INVITATION TO SUBSCRIBE FOR SHARES IN SANIONA AB

saniona

PLEASE NOTE THAT THE SUBSCRIPTION RIGHTS ARE EXPECTED TO HAVE AN ECONOMIC VALUE

In order not to lose the value of the subscription rights, the holder must:

- Exercise the subscription rights received and subscribe for new shares no later than 25 June 2019, or
- Sell the subscription rights received, but not exercised for subscription of new shares, no later than 20 June 2019.

Please note that shareholders with nominee-registered shareholdings subscribe for new shares through their custodian/nominee.

The distribution of this prospectus and subscription for new shares are subject to restrictions in certain jurisdictions, see "Important information to investors".

ABG SUNDAL COLLIER

Important information to investors

This prospectus (the "**Prospectus**") has been prepared in connection with Saniona AB's invitation to subscribe for shares with preferential rights for current shareholders (the "**Rights Issue**"). With "**Saniona**" or the "**Company**" means, depending on the context, Saniona AB (a Swedish public limited company), a subsidiary within the group or the group in which Saniona AB is the parent company (the "**Group**")."**ABGSC**" refers to ABG Sundal Collier AB who is financial advisor to Saniona in the Rights Issue. "**SEB**" refers to Skandinaviska Enskilda Banken AB (publ) who is issuing agent in the Rights Issue. For definitions of other terms used in this Prospectus, please see the section "Glossary".

A Swedish version of this Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (the "**SFSA**") in accordance with Chap. 2, Sec. 25-26 of the Swedish Financial Instruments Trading Act (Sw. (1991:980) om handel med finansiella instrument). The approval and registration do not imply that the SFSA guarantees that the information in the Prospectus is accurate or complete. The Company has also applied that the Prospectus shall be passported in Denmark through an application to the Danish Financial Supervisory Authority (Dk. Finanstilsynet) in accordance with the provisions of Chap. 2 Sec. 35 of Swedish Financial Instruments Trading Act. The Prospectus has been prepared in both a Swedish and an English version. In the event of any inconsistency between different language versions, the Swedish language version shall take precedence. The Prospectus is governed by Swedish law. Any dispute or conflict arising out of our in connection with the Prospectus shall be settled exclusively by Swedish courts

No public offer to the general public to subscribe for new shares in the Company is made to any country in the European Economic Area other than Sweden and Denmark. In other member states of the European Economic Area which have implemented the European Parliament and Council Directive 2003/71/EC (in its amended wording, including directive 2010/73/EU) (the "**Prospectus Directive**"), an offer to subscribe for new shares in Saniona can only be made under an exemption in the Prospectus Directive as well as every relevant implementation measure in the relevant member state.

This Prospectus is only being distributed to and is only directed at: persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (iii) are persons falling within Article 49(2)(a) to (d) of the Order (high net worth entities); or (iv) are persons to whom this Prospectus may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Neither subscription rights, paid subscribed shares (Sw. betalda tecknade aktier) ("**BTA**") nor newly issued shares may be offered, subscribed for, exercised or transferred, directly or indirectly, in or to Australia, Hong Kong, Japan, Canada, New Zeeland, Singapore, South Africa, the U.S. or any other jurisdiction where the distribution would require additional prospectuses, registration measures or other measures besides those required by Swedish and Danish law or otherwise would be in conflict with the rules of such jurisdiction or which cannot be made without application of exemptions in such jurisdictions. Subscription of shares in violation of the restrictions described above may be void. Any failure to comply with the restrictions described above may result in a violation of applicable securities regulations. Subscription rights, BTA, newly issued shares or other securities issued by Saniona have not and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any other securities regulation of any other state or jurisdiction within the U.S.

FORWARD-LOOKING STATEMENTS

The Prospectus contains certain forward-looking statements that reflects the Company's current views of future events and financial and operational performance. Words such as "intends", "anticipates", "expects", "can", "plans", "estimates" and similar expressions regarding indications or forecasts of future developments or trends, and which are not based on historical facts, constitute forward-looking statements. Forward-looking statements is inherently associated with both known and unknown risks and uncertainties because it is dependent on future events and circumstances. Forward-looking statements is not a guarantee of future results or developments and actual results may differ materially from those in the forward-looking statements. Factors that could cause the Company's future results and developments to differ from those in the forward-looking statements include, but are not limited to, those described in the section "Risk factors". The forward-looking statements contained in this Prospectus apply only as the date of this Prospectus. Neither the Company nor ABGSC give any commitments to publish updates or revision of any forward-looking statements as a result of new information, future events or similar circumstances other than those required by applicable legislation.

INDUSTRY AND MARKET INFORMATION

This Prospectus contains market and industry information related to Saniona's operations and the market on which Saniona is present. Unless otherwise stated, such information is based on the Company's analysis of several different sources, among others medical research publications and statistic from among others Datamonitor and the Company's partners. Descriptions of the Company's competitive position are based on the Company's own assessments and knowledge of market conditions. Other sources are indicated where required.

As a general rule, industry and market publications state that, while the information in the publication has been obtained from sources deemed reliable, the accuracy and completeness of such information cannot be guaranteed. Information in the Prospectus from third parties has been accurately reproduced and, as far as the Company can ascertain by comparison with other information with other information published by these sources, no information has been omitted in such way that it could render the reproduced information inaccurate or misleading. However, neither the Company nor ABGSC have made any independent verification of the information provided by third parties, why the completeness or accuracy of the third party information presented in the Prospectus cannot be guaranteed.

In their nature, market information and statistics are forward-looking, subject to uncertainty, may be interpreted subjectively, and may therefore not necessarily reflect actual or future market conditions. Such information and statistics are based on market surveys, which in turn are based on selections, subjective interpretations and assessments, including assessments of the types of products and transactions which should be covered by the relevant market, both by those carrying out the surveys and the respondents. As a result, potential investors should be aware of the fact that the financial information, market information, as well as the forecasts and estimates of market information contained in this Prospectus, do not necessarily represent reliable indicators of the Company's future performance.

The Content of the Company's website, the website for any entity of the Group and any third party websites referred to herein do not form any part of the Prospectus.

PRESENTATION OF FINANCIAL INFORMATION

Certain financial information and other information presented in this Prospectus have been rounded to make information easily accessible to the reader. Consequently, the figures in certain columns do not tally with the totals stated. Unless otherwise expressly stated, no information in the Prospectus has been audited or reviewed by the Company's auditor. All financial amounts are stated in Swedish crowns (SEK) unless otherwise expressly stated. "**SEK million**" means millions Swedish crowns and with "**SEK thousand**" means thousands Swedish crowns. With "**USD**" means US dollars, with "**USD million**" means millions US dollars and with "**USD thousand**" thousands US dollars. With "**EUR**" means euros, with "**EUR million**" means millions euros and with "**EUR thousand**" means thousands euros.

Table of contents

The rights issue in brief

PREFERENTIAL RIGHTS
Each existing share in Saniona entitles to one (1) subscription right. Eleven (11) subscription rights entitle the holder to subscribe for two (2) new shares in Saniona.

SUBSCRIPTION PRICE
SEK 18 per share.

RECORD DATE FOR PARTICIPATION IN THE RIGHTS ISSUE
5 June 2019.

SUBSCRIPTION PERIOD
10 June-25 June 2019.

TRADING IN SUBSCRIPTION RIGHTS
10 June-20 June 2019.

TRADING IN BTA
10 June-w. 28 2019.

SUBSCRIPTION AND PAYMENT BY EXERCISE OF SUBSCRIPTION RIGHTS
Subscription by exercise of subscription rights is made during the subscription period through simultaneous cash payment.

SUBSCRIPTION AND PAYMENT WITHOUT EXERCISE OF SUBSCRIPTION RIGHTS
Application for subscription without preferential rights shall be made to SEB no later than 25 June 2019 on a separate application form that can be obtained from SEB and is available on SEB's website, www.sebgroup.com/prospectuses and from Saniona's website www.saniona.com. Payment for allotted shares shall be made in accordance with instructions on the notice of allotment. Nominee registered shareholders shall instead apply with, and in accordance with, instructions from the nominee.

