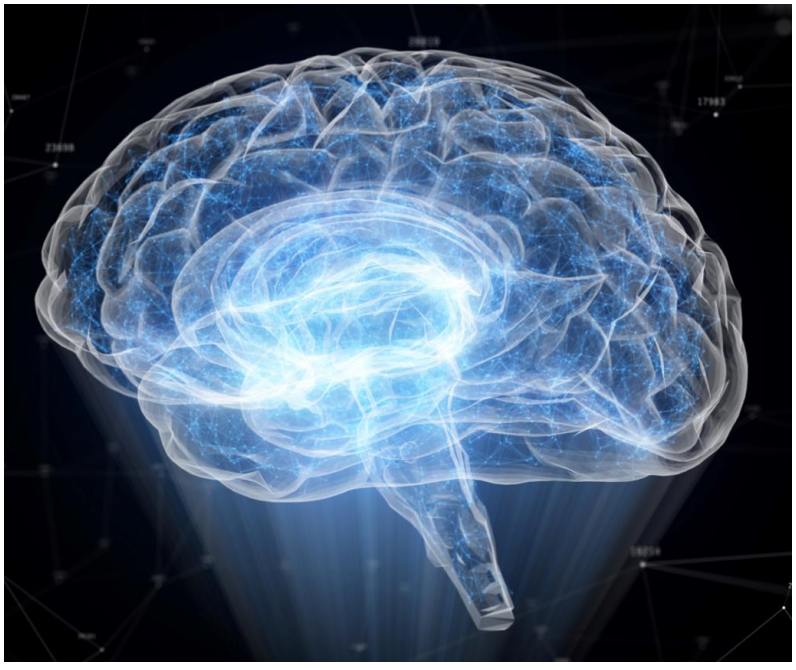
Full Year Financial Report
January 1 - December 31, 2021

HERANTIS PHARMA



We aim to revolutionize the treatment of Parkinson's Disease

Highlights January-December 2021

Significant progress has been made with HER-096:

- Selection of HER-096 as the lead candidate for development based on efficacy, safety, pharmacokinetic, pharmacodynamic and stability criteria
- Demonstration of HER-096 penetrating the blood brain barrier and entering the brain in therapeutic concentrations after a single subcutaneous administration in a rat model
- Confirmation of a unique mechanism of action, similar to CDNF, resulting in a significant reduction of alpha-synuclein deposition, neuroinflammation, and remarkable restoration of dopaminergic neurons in preclinical disease models
- Identification of novel biomarker candidates in the Phase 1b Cerebral Dopamine Neurotrophic Factor (CDNF) study aimed at supporting future clinical development of HER-096

Other operational highlights:

- A collaboration with Nanoform Finland Plc. was formed to investigate the feasibility of applying the nanoforming process to rhCDNF. In 2021, we established that nanoformed rhCDNF nanoparticles retain their stability and activity.
- Formation of Herantis Scientific Advisory Board (SAB), consisting of leading experts in the development of therapies for Parkinson's disease from industry and academia: Dr.Anders Gersel Pedersen M.D. (chair), Dr. Daniele Bravi M.D., Prof. David Dexter, PhD, and Prof. Alberto Espay M.D. MSc
- Hilde Furberg, MSc, an experienced biopharma executive, was elected to the Board of Directors
- Completion of a private placement exceeding EUR 4.0 million
- Herantis published several papers and scientific posters in scientific media and conferences during 2021

Events after year end 2021

On January 20th, 2022, Herantis Pharma's Board of Directors appointed Frans Wuite, MD, MBA, as the interim CEO, effective immediately. Wuite is also the Vice Chairman of Herantis' Board of Directors and will continue in this role. Herantis' CEO until January 20th, 2022, Dr. Craig Cook, left the company following the Board of Directors' decision. A search for a permanent CEO will be launched. In connection with the CEO transition and following strong preclinical data in 2021, Herantis' Board of Directors has decided to focus a significant majority of the company's development efforts to advance HER-096, a small, synthetic peptidomimetic molecule derived from the active site of CDNF. HER-096 combines the unique mode of action of the CDNF protein to target Parkinson's disease with the ease of subcutaneous administration.

