HERANTIS PHARMA

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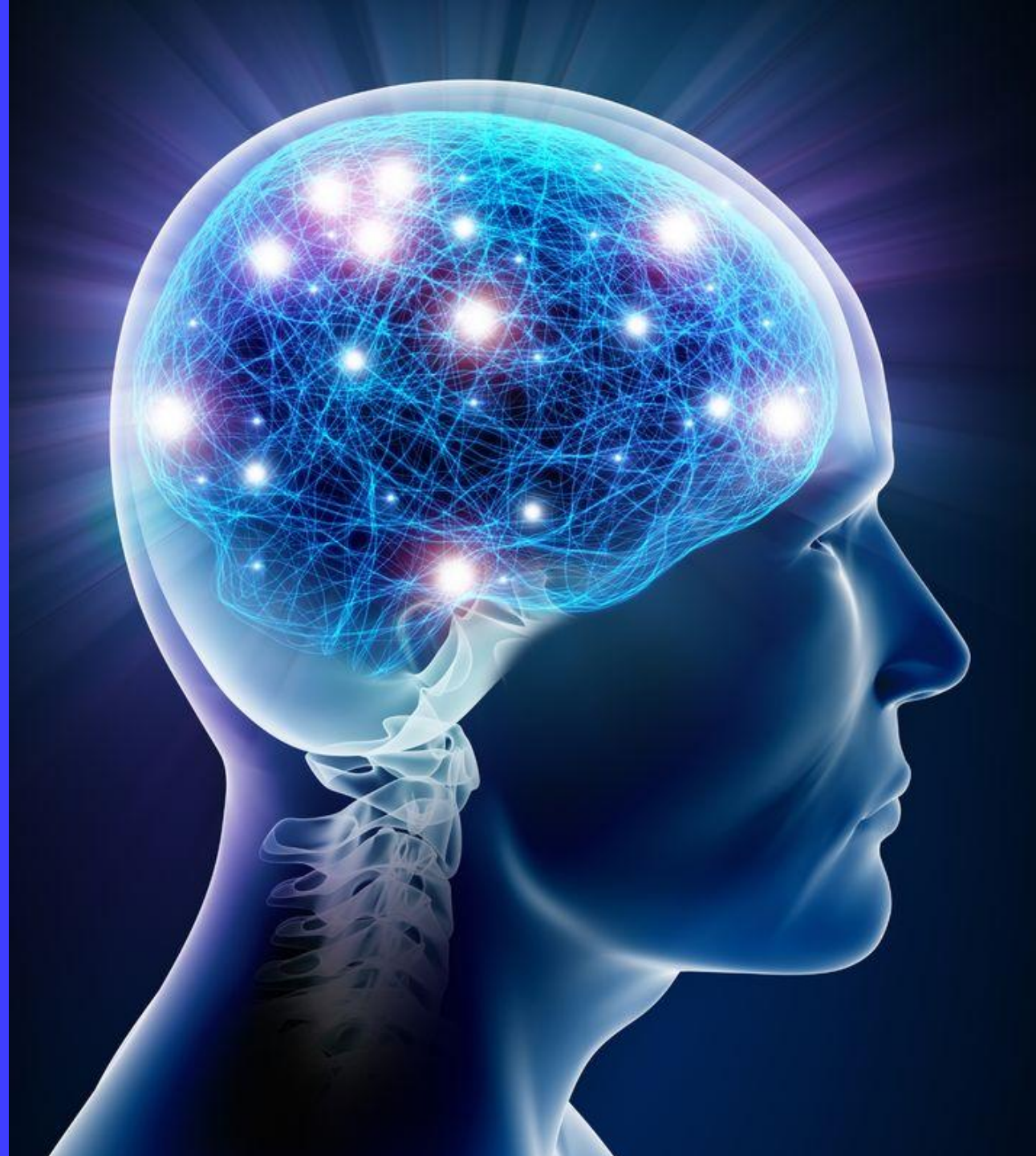
EXTENSIVE REPORT



Aiming for preliminary efficacy studies

Herantis Pharma is a drug development company focused on neurodegenerative diseases. Herantis currently has one candidate in the clinical Phase I, HER-096, which the company develops as a disease-modifying drug for Parkinson's disease. The risk level of the stock as an investment is very high, as the likelihood of successful drug development is still low due to the early development phase. As a counterbalance, the market for Parkinson's disease is large and no disease-modifying drugs are available yet. Our DCF model suggests that the stock is attractively priced. Value creation can also materialize through a commercialization agreement or an acquisition. We reiterate our Accumulate recommendation and EUR 2.5 target price.

Drug candidate for Parkinson's disease in the pipeline

Herantis's Phase 1 clinical study has shown that HER-096 is well-tolerated in short-term use and that it passes the blood-brain barrier to the central nervous system. Next, the company faces the task of securing funding for the Phase 2 study, which it plans to initiate in H2'26. The upcoming study will investigate the safety and tolerability of HER-096 in longer-term (estimated 6–12 months) administration in patients with Parkinson's disease. The study, which we estimate will last for around 2 years, will also provide preliminary data on the efficacy of HER-096. If the results continue to support further development of the candidate, a pivotal Phase 3 study for marketing authorization will still be needed to confirm the candidate's efficacy and safety in larger patient populations with longer-term dosing. The company's current cash runway is sufficient until Q2'26. To secure further funding for R&D, Herantis has announced that it aims to enter into a commercialization agreement with a larger pharmaceutical company starting from Phase 2. We also believe that equity financing is a realistic possibility.

Significant market potential but the goal is still far away

In the absence of disease-modifying drugs, the need for new treatments for Parkinson's disease patients is high. The drug market for treating the disease is around 5.6 BUSD and is expected to grow steadily by about 4% per year. The overalll growth depends on the market entry of new drug treatments, but there are only a few noteworthy candidates in late-stage clinical development. We consider the Herantis candidate promising and the development risk has already been slightly reduced due to good tolerability and passing the blood-brain barrier. However, there is no evidence of the safety of long-term use of the candidate. In addition, no data on efficacy will be available until a possible Phase 2 study is sufficiently advanced in patient follow-up. If the development program is successful, we estimate that commercialization could begin in 2033 after the extensive Phase 3 study and the processing of the new drug application. In the longer term, indication expansion to other neurodegenerative diseases, such as Alzheimer's disease, may bring new opportunities for the company.

Risk-adjusted DCF modeling suggests that the stock is attractively priced considering the risks

Our risk-adjusted forecasts consider the significant risk of failure in drug development, which we estimate is around 85%. We expect royalty-based revenue to start in 2033 and peak in the late 2030s. Our DCF model suggests a value of EUR 2.5 per share indicating the attractive pricing of the stock. The value of the stock may also materialize through a partnership agreement or a bid. The investment profile is characterized by a high return potential with a low py and a high probability of loss of capital. In the short term, financing solutions are a key driver of the share price.

Recommendation
Accumulate
(was Accumulate)

Target price:
2.50 EUR
(was EUR 2.50)

Share price:
1.98 EUR

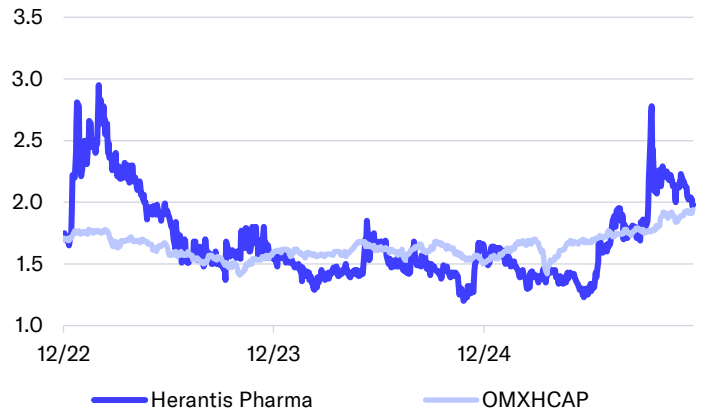
Business risk

Valuation risk

	2024	2025e	2026e	2027e
Revenue	0.0	0.0	0.0	0.0
growth-%	150%	0%	0%	0%
EBIT adj.	-5.0	-5.5	-6.6	-11.2
Net Income	-5.0	-6.0	-6.6	-11.2
EPS (adj.)	-0.25	-0.25	-0.28	-0.46
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	neg.	neg.	neg.	neg.
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	neg.
EV/S	>100	>100	>100	>100

Source: Inderes

Share price



Source: Millistream Market Data AB

Value drivers

- There is a great need for new drugs in Parkinson's disease that affect the progression of the disease.
- If the drug proves safe and effective, we feel that the achievable pricing is attractive.
- In terms of its operating mechanism, HER-096 could also be suitable for treating other neurodegenerative diseases such as Alzheimer's disease and ALS.
- The initial clinical study results are promising for the further development of HER-096

Risk factors

- The risk of failure in development is very high due to the early development phase.
- The research program is still at an early stage, so Herantis needs substantial funding for drug development.
- A licensing agreement may not be reached or its terms may be unsatisfactory.
- Drugs that may enter the market before HER-096 could raise the threshold for market entry.
- The increase in the number of shares and the dilution of their value through share issues.

Valuation	2025e	2026e	2027e
Share price	1.98	1.98	1.98
Number of shares, millions	24.1	24.1	24.1
Market cap	48	48	48
EV	49	56	67
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	neg.	neg.	neg.
P/S	>100	>100	>100
EV/Sales	>100	>100	>100
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

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Herantis targets neurodegenerative diseases

Herantis Pharma is a Finnish pharmaceutical development company focusing on neurodegenerative diseases. It currently has one drug development candidate in its product development pipeline: HER-096. It develops this candidate as a medicine to slow down/prevent Parkinson's disease, for which there is currently no disease-modifying treatment. Herantis' predecessor, Hermo Pharma, was founded in 2008. Herantis was born in 2014 when Hermo Pharma merged with Laurantis Pharma. Herantis was also listed on Nasdaq First North in the same year. The company has had several development projects in its history, but today Herantis focuses on neurodegenerative diseases, especially HER-096 for Parkinson's disease. In addition to Parkinson's disease, the company is exploring possibilities to initiate preclinical studies (cell and animal models) for the treatment of other neurodegenerative diseases such as Alzheimer's disease and amyotrophic lateral sclerosis (ALS). At the time of writing (12/2025), no concrete information is yet available on the launch of these projects.

HER-096 is designed to be administered subcutaneously twice a week. After administration, HER-096 crosses the blood-brain barrier into the central nervous system, where its primary target site is located: the interbrain substantia nigra. The candidate is designed to normalize the protein metabolism of cells in the interbrain. Based on preclinical studies, the candidate also reduces inflammation and forming of protein deposits that affect the progression of Parkinson's disease. The aim is to normalize the activity of nerve cells in the midbrain and prevent degeneration and cell death, especially of dopamine-producing neurons. The progressive degeneration and death of dopamine-producing cells is a key factor in the progression of Parkinson's disease.

HER-096 is at the end of clinical Phase 1 as of the time of writing (12/2025), and the main results have been published. Studies have provided information on the appropriate dosage of the drug, the behavior of the drug in the body, and confirmed its passage to the central nervous system through the blood-brain barrier in patients with Parkinson's disease. Based on the results, the drug also remains in the central nervous system for a sufficiently long time and at a sufficiently high concentration for a therapeutic effect to be achieved. The aim of the studies to date has not been to determine efficacy, nor do the study designs allow conclusions to be drawn regarding potential efficacy. The company plans to initiate a clinical Phase 2 study in 2026, which will more extensively investigate tolerability and safety, as well as preliminarily assess efficacy. In our view, the Phase 1 results unequivocally support the execution of the next phase of the study. The implementation requires significant new financing, which the company is seeking through a development and partnership agreement. Other financing options, such as share issues, are also possible.

