

# HERANTIS

PHARMA



## ANNUAL REPORT 2017

## Herantis in brief

Herantis Pharma PLC ("Herantis") is an innovative drug development company focused on regenerative medicine for breakthrough in unmet clinical needs. The company's first-in-class assets are based on globally leading scientific research in their fields. Herantis' drug candidate CDNF aims at a breakthrough in the treatment of neurodegenerative diseases such as Parkinson's disease and ALS; and Lymfactin® aims at a breakthrough in the treatment of breast cancer associated lymphedema and potentially other lymphedemas.

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*Clinical study concretizes years of research and its possibly immense meaning for patients."*

**Katarina Jääskeläinen**  
Project Manager

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*Drug development requires persistence, years of hard work, and an ability to take controlled risks."*

**Sigrid Booms**  
Director, Clinical Development

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*We shall do our best to ensure progress toward establishing the efficacy of our drug candidates."*

**Pekka Simula**  
CEO

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*The most rewarding aspect of my work is the joy of discovering something new - and the privilege of working with motivated and committed people."*

**Kari Alitalo**  
Academy Professor

## Content

Herantis in brief	1
Herantis is...	3
Key figures	4
CEO's review	5
Neurodegenerative diseases	7
Lymphedema	8
Sigrid Booms	10
Kari Alitalo	12
Drug development	13
Katarina Jääskeläinen	15
Business model	17
Information for investors	18
Board of Directors	19
Core team	21
Report by the Board of Directors	23
Rewiew of operations	25
Financial review	26
Key figures	30
Consolidated income statement	31
Consolidated balance sheet	32
Cash flow statement	33
Notes to the financial statements	34
Signatures	39
Auditor's Report	40
Share information	42
Accounting policies	43
Information for the shareholders	45



# Herantis is....

## INNOVATIVE

Our drug candidates are based on leading scientific research and represent regenerative medicine. They aim at repairing defects of the body whereas traditional pharmaceuticals often only treat the symptoms of diseases. Finding novel, innovative drug candidates and developing them toward a breakthrough in unmet clinical needs requires persistent research and development.

## BRAVE

We aim at breakthrough in the treatment of diseases with high unmet clinical needs. Our goals are achievable with our strong network and agile organization. Our strengths include an experienced core team of experts and close collaboration with leading academic researchers and service providers in our field.

## HUMANE

Millions of people suffer from diseases without known appropriate treatments. We are in the forefront of drug development and collaborate with patient organizations to produce genuinely novel treatments to improve the quality of life of patients.

## Key figures

€ thousands	7-12/2017	7-12/2016	1-12/2017	1-12/2016
Revenue	0.0	0.0	0.0	25.3
Personnel expenses	449.0	397.2	1,024.1	942.1
Depreciation and amortization	606.4	604.0	1,217.6	1,202.9
Other expenses for business operations	1,037.0	846.1	1,928.1	2,273.3
Profit for the period	-136.7	-1,827.0	-2,164.5	-4,424.5
Cash flow from operations	-1,649.5	-922.6	-2,599.0	-3,035.7

	7-12/2017	7-12/2016	1-12/2017	1-12/2016
Equity ratio %	35.3	15.4	35.3	15.4
Earnings per share €	-0.03	-0.44	-0.51	-1.07
Number of shares at the end of period	4,918, 305	4,118, 305	4,918, 305	4,118, 305
Average number of shares	4,322, 653	4,118, 305	4,221, 319	4,117, 331

€ thousands	31.12.2017	31.12.2016
Cash and cash equivalents	5,402.0	2,829.5
Equity	4,090.4	1,574.9
Balance sheet total	11,572.6	10,205.5

### Formulas used in calculating 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 is weighted by the number of days each share has been outstanding during the review period.



## CEO's review

**2017 was an important year for both Herantis and its home country Finland, celebrating its hundred years of independence. Our team paid tribute to Finland with Finnish drug development: at the end of 2017 we were conducting two first-in-human studies with biological drug candidates developed in Finland, based on leading Finnish research. In 2017 Herantis was also recognized with the Nordic Star award in life sciences thanks to strong Finnish know-how. In addition to our international network we benefit from strong national collaboration for instance in the cities of Helsinki, Tampere, Turku, Kuopio, and Oulu.**

Our drug candidate CDNF aims at stopping progression of Parkinson's disease; our Lymfactin® aims at curing lymphedema. Known therapies can only alleviate the symptoms of those diseases. Since drug pricing was one of the hot topics of 2017 one should keep in mind that for instance in the USA, a therapeutic that could stop the progression of Parkinson's disease would save the society over 400,000 dollars per patient. And the cost of lymphedema amounts to over 10,000 dollars per patient per year. If we succeeded in our development and CDNF and Lymfactin® were proven as efficacious as suggested by leading scientific research, they would not only alleviate the suffering of countless patients but also reduce the associated societal costs.

The first clinical study with Lymfactin® has advanced well in the past year and the drug candidate has been safe and well tolerated. Thanks to the initial results matching expectations we were able to prepare a Phase 2 study and secure funding for it. The Phase 2 study intends to establish the efficacy of Lymfactin® by comparing it to placebo.

We also recruited the first patients in the first clinical study in the world with CDNF. This Phase 1-2 study will immediately compare CDNF to placebo in the treatment of Parkinson's disease. This clinical study is funded by the European Union: According to EU's independent review it is based on leading scientific research and has the potential to significantly improve the treatment of Parkinson's disease.

In 2018 we shall do our best to ensure progress toward establishing the efficacy of our drug candidates. We will obviously continue other national collaboration and e.g. participate in the International Vascular Biology Meeting (IVBM), which will be held in Finland under the supervision of Professor **Alitalo**, the inventor of our Lymfactin. I am very confident that 2018 will move us significantly forward in this challenging field, which requires a lot of patience - and is extremely motivating.

**PEKKA SIMULA**  
CEO



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*We shall do our best to ensure progress toward establishing the efficacy of our drug candidates.”*



## Parkinson's disease - the most common neurodegenerative disease after Alzheimer's disease

Estimated 7 million people worldwide have Parkinson's disease (PD), a progressive brain disease without a cure. PD is caused by the degeneration of dopamine-producing neurons in the midbrain. Common first symptoms with declining dopamine levels are motor symptoms such as tremors, slowness of movements, muscle stiffness, and loss of balance.

Available treatments to Parkinson's disease include a drug called L-dopa, which artificially maintains the dopamine levels in the brain. The efficacy of the available drugs is typically lost, as an increasing share of the dopamine-producing neurons have degenerated with disease progression. Known drugs do not cure the disease or even slow its progression as they cannot protect the degenerating and dying neurons. Herantis' CDNF aims at stopping disease progression.

Like many brain diseases Parkinson's disease is associated with a significant societal cost in addition to human suffering. In 2010 the annual costs of Parkinson's disease in Europe alone were approximately 14 billion euros. The majority of these costs is not linked to treatments but for instance lost productive years and supported living arrangements. It is estimated that in the USA a treatment to stop progression of PD would save the society over \$400,000 per patient.

## ALS - an aggressive neurodegenerative disease

Amyotrophic lateral sclerosis or ALS is a severe neurodegenerative disease. Its cause is in general not known and there is no cure. ALS degenerates motor neurons and as the disease progresses the patient loses the ability to move, speak, swallow, and eventually to breathe. Disease progression is very individual and estimated average survival from diagnosis varies from two to five years.

An estimated 140,000 patients are diagnosed worldwide every year. Alone in Europe the annual costs associated with ALS are estimated at almost ten billion euros. The total number of patients remains relatively small because of the disease being so aggressive. On the other hand there are patients such as the famous physicist **Stephen Hawking** who have lived for decades with ALS.

A neuroprotective asset such as CDNF could make an efficacious treatment for ALS, and in fact promising early research results suggest CDNF could work for the treatment of ALS.



## Lymphedema - a difficult chronic disease of the lymphatic system

Lymphedema (LE) is a chronic disease caused by an insufficient function of the lymphatic system. It can be either primary (hereditary), or secondary in which case the disease is caused by for instance surgery, radiotherapy, trauma, or another disease. The term elephantiasis is also used for a severe LE causing a deformation of a limb or other tissue. The underlying mechanism is common: lymphatic fluid (lymph) cumulates in tissue leading to a chronic, progressive swelling. LE is a painful and deforming disease, which sensitizes to infections and often significantly impacts the quality of life of patients. Known therapies such as compression garments, massage, and exercise may alleviate symptoms in some patients but do not repair the damages of the lymphatic system that cause the disease.

According to the international patient advocacy group LE&RN even 140 million people suffer from LE. The disease is believed to be under diagnosed for instance because it is generally not well known and there are no efficacious treatments. Many patients are ashamed of their deformed appearance and fail to seek therapy.

Cancer therapies are one significant cause of LE. In Europe and the USA, breast cancer associated LE alone amounts to over 30,000 diagnosed cases of lymphedema annually. The disease is expensive for societies, not to mention the suffering of the patients. It has been estimated in the USA that the costs associated with lymphedema in breast cancer survivors can exceed \$10,000 a year per patient.

Herantis' Lymfactin® repairs damages of the lymphatic system and aims at a breakthrough in the treatment of Lymphedema.



