INTERIM REPORT FOR SANIONA AB (PUBL)
556962-5345
January - September 2018
Published November 14, 2018

Countdown on results for five clinical programs

Financial highlights

Jan - Sep 2018 (Jan - Sep 2017)

- Net revenues were SEK 52.7 M (16.1 M)
- EBIT was SEK -19.9 M (-40.6 M)
- Net profit/loss was SEK -17.7 M (-34.4)
- Earnings per share were SEK -0.80 (-1.62)
- Diluted earnings per share were SEK -0.80 (-1.62)

Q3 2018 (Q3 2017)

- Net revenues were SEK 44.6 M (4.2 M)
- EBIT was SEK 19.9 M (-15.1 M)
- Net profit/loss was SEK 15.3 M (-13.4)
- Earnings per share were SEK 0.68 (-0.61)
- Diluted earnings per share were SEK 0.68 (-0.61)

Business highlights in Q3 2018

- Saniona received a research milestone payment of € 4 million (SEK 41.8 million) as a result of the candidate selection by Boehringer Ingelheim. According to the agreement, Saniona may receive up to €90 million in milestone payments. In addition, Saniona is entitled to tiered royalties on net sales of any potential products commercialized by Boehringer Ingelheim as a result of this collaboration. As of today, Saniona have received a total of €9 million under the collaboration.

Significant events after the reporting period

- Saniona completed recruitment of adolescents for the second part of its Phase 2a study of Tesomet in patients with Prader Willi Syndrome (PWS). The trial is expected to be completed in early 2019 with topline results available in Q1 2019.
- Saniona's spin-out company Scandion Oncology was listed on the Spotlight Stock Market on November 8, 2018 and received total proceeds of SEK 26 million before issuance costs through an Initial Public Offering.
- Saniona has entered into a 1-year option agreement with Initiator Pharma A/S, where Initiator Pharma obtains the right to acquire the AN788 program under certain conditions.
- Saniona's partner Medix has initiated the data-lock procedure in the Phase 3 study for tesofensine in obesity after the last patient has completed the 3-month follow-up visit. Top-line results are expected to be available in December 2018.

Comments from the CEO

"We have made significant progress on our preclinical and clinical programs during the third quarter. We received a significant milestone payment from Boehringer Ingelheim and are now looking forward to report results and topline date from five ongoing clinical studies within the next few months including a pivotal Phase 3 study and two Phase 2 studies," says Jørgen Drejer, CEO of Saniona.

For more information, please contact

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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 four programs in clinical development. Saniona intends to develop and commercialize treatments for orphan indications such as Prader-Willi syndrome and hypothalamic obesity on its own. The research is focused on ion channels and the company has a broad portfolio of research programs. Saniona has partnerships with Boehringer Ingelheim GmbH, Productos Medix, S.A de S.V and Cadent Therapeutics. Saniona is based in Copenhagen, Denmark, and the company's shares are listed at Nasdaq Stockholm Small Cap (OMX: SANION). Read more at www.saniona.com.

Letter from the CEO

“As we approach the end of another eventful year, we remain committed to our mission to develop first-in-class therapeutics that will change the way we think about, approach, and regulate CNS, autoimmune and metabolic diseases. Saniona holds the potential to treat some of these burdensome health issues and we remain focussed on advancing our clinical programs with several significant milestones on the horizon.

First and foremost, we are very pleased to have completed enrolment for the second part of our Phase 2a study of Tesomet in adolescents with Prader-Willi Syndrome (PWS), which we believe holds the potential to transform the lives of patients. PWS remains a debilitating disease characterized by an excessive and uncontrolled appetite and craving for food leaving patients and their families with a significant burden. We have already obtained proof of concept in the first part of our Phase 2a study in adult patients with PWS and key opinion leaders strongly support further development in this indication. The second part of the study will examine change in bodyweight and hyperphagia in adolescent patients over 12 weeks of treatment at a lower dose of Tesomet. With the trial now underway, we expect to announce top-line results in the first quarter of 2019. In parallel with our study in PWS, we are also conducting a Phase 1 study with Tesomet to examine the optimal dose relationship between tesofensine and metoprolol. Furthermore, we are moving forward in hypothalamic obesity where we plan to initiate a Phase 2a study for Tesomet within the coming months.

We are also looking forward to achieving significant milestones in our partnered clinical programs. In collaboration with The University of Pennsylvania in the U.S., we look forward to receiving the interim results from our Phase 2 study of NS2359 in cocaine addiction in the fourth quarter 2018. Cocaine dependence is a significant public health burden with nearly 1.1 million people in the U.S. alone. Preclinical and clinical data indicate that NS2359 may reduce cocaine withdrawal symptoms, cravings, and cocaine induced euphoria in patients, potentially reducing the chance of relapse.

Additionally, our partner Medix has informed us that the last patient has completed the 3-month follow-up visit in our Phase 3 program for tesofensine in Mexico, where more than 7 out of 10 Mexican citizens are categorized as overweight or obese. With this final data point complete, Medix has now begun the data-lock procedure and we expect to be able to report top-line data in the fourth quarter 2018. The success of this trial could potentially lead to a submission of an application dossier in 2019 with a potential market approval in Mexico and Argentina that will further validate our combination product Tesomet.

