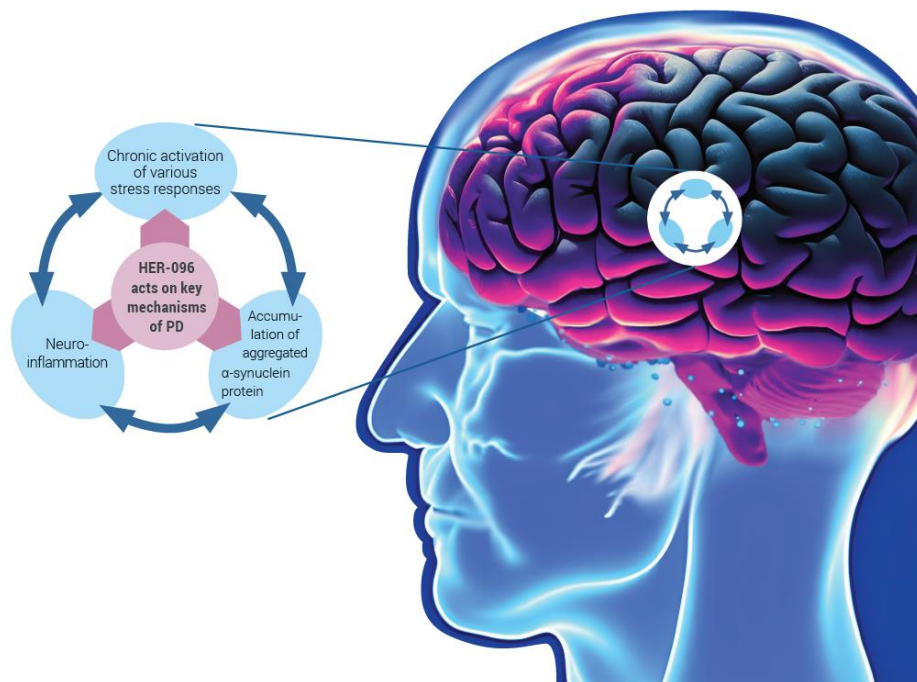


First Half Report
January 1 – June 30, 2023

HERANTIS PHARMA



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

Business highlights January – June 2023

- Herantis announced approval of Clinical Trial Application (CTA) for a Phase 1a study for HER-096 in February.
- In April, Herantis signed the European Innovation Council (EIC) Accelerator grant agreement. Herantis will receive €2.5 million grant funding from EIC Accelerator program and is eligible for up to €15 million in direct equity investments from the EIC Fund, the investment arm of the EIC, subject to certain customary terms and conditions.
- First healthy volunteer was dosed in the Phase 1a clinical study for the Parkinson's disease drug candidate, HER-096, on April 19. The Phase 1a clinical study will assess safety, tolerability, and blood-brain barrier penetration of subcutaneously administered HER-096.

Events after the reporting period

- July 4, 2023, Herantis announced the start of recruitment of healthy volunteers for part 2 of the ongoing Phase 1a clinical study of HER-096.
- August 22, 2023, Herantis announced that dosing of the healthy volunteers in part 2 of the HER-096 Phase 1a clinical study has been started.

Key figures:

EUR thousands	January - June		Full Year
	2023	2022	2022
Other operating income	280	0	135
Payroll and related expenses	852	1 563	2 649
Depreciation and amortization	0	80	160
Other operating expenses	1 836	2 726	5 319
Profit for the period	- 1 795	- 5 665	- 9 324
Cash flow from operating activities	- 1 717	- 5 517	- 8 944

	January - June		Full Year
	2023	2022	2022
Equity ratio %	- 36.1	36.4	- 0.9
Basic and diluted loss per share EUR	- 0.11	- 0.47	- 0.64
Number of shares at end of period	16 912 394	16 909 994	16 912 394
Average number of shares	16 912 394	12 078 568	14 654 149

EUR thousands	30-Jun-23	30-Jun-22	31-Dec-22
Cash and securities ¹⁾	4 909	9 586	5 991
Equity	- 1 855	3 599	- 60
Balance sheet total	5 141	9 894	6 232

1) June 2023: Cash = 3 926' and Securities = 983' June 2022: Cash = 8 641' and Securities = 945' Dec 2022: Cash = 5 036' and Securities = 955'

Formulas used to calculate key figures:

Equity ratio = Equity/balance sheet total, Earnings per share = Profit for the period/average number of shares

Average number of shares = Weighted average number of shares.