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*Drug development requires persistence, years of hard work, and an ability to take controlled risks.”*

## Sigrid Booms Director, Clinical Development

“I was born in the Netherlands and have lived permanently in Finland since 1995. I am a Licentiate in Pharmacy by training and have worked in pharmaceutical development for over 20 years. I joined Herantis as its director of clinical development in 2011. Prior to that I worked for an international CRO and for Orion Pharma.

I have managed the studies on our drug candidate CDNF in Parkinson's disease since 2013. Parkinson's disease is not just a disease of elderly people; the age of onset can be even 40. The disease is caused by the loss of dopaminergic neurons in the midbrain. Our own development has proceeded through preclinical studies to clinical stage. The first patients were enrolled in our CDNF study in the fall of 2017 in Sweden, and we intend to start patient recruitment also in Finland in 2018. In preclinical studies we have already shown that CDNF both protects neurons and recovers already degenerated neurons. If we succeed we can at least slow the progression of Parkinson's and significantly improve the quality of life of patients, which is really important to me personally and to our entire team.

Drug development requires persistence, years of hard work, and an ability to take controlled risks. Factors such as suitable patient groups, research methods, use of other therapeutics, and potential results are considered carefully with the investigators when preparing the study plan. Each clinical study is preceded by an approval process with regulatory authorities to ensure that the study plan is compliant with regulations and guidelines. Disappointments are a routine part of the job in our field and we have to see them as challenges to be overcome sooner or later. For patients we can at least offer a possibility - even though at this stage of development we can only promise a carefully planned clinical trial with leading experts, free of charge to the patient.

My current duties are challenging and highly interesting and rewarding. The job also requires extreme patience, which I have forced myself to learn over the years. In this field we work for years or even for decades instead of weeks and months to reach a goal. At the moment we already have quite strong preclinical evidence on the efficacy of our drug candidates and their potential is enormous. That motivates us even further. We are also very grateful to our investors: Without research grants and patient investors this work would not be possible.”





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*The most rewarding aspect of my work is the joy of discovering something new - and the privilege of working with motivated and committed people."*



## Kari Alitalo, Academy Professor

"I took an interest in exact natural sciences, mathematics, physics, and astronomy, already as a child. A severe asthma restricted my activities in many ways, which resulted in having a lot of time for studying. I was fortunate to study in the supervision of excellent teachers, which further encouraged me to proceed with my studies and later on with my research.







I graduated in 1981 as a Doctor of Medicine and Surgery at the University of Helsinki. I studied for instance in the USA in universities in Washington and California. At the University of California, San Francisco I worked with **J. Michael Bishop** and **Harold E. Varmus** who were later awarded the Nobel price in 1989 for their work in cancer research, for the discovery of oncogenes. Today I am Academy Professor and Director of the Translational Cancer Biology National Centre of Excellence at the University of Helsinki.

My research group has discovered among other things the growth factor VEGF-C, which regulates the genesis and development of lymphatic vessels. We showed with MD, PhD **Tuomas Tammela** and MD, PhD **Anne Saarikko** that it is possible to treat for instance breast cancer associated lymphedema by controlling the growth of lymphatic vessels. The natural human growth factor VEGF-C can be produced in the tissues of the patient with the investigational gene therapy Lymfactin® patented by Herantis.

Preclinical studies with Lymfactin® have shown that the normal function of lymphatic vessels and lymph nodes can be restored with a lymph node transfer surgery combined with Lymfactin®. Adverse effects have not been observed in preclinical studies. The safety of the drug candidate is currently studied in an ongoing clinical trial. I would expect that Lymfactin® could be ready for use to treat smaller damages of the lymphatic system already relatively soon whereas larger damages may be somewhat more challenging to treat. There are also other therapeutic possibilities for the use Lymfactin® and they will be studied further in the near future.

The most rewarding aspect of my work is the joy of discovering something new - and the privilege of working with motivated and committed people."

## Herantis’ drug development

Drug candidate	Preclinical	Phase 1	Phase 2	Phase 3
Lymfactin® for Secondary lymphedema			*	
CDNF for Parkinson’s disease			**	
CDNF for Amyotrophic lateral sclerosis (ALS)***				
CDNF for other neurodegenerative diseases***				

\* Phase 2 being prepared.  
\*\* In randomized, placebo-controlled Phase 1-2 study.  
\*\*\* Promising initial preclinical evidence on efficacy. Formal development not started.

### CDNF for the treatment of Parkinson’s disease

CDNF, a naturally present protein in humans discovered by Professor **Mart Saarma**’s group at the University of Helsinki, has been proven a promising neuroprotective drug candidate by scientific research. In disease models of Parkinson’s disease it has efficiently protected dopaminergic neurons, restored the function of already degenerated neurons, and efficaciously treated both motor and non-motor symptoms of Parkinson’s disease and disease progression. Herantis has patented CDNF internationally.

In 2017 Herantis launched the first-in-human clinical study with CDNF. This Phase 1-2, randomized, placebo-controlled clinical study assesses the safety and initial efficacy of CDNF compared to placebo in 18 patients with Parkinson’s disease. The study is conducted at three university hospitals in Finland and Sweden and its patient recruitment is intended to be completed in 2018.

Establishing the same efficacy for CDNF in clinical studies as previously shown in preclinical studies could mean a breakthrough in the treatment of Parkinson’s disease. Thanks to the promising scientific results and development work the European Union has granted approximately 6 million euros for the clinical study of CDNF.

### Lymfactin® for the treatment of lymphedema

Professor **Kari Alitalo**’s group at the University of Helsinki discovered the human growth factor VEGF-C, which is necessary for the development of lymphatic vessels. Herantis’ drug candidate Lymfactin® is based on this scientific breakthrough and it is the first and only clinical stage gene therapy in the world repairing damages of the lymphatic system.

In the first, Phase 1 clinical study Lymfactin® is administered to a small group of patients with breast cancer associated lymphedema. The study has proceeded well and its patient recruitment is expected to be completed in the first quarter of 2018. Thanks to the initial results of the study meeting expectations a Phase 2 clinical study is already being planned and its clinical trial application is intended to be submitted also in the first quarter of 2018.

If Lymfactin® is established as an efficacious treatment of breast cancer associated lymphedema it is expected to be applicable also for the treatment of other secondary lymphedemas.

### CDNF: Neuroprotective factor for the treatment of ALS

The European Medicines Agency EMA and the US Food and Drug Administration FDA have granted Orphan Designation for Herantis’ CDNF for the treatment of ALS based on the preliminary preclinical results on its possible efficacy. The company is exploring possibilities to launch a clinical development program in ALS. Decisions on starting such a program have not been made and no funding is allocated.

### MANF: Neuroprotective factor

MANF is the only known neuroprotective factor similar to Herantis’ patented CDNF. CDNF and MANF for instance protect cells from endoplasmic reticulum stress (ER stress), a condition linked to several neurodegenerative and other chronic diseases. Herantis has been granted a patent in the USA for the use of MANF for the treatment of neurological diseases including Parkinson’s disease, epilepsy, and ischemic brain injury. Herantis will inform separately if it launches formal drug development of MANF.



## Katarina Jääskeläinen, Project Manager

"Natural sciences have interested and intrigued me since I was a young girl. Maybe that's why I ended up working on drug development. I hold a Bachelor of Engineering in biotechnology and have been employed by Herantis and the two companies merged to Herantis - Laurantis Pharma and BioCis Pharma - for over a decade. Before that I worked in several research projects at the university.

Since 2012 I have managed the Lymfactin® drug development project for the treatment of lymphedema. Prior to this project I didn't know anything about lymphedema. However, one out of every five breast cancer patients will develop lymphedema as a consequence of the cancer treatments. Lymphedema is not as rare as I thought in the first place. In fact, most of us may know someone suffering from lymphedema, who might potentially benefit from a novel treatment.

At the moment there is no cure for lymphedema. At Herantis, our development has advanced relatively far toward a medicinal product that might in the best case cure the disease. In late 2017 we took a giant leap forward when the first clinical trial with Lymfactin® was launched. It is great to see drug candidates such as Lymfactin® being invented based on Finnish research and the greatest reward for our work would obviously be lymphedema patients really benefiting from the new treatment.

In my position as a Project Manager I have also had the opportunity to follow the progress of drug development from basic research to preclinical studies, discussions with the regulatory authorities, challenges of manufacturing the investigational medicinal product, careful design of the clinical studies, and eventually patient treatments. For me the clinical stage of the drug development is the most interesting: Commencing of the patient treatments at study centers really concretizes years of research and its possibly immense meaning for patients suffering from lymphedema."