Turning to our pre-clinical pipeline, we announced in July that we received an important milestone payment of 41.8 MSEK from Boehringer Ingelheim based on the selection of a new drug development candidate in our schizophrenia program. Taking this milestone payment into account we have now received more capital through grants and income from our partnerships than through equity financing since establishing the company in 2012. Non-dilutive sources of capital from our research collaborations remain an important cornerstone of our strategy and allows us to advance our very robust pre-clinical and clinical pipeline. The selection of a drug development candidate by Boehringer Ingelheim is only one among several important milestones in our early stage pipeline; Cadent Therapeutics initiated Phase 1 clinical studies for our ataxia and tremor program earlier this year and for SAN711 we are approaching the clinic in neuropathic pain and itching.

Within the next few months we look forward to report results and topline date from five ongoing clinical studies run internally or by our partners. Based on these important upcoming milestones, we should be well positioned to drive significant value across our clinical stage pipeline. And as we move our pre-clinical programs forward, we continue to seek out mutually beneficial partnerships that provide us with non-dilutive capital. We thank our professional team and appreciate the support of all our partners and shareholders as we continue to develop novel therapeutics to treat cravings, obsessions and addictions.”

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 preclinical and clinical stage. The research is focused on ion channels, which govern essential functions of human cells. Saniona has ongoing collaboration agreements with Boehringer Ingelheim GmbH, Productos Medix, S.A de S.V and Cadent Therapeutics Inc.

Vision and objective

Saniona will be a leading biotech company focussing on treatments for CNS, autoimmune and metabolic diseases as well as the treatment of pain. Saniona's overall objective is to develop new treatments both in-house and together with partners that address significant unmet needs. Strategically the company intends to develop and commercialize treatments for orphan indications on its own and engage in partnerships with larger entities for development programs aiming to treat large indications such as obesity.

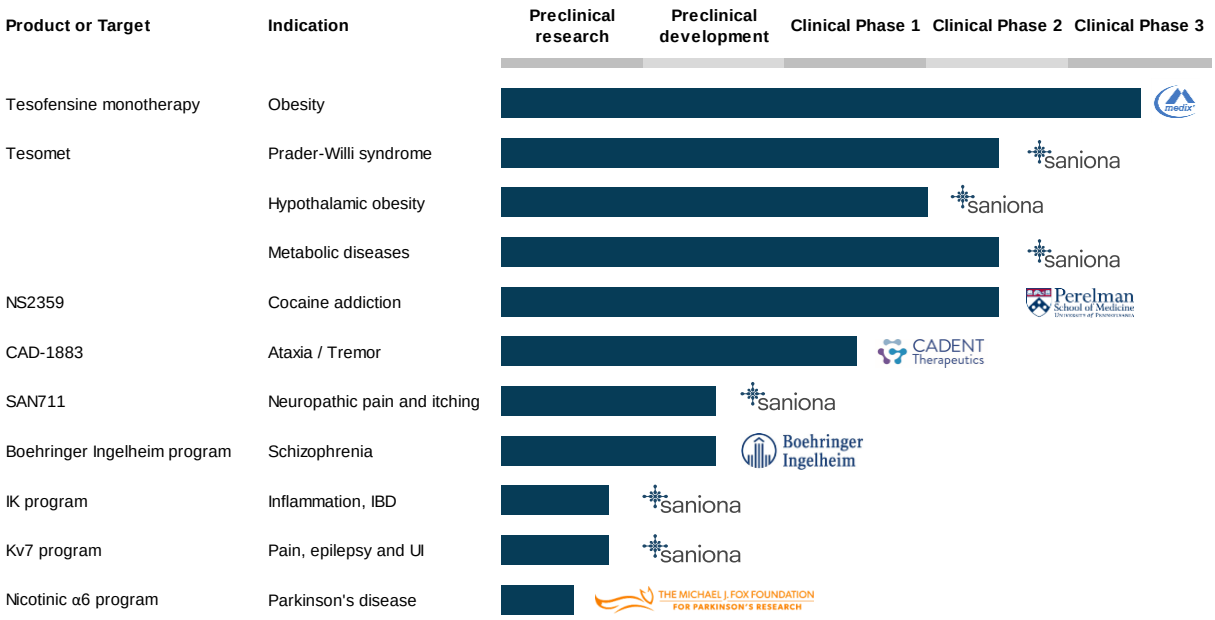
Strategy and business model

Saniona is developing products internally with the aim of attaining market approval itself in the U.S. and Europe for certain orphan indications where the required investments are limited, and the commercial opportunities appear to be very large. Saniona is currently developing Tesomet for Prader Willi syndrome and hypothalamic obesity in the U.S. and Europe. Patients with these rare eating disorders suffer from extreme hyperphagia which can lead to severe obesity. There is a major medical need for a product, which can provide weight loss and reduce hyperphagia in these patients. The market for such a product may be significant and have blockbuster potential despite a relative low number of patients. Furthermore, the required investments for developing Tesomet in these indications are comparatively small and the required commercial infrastructure for servicing these patients in the U.S. and Europe is manageable.

In addition to this, Saniona is developing products internally or in collaboration with pharmaceutical companies. The structure of Saniona's collaboration agreements depend on the product, the indication, the investment and the risk as well as the interest and capabilities of Saniona's partners. In general, Saniona grants its partners commercial license to a limited territory or on world-wide basis, when it decides to develop a product in collaboration with pharmaceutical company. In exchange Saniona's partners typically finance future research and development activities and pay Saniona upfront payments, research funding, milestone payments and royalties on product sales when the product candidates are commercialized.

Project portfolio

Saniona has four programs in clinical development including three late stage clinical programs focused on the development of treatments to effectively regulate obsessions, cravings and addictions related to food and drugs. In total, the company has a portfolio of nine active drug development programs in clinical and pre-clinical stages, of which five are financed through partnerships or grants. Saniona's pipeline is set out below.