The drug market for treating Parkinson's disease is estimated to be around 5.6 BUSD in 2024[1]. Thanks to the large number of patients and in the absence of disease-modifying drugs, Herantis' market potential is significant. As the study program is still in its early stages, we estimate that commercialization will be possible in 2033.

As is typical for drug development, the risk profile of the investment is high and the probability of success is still low. The efficacy in humans and the possible side effects of long-term use are not yet known. From a financing perspective, there are uncertainties associated with an increase in the number of shares if the company funds further research through share issues.

Herantis in a nutshell

Company	**Herantis Pharma** is formed in the merger of Hermo Pharma and Laurantis in 2014
	A drug development company focused on clinical-stage neurodegenerative diseases – especially **Parkinson's disease**
Clinical trial program	**HER-096** is a drug candidate designed based on the CDNF protein to prevent or slow the progression of Parkinson's disease
	Clinical Phase 1 complete; planned start of Phase 2 in 2026
Key results from Phase 1 a/b.	All primary and secondary**endpoints were met**
	HER-096 was **safe and well-tolerated** in Parkinson's patients
	HER-096 **crossed the blood-brain barrier** and remained in the central nervous system long enough
Possible future projects	Herantis is examining the possibility to expand HER-096 research to **other neurodegenerative diseases**.
Financing	**Cash equivalents of 4.6 MEUR (end of H1'25)** Cash resources last until Q2'26

1) Mordor Intelligence.
2) At the time of writing 12/2025

Source: Herantis/Inderes

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HER-096 was developed based on CDNF, a protein that protects the brain

The development of HER-096 is based on the Cerebral Dopamine Neurotropic Factor (CDNF) discovered at the University of Helsinki. CDNF is a protein found in the human bloodstream and brain that maintains the normal function of neurons and helps them stay alive. In preclinical studies, CDNF restores degenerative neurons to normal function and prevents their death in disease models[1]. Herantis studied CDNF administered directly to the central nervous system (brain) in a Phase 1/2 clinical study in 2017-20. The CDNF itself was safe and well tolerated in the study. There were preliminary indications of efficacy in an individual patient, but no strong conclusions on efficacy can be drawn from the study. We believe that the development of CDNF into a drug was discontinued at least partially due to the dispensing route that required a dispensing device to be installed inside the cranium. Due to the costly and invasive nature, the candidate had no commercial potential for treating large patient populations. However, Herantis has used the active area of CDNF as a model and designed HER-096 to replicate the therapeutic effects of CDNF.

As a molecule, HER-096 is a so-called peptidomimetic, i.e. a small protein-like molecule. It is, on one hand, designed to mimic the therapeutic properties of CDNF and, on the other, (partly due to its small size) to pass the blood-brain barrier. This latter feature allows it to be administered subcutaneously from where it is absorbed into the bloodstream and reaches the central nervous system at the desired target in the interbrain substantia nigra. The blood-brain barrier protects the central nervous system and keeps foreign substances out, so a drug's ability to cross the blood-brain barrier is a common challenge in the development of drugs affecting the central nervous system.

HER-096 has been developed to protect neurons that produce dopamine

Parkinson's disease is a progressive and incurable neurodegenerative disease. The basic symptoms of the disease include motor symptoms such as tremors and muscle stiffness. Currently, the disease is treated with drugs that relieve symptoms and increase dopamine levels in the brain, but they do not affect the progression of the disease. The exact cause of Parkinson's disease is unknown, but symptoms are explained by the death of viable dopamine-producing cells in the midbrain. As a result of this, the amount of dopamine decreases, leading to typical symptoms and the disease progressing. The disease is based on protein deposits that aggregate in the midbrain, which interfere with normal brain function, formed by alpha-synuclein proteins that attach to each other. The aggregates maintain an inflammatory state in the midbrain. The disease is also associated with abnormal protein metabolism and abnormal protein folding.

According to Herantis, the operating mechanism of HER-096 is based on three factors: 1) normalization of protein metabolism by regulating the so-called UPR1pathway; 2) reducing inflammation, and 3) inhibiting the binding of alpha-synuclein proteins, which inhibits the formation of protein aggregates that are typical of Parkinson's disease and interfere with normal brain function.

Mechanism 1: Unfolded protein response (UPR) is a cell response to stress in situations where cell protein production is not working properly (ER stress). HER-096 thus promotes normal protein metabolism (proteostasis), which in turn normalizes cell function and reduces the stress experienced by cells.

HER-096 is based on the active site of the CDNF protein

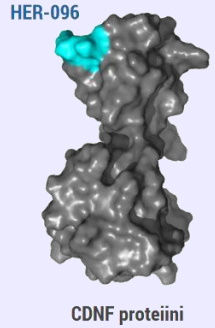

Image: Herantis

Factors behind Parkinson's disease

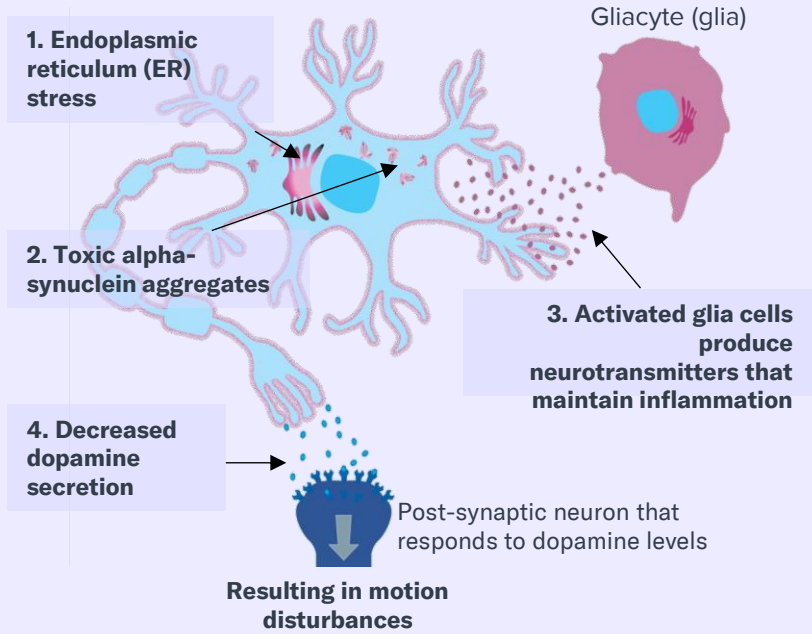

Image: Herantis, Inderes

1) https://www.nature.com/articles/s41380-021-01394-6

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Prolonged stress increases susceptibility to cell death. In an animal model of Parkinson's disease, HER-096 has been shown to restore the function of dopamine-producing cells and prevent their death, which maintains normal dopamine levels in the interbrain substantia nigra.

Mechanism 2: Anti-inflammatory. In Parkinson's disease, glia cells in the vicinity of dopamine-producing cells become active and produce chemical mediators. These mediators maintain an inflammation, which predisposes the surrounding cells to cell death and interferes with the normal function of the tissue. HER-096 decreases glial cell activation and reduces the amount of inflammatory mediators.

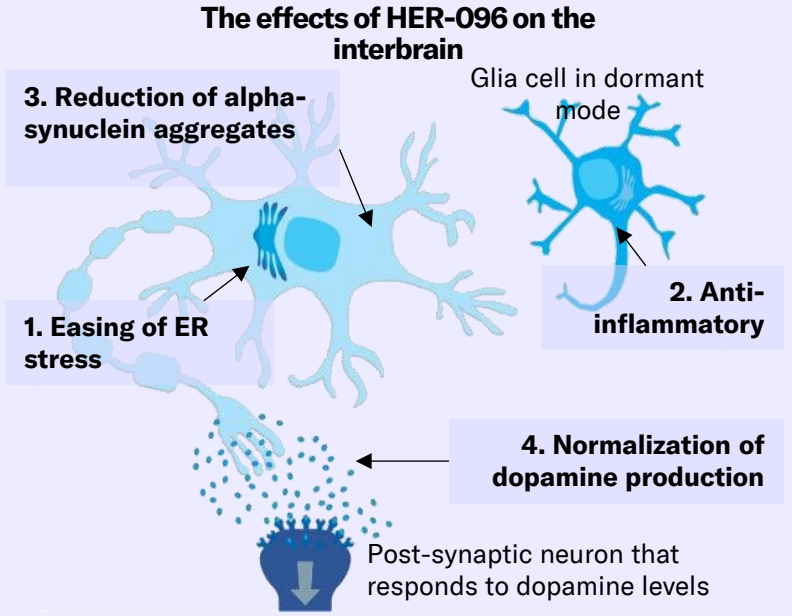
Mechanism 3: Based on preclinical studies, CDNF and HER-096 decrease the formation of alpha-synuclein aggregates that disrupt normal tissue function. The decreased formation is likely related to the normalization of protein metabolism.

These operating mechanisms are likely to be interdependent and together promote the normalization of dopamine production (**4**). For example, protein metabolism disorders can lead to improperly folded alpha-synuclein proteins, aggregation of which causes inflammation. However, as said, the exact root causes of the disease are not yet known.

HER-096 is designed for long-term use to stop the progression of Parkinson’s disease

Thanks to its mechanism of action, HER-096 is designed to normalize brain tissue function, restore the viability of dopamine-producing neurons, and protect them from cell death. Nerve tissue degeneration and cell death gradually over a long period of time. Parkinson’s disease is typically diagnosed at the onset of symptoms when a significant number of dopamine-producing cells have already been lost. However, the disease typically continues to progress for several years. HER-096 has been designed to be administered around twice a week for years to slow down or prevent the progression of the disease. There is no experience with long-term safety and tolerability in humans due to the early stage of clinical development. Over time, the patient's immune defense may also start to act against HER-096 by forming antibodies. Such an immune response would reduce the drug's efficacy over time, but there has been no indication of this in studies to date. Preliminary data on long-term safety and efficacy will be obtained from the Phase 2 study, with extensive evidence coming from the subsequent pivotal Phase 3 study for marketing authorization.

HER-096 is administered subcutaneously, which means that the absorption of the medicine will not cause problems, as could be the case with oral administration. Exposure of the drug to gastrointestinal pH changes and potentially drug-degrading metabolic enzymes in the digestive tract, and so-called first-cycle metabolism are avoided. A disadvantage of the subcutaneous administration route is the discomfort of injections compared to an oral tablet, which can adversely affect treatment adherence. During the study phase, injections also incur costs, as a significant number of patient visits are required for administration. We believe subcutaneous administration is also possible as self-administered treatment by the patient or their relative in a commercial phase. This is a clear advantage and brings potential for widespread use of the drug compared to an injection administered by a healthcare professional.



Source: Herantis, Inderes

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Clinical trial results - Phase 1

Phase 1a of the HER-096 clinical trial program began in April 2023. The study investigated the tolerability, safety, and viable behavior of the drug candidate in the body with single doses in healthy volunteers. The primary endpoint of the study was the safety and tolerability of a single subcutaneous dose. This endpoint was met as only mild injection site-related side effects occurred in the study. Following good results, the study progressed to Phase 1b, with the first part starting in October 2024 and the second part in January 2025. In Phase 1b, single dosing expanded to repeated dosing, and in the second part, in addition to healthy volunteers, patients with Parkinson's disease were included. The commissioned study was carried out by Clinical Research Service Turku CRST Oy. The main results of Phase 1b were published in October 2025. The objectives were also achieved in this study.

Safety and tolerability was the primary endpoint of the study,i.e., the main objective. No serious adverse events were recorded in connection with HER-096. The number of mild adverse events was high and occurred in almost all study participants. Mild adverse events were evenly distributed among those who received either the placebo or the study drug. Adverse events were related to injection site reactions and typically included, e.g., skin irritation or skin tightening. No safety concerns were observed in the blood values and tests either. No formation of drug-reactive antibodies was observed in those receiving repeated doses. The formation could indicate an immune response to the drug, which could pose a risk to the long-term viability of the drug.