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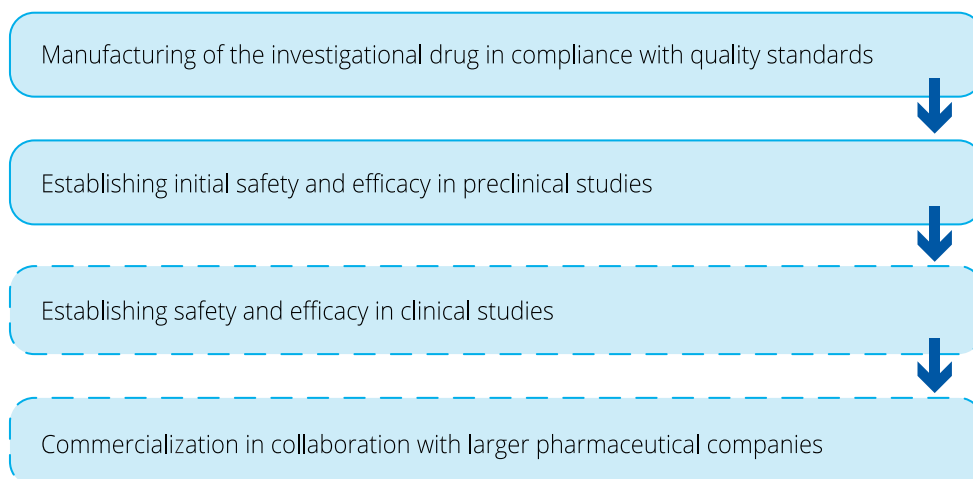
*Clinical study concretizes years of research and its possibly immense meaning for patients."*



## Herantis' business model

The discovery of novel, innovative drug candidates and their development toward a breakthrough in the treatment of diseases requires years or even decades of research and development. The drug candidates of Herantis are based on Finnish, internationally renowned scientific research. Herantis intends to develop its drug candidates through early clinical stage and establish their safety and initial efficacy in clinical studies. From there on the company's strategy is to find commercial partners for the late stage development and commercialization.

The pharmaceutical industry has changed over the last decades to support this business model. Already more than 50% of the new drugs of large pharmaceutical companies were initially developed outside their own R&D. International pharmaceutical companies are actively following the development programs of smaller drug developers to negotiate for instance license agreements with them.



## Information for investors

Herantis Pharma provides an opportunity to take part in the development of Finnish drug candidates for the international market, based on leading science. Herantis aims at breakthrough in unmet clinical needs. From the investor's viewpoint this means an immense potential. The market for Parkinson's disease and ALS drugs would be billions of euros; for breast cancer associated lymphedema, hundreds of millions of euros; and for all secondary lymphedemas, billions of euros.

On the other hand drug development is always associated with considerable risks. Herantis believes that the biological and clinical risks are best reduced through having the drug development based on leading scientific research.

Drug development is also very capital intensive. Herantis considers its financing risks controlled thanks to a significant grant from the European Union and having improved its financial position further with a successful share issues in 2017. In the future the company aims to control its financing and development risks also with optimally timed partnering agreements with larger pharmaceutical companies. In a typical drug development partnering agreement, a large pharmaceutical company acquires for instance a regional license to a drug candidate whereupon the development company receives for instance advance payments, milestone payments, and royalties. Depending on e.g. the stage of development and the target indication the value of such agreements varies usually from dozens of millions to even billions of euros.

The market capitalization of Herantis was approximately 26 million euros at the end of 2017. The Herantis group employed seven full-time employees at the end of the fiscal year. The company intends to maintain a lightweight organization also in the future.

Investing in drug development requires patience, an ability to accept risks, and an understanding of the special features of drug development as a business.



# Board of Directors



**Pekka Mattila, MSc**  
Chairman of the Board since 2013, Mattila was one of the founders of Finnzymes Group and its CEO for 25 years until its acquisition by Thermo Fisher Scientific. Currently the CEO of allergy drug developer Desentum Ltd and board member in e.g. Fimmic Ltd, Oy Medix Biochemica Ab, and FIMM.



**Jim Phillips, MD, MBA**  
Herantis' Board member since 2014 and Laurantis' board member in 2012 - 2014, Phillips is the CEO for Midatech Pharma Plc since 2013. Previously he has been for instance a member of the board in Insense Ltd, CEO for EUSA Pharmed in Europe, and founding CEO for Talisker Pharma.



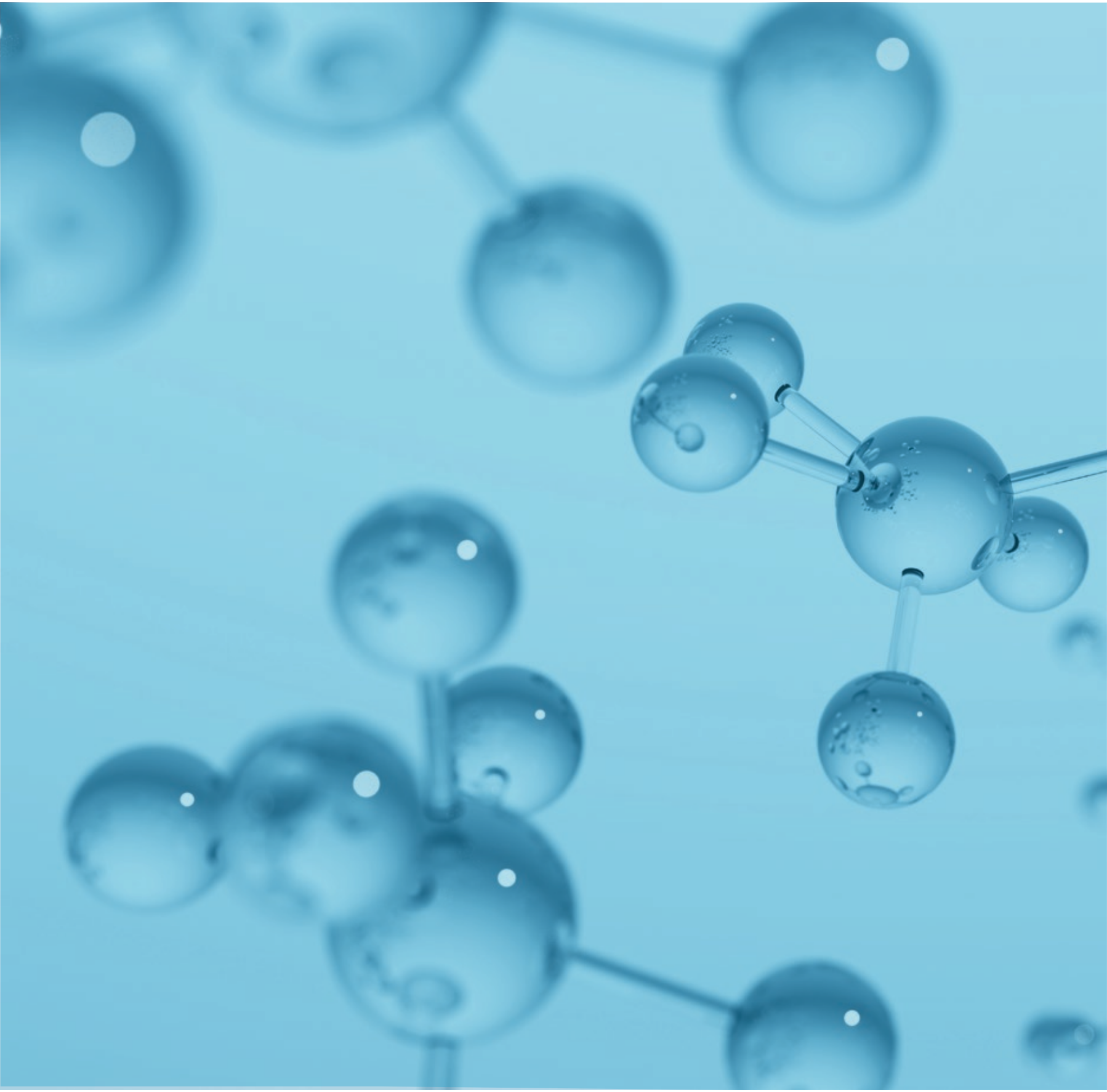
**Frans Wuite, MD, MBA**  
Herantis' Board member since 2014 and Laurantis' board member in 2010 - 2014. Wuite is the CEO of Acesion Pharma and previously e.g. CEO for Oncos Therapeutics Ltd, board member in Faron Pharmaceuticals Ltd, COO for Aram Pharmaceuticals Inc and Warren Pharmaceuticals Inc, and a management team member in Amgen Europe.



**Timo Veromaa, MD, PhD**  
Herantis' Board member since 2012, Veromaa is Executive Chairman for Domainex Ltd and previously e.g. CEO for Biotie Therapies in 2005 - 2016 until its acquisition by Acorda Therapeutics, Chief Medical Officer for Schering in Finland, and Postdoctoral Fellow at the University of Stanford.



**Aki Prihti, MSc**  
Herantis' Board member since 2014, Laurantis' Chairman in 2010 - 2014 and Board member 2008 - 2010. Prihti is a founding partner in the life sciences investment fund Inveni Capital. Prihti has served as board member in several growth companies in the life sciences field and is currently CEO for Aplagon Ltd.



Core team



Pekka Simula, MSc  
CEO

Pekka Simula joined Herantis as CEO in November 2013. Previously he has been for instance founding CEO and Board member in Oncos Therapeutics, and held key positions at Varian Medical Systems and CRF Box. Simula is board member of Finnish Bioindustries since 2016.



Jani Koskinen, MSc  
Project Manager

Jani Koskinen has been Herantis' Project Manager since 2014 working on production and process development. He has more than 15 years of experience in the production and process development of biological drug compounds at e.g. Biotie Therapies, University of Helsinki, and FIT Biotech. Koskinen holds a Master of Science in Bioprocess Engineering from Helsinki University of Technology.



Henri Huttunen, PhD  
Chief Scientific Officer

Henri Huttunen co-founded Herantis Pharma Plc. in 2008 and served as the company's founding CEO until becoming its CSO in 2010. Dr. Huttunen has previously held research positions at the University of Helsinki, Orion Pharma, and Massachusetts General Hospital, Harvard Medical School (USA). Dr. Huttunen holds a PhD in biochemistry and has almost 20 years of experience in neuroscience research.



