## PLEASE READ THIS BEFORE PROCEEDING

### Danish and Swedish investors

The Public Offering has been structured in a manner which makes it exempt from the obligation to publish a prospectus approved by the Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*) or by the Swedish Financial Supervisory Authority (in Swedish: *Finansinspektionen*). As the total consideration of the Public Offering will amount to less than EUR 2.5 million, the Public Offering will be below the threshold to publish a prospectus for offerings of securities to the public in Denmark and Sweden, as set out in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and as implemented by section 10 of the Danish Capital Markets Act and in Sweden by Chapter 2 Section 1 of the law (2019:414) complementing the EU prospectus regulation (in Swedish: *lag med kompletterande bestämmelser till EU:s prospektförordning*) and will thus be exempt from the obligation to publish a prospectus approved by the Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*) or by the Swedish Financial Supervisory Authority (in Swedish: *Finansinspektionen*). Additionally, any offer of Offer Shares in Denmark and Sweden under the Private Placement will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus. This Information Memorandum has not been, and will not be, reviewed or approved by or registered with the Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*) or the Swedish Financial Supervisory Authority (in Swedish: *Finansinspektionen*), or by any other competent authority, as a competent authority under the Prospectus Regulation

### EEA investors

This Information Memorandum has been prepared in connection with the Offering and Listing of Herantis Pharma Plc. This Information Memorandum is not a prospectus but an advertisement for the purposes of the Prospectus Regulation. Pursuant to applicable exemptions under the Prospectus Regulation (or similar exemptions under Directive 2003/71/EC for offers of Offer Shares in any EEA member state that has not yet implemented the Prospectus Regulation), no prospectus will be made available regarding the Offering or the Listing. This Information Memorandum has not been reviewed, or approved or disapproved, by any competent authority.

# Herantis Pharma Plc

(a public limited company incorporated under the laws of Finland)

Offering and listing on Nasdaq First North Growth Market Sweden and Nasdaq First North Growth Market Finland
An initial amount of 360,000 Offer Shares
A maximum of 258,018 Offer Shares in the Upsize Option
SEK 71 per Offer Share

This information memorandum (the "**Information Memorandum**") has been prepared in connection with a public offering of shares in Herantis Pharma Plc, a public limited company incorporated in Finland (the "**Company**"). The Company aims to raise gross proceeds of approximately SEK 25,6 million by offering up to 360,000 new shares in the Company (the "**Offer Shares**") for subscription (the "**Offering**"). The board of directors of the Company may, in the event of an oversubscription, increase the number of Offer Shares offered in the Offering by a maximum of 258,018 Offer Shares (the "**Upsize Option**"). If the Upsize Option is used in full, the number of Offer Shares offered in the Offering may amount up to 618,018 Offer Shares in aggregate.

The Offering consists of (a) a public offering, in which up to 360,000 Offer Shares are offered, to private individuals and entities other than qualified investors (i) in Sweden (the "**Swedish Public Offering**") and (ii) in Denmark (the "**Danish Public Offering**" and together with the Swedish Public Offering, the "**Public Offering**") and (iii) a private placement, in which Offer Shares are offered to qualified investors and certain other investors in the European Economic Area (the "**Private Placement**"). The use of the Upsize Option only increases the number of Offer Shares offered in the Private Placement and does not increase the number of Offer Shares offered in the Public Offering.

The price per Offer Share in the Offering is SEK 71 ("**Offer Price**"), applicable to all tranches. The aggregate maximum amount of the Public Offering is SEK 25,560,000.00, which corresponds to approximately EUR 2,491,640.92 based on the average EUR/SEK exchange rate for the calendar year 2018 as published by the European Central Bank.

On the date of this Information Memorandum, the Company's Shares are admitted to trading on Nasdaq First North Growth Market Finland, which is a multilateral trading facility operated by Nasdaq Helsinki Ltd ("**First North Finland**"). The Company intends to make an application to Nasdaq Stockholm AB to list (i) on First North Finland the Offer Shares issued and allotted in the Private Placement and delivered through Euroclear Finland Oy ("**Euroclear Finland**") and (ii) on Nasdaq First North Growth Market Sweden, a multilateral trading facility operated by Nasdaq Stockholm AB ("**First North Sweden**"), the Offer Shares issued and allotted in the Public Offering and delivered through Euroclear Sweden AB ("**Euroclear Sweden**") (the "**Listing**").

The Company has appointed UB Securities Ltd to act as the Lead Bookrunner ("**Lead Bookrunner**") of the Offering and as the Certified Adviser of the Company on First North Sweden ("**Certified Adviser**"). Nordnet Bank AB acts as the Selling Agent (the "**Selling Agent**") of the Offering.

The Offer Shares are expected to be registered with the Finnish Trade Register ("**Trade Register**") on or about 9 December 2019. The Offer Shares issued and allotted in the Private Placement and delivered through Euroclear Finland are expected to be recorded in the investor's book-entry account on or about 10 December 2019, and the Offer Shares issued and allotted in the Offering and delivered through Euroclear Sweden on or about 10 December 2019. Trading in the Offer Shares on First North Sweden and First North Finland is expected to commence on or about 16 December 2019.

**An investment in the Offer Shares involves risks. Prospective investors should read this entire Information Memorandum and, in particular, "*Risk factors,*" when considering an investment in the Offer Shares.**

*Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.*

*In certain countries, such as Australia, Canada, Hong Kong, Japan, Singapore, South Africa and the United States statutory limitations may apply to the distribution of this Information Memorandum and offering and selling of the Offer Shares. The Offering does not apply to persons resident in Australia, Canada, Hong Kong, Japan, Singapore, South Africa or the United States or in any other country where it would be prohibited by local laws or other regulations. This Information Memorandum or any other material relating to the Offering shall not be distributed or disseminated in any country without complying with the laws and regulations of such country. This Information Memorandum does not constitute an offer to issue the Offer Shares to anyone in such country, where it would be prohibited by local laws or other regulations to offer shares to such person. The Offer Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**"), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S), unless registered under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws of the United States.*

***Lead Bookrunner and Certified Adviser*** ***Selling Agent***

## IMPORTANT INFORMATION

This Information Memorandum has been prepared in connection with the Offering and Listing. This Information Memorandum is not a prospectus but an advertisement for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). Pursuant to applicable exemptions under the Prospectus Regulation (or similar exemptions under Directive 2003/71/EC for offers of Offer Shares in any EEA member state that has not yet implemented the Prospectus Regulation), no prospectus will be made available regarding the Offering or the Listing. This Information Memorandum has not been reviewed, or approved or disapproved, by any competent authority, including the Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*), the Swedish Financial Supervisory Authority (in Swedish: *Finansinspektionen*) and the Finnish Financial Supervisory Authority (in Finnish: *Finanssivalvonta*). In particular, the Public Offering has been structured in a manner which makes it exempt from the obligation to publish a prospectus approved by the Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*) or by the Swedish Financial Supervisory Authority (in Swedish: *Finansinspektionen*). As the total consideration of the Public Offering will amount to less than EUR 2.5 million, the Public Offering will be below the threshold to publish a prospectus for offerings of securities to the public in Denmark and Sweden, as set out in the Prospectus Regulation and as implemented in Denmark by section 10 of the Danish Capital Markets Act and in Sweden by Chapter 2 Section 1 of the law (2019:414) complementing the EU prospectus regulation (in Swedish: *lag med kompletterande bestämmelser till EU:s prospektförordning*) and will thus be exempt from the obligation to publish a prospectus approved by the Danish Financial Supervisory Authority or by the Swedish Financial Supervisory Authority. Additionally, any offer of Offer Shares in Denmark and Sweden under the Private Placement will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus.

In this Information Memorandum, "**Herantis Pharma**", "**Herantis**" and the "**Company**" refer to Herantis Pharma Plc and its subsidiaries on a combined basis, unless the context clearly requires that the expression refers to Herantis Pharma alone, a certain subsidiary or business unit or some of these on a combined basis. References to Shares in the Company, share capital or the Company's management are to Herantis Pharma's issued shares, share capital and management. Herantis Pharma is a public limited company incorporated under the laws of Finland and to which the Finnish Companies Act (624/2006, as amended) ("**Finnish Companies Act**") is applicable.

No person is or has been authorized to give any information or to make any representation regarding the Offering other than those contained in this Information Memorandum and, if given or made, such information or representation must not be considered as having been so authorized by the Company or the Lead Bookrunner. Nothing contained in this Information Memorandum is, or shall be relied upon as, a promise or representation by the Lead Bookrunner in this respect, whether as to the past or the future. The Lead Bookrunner assumes no responsibility for the accuracy, comprehensiveness or verification of the information and disclaims to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Information Memorandum or any such statement.

No measures have been or will be taken in any jurisdiction other than Denmark, Sweden or Finland that would allow the possession and distribution of the Information Memorandum or any other documents pertaining to the Information Memorandum. Applications to acquire Offer Shares that violate such rules may be deemed invalid. Persons who come into possession of the Information Memorandum are requested by the Company to inform themselves about and to observe such restrictions and shall not publish or distribute the Information Memorandum in violation of applicable laws and regulations. The Company does not accept any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions.

An investment in the Offer Shares is associated with certain risks and investors are therefore encouraged to particularly read the section "*Risk factors*". When an investor makes an investment decision, he or she must rely on his or her own analysis of the Company, including present facts and risks. Prior to an investment, potential investors ought to consult their own professional advisors to diligently evaluate an investment consideration. No individual has been authorized to provide any information or make any other statements other than those included in the Information Memorandum. If given or made, such information or representation may not be relied upon as having been authorized by the Company nor should the Company be held responsible for such information or statements.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved. Neither the Company nor the Lead Bookrunner, nor any of their respective affiliates or representatives, is making any representation to any offeree, subscriber or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. The investors should, based on their own assessment, consult their own advisers before subscribing for or purchasing the Offer Shares. Investors need to make their independent assessment of the legal, tax, business, financial and other consequences of subscription for or purchase of the Offer Shares. The investors also need to make their independent assessment of the risks involved in subscription of or purchase of the Offer Shares. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor. The Lead Bookrunner is acting exclusively for the Company and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of this Information Memorandum) as its respective client in relation to the Offering. The Lead Bookrunner will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

As a condition to subscribing for the Offer Shares, each subscriber will be deemed to have made, or in some cases, be required to make, certain representations and warranties that will be relied upon by the Company. The Company reserves the right, in its sole and absolute discretion, to reject any subscription for Offer Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

Matters related to the Offering are governed by the laws of Finland. All disputes arising in connection with the Offering are settled exclusively by a court of competent jurisdiction in Finland.

**Cautionary notice regarding forward-looking statements**

This Information Memorandum includes forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Information Memorandum, including, without limitation, those regarding our future financial position and results of operations, the Company's strategy, plans, objectives, goals and targets, 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 industries 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 Information Memorandum. In addition, even if the Company's 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 Information Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements are set forth in a number of places in this Information Memorandum, including in the sections "*Summary*," "*Risk factors*," "*Financial information and key performance indicators (KPIs) – Dividend policy*," "*Persons responsible, third party information, no competent authority approval – Reasons for the Offering and use of proceeds*" and "*Strategy, performance and business environment*," and wherever this Information Memorandum includes information on the future results, plans and expectations with regard to the Company, the future growth and profitability of the Company and the future general economic conditions to which the Company is exposed.

**Alternative performance measures**

This Information Memorandum includes certain performance measures of the Company's historical financial performance, financial position and cash flows, which, in accordance with the "Alternative Performance Measures" guidance issued by the European Securities and Markets Authority are not accounting measures defined or specified in FAS and are therefore considered alternative performance measures.

The Company discloses the following alternative performance measures:

- Equity ratio
- Return on equity (%)
- Earnings per share

The detailed calculation formulas of these alternative performance measures have been presented in section "*Financial information and key performance indicators (KPIs) – Definitions and calculation of key financial ratios*."

The Company presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with FAS. The Company reports alternative performance measures to show the business performance and to enhance comparability between reporting periods.

Alternative performance measures are not accounting measures defined or specified in FAS and, therefore, they are considered non-FAS measures which should not be viewed in isolation or as a substitute to the FAS financial measures. Companies do not calculate alternative performance measures in a uniform manner and, therefore, the alternative performance measures presented in this Information Memorandum may not be comparable with similarly named measures presented by other companies. Furthermore, these alternative performance measures are not meant to be predictive of potential future results. The alternative performance measures presented in this Information Memorandum are unaudited unless otherwise stated. Accordingly, undue reliance should not be placed on the alternative performance measures presented in this Information Memorandum.

**Website information does not form a part of this Information Memorandum**

The contents of the Company's website or any other website, excluding this Information Memorandum, documents incorporated by reference in this Information Memorandum and possible supplements to this Information Memorandum, do not form a part of this Information Memorandum, and prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

**Availability of this Information Memorandum**

This Information Memorandum will be available at the latest on or about 11 November 2019 on the Company's website at www.herantis.com/information-memorandum and at the registered office at Bertel Jungin Aukio 1, FI–02600 Espoo, Finland. In addition, this Information Memorandum will be available, on or about 11 November 2019 on the Lead Bookrunner's website at https://unitedbankers.fi/herantis and upon request from the Lead Bookrunner's offices at Cardellgatan 1, 11436 Stockholm, Sweden during normal business hours.

**Information available in the future**

The Company publishes its annual reports in Finnish and in English, including the report of its board of directors and its audited consolidated financial statements, business reviews and other information as well as stock exchange releases as required by the regulation of the European Parliament and of the Council on market abuse ((EU) No 596/2014, as amended, "**MAR**"), the Finnish Securities Markets Act (746/2012, as amended) and the First North Nordic Rulebook. None of these documents are a part of this Information Memorandum.

The financial statements release for the financial year 2019 will be published approximately in February 2020 and the interim report for the six-month period ended on 30 June 2020 will be published approximately in August 2020. The Company's next annual general meeting will according to preliminary estimates be held in April 2020.

**TABLE OF CONTENTS**

## ANNEXES



## INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Information Memorandum. They have been published on the Company's website at: http://herantis.com/investors/. The parts of the following documents that have not been incorporated by reference to this Information Memorandum are either not relevant for investors in the Offer Shares or are covered elsewhere in this Information Memorandum.

| Document | Information incorporated by reference |
|---|---|
| Half year financial report 1 January – 30 June 2019 | Half year financial information 1 January – 30 June 2019 |
| Half year financial report 1 January – 30 June 2018 | Half year financial information 1 January – 30 June 2019 |
| Annual Report 2018, pages 26–33 | Financial statement as at and for the year ended 31 December 2018 |
| Annual Report 2018, pages 34–35 | Auditor's report for the year ended 2018 |
| Annual Report 2017, 30–39 | Financial statement as at and for the year ended 31 December 2017 |
| Annual Report 2017, 40–41 | Auditor's report for the year ended 2017 |

# SUMMARY

**Introduction**

*This summary should be considered as an introduction to this Information Memorandum (the "**Information Memorandum**"). Any decision to invest in the shares (the "**Offer Shares**") of Herantis Pharma Plc ("**Herantis**" or the "**Company**") should be based on consideration of this Information Memorandum as a whole by the potential investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Information Memorandum is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Information Memorandum before the legal proceedings are initiated. Civil liability attaches to the Company, who is responsible for this Information Memorandum, only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Information Memorandum or if it does not provide, when read together with the other parts of the Information Memorandum, key information in order to aid investors when considering whether to invest in the Offer Shares.*

The registered name of the company is Herantis Pharma Oyj, in English Herantis Pharma Plc. Herantis Pharma Plc is a public limited company incorporated on 26 May 2008 under the laws of Finland. The Company is domiciled in Helsinki, Finland, and registered in the trade register maintained by the Finnish Patent and Registration Office ("**Trade Register**") on 26 May 2008 under the business identity number 2198665-7. The Company's legal entity identifier code ("**LEI**") is 743700W4CQVYAT3WKK38. The Company's registered office address is at Bertel Jungin Aukio 1, FI–02600 Espoo, Finland.

The shares in the Company (the "**Shares**") are issued in the book-entry system maintained by Euroclear Finland Oy ("**Euroclear Finland**") under the ISIN code FI4000087861 and are admitted to trading on Nasdaq First North Growth Market Finland ("**First North Finland**") under the trading code "HRTIS". The Shares offered in the offering pursuant to this Information Memorandum (the "**Offer Shares**") will be issued in the book-entry system maintained by Euroclear Finland. The Offer Shares will be delivered to the subscribers in the Private Placement through Euroclear Finland and to the subscribers in the Public Offering through Euroclear Sweden AB ("**Euroclear Sweden**"). Trades in Shares listed on Nasdaq First North Growth Market Sweden ("**First North Sweden**") are settled in Euroclear Sweden's book-entry system.

**Key information of the Company**

***Who is the issuer of the securities?***

Herantis Pharma Plc is a public limited company incorporated on 26 May 2008 under the laws of Finland. The Company is domiciled in Helsinki, Finland and governed by the laws of Finland. Herantis is a clinical stage drug development company. The Company's clinical pipeline includes two compounds: CDNF, currently in development for Parkinson's disease; and Lymfactin®, currently in development for breast-cancer associated secondary lymphedema. These drug candidates are based on leading scientific research and they aim at breakthroughs in the treatment of their target indications. The Chief Executive Officer of Herantis is Pekka Simula.

As at 31 October 2019, pursuant to the Company's shareholders' register maintained by Euroclear Finland, the Company had 1065 shareholders. The following table sets forth the Company's shareholders who at 31 October 2019 owned at least 5 per cent of the Company's Shares and votes pertaining to Shares, pursuant to the shareholders' register maintained by Euroclear Finland:

| Shareholder | Number of Shares | % of Shares and votes pertaining to Shares |
|---|---|---|
| Inveni Life Sciences Fund I Ky | 665,091 | 11.0% |
| Nordea Bank Abp as nominees | 642,814 | 10.6% |
| Innovestor Kasvurahasto I Ky | 578,500 | 9.5% |
| University of Helsinki Funds | 497,438 | 8.2% |
| **Shareholders owning at least 5% of the Shares** | **2,383,843** | **39.3%** |
| **Other shareholders** | **3,678,444** | **60.7%** |
| **Total** | **6,062,287** | **100%** |

***What is the key financial information regarding the issuer?***

The following tables present selected consolidated financial statement information of the Company for the financial years ended on 31 December 2018 and 31 December 2017 as well as the interim financial information for the half-year period ended on 30 June 2019 and the comparative financial information for the half-year period ended on 30 June 2018. The following tables should be read in conjunction with the audited consolidated financial statements of the Company. The Company's audited consolidated financial statements as at and for the years ended 31 December 2018 and 31 December 2017 have been prepared in accordance with the Finnish Accounting Standards. The half year financial reports for the six month periods ended 30 June 2019 and 30 June 2018 have not been audited.

The selected financial information below does not contain all the information included in the Company's consolidated financial statements.

| **Consolidated income statement** | **As at and for the six months ended 30 June** | | **Financial year ended 31 December** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017** |
| (EUR thousand) | (unaudited) | (unaudited) | (audited) | (audited) |
| **Net turnover** | **0.0** | **0.0** | **0.0** | **0.0** |
| Other operating income | 112.5 | 117.5 | 230.1 | 225.1 |
| Personnel expenses | -747.1 | -682.3 | -1,243.9 | -1,024.1 |
| Depreciation and amortization | -562.2 | -601.2 | -1,202.5 | -1,217.6 |
| Other operating expenses | -1,729.2 | -1,348.3 | -2,654.3 | -1,928.1 |
| **Operating profit (loss)** | **-2,926.0** | **-2,514.3** | **-4,870.5** | **-3,944.7** |
| Income from other investments held as non-current assets | 0.0 | 0.0 | 3.0 | 2,024.3 |
| Financial income and expenses | -392.9 | 749.5 | 687.8 | -244.1 |
| **Profit (loss) for the financial year ended** | **-3,318.9** | **-1,764.7** | **-4,179.7** | **-2,164.5** |

| **Consolidated balance sheet** | **As at and for the six months ended 30 June** | | **Financial year ended 31 December** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017** |
| (EUR thousand) | (unaudited) | (unaudited) | (audited) | (audited) |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 4,291.0 | 5,453.0 | 4,852.5 | 6,053.4 |
| Tangible assets | 4.3 | 5.7 | 4.9 | 6.6 |
| Investments | 0.0 | 1.2 | 0.0 | 1.2 |
| **Non-current assets total** | **4,295.3** | **5,459.9** | **4,857.5** | **6,061.1** |
| **Current assets** | | | | |
| Debtors | 127.5 | 94.9 | 104.5 | 109.5 |
| Securities | 985.2 | 3,696.6 | 1,466.4 | 5,311.4 |
| Cash in hand and at banks | 4,486.6 | 173.6 | 719.1 | 90.6 |
| **Current assets total** | **5,599.4** | **3,965.1** | **2,290.1** | **5,511.5** |
| **Assets total** | **9,894.7** | **9,424.9** | **7,147.5** | **11,572.6** |
| **Liabilities** | | | | |
| **Capital and reserves** | | | | |
| Share capital | 80.0 | 80.0 | 80.0 | 80.0 |
| Other reserves | 43,438.5 | 37,656.2 | 37,656.2 | 37,656.2 |
| Retained earnings (loss) | -37,825.5 | -33,645.8 | -33,645.8 | -31,481.3 |
| Profit (loss) for the financial year | -3,318.9 | -1,764.7 | -4,179.7 | -2,164.5 |
| **Capital and reserves total** | **2,374.1** | **2,325.7** | **-89.3** | **4,090.4** |
| **Creditors** | | | | |
| Long-term | 6,500.8 | 5,705.0 | 5,878.4 | 6,022.5 |
| Short-term | 1,019.7 | 1,394.3 | 1,358.4 | 1,459.7 |
| Creditors total | 7,520.6 | 7,099.3 | 7,236.8 | 7,482.2 |
| **Liabilities total** | **9,894.7** | **9,424.9** | **7,147.5** | **11,572.6** |

| Consolidated statement of cash flows | As at and for the six months ended 30 June | | Financial year ended 31 December | |
|---|---|---|---|---|
| (EUR thousand) | 2019 (unaudited) | 2018 (unaudited) | 2018 (audited) | 2017 (audited) |
| Cash flow from operating activities | -2,746.8 | -1,803.8 | -3,732.2 | -2,599.0 |
| Cash flow from investments | - | - | 7.2 | -0.0 |
| Cash flow from financing | 6,033.1 | 272.0 | 508.6 | 5,171.5 |
| Change in cash and cash equivalents | 3,286.3 | -1,531.8 | -3,216.5 | 2,572.5 |
| Cash and cash equivalents at beginning of period | 2,185.5 | 5,402.0 | 5,402.0 | 2,829.5 |
| Cash and cash equivalents at end of period | 5,471.9 | 3,870.2 | 2,185.5 | 5,402.0 |

| Key figures | As at and for the six months ended 30 June | | Financial year ended 31 December | |
|---|---|---|---|---|
| (EUR thousand) | 2019 (unaudited) | 2018 (unaudited) | 2018 (audited) | 2017 (audited) |
| **Consolidated** | | | | |
| Revenue | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit for the period | -3,318.9 | -1,764.7 | -4,179.7 | -2,164.5 |
| Operating profit (loss) | -2,926.0 | -2,514.3 | -4,870.5 | -3,944.7 |
| Cash flow from operating activities | -2,746.8 | -1,803.8 | -3,732.2 | -2,599.0 |
| Return on equity (%) | - | - | -208.9 | -76.4 |
| Equity ratio (%) | 24.0 | 24.7 | -1.2 | 35.3 |
| Earnings per share (EUR) | -0.60 | -0.36 | -0.44 | -0.60 |
| Number of shares at the end of period | 6,062,287 | 4,918,305 | 4,918,305 | 4,918,305 |
| Average number of shares | 5,544,814 | 4,918,305 | 4,918,305 | 4,221,319 |

***Definitions and calculation of key financial ratios***

| Ratio | | Definition or calculation |
|---|---|---|
| Equity ratio | = | $\frac{\text{Equity}}{\text{Balance sheet total}}$ |
| Return on equity (%) | = | $\frac{\text{100 * Profit for the period}}{\text{Average of shareholder's equity at the beginning and the end of the period}}$ |
| Earnings per share | = | $\frac{\text{Profit for the period}}{\text{Average number of shares}}$ |
| Average number of shares | = | Weighted average number of shares. The number of shares is weighted by the number of days each share has been outstanding during the review period. |

***What are the key risks that are specific to the issuer?***

*The description of the risks below is based on the information available at the date of this Information Memorandum and estimates made on the basis of this information, and therefore the description of the risks is not necessarily exhaustive. The Company's operations may, moreover, involve risks that are unknown or considered insignificant at the date of this Information Memorandum but that may, however, have an adverse impact on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares. The materialization of one or more risks may have a significantly adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares. As a result of the materialization of one or more risks or the increased likelihood of risks materializing, investors who have invested in the Offer Shares could lose a part or all of their investment. Further information on the risks is presented in the "Risk factors" section of this Information Memorandum.*

- The Company's products and business operations are largely in a development stage and the Company may fail to reach profitability.
- 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 drug candidates, which will require significant high-risk development.
- The Company may fail to receive the financing needed for its drug development programs under favorable terms or at all.

- The Company may be unsuccessful in protecting or enforcing its intellectual property rights.
- The Company operates in a heavily regulated industry and is impacted by changes in laws, regulations and regulatory practice, which may adversely affect the Company's business.
- Herantis' drug candidates may cause side effects that could halt their clinical development and result in other significant negative consequences.
- Herantis has limited data on its drug candidates. Clinical studies may fail to demonstrate that they are adequately safe and efficacious, and the results of earlier studies may not be predictive of future results.
- Competition from other novel therapies may have negative consequences on the prospects of Herantis.
- Herantis is dependent on its subcontractors and contractual relationships, which involves a risk relating to the counterparties' ability to fulfil their contractual obligations.
- Due to the novelty of Herantis' drug candidates the risks associated with their development may be greater than the risks typically associated with drug development.
- 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' drug candidates results in injury or death.

**Key information on the Securities**

***What are the main features of the securities?***

The Company's Shares are issued in the book-entry system maintained by Euroclear Finland under the ISIN code FI4000087861 and are admitted to trading on First North Finland under the trading code "HRTIS". The Offer Shares will be issued in the book-entry system maintained by Euroclear Finland. The Offer Shares will be delivered to the subscribers in the Private Placement through Euroclear Finland and to the subscribers in the Public Offering through Euroclear Sweden. Trades in Shares listed on First North Sweden are settled in Euroclear Sweden's book-entry system.

The Offer Shares registered with Euroclear Sweden will be entered into the shareholder register of the Company maintained by Euroclear Finland as held by Euroclear Sweden in its capacity of nominee of the Shares traded on First North Sweden, and Euroclear Sweden will "mirror" these Shares to the book-entry securities system of Euroclear Sweden. Shares registered in the system of Euroclear Sweden will have the same ISIN as the Shares registered in Euroclear Finland. On First North Sweden, the currency of trading and settlement of transactions is Swedish krona (SEK), and the smallest recorded price movement (tick size) is SEK 0.01.

Herantis has a single series of Shares, and each Offer Share entitles its holder to one vote in the general meeting of shareholders of the Company. There are no voting restrictions related to the Offer Shares. The Offer Shares have no nominal value. All Shares carry equal rights to dividends and other distributions by Herantis.

The Offer Shares will confer all shareholder rights from their delivery to the investors. Each Share in the Company confers one vote at the Company's general meetings. All the Shares in the Company confer equal rights to distributions.

***Where will the securities be traded?***

The Company intends to make an application to Nasdaq Stockholm AB to list (i) on First North Finland the Offer Shares issued and allotted in the Private Placement and delivered through Euroclear Finland and (ii) on First North Sweden, the Offer Shares issued and allotted in the Offering and delivered through Euroclear Sweden.

***Is there a guarantee attached to the securities?***

No, there is no guarantee attached to the Offer Shares.

***What are the key risks that are specific to the securities?***

*The description of the risks below is based on the information available at the date of this Information Memorandum and estimates made on the basis of this information, and therefore the description of the risks is not necessarily exhaustive. The Company's operations may, moreover, involve risks that are unknown or considered insignificant at the date of this Information Memorandum but that may, however, have an adverse impact on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares. The materialization of one or more risks may have a significantly adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares. As a result of the materialization of one or more risks or the increased likelihood of risks materializing, investors who have invested in the Offer Shares could lose a part or all of their investment. Further information on the risks is presented in the "Risk factors" section of this Information Memorandum.*

- The amount of any dividends or capital repayments paid by the Company in any given financial year is uncertain and the Company may not necessarily pay any dividend or capital repayments at all.
- The Company cannot predict in detail the use of proceeds it receives from the Offering.
- The Shares may not be fully subscribed or listed in a timely manner or at all.

- Future share issues or expected future share issues may have an effect on the value of the Shares or dilute the shareholders' relative holding and the voting rights of these Shares.

**Key information on the Offer of Securities to the public**

***Under which conditions and timetable can I invest in this security?***

***General***

Herantis offers up to 360,000 new Shares in the Company ("**Offer Shares**") for subscription (the "**Offering**"). The Offering consists of:

- a public offering, in which up to 360,000 Offer Shares are offered, to private individuals and entities other than qualified investors (i) in Sweden (the "**Swedish Public Offering**") and (ii) in Denmark (the "**Danish Public Offering**" and together with the Swedish Public Offering, the "**Public Offering**");
- a private placement, in which Offer shares are offered to qualified investors and certain other investors in the European Economic Area (the "**Private Placement**").

The number of Offer Shares to be issued in the Offering will be determined on the basis of subscriptions received in the Public Offering and in the Private Placement. The Board of Directors of the Company may, in the event of an oversubscription, increase the number of Offer Shares offered in the Private Placement by a maximum of 258,018 Offer Shares (the "**Upsize Option**"). If the Upsize Option is used in full, the number of Offer Shares offered in the Offering may amount up to 618,018 Offer Shares in aggregate. The use of the Upsize Option only increases the number of Offer Shares offered in the Private Placement and does not increase the number of Offer Shares offered in the Public Offering.

Assuming that 360,000 Offer Shares are issued in the Offering, the Offer Shares will upon consummation of the Offering constitute approximately 5.61 per cent of the outstanding Shares in the Company. Assuming that the Upsize Option is used in full, the Offer Shares will upon consummation of the Offering constitute 9.25 per cent of the outstanding shares in the Company.

***Subscription period***

The subscription period (the "**Subscription Period**") for the Offer Shares will commence on 18 November 2019 at 09:00 Swedish time and is expected to end on 1 December 2019 at 23:59 Swedish time.

The Company may, at its sole discretion, end, shorten, or extend the Subscription Period. Changes to the Subscription Period may be made one or several times, provided, however, that the Subscription Period can end at the earliest on 24 November 2019 at 23:59 Swedish time and it will not be extended beyond 15 December 2019 at 23:59 Swedish time. Any changes to the Subscription Period will be announced by way of a company release. The Subscription Period may not be changed or ended by the Company between 9:00 and 17:00 Swedish time, or changed after the ending of the Subscription Period.

In the event the Subscription Period is changed, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly, but the date of the listing and commencement of trading on First North Sweden may not necessarily be changed.

***Subscription price and payment of the Offer Shares***

The subscription price is SEK 71 per Offer Share. The subscription price has been determined based on the view of the Board of Directors of the Company concerning the fair value of the Offer Shares.

The subscriptions shall be paid in cash, to bank accounts designated by UB Securities Ltd (the "**Lead Bookrunner**") and Nordnet Bank AB (the "**Selling Agent**") in immediately available funds.

The subscription price for the Offer Shares will be recorded in the reserve for invested unrestricted equity (in Swedish: *fonden för inbetalt fritt eget kapital*). Accordingly, the share capital of the Company will not be increased in connection to the Offering.

Offer Shares will be delivered through Euroclear Sweden to investors in the Public Offering. Offer Shares in the Private Placement will be delivered through Euroclear Finland. All Offer Shares will be payable in Swedish krona. Upon receipt of payment for the Offer Shares, the Board of Directors of the Company shall determine the euro amount to be recorded in the reserve for invested unrestricted equity, which amount shall correspond to the aggregate subscription price for the Offer Shares issued in the Offering.