Group's key figures:

EUR thousands	July - December		Full Year	
	2021	2020	2021	2020
Revenue	0	0	0	0
Payroll and related expenses	962	1 142	2 246	2 035
Depreciation and amortization	80	464	2 720	927
Other operating expenses	3 548	2 545	7 495	5 199
Profit for the period	-4 829	-4 677	-12 767	-9 153
Cash flow from operating activities	-4 477	-3 774	-9 934	-8 561

	July - December		Full Year	
	2021	2020	2021	2020
Equity ratio %	-14.6	46.2	-14.6	46.2
Basic and diluted loss per share EUR	-0.45	-0.59	-1.25	-1.24
Number of shares at end of period	11 103 568	9 757 068	11 103 568	9 757 068
Average number of shares	10 654 735	7 955 265	10 205 901	7 394 001

EUR thousands	31-Dec-21	31-Dec-20
Cash and securities	7 424	13 324
Equity	-1 140	7 587
Balance sheet total	7 762	16 420

Formulas used to calculate key figures

Equity ratio = Equity/balance sheet total
Earnings per share = Profit for 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

CEO's statement

An important milestone for Herantis in 2021 was the selection of HER-096, a synthetic, small peptidomimetic, as the lead preclinical development candidate for the treatment of Parkinson's disease. This was done by a rigorous process based on extensive preclinical and CMC-data. During 2021 we also validated HER-096's unique mechanism of action, its passage into the brain in therapeutic concentrations upon simple subcutaneous administration and the efficacy of a convenient three times per week dosing regimen in preclinical studies. In addition, we have identified biomarkers in the Phase 1b CDNF study in patients that can support our clinical development programme. Furthermore, a cost-effective manufacturing process of HER-096 has been established. Due to the rapid progress in development and encouraging data, we shall now prioritize the development of HER-096 within the Herantis portfolio and concentrate our efforts on getting it into clinic as soon as possible.

Demonstrating a broad mechanism of action

Preclinical data show that HER-096 possesses similar disease modifying potential for the treatment of Parkinson's disease as CDNF. By restoring proteostasis and the unfolded protein response (UPR), HER-096 and rhCDNF counteract several important pathophysiological mechanisms underlying Parkinson's disease.

To confirm the broad mechanism of action of HER-096, we have demonstrated that it markedly reduces damaging neuro-inflammation processes, the toxic accumulation of alpha-synuclein, and significantly increases dopamine neuron survival.

Reaching the brain following subcutaneous administration

In a carefully monitored animal model the brain concentration reaches over 20% of the concentration in plasma after subcutaneous administration. This is 20-50 fold higher than what is typically seen with therapies such as monoclonal antibodies against α-synuclein. Thus, pharmacologically active levels in the brain can easily be reached following a single injection.

Identifying biomarkers for clinical development

Another important achievement in 2021 was the identification of several biomarkers from the rhCDNF Phase 1 study concluded in 2020. We observed that certain biomarkers in Cerebrospinal Fluid (CSF) changed in response to CDNF treatment in some patients and in these patients were observed improvements in motor function and dopamine brain signals. These biomarkers may help us in the HER-096 clinical development program.

Development program guided by Industry and Academic leaders

In the fourth quarter, we announced the formation of a Scientific Advisory Board (SAB), consisting of renowned global industry and academic leaders in the treatment of Parkinson's disease. They share our belief in the potential of our assets and will provide guidance to our development program.

Our focus in 2022 is to generate a data package required for the Clinical Trial Application (CTA) of the Phase 1 study to demonstrate the safety and brain penetration of HER-096 in man.

Frans Wuite, MD, MBA
Interim CEO of Herantis Pharma Plc

Review of operations
January 1 – December 31, 2021

Neurological disorders are the leading cause of disability globally, and Parkinson's disease (PD) is the fastest growing neurological disorder in the world and a massive burden to society. Today more than 8 million people suffer from Parkinson's disease worldwide. This number is projected to increase to over 12 million by 2040. Parkinson's disease is estimated to cost EUR 14 billion annually in the EU alone with household costs amounting to EUR 20,000 per patient per year.