The number of shares weighted by the number of days each share has been outstanding during the review period

“During 1H 2023, the Phase 1a clinical study with subcutaneous dosing of HER-096 has progressed according to plan. We are very pleased that we now have moved into part 2 of the study with dosing of elderly healthy volunteers to assess the blood-brain barrier penetration of HER-096, safety and tolerability. Topline data of the clinical study is expected in Q4 2023, which is an important milestone on our way towards developing a disease-modifying therapy for slowing or stopping the progression of Parkinson’s disease. In addition, we have been able to welcome European Innovation Council (EIC) Fund as a new investor in potential future capital raises.” **said Antti Vuolanto, CEO of Herantis.**

Review of operations January 1 – June 30, 2023

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

Herantis are developing HER-096 for stopping the progression of Parkinson’s disease

HER-096 is an engineered peptidomimetic molecule designed to retain the activity of CDNF, a protein that promotes cell survival and functional recovery of neurons. HER-096 modulates the Unfolded Protein Response (UPR) pathway, the regulation of which is essential in restoring the cell protein balance (proteostasis) and preventing the processes leading to, e.g., cytotoxic protein aggregation and neuronal cell death. In addition, HER-096 alleviate inflammation in the affected brain area. The inability to penetrate blood-brain barrier (BBB) has been a major hurdle in the development of disease-modifying drugs for Parkinson’s and other neurodegenerative diseases. Based on the existing preclinical evidence, HER-096 can be dosed by a simple subcutaneous (s.c.) injection reaching the target tissue in the brain, as it crosses efficiently the blood-brain barrier. Herantis is now testing HER-096’s ability to cross BBB in humans in the ongoing Phase 1a study.

HER-096 is developed for Parkinson’s disease (PD) to normalize the neuron proteostasis and thereby to slow or even stop the disease progression at an early stage of the disease. Thus, HER-096 is on its way to become a first-in-class disease-modifying drug to treat Parkinson’s disease.

Phase 1a clinical study is progressing as planned

Herantis announced the dosing of the first healthy volunteer in the Phase 1a clinical study for HER-096 in April 2023. The ongoing study is a randomized, double-blinded, placebo-controlled, safety, tolerability, and pharmacokinetic study of subcutaneous single ascending doses of HER-096. In total, the study aims to recruit around 60 healthy volunteer subjects. The study takes place in Turku, Finland conducted by the contract research organization, CRST.

The dosing of the healthy volunteers in part 2 of the study has now been started based on decision from the Data and Safety Monitoring Board. In part 1 of the study, HER-096 or placebo was administered to young healthy volunteers and in the now started part 2 of the study, 12-16 elderly healthy volunteers, both males and females, will be administered with a single dose of HER-096 to evaluate the blood-brain-barrier penetration of HER-096 in addition to the safety and tolerability. Top-line data is expected in Q4 2023.

[EIC grant funding and eligibility of up to €15 million in equity](#)

Herantis was selected for European Innovation Council (EIC) grant of €2.5 million in December 2022 through their prestigious EIC Accelerator program. Herantis, together with 77 other deep tech innovative companies were selected from over 1000 start-ups and small medium enterprises that had already passed the first round of evaluation in the Accelerator-program. In April 2023, Herantis signed European Innovation Council (EIC) Accelerator grant agreement and will receive €2.5 million grant funding. The two-year grant project, named ReTreatPD, will focus on preparations towards a Phase 2 clinical study with HER-096 in Parkinson's disease including development of biomarkers for monitoring target engagement and treatment response to HER-096. In addition, the investment arm of the EIC, the EIC Fund, decided to make up to €15 million in direct equity investments available after it had carried out a satisfactory due diligence subject to certain customary terms and conditions.

