

## THREE YEARS AFTER THE IPO – MAJOR MILESTONES ACHIEVED

### Financial highlights

#### Q1 2017 (Q1 2016)

- Net revenues were SEK 7.5 M (15.9 M)
- EBIT was SEK -7.6 M (-1.1 M)
- Earnings per share were SEK -0.31 (-0.12)
- Diluted earnings per share were SEK -0.31 (-0.12)

### Business highlights in Q1 2017

- Saniona reports positive top line results from the Tesomet Phase 2a study in type 2 diabetes
- Saniona announces a merger of its spinout company Ataxion Inc. with Luc Therapeutics
- Saniona announces that it expects to initiate the planned Phase 2a study for Tesomet in Prader-Willi syndrome in Q2 2017

### Significant events after the reporting period

- Saniona initiates Phase 2a study for Tesomet in Prader-Willi syndrome
- Saniona's partner, Medix, obtains regulatory approval to initiate a Phase 3 study for tesofensine in obesity
- Saniona obtains research milestone from The Michael J. Fox Foundation for Parkinson's Research
- Saniona renames the Upsher-Smith program to Proximagen program
- Saniona participates in formation of Scandion Oncology and spins out clinical program and related ion channel platform

### Comments from the CEO

"Three days into the new year, we could publish that our Phase 2 trial with Saniona's most important project - Tesomet - was successful. Since then we have continued the high pace. Our partner Medix has obtained approval to initiate a Phase 3 study with tesofensine, the active weight loss substance that is also the main component of Tesomet. We are now seeing the potential outlines of a stable cash flow from a product on the market, which is so far the most important step in Saniona's short history," says Jørgen Drejer, CEO of Saniona.

### For more information, please contact

Thomas Feldthus, EVP and CFO, Saniona, Mobile: +45 2210 9957, E-mail: [tf@saniona.com](mailto:tf@saniona.com)

### About Saniona

*Saniona is a research and development company focused on drugs for diseases of the central nervous system, autoimmune diseases, metabolic diseases and treatment of pain. The company has a significant portfolio of potential drug candidates at pre-clinical and clinical stage. The research is focused on ion channels, which makes up a unique protein class that enables and controls the passage of charged ions across cell membranes. Saniona has ongoing collaboration agreements with Boehringer Ingelheim GmbH, Proximagen Ltd., Productos Medix, S.A de S.V and Luc Therapeutics Inc. Saniona is based in Copenhagen, Denmark, where it has a research center of high international standard. Saniona is listed at Nasdaq First North Premier and has about 5,000 shareholders. Pareto Securities is Certified Advisor for Saniona. The company's share is traded under the ticker SANION. Read more at [www.saniona.com](http://www.saniona.com).*

## Letter from the CEO

"After more than 30 years in the biotech industry, it is my experience that decision and development processes in Biotech appear slow from the outside. Nevertheless, from an inside perspective quick decisions are made almost daily, which over time may lead to new revolutionary discoveries. It is baby steps, which may lead to a giant leap we all dream about. A new drug that millions of people can benefit from.

Saniona has been a listed company for almost exactly three years now. During this period, Saniona has taken many such baby steps leading to where we are today. In record-time, we have moved from being a small, unknown research company with a few sprouts in a flower pot to a company with a well-grown garden of clinical phase projects. During the first quarter of 2017, and the time shortly thereafter, we have clearly demonstrated that we are now a completely different company than when we were listed three years ago.

Three days into the new year, we could publish that our Phase 2 trial with Saniona's most important project - Tesomet - was successful. Tesomet appears to be a safe and effective weight loss drug for patients with metabolic diseases like diabetes and obesity. With its great efficacy in reducing body weight, Tesomet would probably have potential to reverse type 2 diabetes in large groups of patients suffering from this disease.

We have also initiated a new Phase 2 clinical study, which shows that we believe in Tesomet's potential in other metabolic diseases and eating disorders. We are now investigating whether Tesomet may be used as effective treatment for patients with Prader-Willi's syndrome. Prader-Willi's syndrome is a genetic, incurable disease where patients have an uncontrolled desire to eat, which leads to extreme obesity and severe metabolic consequences.

We are now applying to EMA for a so-called Orphan Drug Designation for Tesomet. Orphan indication often facilitates a faster development and approval process. If granted, we could therefore potentially take the drug all the way to the market on our own. This may potentially lead to a significantly increase in value for our shareholders.

Since the end of Q1, we have achieved several major milestones. Our partner Medix has obtained approval to initiate a Phase 3 study with tesofensine, the active weight loss substance that is also the main component of Tesomet. We are now seeing the potential outlines of a stable cash flow from a product on the market, which is so far the most important step in Saniona's short history.

We also recently participated in the formation of a new company called Scandion Oncology. The company will focus on cancer research based on a platform from Saniona and new research results from scientists at the University of Copenhagen. Saniona is the majority owner with 51 % of the shares in the new company. We will consider various opportunity to increase the value for our shareholders in this venture.