No fees are charged by the Company, the Lead Bookrunner or the Selling Agent to the investors subscribing for Offer Shares in the Offering. However, the Lead Bookrunner and the Selling Agent may charge the interest, costs, charges and expenses accrued from investors who have not paid the subscribed Offer Shares by the due date.

However, brokers and other service providers engaged by an investor may charge the investor as agreed between the investor and that service provider.

***Publication of the outcome of the Offering***

Provided that no changes are made to the Subscription Period, the Company will announce the outcome of the Offering on or about 3 December 2019 by way of a company release.

***Deviation from the pre-emptive right of the shareholders***

The Offering is a targeted share issue, i.e., Offer Shares will be offered in deviation of the pre-emptive subscription right of the existing shareholders of the Company. The grounds for deviating from the pre-emptive subscription right are the funding of the Company's business and the broadening of the Company's shareholder base necessary for a planned listing of the shares in the Company on Nasdaq First North Growth Market Sweden. On these grounds, the Company's Board of Directors considers that in accordance with the Finnish Companies Act, Chapter 9, Section 4(1), weighty financial reasons exist for deviating from the pre-emptive subscription right of the shareholders.

***Amendment or cancellation of subscriptions***

Investors in the Offering may withdraw or amend their subscriptions at any time until the end of the Subscription Period. After the end of the Subscription Period, all subscriptions that have not been withdrawn are irrevocable and binding upon the investor. The Company may change or end the Subscription Period as described above in the section "– *Subscription period*". If the Company changes the Subscription Period, the subscriptions become binding when the changed Subscription Period ends. If the Company ends the Subscription Period, the subscriptions become binding at 23:59 Swedish time on the day when the Company has resolved on ending the Subscription Period.

***Supplements to the Information Memorandum***

The Company will issue a supplement to the Information Memorandum in case a significant new factor, material mistake or material inaccuracy relating to the information included in the Information Memorandum, which may affect the assessment of the Offer Shares, arises or is noticed between the time when the Information Memorandum was published and the end of the Subscription Period. Such supplement will be published in the same manner as the Information Memorandum.

***Company's right to withdraw the Offering***

The Company's Board of Directors may, at its sole discretion (and for any reason), withdraw the Offering. If the Offering is withdrawn, any subscriptions given by investors will be automatically cancelled. A withdrawal of the Offering will be announced by the Company by way of a company release.

The Company intends to apply for the listing of the Offer Shares as set out in "– *Admission to trading and dealing arrangements*". If the Company's application to list the Offer Shares on Nasdaq First North Growth Market Finland and Nasdaq First North Growth Market Sweden, is not approved, the Offering will be withdrawn.

The Company may not withdraw the Offering after the Board of Directors of the Company has resolved on the allocation of the Offer Shares.

***Terms specific to the Public Offering***

*Persons entitled to subscribe in the Public Offering*

In the Public Offering, Offer Shares are offered to the public (investors other than qualified investors) in Sweden and in Denmark. To be authorized to subscribe for Offer Shares in the Public Offering, the investor shall, in case it is a natural person, be resident in Sweden or in Denmark, and in case it is a legal entity, be incorporated under Swedish law and have its corporate seat in Sweden or be incorporated under Danish law and have its corporate seat in Denmark.

The Lead Bookrunner and the Selling Agent may require the investors to evidence or confirm their right to participate in the Public Offering.

*Minimum and maximum subscription*

The minimum subscription per investor in the Public Offering is 80 Offer Shares.

Up to 360,000 Offer Shares are offered in the Public Offering. The number of Offer Shares allocated to investors in the Public Offering may not exceed 360,000.

*Subscription instructions*

Subscriptions in the Public Offering must be made during the Subscription Period:

- as regards the Swedish Public Offering, in Nordnet Bank's online service with bank identifiers of Nordnet Bank at www.nordnet.se; and

- as regards the Danish Public Offering, in Nordnet Bank's online service with bank identifiers of Nordnet Bank at www.nordnet.dk.

*Payment of the subscription price*

Provided that no changes are made to the Subscription Period, the subscription price shall be paid no later than on 5 December 2019, provided that the subscription period remains unchanged, in accordance with instructions set out in the contract note sent to the investor.

Should payment not be made when due, the Company may in its sole discretion decline the subscription and re-allot the Offer Shares.

In order not to lose the right to allotment, investors subscribing through the Selling Agent shall have sufficient funds available for the payment of their subscription on their account at the Selling Agent during the period from 18 November 2019 at 09:00 Swedish time until the payment date, which is expected to be no later than 5 December 2019. More information regarding the subscription process is available in respect of the Swedish Public Offering at www.nordnet.se and in respect of the Danish Public Offering at www.nordnet.dk.

Where the Company has not declined a defaulted investor's subscription, the Lead Bookrunner and the Selling Agent may, in their sole discretion, pay the subscription price for the Offer Shares on behalf of the investor. In such case, the investor remains liable to pay the original subscription price to the Lead Bookrunner or the Selling Agent for the Offer Shares allocated to the investor, together with any interest, costs, charges and expenses accrued, and the Lead Bookrunner and the Selling Agent may enforce payment of any such amount outstanding. Default interest calculated in accordance with the Finnish Interest Act (633/1982, as amended), Section 4, will accrue from the due date on an unpaid subscription price. The Lead Bookrunner and the Selling Agent may, at any time, sell any Offer Shares paid for by the Lead Bookrunner or the Selling Agent on behalf of the investor. Upon such sale, the Lead Bookrunner and the Selling Agent will set off any sale proceeds against the amounts owed by the investor. Where the sale proceeds exceed the amounts owed, the Lead Bookrunner and the Selling Agent will be entitled to keep the excess. Where the sales proceeds fall short of the amounts owed, the investor will remain liable to pay the Lead Bookrunner or the Selling Agent the outstanding amount.

*Delivery of the Offer Shares*

Offer Shares will be delivered to investors in the Public Offering through the book-entry system of Euroclear Sweden.

***Terms specific to the Private Placement***

*Persons entitled to subscribe in the Private Placement*

In the Private Placement, Offer Shares are offered to qualified investors in the European Economic Area and may be offered in the European Economic Area to investors other than qualified investors in the circumstances pursuant to Article 1(4) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

The Company may, at its sole discretion, decline an investor's subscription in the Private Placement for instance if it reasonably believes that the investor does not qualify as a qualified investor or that none of the conditions pursuant to Article 1(4) of the Prospectus Regulation are met.

*Minimum subscription*

The minimum subscription per investor in the Private Placement is 80 Offer Shares.

Investors in the Private Placement may place several subscriptions during the book-building period.

*Subscription instructions*

Subscriptions for Offer Shares in the Private Placement must be made during the Subscription Period by advising the Lead Bookrunner of the number of Offer Shares that the subscriber wishes to subscribe.

The Company may, in its sole discretion, resolve on the allocation of the Offer Shares.

Any orally placed subscription in the Private Placement will be binding upon the subscriber and subject to the same terms and conditions as a written subscription. The Lead Bookrunner may, at any time and in its sole discretion, require the subscriber to confirm any orally placed subscription in writing.

*Payment*

Provided that no changes are made to the Subscription Period, the subscription price for the Offer Shares shall be paid no later than 5 December 2019 in accordance with instructions set out in the notice of allotment sent to the investor.

Should payment not be made when due, the Company may in its sole discretion decline the subscription and re-allot the Offer Shares.

Where the Company has not declined a defaulted investor's subscription, the Lead Bookrunner may, in its sole discretion, pay the subscription price for the Offer Shares on behalf of the investor. In such case, the investor remains liable to pay the original subscription price to the Lead Bookrunner for the Offer Shares allocated to the investor, together with any interest, costs, charges and expenses accrued, and the Lead Bookrunner may enforce payment of any such amount outstanding. Default interest calculated in accordance with the Finnish Interest Act (633/1982, as amended), Section 4, will accrue from the due date on an unpaid subscription price. The Lead Bookrunner may, at any time, sell any Offer Shares paid for by the Lead Bookrunner on behalf of the investor. Upon such sale, the Lead Bookrunner will set off any sale proceeds against the amounts owed by the investor. Where the sale proceeds exceed the amounts owed, the Lead Bookrunner will be entitled to keep the excess. Where the sales proceeds fall short of the amounts owed, the investor will remain liable to pay the Lead Bookrunner the outstanding amount.

*Delivery of the Offer Shares*

The Offer Shares are delivered to the investors in the Private Placement through the book-entry system of Euroclear Finland.

***Entry of the Shares in the book-entry system***

The Offer Shares will be registered and issued in the book-entry system of Euroclear Finland, and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden.

Investors in the Public Offering will be delivered Offer Shares through Euroclear Sweden. Such investors should have a book-entry account with an account operator in the book-entry system of Euroclear Sweden. The number of the book-entry account should be given to the subscription office when placing the subscription. The account must be in the name of the investor.

Investors in the Private Placement will be delivered Offer Shares through Euroclear Finland. Such investors should have a book-entry account with an account operator in the book-entry system of Euroclear Finland. The number of the book-entry account should be given to the subscription office when placing the subscription. The account must be in the name of the investor.

***Subscriptions by legal entities***

A legal entity subscribing for Offer Shares may be requested by the Company or the Lead Bookrunner, in their sole discretion, to provide evidence on the entity's authorization to subscribe for Offer Shares and on the authorization of the representative of the entity to represent the entity.

***Subscription through an agent***

Investors subscribing for Offer Shares in the Offering may do so through an agent. In such case, the agent shall provide evidence of its authorization to represent the investor by producing a power of attorney in form and substance satisfactory to the Company and the Lead Bookrunner.

***Admission to trading and dealing arrangements***

The Company intends to make an application to Nasdaq Stockholm AB to list:

- on Nasdaq First North Growth Market Finland the Offer Shares issued and allotted in the Private Placement and delivered through Euroclear Finland; and
- on Nasdaq First North Growth Market Sweden the Offer Shares issued and allotted in the Public Offering and delivered through Euroclear Sweden.

The Company's primary listing is on Nasdaq First North Growth Market Finland and it is applying for the secondary listing to be on Nasdaq First North Growth Market Sweden. The trading symbol on Nasdaq First North Growth Market Sweden is expected to be HRNTS, and on Nasdaq First North Growth Market Finland the trading symbol is HRTIS. The Company expects trading to commence on Nasdaq First North Growth Market Sweden on or about 16 December 2019.

If the Company's application to list the Offer Shares on Nasdaq First North Growth Market Finland and Nasdaq First North Growth Market Sweden is not approved, the Offering will be withdrawn.

***Governing law***

The terms and conditions of the Offering shall be governed by, and construed in accordance with, Finnish law. The courts of Finland have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering.

***Other matters***

The Board of Directors of the Company may resolve on other matters relating to the Offering, including withdrawing the Offering.

***Plan of distribution and allotment***

The Company will, in its sole discretion, resolve on the allocation of the Offer Shares between the Private Placement and the Public Offering, as well as between investors within the Private Placement and the Public Offering, provided, however, that the number of

Offer Shares offered or allocated in the Public Offering may not exceed 360,000. If the Offering is oversubscribed, investors may be allocated fewer Offer Shares than subscribed for or no Offer Shares at all. If the Public Offering is oversubscribed, investors in the Public Offering may be allocated fewer Offer Shares than subscribed for or no Offer Shares at all.

***Allocation notifications***

Investors are expected to receive information regarding allotment on or about 3 December 2019, whereupon notices of allotment are dispatched in accordance with prevailing market practice.

***Placing and underwriting***

UB Securities Ltd acts as the Lead Bookrunner and Nordnet Bank AB acts as the Selling Agent of the Offering. The address of the Lead Bookrunner in Finland is Aleksanterinkatu 21 A, 00100 Helsinki, Finland, and in Sweden: Cardellgatan 1, 11436 Stockholm, Sweden, and the address of the Selling Agent is Alströmergatan 39, 112 47 Stockholm, Sweden.

No part of the Offering is underwritten. Assuming that 360,000 Offer Shares are issued in the Offering, the Company expects to pay the Lead Bookrunner and the Selling Agent EUR 0.2 million in aggregate placing commissions in relation to the Offering.

***Dilution***

At the date of this Information Memorandum, the Company has 6,062,287 outstanding Shares. The number of shares in the Company may as a result of the Offering rise from 6,062,287 shares to maximum 6,680,305 shares, if the Company exercises the Upsize Option. The Offer Shares represent approximately 10.19 per cent of all Shares and votes in the Company at the time of the Offering and approximately 9.25 per cent after the Offering, assuming that all Offer Shares are subscribed and allotted and that the Upsize Option is used in full.

***Why is this Information Memorandum being produced?***

The purpose of the Offering is to fund the Company's business and to broaden the Company's shareholder base in order to implement the trading on First North Sweden, and to increase the liquidity of the Company's Share.

The Company aims to raise EUR 2,491,640.92 in gross proceeds from the Offering based on the number of the Offer Shares offered (360,000 Offer Shares without the Upsize Option), the Subscription Price of SEK 71 and the average EUR/SEK exchange rate of 2018 as published by the European Central Bank. The Company estimates the charges, fees and expenses to be paid by the Company in relation to the Offering to amount to approximately EUR 0.3 million. The Company's net proceeds from the Offering are expected to amount to approximately EUR 2.2 million (without the Upsize Option).

Provided that the Offering is subscribed for in full (without the Upsize Option), the Company expects the net proceeds from the Offering together with existing cash funds to finance the Company through the first quarter of 2021, which is beyond the anticipated unblinding of the Company's ongoing randomized, blinded, placebo-controlled clinical studies. The Company currently expects that it will use the existing cash and the net proceeds from the Offering in preparations for the Phase 2 and Phase 3 clinical studies of CDNF and Lymfactin®, for the preclinical development of a non-invasive CDNF, for strengthening the Company's capital structure, and for other purposes decided by the Board of Directors of Herantis.

At the date of this Information Memorandum the Company cannot predict all of the specific uses for the net proceeds or the amounts that will actually be spent on the uses described above. The exact targets, amounts, and timing of the actual use of the net proceeds will depend on numerous factors including progress, costs, and results of the Company's preclinical and clinical development projects, progress and discoveries related to the underlying science, regulatory advice, and other factors.

***Who is the offeror and/or the person asking for admission to trading?***

The Company is the offeror and the entity asking for admission to trading.

## PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, NO COMPETENT AUTHORITY APPROVAL

### Persons responsible

The Company is responsible for the information included in this Information Memorandum. To the best knowledge of the Company, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is in accordance with the facts and contains no omission likely to affect its import.

Espoo, Finland, 11 November 2019

Herantis Pharma Plc

### Third party information

This Information Memorandum contains information about the markets, the economy and the industry, and such information may be derived from one or more sources which are publicly available and appropriately named or such information may be derived from multiple industry sources and other independent sources. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable. This Information Memorandum includes statistics and other information about the markets, market shares, market positions and other market-related industry information regarding the Company's business.

Although the Company has appropriately repeated the information gathered from third parties, the Company has not verified such information, market data or other information which third parties have used as a basis for their research. As far as the Company has knowledge of and has been able to verify such information published by third parties, no such facts have been omitted from the information which would result in the repeated information being inaccurate or misleading. In addition, market studies are frequently based on information and assumptions which may be inaccurate or false, and their methodology is by nature forward-looking and speculative.

This Information Memorandum also contains estimates regarding the market position of the Company that cannot be gathered from publications by market research institutions or any other independent sources. In many cases, there is no publicly available information on such data, for example from industry associations, public authorities or other organizations and institutions. The Company believes that its internal estimates of market data and information derived therefrom and included in this Information Memorandum are helpful in order to give investors a better understanding in which the Company operates as well as its position within this industry. Although the Company believes that its internal market estimates are fair, they have not been reviewed or verified by any external experts and the Company cannot guarantee that a third-party expert using different methods would obtain or generate the same results.

### No competent authority has approved this Information Memorandum

This Information Memorandum has been prepared in connection with the Offering and Listing. This Information Memorandum is not a prospectus but an advertisement for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). Pursuant to applicable exemptions under the Prospectus Regulation, no prospectus will be made available regarding the Offering or the Listing. This Information Memorandum has not been reviewed, or approved or disapproved, by any competent authority, including the Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*), the Swedish Financial Supervisory Authority (in Swedish: *Finansinspektionen*) or the Finnish Financial Supervisory Authority (in Finnish: *Finanssivalvonta*).

**Reasons for the Offering and use of proceeds**

The purpose of the Offering is to fund the Company's business and to broaden the Company's shareholder base in order to implement the trading on First North Sweden, and to increase the liquidity of the Company's Share.

The Company aims to raise EUR 2,491,640.92 in gross proceeds from the Offering based on the number of the Offer Shares offered (360,000 Offer Shares without the Upsize Option), the Subscription Price of SEK 71 and the average EUR/SEK exchange rate of 2018 as published by the European Central Bank. The Company estimates the charges, fees and expenses to be paid by the Company in relation to the Offering to amount to approximately EUR 0.3 million. The Company's net proceeds from the Offering are expected to amount to approximately EUR 2.2 million (without the Upsize Option).

Provided that the Offering is subscribed for in full (without the Upsize Option), the Company expects the net proceeds from the Offering together with existing cash funds to finance the Company through the first quarter of 2021, which is beyond the anticipated unblinding of the Company's ongoing randomized, blinded, placebo-controlled clinical studies. The Company currently expects that it will use the existing cash and the net proceeds from the Offering in preparations for the Phase 2 and Phase 3 clinical studies of CDNF and Lymfactin®, for the preclinical development of a non-invasive CDNF, for strengthening the Company's capital structure, and for other purposes decided by the Board of Directors of Herantis.

At the date of this Information Memorandum the Company cannot predict all of the specific uses for the net proceeds or the amounts that will actually be spent on the uses described above. The exact targets, amounts, and timing of the actual use of the net proceeds will depend on numerous factors including progress, costs, and results of the Company's preclinical and clinical development projects, progress and discoveries related to the underlying science, regulatory advice, and other factors.

## STRATEGY, PERFORMANCE AND BUSINESS ENVIRONMENT

### General information

The registered name of the company is Herantis Pharma Oyj, in English Herantis Pharma Plc. Herantis Pharma Plc is a public limited company incorporated on 26 May 2008 under the laws of Finland. The Company is domiciled in Helsinki and registered in the trade register maintained by the Finnish Patent and Registration Office ("**Trade Register**") on 26 May 2008 under the business identity number 2198665-7. The Company's legal entity identifier code ("**LEI**") is 743700W4CQVYAT3WKK38. The Company's registered office address is at Bertel Jungin Aukio 1, FI–02600 Espoo, Finland. The Company's website is www.herantis.com. The contents of the Company's website or any other website, excluding this Information Memorandum, documents incorporated by reference in this Information Memorandum and possible supplements to this Information Memorandum, do not form a part of this Information Memorandum. See "*Important information – Website information does not form a part of this Information Memorandum.*"

### Business overview

#### *Strategy and objectives*

The strategy of Herantis is:

- Obtaining intellectual property for drug candidates for unmet clinical needs, which the company considers of high commercial potential.
- Creating value through research and development related to its drug candidates, aiming to reach a clinical proof-of-concept.
- Finding development partners and non-dilutive funding for its drug candidates to share the development risks.
- Strengthening the commercial potential of its drug candidates by creating and acquiring new related IPR as appropriate.
- Increasing the value of its drug candidates and the related IPR by considering expansion to new therapeutic areas and other ways to utilize its technologies.
- Aiming at profitable growth through income from partnering and out-licensing agreements, and investing part of that income further in new development programs.

#### *Future challenges and prospects*

The lead drug candidates of Herantis are currently in clinical development. Thus, the Company’s main focus is on the development of its drug candidates toward marketing approvals and commercialization. This work is and will be associated with challenges common to the development of biological drugs, such as:

- Developing production processes suitable for commercial-scale manufacturing
- Designing and executing clinical studies in compliance with regulatory requirements
- Preparing for commercial roll-out and marketing
- Financing the development and commercialization operations, for instance, by partnering agreements or capital raises

The Company’s prospects include two markets: Pharmaceutical products for the treatment of Parkinson’s disease, and pharmaceutical products for the treatment of lymphedema. The drug candidates of Herantis are intended as disease-modifying treatments; currently there are no approved disease-modifying treatments for neither Parkinson’s disease nor lymphedema. The annual global Parkinson’s disease drug market was approximately EUR 3.6 billion in 2017. For lymphedema, there are currently no approved drugs and therefore the size of the market is

more difficult to estimate; the Company's own estimates are explained in more detail in section Lymfactin® development - Market.

***Regulatory environment***

Drug development is a long-term undertaking strictly regulated by authorities. It progresses in stages including the selection and optimization of a new drug candidate (molecule), the development of its manufacturing process, production, preclinical studies, several phases of clinical studies, and eventually, commercialization. In each stage the activities must comply with international rules and regulations, which protect the patients and ensure that only new drugs whose safety and efficacy has been appropriately confirmed are approved for marketing and for routine clinical use.

The rules and regulations concerning the production and development of pharmaceuticals are in general well established and transparent. However, the more innovative a drug candidate is, the more uncertainties there may be regarding the interpretation of the regulations and guidelines. Therefore, drug development companies often arrange meetings with regulatory authorities internationally to discuss different aspects of their development programs, and interpretations of the relevant regulations. Regulatory meetings are also common after Phase 2 clinical studies, to seek a consensus with authorities regarding the design and endpoints of Phase 3 studies aiming at marketing approvals.

Herantis strives to ensure its drug development complies with applicable international rules and regulations as well as ethical guidelines. The Company has also held, and will continue to seek, meetings with regulatory authorities in several countries to ensure optimal progress with its development programs.

**Principal activities and markets**

***Herantis in brief***

Herantis is a clinical stage drug development company. The Company's clinical pipeline includes two compounds:

- CDNF, currently in development for Parkinson's disease (see "– *CDNF development*"); and
- Lymfactin®, currently in development for breast cancer associated secondary lymphedema (see "– *Lymfactin® development*").

These drug candidates are based on leading scientific research in their fields and they aim at breakthroughs in the treatment of their target indications. Figure 1 below illustrates the Company's development pipeline.

The development of novel biological drug candidates such as CDNF and Lymfactin® requires specific expertise. The manufacturing of such drug substances and drug products requires R&D efforts to design appropriate process and controls. Unique protocols must be written for the preclinical and clinical testing based on deep understanding of the novel underlying science. Regulatory guidelines are often lacking in novel fields of clinical development, which implies challenging regulatory processes for clinical study approvals.

To accomplish all this in a cost-efficient manner Herantis' business model is based on partnering, collaborations, and outsourcing, as well as a strong yet small core team of experts. The Company has currently twelve full-time employees who plan, design, and manage the development programs and studies. The execution of the studies is outsourced to carefully selected third-parties internationally, aiming to find an optimal partner for each study.

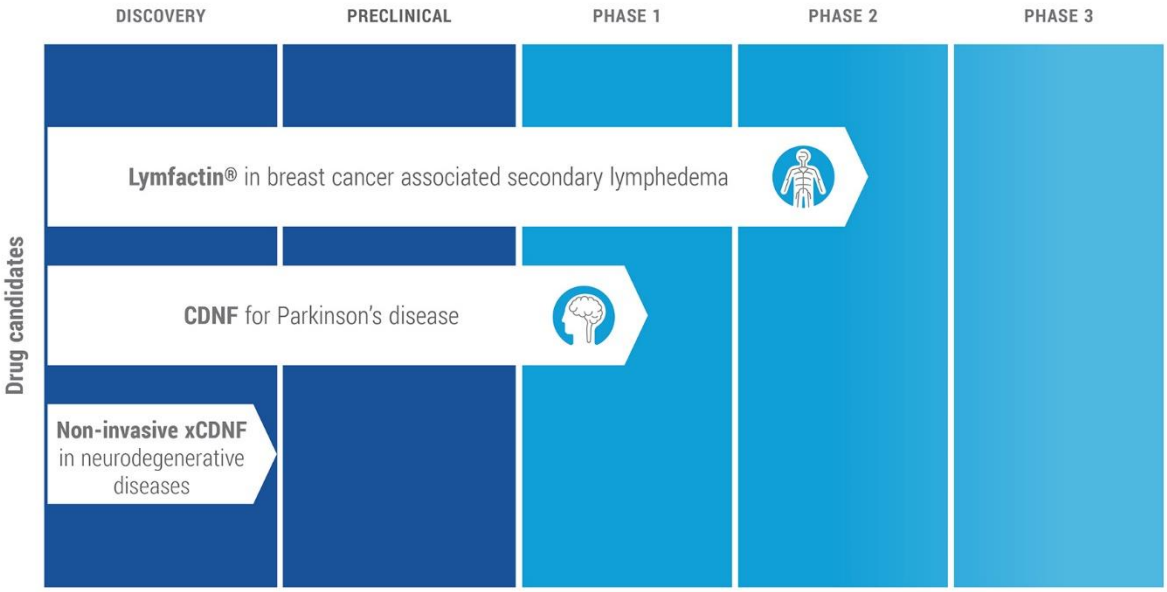


Figure 1. The Company's development pipeline.

***History and important events***

Herantis Pharma Plc was founded in Helsinki, Finland in 2008 by professors Eero Castrén, Heikki Rauvala, and Mart Saarma, and the founding CEO, Dr. Henri Huttunen, each from the University of Helsinki. The Company was initially named Hermo Pharma Ltd. In 2014, the company acquired the Finnish drug development company Laurantis Pharma Ltd and changed its name to Herantis Pharma Plc. The company became publicly listed in Nasdaq First North Finland in June 2014 soon after the acquisition of Laurantis Pharma, and commenced a Phase 2 clinical study of its lead asset, a small molecule drug Cis-UCA for the treatment of Dry Eye.

After reporting negative data of this US-based Phase 2 study in June 2015 the company refocused its strategy in regenerative medicine assets based on leading scientific research. The current clinical stage assets of Herantis, Lymfactin® and CDNF, are based on the scientific discoveries of the internationally awarded professors Kari Alitalo and Mart Saarma respectively.

Selected important events since the Company's initial public offering in 2014 include:

- 2014:
  - FDA, the Food and Drug Administration of the USA, approved the Phase 2 clinical study of Cis-UCA Eye Drops.
- 2015:
  - Patient recruitment was initiated in the Phase 2 study with Cis-UCA in the USA.
  - Cis-UCA Phase 2 top line data were published. The study did not reach its endpoints.
  - Business Finland granted Herantis almost EUR 3 million as an R&D loan for the development of CDNF.
  - Finnish Medicines Agency Fimea authorized the Phase 1 clinical study with Lymfactin®.
- 2016:
  - European Medicines Agency EMA granted Herantis an orphan designation for CDNF for the treatment of ALS.
  - Patient recruitment was initiated in the Phase 1 study with Lymfactin®.

    - FDA, the Food and Drug Administration of the USA, granted Herantis an orphan designation for CDNF for the treatment of ALS.
    - Herantis' clinical study with CDNF in Parkinson's disease was awarded an almost EUR 6 million grant from the European Union's Horizon 2020 framework program.
- 2017:
    - Sweden's Medicines Agency MPA authorized the Phase 1–2 clinical study with CDNF in Parkinson's disease.
    - Finnish Medicines Agency Fimea authorized the Phase 1–2 clinical study with CDNF in Parkinson's disease.
    - Patient recruitment was initiated and first patient consented in the Phase 1–2 CDNF study in Parkinson's disease.
    - Directed issue of 800,000 shares to institutional investors, qualified investors, and directors of the company at a per-share subscription price of EUR 5.85.
- 2018:
    - Patient recruitment was completed for the Phase 1 study with Lymfactin®.
    - Patient recruitment of the Phase 1–2 CDNF study was extended to Helsinki and Lund University Hospitals following an independent Data Safety Monitoring Board recommendation.
    - Positive interim results of the Phase 1 study with Lymfactin® were announced.
    - Patient recruitment was initiated in the Phase 2 study with Lymfactin®.
    - Development of the next-generation, non-invasive xCDNF was launched.
- 2019:
    - Herantis' successfully raised EUR 5.8 million through a directed share issue to selected investors.
    - Expansions of Phase 2 study with Lymfactin® in Sweden. The study was extended to the Karolinska University Hospital in Stockholm, and the Uppsala University Hospital.
    - Positive safety data were announced after 12-month follow-up in the Phase 1 Lymfactin study.

***CDNF development***

Herantis develops its drug candidate CDNF for the treatment of Parkinson's disease.

Parkinson's disease is a slowly progressing neurodegenerative disease, which cannot be cured. It is the most common neurodegenerative disease after Alzheimer's disease with estimated 7–10 million patients worldwide[1].

Parkinson's disease is caused by the degeneration and death 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. As the disease progresses the symptoms grow worse and typically include non-motor symptoms such as depression, anxiety, sleep disorders, sexual dysfunction, and severe constipation.

Like many brain disorders 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 EUR 14 billion[2]; in the United States, the cost of Parkinson's is estimated to be nearly USD 25 billion per year according to Parkinson's Foundation[3]. The majority of these costs are not linked to treatments but for instance reduced work productivity and the need for supported living arrangements. It is estimated that in the USA a treatment to stop progression of Parkinson's disease would save the society over USD 400,000 per patient.[4]

---

[1] Source: Parkinsonsnewstoday.com: Parkinson's Disease Statistics. Site accessed on 4 April 2019.

[2] Source: Olesen et al: The economic cost of brain disorders in Europe. European Journal of Neurology 2012 Jan;19(1):155-62.

[3] Source: Parkinson's Foundation web site https://parkinson.org/understanding-parkinsons/statistics, accessed on 4 April 2019.

[4] Source: University of Pennsylvania's National Parkinson Foundation.

*Market*

Currently available treatments of Parkinson's disease, such as the pharmaceutical product L-DOPA, or Deep Brain Stimulation with a neurosurgically implanted medical device, only alleviate the motor symptoms of the disease. They don't target the actual cause of the disease, i.e. the degeneration of the dopaminergic neurons; they don't address the non-motor symptoms of the disease; and don't even slow disease progression. The benefit of these symptomatic treatments is typically eventually lost to disease progression.

Even in the absence of any disease-modifying drugs the annual global Parkinson's disease drug market was approximately EUR 3.6 billion in 2017. The market is predicted to grow to EUR 5.0 billion by 2022[5]. The Company's management estimates that a disease-modifying drug could be expected to significantly increase the market.

*Science and technology*

CDNF is a protein naturally present in humans. It was discovered by Professor Mart Saarma's group at the University of Helsinki and published in the high-impact science journal Nature in 2007.

CDNF has been characterized as a potent neuroprotective and neurorestorative factor[6]. In preclinical studies, CDNF has protected and restored the function of degenerating and dying dopamine neurons in the brain. Based on published and unpublished data, CDNF preserves neuromuscular junctions and motor neurons in a mouse model of Amyotrophic Lateral Sclerosis ("**ALS**"); it improves long-term memory in a mouse model of Alzheimer's disease; and it reduces the infarct volume in a rat model of stroke. CDNF is the first compound known to show neurorestoration, alleviation of both fine and gross motor symptoms, and alleviation of non-motor symptoms, in the MPTP lesion model of Parkinson's disease in aged Rhesus monkeys.

CDNF has been shown to function via multiple mechanisms relevant to Parkinson's disease. Based on proprietary research conducted by the Company and its collaborators, CDNF appears to inhibit several Endoplasmic Reticulum ("**ER**") stress related pathways, reduces neuroinflammation, and protects neurons from the toxicity of protein aggregates such as alpha-synuclein. Overall, CDNF has shown strong potential in two significant unmet needs of Parkinson's disease, disease-modification and non-motor symptoms, in addition to its potential to alleviate motor symptoms. Herantis has patented CDNF internationally.