Source: Parkinsons Foundation www.parkinsons.org, Fortune Business Insights https://www.fortunebusinessinsights.com/industry-reports/neurodegenerative-diseases-drugs-market-100661, Parkinson's Disease Treatment Market. (n.d.). Retrieved from https://www.marketsandmarkets.com/Market-Reports/parkinson-disease-treatment-market-47265247

Parkinson's disease is a neurodegenerative condition that develops slowly. Typical clinical features involve a movement disorder consisting of slowness of movement, resting tremor, and stiffness, with lack of stability or steadiness occurring at a later stage. Over time, even simple movements become difficult. The cause of PD is not known, but genetic risk factors have now been characterized, as well as several genes which cause rare familial forms of PD. Environmental influences have been claimed to alter the risk of PD development, although their role remains unclear. The movement disorder arises due to the loss of dopaminergic neurons in certain area of the brain, with the pathological hallmark being aggregates of α-synuclein in neural cells. Several processes have been implicated in PD, including mitochondrial dysfunction, neuroinflammation, defective proteostasis and unfolded protein response. It is now generally believed that a broad mechanism of action is necessary for true disease-modifying therapy in Parkinson's disease. The human and animal data generated in 2021 demonstrated that HER-096 and rhCDNF both have this kind of multi-modal mechanism of action.

The two molecules under development for Parkinson's disease in 2021 were:

1. HER-096, an advanced small and synthetic chemical peptidomimetic version of the active parent rhCDNF protein. It combines the compelling mechanism of action of the rhCDNF protein with the ability to be delivered to the brain via a simple subcutaneous injection.

2. rhCDNF, a biological protein that has been used safely in a Phase 1 study (intracranial administration via surgery) in patients with Parkinson's disease and studied for intranasal brain administration via a simple nasal spray.

In March 2021, Herantis announced inconclusive Phase 2 study clinical results for Herantis' gene therapy, Lymfactin®, targeting Breast Cancer Related Lymphedema (BCRL). Upon comprehensive review of its programs the company subsequently decided to focus its development efforts and resources exclusively on developing its CNS assets.

rhCDNF (recombinant human Cerebral Dopamine Neurotrophic Factor)

After showing safety and tolerability in a Phase 1 study of intracranial administration of rhCDNF in patients with Parkinson's disease, Herantis decided to study the feasibility of developing more patient-friendly modes of delivery such as subcutaneous injection or administration via a simple nasal spray.

HER-096

In May 2021, Herantis announced selection of HER-096 as the lead candidate for further preclinical development in Parkinson's disease, a significant milestone for the company.

HER-096 was selected based on clear and compelling preclinical data including:

- Effective Blood-Brain-Barrier penetration
- Potent protection of neurons and restoration of their functional characteristics
- Significant reduction of aggregation of the toxic protein alpha-synuclein and associated neuroinflammation
- Restoration of proteostasis

The current assumption is that HER-096 will be administered by simple subcutaneous injection given three times per week.

Biomarker Program

Biomarkers are important for the development of therapies in CNS-diseases, as they provide an early window into the onset of diseases, their progression, and response to therapy. This makes a rapid and more efficient assessment of drug effects possible. Also regulators give significant consideration to biomarkers, in addition to clinical observations. The biomarkers in Parkinson's disease are comprised of imaging, kinetic and liquid biomarkers. During 2021, Herantis has studied the effects of its assets on biomarkers, both in animals and in humans. In the Phase 1 study in Parkinson's disease biomarkers in Cerebrospinal Fluid (CSF) changed in response to rhCDNF treatment in some patients. Moreover, improvements in motor function and biological dopamine signals were observed in these patients. The biomarker signature from the Phase 1 study notably suggests modulation of proteostasis in response to rhCDNF treatment, thus confirming its broad mechanism-of-action. In addition, independent research confirmed that there is a direct molecular interaction with alpha-synuclein aggregates, which is key in the pathology of Parkinson's disease and a manifestation of failing proteostasis mechanisms.

Pre-clinical experiments with Herantis' lead candidate HER-096 continue to show strong effects on biomarkers of Parkinson's disease, with an almost complete eradication of alpha-synuclein aggregates, a hallmark of Parkinson's disease pathology. Also, a significant reduction of cell death following HER-096 treatment was shown in studies with improvement of neuronal survival by almost 70% versus controls in some experiments. A similar effect was seen on neuroinflammation, which is another key cause of damage in Parkinson's disease. These effects were observed in both preventative models of disease as well as therapeutic models of disease. Importantly, they correlated with a significant increase in dopamine levels.