We are in the process of nurturing the Saniona garden. Our crops grow at a fast pace and require different type of resources and attention either internally, in collaboration with partners or in new spin-out companies. We have nine projects in progress, one of which is in Phase 3, two in Phase 2 and several projects in pre-clinical phase. The dream is to cultivate a brand-new plant with a flower that no one has seen before. All our employees are working hard, and I believe that we will all experience spectacular outcomes in the long run."

Jørgen Drejer

CEO, Saniona AB

## About Saniona

Saniona is a research and development company focused on drugs for diseases of the central nervous system, autoimmune diseases, metabolic diseases and treatment of pain. The company has a significant portfolio of potential drug candidates at pre-clinical and clinical stage. The research is focused on ion channels. Saniona has ongoing collaboration agreements with Boehringer Ingelheim GmbH, Proximagen Ltd., Productos Medix, S.A de S.V and Luc Therapeutics Inc. Saniona is based in Copenhagen, Denmark, where it has a research center of high international standard.

## Vision

Saniona will be a leading biotech company within the field of ion channel-dependent diseases.

## Business idea

Saniona will discover and develop better medical treatments in areas with significant unmet medical needs through modulation of ion channels.

## Overall objective

Saniona's overall objective is by itself and together with partners to develop and provide new medicines for severe diseases, more specifically diseases of the central nervous system, auto-immune diseases, metabolic diseases and treatment of pain.





















## Business model

The company commercializes its research efforts through the following 3 business models:

- By internal development of selected programs through the early phases of drug development before out-licensing to pharmaceutical companies who will take over the further development of Saniona's programs and typical pay upfront, milestone and royalty payments on product sales to Saniona;
- Through early stage research and development collaboration with pharmaceutical companies who will fund the research and development activities and pay upfront, milestones and royalty payments on product sales to Saniona; and
- Through joint ventures or spin-outs, where Saniona's financial partner will obtain a share of the upside by financing the development of one of Saniona's programs.

## Project portfolio

Saniona currently has nine active programs of which six are financed through grants, by collaborations with partners, or in joint ventures/spin-outs. Saniona's pipeline is set out below.

Product or Target	Indication	Preclinical research	Preclinical development	Clinical Phase 1	Clinical Phase 2	Clinical Phase 3
Tesofensine monotherapy	Obesity					
Tesomet	Type 2 diabetes					
	Prader-Willi syndrome					
NS2359	Cocaine addiction					
GABAA $\alpha 2/\alpha 3$ program	Neuropathic pain					
Boehringer Ingelheim program	Schizophrenia					
IK program	Inflammation, IBD					
Luc Therapeutics program	Ataxia					
Proximagen program	Neurological disorders					
Nicotinic $\alpha 6$ program	Parkinson's disease					

In addition to the active pipeline shown above, Saniona has a range of validated drug discovery assets as well as clinical stage assets positioned for partnering or spin-out.

## Market

Saniona's ongoing programs address significant market segments:

Target/Program	Indication	Market estimate
<b>Tesomet</b>	Type 2 diabetes	> USD 23 billion <sup>1</sup>
<b>Tesomet</b>	Prader-Willi syndrome	- Orphan indication
<b>Tesofensine</b>	Obesity	- USD 250 million in Mexico <sup>2</sup>
<b>NS2359</b>	Cocaine addiction	> USD 1.8 billion <sup>3</sup>
<b>GABA-A <math>\alpha</math>2/<math>\alpha</math>3 program</b>	Neuropathic pain	> USD 6 billion <sup>4</sup>
<b>Boehringer Ingelheim program</b>	Schizophrenia	> USD 4.8 billion <sup>5</sup>
<b>IK program</b>	Inflammatory bowel disease	> USD 5.9 billion <sup>6</sup>
<b>Nic-<math>\alpha</math>6 program</b>	Parkinson's disease	> USD 2.8 billion <sup>7</sup>
<b>Proximagen program</b>	Neurological diseases	- Not available
<b>Luc Therapeutic program</b>	Ataxia	- Orphan indication

For a significant time to come, Saniona will be dependent on major pharmaceutical companies' interest in purchasing, developing and commercializing projects from Saniona's pipeline of preclinical and clinical drug candidates. According to the Board's assessment, there is a well-developed market for licensing, sale, and establishment of research and development collaboration between smaller, research-intensive businesses and large pharmaceutical companies.

There is a significant need for new and innovative products for the pharmaceutical companies, which often have a limited number of products in their pipelines. Therefore, the market for out-licensing of new, innovative pharmaceutical projects and product programs are considered attractive. Importantly, within the field of ion channels, there are relatively few biotech companies supplying major pharmaceutical companies with research and development projects. Combined, this is creating interesting opportunities for Saniona.