Sigrid Booms, MSc, Lic  
Director, Clinical development

Sigrid Booms has served as Director of Clinical Development of Herantis since 2011 and previously as regulatory consultant for the company since 2010. She has almost 20 years of experience in drug development with previous positions at an international CRO as Director, Regulatory Affairs, and at Orion Pharma. Ms. Booms holds a Licentiate in pharmacy from the University of Utrecht in the Netherlands.



Jutta Poutanen, MSc  
Chief Pharmaceutical Officer

Jutta Poutanen has almost 20 years of experience in the development of drug formulations and production processes in the pharmaceutical industry. She has served as Chief Pharmaceutical Officer for Laurantis Pharma and Herantis since 2010, and as Development Manager for Herantis' subsidiaries since 2008. In her earlier career she worked for instance as Senior Research Scientist at Orion Pharma. She holds a MSc in pharmacy from the University of Helsinki.



Päivi Vuorio, Lic.Phil.  
Project Manager

Päivi Vuorio has worked for Herantis since early 2017 as Project Manager, coordination of the European Union funded TreatER project as her current main responsibility. Prior to Herantis Vuorio worked for Biotie Therapies for over 17 years as drug development project manager and previously at the University of Turku in research, training, and coordinating. Vuorio holds a Licentiate of Philosophy in biology from the University of Turku.



Katarina Jääskeläinen, BEng  
Project Manager

Katarina Jääskeläinen has more than a decade of experience in drug-development as Project Manager for Laurantis Pharma and subsequently for Herantis since 2012, and as Drug Development Assistant in Herantis' subsidiaries since 2005. Earlier in her career she worked in several research projects at the University of Turku. Ms. Jääskeläinen holds a Bachelor of Engineering degree in biotechnology from Turku University of Applied Sciences.



Outi Lahdenperä, MD, PhD  
Chief Medical Officer

Outi Lahdenperä joined the Lymfactin® team of Herantis as a part time member after a long clinical and scientific career at the Oncology Clinic of Turku University Hospital. She holds a PhD in clinical pharmacology and clinical chemistry, and was appointed Adjunct Professor in clinical oncology in 2013. Lahdenperä has more than 20 years of experience in pharmaceutical clinical studies, and she continues her scientific career in several research groups.





# REPORT BY THE BOARD OF DIRECTORS 1.1.-31.12.2017

CLINICAL DEVELOPMENT PROGRESSED AS PLANNED

Rewiew of operations	25
Financial review	26
Key figures	30
Consolidated income statement	31
Consolidated balance sheet	32
Cash flow statement	33
Notes to the financial statements	34
Signatures	39
Auditor's Report	40
Share information	42
Accounting policies	43
Information for the shareholders	45

## Review of operations January 1–December 31, 2017

### Herantis' drug development

Herantis develops drugs based on leading scientific research, aiming at breakthrough in the treatment of severe diseases. The company's objective is to translate drug candidates in clinical development and establish their safety in the first clinical studies. According to Herantis' strategy it plans to then negotiate commercialization agreements with larger pharmaceutical companies on the late stage development and marketing of its assets.

Establishing the possible efficacy of CDNF and Lymfactin® in placebo-controlled clinical studies may significantly increase their value before entering into commercialization agreements.

In 2017 the drug development of Herantis proceeded favorably with the first placebo-controlled clinical study of CDNF launched, and a placebo-controlled study of Lymfactin® under planning thanks to the initial results of its first clinical study meeting expectations.

### CDNF for the treatment of Parkinson's disease

Herantis develops its drug candidate CDNF for the treatment of Parkinson's disease. Parkinson's disease is a slowly progressing neurodegenerative disease that cannot be cured. Estimated 7 million people worldwide have Parkinson's disease. Known treatments only alleviate the motor symptoms of the disease and their effect is typically reduced with disease progression. Herantis aims at significant improvement to current treatments.

CDNF, a naturally present protein in humans discovered by Professor **Mart Saarma's** group at the University of Helsinki, has been proven a promising neuroprotective drug candidate by scientific research. In disease models of Parkinson's disease it has efficiently protected dopaminergic neurons, restored the function of already degenerated neurons, and efficaciously treated both motor and non-motor symptoms of Parkinson's disease and disease progression. Herantis has patented CDNF internationally.

In 2017 Herantis launched the first-in-human clinical study with CDNF. This Phase 1-2, randomized, placebo-controlled clinical study assesses the safety and initial efficacy of CDNF compared to placebo in 18 patients with Parkinson's disease. The study is conducted at three university hospitals in Finland and Sweden and its patient recruitment is intended to be completed in 2018.

### Lymfactin® for the treatment of breast cancer associated lymphedema

Damages of the lymphatic system caused e.g. by an accident, surgery, or illness can lead to secondary lymphedema. Its common symptoms are persistent swelling of the affected limb, thickening and hardening of skin, limited limb mobility, pain, and increased sensitivity to infections. Secondary lymphedema is a chronic, progressive disease that often severely decreases the patient's quality of life. Known therapies such as compression garments, special massage, and exercise may relieve symptoms but do not repair the damage of to the lymphatic system that cause the disease.

Professor **Kari Alitalo's** group at the University of Helsinki discovered the human growth factor VEGF-C, which is necessary for the development of lymphatic vessels. Herantis' drug candidate Lymfactin® is based on this scientific breakthrough and it is the first and only clinical stage gene therapy in the world repairing damages of the lymphatic system.

In the first, Phase 1 clinical study Lymfactin® is administered to a small group of patients with breast cancer associated lymphedema. The study has proceeded well and its patient recruitment is expected to be completed in the first quarter of 2018. Thanks to the initial results of the study meeting expectations a Phase 2 clinical study is already being planned and its clinical trial application is intended to be submitted also in the first quarter of 2018. If Lymfactin® is established as an efficacious treatment of breast cancer associated lymphedema it is expected to be applicable also for the treatment of other secondary lymphedemas.

### CDNF: Neuroprotective factor for the treatment of ALS

ALS (Amyotrophic Lateral Sclerosis) is a severe neurodegenerative disease. It cannot be cured and its cause is usually not known. ALS degenerates motor neurons and as the disease progresses the patient loses control of motion, speech, swallowing, and finally also breathing. Disease progression is very variable and estimated average survival from symptom onset is from two to five years. An estimated 140,000 people worldwide are annually diagnosed with ALS.

The European Medicines Agency EMA and the US Food and Drug Administration FDA have granted Orphan Designation for Herantis' CDNF for the treatment of ALS based on the preliminary preclinical results on its possible efficacy. The company is exploring possibilities to launch a clinical development program in ALS. Decisions on starting such a program have not been made and no funding is allocated.

### MANF: Neuroprotective factor

MANF is the only known neuroprotective factor similar to Herantis' patented CDNF. CDNF and MANF for instance protect cells from endoplasmic reticulum stress (ER stress), a condition linked to several neurodegenerative and other chronic diseases. Herantis has been granted a patent in the USA for the use of MANF for the treatment of neurological diseases including Parkinson's disease, epilepsy, and ischemic brain injury. Herantis will inform separately if it launches formal drug development of MANF.

## Financial review January 1–December 31, 2017

### Income from business operations, R&D expenses

Herantis Group did not have material revenue in 2017 or in the corresponding period in the previous year.

The R&D expenses for the review period were 1.4 million euros, recorded in the income statement as an expense for the period. The R&D expenses for the review period mainly comprised for the clinical trials of CDNF for the treatment of Parkinson's disease and Lymfactin® for the treatment of breast cancer associated lymphedema.

The Group's R&D expenses for the corresponding period in the previous year, 1.8 million euros, were recorded as the review period's expenses in the income statement.

The profit for the review period was -2.2 million euros. The consolidated profit for the comparison period was -4.4 million euros.

### Financing and capital expenditure

The company's cash and cash equivalents on December 31, 2017 amounted to 5.4 (at the end of the previous reporting period on December 31, 2016: 2.8) million euros.

In addition the company has undrawn R&D loans previously granted by the Finnish Funding Agency for Innovation, Tekes (since Jan 2018: Business Finland), in the amount of 1.3 million euros. During the review period Herantis drew about 0.5 (0.4) million euros in Tekes loans.

In addition the European Union has awarded a grant of about 6.0 million euros for the project TreatER. The TreatER project is essentially the Phase 1-2 clinical study of Herantis with CDNF for the treatment of Parkinson's disease.

The consolidated cash flow from operations in the review period was -2.6 (-3.0) million euros.

### Acquisitions and directed share issues

Herantis reported on November 9, 2017 that the Board of Directors of Herantis had decided on a directed share issue of 800,000 new shares at a per-share subscription price of EUR 5.85 to certain institutional investors and a limited number of qualified investors as well as certain directors of the Company.

The share capital was not increased but instead the entire subscription price of EUR 4,680,000.00 was recorded



in the invested unrestricted equity reserve of the Company. As a result of the share subscriptions the number of shares in Herantis increased to 4,918,305 shares. The issued new shares were registered in the Trade Register on November 15, 2017, as of which date the new shares have carried shareholder rights. The issued new shares have been traded on Nasdaq Helsinki Ltd’s First North marketplace together with the old shares as of November 16, 2017.

Balance sheet

The consolidated balance sheet on December 31, 2017 stood at 11.6 (10.2) million euros.

