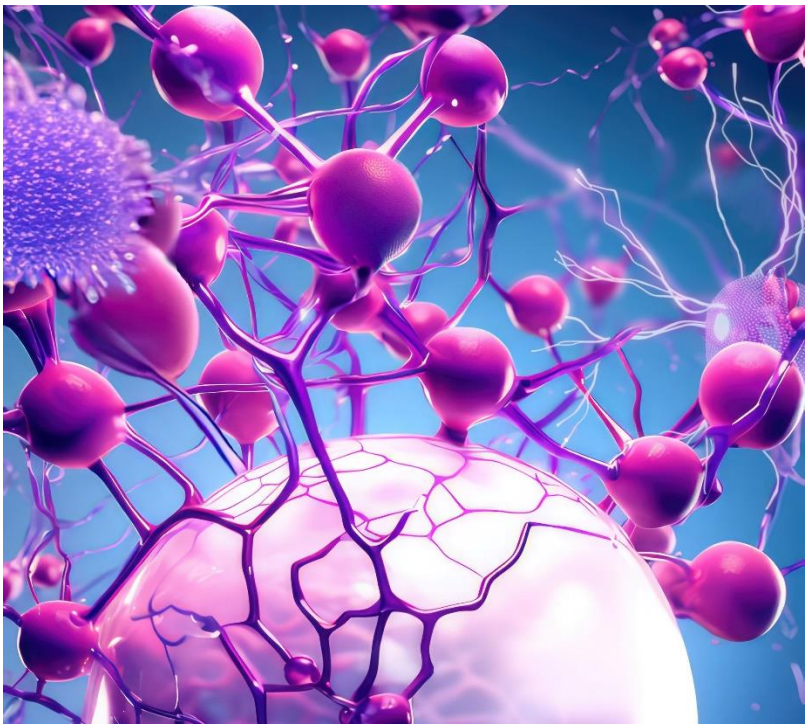
Full Year Financial Report
January 1 – December 31, 2023

HERANTIS PHARMA



Herantis Pharma Plc is a clinical-stage biotechnology company developing disease modifying therapies for Parkinson's disease.

Business highlights January – December 2023

- HER-096 Phase 1a clinical trial met all primary and secondary endpoints:
  - Clinical Trial Application (CTA) for a Phase 1a trial for HER-096 was approved in February.
  - The first healthy volunteer was dosed in April.
  - In 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.

- In 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.

- Term sheet signed in July 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.

- Business Finland reached the positive decision in September 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.

- Herantis successfully completed a directed share issue raising EUR 4.5 million in gross proceeds December.
  - 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 issue.

Events after the reporting period

- March 4th, Herantis announced two poster presentations at the AD/PD 2024 conference.
  - Phase 1a first-in-human trial results of HER-096 to be presented to the scientific audience for the first time.
  - Preclinical data shows that HER-096 promotes functional recovery and regeneration of stressed neurons.

Key figures:

EUR thousands	July - December		Full Year	
	2023	2022	2023	2022
Other operating income	5 026	135	5 306	135
Payroll and related expenses	883	1 086	1 735	2 649
Depreciation and amortization	0	80	0	160
Other operating expenses	1 581	2 593	3 417	5 319
Profit for the period	2 075	-3 660	280	-9 324
Cash flow from operating activities	-2 919	-3 427	-4 636	-8 944

	July - December		Full Year	
	2023	2022	2023	2022
Equity ratio %	0,70	-0,90	0,70	-0,90
Basic and diluted loss per share EUR	0,12	-0,22	0,02	-0,64
Number of shares at end of period	20 160 733	16 912 394	20 160 733	16 912 394
Average number of shares	17 478 117	16 911 708	17 195 255	14 654 149

EUR thousands	31.12.2023	31.12.2022
Cash and securities[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 to calculate key figures:
Equity ratio = Equity/balance sheet total, Earnings per share = Profit for the period/average number of shares
Average number of shares = Weighted average number of shares.
The number of shares weighted by the number of days each share has been outstanding during the review period

"Herantis achieved significant milestones in 2023; a successful first-in-human trial with HER-096 and strengthening of the financial position. We are excited that Phase 1a trial met its primary and secondary endpoints: good safety profile, favorable pharmacokinetic profile, and efficient penetration to central nervous system after subcutaneous administration. This provides a solid basis for further clinical development of the highly promising HER-096 as disease-modifying therapy for Parkinson's disease. We also signed a term sheet with EIC Fund, the investment arm of the EIC, for up to EUR 15 million in direct equity investments. In December, despite of the very challenging environment for biotech companies, we were delighted to close a financing round and welcome EIC Fund as a new investor. After a successful 2023, we are enthusiastic to advance HER-096 into the next stage of development," **said Antti Vuolanto, CEO of Herantis.**

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.

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.

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.

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 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 4.51 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 condition 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.

[1)]Source: European Brain Council, Costs of Disorders of the Brain in Europe (2010)
[2)]Source: Grand view research, Market analysis report (GVR-4-68039-990-7)

Business strategy

The strategy of Herantis is:

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

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 Gisgard, 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.