Scientific posters and papers published during 2021

- Poster presentation at AD/PD™ 2021 Conference, titled: Phase I-II First-In-Man Clinical Trial of Intraputamenal CDNF in Parkinson's Disease: Exploratory Fluid-Based Biomarker Endpoints of the 12-Month Treatment Period"
- Research paper published in journal, Molecular Therapy, titled: Cerebral dopamine neurotrophic factor reduces α-synuclein aggregation and propagation and alleviates behavioral alterations in vivo
- Poster at MDS Congress 2021, titled: First-in-Man Clinical Trial of Intraputamenal CDNF in Parkinson's Disease Finds a Consorted Biomarker Response in a Subgroup of Subjects
- Paper published in the Journal Genes, titled: Genetically Targeted Clinical Trials in Parkinson's Disease: Learning from the Successes Made in Oncology

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

During the review period, the company's Board of Directors comprised of Timo Veromaa, M.D., PhD, eMBA (Chairman), Frans Wuite, M.D., MBA (Vice Chairman), Hilde Furberg, MSc (since April 15, 2021), Jim Phillips, M.D., MBA, Aki Prihti and Mats Thorén.

The number of employees at the end of the review period on December 31, 2021, was 13 (13). In 2021, the management team consisted of CEO Dr. Craig Cook, COO Antti Vuolanto DSc, CSO Dr. Henri Huttunen, Head of Regulatory Affairs and Compliance Sigrid Booms and CFO Tone Kvåle.
On January 20, 2022, Herantis Pharma Board of Directors appointed Frans Wuite, MD, MBA, as interim CEO of the company. Wuite will also continue in his role as Vice Chairman of Herantis' Board of Directors. Herantis' previous CEO, Dr. Craig Cook, left the company following the Board of Directors' decision. A search for a permanent CEO will be launched.

In April, Hilde Furberg, MSc, a senior biopharma executive with experience from, e.g., Baxter, Genzyme and Sanofi Genzyme, was elected to the Board of Directors.

In October, Herantis Pharma announced the formation of a Scientific Advisory Board (SAB), consisting of four globally leading experts in the development of therapies for Parkinson's disease from industry and academia. They share our excitement and belief in the potential of our assets and will play an intricate role in shaping Herantis' chances of success. Each SAB member brings unique experience and an impeccable track record in clinical development of human CNS therapeutics to the board, which will be invaluable to guide us in the development of our assets. 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 Pharma's Shareholders' Nomination Committee consists of four members, of which three represent the company's shareholders. The Chairman of Herantis Pharma'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 and members of the Board of Directors. The following members have been appointed to Herantis Pharma's Shareholders' Nomination Committee: Marko

Berg, Helsinki University Funds (HYR) (Chairman), Pia Gisgård, Swedbank Robur, Aki Prihti, Inveni Life Sciences Fund I Ky, and Timo Veromaa, the Chairman of Herantis Pharma's Board of Directors.

Covid-19

The company has not experienced any material impact on its operations or plans as a result of the Covid-19 pandemic during the year. Drug development activities of the company such as the planning and preparations for preclinical and clinical projects have continued as planned. These activities have involved international collaborators whose ability to provide services have been impacted by the on-going situation. As such, there have been minor delays in individual subprojects.

Summary and outlook for 2022

In 2022, Herantis' focus is on completing the HER-096 manufacturing for clinical use, pre-clinical and safety toxicology programs required for the submission of a Clinical Trial Application for the Phase 1 study with HER-096 by the end of the year. This is required to obtain regulatory approval for the first-in-human study with HER-096 that is planned to start in 2023.

This first-in-man study is aimed to demonstrate safety of HER-096 and to provide evidence of pharmaceutically active concentrations of HER-096 reaching the brain after simple subcutaneous administration. This would represent a major de-risking milestone in the development of HER-096.

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

Financial review
January 1 – December 31, 2021

(Figures in brackets = same period 2020 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.