OTHER INFORMATION

Trading venue:	Nasdaq Stockholm
Ticker:	SANION
ISIN code share:	SE0005794617
ISIN code subscription right:	SE0012703635
ISIN code BTA:	SE0012703643
LEI code:	549300XO4L9XNOCFCZ84

FINANCIAL CALENDAR

Interim report January-June 2019:	21 August 2019
Interim report January-September 2019:	13 November 2019

Summary

The summary of the Prospectus consists of requirements set out in "items". The items are numbered in the sections A-E (A.1 – E.7). The summary in the Prospectus contains all the items required in a summary for the relevant type of security and issuer. However, since some items do not apply to all types of prospectuses, there may be gaps in the item numbering. While it is required that an item is to be included in the summary of the relevant securities and issuers, it is possible that no relevant information can be given on that item. In that case, the information is replaced with a brief description of the item, along with the comment "Not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introductions and warnings	This summary should be considered an introduction to the Prospectus. Investors should base any decision to invest in Saniona based on an assessment of the Prospectus as a whole. If a claim relating to the information contained in the Prospectus is brought before a court, the investor claimant may, under the national laws of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability may only be imposed on persons who have submitted this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent with other parts of the Prospectus, or if the summary and other parts of the Prospectus are inadequate in providing investors with the key information they require to consider whether or not to invest in Saniona.
A.2	Consent to use the prospectus	Not applicable. Saniona does not consent to the Prospectus being used by financial intermediaries for subsequent trading or final placing of securities covered by the Prospectus.

SECTION B – ISSUER AND GUARANTOR		
B.1	Corporate name and trading name	The name of the Company and its trading name is Saniona AB. The Company's corporate registration number is 556962-5345.
B.2	Domicile and legal form	Saniona is a public limited liability company, established in Sweden, with registered office in the municipality of Malmö, Sweden. The Company has been formed in accordance with the substantial laws of Sweden and its legal form of business is governed by the Swedish Companies Act (2005:551).
B.3	Nature of operations and principal activities	Saniona is a research and development company focused on drugs for diseases of the central nervous system and eating disorders. The Company has five pharmaceutical programs in clinical development. The research is focused on ion channels and the Company has a broad portfolio of preclinical programs. Saniona has partnerships with Boehringer Ingelheim GmbH ("**Boehringer Ingelheim**"), Productos Medix, S.A de S.V ("**Medix**"), Cadent Therapeutics ("**Cadent Therapeutics**") and the Treatment Research Center ("**TRC**") at the University of Pennsylvania. Saniona is also developing product candidates 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 substantial. Saniona is currently developing the product candidate Tesomet for Prader-Willi syndrome ("**PWS**") and hypothalamic obesity with emphasis on the U.S. and Europe. The market for such a product may be significant despite relatively few 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 general, the majority of Saniona's internal development programs may potentially be developed and commercialized for both orphan indications by Saniona and for larger indications in collaboration with partners. One of Saniona's short term objectives is to develop at least one of its preclinical programs to Phase 2, with the aim of positioning the product for a potential orphan indication itself or to out-license it to a pharmaceutical company to treat a more common disease.
B.4a	Significant trends	The Company believes that the key trends that drive the markets for the Company's product candidates include the following: • For the product candidate Tesomet, relevant trends are inter alia pricing of orphan drugs and increased commitments by policy makers through various incentives for manufacturers of such drugs. • For the product candidate tesofensine, relevant trends are inter alia increased prevalence of obesity, increased cost for treatments of obesity and related diseases as well as need of new effective and tolerable drugs for treatment of obesity at an affordable price. • For Saniona's other programs, relevant trends are mainly large pharmaceutical companies' interest to acquire, develop and commercialize clinical and pre-clinical programs due to the general need on the pharmaceutical market of new and innovative products.

SECTION B – ISSUER AND GUARANTOR

B.5 Group

Saniona AB (publ) is the parent company of Saniona A/S, corporate registration number DK-34049610, in which the Group's operations primarily are conducted. The Group was founded in 2014 when the parent company acquired 100 percent of the shares in Saniona A/S by an issue in kind.

B.6 Major shareholders etc.

The table below details the Company's ten largest shareholders as of 31 March 2019, based on information from Euroclear Sweden.

Shareholder	Number of shares	Ownership share and part of votes
BNY MELLON SA/NV (FORMER BNY), W8IMY*	2,619,389	10.9 %
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1,321,655	5.5 %
FELDTHUS, THOMAS**	1,220,000	5.1 %
LEIF ANDERSSON CONSULTING APS	988,437	4.1 %
CHRISTOPHERSEN, PALLE	820,000	3.4 %
BRÄSTRUP, CLAUS	735,700	3.1 %
NORDNET PENSIONSFÖRSÄKRING AB	693,633	2.9 %
CREDIT SUISSE (SWITZERLAND) LTD	639,893	2.7 %
SHAREHOLDER WHO IS A NATURAL PERSON	538,678	2.3 %
NORDEA LIVFÖRSÄKRING SVERIGE AB	530,732	2.2 %
OTHER SHAREHOLDERS	13,814,363	57.7 %
Total:	**23,922,480**	**100 %**

* Includes Jørgen Drejer's, board member and CEO, share holdings of 2,344,711 shares.
**Excluding 650,000 shares lent to Nice & Green in connection with the convertible loan agreement dated 29 December 2017.

B.7 Selected historical key financial information

The information below shows Saniona's selected financial information for the financial years that ended 31 December 2018 and 2017 as well as the periods 1 January-31 March 2018 and 1 January-31 March 2019. The financial full-year information that is shown in this section is based on Saniona's annual reports for the financial years 2017 and 2018 that have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and have been audited by the Company's auditor. The financial information for the periods 1 January-31 March 2018 and 1 January-31 March 2019 is based on Saniona's interim report 1 January-31 March 2019 that has been prepared according to IAS 34. The interim report has not been audited or reviewed by the Company's auditor.

The information below contains certain alternative financial performance measures that are not defined according to IFRS. The Company is of the opinion that these performance measures provide a better understanding of the Company's financial trends. It is of the Company's opinion that these alternative performance measures provide a better understanding of the Company's financial development and that such performance measures are useful information for investors, in combination with other measures defined according to IFRS. Further, the performance measures are, to a large extent, used by the Company's management to assess the Company's financial development. These financial measures are not to be considered either individually or as an alternative to the performance measures prepared in accordance with IFRS. Moreover, such performance measures, as defined by the Company, are not to be compared with other performance measures with similar names used by other companies. This is because the aforementioned performance measures have not always been defined in the same way and because other companies may not calculate them in the same way as Saniona.

The Group's consolidated statement of income and comprehensive income

SEK THOUSAND	2019 Jan–Mar (IFRS) (Not audited)	2018 Jan–Mar (IFRS) (Not audited)	2018 Jan–Dec (IFRS) (Audited)	2017 Jan–Dec (IFRS) (Audited)
Revenues				
Net sales	1,715	4,340	54,884	20,692
Total operating income	**1,715**	**4,340**	**54,884**	**20,692**
Raw materials and consumables	-978	-830	-4,089	-3,263
Other external costs	-22,302	-13,163	-80,149	-51,387
Personnel costs	-7,073	-5,927	-24,219	-22,671
Depreciation and write-downs	-510	-151	-632	-561
Total operating expenses	**-30,864**	**-20,070**	**-109,089**	**-77,881**
Operating profit/loss	**-29,149**	**-15,730**	**-54,206**	**-57,189**
Share of result of associates	-1,460	-	6,174	-
Financial income	-	0	-	1,289
Financial expenses	-197	-136	-261	-376
Total financial items	**-1,657**	**-136**	**5,913**	**914**
Profit/loss after financial items	**-30,806**	**-15,866**	**-48,292**	**-56,275**
Tax on net profit	5,996	2,414	7,233	7,086
Profit/loss for the period	**-24,810**	**-13,452**	**-41,059**	**-49,190**
Other comprehensive income for the period	354	1,219	625	-968
Total comprehensive income for the period	**-24,455**	**-12,234**	**-40,434**	**-50,157**