*Clinical development*

Herantis' CDNF development has advanced to its first-in-human clinical study. In this Phase 1–2, randomized, placebo-controlled, double-blinded clinical study the safety and initial efficacy of CDNF is compared to placebo in 17 patients with Parkinson's disease. The study is conducted at three university hospitals in Sweden and Finland: Karolinska University Hospital in Stockholm, Skåne University Hospital Lund, and Helsinki University Hospital. Unblinding and topline results of the study are expected to be announced in Q1/2020. The clinical study has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 732386 for the project TreatER. More information on the clinical study and the TreatER project can be found on the project web site at https://treater.eu/.

Like most proteins CDNF does not penetrate the blood-brain barrier, the organ that separates the circulating blood from the brain. For CDNF to function efficaciously and protect the target neurons in Parkinson's disease it needs to reach the brain. Systemic administration, such as oral or intravenous dosing of CDNF, would not be expected to result in sufficient brain tissue exposure. CDNF is therefore administered intracerebrally i.e. directly in the brain. This is accomplished with a sophisticated investigational medical device, a drug delivery device, designed and

[5] Source: VisionGain Pharma (Global Parkinson's disease drug market forecast 2018–2028, 2018).

[6] Sources: Voutilainen et al: Chronic infusion of CDNF prevents 6-OHDA-induced deficits in a rat model of Parkinson's disease. Experimental Neurology 228: 99-108, 2011. Airavaara et al: CDNF protects the nigrostriatal dopamine system and promotes recovery after MPTP treatment in mice. Cell Transplantation 21: 1213-23, 2012. Huttunen HJ, Saarma M: CDNF Protein Therapy in Parkinson's Disease. Cell Transplant 28(4):349-366, 2019.

developed for intracerebral drug delivery by Renishaw plc, a company headquartered in the United Kingdom. Patients who are consented in the CDNF clinical study will first undergo a neurosurgical procedure to implant the drug delivery system. This procedure is comparable to the surgery required for Deep Brain Stimulation (DBS), a standard therapy for late stage Parkinson's disease patients. After the implantation each patient will receive six monthly doses of CDNF (or placebo). After the first six-month period the patients can choose to continue to receive another six monthly doses of CDNF (without a placebo control). The patients consented in the study are randomized in three groups: Placebo group, lower CDNF dose group, or higher CDNF dose group. The patients in the CDNF group will initially receive lower doses of CDNF as the safety and tolerability of the treatment is monitored before escalating to higher doses.

As at the date of this Information Memorandum the clinical study is fully recruited with a total of 17 patients consented. 17 patients have been implanted the drug delivery device, 17 patients have received either CDNF and placebo[7] and 139 doses have been administered in total. In total, 40 Adverse Events possibly or probably related to CDNF have been reported, all of which have been classified as Mild of Moderate, and all of which have been resolved[8]. An independent Data Safety Monitoring Board has reviewed the interim safety data in a total of 12 meetings and recommended that the study should continue as planned. Two patients have discontinued the study for reasons not associated with CDNF.

The on-going clinical study is a first-in-human study and therefore its primary endpoint regarding CDNF is the safety and tolerability. The study has several secondary endpoints to compare the effects of the different CDNF doses and placebo, including:

- Unified Parkinson's Disease Rating Scale (UPDRS) motor score and total score
- PDQ–39 Quality-of-Life questionnaire
- Brain PET imaging to measure nigrostriatal DAT availability (presynaptic terminals)
- CSF levels of alpha-synuclein
- Activity measurement by Parkinson's KinetiGraph™ actigraphy device

The continued clinical development of CDNF beyond the on-going Phase 1–2 study will depend on the results of the on-going study. Herantis has not disclosed any plans on the next steps after the first clinical study. The feasibility of the current route of administration for CDNF, i.e. the use of the drug delivery device requiring a surgical procedure, and related adverse events, will also need to be evaluated carefully before deciding on the possible next steps in the clinical development of CDNF. While topline results are expected in Q1/2020, clinical data will continue to cumulate also thereafter as the last CDNF dosing in the extension study is expected in approximately June 2020.

*Potential for expansion*

While CDNF's mechanisms of action are relevant to Parkinson's disease, the targeted phenomena are not unique only to Parkinson's disease. CDNF protects and helps neurons recover from ER stress, which is a central phenomenon in all neurodegenerative diseases[9]. As summarized in section "*Science and technology*", preclinical data of CDNF in several disease models suggests potential across chronic diseases whose common denominator is

[7] As the study is double-blinded neither the patients nor the investigators nor Herantis know, which patients have received placebo, and which have received CDNF. The database lock, followed by unblinding of the data, will take place after the last patient has received the sixth dose, related patient assessments are completed and the blinded data have been monitored.

[8] The majority of the 40 Adverse Events are reported in Finland even though the majority of patients were recruited in Sweden. This is due to the distinct requirements of the responsible regulatory authorities (Fimea in Finland, MPA in Sweden). Fimea requires that essentially all Adverse Events are considered 'possibly related to CDNF' because, as Fimea argues, in a first-in-human study nothing can be ignored.

[9] Source: Kim et al: Cell death and endoplasmic reticulum stress: disease relevance and therapeutic opportunities. Nature Reviews Drug Discovery 7:1013-1030, 2008., 2008.

ER, including Alzheimer's disease ("**AD**"), ALS, and Huntington's disease ("**HD**"). Herantis has already been granted Orphan Drug Designations by both the European Medicines Agency EMA and the US Food and Drug Administration FDA for CDNF for the treatment of ALS.

This suggests significant potential for expanding the targeted market of CDNF. In 2015, 47 million people worldwide were living with dementia with an estimated societal cost of USD 818 billion[10]. Approximately 50–70% of dementia cases are caused by AD. The AD drug market is expected to reach EUR 11 billion by 2024[11]. A disease-modifying treatment would be expected to significantly grow the market. At the same time the aging population contributes to increasing the numbers of patients suffering from these aging-related diseases, for instance in the case of dementia, to 74.7 million by 2030[12].

As explained earlier, CDNF does not pass the blood-brain barrier and is therefore administered intracerebrally in the current clinical development. While this is a feasible approach in a focal disease such as PD, where the degenerating neurons are located in a well-defined domain of the brain, it might be a suboptimal approach to target some other neurodegenerative diseases. Therefore, both Herantis and its partners have investigated possibilities for a broader, less invasive or systemic delivery of CDNF, which would enable broader tissue coverage of CDNF. One potential approach the non-invasive next generation xCDNF discussed in the following section.

Herantis has not made any decisions on expanding its development of CDNF in other indications beyond PD.

*Non-invasive, next generation xCDNF*

To enable a less invasive administration of CDNF, Herantis acquired certain intellectual property rights from the University of Helsinki in 2018 and formally launched a development program of CDNF-derived peptides ("**xCDNF**") that penetrate the blood-brain barrier. Based on early scientific data, these xCDNF peptides are as efficacious as CDNF yet suitable for a much simpler subcutaneous administration, similar to the common insulin dosing by patients with diabetes.

Preclinical proof-of-concept of xCDNF has already been reached in disease models of both Parkinson's disease and stroke, where systemically (intravenously or subcutaneously) administered xCDNF has resulted in significant neurorestoration, based on scientific research conducted by Herantis' collaborators but not published yet. This suggests that xCDNF has the potential for a systemically administered drug that:

- is suitable for the treatment of several neurodegenerative diseases because the systemic administration may allow a broader tissue exposure compared to the local intracerebral administration of CDNF;
- has similar mechanisms-of-action with CDNF; thus the development of xCDNF would be significantly de-risked if signals of efficacy were observed in the on-going Phase 1–2 clinical study with intracerebrally administered CDNF; and
- is disease-modifying: could slow down or stop the progression of neurodegenerative diseases.

The development of xCDNF is currently in lead selection phase. The Company has not yet disclosed a target schedule for the clinical development or a target indication.

*Competition*

The currently marketed Parkinson's disease drugs such as L-DOPA can alleviate the motor symptoms of Parkinson's disease. Unfortunately, they do not address the non-motor symptoms of Parkinson's disease and cannot stop or even slow the progression of the disease and their benefits are eventually typically lost to disease

[10] Source: World Alzheimer Report 2015.

[11] Source: Dvorin: Immunotherapies Set To Spark Alzheimer's Drug Market. In Vivo Pharmaintelligence report. Accessed online on 4 February 2019 via https://invivo.pharmaintelligence.informa.com/IV004930/Immunotherapies-Set-To-Spark-Alzheimers-Drug-Market.

[12] Source: World Alzheimer Report 2015.

progression. Several symptomatic Parkinson's disease drugs are also being developed. However, since CDNF aims at disease modification, the Company considers as its relevant competitors the development programs that also target true disease modification by supporting the survival and functional recovery of neurons. Some of the known competing programs, considered relevant by the management of the Company, are listed and compared with Herantis' development in the table below. Therapeutic approaches specific to only Parkinson's disease mechanisms, such as alpha-synuclein immunotherapies, are not listed as they are not expected to have broader potential in other neurodegenerative diseases.

| **Company** | **Herantis** | | **MedGenesis** | **Calico** |
|---|---|---|---|---|
| **Name of compound** | CDNF | xCDNF | GDNF | ISRIB |
| **Development phase** | Clinical Phase 1–2 | Lead selection | Clinical Phase 2 | Preclinical |
| **Mechanism of action** | Multi-modal: Reduction of ER stress, alpha-synuclein oligomerization and toxicity, and neuroinflammation | | Promotes neuronal survival via activation of GFRα/Ret signaling | Activates eIF2B to reduce integrated stress response |
| **Type** | Protein | Peptide | Protein | Small molecule |
| **Route of administration** | Intracerebral | TBD; subcutaneous *in vivo* proof-of-concept | Intracerebral | Intravenous |

In addition to competing drugs and drug development programs there are other approaches in clinical use and in development for Parkinson's disease such as medical devices (e.g. deep brain stimulation), preventive approaches, diagnostic tools and methods that may enable earlier diagnosis allowing for more efficacious treatments, and so forth. Such approaches may alleviate symptoms and optimally even reduce the number of cases of neurodegenerative diseases. However, the Company believes that the neurodegeneration and neuronal death causing Parkinson's disease cannot be expected to be essentially modified without biopharmaceutical therapeutics that interact directly with the target cells in the affected brain area.

### *Lymfactin® development*

Herantis currently develops its drug candidate Lymfactin® for the treatment of breast cancer associated secondary lymphedema ("**BCAL**") in patients who undergo lymph node transplantation surgery.

Secondary lymphedema is caused by local injuries of the lymphatic system, for instance, due to cancer treatments such as surgery and radiotherapy. The injuries of the lymphatic system may disrupt the normal flow of lymph, which will consequently start to accumulate in tissue, for instance in a limb. This results in chronic, progressive swelling. It has been estimated that 15–25% of breast cancer survivors who undergo axillary lymph node dissection as part of their breast cancer treatment will develop BCAL. For patients whose surgery is limited to sentinel lymph node techniques without adjuvant radiation, the risk of the development of secondary lymphedema is about 6%.[13]

Secondary lymphedema is a painful, deforming disease that often has a significant impact on the quality of life of the patients. Symptoms of secondary lymphedema include progressing swelling of the affected limb, pain, decreased mobility, and increased forming of connective tissue. Many patients also suffer from repeated infections of the affected tissue. Because of social stigma, patients may fail to seek appropriate treatment.

The management estimates, based on breast cancer incidence and the published data on BCAL incidence in cancer survivors, that about 30,000 cases of BCAL are diagnosed annually in the USA and Europe. Secondary lymphedema is also associated with other cancers including melanoma (16% of survivors develop secondary

[13] Lymphatic Education & Research Network: FAQs About Lymphedema. Accessed online on 5 April 2019 at https://lymphaticnetwork.org/living-with-lymphedema/lymphedema/.

lymphedema), gynecologic cancers (20%), and genitourinary cancers (10%)[14], based on which the management estimates that approximately 150,000 cases of cancer associated secondary lymphedema are diagnosed annually in the USA and Europe. The disease is believed to be under-diagnosed for instance due to the lack efficacious therapies and awareness. In the USA it has been estimated that the societal costs of a BCAL patient is over 10,000 USD a year[15].

*Market*

A cure for lymphedema is not known. The available treatments focus on reducing the swelling and controlling the pain, and include wearing a compression garment, lymph therapy, and physical exercise. Surgical procedures such as lymph node transplantation, lymphaticovenous anastomosis, and lymphaticolymphatic bypass are also used.

There are no approved drugs for the treatment of secondary lymphedema. Based on the data in clinicaltrials.gov as of the date of this Information Memorandum, Lymfactin® is the only drug candidate that is currently in clinical studies for the treatment of secondary lymphedema in addition to a study by Stanford University with ketoprofen, which has, however, failed in previous clinical studies to have an effect on the limb volume[16].

Assuming that the market for Lymfactin® is limited to patient subpopulation currently studied in the clinical studies, i.e. BCAL in patients who undergo lymph node transplantation surgery, the Company's management estimates based on proprietary market research that the annual peak sales for Lymfactin® may reach EUR 600 million in the USA and Europe.

*Science and technology*

Lymfactin® represents a novel class of drug compounds: it is a gene therapy, which means that a specific gene is delivered to the patient to treat a disease. In the case of Lymfactin® the transferred gene, also called transgene, exists also naturally in the human body. This transgene expresses a natural human growth factor, vascular endothelial growth factor C ("**VEGF-C**"), which specifically promotes lymphangiogenesis i.e. the formation of new lymphatic vessels. Lymfactin® injection results in a temporary local expression of VEGF-C for about 2–3 weeks. A treatment with Lymfactin® does not change the genome of the patient.

The formation of new functional lymphatic vessels as a result of Lymfactin® administration has been demonstrated in preclinical lymphedema models. The preclinical results suggest that Lymfactin® can repair the injuries that cause secondary lymphedema.

Lymfactin® gene therapy is based on the natural and common adenovirus, which has been modified to render it incapable of replication and, thus, unable to cause an infection typically associated with an adenovirus, such as a respiratory infection (common cold). The human gene coding for the growth factor VEGF-C has been added in the adenoviral genome using gene technology. Drug compounds that are based on the adenovirus have been developed for decades and investigated in hundreds of clinical studies. Adenovirus-based drugs are, however, not routinely used in Europe or USA and their possible long-term impacts are therefore not yet known.

Lymfactin® is based on the scientific research at a national center of excellence lead by professor Kari Alitalo at the University of Helsinki.

*Clinical development*

Lymfactin® is presently developed for the treatment of breast cancer associated secondary lymphedema in patients who undergo lymph node transplantation surgery. A Phase 1 clinical study is currently in a long-term

[14] Mclaughlin: Lymphedema: Separating Fact From Fiction. Oncology 2012 Mar;26(3):242-9.

[15] Shih et a: Incidence, treatment costs, and complications of lymphedema after breast cancer among women of working age: a 2-year follow-up study. Journal of Clinical Oncology 2009 Apr 20;27(12):2007-14.

[16] Source: ClinicalTrials.gov web site, https://clinicaltrials.gov/ct2/show/NCT02257970, accessed on 30 October 2019.

follow-up and a Phase 2 clinical study is currently actively recruiting patients. Figure 2 shows a schematic representation of how Lymfactin® is used in this setup.

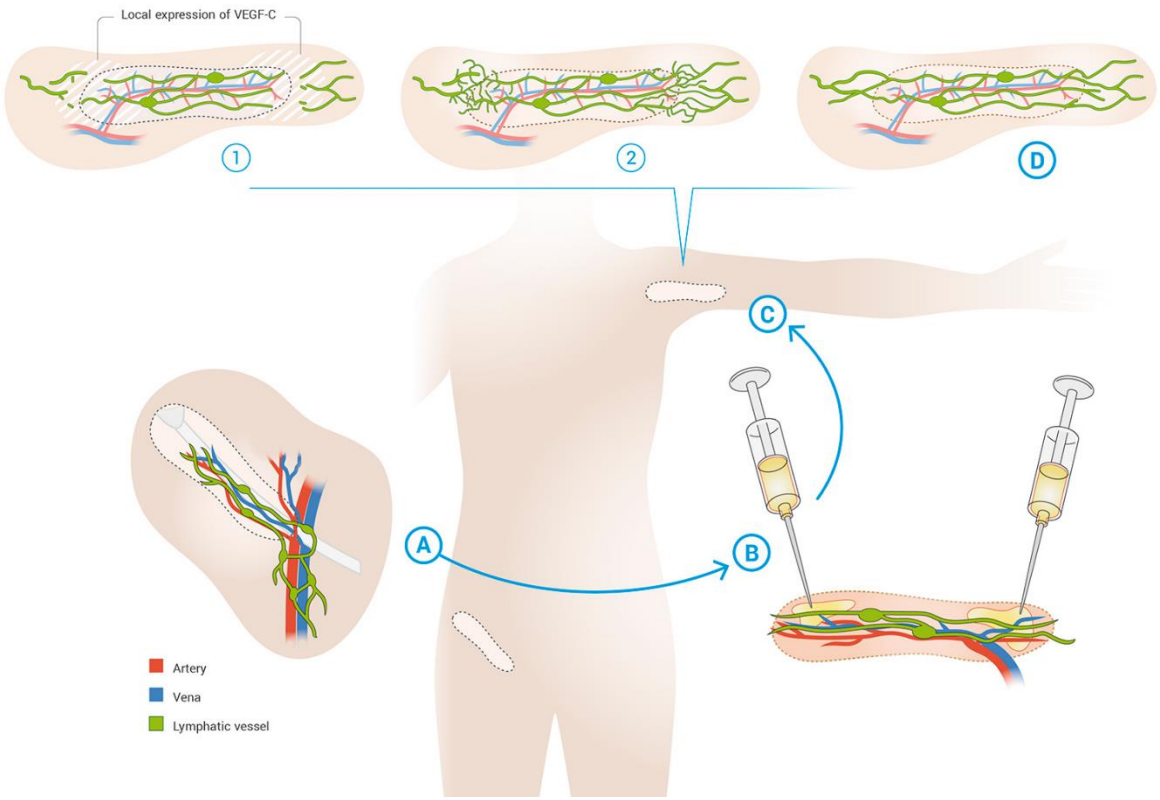


Figure 2. A schematic representation of the use and mechanism of action of Lymfactin® in BCAL patients who undergo lymph node transplantation surgery. **A)** A soft tissue flap containing lymph nodes is harvested from the patient's lower abdominal wall or groin area. **B)** Lymfactin® is administered into the flap *ex vivo* as a single dose administration. **C)** The flap is transplanted into the axillary region of the patient's affected upper limb: 1. Local expression of VEGF-C for about two weeks; 2. Lymphangiogenesis. **D)** A functional lymphatic network is formed treating the underlying cause of secondary lymphedema.

In the Phase 1 clinical study, a total of 15 patients participated in which the first three patients received a lower and the last 12 patients a higher dose of Lymfactin®. Both doses were safe and well tolerated and, consequently, the higher dose was selected for the Phase 2 clinical study 'AdeLE'. The Phase 1 study continues with a long-term follow-up on all patients, and its one-year follow-up data, announced in April 2019, reconfirmed the continued good safety and tolerability. As the Phase 1 study did not have any control group, no conclusions on the efficacy of Lymfactin® should be made based on the Phase 1 data.

The ongoing Phase 2 clinical study AdeLE is a multi-center, randomized, double-blind, placebo-controlled study[17]. The study is planned to enroll about 40 patients in Finland and Sweden at five university hospitals in Uppsala, Stockholm, Helsinki, Tampere, and Turku. The Phase 2 study will assess the efficacy, safety, and tolerability of Lymfactin®. Half of the patients will receive one dose of Lymfactin® and half will receive placebo in combination with the lymph node transplantation surgery. The efficacy endpoints include:

- The volume measurement of the affected vs. non-affected limb prior and after the treatment
- Lymphoscintigraphy prior vs. after the treatment for assessing the functionality of the lymphatic system
- The assessment of quality-of-life

[17] As the study is double-blinded neither the patients nor the investigators nor Herantis know, which patients have received placebo, and which have received Lymfactin®. The database lock, followed by unblinding of the data, will take place after the last patient has been evaluated for 12 months after the treatment.

As of the date of the Information Memorandum, a total of 30 patients have been treated in the Phase 2 clinical study.

*Potential for expansion*

Lymfactin® is presently developed for the treatment of breast cancer associated secondary lymphedema in combination with a lymph node transplantation surgery. There are two potential expansion opportunities in the cancer related secondary lymphedema space. Firstly, expanding into treatment settings that would not involve lymph node transfer surgery. This could potentially significantly increase the number of patients even within the BCAL indication. Secondly, expanding to other cancer indications, such as melanoma, sarcoma, head and neck, genitourinary, and gynecologic cancers in combination with or without lymph node transfer surgery.

*Competition*

The management of the Company is not aware of any other drug candidate that would be currently developed for the treatment of cancer treatment related secondary lymphedema.

**The Company's mission and values**

***Mission***

The mission of the Company is: "Developing innovative new drugs, based on strong scientific research, in areas of unmet clinical need; and helping bring them to market for the benefit of as many patients as possible."

***Values***

The values of the Company are:

- Benefit of the patient
- Honest and open communication, both internally and externally
- Innovation and scientific expertise
- Simple and standardized operating procedures
- High regulatory compliance

**Key strengths of the Company**

Herantis believes that it has several competitive strengths that will enable it to successfully commercialize its drug candidates either through partnering agreements or on its own. These strengths include:

- **Strong scientific background.** CDNF and Lymfactin® are based on scientific research by internationally recognized research groups at the University of Helsinki. The scientists behind the discoveries leading to the development of CDNF and Lymfactin®, professors Mart Saarma and Kari Alitalo, have both received numerous international science awards for their ground-breaking work. The research groups of both professor Saarma and professor Alitalo have been awarded the status of a National Centre of Excellence in Finland. The discoveries and studies relevant to the development of CDNF and Lymfactin® have been published in high-impact scientific journals. Herantis continues a close collaboration with the University of Helsinki to ensure that the development can benefit from the scientific expertise related to the drug candidates.
- **Strong preclinical proof-of-concept.** Herantis' lead assets, CDNF and Lymfactin®, have been validated in several preclinical studies in disease models that are considered as relevant as possible.
- **Diversified portfolio.** The lead assets of Herantis, CDNF and Lymfactin® are based on distinct mechanisms of action and they target different indications. Even if either one failed in clinical development the development of the other would not be impacted.
- **Target indications have significant unmet clinical needs, which are associated with high economic burdens for societies.** The primary target indications, Parkinson's disease and secondary lymphedema,

are chronic, progressive, disabling diseases. The patients typically require on-going symptomatic therapy, and disease progression often reduces the patients' ability to work, which further increases the indirect societal costs associated with these diseases. Herantis' development programs aim at significantly improving the standard-of-care. In Parkinson's disease, the goal of Herantis is to stop disease progression; in the USA, such a therapy has been estimated to save the society over USD 400,000 per patient. For lymphedema, Lymfactin® is targeted as a curative treatment. Compared to available therapies that only alleviate some of the symptoms of the diseases, Herantis aims to develop truly disease-modifying drugs that result in significant economic benefit for the societies. Herantis expects this to result in higher acceptable prices for its drugs compared to conventional therapies.

- **Significant potential for expansion.** CDNF is initially targeted for the treatment of Parkinson's disease. However, its mechanism-of-action and available preclinical data suggest broad potential in many diseases of the central nervous system, such as ALS (where Herantis already has an orphan designation in both the EU and USA), Alzheimer's disease, HD, and stroke. This potential is further strengthened by the preclinical development program of xCDNF. Lymfactin® is initially targeted for the treatment of breast cancer associated secondary lymphedema, in an adjunct setting with lymph node transplantation surgery. Its mechanism of action suggests that if proven efficacious in the first target indication then it can also be efficacious in other secondary lymphedemas, which would multiply its market.
- **Experienced Board of Directors.** Herantis has a strong Board of Directors with relevant international experience and networks in biopharmaceutical drug development and commercialization.

**Intellectual property rights**

Herantis typically aims to obtain patent protection for its drug candidates, and the patents that protect the intellectual property related to the drug candidates of Herantis are of substantial value for executing the Company's strategy. The patents and patent applications owned by Herantis, or licensed exclusively by Herantis, are presented in Annex A: List of patents. The majority of these patents are related to the Company's drug candidates CDNF, Lymfactin®, and xCDNF. In addition, the Company holds certain patents related to MANF, which is a protein relatively similar to CDNF; however, the Company does not have any near future plans to initiate drug development based on its MANF patents.

A usual patenting procedure for Herantis is to first submit patent applications in Finland and/or the USA to secure a priority date for the patent applications, and then follow with international patent applications aiming to obtain a broad international patent coverage as considered appropriate in each case.

In addition to aiming to protect its drug candidates with patents, the Company also intends to create know-how and trade secrets, develop proprietary manufacturing processes, utilize relevant and applicable data exclusivity programs and orphan drug designations, take benefit of patent term restoration schemes offered by many countries to extend drug patents, and take other necessary measures to protect its potential future products from competition as well as possible.

The costs of the patents are usually comprised of a one-time application fee, the costs for prosecution and issuance of the patent in each selected country or region, and the maintenance fees for the granted patents in each country where granted and maintained.

The patent positions of biopharmaceutical companies are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Consequently, the Company does not know whether its product candidate and future candidates will be protectable or remain protected by enforceable patents in all relevant countries. The Company cannot predict whether its pending patent applications will result in granted patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. Any patents that the Company holds may be challenged, circumvented or invalidated by third parties. See "*Risk factors*" for more information on the risks associated with patents.

**Material license agreements**

Herantis has acquired exclusive licenses from Helsinki University to certain patent applications related to xCDNF. Under the license agreement, Herantis shall pay to Helsinki University certain milestone fees if the development of xCDNF reaches certain clinical development milestones, and certain royalties, defined with decreasing percentages as the development advances, if Herantis' xCDNF development reaches profitability e.g. through licensing agreements or commercialization. Details of this license agreement have not been publicly disclosed.

**Partnerships, collaborations and outsourcing**

A substantial part of Herantis' product development involves outsourcing of the operations to subcontractors and other third parties including but not limited to:

- Contract Research Organizations, where the outsourced tasks include, for instance, different aspects of preclinical and clinical development.
- Contract Development and Manufacturing Organizations, where the outsourced tasks include, for instance, manufacturing process development, analytical development, production, purification, packaging, and distribution.
- External experts, where the outsourced tasks include, for instance, regulatory support in different regions, financial, and legal advice.

**Risk management**

The Company has adopted and regularly develops its risk management and internal control processes and systems. Risk management and internal control strives to ensure that occupational safety and health is ensured, the projects are implemented in high quality, operations are in compliance with the applicable laws, rules and regulations, and the corporate image is good. Risk management is implemented on all organizational levels in accordance with the Company's internal management system. The Company is prepared for accident risks with occupational health and safety standards and guidelines and rescue plans, as well as continuous monitoring and risk assessment at all levels of operations. The Company has also made efforts to hedge against accident risks with insurance policies, and maintains clinical study liability insurances for its clinical studies.

Herantis is dependent on key data systems and archives. In order to prevent the breakdown of them, the Company aims to ensure through its own quality system, and by auditing selected third parties to ensure their compliance with regulations concerning the archiving of relevant data, that the key data systems and archives containing data relevant to Herantis' drug development are appropriately protected and, in case of electronic data systems, secured with tested and functioning back-ups.

**Industry trend information**

*Pharmaceutical industry*

The pharmaceutical industry develops, produces, and markets drugs for use as medications.

In general, all pharmaceutical drugs are associated with side effects that can be serious; and their misuse, whether intended or unintended, may have serious consequences. Such risks are greater when the drugs are still in development. For these and other reasons the pharmaceutical industry is characterized by strict international regulations that govern its main functions such as patenting, testing, marketing, and labelling of drugs.

The global pharmaceutical market totaled over USD 1.1 trillion in 2016 and is predicted to reach almost 1.5 trillion by 2021. The main contributors to growth are the ageing population in developed countries and the rapidly

increasing demand in several countries including China, Brazil, and India. In 2015 the pharmaceutical industry spent approximately USD 150 billion in research and development.[18]

*Drug development*

Before a pharmaceutical drug can be granted marketing approvals, it must go through a rigorous development process, which includes preclinical and clinical testing in compliance with international regulations. The testing is required to generate evidence on the safety and efficacy of the drug in the treatment of its target indication. It is often estimated that the development of a new drug takes 10–15 years; it could however take significantly longer. Only a fraction of all compounds in development will eventually reach the market. In 2015, the number of new pharmaceuticals launched was 56 while more than 7,000 compounds were being developed.[19] Statistics show an average reported success rate of 4.9% from first toxicity dose to market approval with between-phase success rates of:

- 66% from first toxicity dose to first human dose;
- 44% from first human dose to first patient dose;
- 26% from first patient dose to first pivotal dose;
- 72% from first pivotal dose to first submission; and
- 91% from first submission to first launch, respectively.[20]

*Industry trends*

The costs of developing new drugs have increased over the past decades.[21] Consequently, the pharmaceutical industry has sought new business models to improve its efficiency and control its risks. Today, larger pharmaceutical companies seek collaboration with, or acquisitions of, small drug development companies that have promising assets in their pipeline. This provides an opportunity for small, innovative drug development companies to finance the development of their assets through partnering agreements with larger pharmaceutical companies. Already in 2013, 50% of the R&D pipelines of multinational pharmaceutical companies came from external sources[22].

**Group structure**

Herantis Pharma Plc is the parent company of the Herantis group. In addition to the parent company, the group consists of one fully-owned subsidiary, Laurantis Pharma Ltd ("**Laurantis**").

Laurantis is based in Turku, Finland and incorporated under the laws of Finland. It holds the patents and data concerning the drug candidate Lymfactin®. Laurantis does not have any employees. The CEO for Herantis also acts as the CEO for Laurantis. The CEO and members of the Board of Directors of Laurantis have not been paid any remuneration since Laurantis was acquired by Herantis in 2014.

BioCis Pharma Ltd, which was a fully-owned subsidiary of Laurantis, was declared bankrupt on December 1, 2017 after its partnering negotiations related to the company's ophthalmology drug candidate Cis-UCA were concluded unsuccessful. The inter-company receivables of Herantis from BioCis Pharma Ltd as well as the development programs of BioCis Pharma Ltd had been written off already in 2015, and the bankruptcy of

---

[18] Source: International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) (Facts and Figures 2017).

[19] Source: IFPMA (Facts and Figures 2017).

[20] Source: The Center for Medicine Research International ("**CMR**") (Pharmaceutical R&D Factbook 2014).

[21] Source: Schuhmacher et al: Changing R&D models in research-based pharmaceutical companies. Journal of Translational Medicine, 2016 Apr 27;14(1):105.

[22] Source: Schuhmacher et al: Models for open innovation in the pharmaceutical industry. Drug Discovery Today, 2013 Dec;18(23-24):1133-7.

BioCis Pharma Ltd did not have material impact on the operations of Laurantis or Herantis. The CEO of Herantis, Pekka Simula, was also the CEO of BioCis Pharma Ltd since Herantis obtained control over Laurantis in 2014, and since that point in time the Board of Directors of BioCis Pharma Ltd had three members, who were also members of the Board of Directors of Herantis, namely, Pekka Mattila, Aki Prihti, and Timo Veromaa. BioCis Pharma Ltd did not pay any remuneration or benefits to its members of the Board of Directors or CEO since Herantis obtained control over it in 2014.

Opia Games Ltd, which was a partially owned affiliate of Herantis, was liquidated in the ordinary course of business in the first half of 2018. The liquidation didn't have financial implications for Herantis. The CEO of Herantis, Pekka Simula, was a member of the Board of Directors in Opia Games Ltd. Opia Games Ltd did not pay any remuneration or benefits to its members of the Board of Directors nor have any other agreements with them.

*Organization*

As Herantis is a clinical stage drug development company, the current organization of the Company is built on employees crucial to the development of Herantis' products. As at the date of this Information Memorandum, the Company has 12 full-time employees (including the CEO of Herantis), 5 of which are in the Management Team. The CEO of Herantis 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. The fully-owned subsidiary of Herantis, Laurantis, has not had any employees since 2016.