Pharmacokinetics refers to the behavior of a drug in the body, i.e., its absorption, distribution, metabolism, and excretion. With HER-096, there was particular interest in its ability to cross the blood-brain barrier, which is essential for a drug acting on the central nervous system. According to the company, the pharmacokinetics of HER-096 were as expected and in line with the results of preclinical studies and the Phase 1a study. Peak plasma concentration was reached some 1-2 hours after dosing. The half-life in plasma of HER-096 was approximately 2 hours in young subjects and 2.5 hours in older subjects. The drug concentration measured in the cerebrospinal fluid indicates the proportion of the drug that has passed the blood-brain barrier. The results of Phase 1a showed that HER-096 reached a concentration of 50-100 ng/ml in the cerebrospinal fluid 4-12 hours after the 200 mg dose was administered (see image on next page). Mirrored with preclinical results, the concentration achieved is, according to the company, at the pharmacological level. This means that, in terms of concentration, it should be possible to achieve a therapeutic response. Based on the Phase 1b results, in Parkinson's patients, the peak concentration in the cerebrospinal fluid is reached at around 8-16 hours after administration, the half-life is around 6 hours, and HER-096 is cleared from the cerebrospinal fluid in around 48 hours. According to the company, the results support a single dose of 300 mg every 2-3 days.

HER-096 Phase 1 study

Objectives of the study	Safety and tolerability in healthy volunteers and Parkinson's patients; behavior of the drug in the body; appropriate dosage; biomarker research.
Phase 1a	60 healthy volunteers received single ascending doses of HER-096
Phase 1b	32 healthy volunteers or patients with Parkinson's disease received multiple doses.
Primary endpoint - Phase 1b	Safety and tolerability of repeated doses in Parkinson's patients.
Secondary endpoint	Pharmacokinetic profile of repeated doses (i.e. drug absorption, distribution, metabolism and secretion)

Source: Herantis, Inderes

Phase 1 adverse events

	Placebo (n=8)	HER-096 200 mg (n=8)	HER-096 300 mg (n=8)
All adverse events	42/7 (87.5%)	51/8 (100%)	71/8 (100%)
HER-096 related adverse events	38/7 (87.5%)	44/8 (100%)	67/8 (100%)
All serious adverse events	1/1 (12.5%)	0/0 (0%)	0/0 (0%)
Serious adverse events related to HER-096	0/0 (0%)	0/0 (0%)	0/0 (0%)

Source: Herantis

The first figure refers to the total number of adverse events, and the latter to the number of patients. In brackets, proportion of patients affected by an adverse event.

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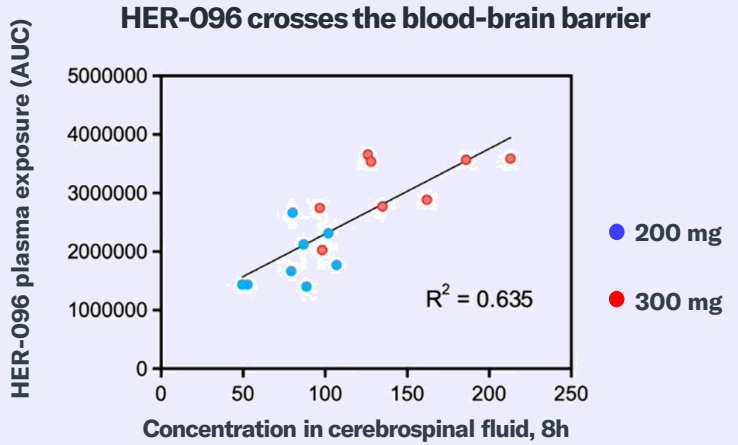
An analysis of biomarkers from the Phase 1b study will be published in early 2026. This refers to markers determined from blood or other samples, which can, e.g., indicate the drug's binding to its target or its therapeutic effects. In our view, the most significant aspect of the biomarker analysis is related to the planning of the next study phase and potentially to partner negotiations. In practice, biomarkers may make it possible to decrease drug development costs, shorten the time required, and increase the probability of success. However, we believe the already reported key results on safety, tolerability, appropriate dosage, and the drug's behavior in the body are the most essential contribution of Phase 1 for the investment story.

The study also measured the effect of treatment on the symptoms of Parkinson's disease. No differences in symptoms were observed between the placebo and HER-096. The study was not designed to prove efficacy, so we do not believe the lack of differences is of practical significance at this stage. Parkinson's disease progresses slowly, so a drug that affects the course of the disease will likely require a relatively long duration of effect for potential benefits to become visible. We believe some efficacy impacts could, in principle, be observed even faster. For example, a reduced inflammatory state of the brain and/or normalization of protein metabolism could theoretically improve brain function and affect symptoms relatively quickly. However, reliably demonstrating efficacy generally necessitates a large number of patients, sufficient time, and a carefully considered study design.

In conclusion, we feel the results from the Phase 1 study unequivocally support the progression of the development to the next clinical Phase 2. No concerning observations regarding safety and tolerability emerged, and the drug's behavior in the body was as expected. HER-096 crosses the blood-brain barrier and appears to remain in the central nervous system long enough to achieve therapeutic effects in the future.

The previous CDNF study provided preliminary indications of efficacy

In 2018-2020, Herantis completed a Phase 1/2 clinical study with CDNF. In the study, patients with Parkinson's disease (n=17) underwent surgical implantation of a device that delivered CDNF protein intracranially; administration occurred once a month for each patient for 6 or 12 months. The main focus of the results was on tolerability and safety, but preliminary efficacy signals were also measured. The previously used dosing method had caused problems, but according to Herantis, the adverse events of the improved method were short and transient. Efficacy was measured using the widely used Unified Parkinson's Disease Rating Scale (UPDRS). Unified Parkinson's Disease Rating Scale). The results indicated an average remittal of symptoms in the CDNF group compared to the placebo. However, there was a lot of variation between patients. The company's conclusion regarding efficacy was that the progression of the disease may have slowed down in some patients. Due to the small number of patients and the dispersion of efficacy results, no statistically significant difference was observed between the groups. Herantis also concluded from the study that direct brain administration of CDNF is not a suitable delivery method for large patient populations, so this development line was abandoned. As a large protein, CDNF does not cross the blood-brain barrier, so the company focused its efforts on smaller molecules that aim to replicate CDNF's therapeutic properties. Later, HER-096 was selected as the most promising drug candidate, which can be administered subcutaneously outside the central nervous system.



Source: Herantis

Inderes' assessment of the upcoming Phase 2 study

Structure	A randomized, blind study; of around 100 Parkinson's patients in two groups. Multicenter study (5-10 sites), mainly in Europe.
Duration	About 2 to 2.5 years. Patient enrollment of around 12 months, follow-up period of 6-12 months, and results analysis of 3-6 months.
Schedule	Start H2'26; publication of main results Q4'28-Q2'29. Possible interim readout in H1'28.
Costs	15-20 MEUR; the cost consist mainly of patient visits.

Source: Inderes

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Next, a Phase 2 study is planned

Herantis has announced (webcast 10/2025) that it aims to initiate a Phase 2 study in 2026. The company has already made preparations and plans during 2025. However, the final study plan depends on, e.g., the results of the biomarker analysis, so precise plans are not yet known at the time of writing in 12/2025.

Based on our assessment and the company's preliminary comments, the upcoming Phase 2 study could be a randomized, blind, placebo-controlled study involving roughly one hundred patients. Thus, the results would be of high quality in terms of the study design. Subjects should receive a dose of 300 mg or placebo twice a week. The study will most likely be conducted primarily in Europe as a multicenter study, which we estimate could include 5-10 study sites. Regarding the timeline, we estimate that patient recruitment could take around 12 months. Patient follow-up will most likely last a year, but a 6-month follow-up period is also possible, in our view. If funding is secured, the study can begin in H2'26, which is also Herantis' targeted timeline. Depending on the study's structure, the readout of main results could occur in late 2028 or early 2029. A possible 6-month interim readout could provide results earlier. Our cost estimate is in line with the company’s comments at 15-20 MEUR. The budget depends on the exact study design and number of patients. Costs will be relatively high, particularly due to the drug being administered 2-3 times a week. Our rough estimate of the cost is about 15-20 MEUR.

With these assumptions, the strengths of the study will be a high-quality design (randomized and blinded), which will produce high-quality data and support the drawing of conclusions. Our estimated patient count also provides fairly strong statistical power. Herantis may also have the opportunity to utilize biomarkers in the study. This can help manage costs and duration and produce higher-quality data, which reduces the risks of further development and assists in the design of the pivotal Phase 3 study. We believe that Herantis plans to use new digital methods to monitor the symptoms of Parkinson's disease. We suspect that similar tools have already been used, e.g., in Roche's ongoing Phase 3 Parkinson’s study. The tool can be helpful in monitoring disease symptoms and detecting possible differences between study groups.

In our view, a weakness of the upcoming study, given our assumptions, is the relatively short duration of the follow-up period. The progression of Parkinson's disease and the worsening of symptoms due to the decrease in dopamine-producing cells is a slow process, so demonstrating the potential effect of treatment on a patient's symptoms takes time. However, we believe that it is possible to find differences between the study groups even with a shorter follow-up period of 6-12 months, which may be based on the more acute effect of the treatment. HER-096's mechanism of action is related to the reduction of inflammation, which can improve brain tissue function and reduce symptoms even in the shorter term. Biomarker monitoring and digital measurements can also help in detecting more acute and smaller differences. Implementing a longer study would significantly increase costs, so we believe a compromise of conducting a high-quality yet slightly shorter study is well warranted. The Phase 2 study is thus expected to produce high-quality and reliable data on the safety, tolerability, and, to a more limited extent, efficacy of HER-096. An extensive demonstration of safety and efficacy still requires the completion of a pivotal Phase 3 study.

Business model 1/4

High risk drug development company with large potential

As a drug development company, Herantis has no revenue yet. Due to the nature of the industry, it takes up to over a decade to develop candidates and it requires considerable frontloading investments to ensure the safety and efficacy of the candidate in large clinical trials. Herantis' previous projects have in history been funded through several equity funding rounds. Investors should also be prepared for funding rounds in the future, even though the company aims to fund the research program from Phase 2 onwards through a partnership agreement. The company has also been successful in its history with financing solutions that do not dilute the share capital. Examples include funding received from the European Innovation Council (EIC) and foundations supporting Parkinson's disease research (more details on funding solutions can be found in the Financial Situation section). Herantis' internal expertise focuses on medicine, drug development and finance. Carrying out clinical trials and drug production have been outsourced, which is a rather typical operating model for drug development companies to enable cost flexibility. If the company succeeds in commercialization, selling and marketing of the drug will also be carried out in partnership with a larger pharmaceutical company in exchange for royalty and milestone payments. Herantis' own organization is currently very small (staff 13 at the end of H1'25). The company has advanced the study program very cost-effectively. In the future, we estimate that the company will need to strengthen its expertise in clinical trial design and management, as well as regulatory affairs and processes.

Drug development involves binary risk due to the nature of the industry. If the efficacy and/or safety profile of a drug candidate in the development pipeline does not prove to be better than for existing drugs the drug development will stop and the project is highly probable to be written down. On the other hand, if drug development is successful, the return potential is considerable. In other words, it is likely that the capital is either partially or totally lost or recovered with a significant return.

If the developed drug has a sufficient efficacy and safety profile, doctors and hospitals have a strong incentive to buy the drug for their patients, especially in affluent Western countries. Drugs are typically highly patent-protected and provide companies with sales of up to billions of euros and high margins. Herantis has filed patents to protect HER-096 in December 2019 (WO2021123050A1). The patent has been granted in mainland China, Macao, and Indonesia. We expect other regions to follow suit.

