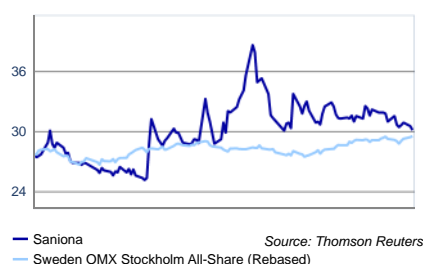


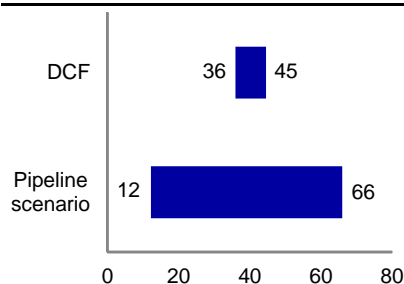
KEY DATA

| | |
|---------------------|----------------------|
| Stock country | Sweden |
| Bloomberg | SANION SS |
| Reuters | SANION.ST |
| Share price (close) | SEK 30.25 |
| Free Float | 73% |
| Market cap. (bn) | EUR 0.06/SEK 0.68 |
| Website | https://saniona.com/ |
| Next report date | 22 Aug 2018 |

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

| Year | 2018E | 2019E | 2020E |
|------------|-------|-------|-------|
| Sales | 22% | 0% | 0% |
| EBIT (adj) | -36% | 0% | 0% |

Source: Nordea estimates

Nordea Markets - Analysts

Jesper Ilsøe
Analyst

Michael Novod
Director, Sector Coordinator

Q2 a non-event – pipeline on track

Saniona's Q2 report was largely uneventful, with no change in the underlying revenue and cost trends. As the stock is trading on pipeline news rather than quarterly numbers, we consider it important that management said it believes pipeline progression is on track for readouts soon, with Tesomet ph IIa data in Prader-Willi syndrome and Tesofensine ph III top-line data in obesity both expected around Q1 2019.

Q2 results

Saniona's Q2 revenue came in at SEK 3.8m, in line with what has been seen in recent quarters, while EBIT was SEK -24.1m, with Q2 costs primarily related to development of Tesomet – its key pipeline asset – and preclinical development costs for its SAN711 and the IK early-stage programmes. Combined with the Boehringer Ingelheim milestone payment received and booked in Q3, this indicates that we should expect revenue and EBIT levels around SEK 59m and SEK -50m for 2018, in line with our estimates.

Revenue and EBIT to remain "boring" – pipeline to drive value

While we do not envision Saniona's typical biotech revenue and EBIT profile changing dramatically in the coming years, we note that pipeline progress with Tesomet, Tesofensine, and the early-stage pipeline is what should drive value for the company.

Story intact

The equity story in Saniona is mainly about Tesomet, the company's franchise molecule addressing obesity and orphan indications, which provides exposure to attractive market opportunities that could drive income and the share. The company also has other projects in the pipeline to crystallise value. We believe cash burn should be funded into late 2020, beyond potential key pipeline catalysts.

Valuation

We value Saniona using a DCF model. Based on our underlying valuation assumptions, estimates and pipeline scenarios, we value Saniona at SEK 36-45 per share. Risks include the following: pipeline failures, delays or regulatory hurdles; partners' and Saniona's ability to successfully commercialise Tesofensine and Tesomet; executing future out-licensing deals; and funding needs beyond 2020.

SUMMARY TABLE - KEY FIGURES

| SEKm | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|--------------------------|--------|---------|-------|---------|---------|-----------|----------|
| Total revenue | 22 | 14 | 75 | 21 | 59 | 38 | 57 |
| EBITDA (adj) | -7 | -27 | 5 | -57 | -49 | -77 | -123 |
| EBIT (adj) | -8 | -28 | 4 | -57 | -50 | -77 | -123 |
| EBIT (adj) margin | -38.0% | -206.0% | 5.5% | -276.4% | -83.5% | -205.9% | -214.2% |
| EPS (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| EPS (adj) growth | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| DPS (ord) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| EV/Sales | n.a. | n.a. | n.a. | n.a. | 11.2 | 19.5 | 14.4 |
| EV/EBIT (adj) | n.a. | n.a. | n.a. | n.a. | n.m. | n.m. | n.m. |
| P/E (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| P/BV | n.a. | n.a. | n.a. | n.a. | 10.3 | 9.7 | -78.7 |
| Dividend yield (ord) | n.a. | n.a. | n.a. | n.a. | 0.0% | 0.0% | 0.0% |
| FCF Yield bef acq & disp | n.a. | n.a. | n.a. | n.a. | -3.0% | -7.3% | -11.6% |
| Net debt | -10 | -47 | -53 | -22 | -72 | -84 | 10 |
| Net debt/EBITDA | 1.3 | 1.7 | -11.7 | 0.4 | 1.5 | 1.1 | -0.1 |
| ROIC after tax | 288.8% | -870.7% | 76.0% | -498.2% | -524.2% | 20,584.2% | 5,714.1% |

Source: Company data and Nordea estimates

Q2 highlights

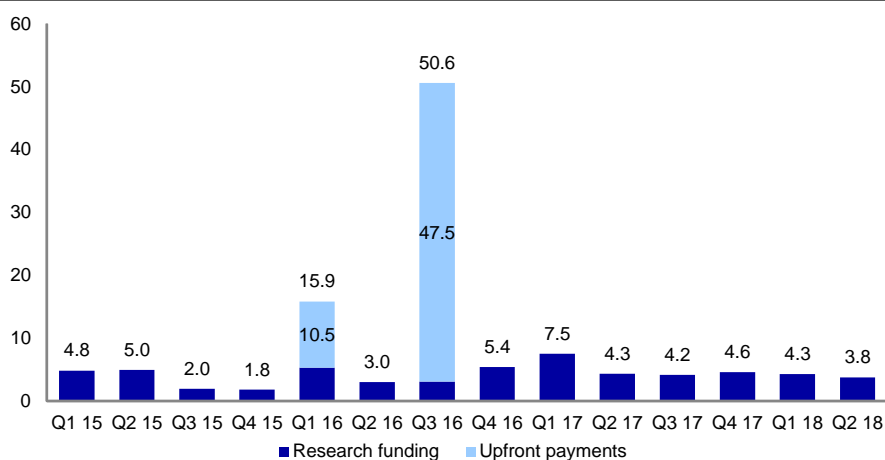
Saniona's Q2 report was rather uneventful, in our view, with no change in the underlying revenue and cost trends. Combined with the Boehringer Ingelheim milestone payment received and booked in Q3 2018 (one-off event), this indicates that Saniona is tracking to deliver revenues and EBIT of around SEK 59m and SEK -50m, respectively, for 2018, in line with our estimates. Pipeline projects remain on track for readout later this year and into 2019, with Tesomet phase IIa data in PWS and Tesofensine phase III top-line data in obesity as the most important upcoming triggers for the stock, both expected in Q1 2019, with Tesofensine phase III data potentially slated for release later this year instead.

Q2 a non-event – pipeline on track for Q4 and Q1 readouts

Saniona's Q2 revenue came in at SEK 3.8m, in line with that seen in recent quarters. As the company has no marketed products yet, revenue mainly comprises research funding under the agreements with partners, such as Boehringer Ingelheim.

Saniona recently announced (on 12 July) that it had received a milestone from its Boehringer Ingelheim collaboration, selecting a preclinical pipeline candidate in its schizophrenia programme. This triggered SEK 41.8m (EUR 4m), which will be booked in Q3 2018. We note that this milestone covers the total investments made by Saniona during H1 2018, highlighting a key strategy for the company, with partners financing internal operational costs and R&D for the time being, until its pipeline programmes reach the commercial phase.

SANIONA'S REVENUE PER QUARTER



Source: Company data and Nordea estimates

EBIT was SEK -24.1m in Q2 2018 (versus SEK -17.9m in Q2 2017), with Q2 costs primarily being development costs for Tesomet – its key pipeline asset – and preclinical development costs for SAN711 and the IK programme.

Based on the Q2 report, we tweak our revenue and cost estimates slightly for 2018, but keep all other estimates unchanged, as highlighted in the following table. The milestone from Boehringer Ingelheim (EUR 4m) was EUR 1m higher than we had previously forecast. This increases our 2018 revenue estimate by SEK 10m. While the company does not issue full-year guidance, we now assume that it is aiming to invest slightly more in R&D than what we had modelled previously; we adjust for this, as shown below.