<sup>1</sup> The market for type 2 diabetes is estimated to be USD 23.3 billion in the 7 major markets in 2014. *Diabetes Type 2 Forecast, 7 major Markets, Datamonitor 2015*

<sup>2</sup> *Estimates of drugs for obesity in Mexico by Medix 2016*

<sup>3</sup> *Estimates by TRC*

<sup>4</sup> *Major markets 2012, Decision Resources*

<sup>5</sup> *Schizophrenia Forecast 7 major market, Datamonitor, 2014*

<sup>6</sup> *Major markets 2014, Datamonitor*

<sup>7</sup> *The market for Parkinson's disease is estimated to be USD 2.8 billion in the 7 major markets in 2014, Datamonitor 2016*

## Financial review

	2017-01-01	2016-01-01	2016-01-01
	2017-03-31	2016-03-31	2016-12-31
Net sales, KSEK	7,539	15,853	74,921
Total operating expenses, KSEK	-15,111	-16,910	-70,764
Operating profit/loss, KSEK	* -7,572	-1,058	4,156
Operating margin, %	* -100%	-7%	6%
Cash flow from operating activities	-9,522	1,908	7,953
Earnings per share, SEK	-0.31	-0.12	0.11
Diluted earnings per share, SEK	-0.31	-0.12	0.11
Average shares outstanding	20,841,467	20,841,467	20,841,467
Diluted average shares outstanding	20,905,467	20,905,467	20,905,467
Average number of employees, #	21.7	17.2	19.7
	2017-03-31	2016-03-31	2017-03-31
Cash and cash equivalent, KSEK	42,249	48,876	53,261
Equity, KSEK	47,935	50,380	54,252
Total equity and liabilities, KSEK	58,835	59,956	70,769
Equity ratio, %	* 81%	84%	77%
Liquidity ratio, %	* 502%	604%	412%

\* Saniona presents certain financial measures in the interim report that are not defined according to IFRS, so called alternative performance measures. These have been noted in the table above. Further information and why these are considered important can be found in Financial key ratios and definitions at the end of this report.

## Revenues and result of the operation

### Revenue

Total revenues during the first quarter of 2017 was SEK 7.5 million (15.9). In 2017 revenues comprised research funding under the agreements with Boehringer Ingelheim, Proximagen and Luc Therapeutics whereas in the first quarter of 2016 revenues comprised upfront payments from Medix and Proximagen as well as services under the agreement with Ataxion (now Luc Therapeutics) and Proximagen.

### Operating profit/loss

The operating loss for the first quarter was SEK 7.6 million (1.1).

The company recognized operating expenses of SEK 15.1 million (16.9) for first quarter of 2017. External expenses amounted to SEK 9.1 million (12.3) and personnel costs amounted to SEK 5.1 million (4.1). In the first quarter of 2017, external expenses comprised primarily research and development costs in relation to Tesomet followed by GABAA  $\alpha 2\alpha 3$  program and IK program. This was also the case in the first quarter of 2016.

### Financial position

The equity ratio was 81 (84) % as of March 31, 2017, and equity was SEK 47.9 million (50.4). Cash and cash equivalents amounted to SEK 42.2 million (48.9) as of March 31, 2017. Total assets as of March 31, 2017, were SEK 58.8 million (60.0).

### Cash flow

Operating cash flow for the first quarter of 2017 was an outflow of SEK 9.5 million (inflow of 1.9). Consolidated cash flow for the first quarter of 2017 was an outflow of SEK 11.1 million (inflow 2.0). The outflow in 2017 is explained by the operating loss in the first quarter whereas the inflow in 2016 is explained by a relative strong cash flow from operating activities including an increase in current liabilities

### **The share, share capital and ownership structure**

At March 31, 2017, the number of shares outstanding amounted to 20,841,467 (20,841,467). The company established a warrant program on July 1, 2015, totalling 64,000 warrants.

At March 31, 2017, the company had 4,956 (3,705) shareholders excluding holdings in life insurance and foreign custody account holders.

### **Personnel**

As of March 31, the number of employees was 25 (19) of which 14 (10) are women. Of these employees, 5 (4) are part-time employees and 20 (15) are full-time employees, and a total of 20 (17) work in the company's research and development operations. 10 (11) of Saniona's employees hold PhDs, 4 (2) hold university degrees, 8 (6) have laboratory training and the remaining 3 (0) have other degrees.

### **Operational risks and uncertainties**

All business operations involve risk. Managed risk-taking is necessary to maintain good profitability. Risk may be due to events in the external environment and may affect a certain industry or market. Risk may also be specific to a certain company.

The main risks and uncertainties which Saniona is exposed to are related to drug development, the company's collaboration agreements, competition, technology development, patent, regulatory requirements, capital requirements and currencies.

The Group's programs are sold primarily to pharmaceutical companies and spin-outs funded by pharmaceutical companies and venture capital firms. Historically, the Group has not sustained any losses on trade receivables and other receivables.

Currency risks is the risk that the fair value of future cash flows fluctuate because of changed exchange rates. Exposure to currency risk is primarily sourced from payment flows in foreign currency and from the translation of balance sheet items in foreign currency, as well as upon the translation of foreign subsidiaries' income statements and balance sheets to the Group's reporting currency, which is SEK.

A more detailed description of the Group's risk exposure and risk management is included in Saniona's 2016 Annual Report. There are no major changes in the Group's risk exposure and risk management in 2017.

### **Audit review**

This Interim Report has not been subject to review by the company's auditors.

### **Financial calendar**

Annual General Meeting	May 23, 2017
Interim Report Q2	August 23, 2017
Interim Report Q3	November 15, 2017
Year-End Report 2017	February 21, 2018

The Board of Directors and the CEO of Saniona AB (publ) provide their assurance that the interim report provides a fair and true overview of the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties faced by the parent Company and the companies in the Group.