Drug candidate development requires considerable frontloaded resources

Herantis' business model relies on patient studies, which are typically divided into three phases (table on right). In the early development phase the safety and efficacy profile of the drug is not known and entry to the market is most unlikely. With favorable results the company can move to the next phase of the research, which increases the likelihood of market entry, as well as information on the safety and efficacy of the asset. Increasing information and higher probability of success increase the value of the candidate as the probability of future cash flows materializing increases. Correspondingly, if the research results are unfavorable, the value of the drug candidate may fall dramatically. The candidate may still be useful, e.g., for another indication (e.g. another neurodegenerative disease), but in practice failed development will often lead to abolishing the development of the candidate.

Drug development phases

Early research | Clinical trials | Commercialization

	Duration	Subjects	Cost
Basic research and drug development	2-4 years	-	~5–20 MEUR
Preclinical phase – animal testing	1 year	-	~1–5 MEUR
Phase 1 – Safety, tolerability, and pharmacokinetics	1-2 years	Dozens	~2–10 MEUR
Phase 2* - safety and preliminary efficacy	2-4 years	Dozens - hundreds	~10–20 MEUR
Phase 3 – extensive safety and efficacy	2-5 years	Hundreds - thousands	~20–60 MEUR
Regulatory marketing authorization*	0.5–1 years	-	~0.01-0.1 MEUR
Post-marketing authorization research and monitoring	The safety and efficacy of the drug will continue to be monitored. The authority may require possible further research.		

* In certain cases, conditional marketing authorization may be granted before completion of Phase 3 studies

Source: Davis FS, Biotech Forecasting & Valuation. / Inderes

Business model 2/4

Financing solutions at the core of the business model

The success of the financing arrangements is essential to promote drug development. We believe that the company's options for financing studies include advance and milestone payments related to development and commercialization agreements, share issues, EIC Fund's equity investment (a commitment of around 12 MEUR exists), various grants, as well as debt financing and convertible bonds. We estimate that the key source of financing in the future will be a development and commercialization agreement with a larger pharmaceutical company. Herantis has announced that it is seeking such an agreement to fund the clinical research program before Phase 2 starts. We also believe that combining a share issue with EIC Fund's funding is a realistic option.

According to our estimate, the implementation of HER-096's planned development program still requires roughly 40-70 MEUR. Administrative expenses and any other research projects are added to this. We estimate the cost of the Phase 2 study is around 15-20 MEUR, which makes EIC's commitment an important resource.

Sales and profitability potential is considerable

Regulatory authorities can grant marketing authorization to a drug if the company is able to prove adequate safety and efficacy relative to the severity of the disease and alternative drugs or treatments available. After obtaining marketing authorization, the drug is marketed and sold to hospitals and doctors who choose the drug they consider best for their patients. We believe the decision particularly in the Western countries is influenced by the safety and efficacy profile of the drug. In less prosperous countries, the price of the drug may be a more important factor. The price of a drug ultimately depends on its benefits and adverse events relative to existing treatments. Especially in the US, insurance reimbursement practices play a central role in the pricing of drugs.

If drug development progresses favorably, the most likely scenario is that Herantis signs a licensing agreement with a larger pharmaceutical company. The purpose of the agreement is to share research risk, costs and potential future returns with a larger partner. In addition, through cooperation, Herantis would gain access to a global sales and distribution network that it does not have itself. In cooperation agreements, the drug developer typically receives a pre-payment, a royalty payment of about 10-20% of sales and possible milestone payments, depending on the progress of research and sales. The total value of the deals varies greatly and can amount to several billions of euros for the most promising drugs.

The licensing model does not require investments from the company, so license income can be expected to be almost pure profit. After a possible marketing authorization, the company's profitability potential is very promising. Another alternative for cash flow materialization is an acquisition where most likely one of the major global pharmaceutical companies would acquire HER-096 to complement its own drug portfolio. Such acquisitions have decreased in number and value since 2022, but simultaneously large players have the need and resources to supplement their product pipelines with new drug candidates and treatments. Since the summer and fall of 2025, new signs of recovery have been observed in the markets, particularly in the US.

Key options for Herantis' commercialization and financing

Commercialization | Financing

	Benefits	Disadvantages	Suitability
Licensing agreement	No investment or new capabilities required	Giving up part of potential revenues	Very suitable and realistic
Commercialization with own resources	No sharing of revenues	Requires a global sales and marketing organization	Not realistic
Selling the company or a drug candidate	Immediate realization of potential	Loss of future growth opportunities	Suitable and realistic
Upfront & milestone payments from licensing agreement	No dilution of the share capital	Giving up part of potential revenues	Very suitable and realistic
Share issue	No need for repayment of capital	Share capital is diluted	Suitable and realistic
Debt financing	No dilution of the share capital	Relatively high interest costs	Limited suitability and realistic
Convertible bond	Flexibility	Possibility of share capital dilution	Suitable and realistic

Source: Inderes

Business model 3/4

In the mature phase, biotechnology companies are typically very profitable. The companies in the Bloomberg Global Mature Biotech Index have shown a median EBIT margin of 29% over the past 10 years. This highlights the high return potential when market entry is successful.

Production of HER-096 is outsourced and scalable

HER-096 is a so-called peptidomimetic and, like a protein, consists of polypeptides. HER-096 can be synthetically produced, making production relatively scalable and inexpensive compared to production in living cells, which is how large proteins like monoclonal antibodies are produced. Herantis has outsourced the production of HER-096 to the Swiss company Bachem AG, which specializes in the production of peptides (i.e.polypeptides).

Production is carried out by so-called solid phase peptide synthesis. In our view, the technology is well-known and tested, so the risk related to manufacturing technology is, in our opinion, very small. We believe that the cost of production is around EUR 50-100 per gram and quite low compared to the price of the final product and compared to biological drugs produced using other methods. We believe there are many global manufacturers, so Herantis is not significantly dependent on Bachem in the long term. In the short and medium term, delivery problems could, for example, cause delays and costs for Herantis. However, we consider the probability of production problems low.

According to Herantis, the current production batches are about 1,000 grams. Based on the Phase 1 study, the appropriate single dose appears to be 300 mg, so approximately 3,300 single doses can be obtained from one batch. We therefore estimate that the current production volume is easily sufficient for the Phase 2 study. We estimate that the current scale may also be sufficient for the implementation of the Phase 3 study, although this depends on the size class and schedule of the study. Scaling up production takes time and generates costs, which are challenging to estimate at this stage. However, we estimate that the costs associated with scaling using this method will remain relatively moderate. If the study results remain promising, Herantis must build commercial-scale production capabilities well in advance of a potential new drug application. We believe building this capability requires significant investments.

Solid phase peptide synthesis system

Image: Bachem AG

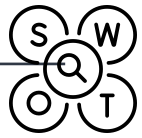
Business model 4/4 — SWOT

Strengths

- A unique operating mechanism with no direct competitor (first-in-class).
- The initial clinical study results are promising for the further development of HER-096.
- There are limited credible competitors in the industry's product development pipeline.
- Light and efficient organization structure.
- The current production capacity of HER-096 is sufficient to carry out the Phase 2 study. We see no significant technological obstacles in scaling production to commercial size.

Weaknesses

- The risk of failure in development is very high due to the early development phase.
- The research program is still at an early stage, so Herantis needs substantial funding for drug development.
- The funding environment for biotechnology in Europe remains quite challenging, though it is improving (situation as of 12/2025).
- The potential side effects of long-term use of HER-096 are not yet known.
- We expect that data on the efficacy of the candidate will be available in 2028 at the earliest.



Opportunities

- There is a great need for new drugs in Parkinson's disease that affect the progression of the disease.
- There are potentially millions of drug users in wealthy Western countries.
- If the drug proves safe and effective, we feel that the achievable pricing is attractive.
- In terms of its operating mechanism, HER-096 could also be suitable for treating other neurodegenerative diseases such as Alzheimer's disease and ALS.

Threats

- The efficacy or safety profile of HER-096 may prove inadequate, which is likely to result in a loss of invested capital.
- A licensing agreement may not be reached or its terms may be unsatisfactory.
- Drugs that may enter the market before HER-096 could raise the threshold for market entry.
- The increase in the number of shares and the dilution of their value through share issues.

Source: Inderes

Investment profile

An investment object with great opportunities and risks

As a drug development company, Herantis is profiled as a company that focuses on neurodegenerative diseases, with a particular focus on the HER-096 candidate for Parkinson's disease. There is a great need for disease-modifying drugs in the industry. The number of patients requiring drugs is big and increasing, e.g., due to the aging population. In terms of the development stage, the company can be considered an early-stage drug development company as HER-096 is halfway through clinical Phase 1. The commencement of Phase 2 could take place during H2'26. We estimate that commercialization will be relevant no earlier than 2033, assuming successful drug development.

As an investment object, Herantis has binary features meaning that if drug development is successful, profits can be significant, but failures can lead to permanent loss of invested capital. We consider the company one of the riskiest listed Finnish companies. Repeated share issues may also dilute the share of old shareholders in the company. The high risk is counterbalanced by the possibility of high returns. If drug development and market entry succeed optimally, HER-096's annual sales could be counted in hundreds of millions, even billions. Herantis would probably receive very high-margin licensing income and milestone payments on these sales based on a commercialization agreement.

The investment's risk profile may gradually change. If, e.g., studies support the efficacy and safety of the candidate, the probability of obtaining marketing authorization rises and the risk level decreases correspondingly. Undesirable results in turn lead to an opposite effect on the risk/reward ratio. In these types of risk changes, the stock's value may change significantly in a short period of time.

We feel the stock is suitable for investors with high risk tolerance as part of a well-diversified portfolio. We recommend that investors who are interested in the sector diversify their investment into several companies in the sector so that the binary risk can be spread out in practice with an unchanged expected return. An investor should be prepared to contribute to further financing of the company, e.g., through share issues, or alternatively accept a proportional dilution of their holding as the total number of shares increases.

Positive value drivers and opportunities

In the short term, we believe that positive drivers for the stock are favorable results from the Phase 1 biomarker study, a potential partnership agreement during 2026, and the start of the next study on schedule. The study results to date have helped de-risk the project due to a good preliminary tolerability and pharmacokinetic profile. Successful financing solutions, such as cooperation agreements with large pharmaceutical companies, can act as a positive driver by decreasing the uncertainty related to drug development funding and timelines.

In the longer term, value creation depends heavily on the results of efficacy and safety studies. The upcoming Phase 2 study will provide more comprehensive safety and tolerability data, as HER-096 will be administered to patients for a longer duration for the first time. Initial efficacy data will also be available, although more comprehensive efficacy data will only be obtained in the pivotal Phase 3 for marketing authorization.

Risks and threats

The company's short-term risks include failure to conclude a cooperation agreement, which would likely result in an equity-based financing round. The stock could be significantly diluted if the issue was carried out at a low stock valuation level. The terms of any cooperation agreement could also be disappointing to shareholders.

We believe unfavorable research results are the key medium-term risk. We consider the progression of the development program to Phase 2 to be highly likely based on the favorable results already obtained from Phase 1. However, progress from Phase 2 to Phase 3 is relatively unlikely based on historical probabilities of drug development (see Estimates section). This is due to the cost of Phase 3, which requires extremely good safety and efficacy data from previous phases to justify the investment. Historically, drug development most often stops in Phase 2, even for neurological drugs.

In the longer term, risks include possible safety or efficacy deficiencies that emerge after the marketing authorization has been granted, which may result in the marketing authorization being revoked. Especially in drugs with early marketing authorization, only some receive final marketing authorization. However, for drugs that have undergone a normal development process, cancellation of marketing authorization is rare.