SANIONA: ESTIMATE CHANGES

| SEKm | New estimates | | | | | | Estimate changes | | | | | |
|--------------------------------|---------------|------------|-------------|------------|------------|------------|------------------|-----------|-----------|-----------|-----------|-----------|
| | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E |
| Total revenues | 59 | 38 | 57 | 47 | 78 | 314 | 22% | 0% | 0% | 0% | 0% | 0% |
| Product sales and royalties | 0 | 0 | 20 | 47 | 78 | 182 | n.a. | n.a. | 0% | 0% | 0% | 0% |
| Tesofensine, obesity | 0 | 0 | 20 | 47 | 78 | 111 | n.a. | n.a. | 0% | 0% | 0% | 0% |
| Tesomet, Prader-Willi syndrome | 0 | 0 | 0 | 0 | 0 | 47 | n.a. | n.a. | n.a. | n.a. | n.a. | 0% |
| Tesomet, Hypothalamic obesity | 0 | 0 | 0 | 0 | 0 | 0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Tesomet, obesity | 0 | 0 | 0 | 0 | 0 | 24 | n.a. | n.a. | n.a. | n.a. | n.a. | 0% |
| NS2359, CNS | 0 | 0 | 0 | 0 | 0 | 0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Other (milestones/PRV) | 59 | 38 | 38 | 0 | 0 | 132 | 22% | 0% | 0% | n.a. | n.a. | 0% |
| Gross profit | 59 | 38 | 57 | 47 | 78 | 314 | 22% | 0% | 0% | 0% | 0% | 0% |
| R&D costs | -74 | -80 | -140 | -50 | -50 | -50 | 48% | 0% | 0% | 0% | 0% | 0% |
| S&D costs | 0 | 0 | 0 | 0 | 0 | -50 | n.a. | n.a. | n.a. | n.a. | n.a. | 0% |
| Admin costs | -35 | -35 | -40 | -45 | -45 | -45 | 0% | 0% | 0% | 0% | 0% | 0% |
| EBIT | -50 | -77 | -123 | -48 | -17 | 169 | 36% | 0% | 0% | 0% | 0% | 0% |
| PTP | -49 | -77 | -123 | -48 | -17 | 169 | 37% | 0% | 0% | 0% | 0% | 0% |
| Net profit | -38 | -60 | -96 | -37 | -13 | 132 | 37% | 0% | 0% | 0% | 0% | 0% |
| Free cash flow | -22 | -60 | -94 | -38 | -13 | 148 | 82% | 0% | 0% | 0% | 0% | 0% |
| Net cash | 72 | 84 | -10 | -48 | -60 | 87 | -12% | -11% | -2909% | 27% | 20% | -10% |

Source: Company data and Nordea estimates

We now expect Saniona to deliver 2018 revenue and EBIT of around SEK 59m and SEK -50m, respectively.

Share price triggers: Outlook

As the stock is trading on pipeline news rather than quarterly numbers, we consider it important that management signalled that it views pipeline progression as on track for readout later this year and into 2019, with Tesomet phase IIa data in PWS and Tesofensine phase III top-line data in obesity representing the most important upcoming triggers for the stock (both expected around Q1 2019, with Tesofensine potentially slated for release late this year).

NS2359 will also deliver phase IIa data in cocaine addiction around Q4 2018, but we consider this project a free option more than something with high expectations in the market. We do not include it in our model.

UPCOMING NEWS FLOW

| Timeline | Project | Event | Indication | Description |
|-----------|--------------|-----------------------|-----------------------|---|
| Q4 2018 | NS2359 | Ph 2a interim data | Cocaine addiction | Saniona expects to report ph 2a interim results in H2 2018 |
| Q4 2018 | Tesomet | Ph 1 results | - | Results from ph 1 pharmacodynamic study |
| Q1 2018 | Tesomet | Ph 2a results | Prader-Willi syndrome | Results from ph 2a study in adolescents (step 2) |
| Q1 2019 | Tesomet | Ph 2a study initiated | Hypothalamic obesity | Saniona plans to start a ph 2a study "early next year" |
| Q1 2019 | Tesofensine | Ph 3 results | Obesity | Saniona and its partner Medix expect topline data by early 2019 |
| H1 2019 | Tesomet | Ph 2b study initiated | Prader-Willi syndrome | We expect Saniona to start a ph 2b dose-finding study in Prader-Willi |
| H2 2019 | Tesomet | Ph 2b study initiated | Obesity | We expect Saniona to start a ph 2b study in obesity |
| 2018/2019 | Pre-clinical | Deal | - | Potential for partnership deals on pre-clinical programmes |
| 2018/2019 | Pre-clinical | Deal | - | Potential for spin-outs on pre-clinical programmes |
| 2018/2019 | Pre-clinical | Milestones | - | Progress and potential milestones under existing collaborations |
| 2019/2020 | Tesomet | Deal | Metabolic diseases | Potential for partnership deals on Tesomet in metabolic diseases |

Source: Company data and Nordea estimates

Factors to consider when investing in Saniona

The equity story in Saniona is mainly about Tesomet: the company's franchise molecule addressing high unmet medical needs in obesity and rare obesity-associated diseases. The company also has other high-potential projects in the pipeline to secure long-term growth, value and news flow, funded by partnerships and a funding agreement at the current stage until late 2020 – beyond important key pipeline catalysts. Potential product sales and royalties on product sales will tick in during the next two to five years, taking over funding. Saniona's share price performance will be highly dependent on clinical pipeline updates on its ongoing trials (mainly Tesomet and Tesofensine), posing a high risk to investors but also a potentially great reward.

The Saniona equity story

Saniona is a Denmark-based small cap biotech company listed in Sweden. It has a broad pipeline, with one product in ph III for obesity and two products in ph II, including Tesomet, the company's franchise molecule and key value driver, which may be used across several rare diseases related to obesity. For investors willing to take on the common biotech risk in a small cap company comprising just pipeline projects and no marketed products – and thus exposure to a company and a stock heavily dependent on clinical development, regulatory risk and volatile trading volumes – an investment in Saniona could provide exposure to attractive market opportunities in the orphan drug space and several catalysts in the pipeline.

Factors to consider when investing in Saniona

We view the following to be key when considering an investment in Saniona

- Saniona's late-stage pipeline programmes address small, rare diseases, where the company could go all the way to the market on its own, as well as larger indications, such as obesity, through a partnership approach with selected pharmaceutical companies.
- The high unmet medical needs in rare diseases has resulted in increased regulatory focus, with regulators in the US and EU (FDA and EMA) having implemented several financial incentives to invest in drug development in this area, creating attractive market opportunities.
- Saniona's lead asset, Tesomet, has been shown in trials to reduce both body weight and hyperphagia (insatiable appetite), providing patients with a novel treatment option with potential not only in obesity but also in multiple, rare obesity-associated disorders.
- Tesofensine and Tesomet could be favourably positioned to address the high unmet medical needs in obesity treatment in Mexico, Argentina and other RoW markets.
- Saniona's early-stage pipeline should provide investors with positive news flow, deals, sustainable growth prospects and valuation optionality over the long term.
- Funding should be sufficient until late 2020 – beyond important key pipeline catalysts.

Key risk factors and potential investor concerns in the case

- Clinical trials are risky and despite promising results in earlier clinical studies, key projects (Tesofensine and Tesomet) may fail later-stage studies, be delayed in development or fail to gain approval from regulatory authorities.
- Tesofensine is generally well-tolerated in patients, but it has been shown to lead to an increase in heart rate. This poses a potential risk in the upcoming ph III trial,

together with the fact that the trial is performed in Mexico, which could disturb efficacy signals due to less compliance at the sites. Nonetheless, we believe a positive outcome in the trial is the most likely scenario (we use a 60% approval probability) and we see the heart rate signal as manageable.

- Medix and Saniona's ability to commercialise Tesofensine and Tesomet successfully, pending successful clinical development and regulatory approvals.
- Executing future out-licensing deals with Tesomet in metabolic diseases and with the early-stage pipeline.
- Funding should be sufficient until late 2020, but depending on clinical results and partnership agreements, the company may need additional liquidity to continue advancing its pipeline products and fund operations beyond 2020.

Tesomet – a franchise molecule treating obesity-associated disorders

Saniona's lead asset, Tesomet, is an oral fixed-dose combination of Tesofensine (the company's triple reuptake inhibitor) and a beta blocker called Metoprolol. Tesomet is in ph II clinical development for obesity, Prader-Willi syndrome (PWS) and hypothalamic obesity.