Ballerup, May 11, 2017  
Saniona AB

---

Claus Bræstrup – Chairman

---

Jørgen Drejer – CEO and board member

---

Carl Johan Sundberg – Board member

---

Leif Andersson – Board member

**Condensed consolidated statement of comprehensive income – Group**

KSEK	Note	2017-01-01	2016-01-01	2016-01-01
		2017-03-31	2016-03-31	2016-12-31
	1-3			
Net sales	4	7,539	15,853	74,921
Total operating income		7,539	15,853	74,921
Raw materials and consumables		-767	-499	-1,476
Other external costs		-9,098	-12,250	-51,098
Personnel costs	5	-5,130	-4,067	-17,805
Depreciation and write-downs		-116	-94	-384
Total operating expenses		-15,111	-16,910	-70,764
<b>Operating profit/loss</b>		<b>-7,572</b>	<b>-1,058</b>	<b>4,156</b>
Other financial income		0	3	1,114
Other financial expenses		-296	-546	-357
Total financial items		-296	-543	757
<b>Profit/loss after financial items</b>		<b>-7,868</b>	<b>-1,601</b>	<b>4,913</b>
Tax on net profit	6	0	0	0
		1,501	-844	-2,696
		0	0	0
<b>Profit/loss</b>		<b>-6,367</b>	<b>-2,445</b>	<b>2,217</b>
<b>Other comprehensive income</b>				
Item that may be reclassified to profit and loss		0	0	0
Translation differences		-3	-170	-1,118
<b>Total other comprehensive income net after tax</b>		<b>-3</b>	<b>-170</b>	<b>-1,118</b>
<b>Total comprehensive income</b>		<b>-6,370</b>	<b>-2,614</b>	<b>1,098</b>
Earnings per share, SEK		-0.31	-0.12	0.11
Diluted earnings per share, SEK		-0.31	-0.12	0.11

The recognized loss and total comprehensive income are all attributable to the shareholders of the Parent Company, since there is no non-controlling interest in the subsidiaries of the Group.

Condensed consolidated statement of financial position – Group

KSEK	Note	2017-03-31	2016-03-31	2017-03-31
	1-3			
<b>ASSETS</b>				
Fixtures, fittings, tools and equipment		1,105	680	1,184
Tangible assets		1,105	680	1,184
Non-current tax assets	6	1,507	222	0
Other long-term receivables		1,415	1,078	1,419
Deferred tax		100	144	100
Financial assets		3,022	1,443	1,519
<b>Non-current assets</b>		<b>4,127</b>	<b>2,124</b>	<b>2,703</b>
Trade receivables	7	9,762	20	12,260
Current tax assets	6	0	6,182	0
Other receivables		1,509	2,393	1,880
Prepayments and accrued income		1,188	361	665
Current receivables		12,459	8,956	14,804
Cash and cash equivalent		42,249	48,876	53,261
<b>Current assets</b>		<b>54,708</b>	<b>57,832</b>	<b>68,066</b>
<b>Total assets</b>		<b>58,835</b>	<b>59,956</b>	<b>70,769</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		1,042	1,042	1,042
Additional paid in capital		83,323	83,323	83,323
Retained earnings		-29,993	-31,807	-32,210
Currency translation reserve		-71	266	-120
Profit/loss for the period		-6,367	-2,445	2,217
<b>Equity</b>		<b>47,935</b>	<b>50,380</b>	<b>54,252</b>
Prepayments from customers		0	0	3,006
Trade payables		5,650	7,954	6,225
Current tax liabilities		1,595	0	1,600
Other payables		567	3	434
Accrued expenses and deferred income		3,087	1,619	5,252
Current liabilities		10,900	9,576	16,517
<b>Total liabilities</b>		<b>10,900</b>	<b>9,576</b>	<b>16,517</b>
<b>Total equity and liabilities</b>		<b>58,835</b>	<b>59,956</b>	<b>70,769</b>