Market

Saniona's ongoing programs address significant market segments:

Target/Program	Indication	Market estimate
Tesomet	Prader-Willi syndrome	- Orphan indication > USD 1 billion[1]
	Hypothalamic obesity	- Orphan indication > USD 1 billion[2]
Tesofensine	Obesity	- USD 250 million in Mexico[3]
NS2359	Cocaine addiction	> USD 1.8 billion[4]
SAN711	Neuropathic pain	> USD 6 billion[5]
Boehringer Ingelheim program	Schizophrenia	> USD 4.8 billion[6]
IK program	Inflammatory bowel disease	> USD 5.9 billion[7]
Nic-α6 program	Parkinson's disease	> USD 2.8 billion[8]
Kv7 program	Pain, epilepsy, Urinary Incontinence	
Cadent Therapeutic program	Ataxia	- Orphan indication

Apart from orphan indications such as Prader-Willi syndrome and hypothalamic obesity, where Saniona may develop and commercialise Tesomet on its own, 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.

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 business opportunities for Saniona.

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1 *Financial analysts estimate that there is 20 - 30,000 PWS patients in the US and Europe collectively and that the obtainable average price level is USD 60,000 – 150,000 per patient per year, Nordea Markets, Redeye, Jarl Securities, Leerink, JMP Securities, Canaccord Genuity, SunTrust Robinson Humphrey*

2 *Financial analysts estimate that the market for hypothalamic obesity is 30-50% of the market for PWS due to fewer patients, see above*

3 *Estimates of drugs for obesity in Mexico by Medix 2016*

4 *Estimates by TRC*

5 *Major markets 2012, Decision Resources*

6 *Schizophrenia Forecast 7 major market, Datamonitor, 2014*

7 *Major markets 2014, Datamonitor*

8 *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

Financial key figures

		2018-07-01 2018-09-30	2017-07-01 2017-09-30	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2017-01-01 2017-12-31
Net sales, KSEK		44,559	4,186	52,668	16,072	20,692
Total operating expenses, KSEK		-24,638	-19,329	-72,611	-56,663	-77,881
Operating profit/loss, KSEK	*	19,921	-15,143	-19,943	-40,591	-57,189
Operating margin, %	*	45%	-362%	-38%	-253%	-276%
Cash flow from operating activities		19,450	-19,229	-15,011	-39,856	-57,339
Cash flow per share, SEK	*	0.89	-1.11	0.70	-0.60	-1.41
Earnings per share, SEK		0.68	-0.61	-0.80	-1.62	-2.30
Diluted earnings per share, SEK		0.68	-0.61	-0.80	-1.62	-2.30
Average shares outstanding		22,459,010	21,762,520	22,099,091	21,300,307	21,416,810
Diluted average shares outstanding		22,487,555	21,805,968	22,124,497	21,332,378	21,452,001
Shares outstanding at the end of the period		22,834,675	21,762,520	22,834,675	21,762,520	21,762,520
Average number of employees, #		23.4	24.7	23.5	23.9	24.1
		2018-09-30		2017-09-30		2017-12-31
Cash and cash equivalent, KSEK		37,292		40,869		22,313
Equity, KSEK		50,061		53,335		37,628
Total equity and liabilities, KSEK		61,588		65,542		48,375
Liquidity ratio, %	*	457%		412%		377%
Equity ratio, %	*	81%		81%		78%
Equity per share, SEK	*	2.19		2.45		1.73

* = Alternative performance measures

Definitions and relevance of alternative performance measures
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 with an "*" in the table above. 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 definition and relevance of key figures not calculated according to IFRS are set-out in the table below.

Key figure	Definition	Relevance
Operating profit/loss	Profit/loss before financial items and tax.	The operating profit/loss is used to measure the profit/loss generated by the operating activities.
Operating margin	Operating profit/loss as a proportion of revenue.	The operating margin shows the proportion of revenue that remains as profit before financial items and taxes, and has been included to allow investors to get an impression of the company's profitability.
Liquidity ratio	Current assets divided by current liabilities.	Liquidity ratio has been included to show the Company's short-term payment ability.
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.
Average number of employees	Average number of employees employed during the period.	This key figure may explain part of the development in personnel expenses and has been included to provide an impression of how the number of employees at the company has developed.
Equity per share	Equity divided by the number of outstanding shares at the end of the period.	Equity per share has been included to provide investors with information about the equity reported in the balance sheet as represented by one share.
Cash flow per share	Cash flow for the period divided by number of average shares outstanding for the period.	Cash flow per share has been included to provide investors with information about the cash flow represented by one share during the period.

Derivation of alternative performance measurers

	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2017-01-01 2017-12-31
Operation profit/loss, KSEK	19,921	-15,143	-19,943	-40,591	-57,189
Net sales, KSEK	44,559	4,186	52,668	16,072	20,692
Operating margin, %	**45%**	**-362%**	**-38%**	**-253%**	**-276%**
Cash flow for the period, KSEK	20,056	-24,197	15,468	-12,866	-30,134
Average shares outstanding	22,459,010	21,762,520	22,099,091	21,300,307	21,416,810
Cash flow per share, SEK	**0.89**	**-1.11**	**0.70**	**-0.60**	**-1.41**

	2018-09-30	2017-09-30	2017-12-31
Current assets, KSEK	52,627	50,324	40,569
Current liabilities, KSEK	11,528	12,207	10,747
Liquidity ratio, %	**457%**	**412%**	**377%**
Equity, KSEK	50,061	53,335	37,628
Total equity and liabilities, KSEK	61,588	65,542	48,375
Equity ratio, %	**81%**	**81%**	**78%**
Equity, KSEK	50,061	53,335	37,628
Shares outstanding at the end of the period	22,834,675	21,762,520	21,762,520
Equity per share, SEK	**2.19**	**2.45**	**1.73**

Revenues and result of the operation

Revenue
Total revenues during the third quarter of 2018 was SEK 44.6 million (4.2). In 2018, revenues comprised a research milestone payment of SEK 41.8 million (€ 4 million) as a result of the candidate selection by Boehringer Ingelheim and research funding totalling SEK 2.8 million under the agreements with Boehringer Ingelheim and BenevolentAI. In 2017, revenues comprised research funding under the agreements with Boehringer Ingelheim and BenevolentAI.