At the end of the review period on December 31, 2017, the consolidated balance sheet included short-term debt in the amount of 1.5 (0.6) million euros, long-term loans in the amount of 6.0 (7.9) million euros, and capital loans in the amount of 0.0 (0.1) million euros. Financial income and expenses totaled -0.2 (0.0) million euros.

No R&D expenses were capitalized during the review period.

Equity

Consolidated equity on December 31, 2017 was 4.1 (1.6) million euros. The change is the result of the share issue and consolidated loss of the review period.

Personnel, management, and administration

The number of personnel at the end of the review period on December 31, 2017 was 7 (7) persons.

During the review period, the company’s Board of Directors comprised **Pekka Mattila** (Chairman), **Jim Phillips**, **Aki Prihti**, **Timo Veromaa**, and **Frans Wuite**. The Managing Director for the company was **Pekka Simula**.

Ordinary Annual General Meeting 2017

Herantis’ ordinary Annual General Meeting (AGM) was held in Helsinki, Finland on April 11, 2017.

The AGM adopted the consolidated and parent company financial statements for financial year 2016 and resolved to discharge the members of the Board of Directors and the Managing Director from liability. In accordance with the proposal by the Board of Directors, the AGM resolved that no dividend shall be paid for the financial period January 1–December 31, 2016, and that the loss for the period shall be recorded on the profit and loss account.

The AGM resolved that the remuneration for the members of the Board of Directors shall be €1,000 per month, with the exception of its Chairman, whose remuneration shall be €2,000 per month. It was further resolved that the Board members shall be eligible to subscribe to stock options of option program 2014 I, according to the rules of which the Board members can be granted stock options for each full 12-month period as a Board member. Board members are also reimbursed reasonable travel expenses related to Board of Director’s duties.

The AGM decided that the Auditor will be paid reasonable remuneration in accordance with its invoice approved by the company.

The firm of authorized public accountants PricewaterhouseCoopers Oy was appointed Herantis Pharma Plc’s Auditor for the term ending at the closing of the next Annual General Meeting of shareholders, with Mr. **Martin Grandell**, APA, as the responsible auditor.

Share based incentive program

During the review period the company cancelled a total of 96,625 stock option rights that would have entitled to the subscription of 96,625 new shares in the company. The share subscription period of these stock option rights, which belonged to the stock option programs 2014 II and 2014 III had expired.

Herantis has three stock option programs: Stock option program 2010, Stock option program 2014 I, and Stock option program 2016 I, whereby stock options have been offered to senior employees of the company to increase their commitment toward long-term contribution to growing shareholder value. The main details of the stock option programs are listed in the table below. More detailed information is provided on the company’s web site at [www.herantis.com](http://www.herantis.com).

Stock option program	Maximum number of shares <sup>1</sup>	Per share subscription price	Decision on the stock option program made by
2010	37,600	€ 0.00005	General Meeting 26.8.2010
2014 I	50,800	€ 0.00005	General Meeting 20.3.2014
2016 I	70,000	€ 2.92	General Meeting 9.4.2015, Board Meeting 19.5.2016
TOTAL	158 400		

<sup>1</sup> The maximum number of shares to be subscribed by stock options.

Risks and uncertainties

Herantis is a drug development company and the general risks and uncertainties present in drug development also apply to its operations. 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 real patients.

Since Herantis develops biological 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. Factors such as delays in the company’s development programs 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.

Usual 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 the necessary senior team and other employees.

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.

Shares and shareholders

The market capitalization of Herantis Pharma Plc at the end of the review period on December 31, 2017 was approximately 26 million euros. The closing price of the company’s share on December 31, 2017 was 5.38 euros. The highest share price during the review period was 9.30 euros, lowest 2.66 euros, and average 5.29 euros.

The trading volume of the company’s share in 2017 was 381.630 shares, corresponding to approximately 9.0% of all shares in the company. According to Herantis’ shareholder register dated on December 31, 2017, the company had 896 registered shareholders.

On December 31, 2017 the members of Herantis’ Board of Directors and the CEO held in aggregate 68,366 (53,366) shares including shares held through their controlled companies, or 1.4 (1.3) percent of the company’s shares. Information on insider trading with the company’s shares is published on the company’s website.

External factors

TThe need for new and better treatments for many diseases, such as Parkinson’s disease and lymphedema, increases with aging population. This trend also increases the importance of the business of Herantis.

Challenges in the global economy may cause difficulties in financing the capital-intensive development of Herantis in the future.

## Events after the review period

Herantis announced on 8 Feb 2018 having completed patient recruitment in its Phase 1 clinical study in secondary lymphedema, with its investigational gene therapy product Lymfactin®. The company also announced that it had submitted an application on a Phase 2 clinical study.

The company announced on 14 Feb 2018 that an independent Data Safety Monitoring Board (DSMB) had recommended continuing the company's clinical study in Parkinson's disease as planned. Patient recruitment was announced to start at two new study centers: University Hospitals in Helsinki, Finland and Skåne, Sweden.

## Outlook for 2018

Herantis' long-term goal is to significantly increase its business through commercialization agreements for its drug candidates. The company continues discussing collaboration possibilities with potential partners for its drug development programs. Thanks to its financing situation, the company can continue its drug development through end of the first placebo-controlled studies before entering into any collaboration agreements, if considered appropriate for shareholder value.

The main objectives for 2018 are launching a Phase 2 clinical study with the company's drug candidate Lymfactin® and completing patient recruitment in the Phase 1-2 clinical study with CDNF. Both of these drug candidates are based on leading science in their fields and aim at a breakthrough in the treatment of severe diseases.

## Guidance for 2018

Herantis does not expect material revenues in 2018. The company continues to invest in its ongoing development programs in secondary lymphedema and Parkinson's disease. The company's current financing is expected to be sufficient for completing the first placebo-controlled clinical studies with both CDNF and Lymfactin® drug candidates.

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

The parent company of Herantis Pharma group is Herantis Pharma Plc whose distributable equity was 9.2 million euros according to balance sheet December 31, 2017. Herantis Pharma Plc had no material revenue in 2017. The financial result of the parent company for 2017 was -2.5 million euros.

The Board of Directors proposes to the Annual General Meeting convening on April 11, 2018 that no dividend shall be paid for the financial period January 1–December 31, 2017.

## Key figures

### Consolidated

€ thousands	1-12/2017	1-12/2016	1-12/2015
Revenue	0.0	25.3	2.0
Profit for the period	-2,164.5	-4,424.5	-16,044.7
Operating profit	-3,944.7	-4,420.2	-16,166.3
Operating margin	N/A	N/A	N/A
Cash flow from operations	-2,599.0	-3,035.7	-7,397.7
	1-12/2017	1-12/2016	1-12/2015
Return on equity %	-19.1	-29.2	-117.4
Equity ratio %	35.3	15.4	42.6

### Parent company

€ thousands	1-12/2017	1-12/2016	1-12/2015
Revenue	0.0	25.3	0.0
Profit for the period	-2,546.5	-2,728.8	-15,486.5
Operating profit	2,396.4	-2,782.9	-3,602.5
Operating margin	N/A	N/A	N/A
Cash flow from operations	-1,690.6	-2,481.0	-3,516.4
	1-12/2017	1-12/2016	1-12/2015
Return on equity %	-28.3	-29.4	-84.9
Equity ratio %	67.0	67.2	74.3
Earnings per share €	-0.60	-0.66	-3.94
Number of shares at end of period	4,918.305	4,118.305	4,085.994
Average number of shares	4,221.319	4,117.331	4,070.468

### Formulas used in calculating key figures

Equity ratio = Equity / balance sheet total  
Return on equity % = 100 x profit for the period / (average of shareholder's equity at the beginning and the end of the period)  
Earnings per share = Profit for period / average number of shares  
Average number of shares = Weighted average number of shares. The number of shares is weighted by the number of days each share has been outstanding during the review period.



## Consolidated income statement

Currency EUR	1.1.2017 - 31.12.2017	1.1.2016 - 31.12.2016
<b>NET TURNOVER</b>	0.00	25,291.91
Other operating income	225,130.91	29.28
Raw materials and services		
External Services	0.00	-27,088.64
Staff expenses		
Wages and salaries	-853,812.46	-766,051.48
Social security expenses		
Pension expenses	-132,343.74	-129,008.71
Other social security expenses	-37,903.51	-47,085.48
	<b>-1 024,059.71</b>	<b>-942,145.67</b>
Depreciation , amortisation and impairments		
Depreciation and amortisation according to plan and impairments	-984,495.78	-990,092.88
Amortisation of goodwill	-233,147.98	-212,827.98
	<b>-1,217,643.76</b>	<b>-1,202,920.86</b>
Other operating expenses	-1,928,183.42	-2,273,345.55
<b>OPERATING PROFIT (LOSS)</b>	<b>-3,944,710.98</b>	<b>-4,420,179.53</b>
Income from other investments held as non-current assets	2,024,306.27	
Financial income and expenses		
Other interest and financial income		
From others	65,133.61	78,199.47
Interest and other financial expenses		
For others	-309,244.89	-82,528.51
	<b>-244,111.28</b>	<b>-4,329.04</b>
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-2,164,515.99	-4,424,508.57
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-2,164,515.99	-4,424,508.57
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>-2,164,515.99</b>	<b>-4,424,508.57</b>