**Condensed consolidated statement of changes in equity – Group**

	Number of shares	Share capital	Additional paid in capital	Translation reserves	Retained earnings	Shareholders' equity
<b>January 1, 2016</b>	<b>20,841,467</b>	<b>1,042</b>	<b>83,323</b>	<b>282</b>	<b>-31,704</b>	<b>52,943</b>
<b>Comprehensive income</b>						
Profit/loss for the year					-2,445	-2,445
Other comprehensive income:						0
Translation differences				-170		-170
<b>Total comprehensive income</b>				<b>-170</b>	<b>-2,445</b>	<b>-2,614</b>
<b>Transactions with owners</b>						
Share-based compensation expenses					51	51
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>51</b>
<b>March 31, 2016</b>	<b>20,841,467</b>	<b>1,042</b>	<b>83,323</b>	<b>112</b>	<b>-34,097</b>	<b>50,380</b>
<b>April 1, 2016</b>	<b>20,841,467</b>	<b>1,042</b>	<b>83,323</b>	<b>112</b>	<b>-34,097</b>	<b>50,380</b>
<b>Comprehensive income</b>						
Profit/loss for the year					4,661	4,661
Other comprehensive income:						0
Translation differences				-546		-546
<b>Total comprehensive income</b>				<b>-546</b>	<b>4,661</b>	<b>4,115</b>
<b>Transactions with owners</b>						
Share-based compensation expenses					159	159
Dividends paid					-403	-403
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>159</b>	<b>159</b>
<b>December 31, 2016</b>	<b>20,841,467</b>	<b>1,042</b>	<b>83,323</b>	<b>-434</b>	<b>-29,680</b>	<b>54,252</b>
<b>January 1, 2017</b>	<b>20,841,467</b>	<b>1,042</b>	<b>83,323</b>	<b>-434</b>	<b>-29,680</b>	<b>54,252</b>
<b>Comprehensive income</b>						
Profit/loss for the year					-6,367	-6,367
Other comprehensive income:						0
Translation differences				-3		-3
<b>Total comprehensive income</b>				<b>-3</b>	<b>-6,367</b>	<b>-6,370</b>
<b>Transactions with owners</b>						
Share-based compensation expenses					53	53
<b>Total transactions with owners</b>					<b>53</b>	<b>53</b>
<b>March 31, 2017</b>	<b>20,841,467</b>	<b>1,042</b>	<b>83,323</b>	<b>-437</b>	<b>-35,993</b>	<b>47,935</b>

Condensed consolidated statement of cash flows – Group

KSEK	Note	2017-01-01	2016-01-01	2016-01-01
		2017-03-31	2016-03-31	2016-12-31
Operating loss before financial items		-7,572	-1,058	4,156
Depreciation		116	94	384
Changes in working capital		-1,770	3,415	2,656
<b>Cash flow from operating activities before financial items</b>		<b>-9,226</b>	<b>2,451</b>	<b>7,196</b>
Interest income received		0	3	1,114
Interest expenses paid		-296	-546	-357
<b>Cash flow from operating activities</b>		<b>-9,522</b>	<b>1,908</b>	<b>7,953</b>
<b>Investing activities</b>				
Investment in tangible assets		-37	-21	-816
Investment in other financial assets		-1,503	104	0
<b>Cash flow from investing activities</b>		<b>-1,540</b>	<b>83</b>	<b>-816</b>
<b>Financing activities</b>				
Dividends paid		0	0	-403
<b>Cash flow from financing activities</b>		<b>0</b>	<b>0</b>	<b>-403</b>
<b>Cash flow for the period</b>		<b>-11,062</b>	<b>1,991</b>	<b>6,735</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>53,261</b>	<b>47,004</b>	<b>47,004</b>
Exchange rate adjustments		50	-118	-477
<b>Cash and cash equivalents at end of period</b>		<b>42,249</b>	<b>48,876</b>	<b>53,261</b>

### Statement of income – Parent Company

KSEK	Note	2017-01-01 2017-03-31	2016-01-01 2016-03-31	2016-01-01 2016-12-31
	1-3			
Total operating income		0	0	0
Raw materials and consumables		-5	0	-3
Other external costs		-957	-425	-6,758
Personnel costs		-271	-254	-1,033
<b>Total operating expenses</b>		<b>-1,233</b>	<b>-679</b>	<b>-7,794</b>
<b>Operating profit/loss</b>		<b>-1,233</b>	<b>-679</b>	<b>-7,794</b>
Other financial income		225	155	749
Other financial expenses		-36	-59	-298
<b>Total financial items</b>		<b>189</b>	<b>96</b>	<b>450</b>
<b>Profit/loss after financial items</b>		<b>-1,043</b>	<b>-583</b>	<b>-7,344</b>
Tax on net profit		0	0	0
<b>Profit/loss for the period</b>		<b>-1,043</b>	<b>-583</b>	<b>-7,344</b>

### Statement of comprehensive income – Parent Company

KSEK	Note	2017-01-01 2017-03-31	2016-01-01 2016-03-31	2016-01-01 2016-12-31
	1-3			
<b>Profit/loss</b>		<b>-1,043</b>	<b>-583</b>	<b>-7,344</b>
<b>Other comprehensive income</b>				
Item that may be reclassified to profit and loss				
Other comprehensive income for the period		0	0	0
<b>Total other comprehensive income net after tax</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>-1,043</b>	<b>-583</b>	<b>-7,344</b>

## Balance Sheet – Parent Company

KSEK	Note	2017-03-31	2016-03-31	2016-12-31
<b>ASSETS</b>				
Investment in subsidiaries		11,832	11,832	11,832
Financial assets		11,832	11,832	11,832
<b>Non-current assets</b>		<b>11,832</b>	<b>11,832</b>	<b>11,832</b>
Receivables from group companies		45,295	33,477	45,076
Other receivables		206	1,424	437
Prepayments and accrued income		466	162	270
Current receivables		45,967	35,063	45,783
Cash and cash equivalent		14,261	33,122	15,355
<b>Current assets</b>		<b>60,228</b>	<b>68,185</b>	<b>61,138</b>
<b>Total assets</b>		<b>72,059</b>	<b>80,016</b>	<b>72,969</b>
<b>EQUITY AND LIABILITIES</b>				
<i>Restricted equity</i>				
Share capital		1,042	1,042	1,042
<i>Unrestricted equity</i>				
Additional paid in capital		81,812	81,812	81,812
Retained earnings		-10,318	-2,572	-2,975
Profit for the period		-1,043	-583	-7,344
<b>Equity</b>		<b>71,492</b>	<b>79,699</b>	<b>72,535</b>
Trade payables		0	314	0
Other payables		567	3	434
Current liabilities		567	318	434
<b>Total liabilities</b>		<b>567</b>	<b>318</b>	<b>434</b>
<b>Total equity and liabilities</b>		<b>72,059</b>	<b>80,016</b>	<b>72,969</b>