**Investments**

Herantis is committed to continue investing in its ongoing clinical studies, namely:

- Phase 1 clinical study with Lymfactin® (currently in long-term follow-up; patients are no longer receiving treatments under the clinical study protocol).
- Phase 2 clinical study with Lymfactin® (actively recruiting patients; the current target is to conclude patient recruitment by the end of 2019).
- Phase 1-2 clinical study with CDNF (study fully recruited; treatments are expected to continue approximately until December 2019 under the blinded study protocol, and approximately until June 2020 under the unblinded extension study protocol). The costs of this study are mainly covered by the grant awarded from European Union's Horizon 2020 framework programme.

In addition, Herantis has made limited commitments to invest in, and may continue to invest in, preclinical and process development projects and development activities including: Manufacturing scale-up for CDNF and Lymfactin®; preclinical development of xCDNF; and other preparations for Phase 2 and Phase 3 clinical studies with CDNF and Lymfactin®.

**Profit forecasts and estimates**

The following discussion contains information that has been compiled and prepared on a basis which is consistent with the accounting policies used in preparing the financial statements for the financial year 2018 of Herantis. The discussion includes forward-looking statements that involve inherent risks and uncertainties. The Company's actual results of operations could differ materially from those contained in such forward-looking statements as a result of factors discussed below and elsewhere in this Information Memorandum, particularly in "*Risk factors*".

***Guidance for 2019***

In its annual report for the financial year 2018, announced on 20 March 2019, Herantis gave the following guidance for the year 2019:

"Herantis does not expect meaningful revenues in 2019. The Company continues to invest in its ongoing drug development programs in the treatment of Parkinson's disease and secondary lymphedema as well as in the development of the next generation, non-invasive CDNF. The Company will explore options to strengthen its financial position for the resourcing of the development programs."

***Outlook for 2019***

In its annual report for the financial year 2018, announced on 20 March 2019, Herantis gave the following outlook for year 2019:

"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.

The main objectives for 2019 are to present top line results of the Phase 1–2 clinical study of CDNF, advance patient recruitment in the Phase 2 clinical study with Lymfactin®, select a lead molecule for the formal development of the next generation CDNF, and secure financing for the company's planned operations through end of 2020."

On 26 September 2019 the Company updated its guidance on the announcement of the CDNF Phase 1–2 study's topline data from the last quarter of 2019 to the first quarter of 2020.

## RISK FACTORS

Investing in the Offer Shares involves risks, some of which may be significant. Investors considering an investment in the Offer Shares should carefully read this Information Memorandum, and in particular, the risk factors described below before making an investment. The description of the risks below is based on the information available at the date of this Information Memorandum and estimates made on the basis of this information, and therefore the description of the risks is not necessarily exhaustive. The Company's operations may, moreover, involve risks that are unknown or considered insignificant at the date of this Information Memorandum but that may, however, have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares. The materialization of one or more risks may have a significantly adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares. As a result of the materialization of one or more risks or the increased likelihood of risks materializing, investors who have invested in the Offer Shares could lose a part or all of their investment.

In addition to the risks described below, this Information Memorandum includes forward-looking statements which involve risks and uncertainties. The Company's future business, financial condition and results of operations may differ materially from what is presented in the forward-looking statements in this Information Memorandum due to the effects of the materialization of risks.

### Risks related to the Company's financial situation and business model

#### *The Company's products and business operations are largely in a development stage and the Company may fail to reach profitability*

Herantis is a clinical stage drug development company with a limited operating history and no commercial products. Herantis has incurred significant operating losses since its inception and it expects to incur substantial losses in the foreseeable future (see "*Financial information and key performance indicators (KPIs) – Historical financial information*").

Herantis has financed its operations primarily through share issues, loans from Business Finland (formerly known as Tekes), and grants from the European Union. Since the inception of Herantis most of its resources have been dedicated to process development, production, preclinical development, and clinical development of its product candidates. The size of Herantis' future losses will depend, in part, on its future expenses and ability to generate revenue, if any. Herantis has no products approved for commercial sale and it has not generated any revenue from product sales to date, and it continues to incur significant research and development and other expenses related to its on-going operations. As a result, Herantis is not profitable and has incurred losses in each period since its inception. Based on the audited financial statements for the year ended 31 December 2018, the consolidated loss of Herantis was EUR 4.2 million for the financial year 2018. Herantis expects to continue to incur significant losses in the foreseeable future and it expects these losses to increase as it continues its research and development of its product candidates.

To become and remain profitable Herantis must succeed in developing and commercializing products that generate revenues. This will require success in a number of operations associated with its drug candidates including process development, analytical development, preclinical studies, clinical studies, regulatory approvals, marketing, and selling. Herantis may never succeed in these activities for its drug candidates. Even if it does it may not generate revenues that are significant enough to achieve profitability. Failure to achieve and maintain profitability may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The Company's strategy is development of new pharmaceutical products, drugs, which involves a lengthy and expensive process with uncertain outcomes***

The strategy of Herantis is to obtain and patent, or protect otherwise, rights to early stage drug candidates, and then to increase the value of its drug candidates by developing them through formal preclinical and clinical development toward commercialization as internationally approved pharmaceutical products.

Before the drug candidates of Herantis can be commercialized, they must go through a regulatory approval process, which must be preceded by demonstrating their safety and efficacy in each target indication in a lengthy, complex, and expensive preclinical and clinical study program. Preclinical and clinical drug development is expensive and is typically expected to take 10–15 years to complete but it could also take considerably longer. The outcome of drug development is inherently uncertain.

Clinical development is commonly divided in three Phases: Phase 1, Phase 2, and Phase 3. Of the clinical stage drug candidates of Herantis, Lymfactin® is currently in a Phase 2 clinical study and CDNF is in a Phase 1–2 clinical study. Failure can occur at any time during the development and each clinical Phase is associated with the risk of failure. Consequently, an early stage drug candidate carries a considerably higher risk of failure than a later stage candidate. Moreover, the commencement and completion of clinical studies may be delayed by several factors, including but not limited to, unforeseen safety issues, issues related to determination of dose, lack of efficacy during clinical studies, slower than expected patient enrolment in clinical studies, unforeseen requirements from the regulatory agencies relating to clinical studies, inability or unwillingness of medical investigators to follow the proposed clinical protocols, and termination of license agreements necessary to complete trials.

Delays or expenses relating to regulatory approval processes, or the failure to obtain regulatory approval for any of the Company's drug candidates, may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The business of Herantis is highly dependent on the success of its drug candidates, which will require significant high-risk development***

Herantis does not have any approved or commercialized products. Its future success depends on its ability to commercialize its drug candidates either alone or with partners. This will depend on success in several operations related to its drug candidates, including but not limited to the following:

- Completion of preclinical and clinical studies with good results.
- Manufacturing process development.
- Development of analytical methods.
- Receiving marketing approvals.
- Obtaining acceptable prices and reimbursement.
- Establishing manufacturing and supply arrangements.
- Establishing a commercial infrastructure.
- Acceptance of the product by patients, the medical community and third-party payers.
- Establishing fair market share while competing with other therapies.
- Continued acceptable safety and adverse event profile of the product following regulatory approval.
- Ability to finance the operations listed above.

Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and the significant risk that potential product candidates may fail to demonstrate acceptable safety and adequate efficacy, gain regulatory approval, or become commercially viable. Any significant delay or failure in any of the operations listed above, or other necessary operations, may prevent Herantis from ever reaching profitability. This may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The Company may fail to receive the financing needed for its drug development programs under favorable terms or at all***

The drug development programs of Herantis have consumed substantial amounts of cash, and the Company expects to continue to spend substantial amounts in the clinical development and possibly in the commercialization of its drug candidates. Because the design and outcome of the planned and anticipated clinical studies are highly uncertain, Herantis cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of its product candidates.

As the Company has not generated any revenue from product sales to date, its development programs are largely dependent on loans and grants. The Company may not receive the financing needed for its operations under favorable terms and conditions or at all. Unfavorable developments in the financial markets and any other future unfavorable events, such as the continuing weakening of the financial market and a deterioration of general economic conditions, may have a material adverse effect on the Company's ability to obtain financing, as well as on the cost and other terms and conditions of financing. Changes in market rates and interest margins may impact the Company's financial expenses, financial income and the market value of interest-bearing balance sheet items.

If the Company is unable to obtain the financing it needs through grants, additional debt or equity financing, the Company may be forced to postpone or cancel the development and commercialization of its product candidates, or to alter its strategy.

Failure in obtaining sufficient financing or a rise in the cost of financing and in market rates, or other unfavorable terms and conditions, or unfavorable changes to the Company's planned strategy resulting from the aforementioned factors, may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***Due to the novelty of Herantis' drug candidates the risks associated with their development may be greater than the risks typically associated with drug development***

Herantis is a drug development company which means that none of its products has reached the stage on commercialization in its operating history. See "*Strategy, performance and business environment – Business overview*". Drug development is always associated with significant risks. For example, the development program can fail at any stage. Only a fraction of all drug candidates reaches clinical studies. Drug candidates that aim at significant breakthroughs in the treatment of a disease are often based on novel scientific research and development. 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.

The general risks and uncertainties present in drug development also apply to the Company's 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. Further, as 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. 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.

***Changes in income expectations or in future business priorities may lead to an impairment charge related to the capitalized development expenses***

The book value of in-process research and development assets related to Lymfactin®, that were acquired in connection with the combination with Laurantis Pharma in 2014, and capitalized development costs related to

CDNF were EUR 4,271.0 thousand as at 30 June 2019 in Herantis balance sheet. Capitalized in-process research and development assets and capitalized development costs are amortized in 10 years. Income expectations of capitalized development programs are based on the Company's assumptions and estimates of the future income. If the income expectation of the in-process research and development asset is less than its book value or the income expectation does not realize for example due to a clinical program not proceeding as expected, a different pathway being pursued than initially intended, the asset is partnered or out-licensed utilizing transaction structure that changes the timing or amount of future economic rights to the asset, the amortization period for the capitalized development expenses may need to be changed or Herantis may need to recognize an impairment charge related to the capitalized development assets. In 2015 Herantis recognized an impairment charge of 7,4 million euro due to weaker than expected results in the development of cis-UCA Eye Drops.

Impairment of part or all of capitalized development expenses may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***Herantis may not be able to utilize tax loss carry forwards in the future***

Herantis' business operations have a loss making history. Herantis had as at 31 December 2018 tax loss carry forwards amounting to EUR 20.4 million. The losses have been incurred mainly from Herantis' research and development activities. If there are changes in the ownership of Herantis exceeding 50% since the year the losses were recognized, Herantis needs to apply for an exemption from the Finnish Tax Authorities in order to retain the right to utilize the tax loss carry forwards.

The ability to use the tax loss carry forwards requires taxable income, against which they can be utilized. There are no guarantees that Herantis will be able to turn profitable in the future and be able to benefit from the tax loss carry forwards in part of fully. Furthermore, under the applicable Finnish legislation, the losses expire in ten years.

If Herantis would not receive an exemption from the Tax Authorities, or is unable to use the accrued losses in part or at all in its taxation, this may have an adverse effect on Herantis' financial position and results of operations.

**Environmental, social, legal and regulatory risks**

***The Company may be unsuccessful in protecting or enforcing its intellectual property rights***

The commercial success of Herantis will depend in part on its ability to obtain and maintain intellectual property protection with respect to its proprietary technology and products. This will require obtaining and maintaining patent protection for its products, methods, processes and/or other technologies, to preserve trade secrets, to prevent third parties from infringing on proprietary rights, and to operate without infringing the proprietary rights of third parties.

To date, Herantis holds patent rights and has filed patent applications listed in Annex A: List of patents. Herantis cannot predict the degree and range of protection any patents will provide against competitors and competing technologies, including: whether third parties will find ways to invalidate or otherwise circumvent the patents; if and when additional patents will be issued; Whether or not others will obtain patents claiming aspects similar to those covered by the patents and patents applications of Herantis; whether Herantis will need to initiate expensive and lengthy litigation or administrative proceedings; whether such litigations or proceedings are initiated by third parties against Herantis; or whether third parties will claim that Herantis' technology infringes their rights.

Should Herantis fail to successfully protect or enforce its intellectual property rights it may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The Company operates in a heavily regulated industry and is impacted by changes in laws, regulations and regulatory practice, which may adversely affect the Company's business***

Herantis operates under the strict international regulatory framework governing the pharmaceutical industry. The pharmaceutical industry is under the close scrutiny of the public, governments, and the media. The laws, regulations, and regulatory practice applicable to the business of Herantis may change.

In many countries, the aging population and increasing healthcare costs cause pressure on acceptable pricing or reimbursement of health care products and services. This could lead to changes in legislation, in the demand for drug products, in drug pricing, or in intellectual property protection.

Changes in the rules and regulations may have a material and negative impact on Herantis. For example, if the applicable regulations were changed to require more extensive preclinical testing of drug candidates prior to commercialization, such changes might imply longer and more expensive development programs than anticipated by Herantis.

Herantis' drug candidates are expected to be protected by patent rights or data exclusivities that are expected to provide the Company with exclusive marketing rights in several countries. A change in the laws regarding market exclusivity could enable a faster than expected introduction of a generic version of the same or a similar medicine, which typically results in a significant reduction in net sales of the drug product as generic manufacturers typically offer their versions of the same medicine at lower prices.

Such changes may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***Herantis' drug candidates may cause side effects that could halt their clinical development and result in other significant negative consequences***

The novelty of Herantis' drug candidates implies that there is a risk of the unknown associated with human clinical use even though the safety of the drug candidates has been studied in preclinical models in compliance with rules and regulations. Unexpected and unacceptable side effects could cause delays or termination of the clinical studies of Herantis and adversely impact the probability of obtaining marketing approvals for the drug candidates, or in the case the drug candidate had already reached a market approval, have consequences such as withdrawal of market approval.

Should Herantis experience delays or termination of the clinical studies, or experience withdrawal of market approval of one or more of its drug candidates, it may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***Herantis has limited data on its drug candidates. Clinical studies may fail to demonstrate that they are adequately safe and efficacious, and the results of earlier studies may not be predictive of future results***

Herantis has limited clinical data to date related to its drug candidates. The results of preclinical studies and completed clinical studies of its drug candidates may not be predictive of the results of on-going or future clinical studies. A number of companies in the biopharmaceutical industry have suffered significant setbacks in later clinical studies due to lack of efficacy, or adverse safety profiles, despite promising results in earlier studies. It is possible for Herantis to face similar setbacks. Most product candidates that commence clinical studies are never approved as commercial products.

The clinical stage drug candidates of Herantis, Lymfactin® and CDNF, are based on novel science and novel mechanisms of action. Similar drugs have never been approved for commercial use anywhere in the world.

Lymfactin® is a gene therapy whose mechanism of action is based on lymphangiogenesis. Such a therapeutic approach has not been tried before, which increases the risks of the unknown associated with Lymfactin®. In the on-going development Lymfactin® is used in combination with a surgical procedure, which may further increase the risks associated with the drug candidate and its development and commercialization.

CDNF is a protein therapy aiming to protect and restore the functionality of neurons. In the on-going clinical development CDNF is infused directly in the brain using an implantable medical device, which requires a surgical procedure. The device itself is currently not approved for commercial use. Both the surgical procedure and the involvement of an unapproved medical device add to the risks associated with the development of CDNF. Further, CDNF aims at disease modification and alleviating both motor and non-motor symptoms of Parkinson's disease. Despite numerous attempts over the past decades, approved treatments of Parkinson's disease have only been able to alleviate motor symptoms, which suggests that the targets set for CDNF are very challenging and associated with a risk of failure.

Should Herantis' clinical studies failed to demonstrate adequate safety and efficacy of one or more of its drug candidates, it may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The business of Herantis involves the use of hazardous materials, chemicals, and biological compounds, and is exposed to environmental risks***

Subprojects of drug development, including but not limited to preclinical studies and the manufacturing of pharmaceutical substances, involves the use of hazardous materials, chemicals, and biological compounds. Though Herantis' quality system intends to ensure compliance with applicable rules, regulations, and safety precautions drug development is always associated with a risk of an accidental environmental contamination or injury. Liability for an accident could result in significant costs, damages, or penalties which may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The Company may become involved in legal and administrative proceedings and other disputes brought by authorities, customers, third parties or by the Company itself***

Herantis is a drug development company and the general risks and uncertainties present in drug development also apply to its operations. For instance, the, safety, efficacy, and regulatory aspects of drug candidates involve risks, the realization of which can have material adverse effect of the Company. As Herantis regularly operates with various co-operation partners, regulatory authorities and patients (see "*Strategy, performance and business environment – Business overview – Partnerships, collaborations and outsourcing*"), the risk of legal and administrative proceedings exists. The Company may be adversely affected by judgments, settlements, unanticipated costs or other effects of pending and future legal and administrative proceedings or from investigations by regulatory bodies or administrative agencies. In addition, Herantis may become subject to claims related to employments being terminated as a result of cooperation procedures or other employee termination procedures. The Company's former employees may present claims that such employments have not been terminated in accordance with the legislation in force.

The Company may also have contractual or statutorily established liability towards third parties if individual employees or subcontractors on their own accord breach legal requirements, contractual agreements or internal guidelines (compliance risk). As a general rule, the Company is liable for any faults committed and damage caused by employees working for it under an employment relationship.

In some proceedings, the claimant may seek damages and other remedies, which, if granted, would require expenditures by the Company. The Company may ultimately incur costs relating to these proceedings that could exceed any future financial accruals or insurance coverage. In addition, should legal proceedings be decided in the claimant's favor, the Company may incur fines or other remedies, which may be significant. Even if the Company's directors, officers, employees or subcontractors are ultimately not found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources, damage the Company's reputation and attract regulatory inquiries. Any of these developments may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The Company's reputation could be damaged, which could have an adverse effect on the Company's customer base and the Company's ability to retain the services of key personnel***

Herantis' brand may become exposed to negative publicity concerning the Company's operations, the entire medical industry and the Company's competitors. As 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. Developments beyond the Company's control, such as unfavorable publicity, whether it is based on facts or not, may have an adverse effect on the behavior of Herantis' partners, potential customers or other interest groups. Actions of its employees and sub-contractors may also negatively affect the reputation of the Company. Furthermore, if the Company fails to react effectively to unfavorable publicity, this may lead to an additional negative impact on the Company's image. This could for example hinder the Company from entering into co-operation partnerships with hospitals or other partnerships, which could have a material adverse effect on the Company's strategy. Regarding the strategy of the Company, see "*Strategy, performance and business environment – Business overview – Strategy and objectives*".

Moreover, the Company's good reputation and brand play an important role when competing for professionally skilled personnel. The Company's reputation and brand may become exposed to negative publicity concerning the Company's operations, the entire medical industry and the Company's competitors. Thus, negative publicity over aspects relating, for example, to the quality or safety of the Company's products, occupational safety, compliance with legislation and official regulations or attending to other obligations may materially damage the Company's reputation among its partners, potential customers or other interest groups and its present and potential future employees.

A weakening of the Company's reputation may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

**Risks related to third parties**

***Competition from other novel therapies may have negative consequences on the prospects of Herantis***

The competitors of Herantis may be able to develop other drugs or therapies that are able to achieve similar or better results than the drug candidates of Herantis (For further information on the Company's competitors, see sections "*Strategy, performance and business environment – Lymfactin® development – Competition"* and "*Strategy, performance and business environment – CDNF development – Competition*". Even if the drug candidates of the Company obtained regulatory approvals, their price and demand could be limited by novel competing products.

Should Herantis' competitors develop drugs or therapies with similar or better results, or with lower prices, it may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***Herantis is dependent on its subcontractors and contractual relationships, which involves a risk relating to the counterparties' ability to fulfil their contractual obligations***

A substantial part of Herantis' product development involves outsourcing of the operations to subcontractors and other third parties. Herantis cannot be certain that it will be able to enter into or maintain satisfactory agreements with third parties. A need to amend or change a third-party provider might impact the timelines of the operations. Many third-party providers are also dependent on their own supply chains, which are not under the control of Herantis implying a further supply chain risk for Herantis. Any failure by a third party, or the Company's failure to enter into agreements with third parties on reasonable terms, or at all, may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***Herantis may not be able to enter into or maintain partnership agreements***

The business strategy of Herantis includes exploring potential partnering opportunities including collaborative agreements with international pharmaceutical companies. Herantis cannot give any assurance that such agreements will be obtained on acceptable terms nor that it will be able to enter into any such agreements at all or that it can maintain such agreements if entered into. If such agreements were executed there would be no assurance that the cooperation would work in practice and that agreements would be adhered to.

Should Herantis fail to enter into or maintain partnership agreements it may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

**Risks related to the Company's internal control and governance**

***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' drug candidates results in injury or death***

In its operations, the Company faces accident risks, which include but are not limited to occupational health and safety risks, labour protection risks, environmental risks, the risk of fire or natural disasters or phenomena, and the business premises safety risk (for information on the Company's risk management see "*Risk management*"). The Company's operations may also face sudden and unexpected damage from potential human error by its employees or subcontractors or through their fraudulent action. In addition, there can be no certainty that the Company will be able to maintain its current insurance coverage on terms acceptable to it.

Specific to its business, Herantis faces a risk of product liability claims as a result of the clinical testing or use of its drug candidates. If Herantis cannot successfully defend itself against product liability claims it may incur substantial liabilities or be required to limit the commercialization of its drugs. Even a successful defense against such claims may require significant resources.

The materialization of any accident risks or clinical study risks may result in the delay of a project or an increase in a project's expenses, or lead to an occupational accident, a case of death or damage to property or damage claims against the Company. The realization of a risk may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The Company is dependent on key data systems and archives, the breakdown of which could have an adverse effect on the Company's business***

Drug development and drug commercialization is dependent on high quality data which is used mainly to establish the preclinical and clinical safety, efficacy, and mechanisms of each drug candidate in each target indication. Due to the central role and potentially significant value of the data, the regulations require an ability of the authorities to verify any data point from so-called source data, which in practice means archives at clinical study sites.

If an unrecoverable breakdown or destruction of a data system or archive happened despite all safety precautions it may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***The Company's business is dependent on the Company's ability to identify, recruit and retain qualified and skilled employees and management***

The ability of Herantis to operate in the highly competitive biotechnology and pharmaceutical industries and its ability to comply with complex regulatory requirements and guidelines related to its development work depend on its ability to attract and retain highly qualified managerial, scientific and medical personnel. Herantis' business model is based on partnering, collaborations and outsourcing, as well as a strong yet small core team of experts. The Company has currently twelve full-time employees who plan, design, and manage the development programs and studies.

The loss of a key employee might impede the achievement of the scientific development and commercial objectives. Competition for key personnel with the experience that is required is intense and is expected to continue to increase. There is no assurance that Herantis will be able to retain key personnel, nor can assurances be given that the it will be able to recruit new key personnel in the future. Any failure to attract or retain such personnel could result in Herantis not being able to successfully execute its strategy and may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***Failure in operational risk management or in internal control processes may lead to lapses in quality control or have an adverse effect on the Company's results or reputation***

The Company's risk management and internal control may not achieve its intended effects. The Company's risk management function may not necessarily be able to identify all material risks, monitor the relevant risks and determine efficient risk management procedures and responsible persons. The Company may also experience the realization of operational risks or mistakes, negligence or wrongdoing by its personnel or management. The materialization of any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

**Risks related to the Shares and the Offering**

***The amount of any dividends or capital repayments paid by the Company in any given financial year is uncertain and the Company may not necessarily pay any dividend or capital repayments at all***

Herantis has incurred significant operating losses since its inception and it expects to incur substantial losses in the foreseeable future. To become and remain profitable Herantis must succeed in developing and commercializing products that generate revenues. This will require success in a number of operations associated with its drug candidates including process development, analytical development, preclinical studies, clinical studies, regulatory approvals, marketing, and selling. Herantis may never succeed in these activities for its drug candidates. Even if it does it may not generate revenues that are significant enough to achieve profitability.

The Company cannot guarantee that it will distribute dividends or make capital repayments in the future on the Shares it has issued. The payment of dividend or capital repayments can only be made out of profits or other distributable funds and the amounts of such distributions are at the discretion of the Company's Board of Directors and, ultimately, depend on a resolution of the general meeting of shareholders of the Company, as well as on cash and cash equivalents, profit for previous financial periods, estimated financing needs, the Company's financial condition, results of operations, potential terms and conditions of loan agreements binding the Company and other related factors. See "*Financial information and key performance indicators (KPIs) – Dividend policy*".

***The Company cannot predict in detail the use of proceeds it receives from the Offering***

As the Company is a drug development company whose drug candidates are still under development, it does not have any revenues. Currently the Company uses its financing to develop its products. Herantis currently expects that it will use its existing cash funds and the net proceeds from the Offering in preparations for the Phase 2 and Phase 3 clinical studies of CDNF and Lymfactin®, for the preclinical development of a non-invasive xCDNF, for strengthening the Company's capital structure, and for other purposes decided by the Board of Directors of Herantis. It is however difficult for the Company to predict in detail all of the specific uses, timing or the amounts that will actually be spent on the uses described above, and depending on the outcome of the development of Herantis' drug candidates, the use of future financing may alter or vary. This may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares. See "*Persons responsible, third party information, no competent authority approval – Reasons for the Offering and use of proceeds*".

***The Offer Shares may not be fully subscribed or the Listing may not occur in a timely manner or at all***

To the knowledge of the Company's management, the Company fulfils the criteria set for a company applying for Listing, but there can be no certainty that the Offering may not be delayed. It is also possible that all of the Offer Shares are not subscribed for in the Offering or that the Offering is not carried out due to reasons relating to the execution of the Offering, or due to requirements set by the First North Sweden, or other reasons. If a sufficient amount of subscriptions of Offer Shares is not received in the Offering, the Offering may lapse. If the Listing does not occur, the Offering will be withdrawn. Delay in or failure of the Offering may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the value of the Offer Shares.

***Future share issues or expected future share issues may have an effect on the value of the Shares or dilute the shareholders' relative holding and the voting rights of these Shares***

Herantis has incurred significant operating losses since its inception and it expects to incur substantial losses in the foreseeable future. To become and remain profitable Herantis must succeed in developing and commercializing products that generate revenues. This will require success in a number of operations associated with its drug candidates including process development, analytical development, preclinical studies, clinical studies, regulatory approvals, marketing, and selling.

To be able to reach profitability, Herantis expects to require further equity financing and/or debt financing. Any issues or sales of Shares, either issued by the Company or sold or otherwise assigned by its shareholders or the perception that such issues or transfers may occur in the future, may have an adverse impact on the Shares' market value and the Company's ability to obtain equity financing in the future. Should the Company require further equity financing through new share issues or other means of equity financing, the Company may organize share issues with pre-emptive subscription rights for the shareholders or directed share issues deviating from the shareholders' pre-emptive subscription rights, if the General Meeting provides an authorization for the latter. Directed share issues may also be organized due to the Company's incentive schemes, for the purpose of carrying out business acquisitions or for other reasons, provided that the Company has a justified financial reason for the directed share issue pursuant to the Companies Act. Directed share issues and share issues with pre-emptive subscription rights in which the shareholder does not participate at all or participates only partially, will dilute the shareholder's relative holding in the Company.

***All subscriptions that have not been withdrawn after the end of the Subscription Period are irrevocable and binding upon the investor***

Investors in the Offering may withdraw or amend their subscriptions at any time until the end of the Subscription Period. After the end of the Subscription Period, all subscriptions that have not been withdrawn are irrevocable and binding upon the investor. The Company may change or end the Subscription Period as described in the section "*Details of the Offering – Terms and conditions of the Offering – Subscription period*". If the Company changes the Subscription Period, the subscriptions become binding when the changed Subscription Period ends. If the Company ends the Subscription Period, the subscriptions become binding at 23:59 Swedish time on the day when the Company has resolved on ending the Subscription Period. Therefore, investors will make their investment decisions prior to having knowledge of the final result of the Offering. Furthermore, the Offer Shares are transferred to the investors only after the subscription period ends. The Offer Shares may not be transferred before they have been registered on the subscriber's book-entry account.

***Investors will become subject to certain foreign exchange risks when investing in the Shares***

The Offer Shares will be priced in Swedish krona and the Offer Shares subscribed for in the Public Offering will be traded in Swedish krona on First North Sweden, provided that the Listing occurs and the Offering is completed, whereas a substantial majority of the Company's expenses are in euro, a substantial majority of the Company's future income is expected to be in euro or United States dollars, and any future payments of dividends or other distributions on the Shares would be denominated in euro. Exchange rate movements of these currencies will

therefore affect the value of any dividends paid and other distributions of unrestricted equity for investors whose principal or reference currency is not the euro (such as the Danish krona or the Swedish krona). Further, the market price of the Shares as expressed in Swedish krona will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not the euro (such as the Danish krona or the Swedish krona).

Furthermore, as the Offer Shares will be priced in Swedish krona, investors whose principal currency is not the Swedish krona (such as Danish investors or investors whose principal currency is the euro) investing in the Offer Shares may be subject to foreign exchange risk when subscribing for the Offer Shares.

***Certain foreign shareholders may not necessarily be able to exercise their subscription rights or other shareholders' rights***

Under Finnish legislation, shareholders have specific subscription rights in proportion to their holdings when the Company issues new Shares or securities entitling the subscription of new Shares. Certain shareholders of the Company who reside or will reside, or whose registered address is located in, certain countries, including shareholders in the United States, may not necessarily be able to exercise their subscription rights in possible future share issues, unless the Shares have been registered according to the securities legislation of the country in question or in an otherwise similar manner, or unless a derogation from the registration or other equivalent regulations provided in the applicable legislation is available. No assurances can be given that local requirements will be met so as to enable the exercise of such holders' pre-emptive rights or participation in any rights offer or buy-back offer. This may lead to the dilution of such shareholders' ownership in the Company or to potential tender offers not being made to shareholders in certain countries. Further, if the number of shareholders who are not able to exercise their subscription rights is high and if the subscription rights of such shareholders are sold on the market, it could have an adverse effect on the price of the subscription rights. A foreign shareholder's right to have access to information concerning share issues and important transactions may also be restricted due to the legislation of the country in question.

Furthermore, shareholders that are not Finnish natural or legal persons and manage their Shares through a nominee register, including shareholders holding Shares through Euroclear Sweden, may not necessarily be able to use their shareholder rights through the custody chain. Owners of nominee-registered Shares cannot use their voting rights directly in a general meeting of shareholders, unless the owner of the nominee registered Shares is temporarily registered in the Company's shareholder register at the latest on the date specified in the notice of the general meeting of shareholders. As such temporary registration requires actions by the asset manager and the account operator used by the asset manager in addition to the shareholder, the registration may not succeed in the applicable time frame. For further information, see "*Terms and conditions of the Securities – Rights attached to the Offer Shares*".

## TERMS AND CONDITIONS OF THE SECURITIES

### General information regarding the Offer Shares

The Company's Shares are issued in the book-entry system maintained by Euroclear Finland and are at the date of this Information Memorandum traded in First North Finland under the trading code "HRTIS" and ISIN code FI4000087861. The Offer Shares issued are created under the laws of Finland. The Offer Shares issued will also be registered in the book-entry system maintained by Euroclear Finland. The Offer Shares issued in the Public Offering will be additionally registered in the Swedish book-entry securities system maintained by Euroclear Sweden, and trades in Shares listed on First North Sweden are settled in Euroclear Sweden's settlement system.

The Shares registered with Euroclear Sweden will be entered into the shareholder register of the Company maintained by Euroclear Finland as held by Euroclear Sweden in its capacity of nominee of the Shares traded on First North Sweden, and Euroclear Sweden will "mirror" these Shares to the book-entry securities system of Euroclear Sweden. Shares registered in the system of Euroclear Sweden will have the same ISIN as the Shares registered in Euroclear Finland. On First North Sweden, the currency of trading and settlement of transactions is Swedish krona (SEK), and the smallest recorded price movement (tick size) is SEK 0.01.

### Rights attached to the Offer Shares

*The following summary is a general description of shareholders' rights and is based on current Finnish legislation as at the date of this Information Memorandum as well as the Company's articles of association. The following summary is not exhaustive.*

#### *Dividends and other distributions of funds*

Under the Finnish Companies Act, the shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to 1 September 2006.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on a proposal by the board of directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its articles of association, such financial statements must be audited.