## Consolidated balance sheet

Currency EUR	31.12.2017	31.12.2016
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Intangible assets		
Development expenses	5,662,525.15	6,590,230.15
Intangible rights	80,000.00	166,655.52
Goodwill	310,863.27	544,011.25
	<b>6,053,388.42</b>	<b>7,300,896.92</b>
Tangible assets		
Machinery and equipment	6,562.03	8,749.23
	<b>6,562.03</b>	<b>8,749.23</b>
Investments	1,162.50	1,162.50
Participating interests	1,162.50	1,162.50
	<b>6,061,112.95</b>	<b>7,310,808.65</b>
CURRENT ASSETS		
Debtors		
Short-term		
Other debtors	90,510.37	41,606.58
Prepayments and accrued income	18,953.14	23,599.20
	<b>109,463.51</b>	<b>65,205.78</b>
Securities	5,311,395.32	2,047,288.94
Cash in hand and at banks	90,596.48	782,186.03
	5,511,455.31	2,894,680.75
<b>ASSETS TOTAL</b>	<b>11,572,568.26</b>	<b>10,205,489.40</b>
<b>LIABILITIES</b>		
CAPITAL AND RESERVES		
Share capital		
Share capital	80,000.00	80,000.00
Other reserves	37,656,176.82	32,976,176.82
Retained earnings (loss)	-31,481,280.84	-27,056,772.27
Profit (loss) for the financial year	-2,164,515.99	-4,424,508.57
	<b>4,090,379.99</b>	<b>1,574,895.98</b>
	0.00	98,300.00
CAPITAL LOANS		
CREDITORS		
Long-term	6,022,471.65	7,919,291.65
Loans from credit institutions	<b>6,022,471.65</b>	<b>7,919,291.65</b>
Short-term	547,250.00	102,853.00
Loans from credit institutions	278,278.29	186,074.28
Trade creditors	29,666.72	177,757.93
Other creditors	604,521.60	146,316.55
Accruals and deferred income	<b>1,459,716.61</b>	<b>613,001.76</b>
	7,482,188.26	8,532,293.41
<b>LIABILITIES TOTAL</b>	<b>11,572,568.26</b>	<b>10,205,489.40</b>

Cash flow statement

Currency EUR	1.1.2017 - 31.12.2017	1.1.2016 - 31.12.2016
Cash flow from operating activities		
Profit (loss) before appropriatiosn and taxes	-2,164,515.99	-4,424,508.57
Corrections:		
Depreciation, amortisation according to plan and impairments	984,495.78	990,092.88
Amortisation of goodwill	233,147.98	212,827.98
Unrealized exchange rate gains and losses	3,705.00	-278.97
Bankruptcy of a subsidiary	-2,024,306.27	0.00
Other financial income and expenses	240,406.28	4,608.01
Cash flow before change in working capital	-2,727,067.22	-3,217,258.67
Change in working capital:		
Increase(-)/decr.(+) in short-term interest-free receivables	- 44,277.78	40,377.01
Increase(+)/decr.(-) in short-term interest-free liabilities	416,459.07	125,372.66
Cash flow from operations before financial items and taxes	2,354,885.93	-3,051,509.00
Interest paid and payments for other financial expenses from operations	-309,244.89	-60,339.73
Financial income received from operations	65,133.61	76,188.55
Cash flow from operations before appropriations and taxes	-2,598,997.21	-3,035,660.18
Cash flow from operating activities (A)	-2,598,997.21	-3,035,660.18
Cash flow from investments:		
Investments in tangible and intangible assets	0.00	-10,378.61
Financial resources lost in bankruptcy of a subsidiary	-32.96	0.00
Acquisition of subsidiary's shares	0.00	-60,960.00
Cash flow from investments (B)	32.96	-71,338.61
Cash flow from financing:		
Share issue	4,680,000.00	0.00
Changes in long-term loans	516,547.00	395,915.00
Changes in short-term loans	25,000.00	0.00
Cash flow from financing (C)	5,171,547.00	395,915.00
Change in cash and cash equivalents (A+B+C) incr.(+)/decr.(-)	2,572,516.83	-2,711,083.79
Cash and cash equivalents at beginning of period	2,829,474.97	5,540,558.76
Cash and cash equivalents at end of period	5,401,991.80	2,829,474.97

Notes to the financial statements

Domicile: Helsinki  
Notes information concerning the preparation of the financial statements

Evaluation principles and methods

Valuation of non-current assets:

The book value of tangible and intangible assets is their original acquisition cost, less the depreciations and amortisation according to the plan discussed below.

The balance sheet value of investments is their original acquisition cost except for subsidiary shares held by Herantis Pharma Plc whose original acquisition cost was written down in the financial year 2015 by a total of 7,349,333.33 euro due to a weaker than expected result in a dry eye study.

Valuation of current assets:

Loans and other receivables marked as financial assets are valued at their nominal value, or a lower expected value.

Financial assets securities are valued at their acquisition cost or a lower expected net realisable value.

Allocation principles and methods

Depreciations

The acquisition cost of non-current intangible and tangible assets are depreciated or amortised, in accordance with the pre-prepared plan. Depreciation and amortisation for the financial year is recorded as an expense in taxation, depending on the method of depreciation, to the corresponding amount of the maximum straight line or a reducing balance method of depreciation.

Assets with the probable economic life of less than three years, as well as small acquisitions, are recorded in full as expenses for the acquisition accounting period.

DEPRECIATION PLAN		
INTANGIBLE ASSETS		
• Development expenses	straight line	Amortisation 10 yrs.
• Intangible rights	straight line	Amortisation 10 yrs.
• Consolidated goodwill	straight line	Amortisation 10 yrs.
TANGIBLE ASSETS		
• Machinery and equipment	25% reducing balance method of depreciation	

The depreciation plan for development costs remain at an appropriate level depreciation of 10 years for drug development projects, as the typical duration of a drug development project is 10-15 years, from the start of the development work to when the drug product is ready for the markets. This depreciation period is applicable for the same reasons to the value created by the acquisition of the subsidiary company, which is also directed towards pharmaceutical development projects.

Comparability of the reported financial year and the previous year

The subsidiary of the group, BioCis Pharma Oy, has been deleared bankrupt on December 1, 2017. The group figures include the income statement of Biocis Pharma Oy covering the period 1.1.2017 - 30.11.2017. This has to be taken into account when comparing the reported financial year and the previous year.

Due to the bankruptcy, a total of 2,024,306.27 euro was recognized as revenue in the group. The revenue recognition has been presented in the consolidated income statement as income from other investments held as non-current assets



Transactions in foreign currency:

Differences in exchange rates are differences in funding transactions. A positive cumulated difference is recorded in Income statement in Other interest and financial income from others, and a negative cumulated difference is recorded in Interest and other financial expenses for others. Exchange rate gains and losses arising from foreign-currency sales or purchases are recorded as adjustments to income or expenses.

Foreign currency translation:

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

Note information concerning the preparation of consolidated financial statements

Principles for preparation of consolidated financial statements

Mutual shareholdings

The ownership of the subsidiary shares within the group has been eliminated, using the acquisition costs method. The amount paid of the subsidiary's shares exceeding the share of equity of the acquired shares has been activated in the consolidated balance sheet as goodwill. In the consolidated balance sheet 31.12.2017, the remaining 5,174,863.27 euro of denominated goodwill 310,863.27 euro relates to a subsidiary goodwill and 4,864,000.00 euro to development costs.

Inter-company transactions and margins

The group's inter-company transactions, receivables and liabilities, internal distribution of profits, as well as the group's internal margins are eliminated.

Note information concerning subsidiary and associated companies

Consolidated companies

Name	Domicile	Combined shareholding
Laurantis Pharma Oy	Helsinki	100%
BioCis Pharma Oy	Helsinki	100%
Laurantis Pharma GmbH	Munich, Germany	100%

Non-consolidated associated shareholding companies

Opia Games Oy  
Domicile: Helsinki. Shareholding 46,5%. Grounds for not consolidating: No essential impact.  
Own equity 31.12.2017 **1,401.02 €**. Profit/loss for the financial year **-136.00 €**.

Note information concerning the Income statement

Dividend incomes, interest incomes and interest expenses, total amounts

	Parent 1.1.-31.12.2017	Parent 1.1.-31.12.2016	Consolidated 1.1.-31.12.2017	Consolidated 1.1.-31.12.2016
Interest Income	158,215.50	14,254.32	0.00	232.99
Interest expenses	-38,049.06	-34,019.02	-63,139.06	-77,329.38
	<b>120,166.44</b>	<b>-19,764.70</b>	<b>-63,139.06</b>	<b>-77,096.39</b>

Note information concerning the balance sheet

Non-current assets

Intangible assets

Goodwill

Consolidated goodwill resulting from the acquisition of the shares of Laurantis Pharma Oy was 17,043,819.91 of which 16,000,000.00 has been allocated towards development costs and 1,043,819.91 to goodwill.

During the previous financial period Herantis acquired the minority interest of Laurantis Pharma Oy (1%). The consolidated goodwill resulting from the acquisition amounting to 60,960.00€ was allocated towards goodwill and it will be depreciated according to the same depreciation plan as the initially acquired subsidiary shares.

Currency EUR	1.1.-31.12.2017	1.1.-31.12.2016
Consolidated goodwill acquisition costs	1,104,779.91	1,043,819.91
Additions	0.00	60,960.00
Accumulated amortisation	-5,607,68.66	-347,940.68
Amortisation during financial period	-233,147.98	-212,827.98
<b>Goodwill 31.12.</b>	<b>310,863.27</b>	<b>544,011.25</b>

Development costs

Parent company

Development expenses that were not amortised and included in long-term expenses, a total of 958,230.15 euro consist of the development costs of the CDNF project.