## Notes

### Note 1 General Information

Saniona AB (publ), Corporate Registration Number 556962-5345, the Parent Company and its subsidiaries, collectively the Group, is a publicly listed research and development company focused on drugs for diseases of the central nervous system, autoimmune diseases, metabolic diseases and treatment of pain. The Parent Company is a limited liability company registered in the municipality of Malmö in the county of Skåne, Sweden. The address of the head office is Baltorpvej 154, DK-2750 Ballerup, Denmark. Saniona is listed at Nasdaq First North Premier. The Parent Company's share is traded under the ticker SANION and the ISIN code SE0005794617.

### Note 2 Significant accounting policies

The year-end report has been prepared in accordance with IAS 34 Interim reporting. The Group applies the International Financial Reporting Standards (IFRS) and interpretations of IFRS IC as adopted by the EU, the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

The condensed consolidated financial statements have been prepared under the historical cost convention, except in the case of certain financial assets and liabilities, which are measured at fair value. The condensed consolidated financial statements are presented in Swedish kronor (SEK) which is also the functional currency of the Parent Company.

The applied accounting principles are in accordance with those described in the Annual Report for 2016. More detailed information about the Group's and the Parent Company's accounting and valuation principles can be found in the Annual Report for 2016, which is available on [www.saniona.com](http://www.saniona.com). New and amended standards and interpretations implemented as of January 1, 2017, has not had any significant impact on the Group's financial statements.

Disclosures in accordance with IAS 34 Interim Financial Reporting are presented either in the notes or elsewhere in the interim report.

### Note 3 Financial assets and liabilities

**All financial asset and financial liabilities, except for the investment in Luc Therapeutics as described below, are classified as 'Loans and receivables' respectively 'Other financial liabilities'. These financial instruments are measured at amortized cost and the carrying amount is a reasonable approximation of fair value. There has been no fair value adjustment of the financial assets in 2016 and 2017.**

**The Group owns 7% of the share capital of Luc Therapeutics. Luc Therapeutics merged in March 2017 with Ataxion, which was formed by Saniona, Atlas Venture and the management of Ataxion in 2013 as a spin-out from Saniona. Saniona received shares in Ataxion in return for certain knowhow and patents in relation to Saniona's ataxia program. The specific assets of Saniona had a carrying and fair value amount 0 at the time of formation of Ataxion and the investments made by the other parties were insignificant. The merged company Luc Therapeutics is today developing the Ataxia-program. Considering the significant risk and duration of the development period related to the development of pharmaceutical products, management has concluded that the future economic benefits cannot be estimated with sufficient certainty until Luc Therapeutics is sold or public listed or the project has been finalized and the necessary regulatory final approval of the product has been obtained. Accordingly, the value of Luc Therapeutics is measured at costs since the fair value cannot be determined reliable.**

### Note 4 Segment reporting

The Group is managed as a single business unit. The basis for identifying reportable segments is the internal reporting as reported to and followed up by the highest executive decision maker. The Group has identified the highest executive decision maker as the CEO. The internal management and reporting structure comprises only one business unit, and the Group therefore has only one operating segment, for which reason no segment information is provided.

### Note 5: Share based payments

Share-based compensation expenses for the first quarter of 2017 totalled SEK 54 (51) thousand. The Group accounts for share-based compensation by recognizing compensation expenses related to share-based instruments granted to the management, employees and consultants in the income statement. Such compensation expenses represent the fair market values of warrants granted and do not represent actual cash expenditures. A more detailed description can be found in the annual report for 2016.

#### **Note 6 Income tax and deferred tax subsidiaries in Denmark**

Tax on income for the year, consisting of the year's current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the period and in other comprehensive income or equity to the extent that it relates thereto.

The Group recognized a tax income of SEK 1,501 (tax expense of 844) thousand during the first quarter of 2017. This amount has been recognized under non-current tax assets in accordance to the accounting policies described below.

Under the Danish R&D tax credit scheme (Skatte kreditordningen), loss-making R&D entities can obtain a tax credit which is equal to the tax value of the incurred research and development expenses. The tax credit is payable in November in the following financial year. In 2016 and 2017, the R&D expense tax-base is capped to DKK 25 million equal to a tax credit of DKK 5.5 million at a tax rate of 22%. Research and development tax-credits under the Danish R&D tax credit scheme is recognized in the income statement to the extent that it relates to the research and development expenses for the period and Saniona expects to fulfil the requirement for tax credit for the year. The tax credit under the Danish R&D tax credit scheme is recognized in the balance sheet under current tax assets if payable within 12 months and under non-current tax assets if payable after 12 months. As of March 31, 2017, the Group had no current tax asset and SEK 1.5 million in non-current tax asset, which will be payable in November 2018. As of March 31, 2016, the Group had SEK 6.2 million in current tax asset, which was paid in November 2016, and SEK 222 thousand in non-current assets which was utilized towards earned profit during the second half of 2016.