The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorize the board of directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the general meeting of shareholders.

Pursuant to the current Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a general meeting of shareholders of the company. A decision regarding the share capital reduction must be registered in the Finnish Trade Register within one month from the general meeting of shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Finnish Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction

of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

Distributable funds include the net profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the statement of financial position and the amounts that the articles of association of the company require to be left undistributed. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

Distributable funds are, where applicable, to be further adjusted for capitalized incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act (625/2006, as amended). A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.

The dividend may not exceed the amount proposed or otherwise accepted by the board of directors, unless so requested at the general meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the articles of association of the company require to be left undistributed (if any) and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8% of the total shareholders' equity of the company and the distributable amount must be adjusted for any dividends paid during the accounting period before the annual general meeting of shareholders. As regards payment of dividends to shareholders, see "*Swedish securities market*".

The Offer Shares will carry equal rights to dividends and other distributions of funds by the Company along with all existing Shares of the Company (including distributions of assets in the event of the liquidation of the Company). After they are registered in the Finnish Trade Register, the Offer Shares will entitle the holders to dividends and other distributions of funds by the Company as well as other shareholder rights. The right to dividends expires within three years from the dividend payment date.

For information relating to taxation of dividends, see "*Taxation*".

***Voting rights and general meeting of shareholders***

*General*

Pursuant to the Finnish Companies Act, shareholders exercise their power to resolve on matters at general meetings of the shareholders. Pursuant to the Finnish Companies Act, the annual general meeting of shareholders of the company must be held annually no later than six months from the end of the company's financial year. At the annual general meeting of shareholders, the financial statements, including the income statement, statement of financial position and cash flow statement with notes thereto and consolidated financial statements, are presented to the shareholders for adoption. At the annual general meeting, shareholders also make decisions regarding, among others, use of profits shown in the statement of financial position, the discharge from liability of the members of the board of directors and the chief executive officer, the number of members of the board of directors as well as the election of the members of the board of directors and the auditor, and their respective remuneration.

An extraordinary general meeting of shareholders in respect of specific matters must be convened when deemed necessary by the board of directors, or when requested in writing by the auditor of the company or by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company.

Pursuant to the articles of association of the Company, notice to the general meeting of shareholders shall be delivered to each shareholder to the address or email address notified to the Company by the shareholder, published on the Company's website, or published in a newspaper determined by the Board of Directors, at the earliest, three (3) months before the meeting and however no later than nine (9) days before the record date for the General Meeting of Shareholders. Under the First North Nordic Rulebook, the Company shall publish the notice to a general meeting of shareholders as a company release as well as on the Company's website.

In order to attend and vote at the general meeting of shareholders, a shareholder must, pursuant to the articles of association of the Company, register with the Company at the latest on the date referred to in the notice convening the meeting, which may be at the earliest ten days before the general meeting of shareholders. Shareholders must comply with the requirements in respect of Shares registered in Euroclear Finland or Euroclear Sweden, as the case may be, and any instructions provided in the relevant notice of the general meeting of shareholders.

There are no quorum requirements for general meetings of shareholders in the Finnish Companies Act or in the articles of association of the Company.

*Shareholders with Shares registered in Euroclear Finland*

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder must be registered at least eight Finnish business days prior to the relevant general meeting of shareholders in the register of shareholders maintained by Euroclear Finland in accordance with Finnish law. A beneficial owner of nominee-registered shares contemplating attending and vote at the general meeting of shareholders should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice to the general meeting of shareholders, which date must be after the record date of the general meeting of shareholders. A notification for temporary registration of a beneficial owner into the shareholder register of the Company is considered notice of attendance at the general meeting of shareholders.

*Shareholders with Shares registered in Euroclear Sweden*

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder with Shares registered in Euroclear Sweden's book-entry securities system must (i) be temporarily registered in the general meeting shareholder register maintained by Euroclear Sweden before or on the record date of the general meeting of shareholders, and (ii) give notice to the Company of their attendance to the general meeting of shareholders.

Furthermore, shareholders with Shares registered in Euroclear Sweden in the name of a nominee, through a bank or a securities institution, must, in order to have the right to attend the general meeting of shareholders, (i) temporarily reregister their shares in their own name in the general meeting register maintained by Euroclear Sweden by instructing their nominee to send to Euroclear Sweden the request for temporary registration into the general meeting shareholder register maintained by Euroclear Sweden, and (ii) procure that the nominee sends the abovementioned request for temporary registration in the shareholder register maintained by Euroclear Sweden on their behalf.

A request for temporary registration of ownership in the shareholder register maintained by Euroclear Finland is considered notice of attendance at the general meeting of shareholders.

*Voting rights*

A shareholder may attend and vote at a general meeting of shareholders in person or through an authorized representative. Each Share entitles the holder to one vote at the general meeting of shareholders. At a general meeting of shareholders, resolutions are generally passed with the majority of the votes cast. However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the articles of association and resolutions regarding mergers, demergers or liquidation of a company, require at least two-thirds of the votes cast and the shares represented at the general meeting of shareholders. In addition, certain resolutions, such as amendments to the articles of association that change the respective rights of shareholders holding the same class of shares or increase the

redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the amendment in addition to the applicable majority requirement.

***Pre-emptive right***

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company, unless the resolution of the general meeting of shareholders approving such issue, or authorizing the board of directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a general meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders.

Certain shareholders resident in, or with a registered address in certain jurisdictions may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

***Right to share in any surplus in the event of liquidation***

Pursuant to the Finnish Companies Act, upon the voluntary liquidation of the Company, liquidators are required to cause the repayment of the Company's known debts. Any net assets remaining after the repayment of debts are paid to the shareholders *pro rata* to their holdings of Shares.

***Redemption provisions (squeeze-out)***

Under the Finnish Companies Act, a shareholder with shares representing more than 90% of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares.

***Conversion provisions***

The Finnish Companies Act and the Company's articles of association do not contain conversion provisions regarding the Shares.

**Statement of the resolution authorizing the Offering**

On 9 April 2015, the Annual General Meeting of Shareholders authorized the Board of Directors to decide on a share issue. Based on the authorization, a maximum of 400,000 Shares can be issued. Of the aforementioned authorization 70,000 was used for option program 2016 and 100,000 for option program 2018, i.e. 230,000 Shares remain to be issued based on the authorization resolved by the Annual General Meeting of Shareholders on 9 April 2015. In addition, on 12 March 2019, the Extraordinary Meeting of Shareholders authorized the Board of Directors to decide on a share issue. Based on the authorization, a maximum of 1,500,000 Shares can be issued. The Board of Directors can act on this authorization in one or several tranches. Under the authorization, shares may be issued for the purposes of financing the development necessary for the business of the Company such as activities related to preparations for the Phase 2 and Phase 3 clinical studies of CDNF and Lymfactin®, preclinical development of a non-invasive CDNF, strengthening the Company's capital structure, as well as for other purposes decided by the Board of Directors. Under the authorization, shares may also be issued, among others, to the members of the Board of Directors, the CEO or the employees of the Company. Under the authorization, the Board of Directors may resolve upon issuing new shares to the Company itself. However, the Company, together with its subsidiaries, may not at any time hold more than 10 per cent of all its registered Shares. The authorization is valid for five (5) years from the decision of the Extraordinary Meeting of Shareholders. On 12 March 2019, the Board of Directors resolved on issuing 1,111,982 Shares based on the authorization by the Extraordinary Meeting

of Shareholders on 12 March 2019. The remainder of the authorization, being up to 388,018 Shares, may be used for the purposes of the Offering.

**Issue date**

The Offer Shares are expected to be registered with the Finnish Trade Register on or about 9 December 2019 and delivered to investors through Euroclear Finland and Euroclear Sweden on or about 10 December 2019.

**Shares freely transferable**

The Shares are freely transferable after they have been registered on the subscriber's book entry account.

**Tax implications**

*The tax legislation of the investor's tax domicile and Finland, being the Company's jurisdiction of incorporation, may have an impact on the income received from the Offer Shares.*

For an explanation of certain matters relating to the taxation of investments in Offer Shares, see "*Taxation*".

**Takeover rules**

***Sweden***

The Swedish Corporate Governance Board (in Swedish: *Kollegiet för bolagsstyrning*) has issued takeover rules for the First North Sweden trading platform. The takeover rules essentially correspond to those of companies whose shares are admitted to trading on a regulated market in Sweden. It is the responsibility of the Swedish Securities Council (in Swedish: *Aktiemarknadsnämnden*) to interpret and examine matters regarding exemption from the takeover rules.

The takeover rules are to be observed both by offerors and offeree companies. The specific provisions of the takeover rules apply to the various stages of an offer, and broadly follow the chronological order of events in the offer process. The provisions are to be interpreted in the light of their purpose. This means that not only the wording of the provisions is to be respected, but also their objectives. According to these principles:

- All holders of the same class of securities in an offeree company must be treated equally, and if a person acquires control of a company, other holders of securities are to be protected.
- Holders of securities in an offeree company are to be given sufficient time and information to reach a well-founded decision regarding the offer. When the board of the offeree company gives advice to the holders of its securities, it is to give its opinion on how implementation of the offer will affect the number of employees, employment conditions and the location of the company’s operations.
- The board of the offeree company is to take into account the interests of the company as a whole and may not deny holders of securities the opportunity to form a conclusion regarding the offer.
- The markets on which securities in the offeree company, the company making the offer, or any other company affected by the offer are traded may not be manipulated in a manner that causes the price of the security to rise or fall artificially and that distorts the normal functioning of the markets.
- An offeror may not announce an offer until it has been ascertained that cash consideration, where offered, can be paid in full and only after all reasonable steps have been taken to ensure payment of all other forms of consideration.
- An offer concerning securities in an offeree company may not prevent the company from conducting its business for a period that is longer than is reasonable.

In addition to the above, to the extent possible, a takeover bid is to be structured in a way that is simple and clear and so that complex elements can be understood.

The principle that shareholders of the offeree company are to be afforded equal treatment means that in certain cases the terms and conditions of an offer must be adjusted based on the terms and conditions of other acquisitions of shares carried out by the offeror. The main rules are as follows:

- If the offeror has acquired shares in the offeree company in the six months prior to publishing an offer, directly or indirectly, other than through a previous takeover bid for the offeree company, (a "prior transaction"), the terms and conditions of the offer may not be less favourable than the terms and conditions of the prior transaction.
- If the offeror directly or indirectly acquires shares in the offeree company after an offer has been announced, (a "side transaction"), on terms which are more favourable for the holder than the terms and conditions of the offer, the offeror is to adjust the terms and conditions of the offer to a corresponding extent.
- If the offeror directly or indirectly acquires shares in the offeree company (a "subsequent transaction") within a period of six months after the commencement of payment of the consideration in a takeover bid on terms which are more favourable than the terms and conditions of the offer, the offeror is to pay compensatory cash consideration to those who have accepted the offer.

***Finland***

Takeover rules under Finnish law apply, for the most part, on companies having their shares admitted to trading on a regulated market in Finland. As First North Finland is a multilateral trading facility and not a regulated market, Finnish takeover rules apply only to a limited extent. Pursuant to the takeover rules under Finnish law and applicable on First North Finland, offerors are required to treat securities holders equally, to disclose sufficient and material information required to assess a takeover offer and to ensure sufficient financing for the takeover offer on a funds certain basis. Where an offer is made for all shares and equity securities, the offer will be subject to a minimum price, which is normally required to be the highest price paid by the offeror or persons acting in concert with the offeror during the six months preceding the publication of the offer. In addition, where the offeror or a person acting in concert with the offeror acquires securities on terms more favorable than those of the takeover offer after the publication of the offer and prior to the end of the offer period, the offer must be amended to correspond to those more favorable terms. If the offeror or a person acting in concert with the offeror acquires securities on terms more favorable than those of the offer during the nine months following the end of the offer period, the securities holders who accepted the offer must be compensated for the difference.

***Past takeovers***

There have been no past takeover offers for the Shares or equity securities of the Company.

**Additional information**

***Own shares***

Pursuant to the Finnish Companies Act, a company can repurchase its own shares. Resolutions regarding the repurchase of a company's own shares must be made by the general meeting of shareholders. Decision on the repurchase of own shares made by the general meeting of shareholders requires at least two thirds of the votes cast and the shares represented at the meeting. The general meeting of shareholders may also authorize the board of directors to resolve upon share repurchases using unrestricted equity. Any such authorization with regard to a public limited company may remain in effect for no more than 18 months. A public limited company may not, directly or indirectly, own more than 10% of all shares in the company.

***Comparison of Finnish and Swedish companies law***

Provided that the Listing takes place and the Company's Shares are traded on First North Finland and First North Sweden, the below table sets out a comparison of certain provisions in the Finnish Companies Act (in Swedish:

*aktiebolagslagen*) and the Swedish Companies Act (2005:551, as amended; in Swedish: *aktiebolagslagen*). The comparison is meant to provide an overview of material provisions and should not be considered exhaustive.

| Issue | Finnish Companies Act | Swedish Companies Act |
|---|---|---|
| Administration of the company ... | The administration of a company is divided between the general meeting of shareholders, the board of directors and the chief executive officer. The shareholders exercise rights belonging to them mainly in the general meeting of shareholders, which normally is convened by the board of directors of the company. | The administration of a company is divided between the general meeting, the board of directors and the chief executive officer. The shareholders exercise rights belonging to them mainly at the general meeting, which normally is convened by the board of directors of the company. |
| Board of directors ..... | The board of directors sees to the administration of the company and the appropriate organization of its operations. The board of directors is responsible for the appropriate organization of the control of the company's accounts and finances. The board of directors is elected by the general meeting of shareholders. The opinion of the majority of the members in attendance in a meeting shall constitute the decision of the board of directors. In the event of a tie the chairman shall have the casting vote. | The board of directors is responsible for the overall management of the company and the appropriate organization of its operations. The board of directors is further responsible for the control of the company's accounts and finances. The board of directors shall ensure that the company has adequate internal controls and formalized routines to ensure that approved principles for financial reporting and internal controls are applied, and that the company's financial reports are produced in accordance with legislation, applicable accounting standards and other requirements. The board of directors resolves on the company's strategic issues and makes appropriate strategic decisions. The board of directors is elected by the general meeting. The opinion of the majority of the members in attendance in a meeting shall constitute the decision of the board of directors. There are quorum requirements set out in the Swedish Companies Act. In the event of a tie the chairman shall have the casting vote. The board of directors of a public limited liability company is required to maintain written rules of procedures and to clarify the allocation of work between the board of directors and the chief executive officer through written instructions. |
| Chief executive officer (CEO)..... | The chief executive officer sees to the executive management of the company in accordance with the instructions and orders given by the board of directors. The chief executive officer is responsible for the accounts of the company being in compliance with the law and that its financial affairs have been arranged in a reliable manner. | The chief executive officer is responsible for the company's day-to-day management in accordance with the instructions and orders given by the board of directors. Matters of unusual nature or of exceptional importance due to their scope and the nature of the company's business are not considered part of the day-to-day management. The chief executive officer shall be resident within the European Economic Area, unless otherwise approved by the Swedish Companies Registration Office. The chief executive officer must not also be chairman of the board |

| Issue | Finnish Companies Act | Swedish Companies Act |
|---|---|---|
| | | of directors. |
| Representation of the company ... | The board of directors is authorized to represent the company. The chief executive officer is authorized to represent the company in matters falling within his/her mandate. | The board of directors is authorized to represent the company. The chief executive officer is authorized to represent the company in matters falling within his/her mandate (see above). |
| | The board of directors may issue procurations (in Swedish: *prokura*), and if so provided by the articles of association, representation rights to named persons. | The board of directors may appoint so called special signatories (in Swedish: *särskild firmatecknare*) who are authorized to sign on behalf of the company. |
| Shares and share capital ..... | Shares have no nominal value, unless provided otherwise in the articles of association. Shares in dematerialized book-entry form are issued and registered in the book-entry system of Euroclear Finland. | The nominal value of each share is equal to the total registered share capital divided by the total number of shares outstanding in the company. Shares in dematerialized book-entry form are issued and registered in the systems of Euroclear Sweden. |
| | The articles of association may impose limits on the number of shares and the amount of share capital. Share capital must amount to EUR 80,000 at a minimum in a public limited company. | The limits for the numbers of shares and the limits for the share capital are set out in a company's articles of association. Share capital must amount to SEK 500,000 at a minimum in a public limited liability company. |
| General meetings..... | Shareholders exercise their power to resolve on matters at general meetings of shareholders. The annual general meeting of shareholders of the company must be held annually no later than six months from the end of the company's financial year.<br>An extraordinary general meeting of shareholders in respect of specific matters must be convened when deemed necessary by the board of directors, or when requested in writing by the auditor of the company or by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company. | Shareholders exercise their power to resolve on matters at general meetings (which are a company's highest decision-making body). The annual general meeting must be held no later than six months from the end of the company's financial year in order to decide on whether to adopt the income statement and balance sheet and decide on the appropriation of profits or losses. The annual general meeting also resolves on discharge of liability for members of the board of directors and the chief executive officer, as well as other issues on which it is obliged by law or its articles of association to decide (such as the election of members of the board of directors and the company's auditor). In addition to annual general meetings, extraordinary general meetings may be convened. |
| | The articles of association may provide that in order to attend and vote at the general meeting of shareholders, a shareholder must, register with the company<br>There are no quorum requirements for general meetings of shareholders in the Finnish Companies Act. | The articles of association may provide that, in order to attend and vote at the general meeting, a shareholder must register with the company. |
| | As regards companies with shares registered in Euroclear Finland's book-entry system, in order to have the right to attend and vote at a general meeting of shareholders, a shareholder must be registered at least eight Finnish business days prior to the relevant | There are no quorum requirements for general meetings in the Swedish Companies Act. However, certain decisions require support by super majorities (see further below).<br>As regards companies with shares registered in Euroclear Sweden's book-entry system, in |

| Issue | Finnish Companies Act | Swedish Companies Act |
|---|---|---|
| | general meeting of shareholders in the register of shareholders maintained by Euroclear Finland. A beneficial owner of nominee-registered shares contemplating attending and vote at the general meeting of shareholders should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice to the general meeting of shareholders, which date must be after the record date of the general meeting of shareholders. | order to have the right to attend and vote at a general meeting, a shareholder must be registered at least five Swedish business days prior to the relevant general meeting in the register of shareholders maintained by Euroclear Sweden. A beneficial owner of nominee-registered shares contemplating attending and voting at the general meeting shall seek a temporary registration in the register of shareholders maintained by Euroclear Sweden by the date announced in the notice to the general meeting. |
| General limitation in the general meeting's powers..... | The general meeting, the board of directors or the chief executive officer may not pass a resolution or take other actions which are likely to give a shareholder or a third party an unfair benefit which is detrimental to the company or the other shareholders.<br><br>All resolutions passed and actions taken must support the corporate benefit of the company, unless passed by all of the shareholders unanimously. | A general meeting may not pass resolutions that aim to give undue advantage to a shareholder or individual to the disadvantage of the company or any other shareholder. |
| Voting rights..... | A shareholder may attend and vote at a general meeting of shareholders in person or through an authorized representative. Unless the articles of association provide otherwise, each share entitles the holder to one vote at the general meeting of shareholders. At a general meeting of shareholders, resolutions are generally passed with the majority of the votes cast.<br><br>However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the articles of association and resolutions regarding mergers, demergers or liquidation of a company, require at least two-thirds of the votes cast and the shares represented at the general meeting of shareholders.<br>In addition, certain resolutions, such as amendments to the articles of association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the | A shareholder may attend and vote at a general meeting, according to the number of shares owned, in person or through an authorized representative. Unless the articles of association provide otherwise, each share entitles the holder to one vote at the general meeting. If the articles of association allow for differentiated voting rights, no share may carry more than ten times the voting rights of any other share.<br><br>At a general meeting, resolutions are generally passed with the majority of the votes cast. However, certain resolutions, such as deviations from shareholders' pre-emptive rights in respect of cash issues and repurchases of own shares, amendments to the articles of association and resolutions regarding mergers or demergers, require at least two-thirds of the votes cast and the shares represented at the general meeting.<br>In addition, certain resolutions, such as amendments to the articles of association that change the respective rights of shareholders holding the same class of shares or limit the number of shares a shareholder may vote for at a general meeting require the consent of relevant super majorities as set out in |

| Issue | Finnish Companies Act | Swedish Companies Act |
|---|---|---|
| | amendment in addition to the applicable majority requirement. | applicable provisions in the Swedish Companies Act. |
| Pre-emptive rights ..... | Shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company unless the resolution of the general meeting of shareholders approving such issue, or authorizing the board of directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a general meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders. | Shareholders of a Swedish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares (or options or convertibles) in such company unless the resolution of the general meeting approving such issue, or authorizing the board of directors to resolve on such issue, provides otherwise or if the issue shall be paid for in kind. Pursuant to the Swedish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a general meeting. |
| Squeeze-out rights ..... | A shareholder with shares representing more than 90 per cent of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares that may require such majority shareholder to redeem its shares. | A shareholder with shares representing more than 90 per cent of all shares in a company has the right to redeem remaining shares in such company. The price in the redemption process shall be set at the price that would prevail in the market under normal circumstances. In addition, any minority shareholder that possesses shares that could be redeemed by a majority shareholder may require that such majority shareholder redeems the minority shareholder's shares. |
| Dividends and other distributions of funds ..... | The shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to 1 September 2006.<br><br>In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of | The equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital and any reserve funds. Unrestricted equity consists of retained earnings and share premium reserves and may be distributed to the shareholders following a resolution by a general meeting. Dividends on shares in a Swedish company, if any, are generally declared once a year, but it is possible to resolve on additional dividends provided that there is unrestricted equity available. The annual general meeting is required to resolve on appropriation of a company's profits. Dividends may be paid and unrestricted equity may otherwise be distributed only after the annual general meeting has adopted the company's financial statements. Dividends may be paid in cash or in kind. Proposals for payment of dividend may be put forward by the board of directors or a shareholder. The payment of a dividend |

| Issue | Finnish Companies Act | Swedish Companies Act |
|---|---|---|
| | unrestricted equity based on a proposal by the board of directors of the company. The payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its articles of association, such financial statements must be audited.<br><br>The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. The general meeting of shareholders may also authorize the board of directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the general meeting of shareholders.<br><br>A company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a general meeting of shareholders of the company. A decision regarding the share capital reduction must be registered in the Finnish Trade Register within one month from the general meeting of shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Finnish Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.<br><br>Distributable funds include the net profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the statement of financial position and the amounts that the articles of | or other distribution of unrestricted equity may not exceed the unrestricted equity in the latest financial statements adopted by the general meeting. If the company has an obligation to elect an auditor pursuant to law or its articles of association, such financial statements must be audited.<br><br>The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting.<br><br>A company may also distribute funds by reducing its share capital, which requires the approval of two-thirds of the votes cast at a general meeting. It is possible for a company to have a provision in its articles of association (in Swedish: *inlösenförbehåll*) that allows for other forms of approval of share capital reductions. A decision regarding a share capital reduction must be registered with the Swedish Companies Registrations Office within four months from the general meeting of the company that resolved on such share capital reduction.<br><br>In order to register a share capital reduction for repayment to the shareholders, the company needs i) approval from the Swedish Companies Registrations Office, or ii) take actions, at the same time as resolving on the share capital reduction, that ensure that the share capital is unchanged following the reduction (e.g. a share issue). The Swedish Companies Registrations Office will grant approval if none of the creditors of the company have opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it does not adhere to the rules regarding protection of creditors in the Swedish Companies Act.<br><br>A dividend may not exceed the amount proposed or otherwise accepted by the board of directors, unless so requested at the general meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case the |

| Issue | Finnish Companies Act | Swedish Companies Act |
|---|---|---|
| | association of the company require to be left undistributed. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent. Distributable funds are, where applicable, to be further adjusted for capitalised incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act (625/2006, as amended). A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.<br><br>The dividend may not exceed the amount proposed or otherwise accepted by the board of directors, unless so requested at the general meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the articles of association of the company require to be left undistributed (if any) and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 per cent of the total shareholders' equity of the company and the distributable amount must be adjusted for any dividends paid during the accounting period before the annual general meeting of shareholders.<br><br>Unless otherwise provided in the articles of association, all shares in the company carry equal rights to dividends and other distributions of funds (including distributions of assets in the event of the liquidation of the company). After they are registered in the | dividend can be no more than the lesser of i) one-half of the remaining profit for the year pursuant to the adopted balance sheet, and ii) 5% of the total equity in the company, or is stipulated by the articles of association. The company's articles of association may prescribe that a distribution of profits may be requested by a shareholder holding less than one-tenth of all of the issued and outstanding shares in the company. It may also be prescribed in the articles of association that the right to a distribution of profits shall relate to more than one-half of the remaining profit for the year pursuant to the adopted balance sheet.<br><br>Unless otherwise provided in the articles of association, all shares in the company carry equal rights to dividends and other distributions of funds (including distributions of assets in the event of the liquidation of the company). After they are registered with the Swedish Companies Registrations Office, shares in a company will entitle the holders to dividends and other distributions of funds by the company as well as other shareholder rights. |

| Issue | Finnish Companies Act | Swedish Companies Act |
|---|---|---|
| | Finnish Trade Register, the Shares in the company will entitle the holders to dividends and other distributions of funds by the Company as well as other shareholder rights. The right to dividends expires within three years from the dividend payment date. | |
| Repurchases of own shares ..... | A company can repurchase its own shares. Resolutions regarding the repurchase of a company's own shares must be made by the general meeting of shareholders, unless the general meeting of shareholders has authorized the board of directors to resolve upon share repurchases using unrestricted equity. Any such authorization may remain in effect for no more than 18 months. A public limited company may not, directly or indirectly, own more than 10 per cent of all shares in the company. | In general, only a public limited liability company listed on a regulated market in Sweden or an equivalent market outside of Sweden may repurchase its own shares. Upon approval from at least two thirds of the votes cast at a general meeting, such company can repurchase own shares insofar as the aggregated own share ownership does not exceed a tenth of the total outstanding share capital. |

***Restrictions on foreign ownership***

General restrictions on foreign ownership of Finnish companies were abolished as of 1 January 1993. However, the Act on the Control of Foreigners' Acquisition of Finnish Companies (172/2012, as amended, the "**Control Act**") grants Finnish authorities some control over the ownership of Finnish companies operating in areas sensitive from a national emergency supply or national security perspective. Pursuant to the Control Act, advance clearance by the Finnish Ministry of Employment and the Economy is required if a foreign person or entity, other than a person or entity from another member state of the EU or the European Free Trade Association (EFTA), were to acquire a holding of at least one-tenth, one-third or half of the voting rights, or equivalent control by other means, over a Finnish company involved in the defense industry or producing dual-use goods. Furthermore, there are no minimum thresholds for the number of employees or the amount of turnover or total assets of the acquired company before a clearance procedure is triggered. Pursuant to the Control Act, foreign persons or entities are not required to seek clearance by the Finnish Ministry of Employment and the Economy for acquisitions of Finnish companies operating in other industries than the defense industry.

***Foreign exchange control***

Shares in a Finnish company may be purchased by non-residents of Finland without any separate Finnish exchange control consent. Non-residents may also receive dividends without separate Finnish exchange control consent, the transfer of assets out of Finland being subject to payment by the company of withholding taxes in the absence of an applicable taxation treaty. Non-residents having acquired shares in a Finnish limited company may receive shares pursuant to a bonus issue or through participation in a rights issue without separate Finnish exchange control consent. Shares in a Finnish company may be sold in Finland by non-residents, and the proceeds of such sale may be transferred out of Finland in any convertible currency. There are no Finnish exchange control regulations restricting the sale of shares in a Finnish company by non-residents to other non-residents.

## DETAILS OF THE OFFERING

### Terms and conditions of the Offering

#### *Total amount of the issue*

Herantis Pharma Plc (the "**Company**") offers up to 360,000 new Shares in the Company ("**Offer Shares**") for subscription (the "**Offering**"). The Offering consists of:

a) a public offering, in which up to 360,000 Offer Shares are offered, to private individuals and entities other than qualified investors (i) in Sweden (the "**Swedish Public Offering**") and (ii) in Denmark (the "**Danish Public Offering**" and together with the Swedish Public Offering, the "**Public Offering**");

b) a private placement, in which Offer shares are offered to qualified investors and certain other investors in the European Economic Area (the "**Private Placement**").

The number of Offer Shares to be issued in the Offering will be determined on the basis of subscriptions received in the Public Offering and in the Private Placement. The Board of Directors of the Company may, in the event of an oversubscription, increase the number of Offer Shares offered in the Private Placement by a maximum of 258,018 Offer Shares (the "**Upsize Option**"). If the Upsize Option is used in full, the number of Offer Shares offered in the Offering may amount up to 618,018 Offer Shares in aggregate. The use of the Upsize Option only increases the number of Offer Shares offered in the Private Placement and does not increase the number of Offer Shares offered in the Public Offering.

Assuming that 360,000 Offer Shares are issued in the Offering, the Offer Shares will upon consummation of the Offering constitute approximately 5.61 per cent of the outstanding Shares in the Company. Assuming that the Upsize Option is used in full, the Offer Shares will upon consummation of the Offering constitute 9.25 per cent of the outstanding shares in the Company.

#### *Subscription period*

The subscription period (the "**Subscription Period**") for the Offer Shares will commence on 18 November 2019 at 09:00 Swedish time and is expected to end on 1 December 2019 at 23:59 Swedish time.

The Company may, at its sole discretion, end, shorten, or extend the Subscription Period. Changes to the Subscription Period may be made one or several times, provided, however, that the Subscription Period can end at the earliest on 24 November 2019 at 23:59 Swedish time and it will not be extended beyond 15 December 2019 at 23:59 Swedish time. Any changes to the Subscription Period will be announced by way of a company release. The Subscription Period may not be changed or ended by the Company between 9:00 and 17:00 Swedish time, or changed after the ending of the Subscription Period.

In the event the Subscription Period is changed, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly, but the date of the listing and commencement of trading on First North Sweden may not necessarily be changed.

#### *Subscription price and payment of the Offer Shares*

The subscription price is SEK 71 per Offer Share. The subscription price has been determined based on the view of the Board of Directors of the Company concerning the fair value of the Offer Shares.

The subscriptions shall be paid in cash as further described in "*–Terms specific to the Public Offering*" and "*–Terms specific to the Private Placement*", to bank accounts designated by UB Securities Ltd (the "**Lead Bookrunner**") and Nordnet Bank AB (the "**Selling Agent**") in immediately available funds.

The subscription price for the Offer Shares will be recorded in the reserve for invested unrestricted equity (in Swedish: *fonden för inbetalt fritt eget kapital*). Accordingly, the share capital of the Company will not be increased in connection to the Offering.

Offer Shares will be delivered through Euroclear Sweden AB ("**Euroclear Sweden**") to investors in the Public Offering. Offer Shares in the Private Placement will be delivered through Euroclear Finland Oy ("**Euroclear Finland**"). All Offer Shares will be payable in Swedish krona. Upon receipt of payment for the Offer Shares, the Board of Directors of the Company shall determine the euro amount to be recorded in the reserve for invested unrestricted equity, which amount shall correspond to the aggregate subscription price for the Offer Shares issued in the Offering.

No fees are charged by the Company, the Lead Bookrunner or the Selling Agent to the investors subscribing for Offer Shares in the Offering. However, the Lead Bookrunner and the Selling Agent may charge the interest, costs, charges and expenses accrued from investors who have not paid the subscribed Offer Shares by the due date.

However, brokers and other service providers engaged by an investor may charge the investor as agreed between the investor and that service provider.

***Publication of the outcome of the Offering***

Provided that no changes are made to the Subscription Period, the Company will announce the outcome of the Offering on or about 3 December 2019 by way of a company release.