Consolidated

16,000,000.00 euro of the consolidated goodwill resulting from the acquisition of the shares of Laurantis Pharma Oy has previously been allocated toward development costs. The amount of 7,349,333.33 euro was additionally written down during the financial year 2015 due to weaker than expected results in the development of cis-UCA Eye Drops.

Currency EUR	Parent 1.1.-31.12.2017	Parent 1.1.-31.12.2016	Consolidated 1.1.-31.12.2017	Consolidated 1.1.-31.12.2016
Development costs CDNF 1.1.	958,230.15	1,117,935.15	6,590,230.15	1,117,935.15
Development costs Amblyopia 1.1.	0.00	0.00	0.00	0.00
Development costs total 1.1.	958,230.15	1,117,935.15	6,590,230.15	1,117,935.15
Development costs consolidated 1.1.			0.00	6,400,000.00
<b>Total</b>			<b>6,590,230.15</b>	<b>7,517,935.15</b>
Additions CDNF				
Additions Amblyopia				
Additions consolidated				
Additions total				
Amortisation for the accounting period CDNF	-159,705.00	-159,705.00	-159,705.00	-159,705.00
Amortisation for the accounting period Amblyopia	0.00	0.00	0.00	0.00
Amortisation for the accounting period, consolidated			-768,000.00	-768,000.00
Amortisation for the accounting period, total	-159,705.00	-159,705.00	-927,705.00	-927,705.00
<b>Development costs 31.12.</b>	<b>798,525.15</b>	<b>958,230.15</b>	<b>5,662,525.15</b>	<b>6,590,230.15</b>

## Patents

Currency EUR	Parent 1.1.-31.12.2017	Parent 1.1.-31.12.2016	Consolidated 1.1.-31.12.2017	Consolidated 1.1.-31.12.2016
Acquisition costs				
At the beginning of the accounting period	120,000.00	160,000.00	166,655.52	226,126.96
Additions during the accounting period	0.00	0.00	-46,655.52	0.00
Accounting period amortisation	-40,000.00	-40,000.00	-40,000.00	-59,471.44
At the end of the accounting period	80,000.00	120,000.00	80,000.00	166,655.52
<b>Book value in the financial statement</b>	<b>120,000.00</b>	<b>120,000.00</b>	<b>80,000.00</b>	<b>166,655.52</b>

## Current assets

Receivables from group companies

Currency EUR	Parent 31.12.2017	Parent 31.12.2016
Other receivables	1,948,996.88	1,366,146.25
<b>Total</b>	<b>1,948,996.88</b>	<b>1,366,146.25</b>

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

Securities	31.12.2017	31.12.2016
Other shares and similar rights of ownership		
Market value	5,390,671.72	2,161,702.31
Estimated acquisition cost	5,311,395.32	2,047,288.94
<b>Difference</b>	<b>79,276.40</b>	<b>114,413.37</b>

## Note information concerning balance sheet liabilities

Equity

Changes in equity assets

Currency EUR	Parent 1.1.-31.12.2017	Parent 1.1.-31.12.2016	Consolidated 1.1.-31.12.2017	Consolidated 1.1.-31.12.2016
Restricted equity				
Share equity at the start of the acc. period	80,000.00	80,000.00	80,000.00	80,000.00
Share equity at the end of the acc. period	80,000.00	80,000.00	80,000.00	80,000.00
<b>Restricted own equity, total</b>	<b>80,000.00</b>	<b>80,000.00</b>	<b>80,000.00</b>	<b>80,000.00</b>
Unrestricted equity				
Invested unrestricted own equity reserve at beginning of acc. perio	32,976,176.82	32,976,176.82	32,976,176.82	32,979,176.82
The amount of the subscription price of the shares marked to the reserve	4,680,000.00	0.00	4,680,000.00	0.00
<b>Invested unrestricted equity reserve at the end of the acc. period</b>	<b>37,656,176.82</b>	<b>32,976,176.82</b>	<b>37,656,176.82</b>	<b>32,979,176.82</b>
Loss from previous acc. period, at the beginning of acc. period	-25,125,873.92	-22,397,093.62	-31,481,280.83	-27,056,772.27
Loss at the end of the previous acc. period	-25,125,873.92	-22,397,093.62	-31,481,280.83	-27,056,772.27
Loss for the accounting period	-2,546,504.97	-2,728,780.30	-2,164,515.99	-4,424,508.57
Unrestricted equity, total	9,983,797.93	7,850,302.90	4,010,380.00	1,494,895.98
<b>Own equity, total</b>	<b>10,063,797.93</b>	<b>7,930,302.90</b>	<b>4,090,380.00</b>	<b>1,574,895.98</b>

## Calculation of distributable Unrestricted equity

Currency EUR	31.12.2017
Invested unrestricted equity reserve	37,656,176.82
Retained earnings (loss)	-25,125,873.92
Loss for the financial year	-2,546,504.97
Development expenses in balance sheet	-798,525.15
<b>Distributable Unrestricted equity total</b>	<b>9,185,272.78</b>

## Liabilities

Long-term liabilities maturing after more than five years

Currency EUR	Parent 31.12.2017	Parent 31.12.2016	Consolidated 31.12.2017	Consolidated 31.12.2016
<b>Total</b>	<b>61,751.65</b>	<b>589,318.65</b>	<b>2,512,548.53</b>	<b>2,904,472.02</b>

## Otsikko tässä: MIKÄ???

The rental nominal amounts according to leasing rental agreements, broken down by amounts to be paid during the current and the subsequent periods. As well as the essential termination and redemption terms and conditions for those agreements

Currency EUR	Parent 31.12.2017	Parent 31.12.2016	Consolidated 31.12.2017	Consolidated 31.12.2016
For payment during the next acc. period	0.00	322.28	322.28	322.28
For payment later	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>322.28</b>	<b>322.28</b>	<b>322.28</b>

The company's leasing agreement is a standard IT leasing agreement.

## Collaterals, commitments and off-balance sheet arrangements

Currency EUR	Parent	Consolidated
Rental Commitments		
Rental Commitments due in 2018	81,927.93	81,927.93
Rental Commitments due later than 2018	132,004.11	132,004.11
<b>Rental Commitments, total</b>	<b>213,932.04</b>	<b>213,932.04</b>

## Note information on the remuneration of the auditor

Currency EUR	Parent 1.1.-31.12.2017	Parent 1.1.-31.12.2016	Consolidated 1.1.-31.12.2017	Consolidated 1.1.-31.12.2016
PricewaterhouseCoopers Oy				
Audit fees	31,904.57	11,408.38	34,065.79	11,408.38
Other fees	0.00	0.00	0.00	1,182.18



Note information on the personnel and members of corporate bodies

Average number of staff during the financial year, broken down by category

	Parent 1.1.-31.12.2017	Parent 1.1.-31.12.2016	Consolidated 1.1.-31.12.2017	Consolidated 1.1.-31.12.2016
Average number for the financial year	7	6	7	7
of which employees	7	6	7	7

Remuneration of directors and management

Currency EUR	1.1.-31.12.2017	1.1.-31.12.2016
CEO and deputy CEO	197,779.50	198,919.50
Directors of the Board and deputies	72,000.00	72,000.00
	269,779.50	270,919.50

Signatures

In Helsinki 1st of March 2018

**Pekka Mattila**  
Chairman of the Board

**Timo Veromaa**  
Board member

**Aki Prihti**  
Board member

**Frans Wuite**  
Board member

**James Phillips**  
Board member

**Pekka Simula**  
CEO

The Auditor’s Note

A report on the audit performed has been issued today

Helsinki 1 March 2018

PricewaterhouseCoopers Oy  
Authorised Public Accountants

**Martin Grandell**  
Authorised Public Accountant (KHT)

Auditor’s Report

To the Annual General Meeting of Herantis Pharma Oyj

Report on the Audit of the Financial Statements

Opinion

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

What we have audited

We have audited the financial statements of Herantis Pharma Oyj (business identity code 2198665-7) for the year ended 31 December 2017. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

Basis for Opinion

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

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

Independence

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- IDENTIFY and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- OBTAIN an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the effectiveness of the parent company's or the group's internal control.
- EVALUATE the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- CONCLUDE on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- EVALUATE the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- OBTAIN sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In Helsinki 1st of March 2018  
**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

**Martin Grandell**  
Authorised Public Accountant (APA)

Share information

Major shareholders on December 31, 2017	Number	%
INVENI LIFE SCIENCES FUND I KY	661,891	13.5
INNOVESTOR KASVURAHASTO I KY	540,060	11.0
HELSINGIN YLIOPISTON RAHASTOT	497,438	10.1
SIJOITUSRAHASTO NORDEA NORDIC SMALL CAP	242,200	4.9
KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN	237,700	4.8
OP-SUOMI PIENYHTIÖT	224,121	4.6
PENSIONSFÖRSÄKRINGSAKTIEBOLAGET VERITAS	202,946	4.1
SAARMA MART	159,000	3.2
CASTREN EERO HEMMINKI	155,000	3.2
RAUVALA HEIKKI MATTI EEMELI	155,000	3.2
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)		
HELSINGIN SIVUKONTTORI	141,423	2.9
DANSKE BANK OYJ	136,183	2.8
NORDEA BANK AB (PUBL), SUOMEN SIVULIIKE	100,378	2.0
INVENI PRE-EXIT FINANCING VEHICLE KY	81,773	1.7
HUTTUNEN HENRI JUHANI	74,050	1.5
ARGONIUS OY	52,000	1.1
GERAKO OY	50,000	1.0
LEINO LASSE TAPANI	40,341	0.8
KALONIEMI MARKKU	39,339	0.8
THOMASSET OY	35,000	0.7
PALCMILLS OY	34,000	0.7
SIMULA PEKKA ILMARI	28,603	0.6
LOMBARD INTERNATIONAL ASSURANCE S.A	28,127	0.6
BERNER KLAUS GUNNAR	27,600	0.6
OY DENTEX AB	26,000	0.5