Patients with PWS and hypothalamic obesity suffer from a constant, uncontrollable extreme urge to eat (hyperphagia), which persists no matter how much they eat, leading to morbid obesity.

SANIONA'S LATE-STAGE PIPELINE

| Project | Indication | Phase 1 | Phase 2a | Phase 2b | Phase 3 | Next steps | Timing |
|-------------|-----------------------|---------|----------|----------|---------|------------------|---------|
| Tesofensine | Obesity | █ | | | █ | Ph 3 results | Q1 2019 |
| Tesomet | Obesity | █ | | █ | █ | Ph 2b initiation | Q3 2019 |
| Tesomet | Prader-Willi Syndrome | █ | | █ | █ | Ph 2a results | Q1 2019 |
| Tesomet | Hypothalamic obesity | █ | | █ | █ | Ph 2a initiation | Q1 2019 |
| NS2359 | Cocaine Addiction | █ | | █ | █ | Ph 2a results | Q4 2018 |

Source: Company data and Nordea

The drug is set to report ph IIa data in adolescents with Prader-Willi syndrome around Q1 2019. Saniona will also initiate a ph IIa study in hypothalamic obesity, with initial data possibly reading out in late 2019/early 2020, as well as a ph IIb trial in obesity.

Tesomet addresses high unmet medical needs in orphan indications

Tesomet could address two high unmet medical need areas: obesity and rare diseases associated with obesity. Tesomet and Tesofensine (the active ingredient in Tesomet), have generated compelling ph IIb data in obesity and ph IIa data in adult patients with PWS across clinically relevant endpoints, showing that Tesomet has the potential to significantly reduce both body weight and – importantly – the extreme and insatiable appetite in patients (hyperphagia).

Tesomet would present a novel drug launched in a market where no medication has proven effective in regulating hyperphagia in patients with PWS and hypothalamic obesity. There remains a high unmet medical need, as this is arguably the toughest challenge in treating patients with PWS and hypothalamic obesity.

Although prevalence estimates differ among studies, it is estimated that PWS afflicts 15,000-20,000 patients in the US and EU combined, while there are about 7,500-10,000 patients with hypothalamic obesity. Although this may not seem appealing from a commercial perspective, the high unmet medical needs in rare diseases have increased regulatory focus worldwide, with both the FDA and EMA having implemented several financial incentives to invest in drug development for rare diseases. These include market exclusivity for seven to ten years, premium pricing, and the Priority Review Voucher Program, among others.

The orphan drug space allows Saniona to fast track through clinical studies to regulatory filings at a low investment, with potential for orphan drug designation, ensuring premium pricing and market exclusivity.

Tesomet: the biggest upside, the biggest risk

We view Tesomet as a major growth, earnings and valuation driver for Saniona in the coming years. While Tesomet represents the largest upside to the case, it is also by far the largest risk should it fail in clinical trials or fail to gain approval from regulators.

We provide our Tesomet forecasts below, split by indication. On a risk-adjusted basis, we forecast that the drug will generate up to SEK ~700m in revenue for Saniona. The main driver is its sales potential in orphan disorders.

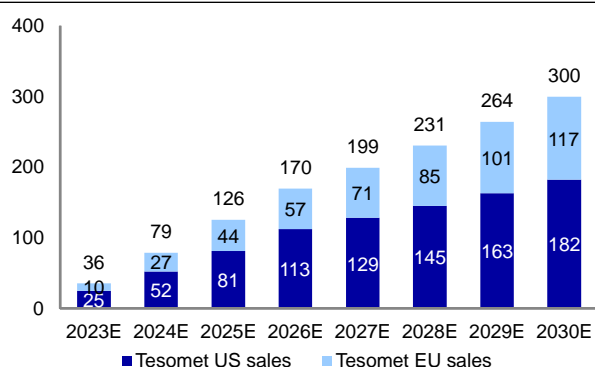
TESOMET: FORECAST SUMMARY (RISK-ADJUSTED REVENUE)

| SEKm | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E | 2036E | 2037E |
|-----------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Prader-Willi (15% risk-adj) | 47 | 104 | 166 | 224 | 263 | 305 | 349 | 395 | 445 | 461 | 477 | 240 | 121 | 83 | 44 |
| - Growth (y/y) | N.a. | 122% | 59% | 35% | 17% | 16% | 14% | 13% | 13% | 4% | 4% | -50% | -50% | -32% | -47% |
| Hypothalamic obesity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Growth (y/y) | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. | N.a. |
| Total orphan disorders | 47 | 104 | 166 | 224 | 263 | 305 | 349 | 395 | 445 | 461 | 477 | 240 | 121 | 83 | 44 |
| - Growth (y/y) | N.a. | 122% | 59% | 35% | 17% | 16% | 14% | 13% | 13% | 4% | 4% | -50% | -50% | -32% | -47% |
| Obesity (40% risk-adj) | 24 | 50 | 79 | 110 | 145 | 182 | 191 | 200 | 210 | 220 | 231 | 157 | 80 | 73 | 66 |
| - Growth (y/y) | N.a. | 110% | 57% | 40% | 31% | 26% | 5% | 5% | 5% | 5% | 5% | -32% | -49% | -8% | -9% |
| Total Tesomet | 71 | 155 | 245 | 334 | 408 | 487 | 540 | 596 | 655 | 681 | 709 | 397 | 201 | 156 | 110 |
| - Growth (y/y) | N.a. | 118% | 58% | 37% | 22% | 19% | 11% | 10% | 10% | 4% | 4% | -44% | -49% | -22% | -29% |
| Share of total sales | 39% | 51% | 57% | 68% | 76% | 84% | 89% | 90% | 92% | 93% | 94% | 91% | 87% | 87% | 88% |
| Share of total sales growth | 68% | 70% | 69% | 149% | 172% | 168% | 204% | 112% | 111% | 132% | 132% | 98% | 96% | 86% | 85% |

Source: Nordea estimates

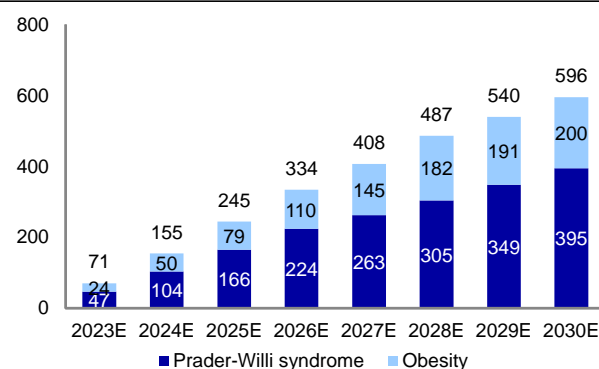
At present, we do not include explicit forecasts for hypothalamic obesity in our valuation; this remains potential upside to our valuation.

TESOMET: SALES FORECASTS IN PWS, USDm



Source: Nordea estimates

TESOMET: RISK-ADJUSTED SALES FORECASTS, SEKm

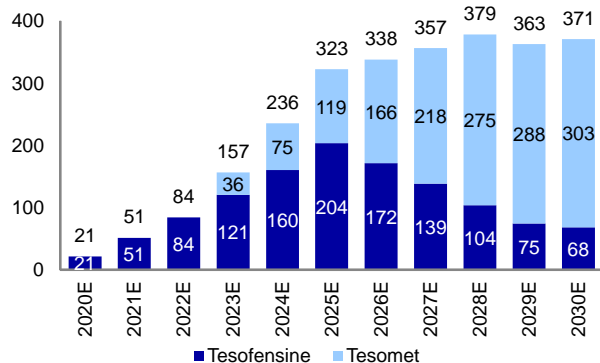


Source: Nordea estimates

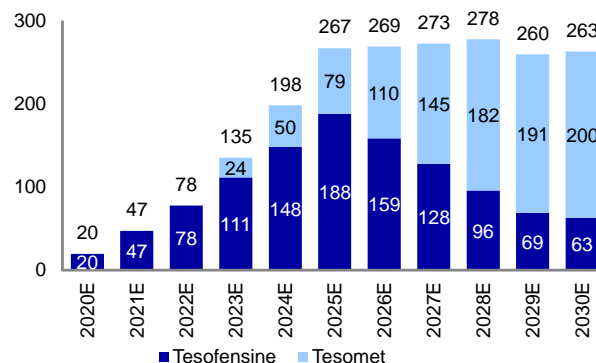
Tesofensine and Tesomet to address the obesity epidemic in RoW markets

We believe the commercial opportunity presented by obesity holds the potential to be much larger than PWS and hypothalamic obesity. Obesity afflicts ~600-700 million people worldwide, including some 24 million adults in Mexico, but the market, though large in absolute patient numbers, is still in development phase commercially.