Saniona generated total revenues of SEK 52.7 million (16.1) for the first 9 month of 2018. In 2018, revenues comprised a research milestone payment of SEK 41.8 million (€ 4 million) as a result of the candidate selection by Boehringer Ingelheim and research funding totalling SEK 10.9 million under the agreements with Boehringer Ingelheim and BenevolentAI. In 2017, revenues comprised research funding under the agreements with Boehringer Ingelheim, BenevolentAI and Cadent Therapeutics.

Operating profit/loss
The operating profit for the third quarter was SEK 19.9 million (loss 15.1). The company recognized operating expenses of SEK 24.6 million (19.3) for the third quarter of 2018. External costs amounted to SEK 17.5 million (13.1) and personnel costs amounted to SEK 5.7 million (5.7). In the third quarter of 2018, external expenses comprised primarily development costs in relation to Tesomet followed by preclinical development costs in relation to SAN711 and research and development costs in relation to the IK program. In the third quarter of 2017, external expenses comprised primarily research and development costs in relation to Tesomet followed by research and development costs in relation to the IK program and the SAN711 (GABAA α2α3) program.

The company recognized an operating loss of SEK 19.9 million (loss 40.6) for the first 9 months of 2018. The company recognized operating expenses of SEK 72.6 million (56.7) whereof external expenses amounted to SEK 50.8 million (37.7) and personnel costs amounted to SEK 18.2 million (16.4). In 2018, external expenses comprised primarily development costs in relation to Tesomet followed by preclinical development costs in relation to SAN711 and research and development costs in relation to the IK program. In 2017, external expenses comprised primarily research and development costs in relation to Tesomet followed by research and development costs in relation to the IK program, the SAN711 program and costs in relation to the listing on Nasdaq Stockholm Small Cap.

Cash flow
Operating cash flow for the third quarter of 2018 was an inflow of SEK 19.5million (outflow of 18.4). Consolidated cash flow for the third quarter of 2018 was an inflow of SEK 20.1 million (outflow of 24.2).

Operating cash flow for the first 9 months of 2018 was an outflow of SEK 14.8 million (outflow of 38.9). Consolidated cash flow for the first 9 months of 2018 was an inflow of SEK 15.5 million (outflow of 12.7).

In 2018, the operating cash flow for the first nine months is explained by the operating loss during the period and the improvement in working capital primarily due to an increase in trade payables and accrued expenses following increased development activities in 2018. The consolidated cash flow during the first nine months is explained by an inflow from finance activities of SEK 29.1 million through the issue of convertible loan notes to Nice & Green totalling SEK 30 million of which SEK 1 million has not been converted at the balance sheet date. The balance of SEK 29 million was converted into equity during the first nine months and is recorded under new share issues after deduction of issuing expenses. The operating cash flow for the first nine months of 2017 is explained by the operating loss during the period. The consolidated cash inflow in 2017 is explained by the private placement in the second quarter of 2017 and the operating loss during the period.

Financial position
The equity ratio was 81 (81) % as of September 30, 2018, and equity was SEK 50.1 million (53.3). Cash and cash equivalents amounted to SEK 37.3 million (40.9) as of September 30, 2018. Total assets as of September 30, 2018, were SEK 61.6 million (65.5).

The share, share capital and ownership structure
At September 30, 2018, the number of shares outstanding amounted to 22,834,675 (21,762,520). The company established a warrant program on July 1, 2015, totalling 64,000 warrants, on July 1, 2017, totalling 38,500 warrants, on January 19, 2018 totalling 286,003 warrants and on July 1, 2018, totalling 45,013 warrants. At September 30, 2018, the company had 5,516 (5,258) shareholders excluding holdings in life insurance and foreign custody account holders.

Personnel
As of September 30, the number of employees was 25 (25) of which 13 (14) are women. Of these employees, 3 (3) are part-time employees and 22 (22) are full-time employees, and a total of 20 (20) work in the company's research and development operations. 12 (11) of Saniona's employees hold PhDs, 2 (3) hold university degrees, 8 (8) have laboratory training and the remaining 3 (3) 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 company specific.

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 2017 Annual Report. There are no major changes in the Group's risk exposure and risk management in 2018.

Audit review
This Interim Report has been subject to review by the company's auditors in accordance with the Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Financial calendar

Year-End Report 2018	February 21,2019
Interim Report Q1	May 29, 2019
Annual General Meeting	May 29, 2019
Interim Report Q2	August 21, 2019
Interim Report Q3	November 13, 2019
Year-End Report 2019	February 20, 2020

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.