***Deviation from the pre-emptive right of the shareholders***

The Offering is a targeted share issue, i.e., Offer Shares will be offered in deviation of the pre-emptive subscription right of the existing shareholders of the Company. The grounds for deviating from the pre-emptive subscription right are the funding of the Company's business and the broadening of the Company's shareholder base necessary for a planned listing of the shares in the Company on Nasdaq First North Growth Market Sweden. On these grounds, the Company's Board of Directors considers that in accordance with the Finnish Companies Act, Chapter 9, Section 4(1), weighty financial reasons exist for deviating from the pre-emptive subscription right of the shareholders.

***Amendment or cancellation of subscriptions***

Investors in the Offering may withdraw or amend their subscriptions at any time until the end of the Subscription Period. After the end of the Subscription Period, all subscriptions that have not been withdrawn are irrevocable and binding upon the investor. The Company may change or end the Subscription Period as described above in the section "– *Subscription period*". If the Company changes the Subscription Period, the subscriptions become binding when the changed Subscription Period ends. If the Company ends the Subscription Period, the subscriptions become binding at 23:59 Swedish time on the day when the Company has resolved on ending the Subscription Period.

***Supplements to the Information Memorandum***

The Company will issue a supplement to the Information Memorandum in case a significant new factor, material mistake or material inaccuracy relating to the information included in the Information Memorandum, which may affect the assessment of the Offer Shares, arises or is noticed between the time when the Information Memorandum was published and the end of the Subscription Period. Such supplement will be published in the same manner as the Information Memorandum.

***Company's right to withdraw the Offering***

The Company's Board of Directors may, at its sole discretion (and for any reason), withdraw the Offering. If the Offering is withdrawn, any subscriptions given by investors will be automatically cancelled. A withdrawal of the Offering will be announced by the Company by way of a company release.

The Company intends to apply for the listing of the Offer Shares as set out in "– *Admission to trading and dealing arrangements*". If the Company's application to list the Offer Shares on Nasdaq First North Growth Market Finland and Nasdaq First North Growth Market Sweden is not approved, the Offering will be withdrawn.

The Company may not withdraw the Offering after the Board of Directors of the Company has resolved on the allocation of the Offer Shares.

***Terms specific to the Public Offering***

*Persons entitled to subscribe in the Public Offering*

In the Public Offering, Offer Shares are offered to the public (investors other than qualified investors) in Sweden and in Denmark. To be authorized to subscribe for Offer Shares in the Public Offering, the investor shall, in case it is a natural person, be resident in Sweden or in Denmark, and in case it is a legal entity, be incorporated under Swedish law and have its corporate seat in Sweden or be incorporated under Danish law and have its corporate seat in Denmark.

The Lead Bookrunner and the Selling Agent may require the investors to evidence or confirm their right to participate in the Public Offering.

*Minimum and maximum subscription*

The minimum subscription per investor in the Public Offering is 80 Offer Shares.

Up to 360,000 Offer Shares are offered in the Public Offering. The number of Offer Shares allocated to investors in the Public Offering may not exceed 360,000.

*Subscription instructions*

Subscriptions in the Public Offering must be made during the Subscription Period:

a) as regards the Swedish Public Offering, in Nordnet Bank's online service with bank identifiers of Nordnet Bank at www.nordnet.se; and

b) as regards the Danish Public Offering, in Nordnet Bank's online service with bank identifiers of Nordnet Bank at www.nordnet.dk.

*Payment of the subscription price*

Provided that no changes are made to the Subscription Period, the subscription price shall be paid no later than on 5 December 2019, provided that the subscription period remains unchanged, in accordance with instructions set out in the contract note sent to the investor.

Should payment not be made when due, the Company may in its sole discretion decline the subscription and re-allot the Offer Shares.

In order not to lose the right to allotment, investors subscribing through the Selling Agent shall have sufficient funds available for the payment of their subscription on their account at the Selling Agent during the period from 18 November 2019 at 09:00 Swedish time until the payment date, which is expected to be no later than 5 December 2019. More information regarding the subscription process is available in respect of the Swedish Public Offering at www.nordnet.se and in respect of the Danish Public Offering at www.nordnet.dk.

Where the Company has not declined a defaulted investor's subscription, the Lead Bookrunner and the Selling Agent may, in their sole discretion, pay the subscription price for the Offer Shares on behalf of the investor. In such case, the investor remains liable to pay the original subscription price to the Lead Bookrunner or the Selling Agent for the Offer Shares allocated to the investor, together with any interest, costs, charges and expenses accrued, and the Lead Bookrunner and the Selling Agent may enforce payment of any such amount outstanding. Default interest calculated in accordance with the Finnish Interest Act (633/1982, as amended), Section 4, will accrue from the due date on an unpaid subscription price. The Lead Bookrunner and the Selling Agent may, at any time, sell any Offer Shares paid for by the Lead Bookrunner or the Selling Agent on behalf of the investor. Upon such sale, the Lead Bookrunner and the Selling Agent will set off any sale proceeds against the amounts owed by

the investor. Where the sale proceeds exceed the amounts owed, the Lead Bookrunner and the Selling Agent will be entitled to keep the excess. Where the sales proceeds fall short of the amounts owed, the investor will remain liable to pay the Lead Bookrunner or the Selling Agent the outstanding amount.

*Delivery of the Offer Shares*

Offer Shares will be delivered to investors in the Public Offering through the book-entry system of Euroclear Sweden.

***Terms specific to the Private Placement***

*Persons entitled to subscribe in the Private Placement*

In the Private Placement, Offer Shares are offered to qualified investors in the European Economic Area and may be offered in the European Economic Area to investors other than qualified investors in the circumstances pursuant to Article 1(4) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

The Company may, at its sole discretion, decline an investor's subscription in the Private Placement for instance if it reasonably believes that the investor does not qualify as a qualified investor or that none of the conditions pursuant to Article 1(4) of the Prospectus Regulation are met.

*Minimum subscription*

The minimum subscription per investor in the Private Placement is 80 Offer Shares.

Investors in the Private Placement may place several subscriptions during the book-building period.

*Subscription instructions*

Subscriptions for Offer Shares in the Private Placement must be made during the Subscription Period by advising the Lead Bookrunner of the number of Offer Shares that the subscriber wishes to subscribe.

The Company may, in its sole discretion, resolve on the allocation of the Offer Shares.

Any orally placed subscription in the Private Placement will be binding upon the subscriber and subject to the same terms and conditions as a written subscription. The Lead Bookrunner may, at any time and in its sole discretion, require the subscriber to confirm any orally placed subscription in writing.

*Payment*

Provided that no changes are made to the Subscription Period, the subscription price for the Offer Shares shall be paid no later than 5 December 2019 in accordance with instructions set out in the notice of allotment sent to the investor.

Should payment not be made when due, the Company may in its sole discretion decline the subscription and re-allot the Offer Shares.

Where the Company has not declined a defaulted investor's subscription, the Lead Bookrunner may, in its sole discretion, pay the subscription price for the Offer Shares on behalf of the investor. In such case, the investor remains liable to pay the original subscription price to the Lead Bookrunner for the Offer Shares allocated to the investor, together with any interest, costs, charges and expenses accrued, and the Lead Bookrunner may enforce payment of any such amount outstanding. Default interest calculated in accordance with the Finnish Interest Act (633/1982, as amended), Section 4, will accrue from the due date on an unpaid subscription price. The Lead Bookrunner may, at any time, sell any Offer Shares paid for by the Lead Bookrunner on behalf of the investor. Upon such sale, the Lead Bookrunner will set off any sale proceeds against the amounts owed by the investor. Where the sale proceeds exceed the amounts owed, the Lead Bookrunner will be entitled to keep the excess. Where the sales proceeds fall short of the amounts owed, the investor will remain liable to pay the Lead Bookrunner the outstanding amount.

*Delivery of the Offer Shares*

The Offer Shares are delivered to the investors in the Private Placement through the book-entry system of Euroclear Finland.

***Entry of the Shares in the book-entry system***

The Offer Shares will be registered and issued in the book-entry system of Euroclear Finland, and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden.

Investors in the Public Offering will be delivered Offer Shares through Euroclear Sweden. Such investors should have a book-entry account with an account operator in the book-entry system of Euroclear Sweden. The number of the book-entry account should be given to the subscription office when placing the subscription. The account must be in the name of the investor.

Investors in the Private Placement will be delivered Offer Shares through Euroclear Finland. Such investors should have a book-entry account with an account operator in the book-entry system of Euroclear Finland. The number of the book-entry account should be given to the subscription office when placing the subscription. The account must be in the name of the investor.

***Subscriptions by legal entities***

A legal entity subscribing for Offer Shares may be requested by the Company or the Lead Bookrunner, in their sole discretion, to provide evidence on the entity's authorization to subscribe for Offer Shares and on the authorization of the representative of the entity to represent the entity.

***Subscription through an agent***

Investors subscribing for Offer Shares in the Offering may do so through an agent. In such case, the agent shall provide evidence of its authorization to represent the investor by producing a power of attorney in form and substance satisfactory to the Company and the Lead Bookrunner.

***Admission to trading and dealing arrangements***

The Company intends to make an application to Nasdaq Stockholm AB to list:

a) on Nasdaq First North Growth Market Finland the Offer Shares issued and allotted in the Private Placement and delivered through Euroclear Finland; and

b) on Nasdaq First North Growth Market Sweden the Offer Shares issued and allotted in the Public Offering and delivered through Euroclear Sweden.

The Company's primary listing is on Nasdaq First North Growth Market Finland and it is applying for the secondary listing to be on Nasdaq First North Growth Market Sweden. The trading symbol on Nasdaq First North Growth Market Sweden is expected to be HRNTS, and on Nasdaq First North Growth Market Finland the trading symbol is HRTIS. The Company expects trading to commence on Nasdaq First North Growth Market Sweden on or about 16 December 2019.

If the Company's application to list the Offer Shares on Nasdaq First North Growth Market Finland and Nasdaq First North Growth Market Sweden, is not approved, the Offering will be withdrawn.

***Governing law***

The terms and conditions of the Offering shall be governed by, and construed in accordance with, Finnish law. The courts of Finland have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering.

***Other matters***

The Board of Directors of the Company may resolve on other matters relating to the Offering, including withdrawing the Offering.

**Plan of distribution and allotment**

The Company will, in its sole discretion, resolve on the allocation of the Offer Shares between the Private Placement and the Public Offering, as well as between investors within the Private Placement and the Public Offering, provided, however, that the number of Offer Shares offered or allocated in the Public Offering may not exceed 360,000. If the Offering is oversubscribed, investors may be allocated fewer Offer Shares than subscribed for or no Offer Shares at all. If the Public Offering is oversubscribed, investors in the Public Offering may be allocated fewer Offer Shares than subscribed for or no Offer Shares at all.

***Allocation notifications***

Investors are expected to receive information regarding allotment on or about 3 December 2019, whereupon notices of allotment are dispatched in accordance with prevailing market practice.

**Placing and underwriting**

UB Securities Ltd acts as the Lead Bookrunner and Nordnet Bank AB acts as the Selling Agent of the Offering. The address of the Lead Bookrunner in Finland is Aleksanterinkatu 21 A, 00100 Helsinki, Finland, and in Sweden: Cardellgatan 1, 11436 Stockholm, Sweden. The address of the Selling Agent is Alströmergatan 39, 112 47 Stockholm, Sweden.

No part of the Offering is underwritten. Assuming that 360,000 Offer Shares are issued in the Offering, the Company expects to pay the Lead Bookrunner and the Selling Agent EUR 0.2 million in aggregate placing commissions in relation to the Offering.

**Dilution**

At the date of this Information Memorandum, the Company has 6,062,287 outstanding Shares. The number of shares in the Company may as a result of the Offering rise from 6,062,287 shares to maximum 6,680,305 shares, if the Company exercises the Upsize Option. The Offer Shares represent approximately 10.19 per cent of all Shares and votes in the Company at the time of the Offering and approximately 9.25 per cent after the Offering, assuming that all Offer Shares are subscribed and allotted and that the Upsize Option is used in full.

## CORPORATE GOVERNANCE

### General

Pursuant to the Finnish Companies Act, the management and governance of the Company are divided between the shareholders, the Board of Directors and the Chief Executive Officer of the Company (the "**CEO**"). In addition, the Management Team of Herantis Pharma assists the CEO in the operations of the Company.

The shareholders of the Company exercise their decision-making power at the Company's general meeting of shareholders. The rights of the shareholders and the duties of the general meeting of shareholders are defined in the Finnish Companies Act and in the articles of association of the Company. Pursuant to the Finnish Companies Act and the Company's articles of association, the annual general meeting of shareholders shall be held annually within six months of the expiration of the financial period. The matters to be dealt with in the annual general meeting of shareholders are defined in the Finnish Companies Act and in the articles of association of the Company.

A general meeting of shareholders of the Company is convened upon notice given by the Board of Directors. In addition, a general meeting of shareholders of the Company must be held when requested in writing by an auditor of the Company or by shareholders representing at least one-tenth of all the Shares in order to discuss a certain matter, or if otherwise required by law.

In addition, the Company complies with the Finnish Securities Markets Act, other applicable laws, the MAR, the First North Nordic Rulebook and the Company's articles of association.

### Administrative, management, and supervisory bodies and senior management

#### *Board of Directors*

Under the Company's articles of association, the Board of Directors shall comprise a minimum of four (4) and a maximum of eight (8) ordinary members. The Annual General Meeting shall decide on the number of the members of the Board of Directors ("**Board Member**"). The term of the Board Member shall begin from the General Meeting where he or she has been elected and last until the closing of the following Annual General Meeting. The Board of Directors shall elect a Chairperson and, if it finds it warranted, a Vice-Chairperson from among its members for one term at a time. A deputy member may be elected for each member of the Board of Directors personally.

Each Board Member must provide the Board of Directors with sufficient information that will allow the Board of Directors to evaluate his or her qualifications and independence and notify the Board of Directors without delay of any changes in such information.

All Board Members of Herantis are deemed to be independent of the Company. With the exception of Mr. Aki Prihti all Board Members are also deemed to be independent of any significant shareholders. Mr. Aki Prihti is not independent of Inveni Life Sciences Fund I Ky and Inveni Pre-Exit Financing Vehicle Ky, together a significant shareholder of Herantis, based on his position as Partner at Inveni Capital.

The following table presents the members of the Board of Directors as at the date of this Information Memorandum:

| Name | Position | Year of birth | Citizenship | Appointed to the Board of Directors |
|---|---|---|---|---|
| Pekka Mattila | Chairperson | 1959 | Finnish | 2013 |
| Ingrid Atteryd Heiman | Member | 1958 | Swedish | 2019 |
| James (Jim) Phillips | Member | 1962 | British | 2014 |
| Aki Prihti | Member | 1971 | Finnish | 2014 |
| Timo Veromaa | Vice Chairperson | 1960 | Finnish | 2012 |
| Frans Wuite | Member | 1960 | Dutch | 2014 |

*Presentation of the members of the Board of Directors*

*Pekka Mattila.* Mattila is Board Member of Herantis since 2013. Currently CEO of Desentum Oy, Pekka Mattila was the founding CEO of Finnzymes Oy for 25 years until its acquisition by Thermo Fisher Scientific in 2010. Mattila is a board member in e.g. Aiforia Technologies Oy, Medix Group, Mobidiag Oy, Automobi Molecular Diagnostics Co. Ltd., and FIMM. He holds a M.Sc. (Tech.) from Helsinki University of Technology.

*Ingrid Atteryd Heiman*. Currently the Chairman of Doxa AB, Ingrid Atteryd Heiman holds Board positions in several companies and organizations including Stiftelsen Parkinson Research Foundation, Redwood Pharma AB, and Dignitana AB. Previously she was e.g. Chairman of Ellen AB, Board member in Radix Kompetens AB, Chairman of Food Supplement Europe and Svensk Egenvård, and interim CEO for Ellen AB. Heiman was elected in the Board of Directors in 2019. She holds an MBA in International Business from Uppsala University.

*James (Jim) Phillips.* Herantis board member since 2014 and currently Director and CEO of Imevax GmbH, Jim Phillips is also the Chairman of PreciHealth SA based in Switzerland. Jim Phillips has held prior supervisory Board positions at Prosonix Ltd as Chairman (the company was sold to Circassia Plc in 2015) as well as Insense Ltd, and has previously acted as the CEO of Midatech Plc, which is a Nasdaq and London listed public company. Jim Phillips was the President of EUSA Pharma Europe in its key growth phase prior to its sales to Jazz Pharma in 2012 and even acted as SVP for Corporate Development at EUSA. Jim Phillips was the CEO and founder of Talisker Pharma which was sold to EUSA Pharma in 2006. Jim Phillips has experience in senior executive tasks from Johnson & Johnson and Novartis. Mr. Phillips is by training a Medical Doctor and also holds an MBA from Class Business School.

*Aki Prihti.* Currently CEO of Aplagon Oy and CFO and board member of Medtentia International Ltd Oy, Aki Prihti is board member of Herantis since 2014 and was previously Chairman of Laurantis Pharma Ltd from 2010–2014. Aki Prihti is one of the founding partners of Inveni Capital, a venture fund management company focused on life sciences, and has experience of both senior management and board positions in several life sciences growth companies. Aki Prihti serves currently also as Chairman of Inveni Capital Ltd and board member in Aranda Pharma Oy. Prior to transitioning to life science venture capital he worked in the corporate finance arm of Salomon Brothers in London. Mr. Prihti is by training a M.Sc. (Econ) from Helsinki School of Economics and Business Administration.

*Timo Veromaa.* Herantis board member since 2012 and Vice Chairman since 2019, Dr. Veromaa is Chairman of FinBB FinBioBank, and former Executive Chairman of Domainex Ltd. He was the CEO and President of Biotie Therapies Corp. from 2005 until its acquisition by Acorda Therapeutics in 2016. During his earlier career he has been e.g. Medical Director of Schering Ltd. in Finland, Senior Scientist and Project Director of Collagen Corp. and Postdoctoral Fellow at Stanford University. Dr. Veromaa is an MD, PhD and eMBA from the University of Turku and holds Special Competence in Pharmaceutical Medicine from the Finnish Medical Association.

*Frans Wuite.* Currently CEO of Acesion Pharma, Mr. Wuite has a long international career with a track record of successfully launching and growing pharmaceutical and biotech businesses. Previously e.g. CEO and President of Oncos Therapeutics, COO of Warren Pharmaceuticals, Co-founder and Board Director of Araim Pharmaceuticals, and member of Amgen's European management team, where he was in charge of establishing their anaemia

franchise. Before Amgen, he was President of Pharmacia-Leiras BV, a joint venture marketing hormonal products with novel dose delivery technology. Wuite has been a Board Member of Herantis since 2014. He also serves on the Board of Healthcap VII GP SA. He is a Medical Doctor from the University of Groningen and MBA from the University of Tilburg.

***Committees of the Board of Directors***

*Audit Committee*

The Board of Directors has established an Audit Committee composed of Board Members. The current members of the Audit Committee are Pekka Mattila and Aki Prihti. The main purpose of the Audit Committee is to monitor and support the company's financial budgeting, reporting, and compliance with its corporate governance principles.

*Remuneration Committee*

The Board of Directors has established a Remuneration Committee composed of Board Members. The current members of the Remuneration Committee are Pekka Mattila, Aki Prihti, and Timo Veromaa. The main purposes of the Remuneration Committee are to assist and facilitate the decision making of the Board of Directors in matters relating to the remuneration of the management of Herantis, recruitment policies, possible annual performance bonuses, and possible employee stock option plans.

***CEO***

The 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. The CEO also prepares any items for the agenda of the Board of Directors and is responsible for their implementation.

***Management Team***

Along with the CEO, Herantis' Management Team includes the Director of Clinical Development, Chief Scientific Officer ("**CSO**"), Chief Pharmaceutical Officer ("**CPO**") and Chief Operational Officer ("**COO**").

The Company's CEO is responsible for the daily operational management and actively looks after the interests of the company. The CEO is also responsible for the implementation of the strategy of the Company and communicating on behalf of the Company. The Director of Clinical Development, together with the COO, is responsible for the good clinical practices (GCP) operations of the Company in compliance with regulatory requirements. Herantis' COO oversees the drug development programs of the Company and supports the CEO in managing day-to-day operations. The CSO is responsible for the scientific excellence of the Company's development programs and academic research collaborations. The CSO also oversees the intellectual property rights of the Company. The CPO, together with COO, is responsible for the good manufacturing practices (GMP) operations of the Company in compliance with regulatory requirements.

The following table presents the members of the Management Team as at the date of this Information Memorandum:

| Name | Position | Year of birth | Citizenship | Appointed |
|---|---|---|---|---|
| Pekka Simula | CEO | 1974 | Finnish | 2013 |
| Sigrid Booms | Director of Clinical Development | 1969 | Dutch | 2010 |
| Henri Huttunen | CSO | 1972 | Finnish | 2010 |
| Jutta Poutanen | CPO | 1963 | Finnish | 2014(1) |
| Antti Vuolanto | COO | 1975 | Finnish | 2018 |

(1) Jutta Poutanen was appointed the CPO of Herantis in 2014 upon the acquisition of Laurantis Pharma Oy. Previously, she was CPO for Laurantis Pharma Oy.

*Presentation of the members of the Management Team*

*Pekka Simula.* Mr. Simula joined Herantis as CEO in November 2013. Previously he was founding CEO of Oncos Therapeutics Ltd, successfully building it into a clinical stage company. During his international career Mr. Simula has also served as Project Director for CRF Health, a leading ePRO provider for clinical studies, and as Global Program Manager at Varian Medical Systems (NYSE: VAR). Mr. Simula also served as board member of Oncos Therapeutics Ltd. from 2009 until the company's merger with Norwegian Targovax in 2015, and is a board member of Finnish Bioindustries since 2016 and its Chairperson since 2018. He holds a MSc in physics from Helsinki University of Technology.

*Sigrid Booms.* Ms. Booms has served as Director of Clinical Development of Herantis since August 2011. Prior to this, Ms. Booms acted as regulatory consultant for Herantis since August 2010. She has almost 20 years of experience in global development of pharmaceuticals for human use, with previous positions in regulatory affairs at Orion Pharma and at a global clinical CRO as Director, Regulatory Affairs. Over the years she has become an expert in regulatory aspects for global drug development, particularly nonclinical and early phase clinical development. Ms. Booms holds a Licentiate in pharmacy from the University of Utrecht in the Netherlands.

*Henri Huttunen.* Dr. Huttunen co-founded Herantis in 2008 and served as the company's founding CEO until February 2010. Dr. Huttunen is currently the Chief Scientific Officer of Herantis, and also served as member of the Board of Directors until April 2014. Dr. Huttunen has previously held research positions at the University of Helsinki, Orion Pharma, and Massachusetts General Hospital, Harvard Medical School (USA). Dr. Huttunen has a PhD in biochemistry from the University of Helsinki and more than 20 years of experience in neuroscience research. As an adjunct professor, Dr. Huttunen also leads an academic research group focusing in molecular mechanisms of neurodegenerative diseases at the Neuroscience Center, University of Helsinki.

*Jutta Poutanen.* Ms. Poutanen has served as Chief Pharmaceutical Officer at Laurantis Pharma Ltd. and subsequently Herantis Pharma Plc. since August 2010. Prior to the merger that formed Laurantis Pharma, Ms. Poutanen was Development Manager, Product Development of BioCis Pharma Ltd since 2008. In her earlier career she has among others worked as Senior Research Scientist at Orion Pharma. She has over 15 years of working experience in pharmaceutical industry in formulation, product and process development and she holds a MSc in pharmacy from University of Helsinki.

*Antti Vuolanto.* Dr. Vuolanto joined Herantis in February 2018 as COO of the Company. He has vast experience in biological drug development, gene therapy, and in-vitro diagnostics. Previously he has served as COO at Valo Therapeutics, Executive Vice President at Targovax ASA, and COO and co-founder at Oncos Therapeutics Ltd that was merged with Targovax in 2015. He has also held senior management positions at other biotech companies. Dr Vuolanto graduated as Doctor in Science in Technology at Aalto University, Finland, in 2004 in bioprocess engineering.

***Statement on the Company's Board of Directors and Management Team***

As at the date of this Information Memorandum, none of the members of the Board of Directors or Management Team of the Company have, in the previous five years:

- been convicted in relation to fraudulent offences,
- held an executive function, been included in the executive management, or been a member of the administrative management or supervisory bodies of any company, or acted as a general partner with individual liability in a limited partnership at the time of or preceding any bankruptcy, administration of an estate or liquidation; except for the bankruptcy of Herantis' fully owned subsidiary BioCis Pharma Ltd., and the liquidation of Herantis' partially owned affiliate, Opia Games Ltd. (see section "*Strategy, performance and business environment – Group structure*" for details on BioCis Pharma Ltd. and Opia Games Ltd.); and except for Aki Prihti, Herantis' Board member, having served as Chairman of a Finnish drug development company Medeia Therapeutics Ltd until its bankruptcy,
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

***Working address***

The working address of the members of the Board of Directors and of the Management Team is Bertel Jungin Aukio 1, FI–02600 Espoo, Finland.

**Remuneration, benefits and stock options**

***Remuneration of the Board of Directors***

On 11 April 2019 the annual general meeting of Herantis resolved that the remuneration payable to the members of the Board of Directors shall be EUR 1,500 per month except for the Chairperson of the Board who shall be paid EUR 2,500 monthly, and a possibly elected Vice Chairperson of the Board who shall be paid EUR 2,000 monthly. The Board Members are also reimbursed reasonable travel expenses related to Board of Director's duties.

None of the Board Members are in an employment relationship or have service contracts with the Company.

The below table sets out the remuneration paid to the members of the Board of Directors in 2018:

| Name | Position | Remuneration (EUR) |
|---|---|---|
| Pekka Mattila (Chairperson) | Chairperson | 28,000 |
| Ingrid Atteryd Heiman[(1)] | Member | 0 |
| James (Jim) Phillips | Member | 16,000 |
| Aki Prihti | Member | 16,000 |
| Timo Veromaa | Member | 16,000 |
| Frans Wuite | Member | 16,000 |
| **Total** | | **92,000** |

(1) Ingrid Atteryd Heiman was elected to the Board of Directors in the Extraordinary general meeting convening on 12 March 2019.

***Remuneration of the Management Team***

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 Board of Directors considers the interests of shareholders when deciding on the remuneration. The remuneration of the CEO and other Management Team members comprises fixed basic salary, fringe benefits (such as company phone, lunch benefit, and recreational benefit), a possible performance-based bonus, and a stock option plan. The bonus payments are assessed and decided upon annually by the Board of Directors, and a possible bonus is paid in June of the following year.

As at the date of this Information Memorandum, the monthly fixed basic salary of the CEO is EUR 15,000 per month. In addition, the CEO is entitled to a mobile phone, lunch benefit, recreational benefit, vacation pay, and home internet connection.

The maximum bonus for the CEO is 35% of fixed annual compensation. For 2018, the performance-based bonus payment to the CEO of the Company was EUR 21,420.00, paid in June 2019.

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

As at the date of this Information Memorandum, the monthly fixed basic salary of the other members of the Management Team is altogether EUR 34,600.00 per month. In addition, the other members of the Management Team are entitled to a mobile phone, lunch benefit, recreational benefit, and home internet connection. Furthermore, the Management Team members (excluding CEO) are entitled to a bonus, which is 25% of fixed annual compensation. For 2018, the performance-based bonus payment to the other members of the Management Team was EUR 34,000.93, paid in June 2019.

The other members of the Management Team do not have any voluntary pension or other insurance policy from the Company.

The below tables set out the remuneration paid to the members of the Management Team in 2018:

| | CEO (EUR) | Management Team excluding the CEO (EUR) |
|---|---|---|
| Fixed salary | 189,000.09 | 412,773.52 |
| Fringe benefits | 1,210.10 | 6,761.81 |
| Performance-based bonuses | 23,290.91 | 25,017.12 |
| **Total** | **213,501.10** | **444,552.45** |

| | CEO | Management Team excluding the CEO |
|---|---|---|
| Stock option program 2018 I | - | 34,000 |
| Stock option program 2016 I | 5,500 | - |
| Stock option program 2010 I | 80 | - |
| **Total** | **5,580** | **34,000** |

***Pension arrangements and retirement benefits***

The Company has no pension or retirement benefits for its Board Members, CEO, or employees, excluding the obligatory pension contribution payments defined by the laws of Finland.

***Loans and guarantees to management***

The Company has not granted any loans, guarantees or other commitments to any of its Board Members, CEO, or employees.

***Severance benefits***

Pekka Simula (CEO) is entitled to severance pay equal to 3 months' base salary in case of the termination of his CEO agreement. Apart from this, no employee has entered into employment agreements which provide for any special benefits upon termination. None of the Board Members have service contracts and none will be entitled to any benefits upon termination of office.

**Management holdings**

The table below sets forth the holdings in the Company by the Board Members and Management Team, according to the shareholders' register maintained by Euroclear Finland as at the date of this Information Memorandum:

| Name | Number of Shares | Number of options | Shares available for subscription under options | Percentage of votes (Shares) |
|---|---|---|---|---|
| **Board of Directors** | | | | |
| Ingrid Atteryd Heiman | 0 | 0 | 0 | 0.0 |
| Pekka Mattila[(1)] | 30,850 | 12 | 2,400 | 0.5 |
| James (Jim) Phillips | 5,706 | 8 | 1,600 | 0.1 |
| Aki Prihti | 0 | 8 | 1,600 | 0.0 |
| Timo Veromaa | 8,900 | 16 | 3,200 | 0.1 |
| Frans Wuite | 6,280 | 8 | 1,600 | 0.1 |
| **In total** | **51,736** | **52** | **10,400** | **0.9** |
| **Management Team** | | | | |
| Pekka Simula, CEO[(1)] | 56,056 | 16,136 | 43,200 | 0.9 |
| Sigrid Booms, Director of Clinical Development | 2,400 | 16,018 | 19,600 | 0.0 |
| Henri Huttunen, CSO | 74,050 | 18,030 | 24,000 | 1.2 |
| Jutta Poutanen, CPO | 0 | 14,000 | 14,000 | 0.0 |
| Antti Vuolanto, COO | 1,100 | 20,000 | 20,000 | 0.0 |
| **In total** | **133,606** | **84,184** | **120,800** | **2.2** |
| **Other shareholders** | **5,876,945** | **86,046** | **95,200** | **96.9** |

(1) Directly and through a controlled corporation.

To the knowledge of the Company, the Certified Adviser holds no Shares in the Company.

## Incentive plans

Herantis has four stock option based incentive plans: Stock option program 2010, Stock option program 2014 I, Stock option program 2016 I, and Stock option program 2018 I. Based on these programs, stock options have been offered and can in the future be offered to key employees of the company to increase their commitment toward long-term contribution to growing shareholder value in the Company. On overview on the stock option programs is provided in the table below. Details on each stock option program are provided in the following sections.

There has been a weighty financial reason for the Company to issue the stock options as they form part of the Company's incentive and commitment program.

| Stock option program | Maximum Number of Shares[(1)] | Subscription price per share (EUR) |
|---|---|---|
| Stock option program 2010 | 35,600 | 0.00005 |
| Stock option program 2014 I | 20,800 | 0.00005 |
| Stock option program 2016 I | 70,000 | 2.92 |
| Stock option program 2018 I | 100,000 | 5.85 |
| **In total** | **226,400** | **N/A** |

(1) The remaining maximum number of Shares that may be subscribed with the stock options.

### *Stock option program 2010*

The extraordinary general meeting of shareholders of Herantis issued on 26 August 2010 a total of 500 new stock options whereof 100 have since been voided. One stock option entitles to the subscribing a total of 200 new shares of the company after the undirected share issue without payment (split) decided on 29 April 2014. The subscription price per share is EUR 0.00005 per share. 212 stock options have been used to subscribe shares in the company and 188 stock options remain.

According to the terms of the stock option program the share subscription period is based on reaching defined milestones related to (i) releasing the first clinical production batch of CDNF, (ii) completing a clinical study in amblyopia, (iii) closing an agreement related to funding of the company, (iv) passing an audit of a third party, and

(v) a commercial partnering agreement. The Board of Directors will inform the option holders of reaching of each milestone. Four of the milestones have been reached. The share subscription period ends on 30 June 2024.