SECTION B – ISSUER AND GUARANTOR		
B.7 cont.	Selected historical key financial information	**The Group's consolidated statement of financial position**

SEK THOUSAND	31/03/2019 (IFRS) (Not audited)	31/03/2018 (IFRS) (Not audited)	31/12/2018 (IFRS) (Audited)	31/12/2017 (IFRS) (Audited)
ASSETS				
Fixtures, fittings, tools and equipment	5,925	1,284	1,841	1,366
Tangible assets	5,925	1,284	1,841	1,366
Investment in associated companies	5,045	331	6,505	331
Other long-term receivables	9,577	8,301	3,999	6,019
Financial assets	14,622	8,632	10,504	6,350
Deferred tax	63	93	62	89
Non-current assets	**20,609**	**10,009**	**12,407**	**7,806**
Trade receivables	1,716	4,939	2,093	7,180
Current tax assets	7,680	7,596	7,568	7,276
Other receivables	3,456	3,160	4,654	3,261
Prepayments and accrued income	1,895	2,159	1,675	540
Current receivables	**14,747**	**17,855**	**15,990**	**18,256**
Cash and cash equivalent	46,881	25,449	54,678	22,313
Current assets	**61,628**	**43,304**	**70,668**	**40,569**
Total assets	**82,238**	**53,313**	**83,075**	**48,375**
Equity and liabilities				
Share capital	1,196	1,103	1,166	1,088
Additional paid in capital	172,419	123,976	157,118	116,452
Retained earnings	-141,781	-90,924	-118,051	-78,511
Currency translation reserve	-422	-183	-777	-1,402
Equity	**31,413**	**33,971**	**39,457**	**37,628**
Lease liabilities	2,901	-	-	-
Non-current liabilities	**2,901**	**0**	**0**	**0**
Prepayments from customers	-	201	-	604
Trade payables	8,331	5,392	7,243	5,209
Convertible loan	8,000	10,000	6,000	-
Other payables	588	515	616	511
Accrued expenses and deferred income	31,005	3,234	29,759	4,423
Current liabilities	**47,924**	**19,342**	**43,617**	**10,747**
Total liabilities	**50,825**	**19,342**	**43,617**	**10,747**
Total equity and liabilities	**82,238**	**53,313**	**83,075**	**48,375**

SECTION B – ISSUER AND GUARANTOR		
B.7 cont.	Selected historical key financial information	

The Group's consolidated statement of cash flows

SEK THOUSAND	2019 Jan–Mar (IFRS) (Not audited)	2018 Jan–Mar (IFRS) (Not audited)	2018 Jan–Dec (IFRS) (Audited)	2017 Jan–Dec (IFRS (Audited)
Profit/loss before tax	-30,806	-15,866	-48,292	-56,275
Adjustments for non-cash transactions	2,921	1,293	-3,795	5
Changes in working capital	2,330	-683	29,428	-347
Cash flow from operating activities before financial items	**-25,555**	**-15,256**	**-22,659**	**-56,617**
Interest income received	-	0	-	1,289
Interest expenses paid	-197	-136	-261	-376
Tax paid	-	0	-	-1,635
Cash flow from operating activities	**-25,753**	**-15,393**	**-22,920**	**-57,339**
INVESTING ACTIVITIES				
Investment in tangible assets	-8	-12	-1,107	-708
Investment in associated companies	-	0	-	-331
Investment in other financial assets	421	209	2,021	-4,931
Cash flow from investing activities	**413**	**197**	**914**	**-5,970**
FINANCING ACTIVITIES				
Convertible loan	2,000	10,000	6,000	-
New share issue	15,330	7,538	40,745	33,175
Cash flow from financing activities	**17,330**	**17,538**	**46,745**	**33,175**
Cash flow for the period	**-8,009**	**2,343**	**24,738**	**-30,134**
Cash and cash equivalents at beginning of period	**54,678**	**22,313**	**22,313**	**53,261**
Exchange rate adjustments	213	793	7,626	-815
Cash and cash equivalents at end of period	**46,881**	**25,449**	**54,678**	**22,313**

Performance measures

Aside from "Net sales", "Earnings per share before dilution" and "Earnings per share after dilution" the performance measures are not defined according to IFRS.

SEK THOUSAND	2019 Jan–Mar (Not audited)	2018 Jan–Mar (Not audited)	2018 Jan–Dec (Audited)	2017 Jan–Dec (Audited)
Net sales, SEK THOUSAND	1,715	4,340	54,884	20,692
Operating profit/loss, SEK THOUSAND	-29,149	-15,730	-54,206	-57,189
Operating margin, %	Negative	Negative	Negative	Negative
Liquidity ratio, %	129%	224%	162%	377%
Equity ratio, %	38%	64%	47%	78%
Average number of employees	22.7	23.6	23.5	24.1
Earnings per share before dilution, SEK	-1.06	-0.62	-1.84	-2.30
Earnings per share after dilution; SEK	-1.06	-0.62	-1.84	-2.30
Dividend per share, SEK	-	-	-	-
Equity per share, SEK	1.31	1.54	1.69	1.73
Cash flow per share, SEK	-0.34	0.11	1.11	-1.41

<table>
<tr><th colspan="3">SECTION B – ISSUER AND GUARANTOR</th></tr>
<tr><td>B.7 cont.</td><td>Selected historical key financial information</td><td>
Definitions of alternative performance measures not defined according to IFRS
<table>
<tr><th>Key figure</th><th>Definition</th><th>Relevance</th></tr>
<tr><td>Operating margin</td><td>Operating profit/loss as a proportion of revenue.</td><td>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.</td></tr>
<tr><td>Liquidity ratio</td><td>Current assets divided by current liabilities.</td><td>Liquidity ratio has been included to show the Company's short-term payment ability.</td></tr>
<tr><td>Equity ratio</td><td>Shareholder's equity as a proportion of total assets.</td><td>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.</td></tr>
<tr><td>Dividend per share</td><td>Dividend divided by the number of outstanding shares at the end of the period.</td><td>Divided per share shows dividends paid (Saniona has not paid any dividend for the relevant financial years).</td></tr>
<tr><td>Equity per share</td><td>Equity divided by the shares outstanding at the end of the period.</td><td>Equity per share has been included to provide investors with information about the equity reported in the balance sheet as represented by one share.</td></tr>
<tr><td>Cash flow per share</td><td>Cash flow for the period divided by the average shares outstanding for the period.</td><td>Cash flow per share has been included to provide investors with information about the cash flow represented by one share during the period.</td></tr>
</table>
Significant events after 31 March 2019
Saniona established a Scientific Advisory Board for the development of Tesomet for PWS.