Despite the potential for a long-term ballooning market for effective anti-obesity drugs, we solely model USD ~400m in combined peak sales for Tesofensine and Tesomet in obesity in Mexico, Argentina and other relevant non-US and non-EU markets.

SANIONA'S COMBINED OBESITY SALES, USDm

Source: Nordea estimates

SANIONA'S COMBINED OBESITY ROYALTIES, SEKm

Source: Nordea estimates

We believe Tesofensine and Tesomet could be favourably positioned to address the high unmet medical need in obesity treatment in these markets, as they present patients with a superior weight-loss alternative versus currently marketed drugs in Mexico, an area dominated by old generic compounds with questionable efficacy and safety profiles.

While Saniona intends to develop and commercialise treatments for rare diseases in orphan drug indications on its own, its strategy in large global diseases, such as obesity and type II diabetes, is to engage in partnerships with selected pharmaceutical companies to develop and commercialise its products. This provides Saniona with royalty income on product sales commercialised by partners.

Early pipeline to generate positive news flow, deals and upside

Saniona's early stage (ph I and pre-clinical) pipeline projects are developed in-house using its technology platform. The company is focused on developing Tesomet in orphan diseases, while it finances most other lead and preclinical assets through partnerships or research grants – a key strategy that ensures a low cash burn rate.

SANIONA'S EARLY-STAGE PIPELINE

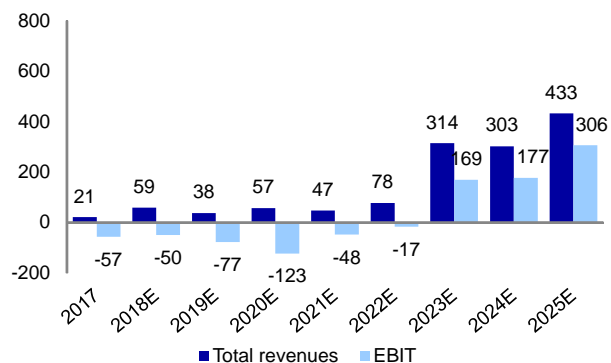
| Project | Indication | Pre-clinical Research | Pre-clinical Development | Phase 1 | Rights | Next steps |
|--------------|------------------------------|-----------------------|--------------------------|------------|----------------------|---------------------|
| CAD-1883 | Ataxia and essential tremors | ██████████ | ██████████ | ██████████ | Cadent Therapeutics | Finish ph 1 |
| SAN711 | Neuropathic pain and itching | ██████████ | ██████████ | | Saniona | Move into ph 1 |
| BI program | Schizophrenia | ██████████ | ██████████ | | Boehringer Ingelheim | Move into ph 1 |
| IK program | Inflammatory bowel disease | ██████████ | ██████████ | | Saniona | Candidate selection |
| Kv7 | Pain, epilepsy and UI | ██████████ | ██████████ | | Saniona | Lead optimisation |
| Nicotinic a6 | Parkinson's disease | ██████████ | | | Saniona | Lead optimisation |

Source: Company data and Nordea

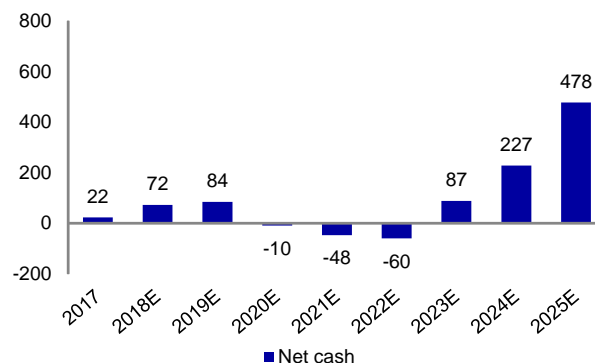
We do not attach any value to Saniona's early-stage pipeline in our valuation, but it offers valuation optionality and crystallises value as projects develop to the clinical stage or when entering potential partnerships deals, thus securing long-term growth and positive news flow.

Funded until late 2020 – beyond important key pipeline catalysts

We expect funding to be sufficient to fund operations and cash burn until late 2020, thanks to net cash, partnership agreements and a convertible notes funding agreement. By that time, numerous late-stage clinical catalysts should provide potential opportunities to crystallise value, including ph III top-line data on Tesofensine in obesity and ph II readouts for Tesomet in PWS, hypothalamic obesity and obesity.

SANIONA: REVENUE AND EBIT FORECASTS, SEKm

Source: Company data and Nordea estimates

SANIONA: NET CASH FORECASTS, SEKm

Source: Company data and Nordea estimates

Our model assumes that Saniona turns profitable and cash flow positive in 2023 thanks to Tesomet sales starting to kick in.

SANIONA: REVENUE AND P&L OVERVIEW

| SEKm | 2017 | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|------------------------------------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total revenues | 21 | 59 | 38 | 57 | 47 | 78 | 314 | 303 | 433 | 493 | 536 | 583 | 609 | 659 |
| Growth | N.a. | 187% | -37% | 52% | -17% | 64% | 303% | -4% | 43% | 14% | 9% | 9% | 4% | 8% |
| Product sales and royalties | 0 | 0 | 0 | 20 | 47 | 78 | 182 | 303 | 433 | 493 | 536 | 583 | 609 | 659 |
| Tesofensine, obesity | 0 | 0 | 0 | 20 | 47 | 78 | 111 | 148 | 188 | 159 | 128 | 96 | 69 | 63 |
| Tesomet, Prader-Willi syndrome | 0 | 0 | 0 | 0 | 0 | 0 | 47 | 104 | 166 | 224 | 263 | 305 | 349 | 395 |
| Tesomet, Hypothalamic obesity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tesomet, obesity | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 50 | 79 | 110 | 145 | 182 | 191 | 200 |
| NS2359, CNS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other (milestones/PRV) | 21 | 59 | 38 | 38 | 0 | 0 | 132 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross profit | 21 | 59 | 38 | 57 | 47 | 78 | 314 | 302 | 431 | 491 | 533 | 580 | 605 | 655 |
| Gross margin | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 99% | 99% | 99% |
| R&D to revenue | 207% | 125% | 213% | 244% | 105% | 64% | 16% | 17% | 12% | 10% | 9% | 9% | 8% | 8% |
| In SEK | -43 | -74 | -80 | -140 | -50 | -50 | -50 | -50 | -50 | -50 | -50 | -50 | -50 | -50 |
| S&D to revenue | 0% | 0% | 0% | 0% | 0% | 0% | 16% | 10% | 7% | 6% | 6% | 5% | 5% | 5% |
| In SEK | 0 | 0 | 0 | 0 | 0 | 0 | -50 | -30 | -30 | -30 | -30 | -30 | -30 | -30 |
| Admin & other costs to revenue | 169% | 59% | 93% | 70% | 95% | 58% | 14% | 15% | 10% | 9% | 8% | 8% | 7% | 7% |
| In SEK | -35 | -35 | -35 | -40 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 |
| EBIT | -57 | -50 | -77 | -123 | -48 | -17 | 169 | 177 | 306 | 366 | 408 | 455 | 480 | 530 |
| EBIT margin | -276% | -84% | -206% | -214% | -100% | -22% | 54% | 58% | 71% | 74% | 76% | 78% | 79% | 80% |
| PTP | -56 | -49 | -77 | -123 | -48 | -17 | 169 | 177 | 306 | 366 | 408 | 455 | 480 | 530 |
| Net profit | -49 | -38 | -60 | -96 | -37 | -13 | 132 | 138 | 239 | 285 | 318 | 355 | 375 | 413 |
| Free cash flow | -58 | -22 | -60 | -94 | -38 | -13 | 148 | 140 | 251 | 293 | 325 | 362 | 377 | 418 |
| Net cash | 22 | 72 | 84 | -10 | -48 | -60 | 87 | 227 | 478 | 770 | 1,095 | 1,457 | 1,835 | 2,253 |

Source: Company data and Nordea estimates

Although it would need to establish sales and distribution channels to market Tesomet in orphan diseases on its own, the company intends to remain a highly-focused R&D engine. We consequently assume that it will prioritise driving drugs through clinical development and towards the market over near-term profitability. We argue that this strategy seems prudent and note that success with the early-stage pipeline and subsequent advancement into ph II clinical studies will drive value for the company, as will pipeline progress with Tesomet in PWS, hypothalamic obesity and obesity.