#### **Note 7 Trade receivables**

As of March 31, 2017, the Group had SEK 9.8 million (0) in trade receivables of which SEK 7.6 million comprised part of the upfront payment from Boehringer Ingelheim, which has been released after the balance sheet date following the completion of administrative procedures under the tax treaty between Denmark and Germany.

#### **Note 8 Pledged assets and contingent liabilities**

The Group has provided a guarantee of KSEK 50 (50) to Euroclear. The Parent Company has provided a guarantee to the subsidiary Saniona A/S to ensure that Saniona A/S will be able to pay its creditors as the obligations fall due for the period until June 30, 2018. Saniona A/S had no external net debt as of March 31, 2017.

#### **Note 9 Related parties**

Related parties comprise the Group's Executive Management, Board of Directors and companies within the Group. Apart from intercompany transaction, there has been no transaction with related parties during 2016 and 2017.

## Business terms - glossary

### **Alzheimer's disease**

A chronic neurodegenerative disease that usually starts slowly and gets worse over time and accounts for 60% to 70% of cases of dementia. As the disease advances, symptoms can include problems with language, disorientation (including easily getting lost), mood swings, loss of motivation, not managing self-care, and behavioural issues. Gradually, body functions are lost, ultimately leading to death. The cause for most Alzheimer's cases is still mostly unknown except for 1% to 5% of cases where genetic differences have been identified. Several competing hypotheses exist trying to explain the cause of the disease.

### **AN363**

A small molecule under the GABAA  $\alpha 2\alpha 3$  program.

### **AN761**

A small molecule which is designed to open (agonize) nicotinic  $\alpha 7$  channels. Nicotinic  $\alpha 7$  channels are expressed in various CNS tissue and are believed to be key mediators of cognitive processes. AN761 is a clinical candidate which may be a fast follower in a breakthrough drug class for treatment of cognition deficits in schizophrenia and Alzheimer's disease.

### **AN788**

A unique dual (serotonin-dopamine) reuptake inhibitor which represents a novel clinical candidate for second line treatment of Major Depressive Disorder. AN788 has been administered to healthy volunteers in a single ascending dose study and in a PET study, demonstrating orderly pharmacokinetics and attaining levels of occupancy at serotonin and dopamine transporters that support its potential as a second line treatment for treating residual symptoms in MDD, such as fatigue, excessive sleepiness and lack of interest.

### **Ataxia**

A neurological sign consisting of lack of voluntary coordination of muscle movements. Ataxia is a non-specific clinical manifestation implying dysfunction of the parts of the nervous system that coordinate movement, such as the cerebellum. Several possible causes exist for these patterns of neurological dysfunction and they can be mild and short term or be symptoms of severe chronic diseases such as Friedreich's ataxia, which is an autosomal recessive inherited disease that causes progressive damage to the nervous system which manifests in initial symptoms of poor coordination that progresses until a wheelchair is required for mobility.

### **Atlas Venture**

Atlas Venture Inc.

### **CNS**

Central Nervous System, a part of the nervous system consisting of the brain and spinal cord.

### **Cocaine addiction**

The compulsive craving for use of cocaine despite adverse consequences.

### **CTA**

Clinical Trial Application which a pharmaceutical company file to EMA to obtain permission to ship and test an experimental drug in Europe before a marketing application for the drug has been approved. The approved application is called an Investigational New Drug (IND) in the US.

### **GABAA $\alpha 2\alpha 3$ program**

A small molecule program which is designed to positively modulate (PAM) GABA<sub>A</sub>  $\alpha 2$  and GABA<sub>A</sub>  $\alpha 3$  ion channels, which are expressed in various central and peripheral neurons and are believed to be key mediator in the control of pain signaling and the control of anxiety.

### **EMA**

European Medicines Agency

### **FDA**

US Food and Drug Administration

### **IK program**

A small molecule program which is designed to block (antagonize) IK channels, which are expressed by immune cells and believed to be key mediator of inflammation in auto inflammatory diseases such as inflammatory bowel disease, multiple sclerosis and Alzheimer's' disease.

## **IND**

Investigational New Drug is a program by which a pharmaceutical company obtains permission to ship and test an experimental drug in the US before a marketing application for the drug has been approved. In Europe, the application is called a Clinical Trial Application (CTA).

## **Ion channel**

Channels or pores in cell membranes which is made up of unique protein classes. Ion channels controls muscles and nerves and are central to the function of the body by governing the passage of charged ions across cell membranes.

## **Ion channel modulators**

A drug which modulates the function of ion channels by blocking or opening ion channels or by decreasing or increasing throughput of ion channels. Agonists opens ion channels, Antagonists blocks ion channels, PAMs (Positive Allosteric Modulators) increase throughput whereas NAMs (Negative Allosteric Modulators) decrease throughput of ion channels.