Aside from the above-mentioned event, no other events subsequent to 31 March 2019 has occurred that significantly affects the Company's financial position or position on the market.
</td></tr>
<tr><td>B.8</td><td>Pro forma financial information</td><td>Not applicable. The Prospectus does not contain any pro forma financial information.</td></tr>
<tr><td>B.9</td><td>Profit forecast</td><td>Not applicable. The Prospectus does not contain any profit forecast or calculation of expected earnings.</td></tr>
<tr><td>B.10</td><td>Remarks in the audit report</td><td>Not applicable. There are no remarks in the auditor's reports for the historical financial information covered by the Prospectus.</td></tr>
<tr><td>B.11</td><td>Working capital</td><td>The board of directors' assesses that the existing working capital is sufficient for the present requirements during the next 12-month period. Sufficient working capital in this regard is considered as the Company's ability to access cash and cash equivalents in order to meet its liabilities and the Company's ongoing programs as they fall due.</td></tr>
</table>

SECTION C – SECURITIES		
C.1	Securities offered	The Rights Issue covers shares in Saniona with ISIN code SE0005794617.
C.2	Currency	The shares are denominated in Swedish crowns (SEK).
C.3	Number of shares that have been issued	The Company's share capital amounts to SEK 1,196,124 divided between 23,922,480 shares, each with a quota value of SEK 0.05 as per the date of the Prospectus. All of the outstanding shares are fully paid for.
C.4	Rights attached to the securities	Each share entitles to one (1) vote at Saniona's general shareholders' meeting. Each shareholder entitled to vote may vote with the full number of shares owned and represented by this person at the general shareholders' meeting. Normally, shareholders have preferential rights to subscription of new shares, warrants or convertibles in accordance with the Swedish Companies Act, unless the general shareholders' meeting or the board of directors, pursuant to authorisation granted by the general shareholders' meeting, resolve on deviation from the shareholders' preferential rights. All shares provide equal rights to the Company's assets and profits. In the event of a liquidation of the Company, the shareholders have equal rights to surplus in relation to the number of shares the shareholder possess.
C.5	Restrictions of the free transferability	Not applicable. There are no restrictions of the free transferability of the shares in Saniona.
C.6	Admission to trading	Saniona's shares are admitted to trading on Nasdaq Stockholm. The new shares issued in the Rights Issue will be traded on Nasdaq Stockholm after the Swedish Companies Registration Office has registered the new shares.
C.7	Dividend policy	Saniona has so far not distributed any cash dividends. The Company is in an expansion phase and any surplus is planned to be invested in the Company's expansion. The board of directors has therefore adopted a dividends policy which states that ordinary cash dividends are planned to be paid only when Saniona has commercialized its products and receives regular income. However, the dividends policy states that the board of directors may propose a cash dividend if Saniona receives extraordinary income due to a sale or a major one-time payment pursuant to a partner agreement, provided that the board of directors assesses that the Company, despite the dividend, has sufficient funding to release a first product on the market. Finally, the dividends policy states that Saniona can distribute in kind (Sw. sakutdelning) in the form of shares in spin-outs.

SECTION D – RISKS		
D.1	Principal risks related to the Company and the industry	Saniona's operations and market are subject to a number of risks that have, or may have, a negative impact on Saniona's operations, earnings and financial position. The following risk factors, described in no particular order, are considered to be of importance for Saniona's future development. Main risks, that could have a material adverse effect on Saniona's operations, earnings and financial position, related to the Company's operations and market are: • risks attributable to the Company not being able to raise additional capital, keeping or achieving further partnerships or obtaining any other co-financing, which may cause the development to be temporarily stopped or that Saniona is forced to conduct operations at a slower pace than desired; • risks attributable to pharmaceutical development and market approvals, which are subject to usual risks of delays, that costs may be higher than expected or that the product candidates, at any stage of their development, may ultimately prove to be insufficiently effective or safe for continued development or commercialization; • risks attributable to clinical studies being extensive, costly and time-consuming and associated with great uncertainty that can cause delays and increased costs; • risks attributable to Saniona being dependent on external providers for studies and manufacturing of drug substance, fulfil their undertakings and that Saniona can replace providers if necessary; • risks attributable to Saniona and its partners not being able to obtain or comply with necessary regulatory permits to conduct pre-clinical and clinical studies or to obtain or comply with market approval for the sales of products; • risks attributable to Saniona being dependent on key persons, that Saniona's operations can be delayed or hindered in the event of loss of key persons or if Saniona fails to recruit new persons with relevant skill and expertise; • risks attributable to the fact that the Company's patents do not provide satisfactory commercial protection and that Saniona may, or is alleged to, infringe patents held by third parties; • risks attributable to the Company's protection of trade secrets and know-how does not constitute adequate protection; • risks attributable to Saniona's dependency on partners for project financing and that there are, for example, risks for projects being delayed or that projects are cancelled if any partner terminates the cooperation with Saniona; • risks attributable to Saniona being entitled to royalties for successfully developed and marketed products, which makes the Company dependent on future commercialization to generate revenues; and • risks attributable to currency exposure since the Company reports results and financial position in SEK while the most of the Company's internal operation costs mainly consist of DKK, while revenue from Saniona's partnerships mainly consist of USD and EUR.
D.3	Principal risks related to the securities	All investments in shares are associated with risks. Such risks may cause the price of the Company's share to fall significantly and investors may lose all or part of their investment. Main risks related to the Company's shares are: • risks attributable to the price of shares in the Company being volatile and that the share price may develop negatively; • risks attributable to trading in subscription rights and BTA being limited which may cause problems for individual holders to selling their subscription rights; • risks attributable to that major shareholders, holding significant shareholdings in the Company, may, if acting in concert, exercise a significant influence on issues that are subject to approval by the shareholders of the Company, while the interests of major shareholders may differ wholly or partly from other shareholders' interests; • risks attributable to sales of shares by major shareholders, board members of the Company and senior management as well as the general market expectation that such sales of shares may be made, may affect Saniona's share price negatively; • risks attributable to future new issues and dilutions, which partly may affect Saniona's share price negatively, partly result in dilution of the shareholders' holdings; • risks attributable to the Company's future cash flows not exceeding the Company's capital requirements or that the general meeting will not decide on dividends in the future; and • risks attributable to underwriting commitments not being secured through pledging, blocked funds or similar arrangement.

SECTION E – OFFERING		
E.1	Issue proceeds and costs	Provided that the Rights Issue is fully subscribed, Saniona will be provided with approximately SEK 78 million before transaction costs. The transaction costs are estimated to amount to approximately SEK 14 million of which approximately SEK 6 million consist of fees for the underwriting commitments and the rest is attributable to fees to financial and legal advisors in connection with the Rights Issue.
E.2a	Reasons and use of issue proceeds	Saniona is a research and development company focused on drugs for diseases of the central nervous system and eating disorders. The Company has five pharmaceutical programs in clinical development. The research is focused on ion channels and the Company has a broad portfolio of preclinical programs. Saniona has partnerships regarding certain programs with Boehringer Ingelheim, Medix, Cadent Therapeutics and TRC. 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 substantial. For example, Saniona is currently developing Tesomet for Prader-Willi syndrome and hypothalamic obesity with emphasis on the U.S. and Europe. The market for such a product may be significant despite a relatively small 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 general, the majority of Saniona's internal development programs may potentially be developed and commercialized for both orphan indications by Saniona and for larger indications in collaboration with partners. One of Saniona's short term objectives is to develop at least one of its preclinical programs to Phase 2, with the aim of positioning the product for a potential orphan indication itself or to out-license it to a pharmaceutical company to treat a more common disease. In order to support Saniona's overall objectives, the Company has resolved to carry through the Rights Issue of approximately SEK 78 million. If the Rights Issue is fully subscribed, the net proceeds is calculated to amount to approximately SEK 64 million. Of the net proceeds, approximately SEK 17 million will be used for general business purposes, including to cover over head and administrative costs. The remaining part, approximately SEK 47 million, will primarily be used to complete the ongoing Phase 2a studies for Tesomet in Prader-Willi syndrome and hypothalamic obesity and to initiate discussions with regulatory agencies for start of Phase 2b/3 studies in 2020. Any remaining part will be used to progress Saniona's other preclinical and clinical programs internally or together with partners including the SAN711 Phase 1 program for the treatment of chronic pain and itching and the IK program for treatment the of inflammatory bowel diseases.
E.3	Terms and conditions of the Rights issue	Saniona's board of directors resolved on 28 May 2019, pursuant to the authorization granted the board of directors by the annual general meeting held on 24 May 2018 and registered with the Swedish Companies Registration Office on 1 June 2018, to increase the Company's share capital through a new issue of shares with preferential rights for Saniona's shareholders. The Rights Issue entails that Saniona's share capital will increase with a maximum of SEK 217,477.00 through the issuance of not more than 4,349,540 new shares. The Company's shareholders have preferential rights to subscribe for the new shares in relation to the number of shares they previously own. The record date for participation in the Rights Issue is 5 June 2019. Those who are registered shareholders in Saniona on the record date will receive one (1) subscription right for each owned share, whereby eleven (11) subscription rights entitle to subscription of two (2) new shares. To the extent that new shares are not subscribed for with preferential rights, they shall be allotted to shareholders and other investors who have subscribed for shares without preferential rights. Subscription shall take place during the period as from 10 June 2019 to and including 25 June 2019, or such later date as determined by the board of directors. The subscription price has been set at SEK 18 per share.