[About Parkinson's disease](#)

Parkinson's disease (PD) is an incurable, progressive brain disorder and the second most common neurodegenerative disorder, affecting over 10 million people worldwide, and 1.2 million in the EU alone. The disease is caused by the degeneration of dopamine-producing neurons in the brain. The underlying reasons that trigger degeneration of dopamine-producing neurons in Parkinson's disease remain poorly understood. However, the symptoms are a consequence of reduced brain levels of dopamine, a neurotransmitter in the brain. This chronic disabling disease affects the central nervous system, causing motor symptoms such as tremor, balance disturbances, and falls, as well as non-motor features such as dementia and autonomic symptoms. As the disease progresses symptoms worsen and become debilitating. Available treatments for Parkinson's disease do not cure the disease or even slow down its progression because the pathological processes resulting in degeneration and death of dopamine-producing neurons are not affected by the treatment. Current standard-of-care treatments are mainly pharmaceuticals, which can increase dopamine levels in the brain. The efficacy of these treatments is typically gradually lost with disease progression as an increasing amount of the dopamine-producing neurons have degenerated.

The high disease burden for patients and relatives also comes with a big price tag for society, which is expected to increase dramatically with an aging population. The main costs are not linked to treatments but, for instance, the loss of productive years and the increased need for supported living arrangements for disabled patients. In 2010 the costs per Parkinson's patient amounts to approximately €11,000 on average across Europe, and societal costs to Europe of €13.9bn annually¹⁾. The cost per person each year also increases as the condition becomes more severe, while non-motor symptoms are a major source of hospitalisation and institutionalisation – both key cost-drivers in Parkinson's care. The causes of PD are unknown and there is a broad spectrum of pathologies that ultimately lead to the loss of dopamine producing neurons in the brain. Although symptomatic treatment exists for early stages of the disease, no disease modifying treatment is available for PD.

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

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

Business strategy

The strategy of Herantis is:

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

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

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

The number of employees at the end of the review period on June 30, 2023, was 10 (13) and the management team consisted of CEO Antti Vuolanto DSc, CSO Henri Huttunen PhD, and CFO Tone Kvåle.

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

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

Summary and outlook for 2023

The first healthy volunteer in Herantis' Phase 1a clinical study for HER-096 was dosed in April 2023. The Phase 1a study, which includes assessment of safety, tolerability, and blood-brain barrier penetration in healthy volunteers, is carried out in Finland. Topline data is expected in Q4 2023. Successful completion of the study would represent a significant milestone for Herantis.

2023 milestones for HER-096 are:

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

Financial review

January 1 – June 30, 2023

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

Accounting principles

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

Statement of Profit & Loss

Herantis had EUR 280 thousand (EUR 0) in other operating income in 1H 2023. This is mainly related to the two-year grant project, named ReTreatPD funded by EIC. In April 2023, Herantis signed European Innovation Council (EIC) Accelerator grant agreement and will receive total of EUR 2.5 million grant funding. This grant project will focus on preparations towards a Phase 2 clinical study with HER-096 in Parkinson's disease including development of biomarkers for monitoring target engagement and treatment response to HER-096. The grant is obtained upfront and are recognized as short-term debt in the balance sheet. This debt is amortized as income in-line with the occurrence of the eligible costs. Herantis received the first grant payment of EUR 1.4 million in May 2023. The project started in May and eligible costs will be covered with a maximum of 70% from EIC.

Payroll and related expenses decreased to EUR 0.8 million (EUR 1.6 million) due to reduction of headcounts from 13 to 10 during 2022. Other operating expenses decreased from 2022 to 2023 with EUR 0.9 million, due to decision taken to focus only on development of HER-096 and other cost saving measures.