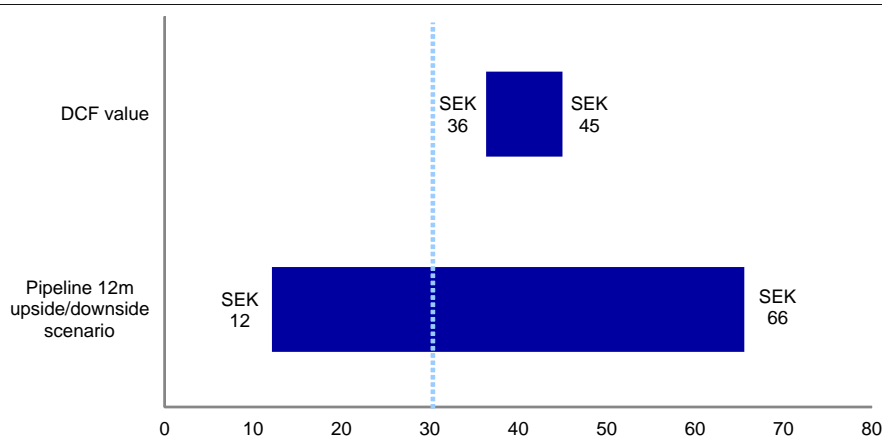
Valuation

We conduct a DCF valuation to capture the underlying fundamental equity value for Saniona fully. We favour a bottom-up net present value (NPV) model comprising probability-adjusted NPVs for each key pipeline project, summarised in a sum-of-the-parts (SOTP) valuation. Based on our underlying valuation assumptions, estimates and pipeline scenarios for key events occurring over the next 12 months, we value Saniona at SEK 36-45 per share.

We value Saniona at SEK 36-45 per share

We value Saniona based on a discounted cash flow (DCF) approach, as we do with all other pharma and biotech companies in our coverage universe. Based on our underlying valuation assumptions, estimates and pipeline scenarios – detailed in the following sections – we value Saniona at SEK 36-45 per share, taking into account a WACC between 12.5% and 14.5% and downside and upside scenarios based on events that could drive the share over the coming 12 months.

VALUE PER SHARE, SEK



Source: Nordea estimates

SOTP valuation summary

Clinical achievements could have a significant impact on valuation in either direction

Our valuation model comprises probability-adjusted NPVs involving a DCF analysis to value each pipeline project individually. We adjust revenue and cash flow for the product candidates to reflect the probability we ascribe to each successfully reaching the commercial phase. This implies that clinical achievements could have a significant impact on valuation in either a positive or a negative direction, depending on the outcome. The model extends 20 years (2018E-37E) to properly capture the full NPV value for pipeline projects, while also giving the company full credit for patents, which may extend well into the 2030s for some projects. We show the components of our base case in the table below.

SANIONA SOTP VALUATION – BASE CASE

| Project | Indication | Peak sales (USDm) | Potential launch | NPV (SEKm) | Prob. | Adj. NPV (SEKm) | Adj. NPV per share | Adj. NPV share (%) |
|--|-----------------------|-------------------|------------------|--------------|-------|-----------------|--------------------|--------------------|
| Tesofensine | Obesity | 204 | 2020 | 616 | 60% | 370 | 16 | 42% |
| Tesomet | Obesity | 350 | 2023 | 846 | 40% | 338 | 15 | 38% |
| Tesomet | Prader-Willi syndrome | 362 | 2023 | 3,617 | 15% | 543 | 24 | 61% |
| Priority Review Voucher | Prader-Willi syndrome | N.a. | 2023 | 348 | 15% | 52 | 2 | 6% |
| Tesomet | Hypothalamic obesity | 155 | N.a. | 0 | 0% | 0 | 0 | 0% |
| Tesomet | Type 2 diabetes | N.a. | N.a. | 0 | 0% | 0 | 0 | 0% |
| NS2359 | Cocaine addiction | 486 | N.a. | 0 | 0% | 0 | 0 | 0% |
| Pre-clinical programs | | N.a. | N.a. | 0 | 0% | 0 | 0 | 0% |
| Pipeline value | | | | 5,428 | | 1,303 | 58 | 147% |
| Group costs not allocated to individual projects | | | | -436 | 100% | -436 | -19 | -49% |
| Net cash/(debt) | | | | 22 | 100% | 22 | 1 | 3% |
| SOTP valuation | | | | 5,014 | | 889 | 40 | 100% |

Source: Company data and Nordea estimates

With no marketed products, Saniona's cash flow is risky and the company is dependent on external financing

We apply a 13.5% discount rate (WACC) to our DCF. To benchmark this level versus other biotech companies, it is ~2 pp higher than the WACC we use for Zealand Pharma (11.5%) and ~2.8 pp higher than the WACC we use for Bavarian Nordic (10.7%). We believe this seems fair, as we rate Saniona's risk profile as higher, given that it has no marketed products to finance its operations at the current stage as opposed to Bavarian Nordic (stockpiling smallpox vaccines for the US government) and Zealand Pharma (products within type II diabetes). Moreover, Saniona's pipeline is more early-stage than Zealand Pharma's, making Saniona's cash flow both more risky and more dependent on external financing.

The sensitivity table below shows how a higher or lower WACC would impact our DCF value.

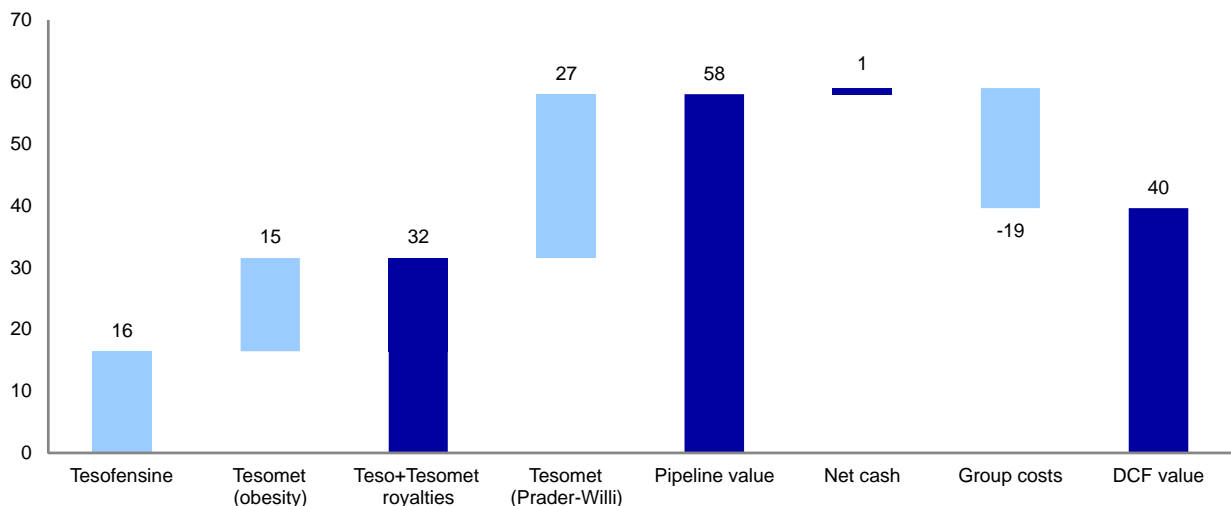
VALUE PER SHARE (SEK): WACC SENSITIVITY

| Base case scenario | WACC | | | | |
|--------------------|-------|-------|-------|-------|-------|
| | 11.5% | 12.5% | 13.5% | 14.5% | 15.5% |
| | 50 | 45 | 40 | 36 | 33 |

Source: Nordea estimates

Our sensitivity analysis suggests that applying a WACC in line with the one we use for Zealand Pharma could take our DCF-based value up to SEK 50 per share. This highlights the potential value creation we envision in Saniona when its pipeline advances through clinical trials, de-risking the company.

SANIONA SOTP VALUATION, SEK PER SHARE



Source: Company data and Nordea estimates

Tesomet's potential in PWS and other orphan diseases is the biggest potential value driver, in our view

Looking at the value split, Tesomet stands out as the key value driver in Saniona. Our analysis suggests that Tesomet in Prader-Willi syndrome (PWS) alone is worth SEK ~27 per share on a risk-adjusted basis (15% approval probability). We view Tesomet's potential in PWS and other orphan diseases as the biggest catalyst in the stock, with the potential to take Saniona's market cap to entirely new levels.