SECTION E – OFFERING		
E.4	Interests and conflicts of interest	ABGSC is Saniona's financial advisor in connection with the Rights Issue. SEB is the issuing agent in connection with the Rights Issue. ABGSC and SEB receive a predetermined compensation for services in connection with the Rights Issue and may also in the future provide services to the Company and related parties to the Company within the ordinary course of business in connection with other matters. Other than that, ABGSC and SEB have no other financial, or other, interests in the Company or in the Rights Issue. The Company's legal advisor is Setterwalls Advokatbyrå AB. Setterwalls may also provide services to the Company and related parties to the Company within the ordinary course of business and in connection with other transactions.
E.5	Sellers of shares and lock-up agreements	The Rights Issue does not include sales of existing shares. Board members and members of the Company's management has towards ABGSC undertaken not to transfer, pledge or in any other way dispose of current shares or shares acquired through the Rights Issue in the Company (the "**Lock-up undertaking**"). The Lock-up undertaking applies until the day that falls 180 days following the last day of the subscription period in the Rights Issue. The Lock-up undertaking is subject to customary exemptions, inter alia in case public take-over offer regarding all shares in the Company is made. In total, approximately 21.4 percent of the shares in the Company as per the date of the Prospectus is included in the Lock-up undertaking.
E.6	Dilution	Provided that the Rights Issue is fully subscribed, the number of shares in the Company will increase from 23,922,480 shares to 28,272,020 shares, corresponding to an increase of 18.2 percent. Shareholders who choose not to participate in the Rights Issue will have their ownership diluted, but may financially compensate for the dilution by selling their subscription rights on the market. The dilution at full subscription amounts to approximately 15.4 percent of the share capital and votes. The dilution for shareholders who choose not to participate in the Rights Issue is calculated as the new shares divided by the total number of current shares and new shares after the fully subscribed Rights Issue.
E.7	Costs for the investor	Not applicable. No costs will imposed on investors in the Rights Issue. However, when trading in subscription rights and BTA, commission Is normally paid in accordance with applicable terms for securities trading.

Risk factors

An investment in Saniona's shares is associated with various risks. There are a number of factors that affect, or could affect, the Company's operations, earnings and/or financial position, both directly and indirectly. Described below, in no particular order and with no claim to be exhaustive, are the risk factors and significant circumstances considered to be material for the Company's operations and future development. The risk described below are not the only risks to which the Company and its shareholders may be exposed. Additional risks that are currently unknown to the Company or which the Company currently considers to be immaterial may also adversely impact the Company's operations, earnings and/or financial position. Such risks could also cause the price of the Company's share to fall significantly and investors risk losing part or all of their investment. In addition to carefully considering this section, investors should also fully consider the other information in the Prospectus before making a possible investment decision regarding the Company's shares. The Prospectus contains forward-looking statements that may be affected by future events, risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements for a variety of factors, some of which are beyond the Company's control.

RISKS RELATED TO SANIONA'S OPERATIONS AND INDUSTRY

Financing requirements and capital

Saniona's research and development work require significant investments. Thus, Saniona is dependent on its ability to raise capital in the future to fund its planned activities. Any potential delays of clinical studies or product development, or early termination of cooperations with the Company's partner, may affect the cash flow negatively. There is a risk that the Company will not be able to raise capital, keep or achieve further partnerships or obtain any other co-financing. This may cause the development to be temporarily stopped or that Saniona is forced to conduct operations at a slower pace than desired, which may affect the Company's operations negatively. If Saniona is not able to raise additional capital, achieve further partnership or any other co-financing, there is also a risk that the Company cannot finance further studies and development of its operations. Failure to finance could thus have a material adverse effect on Saniona's operations, earnings and financial position.

Pharmaceutical development and market approval

Saniona currently has five programs in clinical development, of which three clinical programs are in late phase where focus is on development of treatment to effectively regulate obsessions, cravings and addictions related to food and drugs. In addition, Saniona has four programs in pre-clinical development phase. In total, the Company has a portfolio of nine active program for drug development in clinical and pre-clinical phase, of which four are financed through partnership or grants. Saniona's most advanced program, tesofensine, is developed in collaboration with Medix who in December 2018 completed a Phase 3 registration trial and expects to file for a new application in 2019 for treatment of obesity in Mexico with planned market approval and launch during 2020. The other programs are in earlier development phases.

These projects require continued research and development, and are therefore subject to usual risks related to pharmaceutical development, such as the risk that product development may be delayed and that costs may be higher than expected or that the product candidates, at any stage of their development, may ultimately prove to be insufficiently effective or safe. Any negative, unclear or insufficient results will increase the risk of Saniona not obtaining necessary regulatory approvals to launch a finished product, or if approvals are obtained, include conditions which could make the commercialization of the product difficult. Accordingly, it may be difficult to evaluate and predict the time and cost aspects, and future sales potential, of the Company's product candidates. The level of risk in the development of pharmaceuticals is generally high and a setback in any individual project could have a material adverse effect on Saniona's operations, earnings and financial position.

Clinical studies

Prior to launching a product candidate in the market, Saniona or its partners must carry out pre-clinical and clinical studies to document and prove that the product candidate has a significant efficacy and acceptable safety profile. The processes are usually extensive, costly and time-consuming. Positive results in previously completed pre-clinical and clinical studies do not guarantee positive results in later stages of development and subsequent clinical studies. Saniona is also unable to predict with any certainty when planned clinical studies can be started or when ongoing studies can be

completed since there are numerous factors outside Saniona's direct control that may impact this, including for example need for and timing of regulatory approvals and approvals of ethics committees, access to patients and study sites, the performance of the clinical studies at the study site and the considerations by Saniona's partners. Thus, Saniona is unable to predict with any certainty when clinical studies can be started or when ongoing studies can be completed since this is affected of numerous factors which are beyond the Company's direct control.

It is also difficult to accurately predict the costs associated with clinical studies. Actual costs for carrying out a study may significantly exceed estimated and budgeted costs. Clinical studies may also give rise to results that do not confirm the intended treatment efficacy or an acceptable safety profile due to undesirable side effects or an unfavourable risk-benefit assessment of the product candidate. This could lead to clinical studies being discontinued or cancelled, the product candidate not being granted the necessary regulatory approvals for further clinical studies or sales and that commercialization is made difficult or fails. In certain cases, the development program of the product candidate in question may need to be expanded with additional pre-clinical and/or clinical studies to enable market approval. In summary, clinical product development is unforeseeable and clinical product development can be affected by unforeseen delays, unforeseen increased costs, unforeseen suspensions and unfavourable results.

If above risks were to materialize, it could have a material adverse effect on Saniona's operations, earnings and financial position.

Dependency on external providers for studies and pharmaceutical development

Saniona's need of pharmaceutical development is partly covered by internal capability, but the Company also engages external providers. Saniona has entered into agreements with the Indian service providers, Syngene International Limited and Aurigen regarding chemical synthesis, Klifo A/S and Parexel regarding clinical studies and Cambrex Karlskoga AB regarding the manufacture of drug substance for clinical and commercial use. The Company also has less comprehensive agreements with other companies regarding studies, including drug absorption and efficacy in specific disease models. If current or future external providers do not fulfil their undertakings or the quality requirements requested by Saniona, or chose to terminate their cooperation with the Company, this might have a material adverse effect on Saniona's operations, earnings and financial position. Engagement of new external suppliers, or change of existing suppliers, can also be costlier and/or take longer time than the Company estimates, which might have a material adverse effect on Saniona's operations, earnings and financial position.