Malmö, November 14, 2018
Saniona AB

J. Donald deBethizy - Chairman

Jørgen Drejer – CEO and board member

Claus Bræstrup – Board member

Anna Ljung - Board member

Carl Johan Sundberg - Board member

Condensed consolidated statement of comprehensive income – Group

KSEK	Note	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2017-01-01 2017-12-31
	1-2					
Net sales	3	44,559	4,186	52,668	16,072	20,692
Total operating income		44,559	4,186	52,668	16,072	20,692
Raw materials and consumables		-1,272	-389	-3,164	-2,191	-3,263
Other external costs		-17,473	-13,064	-50,764	-37,674	-51,387
Personnel costs	4	-5,735	-5,724	-18,240	-16,394	-22,671
Depreciation and write-downs		-158	-153	-443	-403	-561
Total operating expenses		-24,638	-19,329	-72,611	-56,663	-77,881
Operating profit/loss		**19,921**	**-15,143**	**-19,943**	**-40,591**	**-57,189**
Share of result of associates	8	-331	0	-331	0	0
Other financial income		0	0	6	0	1,289
Other financial expenses		-2	-789	-179	-940	-376
Total financial items		-333	-789	-504	-940	914
Profit/loss after financial items		19,589	-15,932	-20,447	-41,531	-56,275
Tax on net profit	5	-4,293	2,559	2,728	7,099	7,086
Profit/loss for the period		15,296	-13,373	-17,718	-34,431	-49,190
Other comprehensive income						
Item that may be reclassified to profit and loss		-	-	-	-	-
Translation differences		-530	261	699	109	-968
Total other comprehensive income net after tax		**-530**	261	699	109	-968
Total comprehensive income		14,765	-13,112	-17,019	-34,323	-50,157
Earnings per share, SEK		0.68	-0.61	-0.80	-1.62	-2.30
Diluted earnings per share, SEK		0.67	-0.61	-0.80	-1.62	-2.30

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	2018-09-30	2017-09-30	2017-12-31
	1-2			
ASSETS				
Fixtures, fittings, tools and equipment		1,478	1,439	1,366
Tangible assets		1,478	1,439	1,366
Non-current tax assets	5	2,914	7,070	0
Investments in associated companies	8	0	331	331
Other long-term receivables	9	4,477	6,278	6,019
Financial assets		7,391	13,678	6,350
Deferred tax		93	100	89
Non-current assets		**8,962**	**15,218**	**7,806**
Trade receivables		2,759	3,092	7,180
Current tax assets	5	7,592	0	7,276
Other receivables		3,419	3,867	3,261
Prepayments and accrued income		1,564	2,496	540
Current receivables		15,334	9,456	18,256
Cash and cash equivalent		37,292	40,869	22,313
Current assets		**52,627**	**50,324**	**40,569**
Total assets		**61,588**	**65,542**	**48,375**
EQUITY AND LIABILITIES				
Share capital	10	1,142	1,088	1,088
Additional paid in capital	10	144,504	116,452	116,452
Retained earnings		-77,165	-29,448	-29,321
Currency translation reserve		-702	-325	-1,402
Profit/loss for the period		-17,718	-34,431	-49,190
Equity		**50,061**	**53,335**	**37,628**
Prepayments from customers		111	968	604
Trade payables		6,225	4,545	5,209
Current tax liabilities		0	1,598	0
Convertible loan	10	1,000	0	0
Other payables		384	433	511
Accrued expenses and deferred income		3,808	4,662	4,423
Current liabilities		11,528	12,207	10,747
Total liabilities		**11,528**	**12,207**	**10,747**
Total equity and liabilities		**61,588**	**65,542**	**48,375**

Condensed consolidated statement of changes in equity – Group

	Number of shares	Share capital	Additional paid in capital	Translation reserves	Retained earnings	Shareholders' equity
January 1, 2017	**20,841,467**	**1,042**	**83,323**	**-434**	**-29,680**	**54,252**
Comprehensive income						
Profit/loss for the year					-34,431	-34,431
Other comprehensive income:						
Translation differences				109		109
Total comprehensive income				**109**	**-34,431**	**-34,323**
Transactions with owners						
Shares issued for cash	921,053	46	34,954			35,000
Expenses related to capital increase			-1,825			-1,825
Share-based compensation expenses					231	231
Total transactions with owners	**921,053**	**46**	**33,129**	**0**	**231**	**33,406**
September 30, 2017	**21,762,520**	**1,088**	**116,452**	**-325**	**-63,880**	**53,335**
October 1, 2017	**21,762,520**	**1,088**	**116,452**	**-325**	**-63,880**	**53,335**
Comprehensive income						
Profit/loss for the year					-14,758	-14,758
Other comprehensive income:						
Translation differences				-1,076		-1,076
Total comprehensive income				**-1,076**	**-14,758**	**-15,835**
Transactions with owners						
Share-based compensation expenses					127	127
Total transactions with owners	**0**	**0**	**0**	**0**	**127**	**127**
December 31, 2017	**21,762,520**	**1,088**	**116,452**	**-1,402**	**-78,511**	**37,628**
January 1, 2018	**21,762,520**	**1,088**	**116,452**	**-1,402**	**-78,511**	**37,628**
Comprehensive income						
Profit/loss for the year					-17,718	-17,718
Other comprehensive income:						
Translation differences				699		699
Total comprehensive income				**699**	**-17,718**	**-17,019**
Transactions with owners						
Shares issued for cash	1,072,155	54	28,946			29,000
Expenses related to capital increase			-894			-894
Share-based compensation expenses					1,346	1,346
Total transactions with owners	**1,072,155**	**54**	**28,052**	**0**	**1,346**	**29,452**
September 30, 2018	**22,834,675**	**1,142**	**144,504**	**-702**	**-94,883**	**50,061**