## **Major Depressive Disorders**

A mental disorder characterized by a pervasive and persistent low mood that is accompanied by low self-esteem and by a loss of interest or pleasure in normally enjoyable activities.

## **Medix**

Productos Medix, S.A de S.V.

## **Multiple sclerosis**

A demyelinating disease in which the insulating covers of nerve cells in the brain and spinal cord are damaged by the immune system. This damage disrupts the ability of parts of the nervous system to communicate, resulting in a wide range of signs and symptoms including physical, mental, and sometimes psychiatric problems.

## **Neuropathic pain**

Pain caused by damage or disease affecting the somatosensory nervous system. Central neuropathic pain is found in spinal cord injury, multiple sclerosis, and some strokes. Aside from diabetes (diabetic neuropathy) and other metabolic conditions, the common causes of painful peripheral neuropathies are herpes zoster infection, HIV-related neuropathies, nutritional deficiencies, toxins, remote manifestations of malignancies, immune mediated disorders and physical trauma to a nerve trunk. Neuropathic pain is also common in cancer as a direct result of cancer on peripheral nerves (*e.g.*, compression by a tumour), or as a side effect of chemotherapy, radiation injury or surgery. Neuropathic pain is often chronic and very difficult to manage with some 40-60% of people achieving only partial relief.

## **NS2359**

A triple monoamine reuptake inhibitor, which blocks the reuptake of dopamine, norepinephrine, and serotonin in a similar manner to cocaine. However, NS2359 dissociates slowly from these transporters and has a long human half-life (up to 10 days) which makes frequent dosing unnecessary. NS2359's pharmacological profile means that it may be able to reduce cocaine withdrawal symptoms, reduce cocaine craving and reduce cocaine-induced euphoria. In preclinical trials, NS2359 has been shown to reduce the reinforcing effects of cocaine and may have effects on cue induced drug craving. Furthermore, human trials with NS2359 have shown that NS2359 has little or no abuse potential and does not have adverse interactions with cocaine. Thus, NS2359 is a promising clinical candidate for the treatment of cocaine dependence.

## **Proximagen**

Proximagen Ltd. is wholly-owned by the Evenstad family's holding company, ACOVA.

## **Schizophrenia**

A mental disorder often characterized by abnormal social behaviour and failure to recognize what is real. Common symptoms include false beliefs, unclear or confused thinking, auditory hallucinations, reduced social engagement and emotional expression, and lack of motivation.

## **Tesofensine**

A triple monoamine reuptake inhibitor, which is positioned for obesity and type 2 diabetes, two of the major global health problems. Tesofensine has been evaluated in Phase 1 and Phase 2 human clinical studies with the aim of investigating treatment potential with regards to obesity, Alzheimer's disease and Parkinson's disease. Tesofensine demonstrated strong weight reducing effects in Phase 2 clinical studies in obese patients.



**TRC**

The University of Pennsylvania Treatment Research Center.

**Type 2 diabetes**

A metabolic disorder that is characterized by hyperglycaemia (high blood sugar) in the context of insulin resistance and relative lack of insulin. This contrasts with diabetes mellitus type 1, in which there is an absolute lack of insulin due to breakdown of islet cells in the pancreas. The classic symptoms are excess thirst, frequent urination, and constant hunger. Type 2 diabetes makes up about 90% of cases of diabetes, with the other 10% due primarily to diabetes mellitus type 1 and gestational diabetes. Obesity is thought to be the primary cause of type 2 diabetes in people who are genetically predisposed to the disease.

### Financial key ratios and definitions

Saniona presents certain financial measures in the interim report that are not defined per IFRS. The company considers that these measures provide valuable supplementary information for investors and company management as they enable an assessment of relevant trends of the company's performance. These financial measures should not be regarded as substitutes for measures defined per IFRS. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies.

The following ratios are not defined per IFRS, unless stated otherwise.

#### Average number of employees

Average number of employees employed by the company during the period. This average number of employees provides a trend in the company's research and development capacity and may explain part of the development in personnel expenses.

#### Earnings per share

Profit/loss for the period divided by the average number of shares outstanding during the period.<sup>8</sup>

#### Diluted earnings per share

Profit/loss for the period divided by the average number of shares outstanding after dilution during the period.<sup>9</sup>

#### Equity ratio

Shareholders' equity as a proportion of total assets. The equity ratio shows the proportion of total assets covered by equity and provides an indication of the company's financial stability and ability to survive in the long term.

#### Liquidity ratio

**Current assets divided by current liabilities.** The liquidity ratio is presented to show the company's short-term payment ability.

#### Operating margin

**EBIT as a proportion of revenue.** Operating margin shows the percentage of revenue left as profit before financial items and taxes and are presented to show the company's profitability.

#### Operating profit/loss or EBIT

**Earnings Before Interest and Taxes (Operating profit/loss).**

*The information in this interim report is information that Saniona (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and Sweden's Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 11 May 2017.*

Saniona AB  
Baltorpvej 154  
DK-2750 Ballerup  
Denmark  
[www.saniona.com](http://www.saniona.com)

---

<sup>8</sup> Defined in accordance to IFRS

<sup>9</sup> Defined in accordance to IFRS