Information on trading with the share

Trading code:	HRTIS
Currency	EUR
ISIN code:	FI4000087861
Legal Entity Identifier (LEI code):	743700W4CQVYAT3WKK38
Market place:	First North Helsinki
Number of shares on 31 Dec 2017:	4,918,305
Highest share price Jan 1 - Dec 31, 2017:	9.30 euros
Lowest share price Jan 1 - Dec 31, 2017:	2.66 euros
Closing price 31 Dec 2017:	5.38 euros
Average share price Jan 1 - Dec 31, 2017:	5.29 euros
Trading volume Jan 1 - Dec 31, 2017:	381,630 shares
Trading volume in percentage of outstanding shares:	9.0%
Market capitalization on 31 Dec 2017:	26,460,480.90 euros

Shares held by management

Pekka Mattila, Chairman of the Board*	22,650 shares
Jim Phillips, Board Member	2,906 shares
Timo Veromaa, Board Member	4,500 shares
Frans Wuite, Board Member	3,080 shares
Pekka Simula, Managing Director*	35,230 shares

\*Including shares held through controlled companies



# Accounting policies

These financial statements have been prepared according to good accounting practice, local legislation and the rules of the First North market. The figures in the financial statements are audited. The figures are individually rounded from exact figures.

# Governance

Herantis Pharma Plc. is a public Finnish limited liability company, which complies with the Finnish Companies Act, Securities Market Act, Accounting Act, the rules of Nasdaq Helsinki Ltd's First North marketplace, and the Company's Articles of Association.

## Annual General Meeting

The Annual General Meeting is Herantis Pharma's highest decision-making body. The Company's Board of Directors invites the Annual General Meeting within six months after the end of the financial year. The Annual General Meeting decides on the financial statements and on distribution of the result shown in the balance sheet, grants the discharge of the Board of Directors and the Managing Director from liability, and decides the remuneration of the Board of Directors and the auditors. The Annual General Meeting also elects auditors as well as deals with any other matters on the agenda.

## Board of Directors

The Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. According to the Articles of Association the Board of Directors consists of four to six ordinary members. The term of a member of the Board will continue until further notice. The Board elects a chairperson from among its members.

## CEO

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

## Internal Controls and Risk Management

The risks of Herantis Pharma are mainly drug development related, such as clinical, technical, biological, regulatory, and strategic decision making risks, and financial, such as budgeting, accounting, and other financial control risks.

With its internal control policies and practices Herantis Pharma aims to ensure that appropriate financial information is available timely and accurately for any decision making and other needs, and that its financial reports are reliable, complete, and timely. Further, they aim to ensure that the company's operations are efficient and implement the strategy of the company. Also, they aim to ensure that the company is in compliance with all applicable laws and regulations.

The management team of Herantis is responsible for the organization and planning, implementing and monitoring of risk management and reporting of this to the board of directors.

## Certified Advisor

The shares of Herantis Pharma Plc are listed for trading on Nasdaq Helsinki Ltd's First North Finland marketplace, which requires the nominating of a Certified Advisor. The Certified Advisor is responsible for ensuring that the company complies with the rules and regulations of First North. UB Securities Ltd is the Certified Advisor to Herantis Pharma Plc.

# Remuneration

## Remuneration of the directors

The shareholders of the company decide the remuneration of the Board of Directors at the Annual General Meeting in compliance with the Finnish Companies Act. Herantis Board members were paid in total EUR 72,000 as remuneration for participation in board meetings during fiscal year 1 Jan 2017 – 31 Dec 2017. No remuneration was paid to the board members of the subsidiaries of Herantis.

On 11 April 2017 the Annual General Meeting of Herantis resolved that the remuneration payable to the members of the Board of Directors shall be EUR 1,000 per month except for the Chairman of the Board who shall be paid EUR 2,000 monthly. The board members shall also be eligible to subscribe to stock options of option program 2014 I at the end of each calendar year. Board members are also reimbursed reasonable travel expenses related to Board of Director's duties.

None of the members of the Board of Directors are in an employment relationship or have service contracts with the Company or have voluntary pension policies from the Company.

## Remuneration of the management team members

The Board of Directors is responsible for appointing the CEO, and for preparing and approving the remuneration of the CEO and other management team members. The remuneration of the CEO and other management team members comprises fixed basic salary, fringe benefits (such as company phone), a performance based bonus, and a stock option plan. The bonus payments are assessed and decided upon annually by the Board of Directors. The maximum bonus for the CEO is 35% of fixed annual compensation.

The CEO contract may be terminated by the Company or by the CEO with a three-month notice period without specified reasons. If terminated by the Company the CEO is not entitled to any additional compensation.

For 2016, the current CEO of Herantis Pharma was paid a performance based bonus of EUR 44,100.00. Possible performance based bonuses for 2017 will be paid in June 2018.

The CEO does not have any voluntary pension or other insurance policy from the company.

## Insiders

The company has implemented the Market Abuse Regulation of European Union (596/2014/EU) in its own insider policies as of 3 July 2016. The company has also decided to continue maintaining a voluntary public list of its top managers, as well as a list showing changes that have occurred in their security holdings as well as in the holdings of their family relationships and influence-over organizations. These lists are available on the company's web site.

The Board of the Directors of the company has approved an Insider Policy, which ensures compliance with Finnish law, EU regulations and directives, and the rules and guidelines of Nasdaq Helsinki Ltd.

## Insiders holdings

Insider trading on the company's securities has been compliant with the Insider Policy of the company. Insider holdings in the company as of 31 December 2017 are:

- Chairman of the Board **Pekka Mattila**: 22,650 shares, of which 20,150 shares through controlled company Musta Aukko Oy
- Board member **James Phillips**: 2,906 shares
- Board member **Timo Veromaa**: 4,500 shares
- Board member **Frans Wuite**: 3,080 shares
- CEO **Pekka Simula**: 35,230 shares, of which 6,627 shares through controlled company Meles Consulting Oy
- Director of clinical development **Sigrid Booms**: 2,400 shares
- Chief scientific officer **Henri Huttunen**: 74,050 shares

Auditing

The external audit is to verify that the financial statements give a true and fair view of the company's financial performance and financial position for the fiscal year. The company's auditor gives the company's shareholders the statutory auditor's report on the annual financial statements. The audit performed during the financial period is reported to the Board of Directors. The auditor and the Board of Directors will meet at least once a year.

The Annual General Meeting elects the auditor. The auditor's term of office includes the current financial year and ends at the end of the following Annual General Meeting.

Herantis Pharma's auditor is authorised public accountants PricewaterhouseCoopers Oy (Business ID 0486406-8); the principal auditor is **Martin Grandell**, APA.

Public disclosure

Herantis complies with the disclosure obligations as defined in the Finnish Securities Market Act (746/2012) and in the First North Nordic Rulebook. Herantis discloses information to the public in a timely and consistent manner.

Herantis releases its public disclosures both in Finnish, which is the official reporting language, and in English. Amendments to previously published information are made in the same manner as has been used to publish the original information.

More information related to public disclosure and disclosure channels is available on the company's web site [www.herantis.com](http://www.herantis.com).

Information for the shareholders

Annual General Meeting 2018

Shareholders of Herantis Pharma Plc are invited to attend the Annual General Meeting of the Company on Wednesday, April 11, 2018, commencing at 13.00 p.m. (EET) at Taitotalon kongressikeskus, at the address Valimotie 8, Helsinki, Finland. The reception of participants and the distribution of voting tickets will commence at 12.30 p.m.

Each shareholder, who is registered on March 28, 2018 in the shareholders' register of the Company held by Euroclear Finland Ltd, has the right to participate in the General Meeting of Shareholders. A shareholder, whose shares are registered on his/her personal book-entry account, is registered in the shareholders' register of the Company.

The Annual Report is available on the company's web site [www.herantis.com](http://www.herantis.com) no later than March 20, 2018. For more information please see [herantis.com/AGM](http://herantis.com/AGM)

Dividend

The parent company of Herantis Pharma group is Herantis Pharma Plc whose distributable equity was 9.2 million euros according to balance sheet 31 December 2017. Herantis Pharma Plc had no material revenue in 2017. The financial result of the parent company for 2017 was -2.5 million euros.

The Board of Directors proposes to the Annual General Meeting convening on April 11, 2018 that no dividend be paid for the financial period January 1–December 31, 2017.

Shareholder register

Shareholders are kindly requested to inform their book account keeper of any changes in their contact information.

Financial statement releases

Financial results of the first half of 2018 shall be released on Wednesday, 29 August 2018. The Annual General Meeting is planned to convene on Wednesday, 11 April 2018.

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



**HERANTIS**  
PHARMA