Industry and competitive field 1/3

Parkinson's disease affects a large number of patients[1]

Parkinson's disease is a common disease that develops slowly over the years. Its symptoms can be treated with drugs that increase the amount of dopamine in the brain, but there are currently no disease-modifying treatments available. There is therefore a great need for treatments that address the root causes of the disease.

Parkinson's disease is a common neurodegenerative disorder, the incidence of which increases with age. It is estimated that 1% of people aged over 60 suffer from the disease and it is somewhat more prevalent in men than in women. In the most commercially important market in the US, over 1.1 million people suffer from the disease. Approximately 90,000 new cases are diagnosed each year. By 2030, it is estimated that there will be 1.2 million people in the US and around 10 million worldwide suffering from the disease[1]. In terms of patient numbers, this is a significant disease. The increase in the number of patients is mainly caused by the increase in the average age of the population, which is strongly correlated with the incidence of Parkinson's disease. In Finland, there are 16,000 patients under medical treatment[2]. The total cost of the disease is estimated to be 52 BUSD per year (2020) in the US[1]. The figure largely consists of lost working years and high social and healthcare costs.

Drug treatment of Parkinson's disease

There are currently several symptomatic treatments in use with different mechanisms. The most effective drug is levodopa, which increases dopamine in the brain. Early-stage patients are typically treated with dopamine agonists that increase the brain's own dopamine production. Less widely used alternatives include MAO-B inhibitors used in the early stages and apomorphine for severe symptoms.

The global drug market for Parkinson's disease was around 5.6 BUSD in 2024[3]. The market is projected to grow by 3.6% per year until 2029, when the market size is estimated to be 6.6 BUSD. The future size of the market is significantly affected by the market entry of potential new patented and more expensive original drugs.

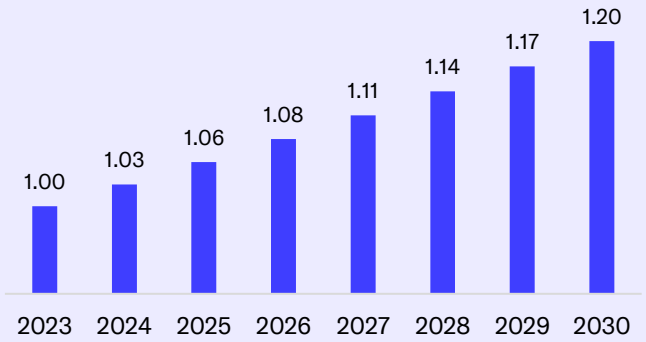
Patent protections for current drugs have mostly expired, and, e.g., the most widely used drug levodopa has been in use for over 50 years. We believe the share of existing drugs of the market is based on an increase in the number of patients and a price rises due to inflation. We estimate that faster market growth relies heavily on the entry of new drugs into the market, whose patent protection would mean faster market growth with higher prices.

The cost of current drug treatment in the US is about USD 2,500 per patient per year. However, we estimate that the price of potential new disease-modifying drugs would be significantly higher. For example, a reference price range can be outlined from the pricing of Leqembin®, a new disease-modifying drug for Alzheimer's disease, which, according to Eisai, that markets the drug has a list price of around USD 26,500 per patient per year.

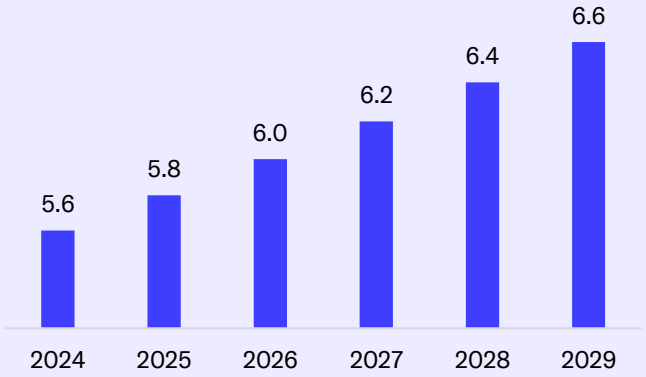
Success of Alzheimer's medication should also bring tailwind to drug development for Parkinson's disease

An important step forward in the treatment of neurodegenerative diseases has been Leqembi® (lecanemab) for the treatment of Alzheimer's disease. As far as we know, Leqembi® is the first commercialized disease-modifying drug for neurodegenerative diseases. The drug, developed by Swedish BioArctic and commercialized with Eisai & Biogen, was received marketing authorization in the US in summer 2023. LTM reported sales (as of 12/2025) were of around 500 MEUR

Number of patients in main markets (US), million[1]



Market size, BUSD[3]



1) https://www.parkinson.org/understanding-parkinsons/statistics
2) https://www.terveyskirjasto.fi/dlk000553
3) https://www.mordorintelligence.com/industry-reports/parkinsons-disease-drugs-market

Industry and competitive field 2/3

Growth is particularly expected from the new subcutaneous formulation. We believe the commercialization of Leqembi® has been a pioneer in the field and has shown that it is possible to affect disease progression of neurodegenerative diseases in humans. Following Leqembi, Eli Lilly's donanemab, which operates with a similar viable mechanism, has also received approval. This progress can help smooth the development and funding of new drug candidates like HER-096.

Competing drug candidates in the global product development pipeline

According to an industry review published in summer 2024, there were 136 clinical trials ongoing for Parkinson's disease. Of these, 60 (44%) were studies of disease-modifying treatments and the rest were related to symptomatic treatments. There were 52 disease-modifying candidates, some of which had several ongoing studies at the same time.

The study pipeline is clearly focused on early and intermediate phases of drug development, with 30% of the studies in clinical Phase 1 and 58% in Phase 2. Only 12% of the candidates were in the final clinical phase, indicating that not many projects have moved forward from Phase 2. The reasons may be related to safety, efficacy or commercial considerations.

The candidates in the development pipeline have varying operating mechanisms. The mechanisms and the number of candidates associated with them are shown in the table on the next page. In this competitive field, we believe HER-096 ranks among neurotrophic factors on the one hand and among candidates affecting alpha-synuclein on the other, based on its operating mechanism. Based on the review published in the summer of 2024, there were only three disease-modifying candidates in Phase 3. However, the situation has changed since the article was written. To get an up-to-date picture of projects potentially close to commercialization, we reviewed Phase 3 disease-modifying projects (including combined Phase 2/3 projects) from the clinicaltrial.gov database in December 2025. The results are shown in the table on the following page.

Of the late-stage disease-modifying projects, three were studies sponsored by pharmaceutical companies. Drug giant Roche's prasinezumab is an alpha-synuclein-binding drug, and data collection for its study is expected to be completed in July 2029. Biohaven's candidate BHV-8000 is a TYK2/JAK1 inhibitor, and its Phase 2/3 study should be completed in September 2027. Bluerock Therapeutics is developing bemdaneprocel cell therapy, and its study is scheduled for completion in March 2027. In addition to these projects, we identified four Phase 3 investigator-initiated studies that aim to modify the course of the disease. One of these is based on affecting the microbiome using lactic acid bacteria, and the other three involve testing existing drugs for a new indication in Parkinson's disease.

In addition to these projects, Annovis Bio's buntanetab candidate's Phase 3 results were obtained in 2024. Buntanetab affects protein production, thereby preventing the formation of harmful alpha-synuclein aggregates. The results did not support commercialization, but the company is, in our view, planning a new Phase 3 study in the future.

Market trends and growth drivers

There are about 10 million Parkinson's patients worldwide

New drugs that may be approved can significantly increase the market

The aging of the population increases the prevalence of Parkinson's disease

With better treatments, patients live longer with Parkinson's disease

Source: Parkinson.org, Inderes

1) https://www.parkinson.org/understanding-parkinsons/statistics

Industry and competitive field 3/3

We estimate that among the Phase 3 candidates, Roche's alpha-synuclein-targeting prasinezumab is a significant candidate for a new Parkinson's drug, based on previous study results and its Phase 3 study design. In previous clinical trials, the drug candidate has shown limited efficacy, particularly in patients whose disease progresses rapidly (source). Biohaven's candidate also appears promising, but collecting the data required for a new drug application may take a long time, as it is a Phase 2/3 study. Bluerock Therapeutics' cell therapy may also prove successful, but similar cultivated cell transplants in other degenerative diseases have generally not been viable to date. We, therefore, have reservations about this approach for the time being. Blascamesin (ANAVEX2-73) has also shown promising results in the treatment of Parkinson's disease in a Phase 2 study. Anavex Life Sciences is currently developing a drug candidate primarily for Alzheimer's disease. The company is planning a Phase 3 study for Parkinson's disease, but at the time of writing (12/2025), there is no concrete information on its initiation. An interesting earlier-stage peer for Herantis is Neuron23, which is developing an LRRK2 inhibitor for Parkinson's disease. Like HER-096, the Phase 2 candidate affects inflammation. We suspect results of the study may be available at the end of 2026.

HER-096's position in the research pipeline

HER-096 is still an early development stage candidate, so it is likely that more competing candidates will enter Phase 3 before HER-096 This may lead to a situation where one or more competing drugs are commercialized before the research program for HER-096 is completed. However, we believe there is room for several safe and functional Parkinson's drugs on the market. Different drugs may also be better suited to different patient groups. However, access to the market for competing drugs may raise the bar of commercialization, so that HER-096 must demonstrate greater safety and/or efficacy than competitors to enter the market.

Disease-modifying candidates[1]

Operating mechanism	Number of candidates	In Phase 3
Anti-inflammatory	6	-
Antioxidant	2	0
Cell therapy	5	-
Erergy metabolism and mitochondria	4	-
Glucocerebrosidase inhibitors	7	1
GLP1-R agonists	5	1
Kinase inhibitors	5	-
LRK2 inhibitors	2	-
Affecting the microbiome	3	1
Neurotropic factors	4	-
Alpha synuclein binding	9	0
Other	8	-
Total	52	3

1) The study data was retrieved in January 2024.
Source: Journal of Parkinsons Disease.

Phase 3 projects (12/2025)

Drug	Operating mechanism	Drug
Prasinezumab	Alpha synuclein binding	Roche
Lactobacullus	Affecting the microbiome	Investigator-initiated trial
BHV-8000	TYK2/JAK1 inhibitor	Biohaven
Fexofenadide	Antihistamine[1]	Investigator-initiated trial
Telmisartan	AngII inhibition[1]	Investigator-initiated trial
terazosin	PGK1 activation[1]	Investigator-initiated trial
Bemdaneprocel	Cell therapy	BlueRock Therapeutics

1) An already marketed drug, whose viability is being tested in Parkinson's disease.
Source: Clinicaltrials.gov; Inderes.

Strategy

Market size and trends

Target market

Market for drug treatment of Parkinson's disease, 2024 — **5.6 BUSD**

Growth rate, 2024-2030 CAGR — **3.6%**

Market trends and growth drivers

There are about 10 million Parkinson's patients worldwide

New drugs that may be approved can significantly increase the market

The aging of the population increases the prevalence of Parkinson's disease

With better treatments, patients live longer with Parkinson's disease

Strategy

1. Herantis creates value in preclinical and early clinical development of treatment for neurodegenerative diseases

2. Herantis aims to find a development partner for the clinical development and commercialization of the HER-096 drug candidate

Inderes' comment on the strategy

Herantis' strategy relies on preclinical research and early clinical drug development in neurodegenerative diseases. The company has announced that it will seek a partner to finance the drug development from Phase 2.

The strategy limits capital needs, as the partnership agreement would make it possible to finance the expensive Phase 2 and 3 studies.

Herantis has said that HER-096 can also be suitable for the treatment of ALS and Alzheimer's disease. The strategy may indicate an attempt to activate research into these new indications in the near future. At the moment, however, all stakes are in Parkinson's disease.