On our estimates, Saniona's market cap would, all else being equal, be boosted to SEK ~5bn or SEK ~230 per share when fully including Tesomet in PWS in our model at 100% risk adjustment. This highlights the considerable upside to the share on positive news flow on Tesomet's development in orphan diseases over the next few years.

We ascribe SEK ~32 per share to combined Tesofensine and Tesomet royalties on obesity sales on a risk-adjusted basis.

Note that we assign no value to Tesomet's potential use in hypothalamic obesity, type II diabetes, fatty liver disease (NASH) or binge eating, which remain free options in our model that could drive additional upside.

Nor do we attach any value to Saniona's early-stage (ph I and pre-clinical) pipeline projects in our model or include projects for which we have yet to see ph II results (NS2359 for cocaine addiction) – in line with our general valuation approach across our pharma and biotech coverage universe. We argue that a pre-clinical pipeline is favoured among investors and should drive positive news flow, which is important in a biotech stock. Nevertheless, it attracts very little value. We believe this is reasonable, as:

- Investors will generally have limited willingness to pay for preclinical early-stage pipeline projects, given the extremely high attrition rates at this stage.
- It is inherently difficult to put a fair value on projects for which no safety and efficacy data has been reported in humans yet.
- Even with potential considerable future revenue and value, the pipeline projects would have to be risk-adjusted so heavily that the NPV effect would end up being only marginally accretive.
- So, it often creates more noise than benefits to argue for a pre-clinical pipeline valuation.

To mitigate the lack of value assigned to these assets, we do not assume increasing R&D spending for these projects in our model either. Normally a significant rise in spend would be modelled once drugs move into the clinical phase and revenue and income starts rising, but we do not assume this in our cost modelling.

Upside and downside scenarios

When addressing upside and downside to our base-case valuation, we look at events that could drive the share in the next 12 months. Three key pipeline programmes are expected to read out over this period: NS2359 ph IIa in cocaine addiction; Tesomet ph IIa in PWS in adolescents; and Tesofensine ph III in obesity. These trials could have a significant impact on valuation in either direction, depending on their outcome, as highlighted below.

UPSIDE POTENTIAL AND DOWNSIDE RISK TO SOTP VALUATION

| Event | | SEK | |
|---|------------------------------|---------------------|------------------------------|
| | | Upside per share | Downside per share |
| Tesofensine ph III trial in obesity | Positive ph III topline data | 9 | Launch postponed three years |
| Tesomet ph IIa trial in PWS (adolescents) | Positive safety and efficacy | 11 | PWS is abandoned |
| NS2359 ph IIa | Positive safety and efficacy | 6 | Fails |
| Potential upside/downside to base case | | 26 | -28 |
| Potential valuation | | 66 | 12 |

Source: Company data and Nordea estimates

News flow in the next 12 to 18 months

The next 12 to 18 months are an important time for Saniona when it will likely report phase III top-line results for Tesofensine in obesity and update the market about the next steps for Tesomet in metabolic diseases and the important orphan indication space. We will also have more insight into NS2359's potential. The triggers start with phase IIa data on NS2359 in Q4 2018, followed by phase IIa data on Tesomet in adolescents with Prader-Willi syndrome around Q1 2019. Going into 2019 and 2020, the important catalysts will be phase III top-line results for Tesofensine in obesity by early 2019 and regulatory approval in Mexico by late 2019.

Several share price triggers throughout 2018 and 2019

Company-related news flow for the coming 12 months suggests an eventful 2018, continuing into 2019 as well.

SANIONA'S UPCOMING NEWS FLOW

| Timeline | Project | Event | Indication | Description |
|-----------|--------------|-----------------------|-----------------------|---|
| Q4 2018 | NS2359 | Ph 2a interim data | Cocaine addiction | Saniona expects to report ph 2a interim results in H2 2018 |
| Q4 2018 | Tesomet | Ph 1 results | - | Results from ph 1 pharmacodynamic study |
| Q1 2018 | Tesomet | Ph 2a results | Prader-Willi syndrome | Results from ph 2a study in adolescents (step 2) |
| Q1 2019 | Tesomet | Ph 2a study initiated | Hypothalamic obesity | Saniona plans to start a ph 2a study "early next year" |
| Q1 2019 | Tesofensine | Ph 3 results | Obesity | Saniona and its partner Medix expect topline data by early 2019 |
| H1 2019 | Tesomet | Ph 2b study initiated | Prader-Willi syndrome | We expect Saniona to start a ph 2b dose-finding study in Prader-Willi |
| H2 2019 | Tesomet | Ph 2b study initiated | Obesity | We expect Saniona to start a ph 2b study in obesity |
| 2018/2019 | Pre-clinical | Deal | - | Potential for partnership deals on pre-clinical programmes |
| 2018/2019 | Pre-clinical | Deal | - | Potential for spin-outs on pre-clinical programmes |
| 2018/2019 | Pre-clinical | Milestones | - | Progress and potential milestones under existing collaborations |
| 2019/2020 | Tesomet | Deal | Metabolic diseases | Potential for partnership deals on Tesomet in metabolic diseases |

Source: Company data and Nordea

We highlight below what we consider to be the key triggers for Saniona in the next 12 months:

- **Q4 2018:** Phase IIa interim results on NS2359 in cocaine addiction
- **Q1 2019:** Phase IIa results on Tesomet in Prader-Willi syndrome (adolescents)
- **Q1 2019:** Phase III top-line results in obesity for Tesofensine
- **2019-20:** Potential partnership deals announced on Tesomet in metabolic diseases, thereby securing further development in pivotal phase III trials as well as commercialisation agreements across sales regions

Over the next six months, we will learn more about NS2359's potential in cocaine addiction and whether the efficacy signals in patients receiving the drug supports continued development for the compound in this indication.

News flow on Tesomet could be a major trigger in 2018 and 2019

A potential big value-enhancing trigger would be promising news flow on Tesomet throughout 2018 and 2019; years that looks set to bring several updates and answers on this pipeline programme.

We are likely to see an update on the next steps for Tesomet in obesity, as well as the highly interesting and important orphan drug space, including phase IIa data in Prader-Willi syndrome in adolescents around Q1 2019. We expect the company to initiate phase II trials in obesity (ph IIb), Prader-Willi syndrome (ph IIb) and hypothalamic obesity (ph IIa) during 2019.

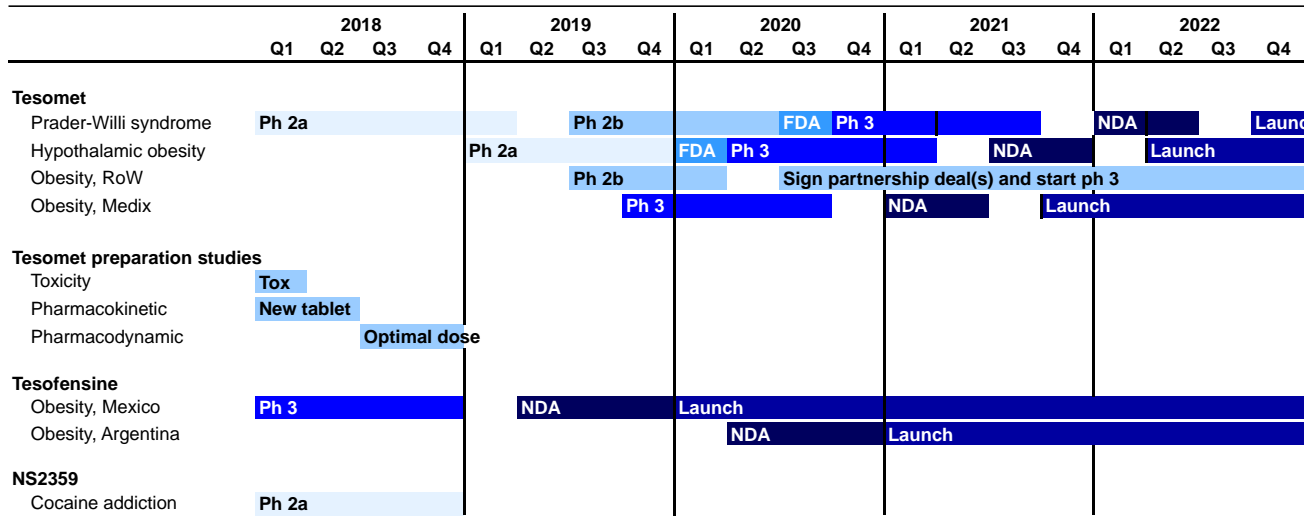
Tesofensine is a key near-term value driver, with phase III top-line results expected by early 2019...