Consolidated income statement

Herantis Group did not have material revenues in the review period or in the corresponding period previous year. The R&D expenses for the 2021 were EUR 6.2 million (EUR 4.4 million), recorded in the income statement as other operating and payroll expenses for the period. The R&D expenses relate to preclinical and CMC activities for CDNF and HER-096 and follow up expenses from the completed CDNF and Lymfactin® clinical studies. Depreciation and amortization for the period were EUR 2.7 million (EUR 0.9 million) whereof EUR 2.2 million relates to the write-down of Lymfactin® development expenses in H1 2021. According to Finnish Accounting Standards (FAS) entities are required to conduct impairment tests where there is an indication of impairment of an asset. An impairment test has been performed after the company reported inconclusive data from the Lymfactin® Phase II clinical study and the strategic decision was to focus only on assets for CNS (central nervous system). The company has unsuccessfully pursued a process to find a partner for Lymfactin® during 2021. The Board has therefore decided to halt further activities related to this program.

Finance income and expenses totalled EUR -0.3 million (EUR -1.1 million). The financing expenses were mainly related to fundraising costs and interests on loans to Business Finland. The loss for the review period was EUR -12.8 million (EUR -9.1 million).

	July - December		Full Year	
EUR thousands	**2021**	**2020**	**2021**	**2020**
Revenue	**0**	**0**	**0**	**0**
Other operating income	0	0	0	90
Payroll and related expenses	962	1 142	2 246	2 035
Depreciation and amortization	80	464	2 720	927
Other operating expenses	3 548	2 545	7 495	5 199
Total operating expenses	4 590	4 151	12 461	8 161
Operating profit (loss)	**-4 590**	**-4 151**	**-12 461**	**-8 071**
Finance income	2	16	2	1
Finance expenses	241	541	308	1 082
Total finance income and expenses	-239	-525	-306	-1 081
Profit (loss) before taxes	**-4 829**	**-4 677**	**-12 767**	**-9 153**
Profit (loss) for the financial period	**-4 829**	**-4 677**	**-12 767**	**-9 153**
Consolidated profit (loss)	**-4 829**	**-4 677**	**-12 767**	**-9 153**
Loss per share	**-0.45**	**-0.59**	**-1.25**	**-1.24**
Basic and diluted loss per share, EUR	-0.45	-0.59	-1.25	-1.24

Consolidated balance sheet

As of December 31, 2021, Herantis Group's balance sheet amounted to EUR 7.8 million (EUR 16.4 million). The consolidated balance sheet included short-term debt in the amount of EUR 2.6 million (EUR 2.9 million) and long-term debt in the amount of EUR 6.3 million (EUR 5.9 million). Majority of the total liabilities are loans from Business Finland related to development projects. No R&D expenses were capitalized during the review period. Consolidated equity was EUR -1.1 million (EUR 7.6 million), and respectively EUR 0.6 million (EUR 20.1 million) for the parent company.

EUR thousands	31 December 2021	31 December 2020
ASSETS		
Non-current assets		
Intangible assets		
Development expenses	160	2 879
Intangible rights	0	0
	160	2 879
Tangible assets		
Machinery and equipement	0	0
	0	0
Total non-current assets	**160**	**2 879**
Current assets		
Debtors		
Short-term		
Other debtors	118	174
Prepayments and accrued income	59	42
	177	216
Securities	985	985
Cash in hand and at banks	6 439	12 339
Total current assets	**7 601**	**13 540**
TOTAL ASSETS	**7 762**	**16 420**

EUR thousands	31 December 2021	31 December 2020
LIABILITIES		
Capital and reserves		
Subscribed capital		
Subscribed capital	80	80
	80	80
Other reserves		
Free invested equity reserve	66 530	62 490
Retained loss	-54 983	-45 830
Loss for the financial year	-12 767	-9 153
Total equity	**- 1 140**	**7 587**
Debt		
Long-term		
Loan from credit institutions	6 288	5 941
	6 288	5 941
Short-term		
Loans from credit institutions	912	1 265
Trade creditors	788	716
Other creditors	53	89
Accruals and deferred income	860	822
	2 613	2 892
Total liability	**8 902**	**8 833**
LIABILITIES TOTAL	**7 762**	**16 420**

Consolidated cash flows

As of December 31, 2021, cash, cash equivalents and securities for Herantis Group amounted to EUR 7.4 million (EUR 13.3 million). The consolidated cash flow from operating activities in the review period was EUR -9.9 million (EUR -8.6 million). Cash flow from financing activities relates to the directed issue in September 2021 and was EUR 4.0 million (EUR 14.9 million).