Key elements of strategy implementation

Near future, 1-2 years

- Success in financing solutions is essential for implementing the planned research program
- The partnership will become topical quite soon, as we estimate that the previous Phase 2 should be completed in 2026.
- The construction of Phase 2 research capabilities is already well underway in December 2025.
- A strategic decision to also invest in other neurodegenerative diseases and to initiate preclinical studies.

Next 2-5 years

- Completion of Phase 2 and initial demonstration of efficacy
- Preparation, financing, and initiation of Phase 3
- Launch of a clinical program in new indications such as ALS and Alzherimer's disease.
- Introducing potential new drug candidates to the clinical program.

Source: Inderes, Precedence Research

Financial position

Past development

As typical in the industry, Herantis' result has been negative throughout its existence. The result for 2023 was exceptionally positive, due to Business Finland's decision not to collect the capital of the loans. The loan relates to the previous CDNF development program. In addition to neurodegenerative diseases, the company has previously worked in two other drug development areas, but these projects have been discontinued due to unfavorable research results. The financing solutions of recent years are presented in the table below.

Herantis has received a 15 MEUR commitment from the European Innovation Council's EIC Fund for an equity investment, of which 3.2 MEUR has been drawn by 12/2025. Thus, 11.8 MEUR of the commitment remains (as of 12/2025). The company also succeeded in obtaining a 3.6 MEUR grant from two Parkinson's foundations for the implementation of Phase 1b. The grant did not increase the number of shares, but its terms stipulate that Herantis will pay a maximum of 10% of the sales revenue or licensing agreement it receives. The maximum repayment amount is 4 times the grant received.

The cost structure is light

Herantis' personnel costs have been 1.5-2.6 MEUR in recent years. At the end of H1'25, the company only had 13 employees. Thus, the company works quite efficiently, although it is difficult to assess whether additional recruitment would be useful from the outside. In the longer term, we believe Herantis will need to strengthen its organization of clinical trials and management of regulatory cooperation, e.g., with the FDA (U.S. Food and Drug Administration), which grants marketing authorizations and decides on development programs.

Other operating expenses consist mainly of R&D costs and have fluctuated significantly each year due to the fluctuations in outsourced clinical trials and purchased services. In previous years, costs have been boosted by overlapping studies, which as Phase 2 studies have also been expensive to carry out.

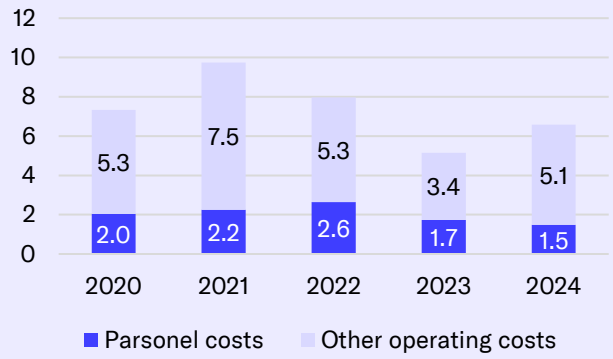
Financial position

According to the company, Herantis' current funding (situation 12/2025) is sufficient until Q2'26. The company needs significant funding to carry out the Phase 2 study, and securing this is, in our opinion, the most important task for early 2026. The company is seeking a partnership agreement, which could enable the financing of studies without increasing the share capital, in exchange for future sales rights to HER-096. In our view, self-financing the study is also a realistic possibility. The above-mentioned commitment of around 12 MEUR received from the EIC Fund provides important support for this path. The company has also previously been very successful in obtaining grants, which has allowed the growth of the share capital to remain moderate. Grants can continue to be a key part of Herantis' overall financing.

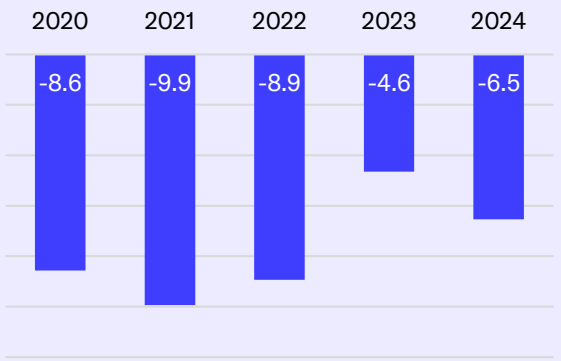
Financing solutions 2020-2025

Time	Financing	Amount, MEUR	Comment
2/2025	Directed issue	5.2	
7/2024	A grant	3.6	Foundation funding The Michael J. Fox Foundation & Parkinson's Virtual Biotech
12/2023	Non-collection of a loan	4.5	Business Finland's R&D loan related to CDNF drug development
12/2023	Directed issue	4.5	
5/2023	A grant	2.5	EIC Accelerator Grant
4/2023	Covenant	15	Commitment by the EIC Fund to provide an equity investment
5/2022	Subscription rights issue	7.3	
4/2022	Directed issue	1.5	
5/2020	Directed issue	6.8	

Operating costs of the business, MEUR



Operating cash flow, MEUR



Estimates 1/4

The estimates are based on the development of HER-096 for Parkinson's disease

A key driver of our estimates is the commercialization of HER-096 for Parkinson's disease. Herantis has also announced the possibility of expanding HER-096 research into other neurodegenerative diseases. However, these require additional funding and would start in the preclinical phase if realized. The launch of a clinical development program for these projects is therefore still uncertain, so we do not include them in our forecasts at this stage.

Success of drug development involves a significant binary risk

The uncertainties and risks associated with Herantis' future forecasts can be divided into two categories 1) risks associated with the success of drug development and 2) other business risks.

The risk associated with the success of drug development is binary by nature, i.e. the development either succeeds or fails. Successful development and market entry can mean very significant cash flows for the investor. On the other hand, unfavorable research results may result in the project being terminated, so the value of the drug candidate may reset to zero or decrease considerably. An example of success in neurodegenerative diseases is Leqembi®, a recently commercialized Alzheimer's drug by Swedish BioArctic. The company has continued to invest and expand its study program following this success. An example of a closed development project is Herantis' Lymfactin, where development was discontinued after Phase 2 due to unfavorable results.

We assess the likelihood of success by mirroring the characteristics of the company's drug candidate and its development stage with research literature that describes the average success rates of drug development. The average probability of passing Phase 1 in neurology has historically been around 60%, Phase 2 around 30 % and Phase 3 around 60 %. Som 90% of applications have passed the post Phase 3 regulatory assessment and finally reached the market. In addition to these figures, the probabilities are shaped by many variables. These include, e.g., whether the drug is biological or micromolecule, and whether the research has biomarkers available to select patients. More information on the probabilities can be found in our article.

The Phase 1 study results for HER-096 have been good in terms of tolerability, safety, and the drug's pharmacokinetics (behavior in the body). We consider the probability of advancing to Phase 2 to be very high (90%). In our opinion, there is a small amount of uncertainty regarding the financing of the next phase, rather than the study results. For Phases 2 and 3, we rely on historical probabilities.

Probability of timing of HER-096's development success

	Phase 1 -> Phase 2	Phase 2 -> Phase 3	Phase 3 -> new drug application	Launch	Probability of a marketing authorization
Probability of success	90%	30%	60%	90%	15%
Schedule	2023-2026	2026-2028	2028-2032	US: 2033; Others: 2034	

Source: Inderes

Number of patients, top sales of the drug, and Herantis' royalty rate in 2039

Indication	Potential number of patients[1]	Peak sales, MEUR	Royalty rate
Parkinson's disease	~3,600,000	~6,400	15%

1) Source: Parkinson.org; The Lancet; Parkinson's Disease; Inderes

Estimates 2/4

Revenue

The detailed reasoning for our revenue forecasts is given in the table on page 27. Our revenue modeling is based on the number of patients with Parkinson's disease, the expected market share and sales price of the drug, and the amount of license fees. In terms of patient numbers, our modeling is based on the prevalence of Parkinson's disease on the main market in the US[2] and the secondary markets in EU-28 countries[3], the UK[3] and Japan[4]. There are currently approximately 1.1, 1.2 and 0.3 million patients in these markets respectively.

We expect a 3% increase in the number of patients per year until 2030 based on the growth forecast for the US patient population. From then on, our assumption is 2% a year. We use the prevalence of Parkinson's disease to estimate patient numbers, as HER-096 is expected to be used for several years, so all patients with the disease are among the potential users.

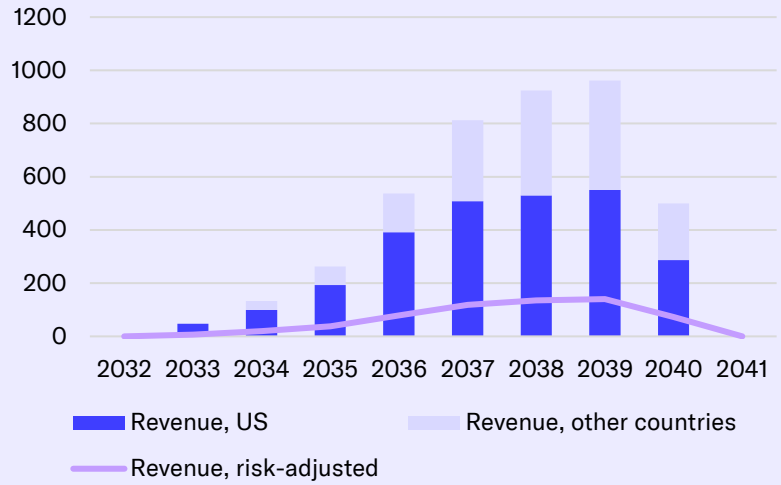
Potential patients for HER-096 treatment among all Parkinson's patients is expected to be 50%. The drug is likely to be more suitable for certain subgroups of Parkinson's disease, but there is no visibility for this yet. Some patients stop using the drug due to, e.g., experienced side effects. We assume this proportion to be 5% of patients.

In our estimates, HER-096's market share will gradually grow and reach peak sales six years after the start of sales. This is in line with the average sales development for drugs. In the US, we expect sales to start in 2033 and elsewhere in the world in 2034. We assume that Herantis will prioritize the US market, because the prices achievable there are higher and entering a large unified market is more straightforward than, e.g., in Europe. The FDA's clear and quick processes also support starting commercialization in the US. Sales will decline rapidly after the expiration of the patents we expect from 2039. Herantis patents were filed in 2019, but they are still pending. We assume that patents will be valid for 20 years from the date of application (source FDA). We believe that Herantis also has the possibility to try to extend patent protection.

At this stage, the pricing of the drug is subject to significant uncertainty. Final pricing depends, e.g., on how effective the drug ultimately turns out to be. This information will, however, only be available with possible Phase 3 results. We expect the sale price of the drug to be EUR 20,000 per patient per year in the US. Our estimate is based on the list price of Leqembin®, a recently commercialized Alzheimer's disease drug, which, according to Eisai, is USD 26,500 per year. In our view, realized average prices are typically somewhat lower than list prices. In other parts of the world, drug prices are typically significantly lower than in the US, so our estimate for the rest of the world is EUR 10,000 per patient per year. We expect drug prices to rise by 2% a year.