Going into 2019, we highly anticipate the upcoming phase 3 top-line results for Tesofensine, which remains a big trigger in the Saniona case. Saniona's partner, Medix, completed recruitment to the trial in January 2018, and all patients in the study have completed the 24-week treatment period. The last patient is expected to complete the three-month follow-up visit by late October, suggesting that top-line data should be ready by early 2019, perhaps with a read out in late 2018.

... which may provide a positive read-across to Tesomet as well

As the first pipeline programme in Saniona to potentially reach the commercial stage, we view Tesofensine as an important product and value driver for the company, financially and in terms of sentiment and de-risking. Positive ph III results in this trial will, in our view, also provide a positive read-across to Tesomet (fixed-dose combination between Tesofensine and Metoprolol), validating the molecule and supporting its potential in obesity, while, at the same time, sharpening partner interest in the Tesomet programme from pharmaceutical companies.

SANIONA POTENTIAL TIMELINES



Source: Company data and Nordea

The timelines illustrated above are obviously subject to board decisions and financial planning, and may change, depending on trial outcomes and how smoothly the process proves to be for enrolment in clinical trials, discussions with regulators, etc.

Saniona: Revenue and P&L overview

REVENUE AND P&L OVERVIEW

| SEKm | 2017 | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|------------------------------------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total revenues | 21 | 59 | 38 | 57 | 47 | 78 | 314 | 303 | 433 | 493 | 536 | 583 | 609 | 659 |
| Growth | N.a. | 187% | -37% | 52% | -17% | 64% | 303% | -4% | 43% | 14% | 9% | 9% | 4% | 8% |
| Product sales and royalties | 0 | 0 | 0 | 20 | 47 | 78 | 182 | 303 | 433 | 493 | 536 | 583 | 609 | 659 |
| Tesofensine, obesity | 0 | 0 | 0 | 20 | 47 | 78 | 111 | 148 | 188 | 159 | 128 | 96 | 69 | 63 |
| Tesomet, Prader-Willi syndrome | 0 | 0 | 0 | 0 | 0 | 0 | 47 | 104 | 166 | 224 | 263 | 305 | 349 | 395 |
| Tesomet, Hypothalamic obesity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tesomet, obesity | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 50 | 79 | 110 | 145 | 182 | 191 | 200 |
| NS2359, CNS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other (milestones/PRV) | 21 | 59 | 38 | 38 | 0 | 0 | 132 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross profit | 21 | 59 | 38 | 57 | 47 | 78 | 314 | 302 | 431 | 491 | 533 | 580 | 605 | 655 |
| Gross margin | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 99% | 99% | 99% |
| R&D to revenue | 207% | 125% | 213% | 244% | 105% | 64% | 16% | 17% | 12% | 10% | 9% | 9% | 8% | 8% |
| In SEK | -43 | -74 | -80 | -140 | -50 | -50 | -50 | -50 | -50 | -50 | -50 | -50 | -50 | -50 |
| S&D to revenue | 0% | 0% | 0% | 0% | 0% | 0% | 16% | 10% | 7% | 6% | 6% | 5% | 5% | 5% |
| In SEK | 0 | 0 | 0 | 0 | 0 | 0 | -50 | -30 | -30 | -30 | -30 | -30 | -30 | -30 |
| Admin & other costs to revenue | 169% | 59% | 93% | 70% | 95% | 58% | 14% | 15% | 10% | 9% | 8% | 8% | 7% | 7% |
| In SEK | -35 | -35 | -35 | -40 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 |
| EBIT | -57 | -50 | -77 | -123 | -48 | -17 | 169 | 177 | 306 | 366 | 408 | 455 | 480 | 530 |
| EBIT margin | -276% | -84% | -206% | -214% | -100% | -22% | 54% | 58% | 71% | 74% | 76% | 78% | 79% | 80% |
| PTP | -56 | -49 | -77 | -123 | -48 | -17 | 169 | 177 | 306 | 366 | 408 | 455 | 480 | 530 |
| Net profit | -49 | -38 | -60 | -96 | -37 | -13 | 132 | 138 | 239 | 285 | 318 | 355 | 375 | 413 |
| Free cash flow | -58 | -22 | -60 | -94 | -38 | -13 | 148 | 140 | 251 | 293 | 325 | 362 | 377 | 418 |
| Net cash | 22 | 72 | 84 | -10 | -48 | -60 | 87 | 227 | 478 | 770 | 1,095 | 1,457 | 1,835 | 2,253 |

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

| SEKm | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|--------------------------------------|------|------|------|------|-------|--------|--------|--------|--------|--------|-------|
| Net revenue | n.a. | n.a. | n.a. | 13 | 22 | 14 | 75 | 21 | 59 | 38 | 57 |
| Revenue growth | n.a. | n.a. | n.a. | n.a. | 63.0% | -37.2% | 449.7% | -72.4% | 187.1% | -36.7% | 52.4% |
| of which organic | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| of which FX | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| EBITDA | 0 | 0 | 0 | -1 | -7 | -27 | 5 | -57 | -49 | -77 | -123 |
| Depreciation and impairments PPE | 0 | 0 | 0 | 0 | -1 | -1 | 0 | -1 | -1 | 0 | 0 |
| EBITA | 0 | 0 | 0 | -2 | -8 | -28 | 4 | -57 | -50 | -77 | -123 |
| Amortisation and impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | n.a. | n.a. | n.a. | -2 | -8 | -28 | 4 | -57 | -50 | -77 | -123 |
| of which associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Associates excluded from EBIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net financials | 0 | 0 | 0 | 0 | 1 | -1 | 1 | 1 | 1 | 1 | 1 |
| Pre-tax profit | 0 | 0 | 0 | -2 | -8 | -29 | 5 | -56 | -49 | -76 | -122 |
| Reported taxes | 0 | 0 | 0 | 0 | 2 | 6 | -3 | 7 | 11 | 17 | 27 |
| Net profit from continued operations | 0 | 0 | 0 | -1 | -6 | -23 | 2 | -49 | -38 | -59 | -95 |
| Discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Minority interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit to equity | 0 | 0 | 0 | -1 | -6 | -23 | 2 | -49 | -38 | -59 | -95 |
| EPS | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| of which ordinary | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| of which extraordinary | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Profit margin in percent

| | | | | | | | | | | | |
|--------|------|------|------|--------|--------|---------|------|---------|--------|---------|---------|
| EBITDA | n.a. | n.a. | n.a. | -9.1% | -34.5% | -200.4% | 6.1% | -273.7% | -82.7% | -205.9% | -214.2% |
| EBITA | n.a. | n.a. | n.a. | -12.5% | -38.0% | -206.0% | 5.5% | -276.4% | -83.5% | -205.9% | -214.2% |
| EBIT | n.a. | n.a. | n.a. | -12.5% | -38.0% | -206.0% | 5.5% | -276.4% | -83.5% | -205.9% | -214.2% |

Adjusted earnings

| | | | | | | | | | | | |
|--------------|------|------|------|------|------|------|------|------|------|------|------|
| EBITDA (adj) | 0 | 0 | 0 | -1 | -7 | -27 | 5 | -57 | -49 | -77 | -123 |
| EBITA (adj) | 0 | 0 | 0 | -2 | -8 | -28 | 4 | -57 | -50 | -77 | -123 |
| EBIT (adj) | 0 | 0 | 0 | -2 | -8 | -28 | 4 | -57 | -50 | -77 | -123 |
| EPS (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

Adjusted profit margins in percent

| | | | | | | | | | | | |
|--------------|------|------|------|--------|--------|---------|------|---------|--------|---------|---------|
| EBITDA (adj) | n.a. | n.a. | n.a. | -9.1% | -34.5% | -200.4% | 6.1% | -273.7% | -82.7% | -205.9% | -214.2% |
| EBITA (adj) | n.a. | n.a. | n.a. | -12.5% | -38.0% | -206.0% | 5.5% | -276.4% | -83.5% | -205.9% | -214.2% |
| EBIT (adj) | n.a. | n.a. | n.a. | -12.5% | -38.0% | -206.0% | 5.5% | -276.4% | -83.5% | -205.9% | -214.2% |