Legislation and regulatory approvals

Saniona must carry out its operation in accordance with applicable laws and regulations and obtain approvals from relevant authorities. For example, to be allowed to carry out pre-clinical and clinical studies and/or market and sell pharmaceutical products, registrations and permits must be obtained from the relevant authorities in the respective market, such as the Food and Drug Administration in the U.S. and European Medicines Agency within EU. It is costly and time-consuming to obtain required permits and this may increase costs, delay or hinder the development of the Company's programs, for example in case the Company or its partners are not considered to fulfil applicable requirements for clinical studies or pharmaceutical manufacturing or if authorities make other assessments than Saniona and its partners in relation to the evaluation of data from clinical trials. For example, Saniona's partner Medix is currently in the process of filing a new drug application for the drug candidate tesofensine for treatment of obesity in Mexico following the completion of the Phase 3 clinical trial in 2018. Furthermore, Saniona has an ongoing dialog with regulatory agencies in Europe in relation to the ongoing Phase 2 studies for its drug candidate Tesomet in Prader-Willi syndrome and hypothalamic obesity as well as for the completed Phase 1 studies for Tesomet in 2018 and 2019. In the short term, Saniona also expects to enter into additional regulatory interaction in relation to the planned Phase 2b/3 studies for Tesomet as well as the Phase 1 studies for the drug candidate San711 for neuropathic pain and itching. These are examples of such regulatory activities that are part of the drug development process and as such, subject to the above-mentioned risks.

Saniona and its partners will be obliged to meet certain regulatory requirements also after a product has received market approval, including marketing supervision and safety reporting. In addition, the Company and its partners will be obliged to comply with rules for pharmaceutical manufacturing including rules for trials, quality control and documentation of the Company's products. Manufacturing facilities must be approved at inspection from authorities and will be subject to regular inspections by the authorities, which might lead to remarks and new manufacturing requirements.

Furthermore, there is a risk that Saniona fails to comply with rules and regulations due to misinterpretation of the regulations or that Saniona has not had the opportunity to adapt its operations to new rules and regulations. In addition, Saniona may from time to time lack the resources required to comply with applicable rules and regulations. Future changes to applicable legislation can also cause delays and increased costs. This concern rules and regulations within the field of medical regulation as well as other rules and regulations which affect

Saniona's operations. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) ("**GDPR**") is an example on legislation which at the time of the issue of the Prospectus is relatively new which is why it is difficult to draw any conclusions regarding its short and long term effects on Saniona's operations or if Saniona's adaption to GDPR is adequate.

If Saniona and its partners are not granted the necessary regulatory approval for one or several product candidates, such product candidate cannot be commercialized. If Saniona or its partners, external manufactures included, do not meet with relevant authority requirements, the Company may be subject to fines, withdrawal or seizure of products, withdrawal of regulatory permits or approvals, other operational restrictions and criminal sanctions. If Saniona otherwise violates applicable rules and regulations or if Saniona's interpretation of applicable rules and regulations is incorrect, it may cause sanctions from relevant authorities.

If above risks were to materialize, it could have a material adverse effect on Saniona's operations, earnings and financial position.

Product liability and insurance

Since Saniona conducts research and development of pharmaceuticals, risks of product liability may arise. Saniona may be held liable for side effects, diseases, death or other injuries on patients in connection with clinical studies, even if clinical studies are carried out by an external provider. If Saniona would be held responsible for incidents in a clinical study, there is the risk that the Company's insurance coverage is not enough to cover any future legal claims, which might negatively affect Saniona both in terms of reputation and financially. Claims related to product liability might have a material adverse effect on Saniona's operations, earnings and financial position.

Key persons and employees

Saniona's key persons and employees have a high level of expertise and a vast experience within the Company's field of operations and are thus central for Saniona's operations. These employees are employed in the Danish subsidiary Saniona A/S, in which the operational operations are conducted. In accordance with practice in the Danish labour market, the notice period for several senior executives and key employees, with exception for the CEO and CFO, for the employee to terminate the employment is only one month. Several key persons can therefore terminate their employment with only one month's notice, meaning that Saniona may need to replace key persons at short notice. If one or several key persons or employees terminate their employment with the Company or if the Company fails to recruit new persons with relevant skill and expertise, this may delay or hinder the development of the Company's program, which might have a material adverse effect on Saniona's operations, earnings and financial position.

Patents and other intellectual property rights

Patents and other intellectual property rights are key assets in Saniona's operations and the Company's potential future success is dependent on the Company obtaining and maintaining necessary patent protection for individual projects, technology and manufacturing methods. Even if Saniona obtains patent protection there is a risk that an approved patent will not provide satisfactory commercial protection in the future, for example if competitors develop products or technologies that lead to Saniona's intellectual property rights being circumvented or replaced. If Saniona is forced to defend future patent rights against a competitor, this might involve considerable costs for the Company.

Furthermore, in the industry in which Saniona operates, there is always the risk that the Company may, or is alleged to, infringe patents held by third parties. Other parties' patents may also limit the ability of one or more of the Company's future partners to freely use the product or manufacturing method concerned. The risk associated with patent protection implies that the outcome of such disputes is difficult to predict. Negative outcomes of disputes relating to intellectual property rights may lead to loss of protection, prohibition to continue to use the right or obligation to pay damages. In addition, the costs of a dispute, even in case of a favourable outcome for Saniona, may be substantial. If above risks were to materialize, they could have a material adverse effect on Saniona's operations, earnings and financial position.

Protection of trade secrets and know-how

Saniona is dependent on trade secrets and know-how which cannot be protected by registration in the same way as other intellectual property rights. Saniona uses confidentiality agreements to protect trade secrets and know-how but it is not possible to provide complete protection against unauthorized disclosure of information, which entails risks that competitors might obtain and benefit from trade secrets and know-how developed by Saniona, which might damage the Company. Such disclosure of information might have a material adverse effect on Saniona's operations, earnings and financial position.

Competitors
Saniona operates in a competitive industry characterized by rapid technological development. The Company's competitors may be major multinational companies as well as minor research companies active within the field of ion channels. These competitors may have greater resources than Saniona and its partners in areas such as research and development, interactions with authorities, marketing and product launching. Hence, there is a risk that competitors may achieve commercialization of products earlier than Saniona and its partners, or develop products which are more efficient, have better safety profile or are more affordable than Saniona's potential products. Such competing products can limit the Company's abilities to generate revenue, which might have a material adverse effect on Saniona's operations, earnings and financial position.

Partners
Saniona has chosen to enter into partnerships for certain projects in early phase to reduce the ongoing capital need through partnership financing. The Company's partners include Boehringer Ingelheim International GmbH, Productos Medix S.A. de S.V. and Cadent Therapeutics Inc. A substantial part of Saniona's activities has been financed through partners and the partners are hence crucial for the conduct of certain projects. In case any of the Company's partners would chose to terminate the cooperation with Saniona there is a risk that projects are delayed or cannot be continued. Saniona may not have the financial resources necessary to continue the project on its own or may fail to enter into new collaborations with new partners for the continuation of the project. In addition, a change of partner might also lead to increased costs which may further complicate the continuation of the project. Terminated or delayed collaboration projects might have a material adverse effect on Saniona's operations, earnings and financial position.

Dependency on future commercialization
Saniona is inter alia entitled to royalties for successfully developed and marketed products and milestone payments under secured partnerships. Hence, the Company is to a large extent dependent on future commercialization to generate revenues. Even if marketing approval is obtained, there is a risk that the sales do not correspond to the expectations and that commercial success will not be achieved. The potential revenue depends on several factors such as the product's characteristics, competing products, distribution opportunities, marketing, price, and availability. Absence of commercial success might have a material adverse effect on Saniona's operations, earnings and financial position.

Currency exposure
Saniona is based in Sweden and reports results and financial position in SEK but most of the Company's operations take place in the Danish subsidiary Saniona A/S, whose functional currency is DKK. Revenue from Saniona's partnerships mainly consist of USD and EUR. Internal operation costs mainly consist of DKK and to a minor extent SEK while the external development expenditures mainly consist of EUR and USD. Consequently, the Group's outflows mainly consist of DKK, EUR and USD and to a minor extent SEK while the Group's inflows from the operative operations mainly consist of EUR and USD.