Condensed consolidated statement of cash flows – Group

KSEK	Note	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2017-01-01 2017-12-31
Operating loss before financial items		19,921	-15,143	-19,943	-40,591	-57,189
Adjustments for non-cash transactions		664	278	2,086	634	918
Changes in working capital		-1,133	-3,575	3,019	1,040	-347
Cash flow from operating activities before financial items		**19,452**	**-18,440**	**-14,838**	**-38,916**	**-56,617**
Interest income received		0	0	31	0	1,289
Interest expenses paid		-2	-789	-204	-940	-376
Tax paid		0	0	0	0	-1,635
Cash flow from operating activities		**19,450**	**-19,229**	**-15,011**	**-39,856**	**-57,339**
Investing activities						
Investment in tangible assets		-270	-124	-500	-665	-708
Investments in associated companies	8	0	0	0	-331	-331
Investment in other financial assets		1,152	-4,844	1,873	-5,190	-4,931
Cash flow from investing activities		**881**	**-4,968**	**1,373**	**-6,185**	**-5,970**
Financing activities						
Convertible loan	10	-11,000	0	1,000	0	0
New share issue	10	10,725	0	28,106	33,175	33,175
Cash flow from financing activities		**-275**	**0**	**29,106**	**33,175**	**33,175**
Cash flow for the period		**20,056**	**-24,197**	**15,468**	**-12,866**	**-30,134**
Cash and cash equivalents at beginning of period		**18,264**	**64,752**	**22,313**	**53,261**	**53,261**
Exchange rate adjustments		-1,028	314	-489	473	-815
Cash and cash equivalents at end of period		**37,292**	**40,869**	**37,292**	**40,869**	**22,313**

Statement of income – Parent Company

KSEK	Note	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2017-01-01 2017-12-31
	1-2					
Net sales		0	0	0	0	0
Total operating income		0	0	0	0	0
Raw materials and consumables		-2	-6	-7	-16	-20
Other external costs		-907	-994	-3,676	-5,689	-7,218
Personnel costs		-593	-313	-1,782	-927	-1,249
Total operating expenses		-1,502	-1,313	-5,465	-6,632	-8,487
Operating profit/loss		**-1,502**	**-1,313**	**-5,465**	**-6,632**	**-8,487**
Share of result of associates		-331	0	-331	0	0
Other financial income		567	290	1,410	742	1,085
Other financial expenses		0	-111	-187	-208	-259
Total financial items		237	179	892	533	826
Profit/loss after financial items		**-1,266**	**-1,134**	**-4,573**	**-6,099**	**-7,660**
Tax on net profit		0	0	0	0	0
Profit/loss		**-1,266**	**-1,134**	**-4,573**	**-6,099**	**-7,660**

Statement of comprehensive income – Parent Company

KSEK	Note	2018-07-01 2018-09-30	2017-07-01 2017-09-30	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2017-01-01 2017-12-31
	1-2					
Profit/loss		-1,266	-1,134	-4,573	-6,099	-7,660
Other comprehensive income						
Item that may be reclassified to profit and loss						
Other comprehensive income		0	0	0	0	0
Total other comprehensive income, net after tax		0	0	0	0	0
Total comprehensive income		**-1,266**	**-1,134**	**-4,573**	**-6,099**	**-7,660**

Balance Sheet – Parent Company

KSEK	Note	2018-09-30	2017-09-30	2017-12-31
ASSETS				
Investment in subsidiaries		11,832	11,832	11,832
Investments in associated companies		0	331	331
Financial assets		11,832	12,162	12,162
Non-current assets		**11,832**	**12,162**	**12,162**
Receivables from group companies		105,568	68,741	69,062
Other receivables		157	278	122
Prepayments and accrued income		890	223	95
Current receivables		106,616	69,242	69,279
Cash and cash equivalent		4,519	18,641	17,120
Current assets		**111,135**	**87,882**	**86,399**
Total assets		**122,967**	**100,045**	**98,561**
EQUITY AND LIABILITIES				
Restricted equity				
Share capital	11	1,142	1,088	1,088
Unrestricted equity				
Additional paid in capital	11	142,993	114,941	114,941
Retained earnings		-17,979	-10,318	-10,318
Profit for the period		-4,573	-6,099	-7,660
Equity		**121,583**	**99,611**	**98,050**
Convertible loan	11	1,000	0	0
Other payables		384	433	511
Current liabilities		1,384	433	511
Total liabilities		**1,384**	**433**	**511**
Total equity and liabilities		**122,967**	**100,045**	**98,561**

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 Stockholm Small Cap. The Parent Company's share is traded under the ticker SANION and the ISIN code SE0005794617.

Note 2 Significant accounting policies

The interim 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 2017. More detailed information about the Group's and the Parent Company's accounting and valuation principles can be found in the Annual Report for 2017, which is available on www.saniona.com. New and amended standards and interpretations implemented as of January 1, 2018, such as IFRS 15 on revenue recognition and IFRS 9 for financial instruments, has not had any significant impact on the Group's financial statements and implementation of the new standards does not require restatement of previous periods since the effects are insignificant.

IFRS 16 Leasing will enter into force on January 1, 2019. The company does not expect the new standard to have a material effect on Saniona.

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

Note 3 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 4: Share based payments

Share-based compensation expenses for the first nine months of 2018 totalled SEK 1,346 (231) thousand. The Group accounts for share-based compensation by recognizing compensation expenses related to share-based instruments granted to the board, 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.