Performance metrics

| | | | | | | | | | | | |
|-----------------------------|------|------|------|------|------|------|------|--------|--------|---------|---------|
| CAGR last 5 years | | | | | | | | | | | |
| Net revenue | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 34.8% | 11.6% | 33.3% |
| EBITDA | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| EBIT | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.m. | n.m. | n.m. |
| EPS | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| DPS | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| Average last 5 years | | | | | | | | | | | |
| Average EBIT margin | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | -63.1% | -73.0% | -100.9% | -121.1% |
| Average EBITDA margin | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | -61.1% | -71.4% | -99.8% | -120.6% |

VALUATION RATIOS - ADJUSTED EARNINGS

| SEKm | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|-----------------|------|------|------|------|------|------|------|------|-------|-------|-------|
| P/E (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| EV/EBITDA (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.m. | n.m. | n.m. |
| EV/EBITA (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.m. | n.m. | n.m. |
| EV/EBIT (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.m. | n.m. | n.m. |

VALUATION RATIOS - REPORTED EARNINGS

| SEKm | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|-----------------------|------|------|------|------|------|------|------|------|-------|-------|--------|
| P/E | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| EV/Sales | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 11.2 | 19.5 | 14.4 |
| EV/EBITDA | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.m. | n.m. | n.m. |
| EV/EBITA | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.m. | n.m. | n.m. |
| EV/EBIT | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.m. | n.m. | n.m. |
| Dividend yield (ord.) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 0.0% | 0.0% | 0.0% |
| FCF yield | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | -3.0% | -7.3% | -11.6% |
| Payout ratio | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

Source: Company data and Nordea estimates

BALANCE SHEET

| SEKm | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|---------------------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| Intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which R&D | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which other intangibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tangible assets | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Shares associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest bearing assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred tax assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-IB non-current assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-current assets | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 6 | 0 | 0 | 0 |
| Total non-current assets | 0 | 0 | 0 | 2 | 2 | 2 | 3 | 8 | 1 | 1 | 1 |
| Inventory | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts receivable | 0 | 0 | 0 | 1 | 3 | 8 | 14 | 18 | 15 | 9 | 14 |
| Other current assets | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 2 | 1 | 1 |
| Cash and bank | 0 | 0 | 0 | 1 | 10 | 47 | 53 | 22 | 72 | 84 | -10 |
| Total current assets | 0 | 0 | 0 | 2 | 13 | 55 | 68 | 41 | 89 | 95 | 6 |
| Assets held for sale | 0 | 0 | 0 | 0 | 0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Total assets | 0 | 0 | 0 | 4 | 15 | 58 | 71 | 48 | 90 | 96 | 7 |
| Shareholders equity | 0 | 0 | 0 | -3 | 9 | 53 | 54 | 38 | 72 | 84 | -10 |
| Of which preferred stocks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Of which equity part of hybrid debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Equity | 0 | 0 | 0 | -3 | 9 | 53 | 54 | 38 | 72 | 84 | -10 |
| Deferred tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long term interest bearing debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pension provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Convertible debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shareholder debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hybrid debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total non-current liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Short-term provisions | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 |
| Accounts payable | 0 | 0 | 0 | 2 | 2 | 3 | 6 | 5 | 6 | 4 | 6 |
| Other current liabilities | 0 | 0 | 0 | 5 | 4 | 2 | 9 | 6 | 12 | 8 | 11 |
| Short term interest bearing debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total current liabilities | 0 | 0 | 0 | 7 | 7 | 5 | 17 | 11 | 18 | 11 | 17 |
| Liabilities for assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities and equity | 0 | 0 | 0 | 4 | 15 | 58 | 71 | 48 | 90 | 96 | 7 |
| Balance sheet and debt metrics | | | | | | | | | | | |
| Net debt | 0 | 0 | 0 | -1 | -10 | -47 | -53 | -22 | -72 | -84 | 10 |
| Working capital | 0 | 0 | 0 | -6 | -3 | 4 | 0 | 8 | -1 | -1 | -1 |
| Invested capital | 0 | 0 | 0 | -4 | -1 | 6 | 3 | 15 | -1 | 0 | -1 |
| Capital employed | 0 | 0 | 0 | -3 | 9 | 53 | 54 | 38 | 72 | 84 | -10 |
| ROE | n.m. | n.m. | n.m. | 86.9% | -201.0% | -74.4% | 4.1% | -107.1% | -69.3% | -76.1% | -256.1% |
| ROIC | n.m. | n.m. | n.m. | 72.9% | 288.8% | -870.7% | 76.0% | -498.2% | -524.2% | 0.584.2% | 5.714.1% |
| ROCE | n.a. | n.a. | n.a. | 57.2% | -94.1% | -53.0% | 7.7% | -152.0% | -69.2% | -91.8% | 1,183.4% |
| Net debt/EBITDA | n.m. | n.m. | n.m. | 0.8 | 1.3 | 1.7 | -11.7 | 0.4 | 1.5 | 1.1 | -0.1 |
| Interest coverage | n.a. | n.a. | n.a. | -118.5 | -197.4 | -23.8 | 22.0 | -148.7 | n.m. | n.m. | n.m. |
| Equity ratio | n.m. | n.m. | n.m. | -73.0% | 56.8% | 91.8% | 76.7% | 77.8% | 80.1% | 88.2% | -152.2% |
| Net gearing | n.m. | n.m. | n.m. | 31.5% | -110.4% | -88.8% | -98.2% | -59.3% | -100.8% | -100.0% | -95.1% |

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

| SEKm | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|--|----------|----------|----------|-----------|-----------|------------|----------|------------|------------|------------|-------------|
| EBITDA (adj) for associates | 0 | 0 | 0 | -1 | -7 | -27 | 5 | -57 | -49 | -77 | -123 |
| Paid taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 | 17 | 27 |
| Net financials | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 |
| Change in provisions | 0 | 0 | 0 | 0 | 0 | 0 | 2 | -2 | 0 | 0 | 0 |
| Change in other LT non-IB | 0 | 0 | 0 | -1 | 0 | -1 | 0 | -5 | 6 | 0 | 0 |
| Cash flow to/from associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends paid to minorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other adj to reconcile to cash flow | 0 | 0 | 0 | -5 | 0 | 1 | -2 | 7 | 0 | 0 | 0 |
| Funds from operations (FFO) | 0 | 0 | 0 | -7 | -7 | -27 | 5 | -56 | -31 | -59 | -95 |
| Change in NWC | 0 | 0 | 0 | 3 | 0 | -2 | 3 | -1 | 9 | -1 | 0 |
| Cash flow from operations (CFO) | 0 | 0 | 0 | -4 | -8 | -29 | 8 | -57 | -22 | -60 | -94 |
| Capital expenditure | 0 | 0 | 0 | -2 | -1 | 0 | -1 | -1 | 0 | 0 | 0 |
| Free cash flow before A&D | 0 | 0 | 0 | -5 | -9 | -29 | 7 | -58 | -22 | -60 | -94 |
| Proceeds from sale of assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Free cash flow | 0 | 0 | 0 | -5 | -9 | -29 | 7 | -58 | -22 | -60 | -94 |
| Dividends paid | 0 | 0 | 0 | n.a. | n.a. | n.a. | 0 | 0 | 0 | 0 | 0 |
| Equity issues / buybacks | 0 | 0 | 0 | 0 | 18 | 67 | 0 | 33 | 72 | 72 | 0 |
| Net change in debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financing adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-cash adjustments | 0 | 0 | 0 | 6 | 0 | 0 | 0 | -6 | 0 | 0 | 0 |
| Change in cash | 0 | 0 | 0 | 1 | 9 | 37 | 6 | -31 | 50 | 12 | -94 |

Cash flow metrics

| | | | | | | | | | | | |
|-------------|------|------|------|--------|--------|-------|--------|--------|------|------|------|
| Capex/D&A | n.m. | n.m. | n.m. | 361.9% | 105.9% | 31.7% | 212.5% | 126.2% | 0.0% | n.m. | n.m. |
| Capex/Sales | n.a. | n.a. | n.a. | -12.2% | -3.7% | -1.8% | -1.1% | -3.4% | 0.0% | 0.0% | 0.0% |

Key information

| | | | | | | | | | | | |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Share price year end (/current) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 30 | 30 | 30 |
| Market cap. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 738 | 816 | 816 |
| Enterprise value | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 665 | 731 | 826 |
| Diluted no. of shares, year-end (m) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 21.5 | 24.4 | 27.0 | 27.0 |

Source: Company data and Nordea estimates

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