Cash flows in conjunction with purchase and sale of goods and services in difference currency cause a so-called transaction exposure. As per the date of the publishing of the Prospectus, Saniona does not hedge its transaction exposure. In addition, the assets in Saniona A/S constitute a significant part of the Group's total assets, therefore the Group is subject to balance exposure due to the translation of DKK to SEK.

If Saniona's measures to address the impact of exchange rate fluctuations do not prove to be sufficiently effective it might have a material adverse effect on Saniona's operations, earnings and financial position.

Tax related risks
The tax considerations made by Saniona are based on interpretations of the current tax laws, tax treaties and other tax regulations and the requirements of the relevant tax authorities. There is a risk that tax audits and reviews may result in that Saniona is subject to additional tax or that deductions are not approved, e.g. due to intragroup transactions between group companies or other closely related parties (so-called transfer pricing), restructurings, accumulated tax losses, fiscal domicile, incentive programs and legal value added tax as well as indirect tax matters. In the event that Saniona's interpretation or application of tax law, treaties, or other tax regulations is incorrect, if one or more governmental authorities successfully make negative tax adjustment with regard to Saniona, or if applicable tax law, treaties, regulations or governmental interpretations thereof or if administrative practice in relation thereto change, including with retroactive effect, the Company's past and current tax position may be reassessed. In the event of tax authorities succeeding with such a reassessment, an increased additional tax cost could supervene, including tax charges and interest costs which could have a material adverse effect on Saniona's operations, earnings and financial position.

Laws, treaties and other regulations on taxation have historically been subject to frequent changes and future changes could have a significant impact on Saniona's tax burden, as well as material adverse effects on Saniona's operations, earnings and financial position.

As per 31 December 2018, Saniona AB had accumulated tax losses of approximately SEK 32.9 million. The accumulated tax losses could reduce Saniona's future taxable earnings and hence reduce the effective tax rate that otherwise would accrue on future profits. Tax losses and the use thereof are subject to extensive restrictions rules. The Group's possibility to in the future, in whole or partly, utilize the accumulated tax losses will be determined, amongst other factors, by future ownership changes and could also be affected of changes to applicable tax legislation. If tax losses carried forward cannot be used to reduce tax on future profits, the Company's tax costs will increase which might have a material adverse effect on Saniona's operations, earnings and financial position.

RISKS RELATED TO THE SHARE AND THE RIGHTS ISSUE

The price of the Company's share can be volatile

Risk and risk-taking are inevitable aspects of share ownership. Since an investment in shares can decrease in value, there is a risk that the investor will not get back the capital invested. The Company's share is quoted on Nasdaq Stockholm. The share price's development is depending on a number of factors, some of which are company specific while others are tied to the stock market as a whole. The share price can be very volatile and can, for example, be affected by supply and demand, changes in actual or expected results, inability to reach analytics' expectations on the result, changes in general economic conditions, changes in regulatory environments and other factors. The price of the Company's share could also be affected by, for example, competitors' activities and position on the market. Saniona is unable to predict on how investors' interests for the Company will develop and if it, at each given time, will be an active and liquid market for trading in the Company's share. It is impossible for an individual company to control all of the factors that may affect its share price, and consequently any investment in shares should be preceded by a careful analysis.

Trading in subscription rights and BTA can be limited

Persons who are registered as shareholders in the Company on the record date receive subscription rights in proportion to their existing shareholdings. The subscription rights are expected to have an economic value that can only benefit the holder if he or she either exercises them to subscribe for new shares no later than 25 June 2019 or sells them no later than 20 June 2019. After 25 June 2019, unexercised subscription rights will be removed, without prior notification, from holders' securities account and the holder will thus be deprived of the expected economic value of the subscription rights. Both subscription rights and paid subscribed shares (Sw. betalda tecknade aktier) ("**BTA**") that, after payment, are booked into the securities accounts of those who subscribed for new shares, will be subject to trading on Nasdaq Stockholm for a limited period of time. Trading in these instruments may be limited, which may cause problems to individual holders in selling their subscription rights and/or BTA. A limited liquidity could also enhance fluctuations in the market price of subscription rights and/or BTA. Accordingly, pricing of these instruments could be incorrect or misleading.

Dilution

The subscription rights will expire and become useless without entitlement to compensation for the shareholders if the shareholder chooses not to exercise or sell its subscription rights in the Rights Issue as set out in this Prospectus. Consequently, such shareholders' proportional ownership and voting rights in the Company will decrease and the proportion that their shares represent in relation to the total number of shares and the total number of votes in the Company will decrease accordingly. There is a risk that the compensation the shareholder receives for the subscription rights on the market does not correspond to the economic dilution of the shareholder's ownership in Saniona following the Rights Issue, if a shareholder chooses to sell his or her unutilised subscription rights or if these subscription rights are sold on behalf of the shareholder.

Significant influence for major shareholders

The Company has a small number of major shareholders. These have, through their respective holdings in the Company, the ability to exercise a significant influence over the Company and may affect such matters that are to be resolved upon at general shareholders' meetings. A concentration of shareholders can be a disadvantage for other shareholders if these have other interests than the Company's major shareholders.

Future new issues and sales of major shareholdings
Substantial sales of shares by major shareholders, as well as a general market expectation that additional sales of shares may be made, may affect the Company's share price negatively. Moreover, new share issues, as well as the Rights Issue, or other raisings of capital, would lead to a dilution of the ownership of shareholders who do not participate in such an issue or choose to not exercise its right to subscribe for shares. The same applies if the capital raising takes place through issues directed to others than the Company's shareholders, or in other ways.

Underwriting commitments are not secured
Saniona has obtained underwriting commitments regarding the Rights Issue from external investors. The undertakings toward Saniona by reason of these commitments and undertakings are not secured through pledging, blocked funds or any other arrangement, why there is a risk that these who have provided undertakings will not fulfil their undertakings. If the abovementioned commitments are not fulfilled, it can negatively affect Saniona's possibilities to successfully carry through the Rights Issue.

Future dividends
Possible future dividends in Saniona is depending on a number of factors. Payment of dividends may only take place if there are payable funds held by Saniona and with such an amount that is justifiable considering the requirements imposed by the nature, scope and risks of the operations on the size of equity and the Company's consolidation needs, liquidity and financial position in general for a certain financial year. Furthermore, Saniona's possibility to distribute dividends is depending on the Company's future result, financial position, cash flow, working capital requirements and other factors.

There is a risk that dividends will not be paid to the shareholders in the future. If so, an investors' possible return on its holdings will only depend on the share price's future development.

Specific risks for foreign shareholders
The Company's share is quoted in SEK and any dividends will be paid in SEK. A weakening of the Swedish crown in relation to foreign currency could therefore, in case of conversion to local currency, mean that the value of foreign shareholders' holdings and dividends could be affected negatively.

If, in the future, the Company issues new shares with preferential rights for existing shareholders, shareholders in certain countries may be subject to limitations preventing them from participating in such new share issues or otherwise impeding or limiting their participation. For example, shareholders in the United States may be prevented from exercising such preferential rights unless an exemption from the registration requirements of the Securities Act is applicable. Shareholders in other jurisdictions outside Sweden may also be affected in a similar manner depending on local legal requirements. To the extent foreign shareholders are unable to subscribe for new shares in any rights issue, their proportionate ownership in the Company will decrease.

Invitation to subscribe for shares in Saniona AB

Saniona's board of directors resolved on 28 May 2019, pursuant to the authorization granted the board of directors by the annual general meeting held on 24 May 2018 and registered with the Swedish Companies Registration Office on 1 June 2018, to increase the Company's share capital through a new issue of shares with preferential rights for Saniona's shareholders (the "**Rights Issue**").