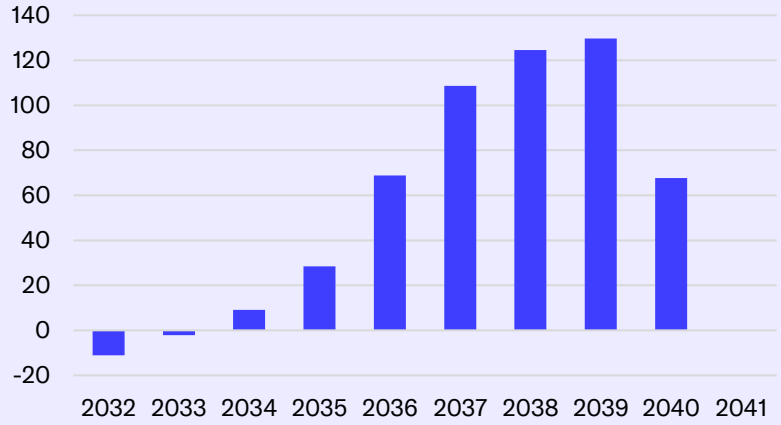
Herantis has announced that it seeks to partner with a larger pharmaceutical company to develop HER-096 from Phase 2 onwards. Such agreements typically include an advance payment to finance research costs, milestone payments based on the progress of development and commercialization, and sales-related royalty payments.

Revenue estimates, MEUR



Source: Inderes

EBIT, risk-adjusted, MEUR



Source: Inderes

Estimates 3/4

In our forecasts, Herantis' revenue is generated through royalty payments from 2033 onwards in the US. We expect the international partner to handle sales, marketing and distribution while Herantis receives a percentage-based royalty payment and possible milestone payments for drug development and sales progress.

We expect royalty payments to be 15% of revenue. Our assessment is somewhat conservative due to Herantis' goal of partnering already at a fairly early stage of drug development. As data on effectiveness and safety are still scarce, the achievable contractual terms may not be the best.

We have modeled the costs for Phases 2 and 3 by factoring in their probabilities of realization. We estimate the direct costs for Phase 2 to be around 17 MEUR, which is at the midpoint of Herantis' preliminary estimate of 15–20 MEUR. Our cost estimate for Phase 3 is 50 MEUR. We estimate the probability of Phase 2 being realized at 90% and Phase 3 at 27% (90% * 30%). Phase 2 will start in our estimates in H2'26, so Herantis may need an estimated 5 MEUR in bridge financing before the Phase 2 study begins. The Phase 2 study will most likely be carried out either with an upfront payment from a partnership or with equity financing. The latter financing option could enable a partnership agreement to be made later on more favorable terms for Herantis, provided that the Phase 2 results are good. A negative aspect of this option is the relatively large capital requirement compared to Herantis' market capitalization. Financing through a share issue would thus increase the number of shares and dilute the per-share metrics. It is difficult to assess the course of events and the probabilities between these (or other potential) alternatives, so we do not include potential share issues or prepayments in our estimates at this stage.

Probability of success

Due to the early stage of drug development, the likelihood of market entry is still low. We estimate that the probability is about 15%. The probability increases with good study results. The current low percentage is explained, e.g., by the fact that the safety of HER-096 is not yet known in a larger patient population and in long-term use. Evidence of the drug's efficacy in humans is also completely missing at this stage and can be expected in Phases 2 and 3. However, the risk has been somewhat mitigated as the Phase 1 study has accumulated evidence of good acute tolerability, as well as HER-096's passage through the blood-brain barrier into the central nervous system and the drug candidate's retention there. With this development, our assessment of the probability of success has increased since the initiation of coverage (6/2023) (it was <10%).

Revenue and profitability

In our forecasts, revenue starts to accumulate in 2033 after the Phase 3 study and the processing of the new drug application. Sales will peak in 2039 before the expiry of key patents and will decline rapidly thereafter. As revenue grows, the result quickly turns profitable due to the company's light cost and organizational structure.

In terms of costs, we expect Herantis to continue with a light organizational structure. We expect personnel costs to increase by 8% per year in the next few years due to moderate recruitment and wage inflation. We expect the same growth rate in other operating costs as well.

Estimates 4/4

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
HER-096, US										
Prevalence of Parkinson's disease	1,250,000	1,275,000	1,300,000	1,326,000	1,353,000	1,380,000	1,407,000	1,435,000	1,464,000	1,493,000
Eligible patients, %	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Potential patients	625,000	637,000	650,000	663,000	676,000	690,000	704,000	718,000	732,000	747,000
Market share, %	0%	2%	4%	8%	16%	20%	20%	20%	10%	0%
Patients that stop using the drug, %	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Price/year/patient, MEUR	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.03
Royalty share, %	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Revenue	**0**	**48**	**99**	**193**	**391**	**509**	**529**	**551**	**286**	**0**
Probability of success	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Revenue, risk-adjusted	**0**	**7**	**14**	**28**	**57**	**74**	**77**	**80**	**42**	**0**
HER-096, other markets										
Prevalence of Parkinson's disease	1,863,000	1,901,000	1,939,000	1,977,000	2,017,000	2,057,000	2,099,000	2,141,000	2,183,000	2,227,000
Eligible patients, %	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Potential patients	932,000	950,000	969,000	989,000	1,009,000	1,029,000	1,049,000	1,070,000	1,092,000	1,113,000
Market share, %	0%	0%	2%	4%	8%	16%	20%	20%	10%	0%
Patients that stop using the drug, %	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Price/year/patient, MEUR	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Royalty share, %	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Revenue	**0**	**0**	**34**	**70**	**146**	**303**	**395**	**411**	**214**	**0**
Probability of success	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Revenue, risk-adjusted	**0**	**0**	**5**	**10**	**21**	**44**	**58**	**60**	**31**	**0**
Top sale, total	**0**	**318**	**887**	**1752**	**3579**	**5414**	**6158**	**6407**	**3333**	**0**
US	0	318	662	1284	2607	3391	3528	3670	1909	0
Other countries	0	0	225	467	972	2023	2631	2737	1424	0
Risk-adjusted revenue, total	**0**	**7**	**19**	**38**	**78**	**118**	**135**	**140**	**73**	**0**
US	0	7	14	28	57	74	77	80	42	0
Other countries	0	0	5	10	21	44	58	60	31	0

Income statement

Income statement	H1'23	H2'23	2023	H1'24	H2'24	2024	H1'25e	H2'25e	2025e	2026e	2027e	2028e
Revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
EBITDA	**-2.4**	**2.6**	**0.2**	**-2.8**	**-2.3**	**-5.0**	**-3.0**	**-2.6**	**-5.5**	**-6.6**	**-11.2**	**-11.5**
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (excl. NRI)	**-2.4**	**2.6**	**0.2**	**-2.8**	**-2.3**	**-5.0**	**-3.0**	**-2.6**	**-5.5**	**-6.6**	**-11.2**	**-11.5**
EBIT	**-2.4**	**2.6**	**0.2**	**-2.8**	**-2.3**	**-5.0**	**-3.0**	**-2.6**	**-5.5**	**-6.6**	**-11.2**	**-11.5**
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	0.6	-0.5	0.1	0.0	0.0	0.0	-0.3	-0.3	-0.5	0.0	0.0	0.0
PTP	**-1.8**	**2.1**	**0.3**	**-2.8**	**-2.3**	**-5.0**	**-3.2**	**-2.8**	**-6.0**	**-6.6**	**-11.2**	**-11.5**
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**-1.8**	**2.1**	**0.3**	**-2.8**	**-2.3**	**-5.0**	**-3.2**	**-2.8**	**-6.0**	**-6.6**	**-11.2**	**-11.5**
Net earnings	**-1.8**	**2.1**	**0.3**	**-2.8**	**-2.3**	**-5.0**	**-3.2**	**-2.8**	**-6.0**	**-6.6**	**-11.2**	**-11.5**
EPS (adj.)	**-0.09**	**0.10**	**0.01**	**-0.14**	**-0.11**	**-0.25**	**-0.13**	**-0.12**	**-0.25**	**-0.28**	**-0.46**	**-0.48**
EPS (rep.)	**-0.09**	**0.10**	**0.01**	**-0.14**	**-0.11**	**-0.25**	**-0.13**	**-0.12**	**-0.25**	**-0.28**	**-0.46**	**-0.48**

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.0	0.0	0.0	0.0	0.0
Tangible assets	0.0	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**6.7**	**2.6**	**2.8**	**0.3**	**0.3**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	0.3	0.4	0.3	0.3	0.3
Cash and equivalents	6.5	2.1	2.5	0.0	0.0
Balance sheet total	**6.7**	**2.6**	**2.8**	**0.3**	**0.3**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**4.7**	**-0.3**	**-1.3**	**-7.9**	**-19.1**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-75.1	-80.1	-86.1	-92.8	-104.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	79.7	79.7	84.7	84.7	84.7
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**0.0**	**2.2**	**3.4**	**7.0**	**16.5**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	0.0	0.0	3.4	7.0	16.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	2.2	0.0	0.0	0.0
Current liabilities	**2.0**	**0.6**	**0.6**	**1.2**	**2.9**
Interest bearing debt	0.0	0.0	0.6	1.2	2.9
Payables	2.0	0.6	0.0	0.0	0.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**6.8**	**2.5**	**2.8**	**0.3**	**0.2**

Valuation and recommendation 1/3

We initiate coverage with a positive recommendation

We reiterate our Accumulate recommendation for Herantis with a target price of EUR 2.5. Our risk-adjusted valuation is based on the present value of future free cash flows (DCF model). In addition to free cash flow based on royalty payments, Herantis' value can also materialize through a commercialization agreement or an M&A ransaction. Since it is practically impossible to predict the timing and value of such transactions, we have not included such scenarios in our valuation model. A potential commercialization agreement would likely cover the R&D costs of the subsequent clinical trial phases and could potentially generate revenue for Herantis, enabling the development of HER-096 for other neurodegenerative diseases. We consider such a cooperation agreement or becoming an acquisition target a positive option for investors in Herantis. We also do not include any potential future share issues in our estimates, even though they are a realistic possibility for financing the Phase 2 study. Future financing solutions are somewhat binary events for investors. A commercialization agreement can offer a low-risk and non-dilutive opportunity to implement the study program. Equity financing increases the number of shares but also allows the company to seek better commercialization agreement terms later, once more clinical results are available.

Our risk-adjusted forecasts and the valuation based on them are based on probabilities between two strongly divergent scenarios. In our optimistic scenario, drug development is successful, leading to high cash flows in the late 2030s before patents expire. Discounted to present value these cash flows would justify a share price that is several times higher than the current level. On the other hand, in our pessimistic scenario, clinical research results would not support further development, leading to the rejection of the project and possibly a move to new indications and/or candidates. In our view, this scenario would lead to a permanent loss of capital, diluting financing rounds and a strong depreciation of the share value.

Herantis' long-term value creation and share price development depend on the success of the clinical program and final commercialization, including possible licensing agreements. In the short to medium term, we believe that the share price fluctuates in line with news on research results. We also expect the market sentiment to have a strong impact on the share price. The company's ability to find shareholder-friendly financing solutions remains an important theme for the future development of the share value.

We note that due to the nature of the industry and Herantis' business model, our assessment and valuation based on these estimates contain significant uncertainties. These uncertainties stem from the numerous assumptions made regarding the market and research and commercial successes achieved by Herantis. Therefore, our target price, expressed as a precise figure, should be interpreted in a wide range. Due to these uncertainties typical for biotechnology companies, we expect the share price to be highly volatile and correlate with the general market sentiment. The share price can also affect the value of the company itself, as it partly determines the price of equity financing and thus, through the dilution of the share capital, affects the development of the share's value.

Valuation scenarios

	Optimistic[1]	Estimates [2][1-2]	Pessimistic[3]
Success of drug development	Market entry	According to Inderes' estimates	Development fails
Likelihood	Unlikely	~15%	Significant
EBIT 2039e Risk adjusted	~950 MEUR	~130 MEUR	Neg.
Share value in EUR (DCF)	~28	~2.5	~0

1) Commercialization is successful in Parkinson's disease within the estimated schedule. Herantis can still pursue new indications through further research.
2) Commercialization is successful with the probabilities and conditions described in this report
3) In the scenario, shortcoming appear in the safety or efficacy of HER-096 which lead to the candidate being abandoned

Source: Inderes

Valuation and recommendation 2/3

Despite the uncertainties, we believe that the current share price represents a favorable risk/reward ratio that supports a positive recommendation. Due to the binary risk associated with the stock, we believe that it is justified for most investors to limit their position in drug development companies to a relatively small one in order to limit risks. Diversifying investments across several drug development companies further helps to diversify risks.