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)

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 unaudited. 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 & 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 Profit & Loss	**July - December**		**Full Year**	
EUR thousands	**2023**	**2022**	**2023**	**2022**
Revenue	**0**	**0**		**0**
Other operating income	5 026	135	5 306	135
Payroll and related expenses	883	1 086	1 735	2 649
Depreciation and amortization	0	80	0	160
Other operating expenses	1 581	2 593	3 417	5 319
Total operating expenses	2 464	3 759	5 152	8 128
Operating profit (loss)	**2 562**	**-3 624**	**154**	**-7 993**
Finance income	36	1	42	1
Other financial income	0	0	635	0
Finance expenses	-524	37	-552	-1 332
Total finance income and expenses	-488	-36	125	-1 331
Profit (loss) before taxes	**2 075**	**-3 660**	**280**	**-9 324**
Profit (loss) for the financial period	**2 075**	**-3 660**	**280**	**-9 324**
Profit (loss)	**2 075**	**-3 660**	**280**	**-9 324**
Profit (loss) per share	**0,12**	**-0,22**	**0,02**	**-0,64**
Basic and diluted profit (loss) per share	0,12	-0,22	0,02	-0,64

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.

EUR thousands Statement of financial position	31 December 2023	31 December 2022
ASSETS		
Non-current assets		
Intangible assets		
Development expenses	0	0
	0	0
Total non-current assets	**0**	**0**
Current assets		
Short-term		
Other debtors	238	198
Prepayments and accrued income	19	43
	257	241
Securities	985	955
Cash in hand and at banks	5 503	5 036
Total current assets	**6 746**	**6 232**
TOTAL ASSETS	**6 746**	**6 232**

Statement of financial position	31 December 2023	31 December 2022
LIABILITIES		
Capital and reserves		
Subscribed capital		
Subscribed capital	80	80
	80	80
Other reserves		
Free invested equity reserve	79 746	75 239
Retained loss	-75 380	-66 055
Loss for the financial year	280	-9 324
Total equity	**4 726**	**-60**
Debt		
Long-term		
Loan from credit institutions	30	4 391
	30	4 391
Short-term		
Loans from credit institutions	5	150
Trade creditors	749	660
Other creditors	64	27
Accruals and deferred income	1 171	1 064
	1 989	**1 901**
Total liability	**2 019**	**6 292**
TOTAL EQUITY AND LIABILITIES	**6 746**	**6 232**

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.

Statement of Cash flow	July - December		Full Year	Full Year
EUR thousands	2023	2022	2023	2022
Cash flow from operating activities:				
Profit (loss) before income taxes	2 075	-3 660	280	-9 324
Adjustments:				
Depreciation according to plan	0	80	0	160
Other financial income and expenses	488	36	-125	1 331
Waive-off loans granted by Business Finland	-4 496	0	-4 496	
Cash flow before change in working capital	**-1 933**	**-3 544**	**-4 341**	**-7 833**
Change in working capital:				
Increase(-)/decrease(+) in short term interest free receivables	-30	-13	-16	-98
Increase(-)/decrease(+) in short term interest free liabilities	-465	142	233	79
Cash flow from operations before financial items and taxes	**-2 429**	**-3 415**	**-4 124**	**-7 853**
Interest paid and other financial expenses from operation	-530	-13	-552	-1 092
Interest received and financial income from operation	40	1	40	1
Cash flow from operations before income taxes	-2 919	-3 427	-4 636	-8 944
Cash flow from operating activities (A)	**-2 919**	**-3 427**	**-4 636**	**-8 944**
Cash flow from investments:				
Bankruptcy proceedings obtained from prior subsidiary	0	0	607	0
Loans to subsidiary	0	-34	0	-210
Cash flow from investments activities (B)	**0**	**-34**	**607**	**-210**
Cash flow from financing:				
Gross proceeds from equity issue	4 507	0	4 507	8 710
Short term loan repayments	-10	-145	-11	-150
Cash flow from financing activities (C)	**4 496**	**-145**	**4 496**	**8 560**
Change in cash and cash equivalents (A+B+C) incr. (+)/decr.(-)	1 577	-3 605	467	-594
Cash and cash equivalents at beginning of period	3 926	8 641	5 036	5 630
Cash and cash equivalents at end of period	**5 503**	**5 036**	**5 503**	**5 036**

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 successfully directed share issue raising EUR 4.5 million in gross proceeds in December 2023.

Currency EUR	January - December 2023	January - December 2022
Restricted equity		
Share equity at the start of the period	80,000.00	80,000.00
Share equity at the start 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 the beginning of period	75,239,415.72	66,529,776.60
Issue of shares	4,506,796.06	8,709,639.12
Invested unrestricted equity reserve at the end of period	79,746,211.78	75 239 415,72
Loss from previous period, at the beginning of the 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 December 31	**4,726,353.69**	**-60,281.47**

Share based incentive programs

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 per December 31th, 2023	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	1 007 620	5,0%
5	NANOFORM FINLAND OYJ	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	298 594	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%**

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 and election 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 30 June 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' (the "Company") 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.

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

The company has performed a going concern review according to Finnish Accounting Standards (FAS) and this unaudited financial report has been prepared on a going concern basis. 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.

Financial information

These financial statements release, and its appendices are published in Finnish and in English on March 6, 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

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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.