	Options granted in 2015	Options granted in 2017	Options granted in 2018	Total
Share-based payment				
Outstanding at 1 January 2018	64,000	38,292	-	102,292
Granted during the period	-	-	331,016	331,016
Forfeited during the period	-	-	-	-
Outstanding at 30 September 2018	**64,000**	**38,292**	**331,016**	**433,308**

If all issued warrants are exercised for subscription of new shares, the Parent Company's will issue a total of 433,308 new shares corresponding to a dilution of approximately 1.86%. The data below has been used for the calculation.

Incentive program	2015	2017	2018:1	2018:2	2018:3
Allotted options	64,000	38,750	286,003	34,500	10,513
Fair value per option (SEK)	13.13	29.48	12.67	18.89	18.89
Share price for underlying shares (SEK)	19.90	45.50	26.95	33.85	33.85
Subscription price (SEK)	20.72	41.13	33.60	30.08	30.08
Vesting period	4 years	4 years	3 years	4 years	3 years
Estimated life of the option	4.50 years	5.50 years	6.25 years	5.5 years	4 years
Risk-free interest rate during the life of the option	0.2257%	-0.0584%	0.2389%	-0.0713%	-0.0713%
Assumed volatility*	91.29%	76.75%	57.41%	63.58%	63.58%
Expected dividends	0	0	0	0	0

** In 2015 and 2017, the volatility equals the historical volatility for the longest period where trading activity is available (for the period since listing at the Spotlight Stock Market on April 22, 2014 to date of grant). In 2018, the volatility equals a twelve-month period.*

A detailed description of the warrant program in 2015 and 2017 can be found in the annual report 2017.2018:1 On January 19, 2018, the extraordinary shareholders' meeting voted in favour of establishing an incentive program involving the allotment of a maximum of 217,625 options free of charge to the chairman of the board of directors, J. Donald deBethizy. Allotment of 217,625 options took place in March 2018. Each option entitles the holder to acquire one new share in Saniona for a subscription price of SEK 33.60. 25% of the options vested on January 19, 2018, when the holder was elected as chairman of the Board of Directors. The balance of the options is earned with 25% on each anniversary of the election as chairman of the Board of Directors over a period of 3 years. The holder can take advantage of assigned and earned stock options during 30 days from the day following the publication of the Group's quarterly reports, or in for full-year, the year-end report, the first time after publication of the quarterly report for the first quarter of 2021 and last time after publication of the quarterly report for the first quarter of 2024. In order to enable the Parent Company's delivery of shares under the option program and to secure social security charges which may arise in connection with the Option Program, the extraordinary shareholders' meeting resolved to issue a maximum of 286,003 warrants to a wholly owned subsidiary in the Group.

2018:2 The 2018 Annual General Meeting voted in favour of establishing an employee incentive program involving the allotment of a maximum of 34,500 options free of charge to certain employees and consultants of the Group. Allotment of 34,500 options took place in July 2018. Each option entitles the holder to acquire one new share in Saniona for a subscription price of SEK 30.08. The options are earned gradually over a period of 48 months. Holders can take advantage of assigned and earned stock options during 30 days from the day following the publication of the Group's quarterly reports, or in the case of full-year, full-year report, for the first time after publication of the quarterly report for the first quarter of 2022 and last time after publication of the quarterly report for the third quarter of 2023.

2018:3 The 2018 Annual General Meeting voted in favour of establishing an employee incentive program involving the allotment of a maximum of 8,000 options free of charge to certain for certain members of the board of directors of the Group. Allotment of 8,000 options took place in July 2018. Each option entitles the holder to acquire one new share in Saniona for a subscription price of SEK 30.08. 1/3 of the options are vested when the annual shareholders' meeting takes place in 2019. Additional 1/3 of the options are vested when the annual shareholders' meeting takes place in 2020 and the last 1/3 of the options are vested when the annual shareholders' meeting takes place in 2021. The holder can take advantage of assigned and earned stock options during 30 days from the day following the publication of the Group's quarterly reports, or in for full-year, the year-end report, the first time after publication of the quarterly report for the first quarter of 2021 and last time after publication of the quarterly report for the first quarter of 2022. In order to enable the Parent Company's delivery of shares under the option program and to secure social security charges which may arise in connection with the Option Program, the extraordinary shareholders' meeting resolved to issue a maximum of 10,513 warrants to a wholly owned subsidiary in the Group.

Note 5 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 2.7 million (7.1) during the first nine month of 2018. 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 (Skattekreditordningen), 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 2017 and 2018, 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 September 30, 2018, the Group had SEK 7.6 million (DKK 5.5 million) in current tax asset, which will be payable in November 2018 and SEK 2.7 million (DKK 2.1 million) in non-current tax assets, which will be payable in November 2019. As of September 30, 2017, the Group had no current tax asset and SEK 7.1 million (DKK 5.5 million) in non-current tax asset, which will be payable in November 2018.

Note 6 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, 2019. Saniona A/S had no external net debt as of September 30, 2018.

Note 7 Related parties

Related parties comprise the Group's Executive Management, Board of Directors and companies within the Group. Apart from intercompany transaction and board fees as well as remuneration of management in accordance to the remuneration policy as resolved at the annual general meeting, there has been no transaction with related parties during 2017 and 2018.