	July - December		Full Year	
EUR thousands	**2021**	**2020**	**2021**	**2020**
Cash flow from operating activities:				
Profit (loss) before income taxes	-4 828	-4 677	-12 767	-9 153
Adjustments:				
Depreciation according to plan	80	464	544	928
Write-down Lymfactin development costs	0	0	2 176	0
Other financial income and expenses	239	540	306	1 082
Cash flow before change in working capital	**-4 509**	**-3 672**	**-9 741**	**-7 143**
Change in working capital:				
Increase(-)/decrease(+) in short term interest free receivables	-68	-70	39	45
Increase(-)/decrease(+) in short term interest free liabilities	340	509	75	-381
Cash flow from operations before financial items and taxes	**-4 237**	**-3 233**	**-9 627**	**-7 478**
Interest paid and other financial expenses from operation	-241	-542	-308	-1 084
Interest received	2	1	2	1
Cash flow from operations before income taxes	-4 477	-3 774	-9 934	-8 561
Cash flow from operating activities (A)	**-4 477**	**-3 774**	**-9 934**	**-8 561**
Cash flow from investments:				
Proceeds from sale of tangible assets	0	0	0	4
Cash flow from investments activities (B)	**0**	**0**	**0**	**4**
Cash flow from financing:				
Gross proceeds from equity issue	4 039	8 000	4 039	14 889
Long term loans drawn	0	0	0	0
Short term loan repayments	1	-5	-5	-5
Cash flow from financing activities (C)	**4 040**	**7 994**	**4 034**	**14 884**
Change in cash and cash equivalents (A+B+C) incr. (+)/decr.(-)	-438	4 220	-5 900	6 326
Cash and cash equivalents at beginning of period [1)]	6 877	8 119	12 339	6 013
Cash and cash equivalents at end of period	**6 439**	**12 339**	**6 439**	**12 339**

1) Reclassification of securities (fund) of EUR 985' in 2021 including 2020 figures.

Consolidated and parent company equity

Consolidated equity was EUR -1.1 million (EUR 7.6 million), and respectively EUR 0.6 million (EUR 20.1 million) for the parent company. The loss for the period for the parent company of EUR -23.6 million (EUR -7.0 million) was mainly due to the write-down of shares and internal loans in Herantis' subsidiary, Laurantis Pharma, due to impairment of the asset Lymfactin®. According to Finnish Accounting Standards (FAS), entities are required to conduct impairment tests where there is an indication of impairment of an asset. An impairment test has been performed after the company reported inconclusive data from the Lymfactin® Phase II clinical study and after the strategic decision to focus only on assets for CNS (central nervous system).

	Parent		Consolidated	
Currency EUR	**January - December 2021**	**January - December 2020**	**January - December 2021**	**January - December 2020**
Restricted equity				
Share equity at the start of the period	80,000.00	80,000.00	80,000.00	80,000.00
Share equity at the start of the period	80,000.00	80,000.00	80,000.00	80,000.00
Restricted equity, total	**80,000.00**	**80,000.00**	**80,000.00**	**80,000.00**
Unrestricted equity				
Invested unrestricted equity reserve at the beginning of period	62,490,276.60	47,601,032.62	62,490,276.60	47,601,032.62
Issue of shares	4,039,500.00	14,889,243.98	4,039,500.00	14,889,243.98
Invested unrestricted equity reserve at the end of period	66,529,776.60	62,490,276.60	66,529,776.60	62,490,276.60
Loss from previous period, at the beginning of the period	-42,479,237.11	-35,432,148.15	-54,982,932.07	-45,830,019.90
Loss at the end of the previous period	-42,479,237.11	-35,432,148.15	-54,982,932.07	-45,830,019.90
Loss for the period	-23,576,234.75	-7,047,088.96	-12,767,100.97	-9,152,912.18
Unrestricted equity, total	474,304.74	20,011,039.49	-1,060,256.44	7,507,344,52
Equity on December 31	**554,304.74**	**20,091,039.49**	**-1,140,256.44**	**7,587,344.52**