Risk-adjusted cash-flow model indicates an upside in the stock

Our DCF model indicates a current value of future cash flows of EUR 2.5 per share. Thus, the stock's return potential exceeds the required return. The Phase 1 study results will no longer significantly impact the company's value. Regarding scientific results, outcomes impacting the stock's value are most likely to be obtained in connection with the Phase 2 main results (our estimate 2028) or a possible interim readout (our estimate 2027). Future financing solutions could change the stock's valuation picture as early as 2026. In the context of a commercialization agreement, the impact depends primarily on the terms of the agreement. In the case of equity financing, the key factors are the amount of financing needed and the share price at which a potential issue would be carried out.

We model growing income, which will culminate in 2039, after which we expect income to fall when patent protection expires. Our modeling extends to 2041, when we expect sales, costs, and earnings to fall to zero. Herantis has the opportunity to create new business in other neurodegenerative diseases and new drug candidates to be developed. However, we do not include these options in our estimates at this stage, as there is no information available regarding these plans, their potential, or their costs as of the writing date, 12/2025.

Herantis' cash flows are strongly negative during the clinical trial period in 2024-2033. Cash flows that bring value to the share are generated in 2034-2040. The expected cash flows are discounted using a weighted average cost of capital (WACC) of 12%. This is in line with around 11-12% that is typically used in the industry. In general, the estimated WACC describes the business risk of introducing a new drug to the market. It reflects uncertainties related to, e.g., the future price level of the drug, the future market share, etc. The R&D risk is considered in our estimates before discounting. If the R&D risk is not included in the estimates, the WACC should be over 20%, which is in line with industry practices . We reiterate that there are significant uncertainties regarding the realization of cash flows. Therefore, the DCF model is sensitive to the assumptions used. In other words, a change in assumptions significantly affects the share value of the model.

Values of implemented cooperation agreements provide a view of the valuation in the positive scenario

Comparison with existing cooperation agreements gives an indication of the potential value of Herantis if the company entered into an agreement with a larger partner. We point out that the agreements that have been concluded are aimed at drug candidates in which the industrial buyer has seen special potential. This is therefore a selected group of the most potential candidates. In our opinion, no direct conclusions can be drawn on Herantis' fair value of based on the value of the contracts.

Short-term drivers (1 year)

1. Funding of the Phase 2 study.
2. Start of the study as planned in 2026.

Medium-term drivers (2-3 years)

1. Main results of Phase 2 and possible interim readout.
2. Preparation of Phase 3 and securing funding.
3. Initiation of a clinical program for new indications.

Long-term drivers (over 4 years)

1. Results of Phase 3 and successful commercialization.
2. Advancing the clinical development of new drug candidates and indications.

Source: Inderes

Valuation and recommendation 3/3

A recent research review may provide references to agreements signed in 2005-2020 for historical drug candidates. Contract values include a upfront payment and full milestone payments. The average price paid for Phase 1 candidate agreements is 354 MUSD. The average price for Phase II companies has been USD 683 million. In Europe, the value of agreements has been lower than in the US. We note that the slowdown in the financial markets after 2022 weakens comparability with recent history. However, there have been signs of recovery in industry M&A and partnership agreements starting in the summer of 2025. The recovery has been most evident in the US, but we believe activity has also started to increase in Europe in late 2025.

The majority of signed contracts concerned cancer drug candidates (30% of contracts). The second highest number of contracts were signed for drugs affecting the central nervous system (16%). Usually, the contract was signed with a Phase 2 company (33%).

We emphasize that singing this type of agreement requires strong interest from a global pharmaceutical giant and its likelihood, value and timing is very hard to predict. Therefore, the role of historical agreements is marginal in our valuation model.

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	4.15	2.40	1.65	1.58	1.52	**1.98**	**1.98**	**1.98**	**1.98**
Number of shares, millions	9.76	11.1	16.9	20.2	20.2	**24.1**	**24.1**	**24.1**	**24.1**
Market cap	40	27	28	32	31	**48**	**48**	**48**	**48**
EV	34	26	26	25	29	**49**	**56**	**67**	**79**
P/E (adj.)	neg.	neg.	neg.	>100	neg.	**neg.**	**neg.**	**neg.**	**neg.**
P/E	neg.	neg.	neg.	>100	neg.	**neg.**	**neg.**	**neg.**	**neg.**
P/FCF	neg.	neg.	neg.	85.9	neg.	**neg.**	**neg.**	**neg.**	**neg.**
P/B	5.3	neg.	neg.	6.8	neg.	**neg.**	**neg.**	**neg.**	**neg.**
P/S	>100	>100	>100	>100	>100	**>100**	**>100**	**>100**	**>100**
EV/Sales	>100	>100	>100	>100	>100	**>100**	**>100**	**>100**	**>100**
EV/EBITDA	neg.	neg.	neg.	>100	neg.	**neg.**	**neg.**	**neg.**	**neg.**
EV/EBIT (adj.)	neg.	neg.	neg.	>100	neg.	**neg.**	**neg.**	**neg.**	**neg.**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years

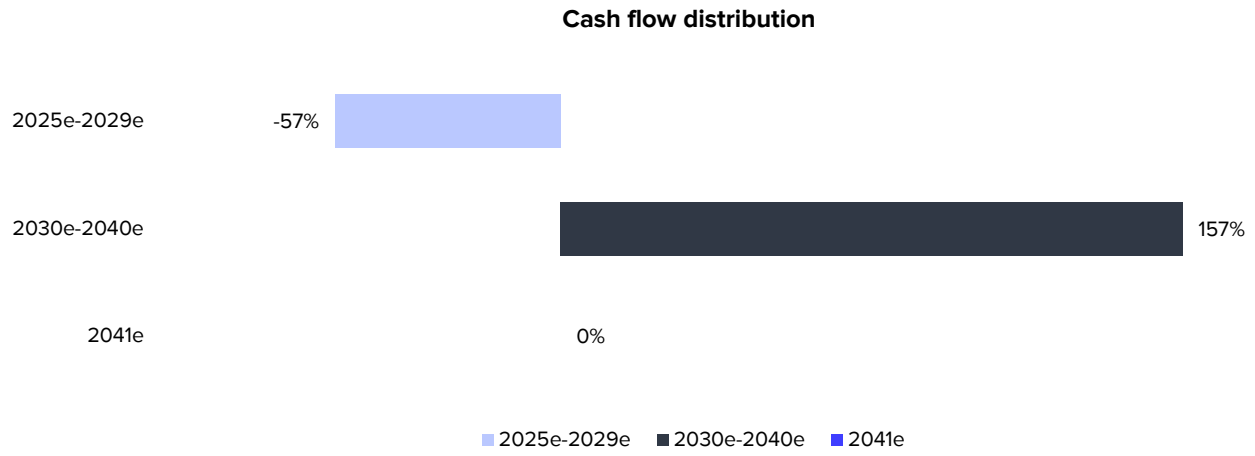
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	2038e	2039e	2040e	2041e
Revenue growth-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	NA	178.6 %	97.5 %	104.4 %	51.2 %	13.8 %	4.0 %	-48.0 %	-100.0 %
EBIT-%	-50270.0 %	-55119.0 %	-66408.0 %	-111994.8 %	-115099.5 %	-98664.0 %	-117424.9 %	-121393.3 %	-110580.6 %	-22.2 %	53.7 %	75.9 %	87.9 %	91.7 %	92.5 %	92.6 %	92.8 %	92.8 %
EBIT (operating profit)	**-5.0**	**-5.5**	**-6.6**	**-11.2**	**-11.5**	**-9.9**	**-11.7**	**-12.1**	**-11.1**	**-1.5**	**10.4**	**29.1**	**68.8**	**109**	**125**	**130**	**67.7**	
+ Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-12.4	-19.5	-22.4	-23.3	-12.2	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-1.5	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	**-6.6**	**-6.0**	**-6.6**	**-11.2**	**-11.5**	**-9.9**	**-11.7**	**-12.1**	**-10.8**	**-1.5**	**10.4**	**29.1**	**56.4**	**89.0**	**102**	**106**	**55.5**	
+ Change in other long-term liabilities	2.2	-2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free operating cash flow	**-4.4**	**-8.1**	**-6.6**	**-11.2**	**-11.5**	**-9.9**	**-11.7**	**-12.1**	**-10.8**	**-1.5**	**10.4**	**29.1**	**56.4**	**89.0**	**102**	**106**	**55.5**	
+/- Other	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-4.4	-3.1	-6.6	-11.2	-11.5	-9.9	-11.7	-12.1	-10.8	-1.5	10.4	29.1	56.4	89.0	102	106	55.5	0.0
Discounted FCFF		**-3.1**	**-5.9**	**-8.9**	**-8.2**	**-6.3**	**-6.7**	**-6.1**	**-4.9**	**-0.6**	**3.8**	**9.4**	**16.2**	**22.9**	**23.5**	**21.8**	**10.2**	**0.0**
Sum of FCFF present value		57.0	60.1	66.0	75.0	83.1	89.4	96.0	102	107	108	104	94.6	78.3	55.4	32.0	10.2	0.0

Enterprise value DCF	**57.0**
- Interest bearing debt	0.0
+ Cash and cash equivalents	2.1
-Minorities	0.0
-Dividend/capital return	0.0
Equity value DCF	**59.1**
Equity value DCF per share	**2.5**

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	8.0 %
Equity Beta	1.78
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**12.0 %**
Weighted average cost of capital (WACC)	**12.0 %**

Source: Inderes



Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	0.0	0.0	0.0	**0.0**	**0.0**
EBITDA	-8.1	0.2	-5.0	**-5.5**	**-6.6**
EBIT	-8.0	0.2	-5.0	**-5.5**	**-6.6**
PTP	-9.3	0.3	-5.0	**-6.0**	**-6.6**
Net Income	-9.3	0.3	-5.0	**-6.0**	**-6.6**
Extraordinary items	0.0	0.0	0.0	**0.0**	**0.0**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	6.2	6.7	2.6	**2.8**	**0.3**
Equity capital	-0.1	4.7	-0.3	**-1.3**	**-7.9**
Goodwill	0.0	0.0	0.0	**0.0**	**0.0**
Net debt	-1.5	-6.4	-2.1	**1.6**	**8.2**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	-8.1	0.2	-5.0	**-5.5**	**-6.6**
Change in working capital	0.0	0.2	-1.5	**-0.4**	**0.0**
Operating cash flow	-8.1	0.4	-6.6	**-6.0**	**-6.6**
CAPEX	0.2	0.0	0.0	**0.0**	**0.0**
Free cash flow	-7.8	0.4	-4.4	**-3.1**	**-6.6**

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	-0.55	0.01	-0.25	**-0.25**	**-0.28**
EPS (adj.)	-0.55	0.01	-0.25	**-0.25**	**-0.28**
OCF / share	-0.48	0.02	-0.33	**-0.25**	**-0.28**
FCF / share	-0.46	0.02	-0.22	**-0.13**	**-0.28**
Book value / share	0.00	0.23	-0.01	**-0.05**	**-0.33**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
6/19/2024	Accumulate	2.20 €	1.63 €
8/23/2024	Accumulate	2.20 €	1.60 €
3/7/2025	Accumulate	1.90 €	1.33 €
8/22/2025	Accumulate	2.10 €	1.79 €
10/9/2025	Reduce	2.50 €	2.78 €
11/20/2025	Accumulate	2.50 €	2.00 €
12/22/2025	Accumulate	2.50 €	1.98 €

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