***Stock option program 2014 I***

The extraordinary general meeting of shareholders of Herantis decided on 20 March 2014 to issue a total of 330 new stock options whereby Board Members could be given six (Chairperson of the Board: nine) stock options for each full 12 months as a member of the Board of Directors, and the CEO could be given stock options. The options are given for free and each option entitles its holder to subscribe 200 new shares of the company after the undirected share issue without payment (split) decided on 29 April 2014. Subscription price per share after the undirected share issue without payment (split) decided on 29 April 2014 is EUR 0.00005 per share.

As at the date of this Information Memorandum Pekka Simula has subscribed a total of 213 options, 15 of which have been returned to the Company in accordance with the terms of the Stock option program 2014 I, and Board Members have subscribed a total of 132 options based on this stock option program. 76 stock options have been used to subscribe shares in the company and 254 stock options remain. According to the terms of the stock option program the share subscription period is based on reaching three defined milestones related to (i) securing funding for the first clinical study with CDNF, (ii) first patient treatment in the first clinical study with CDNF, and (iii) database lock in the first clinical study with CDNF. The Board of Directors will inform the option holders of reaching of each milestone. The two first milestones have been reached so far. The share subscription period ends on 1 January 2024.

***Stock option program 2016 I***

The Board of Directors of the Company decided, based on the authorization by the annual general meeting of shareholders of Herantis on 9 April 2015, to issue a total of 70,000 new stock options to be offered to employees of the Company. Each option entitles its holder to subscribe one new share with subscription price of EUR 2.92. The share subscription period begins monthly over a three-year period and ends latest by 31 December 2020.

***Stock option program 2018 I***

The Board of Directors of the Company decided, based on the authorization by the annual general meeting of shareholders of Herantis on 9 April 2015, to issue a total of 100,000 new stock options to be offered to employees of the Company. Each option entitles its holder to subscribe one new share with subscription price of EUR 5.85. The share subscription period begins monthly over a three-year period and ends latest by 31 December 2024.

The table below sets forth the subscription of Shares by stock options or through direct issues by the Board Members and the Management Team:

| Name and role of related party | Transaction date | Transaction type | Change in ownership | Price per share (EUR) |
|---|---|---|---|---|
| Pekka Mattila, Chairperson | 28 May 2015 | Subscription by options | +600 | 0.00005 |
| James Phillips, Board Member | 28 May 2015 | Subscription by options | +400 | 0.00005 |
| Pekka Simula, CEO | 28 May 2015 | Subscription by options | +2,000 | 0.00005 |
| Timo Veromaa, Board Member | 28 May 2015 | Subscription by options | +2,000 | 0.00005 |
| Frans Wuite, Board Member | 28 May 2015 | Subscription by options | +580 | 0.00005 |
| Pekka Simula, CEO | 25 Sep 2015 | Subscription by options | +12,200 | 0.00005 |
| Pekka Simula, CEO | 9 Nov 2017 | Direct issue | +7,500 | 5.85 |
| Pekka Mattila, Chairperson[(1)] | 9 Nov 2017 | Direct issue | +2,500 | 5.85 |
| Timo Veromaa, Board Member | 9 Nov 2017 | Direct issue | +2,500 | 5.85 |
| Frans Wuite, Board Member | 9 Nov 2017 | Direct issue | +2,500 | 5.85 |
| Pekka Simula, CEO[(1)] | 12 Mar 2019 | Direct issue | +4,000 | 5.20 |
| Pekka Mattila, Chairperson[(1)] | 12 Mar 2019 | Direct issue | +4,000 | 5.20 |
| Pekka Simula, CEO | 31 May 2019 | Subscription by options | +14,200 | 0.00005 |
| Pekka Mattila, Chairperson | 31 May 2019 | Subscription by options | +4,200 | 0.00005 |
| James Phillips, Board Member | 31 May 2019 | Subscription by options | +2,800 | 0.00005 |
| Frans Wuite, Board Member | 31 May 2019 | Subscription by options | +3,200 | 0.00005 |
| Timo Veromaa, Board Member | 31 May 2019 | Subscription by options | +2,000 | 0.00005 |
| Timo Veromaa, Board Member | 31 May 2019 | Subscription by options | +2,400 | 0.00005 |
| **Total** | | | **+69,580** | **129,352.33** |

(1) Through a controlled corporation.

## Directorships and/or partnerships

The members of the Board of Directors and Management Team of the Company currently hold or have held the following directorships and/or have been a partner in the following partnerships in the five years prior to the date of this Information Memorandum:

| | Current directorships/partnerships | Former directorships/partnerships |
|---|---|---|
| **Members of the Board of Directors** | | |
| Pekka Mattila, Chairperson | CEO, Desentum Oy; Chairperson, Laurantis Pharma Ltd; Chairman, Aiforia Technologies Oy; Board member, Mobidiag Oy; Board member, Medix Group; Board member, Automobi Molecular Diagnostics Co. Ltd. | Chairperson, BioCis Pharma Ltd. until 2017. |
| Ingrid Atteryd Heiman | Chairman, Doxa AB; Board member, Parkinson Research Foundation; Board member, Redwood Pharma; Board member, Dignitana. | |
| James (Jim) Phillips | Chairman, Precihealth SA; CEO, Imevax GmbH | CEO, Midatech Plc |
| Aki Prihti | CEO, Aplagon Oy; Board member and CFO, Medtentia International Ltd Oy; Board member, Aranda Pharma Oy; Chairman, Inveni Capital Oy; Chairman, Inveni Fund I Oy; Board member, Inveni Secondaries Management Oy; Chairman, SW3 Capital Oy; Board Member, Laurantis Pharma Ltd | Supervisory Board member, Laurantis Pharma GmbH until 2018; Supervisory Board member, Priaxon AG until 2017; Board member, BioCis Pharma Ltd until 2017; Chairman, Medeia Therapeutics Oy until 2015; Board member, Onbone Oy until 2015. |
| Timo Veromaa | Board Member, Laurantis Pharma Ltd; Chairman, Finnish BioBanks FINBB; Board Member, Finnish Bioindustries | Board Member, BioCis Pharma Ltd until 2017; Executive Chairman, Domainex Ltd, UK until 2018; Chairman, Finnish Bioindustries until 2018. |
| Frans Wuite | CEO Acesion Pharma ApS; Board Member, Healthcap VII GP SA | CEO, Oncos Therapeutics Ltd until 2015; Board Member, Laurantis Pharma Ltd until 2014. |
| **Management Team** | | |
| Pekka Simula | Chairman, Finnish Bioindustries; Board Member, Sartar Therapeutics Oy; majority shareholder, Meles Consulting Oy; CEO, Laurantis Pharma Ltd. | Board Member, Oncos Therapeutics Ltd until 2015; Board Member, Opia Games Ltd until 2018; CEO, BioCis Pharma Ltd until 2017. |
| Sigrid Booms | - | - |
| Henri Huttunen | - | - |
| Jutta Poutanen | - | - |
| Antti Vuolanto | - | Board Member, Targovax Oy until 2017. |

## Certified Advisor

The Shares of Herantis Pharma Plc are admitted to trading on Nasdaq First North Finland, 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, a company residing at Aleksanterinkatu 21A, FI–00100 Helsinki, Finland, is the Certified Advisor to Herantis Pharma Plc. UB Securities' phone number is +358 9 25 380 246. The Company is also appointing UB Securities Ltd to act as the Certified Advisor for First North Sweden.

**Auditor**

The Company must have one auditor, which must be an authorized auditing firm approved by the Finnish Patent and Registration Office. The auditor's term ends at the close of the first annual general meeting of shareholders following the election. As at the date of the Information Memorandum, the Company's auditor is PricewaterhouseCoopers Oy, Authorised Public Accountants, with Martin Grandell, Authorised Public Accountant, as the auditor with principal responsibility. Martin Grandell is a member of the Finnish Association of Auditors.

## FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS (KPIS)

### Historical financial information

The following tables present selected consolidated financial statement information of the Company for the financial years ended on 31 December 2018 and 31 December 2017 as well as the interim financial information for the half-year period ended on 30 June 2019 and the comparative financial information for the half-year period ended on 30 June 2018. The Company's audited consolidated financial statements as at and for the years ended 31 December 2018 and 31 December 2017, incorporated in this Information memorandum by reference, have been prepared in accordance with the Finnish Accounting Act (30.12.1997/1336, as amended), Finnish Accounting Ordinance (30.12.1997/1339, as amended), and instructions and statements of the Accounting Board operating under the Ministry of Employment and the Economy ("**FAS**"). The half year financial reports for the six-month periods ended 30 June 2019 and 30 June 2018 have not been audited.

The selected financial information below does not contain all the information included in the Company's consolidated financial statements.

***Consolidated income statement***

| | As at and for the six months ended 30 June | | Financial year ended 31 December | |
|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017** |
| (EUR thousand) | (unaudited) | (unaudited) | (audited) | (audited) |
| **Net turnover** | **0.0** | **0.0** | **0.0** | **0.0** |
| Other operating income | 112.5 | 117.5 | 230.1 | 225.1 |
| Personnel expenses | -747.1 | -682.3 | -1,243.9 | -1,024.1 |
| Depreciation and amortization | -562.2 | -601.2 | -1,202.5 | -1,217.6 |
| Other operating expenses | -1,729.2 | -1,348.3 | -2,654.3 | -1,928.1 |
| **Operating profit (loss)** | **-2,926.0** | **-2,514.3** | **-4,870.5** | **-3,944.7** |
| Income from other investments held as non-current assets | 0.0 | 0.0 | 3.0 | 2,024.3 |
| Financial income and expenses | -392.9 | 749.5 | 687.8 | -244.1 |
| **Profit (loss) for the financial year ended** | **-3,318.9** | **-1,764.7** | **-4,179.7** | **-2,164.5** |

### *Consolidated balance sheet*

| (EUR thousand) | As at and for the six months ended 30 June | | Financial year ended 31 December | |
|---|---|---|---|---|
| | **2019** (unaudited) | **2018** (unaudited) | **2018** (audited) | **2017** (audited) |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 4,291.0 | 5,453.0 | 4,852.5 | 6,053.4 |
| Tangible assets | 4.3 | 5.7 | 4.9 | 6.6 |
| Investments | 0.0 | 1.2 | 0.0 | 1.2 |
| **Non-current assets total** | **4,295.3** | **5,459.9** | **4,857.5** | **6,061.1** |
| **Current assets** | | | | |
| Debtors | 127.5 | 94.9 | 104.5 | 109.5 |
| Securities | 985.2 | 3,696.6 | 1,466.4 | 5,311.4 |
| Cash in hand and at banks | 4,486.6 | 173.6 | 719.1 | 90.6 |
| **Current assets total** | **5,599.4** | **3,965.1** | **2,290.1** | **5,511.5** |
| **Assets total** | **9,894.7** | **9,424.9** | **7,147.5** | **11,572.6** |
| **Liabilities** | | | | |
| **Capital and reserves** | | | | |
| Share capital | 80.0 | 80.0 | 80.0 | 80.0 |
| Other reserves | 43,438.5 | 37,656.2 | 37,656.2 | 37,656.2 |
| Retained earnings (loss) | -37,825.5 | -33,645.8 | -33,645.8 | -31,481.3 |
| Profit (loss) for the financial year | -3,318.9 | -1,764.7 | -4,179.7 | -2,164.5 |
| **Capital and reserves total** | **2,374.1** | **2,325.7** | **-89.3** | **4,090.4** |
| **Creditors** | | | | |
| Long-term | 6,500.8 | 5,705.0 | 5,878.4 | 6,022.5 |
| Short-term | 1,019.7 | 1,394.3 | 1,358.4 | 1,459.7 |
| Creditors total | 7,520.6 | 7,099.3 | 7,236.8 | 7,482.2 |
| **Liabilities total** | **9,894.7** | **9,424.9** | **7,147.5** | **11,572.6** |

***Consolidated statement of cash flows***

| (EUR thousand) | As at and for the six months ended 30 June | | Financial year ended 31 December | |
|---|---|---|---|---|
| | 2019 (unaudited) | 2018 (unaudited) | 2018 (audited) | 2017 (audited) |
| Cash flow from operating activities | -2,746.8 | -1,803.8 | -3,732.2 | -2,599.0 |
| Cash flow from investments | - | - | 7.2 | -0.0 |
| Cash flow from financing | 6,033.1 | 272.0 | 508.6 | 5,171.5 |
| Change in cash and cash equivalents | 3,286.3 | -1,531.8 | -3,216.5 | 2,572.5 |
| Cash and cash equivalents at beginning of period | 2,185.5 | 5,402.0 | 5,402.0 | 2,829.5 |
| Cash and cash equivalents at end of period | 5,471.9 | 3,870.2 | 2,185.5 | 5,402.0 |

***Key figures***

| (EUR thousand) | As at and for the six months ended 30 June | | Financial year ended 31 December | |
|---|---|---|---|---|
| | 2019 (unaudited) | 2018 (unaudited) | 2018 (audited) | 2017 (audited) |
| **Consolidated** | | | | |
| Revenue | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit for the period | -3,318.9 | -1,764.7 | -4,179.7 | -2,164.5 |
| Operating profit (loss) | -2,926.0 | -2,514.3 | -4,870.5 | -3,944.7 |
| Cash flow from operating activities | -2,746.8 | -1,803.8 | -3,732.2 | -2,599.0 |
| Return on equity (%) | - | - | -208.9 | -76.4 |
| Equity ratio (%) | 24.0 | 24.7 | -1.2 | 35.3 |
| Earnings per share (EUR) | -0.60 | -0.36 | -0.44 | -0.60 |
| Number of shares at the end of period | 6,062,287 | 4,918,305 | 4,918,305 | 4,918,305 |
| Average number of shares | 5,544,814 | 4,918,305 | 4,918,305 | 4,221,319 |

***Definitions and calculation of key financial ratios***

| Ratio | | Definition or calculation |
|---|---|---|
| Equity ratio | = | $\frac{\text{Equity}}{\text{Balance sheet total}}$ |
| Return on equity (%) | = | $\frac{\text{100 * Profit for the period}}{\text{Average of shareholder's equity at the beginning and the end of the period}}$ |
| Earnings per share | = | $\frac{\text{Profit for the period}}{\text{Average number of shares}}$ |
| Average number of shares | = | Weighted average number of shares. The number of shares is weighted by the number of days each share has been outstanding during the review period. |

**No significant change in the financial position of the Company**

There has been no significant change in the financial position of the Company since 30 June 2019.

**Dividend policy**

Herantis has never during its operating history paid any dividends. According to the Company's strategy its focus is on drug development, which will require continued capital investments. Consequently, the Company will continue to maintain a very conservative dividend policy in the foreseeable future.

There can be no guarantees regarding the amount of dividends to be distributed, nor that the Company will distribute dividends at all.

## SHAREHOLDER AND SECURITY HOLDER INFORMATION

### Major shareholders

As at 31 October 2019, pursuant to the Company's shareholders' register maintained by Euroclear Finland, the Company had 1065 shareholders. As at the date of this Information Memorandum, the Company has a total of 6,062,287 Shares, of which the Company itself owns 0 Shares. All shareholders have the same voting rights, each Share entitling to one vote in the general meeting of shareholders of the Company.

The following table sets forth the shareholders owning at least 5 per cent of the Shares in the Company as at 31 October 2019, pursuant to the shareholders' register maintained by Euroclear Finland:

| Shareholder | Number of Shares | % of Shares and votes pertaining to Shares |
|---|---|---|
| Inveni Life Sciences Fund I Ky | 665,091 | 11.0% |
| Nordea Bank Abp as nominees | 642,814 | 10.6% |
| Innovestor Kasvurahasto I Ky | 578,500 | 9.5% |
| University of Helsinki Funds | 497,438 | 8.2% |
| **Shareholders owning at least 5% of the Shares** | **2,383,843** | **39.3%** |
| **Other shareholders** | **3,678,444** | **60.7%** |
| **Total** | **6,062,287** | **100%** |

Each Share entitles the holder to one vote at the general meeting of shareholders. The Company has no controlling shareholders and the Company is not aware of any arrangements the operation of which may result in or prevent a change of control in the Company.

### Legal and arbitration proceedings

As at the date of this Information Memorandum Herantis is not, and has not been during the course of the preceding twelve (12) months, involved in any legal or arbitration proceedings. Herantis is not aware of any such proceedings which are pending or threatened.

### Conflicts of interest

Provisions regarding conflicts of interest of the Board Members are set forth in the Companies Act. Pursuant to Chapter 6, Section 4 of the Companies Act, a Board Member may not participate in the handling of a contract between himself or herself and the Company. Furthermore, a Board Member may not participate in the handling of a contract between the Company and a related party of the Board member, if the same is not entered into in the ordinary course of business or not concluded on ordinary market terms. The same applies to a transaction between the Company and its subsidiary only if the Company together with its subsidiaries does not own all the shares in the subsidiary being the counterparty and alongside with the Company also some related party of the Company has an interest in the subsidiary being the counterparty to the Company. The aforementioned provisions concerning a contract shall correspondingly apply to other legal actions, litigations or any other matter concerning representation. The aforementioned provisions also apply to the CEO.

To the knowledge of the Company, the members of the Board of Directors or the Management Team do not have a conflict of interest between the duties carried out on behalf of the Company and their private interests and/or other duties.

In accordance with the provisions of the Market Abuse Regulation (Regulation (EU) No 596/2014) the management of the Company does not conduct any transactions on their own account or for the account of a third party, directly or indirectly, relating to the shares the Company during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report.

**Related party transactions**

In addition to the group companies, the members of the Company's Board of Directors, the Company's CEO, and the Company's Management Team, the Company's related parties include those entities in which the related parties (including near family members) have control on the basis of either ownership or management. Transactions concluded between group companies are not reported as related-party transactions.

During the period covered by the historical financial information included in this Information Memorandum and up to the date of this Information Memorandum, the Company has had the following related party transactions:

- A major shareholder of Herantis, Innovestor Kasvurahasto I Ky, subscribed for 38,440 Shares in the Company's direct share issue on 12 March 2019, increasing its shareholding in the Company to 578,500 Shares.
- A major shareholder of Herantis, Inveni Life Sciences Fund I, subscribed for 3,200 Shares through stock options on 11 April 2019, increasing its shareholding in the Company to 665,091 Shares.

Information on the subscription of Shares by stock options or through direct issues by the Board Members and the Management Team is presented in the table in section "*Corporate governance – Administrative, management, and supervisory bodies and senior management – Incentive plans*". The remuneration of the Board of Directors and the Management Team of the Company is presented in the tables in section "*Corporate governance – Administrative, management, and supervisory bodies and senior management – Remuneration, benefits and stock options*".

**Share capital**

Herantis' registered share capital as at the date of this Information Memorandum is EUR 80,000.00 and the Company has 6,062,287 fully paid Shares. The Shares have no nominal value. At the beginning and the end of the year 2018, there were a total of 4,918,305 outstanding Shares in the Company. On 12 March 2019, the Board of Directors of Herantis resolved on a directed share issue, increasing the amount of outstanding Shares in Herantis to 6,030,287 Shares. On 11 April 2019, the Board of Directors of Herantis resolved to accept subscriptions of new shares with stock options, increasing the amount of outstanding Shares in Herantis to 6,062,287 Shares.

The Company or its subsidiaries do not hold Shares in the Company.

The Company has issued option rights to certain members of the Board of Directors and the Management Team and to certain other key persons of the Company, which entitle to subscription of at most 185,400 new Shares in the Company. The Company itself holds a total of 41,000 option rights.

Herantis has a single series of Shares, and each Share entitles its holder to one vote in the general meeting of shareholders of the Company. There are no voting restrictions related to the Shares. All Shares carry equal rights to dividends and other distributions by Herantis. The articles of association do not contain provisions governing the Company's minimum and maximum share capital.

The Company's Shares are held in the book-entry system and are at the date of this Information Memorandum traded in First North Finland under the trading code "HRTIS" and ISIN code FI4000087861. The Board of Directors of Herantis decided on 11 November 2019 that the Company will apply for listing of the Offer Shares subscribed for in the Public Offering on First North Sweden and for listing of the Offer shares subscribed for in the Private Placement on First North Finland. Trading of the Offer Shares on First North Sweden and First North Finland is expected to commence on 16 December 2019, provided that the Company's listing application is approved and the Offering is completed. The ISIN code of Shares (including the Offer Shares) is (and will be) FI4000087861 and the Trading code on First North Sweden is expected to be "HRNTS" whereas the trading code on First North Finland will continue to be HRTIS.

***Changes to the Shares and share capital***

The following table summarizes the changes in the Company's share capital and number of Shares during the past two financial years to the date of this Information Memorandum:

| Date of decision | Arrangement | Shares issued | Number of Shares after the arrangement | Share capital (EUR) | Date of registration |
|---|---|---|---|---|---|
| 11 April 2019..... | Directed share issue | 32,000 | 6,062,287 | 80,000.00 | 28 May 2019 |
| 12 March 2019..... | Directed share issue | 1,111,982 | 6,030,287 | 80,000.00 | 22 March 2019 |
| 9 November 2017 ..... | Directed share issue | 800,000 | 4,918,305 | 80,000.00 | 15 November 2017 |

***Share issue authorizations in effect***

On 12 March 2019, the Extraordinary Meeting of Shareholders authorized the Board of Directors to decide on a share issue. Based on the authorization, a maximum of 1,500,000 Shares can be issued. The Board of Directors can act on this authorization in one or several tranches. Under the authorization, shares may be issued for the purposes of financing the development necessary for the business of the Company such as activities related to preparations for the Phase 2 and Phase 3 clinical studies of CDNF and Lymfactin®, preclinical development of a non-invasive CDNF, strengthening the Company's capital structure, as well as for other purposes decided by the Board of Directors. Under the authorization, shares may also be issued, among others, to the members of the Board of Directors, the CEO or the employees of the Company. Under the authorization, the Board of Directors may resolve upon issuing new shares to the Company itself. However, the Company, together with its subsidiaries, may not at any time hold more than 10 per cent of all its registered Shares. The authorization is valid for five (5) years from the decision of the Extraordinary Meeting of Shareholders. On 12 March 2019, the Board of Directors resolved on issuing 1,111,982 Shares based on the authorization by the Extraordinary Meeting of Shareholders on 12 March 2019. The remainder of the authorization, being 388,018 Shares, will be used for the purposes of the Offering.

Further, on 9 April 2015, the Annual General Meeting of Shareholders authorized the Board of Directors decide on share issue as well as issue of option rights and other special rights entitling to shares. Based on the authorization, a maximum of 400,000 Shares can be issued. Under the authorization, shares, option rights and other special rights entitling to shares may be issued in order to ensure the capital structure and working capital needs of the Company and if needed, to be used in connection with the Company's incentive program. The shares or other special rights entitling to shares can be issued in one or more tranches. Under the authorization, the Board of Directors may resolve upon issuing new shares to the Company itself. However, the Company, together with its subsidiaries, cannot at any time own more than 10 per cent of all its registered Shares. The authorization is valid for five (5) years from the decision of the Extraordinary Meeting of Shareholders. On 18 May 2016 the Board of Directors of the Company decided, based on the authorization by the Annual General Meeting of Herantis on 9 April 2015, to issue a total of 70,000 new stock options to be offered to employees. Moreover, on 28 August 2018, the Board of Directors of the Company decided, based on the authorization by the Annual General Meeting of Herantis on 9 April 2015, to issue a total of 100,000 new stock options to be offered to employees of the Company. The remainder of the authorization, being 230,000 Shares, will be used for the purposes of the Offering.

**Articles of association**

The articles of association of the Company, which are set out in Annex B: The Company's articles of association, do not contain any provision that would have an effect of delaying, deferring or preventing a change in control of the Company.

**Material contracts**

The Company has not entered into any material contracts other than in the course of ordinary business.

## SWEDISH SECURITIES MARKET

*The following summary is a general description of the Swedish securities market and it is based on the laws in force in Sweden as at the date of this Information Memorandum. The following summary is not exhaustive.*

### About the First North markets

First North is Nasdaq's Nordic growth market, designed for small and growing companies. As opposed to companies listed on a regulated market such as the official list of the Helsinki Stock Exchange or the Stockholm Stock Exchange, companies listed on First North are subject to less extensive rules. This is intended to allow smaller companies to enjoy the benefits of being a publicly traded company without excess administrative burden. Unlike on regulated markets, companies listed on First North must engage a "Certified Adviser" whose role is to ensure that companies comply with applicable requirements and rules.

First North is regulated as a multilateral trading facility as opposed to a regulated market. "Multilateral trading facility" and "regulated market" are classifications for trading venues of securities set out in the Directive 2004/39/EC on Markets in Financial Instruments. Multilateral trading facilities and the holders and issuers of securities listed on a multilateral trading facility are subject to less stringent rules than regulated markets and the holders and issuers of securities listed on a regulated market. Companies that have applied for their shares to be listed on First North are subject to the Rules of First North but not the requirements for admission to trading on a regulated market.

### Trading and settlement on First North Sweden

First North Sweden is a marketplace maintained by Nasdaq Stockholm AB. Pursuant to the rules of First North, the Nasdaq Member Rules, chapters 2–5, and appendices, as amended from time to time, shall apply to trading on First North Sweden. Additional rules specific to First North Sweden are set out in Supplement B to the rules of First North.

First North Sweden uses the same INET Nordic trading system as the Nasdaq Nordic main markets for trading in shares. The trading periods comprise a pre-trading session, a continuous trading session and a post-trading session. The trading periods and the respective trading hours are set out in a time table in force from time to time, as made available by the Nasdaq Nordic stock exchanges at www.nasdaqomxnordic.com/tradinghours. On First North Sweden, the currency of trading and settlement of transactions is Swedish krona (SEK), and the smallest recorded price movement (tick size) is SEK 0.01.

Shares traded on First North Sweden are issued and registered in the book-entry securities system maintained by Euroclear Finland. Such Shares will be additionally registered in the Swedish book-entry securities system maintained by Euroclear Sweden, and trades in Shares listed on First North Sweden are settled in Euroclear Sweden's settlement system.

The Shares registered with Euroclear Sweden will be entered into the shareholder register of the Company maintained by Euroclear Finland as held by Euroclear Sweden in its capacity of nominee of the Shares traded on First North Sweden, and Euroclear Sweden will "mirror" these Shares to the book-entry securities system of Euroclear Sweden. Shares registered in the system of Euroclear Sweden will have the same ISIN as the Shares registered in Euroclear Finland.

### Regulation of the Swedish securities market

The securities market in Sweden is supervised by the Swedish FSA (in Swedish: *Finansinspektionen*). Statutes governing the Swedish securities market include, inter alia:

- the Swedish Financial Instruments Trading Act (in Swedish: *lag (1991:980) om handel med finansiella instrument*), which sets out regulations with respect to disclosures of major holdings, prospectuses and public tender offers, among other things;

- the Swedish Takeover Act (2006:451) (in Swedish: *lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), which sets out regulations with respect to mandatory public tender offers (in Swedish: *budpliktsbud*);
- the Swedish Securities Markets Act (in Swedish: *lag (2007:528) om värdepappersmarknaden*), which sets out regulations with respect to periodic and ongoing disclosure obligations, the operations of regulated markets and multilateral trading facilities, among other things;
- Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC Text with EEA relevance ("MAR");
- the Swedish Supplementary Regulations for MAR Act (in Swedish: *Lag (2016:1306) med kompletterande bestämmelser till EU:s marknadsmissbruksförordning*), which sets out supplementary regulations for MAR; and
- the Swedish Market Abuse Act (in Swedish: *lag (2016:1307) om straff för marknadsmissbruk på värdepappersmarknaden*), which sets out regulations and penalties with respect to misuse of inside information and market manipulation.

The Swedish FSA has issued more detailed regulations pursuant to the relevant statutes governing the securities market. The Swedish FSA monitors compliance with the applicable regulations. As First North Sweden is classified as a multilateral trading facility and not a regulated market, certain provisions provided in these statutes and regulations are not applied in relation to securities traded thereon.

**Swedish book-entry systems**

***General***

The Swedish central securities depository register (in Swedish: *avstämningsregistret*) is maintained by Euroclear Sweden, a central securities depository and clearing organization under the Swedish Financial Instruments Accounts Act and the Swedish Securities Market Act. Among other things, Euroclear Sweden maintains share registers of the Swedish companies listed on First North Sweden. Shares maintained by Euroclear Sweden are registered in dematerialized form in book-entry accounts and no share certificates are issued. Title to the shares is secured by registration with Euroclear Sweden through banks or other securities institutes, which have been approved as an account operators by Euroclear Sweden. The Swedish central securities register maintained by Euroclear Sweden also contains certain additional information, for example as regards security rights. The business address of Euroclear Sweden is Klarabergsviadukten 63, P.O. Box 191, 101 23, Stockholm, Sweden.

***Registration***

Shares may be registered on securities accounts and accordingly be entered in the share register maintained by Euroclear Sweden, either in the owner's name (directly registered shares) or in the name of a nominee custodian approved by Euroclear Sweden (nominee-registered shares). If the shares are nominee-registered, this is noted in the book-entry securities system. The relationship between the custodian and the beneficial owner is governed by agreement. The beneficial owner must, if they wish to exercise certain rights, for example attend a general meeting of shareholders, temporarily reregister the shares in their own name. The custodians also regularly report the holdings of the beneficial owners to Euroclear Sweden.

Rights conferred by shares and entitling to dividends, or participation in a rights issue or a bonus issue, are issued to those holders of the Shares whose names are entered into the Swedish central securities register at a certain record date, and dividends are normally distributed to bank accounts designated by the holders registered with Euroclear Sweden. The record date in question must be indicated in the resolutions determining the dividend or share issue or other resolutions for which shareholders have priority.

If the registered holder is a nominee custodian, the nominee custodian receives the dividend and other economic rights conferred by the Shares on behalf of the beneficial owner. The same applies to subscription rights in

connection to rights issues and such new shares which have been subscribed for by virtue of subscription right. Dividends are paid to the nominee custodian as a lump sum, and it is the nominee custodian who is responsible for the distribution of the dividend to the beneficial owners. A similar procedure is followed for subscription rights and newly issued shares.

***Cross-border settlement***

There are specific requirements for cross border settlement (i.e. transfer of shares from Euroclear Finland to Euroclear Sweden or vice versa). Such transfers may be subject to fees levied by the settlement parties in accordance with their respective fee schedules.

***Compensation fund for investors and deposit insurance fund***

Investor compensation covers financial instruments such as shares, bonds and various types of derivatives, for instance warrants and futures. Investor compensation is payable only if an institution is declared bankrupt and it is impossible for the investor to recover its securities or cash. The investor compensation does not cover financial loss due to changes in value of shares and other securities. Investor compensation covers securities handled by securities companies, securities brokers and some other institutions on behalf of customers in the course of providing investment services (such as the purchase, sale and deposition of financial instruments). For the purposes of the scheme, securities means shares, bonds and various types of derivatives. The scheme also covers funds that an institution receives in conjunction with providing an investment service for which it is accountable. Investors may be compensated for lost assets up to a value of SEK 250,000 per institution.

# TAXATION

## Finnish tax considerations

*The following summary is a general description of the most significant Finnish tax consequences with respect to the subscription, ownership and disposition of the Offer Shares in the Company. The summary is based on the tax laws of Finland, including relevant case law as well as decisions and statements made by the Finnish Tax Administration as in effect at the date of this Information Memorandum. The summary is subject to changes in the tax laws of Finland, including changes that could have a retroactive effect. The summary is not exhaustive and does not take into account or discuss the tax laws of any other country than Finland.*

*The summary is only applicable to investors regarded as beneficial owners of the Offer Shares. The summary does not address tax consequences applicable to such shareholders that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, income tax-exempt entities or general or limited partnerships. Furthermore, the summary does not address inheritance or gift tax consequences.*

*Prospective investors are advised to consult professional tax advisors to obtain information on the tax consequences of the subscription, ownership and disposition of the Offer Shares in consideration to their individual circumstances.*

## General

Residents and non-residents of Finland are treated differently for Finnish tax purposes. Persons resident in Finland are subject to taxation in Finland on their worldwide income. Non-residents are only taxed on income from the Finnish sources and on income attributable to their possible permanent establishments situated in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right of Finland to tax Finnish-source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if the person remains in Finland for a continuous period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless it is proven that no substantial ties to Finland existed during the relevant tax year.