Share and shareholders

Share based incentive programs

Herantis has four stock option programs: Stock option program 2010, 2014 I, 2018 I and 2021 I. The Board of Directors decided on April 19, 2021, to grant a maximum of 961,221 option rights entitling to shares to management team members and other key personnel under a new option rights program 2021 I. The new option rights program is based on the authorization granted by the Annual General Meeting held on April 15, 2021. 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 are offered without consideration. Under the new option program each option right entitles to subscribe for one ordinary share in Herantis for a subscription price of EUR 3.44 per share. The subscription price corresponds to 126% of the volume weighted average share price during 10 trading days preceding the grant date of April 19, 2021 (April 1-16, 2021). Granted share options shall vest and become exercisable over a three-year period, with 1/3 becoming exercisable from April 19, 2022, 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 on April 19, 2026, or earlier subject to customary conditions. Any shares to be subscribed for based on the option rights of the program 2021 I, will not represent more than 10% of the company's outstanding shares.

The main details of the stock option programs are listed in the table below:

Stock option program	**Maximum number of shares[1)]**	**Subscription price per share**	**Decision on the stock option program made by**
2010	31,600	0.00005	General Meeting 26.8.2010
2014 I	7,200	0.00005	General Meeting 20.3.2014
2018 I	100,000	5.85	General Meeting 9.4.2015, Board Meeting 28.8.2018
2021 I	961,221	3.44	General Meeting 15.4.2021
TOTAL	**1,100,021**		

[1] The maximum number of shares to be subscribed by stock options.

Shareholder structure

The company's shares are listed at Nasdaq First North Growth Market Finland with ticker symbol "HRTIS" and Nasdaq First North Growth Market Sweden with ticker symbol "HRNTS". The market capitalization of Herantis Pharma Plc at the end of the review period on December 31, 2021, was approximately EUR 27 million. The closing price of the company's shares in the Nasdaq First North Growth Market Finland on December 31, 2021, was 2.40 euros. The highest share price during the review period was 5.90 euros, lowest 2.32 euros, and average 3.13 euros. The trading volume of the company's share in 2021 was 3,439,397 shares, corresponding to approximately 31% of all shares in the company.

According to Herantis' shareholder register dated December 31, 2021, the company had 3,581 registered shareholders. On December 31, 2021, the members of Herantis' Board of Directors and the management held in aggregate 109,036 (107,036) shares or 1.0 (1.0) percent of the company's shares. Information on managers' transactions with the company's shares is published through company releases.

	Shareholders December 31, 2021	Numbers of shares	%
1	Swedbank Robur Fonder	1,065,978	9.6%
2	Nanoform Finland Oyj	832,432	7.5%
3	Fjärde AP Fonden	689,926	6.2%
4	Danske Bank AS Helsinki branch	610,079	5.5%
5	Inveni Life Sciences Fund I Ky	528,134	4.8%
6	University of Helsinki Funds	515,483	4.6%
7	Pensionförsäkringsaktiebolaget Veritas	426,068	3.8%
8	Joensuun kauppa ja kone Oy	341,481	3.1%
9	Innovestor Kasvurahasto I Ky	328,500	3.0%
10	OP Finland small companies	275,891	2.5%
11	Euroclear Bank SA/NV	260,888	2.3%
12	Sijoitusrahasto Säästöpankki Pienyhtiöt	260,000	2.3%
13	Nordea Nordic Small cap	232,200	2.1%
14	Mutual pension insurance company Ilmarinen	209,403	1.9%
15	Saarma Mart	159,000	1.4%
16	Castrén Eero Hemminki	155,000	1.4%
17	Kaloniemi Markku Petteri	153,512	1.4%
18	Argonius Oy	145,000	1.3%
19	Rauvala Heikki Matti Eemeli	140,000	1.3%
20	Holdix Oy AB	138,514	1.2%
	Top 20 largest shareholders	**7,467,489**	**67.3%**
	Others	**3,636,079**	**32.7%**
	Total numbers of shares	**11,103,568**	**100.0%**

Decisions by the Annual General Meeting

Herantis Pharma Plc's ("Herantis") Annual General Meeting was held in Helsinki on Thursday, April 15, 2021. Shareholders participated in the meeting and exercised their rights only by voting in advance, in addition to which they could make counterproposals and present questions in advance. The Annual General Meeting was arranged in accordance with an exceptional meeting procedure based on temporary legislation approved by the Finnish Parliament on October 2, 2020 to limit the spread of the Covid-19 pandemic.