The R&D expenses for the 1H 2023 were EUR 1.5 million (EUR 2.8 million), recorded in the income statement as other operating and payroll and related expenses for the period. Depreciation and amortization for the period was 0 (EUR 0.08 million).

Finance income and expenses totalled EUR 0.6 million (EUR -1.3 million). As one of the main debtors, Herantis received cash from the completed bankruptcy proceedings of the subsidiary Laurantis Pharma of EUR 607' in May 2023. Finance expenses for 2022 were mainly related to fundraising costs in 1H 2022.

Statement of Profit & Loss	January 1 - June 30	January 1 - June 30	Full Year
EUR thousands	2023	2022	2022
Revenue	0	0	0
Other operating income	280	0	135
Payroll and related expenses	852	1 563	2 649
Depreciation and amortization	0	80	160
Other operating expenses	1 836	2 726	5 319
Total operating expenses	2 688	4 369	8 128
Operating profit (loss)	- 2 408	- 4 369	- 7 993
Finance income	6	0	1
Other financial income	635	0	0
Finance expenses	28	1 296	1 332
Total financial income and expenses	613	- 1 296	- 1 331
Profit (loss) before taxes	- 1 795	- 5 665	- 9 324
Profit (loss) for the financial period	- 1 795	- 5 665	- 9 324
Profit (loss)	- 1 795	- 5 665	- 9 324
Loss per share	- 0.11	- 0.47	- 0.64
Basic and diluted loss per share, EUR	- 0.11	- 0.47	- 0.64

Statement of financial position (balance sheet)

As of June 30, 2023, Herantis' balance sheet amounted to EUR 5.1 million (EUR 9.9 million). The balance sheet includes short-term debt in the amount of EUR 2.7 million (EUR 2.2 million) and long-term debt in the amount of EUR 4.3 million (EUR 4.1 million). Herantis received the first grant payment of EUR 1.4 million in May 2023 from European Innovation Council (EIC). The grant is obtained upfront and are recognized as short-term debt in the balance sheet. This debt is amortized as income in-line with the occurrence of the eligible costs.

Majority of the total liabilities are loans from Business Finland related to the CDFN development project. No R&D expenses were capitalized during the review period.

EUR thousands			
Statement of financial position	January 1 - June 30 2023	January 1 - June 30 2022	31 December 2022
ASSETS			
Non-current assets			
Intangible assets			
Development expenses	0	80	0
Intangible rights	0	0	0
	0	80	0
Tangible assets			
Machinery and equipment	0	0	0
	0	0	0
Total non-current assets	0	80	0
Current assets			
Short-term			
Other debtors	203	223	198
Prepayments and accrued income	29	5	43
	232	228	241
Securities	983	945	955
Cash in hand and at banks	3 926	8 641	5 036
Total current assets	5 141	9 814	6 232
TOTAL ASSETS	5 141	9 894	6 232

Statement of financial position	January 1 - June 30 2023	January 1 - June 30 2022	31 December 2022
LIABILITIES			
Capital and reserves			
Subscribed capital			
Subscribed capital	80	80	80
	80	80	80
Other reserves			
Free invested equity reserve	75 239	75 239	75 239
Retained loss	- 75 379	- 66 055	- 66 055
Loss for the financial year	- 1 795	- 5 665	- 9 324
Total equity	- 1 855	3 599	- 60
Debt			
Long-term			
Loan from credit institutions	4 272	4 127	4 391
	4 272	4 127	4 391
Short-term			
Loans from credit institutions	269	558	150
Trade creditors	719	726	660
Other creditors	49	46	27
Accruals and deferred income	1 687	838	1 064
	2 724	2 168	1 901
Total liability	6 996	6 295	6 292
LIABILITIES TOTAL	5 141	9 894	6 232