Earned income, including salary, is taxed at progressive rates. Capital income of a resident natural person not exceeding EUR 30,000 per calendar year is taxed at a flat rate of 30 per cent and to the extent the amount of capital income exceeds EUR 30,000 in a tax year, the exceeding amount is taxed at the rate of 34 per cent.

Corporate entities established under the laws of Finland are regarded as residents in Finland. Currently, the corporate income tax rate is 20 per cent and the rate is applied to taxation of income attributable to a Finnish permanent establishment of a non-resident as well.

The changes relating to abolition of revenue source categorization have been approved by the Parliament of Finland and will be applied for the first time in the taxation for the tax year 2020. Many corporate taxpayers will only have taxable income in the category of business income from the tax year 2020 onwards. For such corporate taxpayers, the income source of personal income will be abolished. However, a new income category of other income will at the same be introduced within the source of business income. The abolition of revenue source categorizations also affects the categorization of assets mentioned in this Information Memorandum.

## Taxation of dividends

*General on taxation of dividends and repayment of capital*

A company listed on First North Sweden is considered as a publicly listed company ("**Listed Company**") for Finnish dividend taxation purposes.

Funds distributed from the so-called reserve for invested unrestricted equity (SVOP-reserve) of a Listed Company are treated like dividend income for tax purposes.

*Finnish resident natural persons*

Eighty-five (85) per cent of the dividend income received from a Listed Company by a resident natural person on shares belonging to the source of personal income is considered as taxable capital income of the recipient, while the remaining 15% is tax-exempt.

Eighty-five (85) per cent of the dividends paid by a Listed Company to shares belonging to the source of business income of a resident natural person is taxable income, and the remaining 15 per cent is tax-exempt. Business income of a natural person is divided to be taxed as capital income and earned income as set out in further detail in the Finnish Income Tax Act (1535/1992, as amended).

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received. In case the shares are held through a nominee account, the amount of the advance tax withholding is 50 per cent from 1 January 2020 onwards unless the dividend distributing Listed Company or a registered authorized intermediary closest to the recipient of the dividend is able to provide the Finnish Tax Administration with the identification information of the recipient of the dividends, as specified in further detail. The resident natural person receiving the dividend is liable to verify the amount of dividend and the withholding on the pre-completed tax return and, if needed, to correct the amounts on the tax return.

*Finnish limited companies*

Dividends paid by a Listed Company for the Offer Shares that are owned by a Finnish Listed Company are generally tax-exempt. However, if the underlying Offer Shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt. Only banks, insurance and pension institutions may have investment assets.

Dividends received by a Finnish company which is not a Listed Company from a Finnish Listed Company are in general fully taxable income. However, in cases where the privately-held company directly owns 10 per cent or more of the share capital of the Listed Company, the dividend received on such Offer Shares is tax-exempt, provided that the underlying Offer Shares are not included in the investment assets of the shareholder. If the Offer Shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt (irrespective of the share of ownership in the Listed Company).

However it shall be noted that from 1 January 2020 onwards, the Dividends distributed on shares held through a nominee account are subject to a withholding tax at the rate of 50 per cent unless the dividend distributing Listed Company or an registered authorized intermediary closest to the recipient of the dividend is able to provide the Finnish Tax Administration with the identification information of the recipient of the dividends, as specified in further detail.

*Non-residents*

Non-residents are subject to Finnish withholding tax on dividends paid by a Listed Company. The withholding tax is withheld by the Listed Company distributing the dividend at the time of dividend payment, and no other taxes on the dividend are payable in Finland.

The dividend withholding tax rate is currently 20 per cent for non-resident corporate entities and 30 per cent for all other non-residents as dividend recipients.

As an exception to the above, withholding tax is not applicable to dividends paid to non-resident companies meant in Article 2 of the Parent-Subsidiary Directive (2011/96/EU, as amended) ("Parent-Subsidiary Directive") that are located in an EU member state and which have a direct minimum holding of 10 per cent of the capital of the dividend-distributing Finnish Listed Company.

The withholding tax rate may also be reduced or removed in full on the basis of an applicable tax treaty. The reduced withholding rate benefit in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided a valid tax at source card or other necessary clarification (name, date of birth, possible other official identification data, and the address in the country of residence) to the Listed Company prior to the payment of the dividend.

Furthermore, no withholding tax is applied if the dividend is paid to an entity located in the European Economic Area ("**EEA**"), provided that the recipient can be regarded as equivalent to the Finnish entities meant in section 33d.4 of the Income Tax Act or in section 6a of the Finnish Business Income Tax Act (360/1968, as amended), and that the dividend were tax-exempt pursuant to the above-mentioned sections had it been received by a Finnish entity. Additionally, it is required that the Directive on Administrative Cooperation in the Field of Taxation (2011/16/EU, as amended) or some treaty concerning administrative co-operation or exchange of information in tax matters is applicable to the home state of the dividend receiving company, and that the withholding tax could not be fully credited in the home state of the dividend receiving company based on a double tax treaty concluded with Finland.

Dividends distributed to shares that belong to investment assets are subject to special rules. In many cases a withholding tax at the rate of 15 per cent applies if the recipient resides in an EEA country, or if the recipient is comparable to a Finnish pension institution and the requirements relating to exchange of information in tax matters as well as other more specific requirements are fulfilled. The dividend may nevertheless be exempt from withholding tax if the above-mentioned exemption related to the Parent-Subsidiary Directive and the minimum holding of 10 per cent is applicable. The withholding tax rate may also be reduced or removed on the basis of an applicable tax treaty.

Dividends distributed on shares held through a nominee account are currently subject to a withholding tax at the rate of 15 per cent or a higher tax rate set forth in the relevant tax treaty, provided *inter alia* that the dividend distributing Listed Company is able to ascertain the applicability of the relevant tax treaty in a sufficient manner as set out in further detail in section 10b of the Act on Taxation of Non-Residents (627/1978, as amended). Applicability of a withholding at a rate lower than 15 per cent requires detailed information identification information to be provided on the dividend recipient.

From 1 January 2021 onwards the tax treatment of dividends payable on shares held in custodial nominee accounts will be changed. After that, the tax rate set forth in the relevant tax treaty may be applied if the dividend distributing Listed Company or a registered authorized intermediary is able to provide the Finnish Tax Administration with the required detailed identification information of the recipient of the dividends and the dividend distributing Listed Company or a registered authorized intermediary ascertains with due care the recipient's country of residence and the applicability of the relevant tax treaty in a sufficient manner as set out in further detail in the amended section 10b of the Act on Taxation of Non-Residents. If a tax treaty is not applicable but the required detailed identification information is obtained or the registered authorized intermediary commits to provide such information, the dividend is taxable in accordance with the general rules as explained above under this section "*Non-residents*". If the required detailed identification information is not available, the dividends held in an custodial nominee account will be subject to a withholding tax at the rate of 35 per cent.

Under certain conditions, non-resident natural persons located in a country within the EEA may request that the provisions of the Finnish Act on Tax Assessment Procedure (1558/1995, as amended) are applied, in which case instead of withholding a final tax at source, the dividend taxation is carried out through assessment in the same manner as set out in section "Finnish resident natural persons" above.

**Capital gains**

*Finnish resident natural persons*

A capital gain arising from the sale of the Offer Shares which do not belong to the business activity of a Finnish resident natural person is taxed as capital income. A capital loss arising from the sale of the Offer Shares that do

not belong to the business activity of the shareholder is deductible primarily from the resident natural person's capital gains and secondarily from the person's other capital income arising in the same year and during the following five tax years. Capital losses are not taken into account when calculating the capital income deficit for the tax year. If the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of sale proceeds from assets that may be sold tax-exempt pursuant to Finnish tax laws), the capital gains from the disposal of the Offer Shares are nevertheless exempted. In that case a capital loss is correspondingly not deductible, provided further that the acquisition costs of the assets sold do not, in aggregate, exceed EUR 1,000.

The capital gain or loss is calculated by deducting the acquisition cost and the expenses related to acquiring the gain/loss (e.g. the selling expenses) from the sales price. Alternatively, instead of deducting the actual acquisition costs, the individual may choose to apply a so-called presumptive acquisition cost, which is equal to 20% of the sales price, or in the case of shares which have been held for at least ten years, 40% of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any expenses for acquiring the income are deemed to be included therein and cannot be separately deducted from the sales price.

If the Offer Shares belong to the business activity of the shareholder, income from the sale of shares forms a part of the shareholder's business income and correspondingly, the remaining acquisition cost and the costs relating to the disposal of Offer Shares are in general deductible expenses. The business income is divided in accordance with the Income Tax Act to be taxed as earned income at a progressive tax rate and as capital income. Confirmed losses of the business activities are deductible from taxable business income in the same tax year and in the subsequent ten tax years.

*Finnish limited companies*

A capital gain arising in the personal income source of a limited company is taxable income. Capital gain or loss is calculated by deducting the remaining acquisition cost in taxation and the expenses related to acquiring the capital gain from the sales price. The capital loss arising from the sale of shares belonging to the personal income source is deductible from capital gains arising in the same source of income in the same tax year and during the subsequent five tax years.

The sales price for the Offer Shares included in the business income source of a limited company is as a general rule taxable business income. Correspondingly, the remaining acquisition costs in taxation of the Offer Shares as well as the deductible costs relating to the disposal are deductible business expense upon disposal of the Offer Shares. Confirmed losses of the business activities are deductible from taxable business income in the same tax year and the subsequent ten tax years in accordance with the general rules concerning carrying forward tax loss.

As an exception to the above-mentioned, capital gains from disposal of Offer Shares belonging to fixed assets in business activities are tax-exempt provided that the company selling such shares has directly and continuously for at least one year owned at least 10% of the share capital in the Company which issued the shares and if also the other requirements for the exemption are met (for example the activities of the company shall not be considered to factually and mainly consist of ownership and possession of real properties). Capital losses from disposals of shares qualifying for exempt disposals are correspondingly non-deductible.

Should a deductible capital loss arise from the disposal of shares included in the fixed assets, but not subject to the tax exemption, such capital loss may only be deducted from taxable capital gains arising from the sale of the shares included in the fixed assets in the same tax year and the subsequent five years.

*Non-residents*

Non-residents are in general not subject to Finnish tax on capital gains realised on the sale of Offer Shares in the Finnish Company provided that less than 50% of the total assets of the Company consist of real properties in Finland (unless the non-resident taxpayer carries on business through a permanent establishment in Finland as meant in the Income Tax Act, the Offer Shares are considered to belong to the assets of that permanent establishment and a tax treaty does not prevent the Finnish taxation on the capital gains). The capital gains arising

from the sale of the Offer Shares belonging to a permanent establishment in Finland are taxed in the same manner as described in section "Finnish limited companies" above.

*Finnish transfer tax*

No transfer tax is payable on the issuance of new Offer Shares or on the subscription for the Offer Shares.

Neither is Finnish transfer tax payable on transfers of shares which are admitted to regular trading in a marketplace which is open for the public (like First North Sweden), if the transfer is made against a fixed pecuniary consideration. The transfer tax exemption also requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act (747/2012, as amended), is a broker or a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution as meant in section 22.3 of the Finnish Transfer Tax Act (931/1996, as amended), the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Act on Tax Assessment Procedure.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Companies Act or if the consideration for the shares consists wholly or partially of work performance.

If neither the purchaser nor the seller is tax resident in Finland or a Finnish office of a foreign credit institution or a Finnish branch of a foreign investment firm, foreign fund management company or a foreign EEA alternative investment fund manager, the transfer of the shares is exempt from Finnish transfer tax. No transfer tax is collected if the amount of the tax is less than EUR 10.

If the transfer of the Offer Shares does not fulfil the above criteria for a tax-exempt transfer, the applicable transfer tax is payable by the purchaser. In general, the transfer tax rate is 1.6 per cent of the sales price or value of other consideration for the transferring Offer Shares. However, if the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, a foreign investment firm, a foreign fund management company or an EEA alternative investment fund manager, the seller must collect the transfer tax from the purchaser. If a Finnish investment firm, a Finnish credit institution or a Finnish branch or office of a foreign credit institution or investment firm acts as a broker, it is liable to collect the transfer tax from the purchaser and to pay the tax to the state.

**Swedish tax considerations**

The following summary outlines certain Swedish tax consequences that may arise as a result of the acquisition, ownership and disposal of shares in the Company. The summary is based on the laws of Sweden in effect as of the date of this Information Memorandum and is intended to provide general information only. The summary is solely intended to provide general information to shareholders who are private individuals or Swedish limited liability companies (in Swedish: *Aktiebolag*) that are tax resident in Sweden, unless stated otherwise. Furthermore, the summary is based on the assumption that the shares in the Company are listed, which is the case if the shares are traded to a sufficiently large extent. The summary is not exhaustive and does not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the shares and is neither intended to be nor should be construed as tax advice. The summary will, for example, not cover:

- situations where shares have been acquired by means of shares in so called closely held companies;
- situations involving tax exempt dividends and capital gains on shares deemed to be held for business purposes under the Swedish participation exemption regime;
- situations where shares are held by a general partnership or a limited partnership;
- situations where shares are held as current assets in business operations;

- foreign companies conducting business through a permanent establishment in Sweden;
- situations where shares are held by investment companies, investment funds or insurance companies.
- situations where shares are held in an investments savings account (in Swedish: *investeringssparkonto*) or endowment insurance (in Swedish: *kapitalförsäkring*)

Investors should consult their professional tax advisers regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of shares in their particular circumstances.

***Private individuals***

For private individuals, the income that arise from the disposal or ownership of shares (e.g. dividends) is generally considered as capital income and is taxed at a flat rate of 30 percent. Capital gains or losses are calculated as the difference between the sales proceeds less sales expenditure and the acquisition cost (costs related to acquisition and improvements) for the shares sold. The acquisition cost is calculated according to the so-called average method, meaning that the acquisition cost is calculated as the average acquisition cost for all shares of the same series and type. An alternative method to calculate the acquisition cost is the standardized method, according to which the acquisition cost shall be 20 percent of the sales proceeds after deduction for sales expenditure.

Capital losses on listed shares may be fully offset against taxable capital gains on shares and other publicly traded securities, except for units in investment funds containing only Swedish receivables (in Swedish: *räntefonder*). Capital losses not absorbed by these set-off rules are deductible at 70 percent in the capital income category. Should a net loss arise in the capital income category, a reduction is granted of the municipality and state income tax, property tax and municipality property fee with 30 percent of the net loss that does not exceed SEK 100,000 and at 21 percent of any remaining net loss. Any excess net loss cannot be carried forward to future tax years.

***Swedish limited liability companies***

Swedish corporations are taxed for all their income, including capital gains and dividends, at the corporate income tax rate of 21.4 percent (financial years commencing after 31 December 2018). Capital gains and capital losses shall be calculated in accordance with the rules applicable to private individuals (see above).

Deductible capital losses on shares may only be offset against taxable capital gains on shares and other securities taxed as shares. Capital losses may in certain cases be utilized against capital gains in other group companies, presuming that the criteria for group contributions are fulfilled. A capital loss that cannot be utilized may be carried forward and utilized against future capital gains on shares and other securities taxed as capital gains, without any limitation in time.

The corporate income tax rate is scheduled to be lowered to 20.6 percent in 2021.

***Non-resident shareholders***

As used herein, a non-resident shareholder means a holder of shares who is

a) an individual who is not a resident of Sweden for tax purposes and who has no and has not had any connection to Sweden other than his/her investment in the shares, or
b) an entity not organized under the laws of Sweden and which does not conduct any business activities from a permanent establishment in Sweden.

Capital gains and dividends stemming from shares to a non-resident holder should not be subject to Swedish income tax provided that such holder does not conduct business activities from a permanent establishment in Sweden to which the shares are attributable.

Because the Company is not a Swedish company, no Swedish withholding tax should be imposed on payments stemming from shares to a non-resident holder.

Notwithstanding the above, a private individual may be liable to pay capital gains tax in Sweden upon disposal or redemption of certain securities (e.g. shares) even if he or she is not tax resident in Sweden, provided that he or she has been resident in Sweden or has lived permanently in Sweden at any time during the calendar year of the disposal/redemption, or the ten preceding calendar years. This liability may however, be limited by tax treaties between Sweden and other countries.

**Danish tax considerations**

The following is a summary description of the taxation in Denmark of the Offer Shares. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Offer Shares, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

The tax considerations for Danish resident investors of acquiring, holding or disposing the Offer Shares depend on the investor's tax status and the specific terms applicable to the relevant Offer Shares. Potential investors are in all circumstances strongly recommended to contact their own tax advisors to clarify the individual consequences of the investment, holding and disposal of the Offer Shares. No representations with respect to the tax consequences of any particular holder are made hereby.

***Private individuals***

Private individuals who have residency in Denmark are taxed as share income ("**Share Income**") on dividends on the Offer Shares.

Similarly, gains from the disposal of Offer Shares are taxed as Share Income.

For the income year 2019 Share Income is subject to tax at a rate of 27% on the first DKK 54,000 (for cohabiting spouses, a total of DKK108,000) and at a rate of 42% on share income exceeding DKK 54,000 (for cohabiting spouses, over a total of DKK 108,000). Such amounts are subject to annual adjustments and include all share income (i.e. all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Gains and losses on the sale of Offer Shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sale price. The purchase price is generally determined using the average method which means that each share is considered acquired at a price equivalent to the average acquisition price of all the shareholder's shares in the issuing company.

Losses occurred in relation to the sale of Offer Shares admitted to trading on a regulated market can only be offset against other Share Income deriving from shares admitted to trading on a regulated market (i.e., received dividends and capital gains on the sale of shares admitted to trading on a regulated market). Excess losses will be offset against a cohabiting spouse's Share Income deriving from shares admitted to trading on a regulated market. Any remaining losses after the above deduction can be carried forward indefinitely and offset against future Share Income deriving from shares admitted to trading on a regulated market.

Losses on Offer Shares admitted to trading on a regulated market can only be offset against other Share Income deriving from other shares admitted to trading on a regulated market as outlined above, if the Danish Tax Authorities have received certain information concerning the ownership of the Offer Shares before expiry of the tax return filing deadline for the income year in which the Offer Shares were acquired. This information is normally provided to the Danish Tax Authorities by the securities dealer, if the securities dealer is resident in Denmark.

***Danish limited liability companies***

The Offer Shares will be categorized as Taxable Portfolio for Danish resident corporate shareholders.

Dividends received on Taxable Portfolio Shares are subject to the standard corporate tax rate for the calendar year 2019 of 22%, irrespective of ownership period. The withholding tax rate is 22%.

Capital gains from the sale of Taxable Portfolio Shares are taxable at the corporate income tax rate of 22% in the calendar year 2019. Losses on such shares are generally deductible.

Gains and losses on Taxable Portfolio Shares are, as a general rule, calculated in accordance with the mark-to-market principle (in Danish "lagerprincippet"). According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the relevant shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even if no Offer Shares have been disposed of and no gains or losses have been realised. If the Taxable Portfolio Shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Taxable Portfolio Shares at the beginning of the income year and the value of the Taxable Portfolio Shares at realisation. If the Taxable Portfolio Shares have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If the Taxable Portfolio Shares are acquired in the income year and not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the Shares at the end of the income year.

***Non-resident shareholders***

Shareholders not resident in Denmark will normally not be subject to Danish taxation on any gains realized on the sale of Offer Shares, irrespective of the ownership period. Where a non-resident of Denmark holds Taxable Portfolio Shares which can be attributed to a permanent establishment in Denmark, such gains are taxable pursuant to the rules applicable to Danish tax residents as described above.

Under Danish law, dividends paid in respect of Offer Shares are generally subject to Danish withholding tax at a rate of 27 %. A request for a refund of Danish withholding tax can, however, be made by the shareholder in specific situations.

## DOCUMENTS AVAILABLE

Copies of the following documents are on display during the period of validity of this Information Memorandum on weekdays during normal business hours between 9:00 and 16:00 (Finnish time) at the registered office of the Company at Bertel Jungin Aukio 1, FI–02600 Espoo, Finland.

1. the articles of association of the Company valid as at the date of this Information Memorandum;
2. the trade register extract of the Company valid as at the date of this Information Memorandum;
3. the Company's financial statements as at and for the years ended 31 December 2018 and 31 December 2017, and the relevant auditor's reports;
4. this Information Memorandum.

## GLOSSARY

This Information Memorandum contains, *inter alia*, the following medical terms and abbreviations, which mean, unless otherwise stated or from the factual connection cannot be interpreted otherwise, the following:

| Term or abbreviation | Explanation |
|---|---|
| AD, Alzheimer's disease | the most common neurodegenerative disease and the main cause of dementia. |
| ALS, amyotrophic lateral sclerosis | also known as Lou Gehrig's disease or motoneuron disease. An aggressive neurodegenerative disease, which typically leads to death within 2–5 years from diagnosis. |
| BBB, blood brain barrier | a border that separates the brain from blood circulation, allowing the passage of water and a selective transport of molecules important for the brains. |
| BCAL, breast cancer associated lymphedema | disease caused by injuries in the lymphatic system due to breast cancer treatments, resulting in chronic and progressive swelling of the affected arm. |
| CDNF, Cerebral Dopamine Neurotrophic Factor | a protein naturally present in humans with neuroprotective and neurorestorative properties. Developed by Herantis as a potential disease-modifying treatment of Parkinson's disease. |
| CSF, cerebrospinal fluid | clear, colorless body fluid found in the brain and spinal cord. |
| ER, endoplasmic reticulum | an organelle of cells, which is included e.g. in the folding of the proteins produced by the cells. |
| HD, Huntington's disease | a neurodegenerative disease, which causes movement disorders and leads to death. HD is caused by a genetic mutation. |
| intracerebral dosing or administration | delivery of substances such as a drug compound in the brain. |
| intravenous dosing or administration | delivery of substances such as a drug compound into a vein. |
| L-DOPA | a molecule used as a drug to alleviate the motor symptoms of Parkinson's disease. Also known as levodopa. |
| Lymfactin® | Herantis' drug candidate for the treatment of secondary lymphedema, based on the discovery of VEGF-C. |
| lymph | fluid that flows through the lymphatic system, whose function is to return fluid from the tissues to the central circulation. It has many functions such as returning proteins and excess interstitial fluid to the bloodstream. |
| lymphangiogenesis | the formation of lymphatic vessels. |
| MANF | mesencephalic astrocyte-derived neurotrophic factor. |
| MPTP | neurotoxin that selectively kills dopamine neurons and thereby causes symptoms that resemble Parkinson's disease. |
| neuroinflammation | inflammation of the nervous tissue often associated with brain diseases. |
| xCDNF, next generation CDNF | a certain part of the CDNF protein, which appears to retain the biological activity of CDNF and to be able to penetrate the blood brain barrier. |
| PD, Parkinson's disease | a neurodegenerative disease caused by the death of dopamine-producing neurons in the midbrain. |
| PET, positron emission tomography | functional imaging technique that can be used to diagnose or assess certain diseases. |
| preclinical study | a study in which a drug compound is tested in for instance animals, cells, or other circumstances other than in humans. |
| subcutaneous dosing or administration | delivery of substances such as a drug compound under the skin. |
| TreatER | project funded by the European Union's Horizon 2020 framework program. The essential part of the project is the Phase 1–2 clinical study with CDNF. |

| | |
|---|---|
| UPDRS, Unified Parkinson's Disease Rating Scale | rating scale to assess and quantify the symptoms of Parkinson's disease, often used in clinical studies in PD. |
| VEGF-C, vascular endothelial growth factor C | a natural human growth factor that is important for the formation of new lymphatic vessels. |

## ANNEX A: LIST OF PATENTS

Significant patents active and granted to the Company as well as pending patent applications are listed in the table below:

**Herantis Pharma Oyj**

***CDNF***

| Country | Application no. | Publication no. / Patent no. | Status | Application date | Claimed subject matter |
|---|---|---|---|---|---|
| USA | US 10/648,361 | US 7,452,969 | **Granted** | 27 Aug 2003 | CDNF/MANF2 protein |
| USA | US 12/037,535 | US 9,127,082 | **Granted** | 26 Feb 2008 | Treatment with CDNF/MANF2 nucleic acid |
| Japan | JP 2008-545024 | JP 5236488 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Canada | CA 2,633,468 | WO2007068784 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Australia | AU2005339101 | AU 2005339101 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| USA | US 13/088,233 | US 8,980,821 | **Granted** | 15 Apr 2011 | Treatment with CDNF/MANF2 polypeptide |
| Germany | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| France | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Great Britain | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Ireland | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Switzerland | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Netherlands | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Denmark | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Sweden | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Finland | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Italy | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Spain | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Turkey | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| Poland | EP05817611.6 | EP 1 969 003 | **Granted** | 14 Dec 2005 | Treatment with CDNF/MANF2 |
| E P O | EP06830935.0 | EP 1 960 426 | **Granted** | 14 Dec 2006 | Treatment of epilepsy and drug addiction |
| Finland | FI20155857 | WO2017085362A1 | Pending | 18 Nov 2015 | Intranasal administration of CDNF and MANF |

| Country | Application no. | Publication no. / Patent no. | Status | Application date | Claimed subject matter |
|---|---|---|---|---|---|
| E P O | EP2016809895 | EP3377089A1 | Pending | 18 Nov 2016 | Intranasal administration of CDNF and MANF |

***MANF***

| Country | Application no. | Publication no. / Patent no. | Status | Application date | Claimed subject matter |
|---|---|---|---|---|---|
| USA | US 12/433,345 | US 8,853,166 | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Canada | CA 2,725,128 | WO2009133247 | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| E P O | EP09738284.0 | EP 2 276 778 | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Germany | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| France | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Great Britain | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Ireland | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Italy | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Spain | EP09738284.0 | ES2530222 | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Netherlands | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Switzerland | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Denmark | EP09738284.0 | DK2276778 | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Sweden | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Finland | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Croatia | EP09738284.0 | HRP20150095 | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |

| Country | Application no. | Publication no. / Patent no. | Status | Application date | Claimed subject matter |
|---|---|---|---|---|---|
| Luxembourg | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Monaco | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Malta | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Latvia | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| Lithuania | EP09738284.0 | N/A | **Granted** | 30 Apr 2009 | Treatment with MANF nucleic acid |
| USA | US 14/480,975 | US 9,592,270 | **Granted** | 14 Mar 2017 | Treatment with MANF |

***xCDNF***

Certain xCDNF patents are applied by the University of Helsinki but are exclusively licensed to Herantis. See "*Business of the Company – Material license agreements*".

| Country | Application no. | Publication no. / Patent no. | Status | Application date | Claimed subject matter |
|---|---|---|---|---|---|
| International | PCT/FI2018/050 332 | WO2018202957A 1 | Pending | 4 May 2018 | C-terminal CDNF & MANF peptides (43-63 aa) |
| Finland | FI 20185304 | N/A | Pending | 4 May 2017 | C-terminal CDNF & MANF peptides (33-63 aa) |

**Laurantis Pharma Oy**

***Lymfactin®***

| Country | Application no. | Publication no. / Patent no. | Status | Application date | Claimed subject matter |
|---|---|---|---|---|---|
| USA | 13/624,145 | US 8,852,936 | **Granted** | 21 Sep 2012 | Perinodal administration |
| International | PCT/FI2014/050 620 | WO2015022447 | In national phase, see below | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| E P O | EP2014756085 | EP3033095A1 | **Granted** | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| USA | US14/911920 | US20160193298A 1 | Pending | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| Canada | CA2920730 | CA2920730A1 | Pending | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |

| Country | Application no. | Publication no. / Patent no. | Status | Application date | Claimed subject matter |
|---|---|---|---|---|---|
| Australia | AU2014307828 | AU2014307828B2 | **Granted** | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| China | CN201480055723.X | CN105682675A | Pending | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| Japan | JP2016533937 | JP2016530261A | Pending | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| Taiwan | TW103126037 | TW201506036A | Pending | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| South Korea | KR1020167006588 | KR1020160048103A | Pending | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| Russia | RU2016108808 | RU2691104C2 | **Granted** | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |
| Brazil | BR112016003041 | BR112016003041A2 | Pending | 13 Aug 2014 | Therapeutic use of VEGF-C and CCBE1 |

## ANNEX B: THE COMPANY'S ARTICLES OF ASSOCIATION

**Article 1 Business name**

The business name of the company is Herantis Pharma Oyj, in English Herantis Pharma Plc.

**Article 2 Domicile**

The company is domiciled in Helsinki.

**Article 3 Line of business**

The line of business of the company shall be research and product development activities relating to biotechnology and medicine as well as production, sale and marketing of products and services relating to biotechnology and medicine in Finland and abroad. The Company may own and possess real property and securities as well as trade with them. The company may conduct its business directly on its own or through subsidiaries or associated companies.

**Article 4 Board of directors**

The Board of Directors of the company shall consist of four (4) to eight (8) ordinary members. The term of the Board member shall begin from the General Meeting where he or she has been elected and last until the closing of the following Annual General Meeting. The Board of Directors shall elect a Chairperson and, if it finds it warranted, a Vice-Chairperson from among its members for one term at a time. A deputy member may be elected for each member of the Board of Directors personally.

**Article 5 Annual general meeting**

The Annual General Meeting of Shareholders shall be held annually within six months of the end of the financial period on a date set by the Board of Directors in the domicile of the Company.

At the Annual General Meeting of Shareholders, the following shall be decided on:

- the adoption of the financial statements and, if the Company is a parent company, also the adoption of the consolidated financial statements;
- the use of the profit shown on the balance sheet;
- the discharge of the members of the Board of Directors and the possible CEO from liability;
- the number of members of the Board of Directors and possible deputy members of the Board of Directors, if necessary;
- the remuneration of the members of the Board of Directors and the auditors and reimbursement of travel expenses;

the following shall be appointed:

- the members of the Board of Directors and possible deputy members of the Board of Directors, if necessary;
- the auditor;

the following shall be dealt with:

- any other issues referred to in the notice to the General Meeting of Shareholders.

**Article 6 Notice to the general meeting and notice of participation**

The notice to the General Meeting of Shareholders shall be delivered to each shareholder to the address or email address notified to the Company by the shareholder, published on the Company's website, or published in a newspaper determined by the Board of Directors, at the earliest, three (3) months before the meeting and however no later than nine (9) days before the record date for the General Meeting of Shareholders.

In order to attend the General Meeting of Shareholders the shareholder shall give advance notice of participation to the Company no later than the stated date in the notice to the General Meeting of Shareholders, which may at earliest be ten (10) days before the meeting.

**Article 7 Representation of the company**

The company is represented not only by the Board of Directors, but also by the chairman of the board and the chief executive officer, each severally as well as two members of the board jointly. In addition, the Board of Directors may give a designated person a procuram or a right to represent the company.

**Article 8 Auditor**

An authorized auditing firm approved by the Central Chamber of Commerce shall be elected as auditor for the Company. The term of office of the auditor expires at the end of the annual general meeting following its election.

**Article 9 Book-entry system**

The shares in the company shall be held in the book-entry system.

**The Company**

Herantis Pharma Plc

Bertel Jungin Aukio 1,
FI-02600 Espoo, Finland

**Lead Bookrunner**

UB Securities Ltd

Aleksanterinkatu 21 A
FI-00100 Helsinki, Finland

**Legal advisers to the Company**

*As to Finnish Law*

Krogerus Attorneys Ltd

Unioninkatu 22,
FI–00130 Helsinki, Finland

*As to Swedish Law*

Advokatfirman Cederquist KB

Hovslagargatan 3
SE-111 96 Stockholm, Sweden

*As to Danish Law*

Plesner Advokatpartnerselskab

Amerika Plads 37
DK-2100 København Ø, Denmark

**Auditors of the Company**

PricewaterhouseCoopers Oy

Audit firm

Itämerentori 2
FI–00180, Helsinki, Finland