The Annual General Meeting adopted the consolidated financial statements and the parent company's financial statements for the financial year January 1, 2020 to December 31, 2020, and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting decided that, as proposed by the Board of Directors, no dividend be paid for the financial year January 1 to December 31, 2020, and that the loss for the financial year shall be entered in the account for profit and loss.

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 30,000 annually and the Vice Chairman of the Board who shall be paid EUR 24,000 annually. The remuneration proposed above remains unchanged from the previous year, but it has been presented on an annual basis
- 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

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 six (6) and all current members of the Board of Directors, i.e., Timo Veromaa, Mats Thorén, Frans Wuite, James Phillips, and Aki Prihti were re-elected as members of the Board of Directors. Hilde Furberg was also elected as a new member of the Board of Directors. 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.

The Annual General Meeting resolved, in accordance with the proposal by the Board of Directors, to elect the firm of authorized 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.

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

- The Board of Herantis seeks authorization from shareholders at the Annual General Meeting to issue a maximum of 975,000 of share options and shares (representing not more than 10% of the Company's outstanding shares at any time) in total.
- The authorization covers planned future grants of options.
- The Board of Directors of Herantis believes that any option rights program created pursuant to the authorization would increase and strengthen the employees' dedication to Herantis' operations and improve loyalty to the company and that such program would be beneficial to both the shareholders and Herantis.

The authorization is valid until the close of next annual general meeting, however no longer than until June 30, 2022. Please see section "*Share based incentive programs*" above for eligibility, grant size, exercise price and vesting schedule of options issued under the authorization.

The Annual General Meeting resolved to authorize the Board of Directors to resolve on issues of shares as follows:

- The shares issued under the authorization may be new shares or treasury shares. Under the authorization, a maximum of 975,000 shares, which corresponds to approximately 10 per cent. of all of the shares currently issued and outstanding, may be issued. The shares may be issued in one or more tranches.
- Under the authorization, the Board of Directors may resolve upon issuing new shares to the Company itself. However, the Company, together with its subsidiaries, may not at any time hold more than 10 per cent. of all its registered shares.
- The Board of Directors is authorized to resolve on all terms of the share issue. The Board of Directors is authorized to resolve on a directed share issue in deviation from the shareholders' pre-emptive rights, provided that there is a weighty financial reason for the Company to do so.
- 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, 2022.

In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Timo Veromaa as Chairman of the Board and Frans Wuite as Vice 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 and James Phillips were elected as members of the Remuneration Committee.

Risk and uncertainties

Herantis focuses on disease modifying therapies for debilitating neurodegenerative diseases and have or will have assets in preclinical and clinical development. 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. Since Herantis develops drugs based on novel scientific research and their mechanisms differ from known drugs, the risks and uncertainties can be considered greater than in the development of conventional drugs. 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. Herantis has cash runway into 2023 and is exploring financial sources available. The company believes it will be able to secure sufficient cash inflows to continue its activities.

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 company maintains clinical trial liability insurance, but the existing program may not be sufficient to cover claims and such insurance may not be available in the future on acceptable terms, if at all. 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.

Impairment of part or all of capitalized development expenses or assets may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Company. 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. A thorough assessment of the risks of Herantis is presented in the English-language information memorandum published on the company's website on 11 November 2019.

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). Detailed financial forecasts and cash flows looking beyond 12 months from December 31, 2021 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 first quarter of 2023. Herantis has cash runway into 2023 and is exploring financial sources available. The company believes it will be able to secure sufficient cash inflows to continue its activities, and has therefore prepared the financial statements on a going concern basis. The additional funding is not committed, and the current cash held by the company is sufficient until early first quarter of 2023, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as going concern.

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 3, 2022, 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 Securities Ltd, Finland: +358 9 25 380 225, Sweden: +358 40 5161400
Company website: www.herantis.com

Financial calendar

Financial reporting 2H and FY 2021	March 3, 2022
Annual report 2021	March 23, 2022
Annual General Meeting	April 21, 2022
1H 2022 report	August 25, 2022

Investor contact

Julie Silber/Gabriela Urquilla
Tel: +46 (0)7 93 486 277/+46 (0)72-396 72 19
Email: ir@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.