Statement of cash flow

As of June 30, 2023, cash and cash equivalents for Herantis amounted to EUR 3.9 million (EUR 8.6 million). This amount does not include securities (consists of an investment in a fund investing in euro-denominated short-term fixed income securities) of EUR 983' (EUR 945'). As one of the main debtors, Herantis received cash from the completed bankruptcy proceedings of its subsidiary Laurantis Pharma of EUR 607' in May 2023. In April, 2023 Herantis signed European Innovation Council (EIC) Accelerator grant agreement and will receive EUR 2.5 million in grant funding over a two-year period. Herantis received the first grant payment of EUR 1.4 million in May 2023. The cash flow from operating activities end of June 2023 was EUR -1.7 million (EUR -5.5 million). This significant improvement relates mainly to cost cutting measurement implemented during 2022.

Statement of Cash Flow	January - June		Full Year
	2023	2022	2022
EUR thousands			
Cash flow from operating activities:			
Profit (loss) before income taxes	- 1 795	- 5 665	- 9 324
Adjustments:			
Depreciation according to plan	0	80	160
Other financial income and expenses	- 613	1 296	1 331
Cash flow before change in working capital	- 2 408	- 4 289	- 7 833
Change in working capital:			
Increase(-)/decrease(+) in short term interest free receivables	15	- 85	- 98
Increase(-)/decrease(+) in short term interest free liabilities	698	- 63	79
Cash flow from operations before financial items and taxes	- 1 695	- 4 437	- 7 853
Interest paid and other financial expenses from operation	- 22	- 1 079	- 1 092
Interest received and financial income from operation	1	1	1
Cash flow from operations before income taxes	- 1 717	- 5 517	- 8 944
Cash flow from operating activities (A)	- 1 717	- 5 517	- 8 944
Cash flow from investments:			
Bankruptcy proceedings obtained from prior subsidiary	607	0	0
Loans to subsidiary	0	- 176	- 210
Cash flow from investments activities (B)	607	- 176	- 210
Cash flow from financing:			
Gross proceeds from equity issue	1	8 710	8 710
Short term loan repayments	0	- 6	- 150
Cash flow from financing activities (C)	1	8 704	8 560
Change in cash and cash equivalents (A+B+C) incr. (+)/decr.(-)	- 1 110	3 011	- 594
Cash and cash equivalents at beginning of period	5 036	5 630	5 630
Cash and cash equivalents at end of period ¹⁾	3 926	8 641	5 036

1) June 2023: Cash = 3 926' and Securities = 983' June 2022: Cash = 8 641' and Securities = 945' Dec 2022: Cash = 5 036' and Securities = 955'

Equity statement

Equity per June 30, 2023 was EUR -1.8 million (EUR 3.6 million). According to the Finnish Limited Liability Companies Act (624/2006, as amended), the board must make a register notification on the loss of share capital, if the equity is negative. However, if the fair value of the assets of the company is otherwise than temporarily notably higher than their book value, the difference between the probable current price and the book value may be taken into account as an addition to equity.

The Board noticed that the company had negative equity per end of June 2023. The Board evaluated the situation and noted that the fair value of the intellectual property assets of the company related to HER-096 is notably higher than their book value. In making the calculations required under the Limited Liability Companies Act, that difference was taken into account as an addition to equity and, accordingly, no register notification was made.

Currency EUR		
Equity Statement	January - June 2023	January - June 2022
Restricted equity		
Share equity at the start of the period	80,000.00	80,000.00
Share equity at the start of the period	80,000.00	80,000.00
Restricted equity, total	80,000.00	80,000.00
Unrestricted equity		
Invested unrestricted equity reserve at the beginning of period	75,239,415.72	66,529,776.60
Issue of shares	1.46	8,709,639.00
Invested unrestricted equity reserve at the end of period	75,239,417.18	75,239,415.60
Loss from previous period, at the beginning of the period	- 75,379,697.19	- 66,055,471.86
Loss at the end of the previous period	- 75,379,697.19	- 66,055,471.86
Loss for the period	- 1,794,704.76	- 5,664,945.98
Unrestricted equity, total	- 1,934,984.77	3,518,997.76
Equity on 30.06.2023	- 1,854,984.77	3,598,997.76

Share based incentive programs

Herantis has six stock option programs: 2010, 2014 I, 2018 I, 2021 I, 2022 I and 2023 I.