Note 8 Investment in Scandion Oncology

On May 3, 2017, Saniona participated in formation of a new company, Scandion Oncology A/S. The investment of KSEK 331 has been recorded in the Saniona AB's and the Groups balance sheet under Investment in associated companies. In December, Saniona announced that Scandion Oncology has raised DKK 2 million in a private placement. As of September 30, 2018, Saniona AB owned 46.55% of Scandion Oncology A/S. The remaining 53.45% of the shares are owned by the three co-founders of Scandion Oncology A/S and a group of investors participating in the private placement. Saniona has written down its investment to zero as of September 30, 2018 in accordance to the equity method because the equity of Scandion Oncology was negative in the published interim report as of June 30, 2018. Scandion Oncology has been listed on the Spotlight Stock Market after the balance sheet date after having raised SEK 26 million in an IPO in October at a pre-money valuation of SEK 43.7 million. After the transaction, Saniona owns 29.2% of Scandion Oncology A/S.

Note 9 NeuroSearch

On July 4, 2017, Saniona acquired NeuroSearch's remaining interest in the preclinical and clinical assets, which Saniona acquired from NeuroSearch during the period 2012-2016. According to the previous agreements, Saniona was obliged to pay NeuroSearch a milestone payment of EUR 400,000 when the first preclinical program was tested in humans. In addition, Saniona was obliged to pay royalties on its product sales or a percentage of its licensing income in relation to the acquired clinical assets including the clinical development compounds, tesofensine and NS2359. According to the new agreement, Saniona has paid NeuroSearch a onetime cash payment of DKK 5.5 million. Following this, Saniona has no additional payment obligations to NeuroSearch. Saniona estimates that the onetime cash payment of DKK 5.5 million would have been payable to NeuroSearch with a four-year period under the previous agreements. Therefore, the amount will be expensed over a four-year period starting July 1, 2017. In 2018 the onetime cash payment has been expensed with DKK 1.0 million (SEK 1.4 million) and as September 30, 2018, the recorded value of the asset is DKK 3.8 million (SEK 5.2 million).

Note 10 Convertible loan

Saniona entered into a convertible notes funding agreement with Nice & Green S.A on December 29, 2017. Under the terms of the agreement, Nice & Green has committed to subscribe up to SEK 72 million in convertible notes in 12 individual tranches of SEK 6 million each over a 12-month period subject to prolongation by Saniona. Saniona has the right to extend the convertible notes funding agreement with Nice & Green for an additional SEK 72 million with the same terms, totalling SEK 144 million over a two-year period.

The convertible notes will bear no interest and will mature 12 months from the date issued. Unless an event of default occurs, the non-converted convertible notes will be converted to shares or reimbursed in cash at

Saniona's discretion at the maturity date. Nice & Green will have the right to request conversion of the convertible notes at any time during a period of 12 months following the issue of the respective tranche. To the extent Nice & Green has not requested conversion at the end of the respective conversion period, Saniona will have the right to request conversion. The pricing of the shares will be determined as 92% of the lowest daily volume-weighted average share price (VWAP) of the five trading days prior to the date on which Nice & Green has sent a conversion notice to Saniona. Upon each request for conversion, Saniona has the right to instead of effectuating conversion, pay a cash amount to Nice & Green. The cash amount to be paid in case Saniona utilizes this right, will be calculated as V/0.97 where V is the nominal amount of the convertible note for which Saniona choses to effect cash payment. For further details, please see Saniona's press release dated December 29, 2017.

In the first 9 month of 2018, Saniona has drawn five tranches totalling SEK 30 million of which SEK 29 million has been converted to shares by Nice & Green as of September 30, 2018. The converted amount of SEK 29 million is taken to equity after deducting expenses relating to capital increase totalling KSEK 894.

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.

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 sever 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.

BenevolentAI
BenevolentAI acquired Proximagen Ltd. in Q1 2017.

Boehringer Ingelheim
Boehringer Ingelheim GmbH.

Cadent Therapeutics
Cadent Therapeutics was established in March 2017 through a merger between Saniona's spin-out company, Ataxion, and Luc Therapeutics.

Cocaine addiction
The compulsive craving for use of cocaine despite adverse consequences.

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

Chronic itching
Chronic itching (also known as pruritus) is defined as an unpleasant sensation that provokes the desire to scratch. Prolonged itching and scratching may increase the intensity of the itch and lead to skin injury, infection and scarring. The possible causes are numerous and include dry skin, skin disorders such as eczema and psoriasis, infections such as chicken pox and scabies, underlying illness such liver disease, kidney failure and cancers, nerve disorders such as multiple sclerosis and diabetes mellitus, and allergic diseases including allergic reactions to medications such as antibiotics and chemotherapy. For some patients, there's no known cause. Chronic itching ranges in intensity from a mild annoyance to a disabling condition. The constant need to scratch can be as debilitating as chronic pain. Depending on the underlying cause, the current treatment options include moisturizing cream, antihistamines, corticosteroids, local anaesthetics, calcineurin inhibitors and antidepressants. Many patients experience only a partial relief whereas others have no relief from existing treatment options.

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.

EMA
European Medicines Agency

Essential tremor
Essential tremor is the most common movement disorder with a prevalence of 4% in persons age 40 and older and considerably higher among persons in their 60s, 70s, 80s and 90s. It typically involves a tremor of the arms, hands or fingers but sometimes involving the head, vocal cords or other body parts during voluntary movements such as eating and writing. Although essential tremor is often mild, people with severe tremor have difficulty performing many of their routine activities of daily living.

FDA
US Food and Drug Administration

GABA-A α2/α3 program
A small molecule program which is designed to positively modulate (PAM) GABA-A α2 and GABA-A α3 ion channels, which are expressed in various central and peripheral neurons and are believed to be key mediator in the control of pain signalling and the control of anxiety.

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 U.S. 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.

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. For further details, please see the Partners section.

Type 2 diabetes
A metabolic disorder that is characterized by hyperglycemia (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.

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