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

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

On June 16, 2023, one Herantis employee, one previous employee, board members and previous board members exercised in total of 29,200 stock options under the 2010 and 2014 I stock option programs. This exercise was per June 30, 2023, not yet registered in the shareholder register.

Stock option program	Subscription price per share	Maximum amount of option rights outstanding	Options exercised in 2023	Subscription period
2010	0.00005	9,600	22,000	August 2011 - June 2024
2014 I	0.00005	0	7,200	March 2014 - January 2024
2018 I	5.85	38,000		August 2018 - December 2024
2021 I	3.44	546,454		April 2022 - 2026
2021 I	2.60	150,000		April 2023 - 2027
2022 I	2.49	50,000		September 2023 - 2027
2022 I	2.21	145,000		December 2023 - 2027
2023 I	2.45	300,000		June 2024 - 2028
TOTAL		1,239,054	29,200	

Shareholder structure

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

The market capitalization of Herantis at the end of the review period on June 30, 2023 was approximately EUR 29 million. The closing price of the company's shares in the Nasdaq First North Growth Market Finland at the end of the review period was 1.70 euros. The highest share price during the review period was 2.95 euros, lowest 1.70 euros, and average 2.23 euros. According to Herantis' shareholder register dated June 30, 2023, the company had 3,077 registered shareholders. Members of Herantis' Board of Directors and the management are holding in aggregate 131,788 (139,894) shares or 0.8 (0.8) percent of the company's shares. Information on managers' transactions with the company's shares is published through company releases. The total number of shares in Herantis per June 30, 2023 is 16,912,394.

Shareholders June 30, 2023	Numbers of shares	%
1 SKANDINAVISKA ENSKILDA BANKEN AB	2,641,161	15.6%
2 JOENSUUN KAUPPA JA KONE OY	1,726,469	10.2%
3 CITIBANK EUROPE PLC	1,202,851	7.1%
4 NANOFORM FINLAND OYJ	1,034,302	6.1%
5 SIJOITUSRAHASTO SÄÄSTÖPANKKI PIENYHTIÖT	852,620	5.0%
6 PENSIONSFÖRSÄKRINGSAKTIEBOLAGET VERITAS	596,606	3.5%
7 HELSINGIN YLIOPISTON RAHASTOT	572,678	3.4%
8 OP FIN SMALL CAP	554,497	3.3%
9 KAKKONEN KARI HEIKKI ILMARI	400,000	2.4%
10 NORDEA NORDIC SMALL CAP FUND	325,080	1.9%
11 KALONIEMI MARKKU PETTERI	299,920	1.8%
12 SYRJÄLÄ TIMO KALEVI	298,594	1.8%
13 KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN	293,163	1.7%
14 SUOTUULI OY	199,233	1.2%
15 SIEMENTILA SUOKAS OY	193,191	1.1%
16 ALAKORTES ILKKA ANTERO	189,883	1.1%
17 SÄÄSTÖPANKKI ITÄMERI -SIJOITUSRAHASTO	186,071	1.1%
18 INNOVESTOR KASVURAHASTO I KY	174,456	1.0%
19 SAARMA MART	159,000	0.9%
20 CASTRÉN EERO HEMMINKI	155,000	0.9%
Top 20 largest shareholders	12,054,775	71.3%
Others	4,857,619	28.7%
Total numbers of shares	16,912,394	100.0%

Decisions by the Annual General Meeting

Herantis Pharma Plc's ("Herantis") Annual General Meeting was held in Helsinki on Thursday, April 20, 2023. The Annual General Meeting decided upon the following:

Adoption of the annual accounts

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

Profit / loss for the financial year

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

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

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

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

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

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

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

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

Resolution on the remuneration and election of auditor

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

Election of auditor

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

Authorization of the Board of Directors to decide on issuing shares

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

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

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

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

Objective

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

Eligibility

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

Grant size and exercise price

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

Employee vesting schedule

Granted share options shall vest and become exercisable over a three-year period, with 1/3 on the first anniversary of the grant date, with an annual vesting of 1/3 during the second year after the grant date, and with an annual vesting of 1/3 during the third year after the grant date. The options expire five years after the grant date. In the case of termination of employment, the employee will not vest further share options beyond notice of termination. Unless special circumstances dictate otherwise, the terminated employee can, as a general rule, exercise vested options no later than the expiry of the first exercise period following the notice of termination (unless a later date has been resolved by the Board). Options not exercised prior to the above deadline will lapse. The Board of Directors is authorized to resolve on all terms for the issuance of special rights entitling to shares. The granting of special rights entitling to shares may be directed i.e. deviate from the preemptive subscription right of shareholders, provided that there is a weighty financial reason. The proposed authorization does not invalidate any earlier authorizations entitling the Board of Directors to decide on issues of special rights entitling to shares. The authorization is valid until the close of next annual general meeting, however no longer than until 30 June 2024.

Decisions of the constitutive meeting of the Board of Directors

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

Risk and uncertainties

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

Key risk factors:

- The company's products and business operations are in a research and development stage and the company may fail to reach profitability.
- The company may face difficulties in obtaining further financing with competitive terms and conditions, or at all, and this may affect the continuity of the company's operations.
- The Annual General Meeting in April 2023 resolved to reject the proposal of the Board of Directors to authorize the Board of Directors to decide on issuing shares. The Board of Directors will seek to obtain a share authorization at an EGM later this year. Lack of a share authorization will impact the company's ability to raise funding and continue its operations.
- The company's strategy is development of new pharmaceutical products, drugs, which involves a lengthy and expensive process with uncertain outcomes.
- The business of Herantis is highly dependent on the success of its current or potential future drug candidates, which will require significant high-risk product development.
- Uncertain global economic and financial market conditions as well as geopolitical situation could have a material adverse effect on Herantis.

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

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

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

Resolving a patent or other intellectual property infringement claim can be costly and time consuming and may require the company to enter into royalty or license agreements, and the company cannot guarantee that it would be possible to enter into such agreements on commercially advantageous terms or at all. Unusual business risks and uncertainties are also relevant to the operations of Herantis, such as data protection risks, dependencies on subcontractors and other third parties, and the ability to recruit and keep a qualified senior team and other employees.

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

Going concern

The company has performed a going concern review according to Finnish Accounting Standards (FAS) and this unaudited financial report has been prepared on a going concern basis. Detailed financial forecasts and cash flows looking beyond 12 months from June 30, 2023, have been prepared, and in these forecasts, the company has made assumptions based upon their view of the current and future economic conditions that are expected to prevail over the forecasted period. It is estimated that the cash held by the company will be sufficient to support the current level of activities into the second quarter of 2024.

Herantis is eligible for up to EUR 15 million in direct equity investments from the EIC Fund after a due-diligence and approval from the EIC Fund investment committee in July 2023 subject to certain customary terms and conditions. The EIC Fund foresees to invest this amount by participating up to 1/3 in aggregate of potential future capital raises (up to EUR 15 million) made by Herantis. With this strong commitment from the EIC Fund, the company believes it will be able to secure sufficient cash inflows to continue its activities. However, 2/3 of this potential future capital raise is not committed yet, and these circumstances represent a material uncertainty that may cast 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 August 24, 2023, at 8:00 EEST/7:00 CEST on the company's website at www.herantis.com. In case of any discrepancies between the language versions, the Finnish version shall prevail.

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Company website: www.herantis.com

Financial calendar

1H 2023 financial reporting

August 24, 2023

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Forward-looking statements

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

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