The Rights Issue entails that Saniona's share capital will increase with a maximum of SEK 217,477.00 through the issuance of not more than 4,349,540 new shares. The Company's shareholders have preferential rights to subscribe for the new shares in relation to the number of shares they previously own. The record date for participation in the Rights Issue is 5 June 2019. Those who are registered shareholders in Saniona on the record date will receive one (1) subscription right for each owned share, whereby eleven (11) subscription rights entitle to subscription of two (2) new shares. To the extent that new shares are not subscribed for with preferential rights, they shall be allotted to shareholders and other investors who have subscribed for shares without preferential rights in accordance with the principles set out in the section "Terms and conditions". Such allotment shall firstly be made to those who have also subscribed for shares by exercise of subscription rights. Subscription shall take place during the period as from 10 June 2019 to and including 25 June 2019, or such later date as determined by the board of directors in accordance with what is stated in section "Terms and conditions".

The subscription price has been set at SEK 18 per share, meaning that the Rights Issue, if fully subscribed, will provide Saniona with approximately SEK 78 million before transaction costs.[1]

Saniona has obtained underwriting commitments amounting to approximately SEK 66.5 million, corresponding to 85 percent of the Rights Issue, from external investors. These underwriting commitments are not secured through bank guarantee, blocked funds, pledging or similar arrangement.

Investors are hereby invited to subscribe for shares in the Company in accordance with the terms and conditions of the Prospectus.

Malmö on 7 June 2019

Saniona AB (publ)
The board of directors

1 Transaction costs estimated to approximately SEK 14 million (including fees to underwriters of approximately SEK 6 million) will be de ducted from the issue proceeds of not more than SEK 78 million. The Rights Issue is estimated to provide Saniona approximately SEK 64 million net.

Background and reasons

Saniona is a research and development company focused on drugs for diseases of the central nervous system and eating disorders. The Company has five pharmaceutical programs in clinical development. The research is focused on ion channels and the Company has a broad portfolio of preclinical programs. Saniona has partnerships regarding certain programs with Boehringer Ingelheim GmbH, Productos Medix, S.A de S.V, Cadent Therapeutics and Treatment Research Center (TRC) at the University of Pennsylvania.

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 substantial. For example, Saniona is currently developing Tesomet for Prader-Willi syndrome and hypothalamic obesity with emphasis on the U.S. and Europe. The market for such a product may be significant despite a relatively small 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 general, the majority of Saniona's internal development programs may potentially be developed and commercialized for both orphan indications by Saniona and for larger indications in collaboration with partners. One of Saniona's short term objectives is to develop at least one of its preclinical programs to Phase 2, with the aim of positioning the product for a potential orphan indication itself or to out-license it to a pharmaceutical company to treat a more common disease.

In order to support Saniona's overall objectives, the Company has resolved to carry through the Rights Issue of approximately SEK 78 million. If the Rights Issue is fully subscribed, the net proceeds is calculated to amount to approximately SEK 64 million[2]. Of the net proceeds, approximately SEK 17 million will be used for general business purposes, including to cover over head and administrative costs. The remaining part, approximately SEK 47 million, will primarily be used to complete the ongoing Phase 2a studies for Tesomet in Prader-Willi syndrome and hypothalamic obesity and to initiate discussions with regulatory agencies for start of Phase 2b/3 studies in 2020. Any remaining part will be used to progress Saniona's other preclinical and clinical programs internally or together with partners including the SAN711 Phase 1 program for the treatment of chronic pain and itching and the IK program for treatment the of inflammatory bowel diseases.

The board of directors of Saniona is responsible for the content of the Prospectus. It is hereby assured that the board of directors of Saniona have taken all reasonable precautionary measures to ensure that the information contained in the Prospectus, as far as the board of directors is aware, corresponds to the facts and that nothing has been omitted that would affect its import.

Malmö on 7 June 2019

Saniona AB (publ)
The board of directors

2 Issue costs are expected to amount to approximately SEK 14 million, including remuneration to issue underwriters of approximately 6 SEK million.

Terms and conditions

PREFERNTIAL RIGHTS AND SUBSCRIPTION RIGHTS

Those who are registered as shareholders of the Company on the record date 5 June 2019 will receive one (1) subscription right for every share held on the record date. Eleven (11) subscription rights entitle the holder to subscribe for two (2) new shares.

Provided that the Rights Issue is fully subscribed, the number of shares in the Company will increase from 23,922,480 shares to 28,272,020 shares, corresponding to an increase of 18.2 percent. Shareholders who choose not to participate in the Rights Issue will have their ownership diluted, but may be financially compensated for the dilution by selling their subscription rights on the market. The dilution at full subscription amounts to approximately 15.4 of the share capital and votes. The dilution for shareholders who choose not to participate in the Rights Issue is calculated as the new shares divided by the total number of current shares and new shares after the fully subscribed Rights Issue.

The new shares may also be subscribed for without subscription rights, see section "Subscription of shares without exercise of subscription rights".

SUBSCRIPTION PRICE

The new shares in Saniona will be issued at a subscription price of SEK 18 per share. No commission will be charged.

RECORD DATE

The record date at Euroclear Sweden AB ("**Euroclear**") for determining which shareholders are entitled to receive subscription rights in the Rights Issue is 5 June 2019. The shares in Saniona are traded including right to receive subscription rights in the Rights Issue to, and including, 3 June 2019. The shares are traded without right to receive subscription rights in the Rights Issues from, and including, 4 June 2019.

SUBSCRIPTION PERIOD

Subscription for new shares shall take place from, and including 10 June 2019 up to, and including 25 June 2019. The Board of the Company reserves the right to extend the subscription period, which, if exercised, will be announced through a press release from the Company not later than 25 June 2019.

ISSUE STATEMENT

Directly registered shareholders

A pre-printed issue statement with an attached payment form will be sent to shareholders, or representatives of shareholders, in the Company who, on the record date, are registered as shareholders in the shareholders' register maintained by Euroclear for the Company. The pre-printed issue statement sets for the, inter alia, the number of subscription rights received. Those parties included in the separate list of pledge holders and trustees maintained in connection with the shareholders' register will not receive any issue statement and will be informed separately. No separate securities notification will be issued regarding the registration of subscription rights in shareholders' securities accounts.

Nominee-registered shareholders

Shareholders whose holdings of shares in the Company are nominee-registered with bank or other nominee will not receive any issue statement. Notification of subscription and payment of new shares through preferential rights (subscription with preferential rights) shall be made in accordance with instructions from the nominee, or if the holding is registered with several nominees, from each of these.

Shareholders resident in certain unauthorized jurisdictions

The allotment of subscription rights and the issuance of new shares through the exercise of subscription rights to persons who are resident in, or citizens of, countries outside the EU/EEA may be affected by securities legislation in such countries. Consequently, subject to certain exceptions, shareholders whose existing shares are registered directly in a securities account and whose registered address is in the U.S., Australia, Hong Kong, Canada, Japan, New Zeeland and South Africa will not receive the Prospectus. Nor will such shareholders receive any subscription rights to their securities accounts. The subscription rights that otherwise would have been registered for these shareholders will be sold and the sales proceeds, less deductions for costs, will be paid to such shareholders. Amounts less than SEK 100 will not be paid out.

TRADING IN SUBSCRIPTION RIGHTS

Trading in subscription rights will take place on Nasdaq Stockholm during the period from, and including, 10 June 2019 up to, and including, 20 June 2019 under the ticker "SANION TR". SEB and other securities institutions with the requisite licenses will provide brokerage services in connection with the purchase and sales of subscription rights. The ISIN code for the subscription rights is SE0012703635.

SUBSCRIPTION FOR NEW SHARES BY EXERCISE OF SUBSCRIPTION RIGHTS

Subscription for new shares by exercise of subscription rights is to be carried out from, an including, 10 June 2019 up to, and including, 25 June 2019. Upon expiry of the subscription period, unexercised subscription rights will lapse and become worthless. After 1 July 2019, unexercised subscription rights will be deleted from holders' securities accounts, without notice from Euroclear.

To ensure that the possible value of the subscription rights is not lost, the holder must either:

- exercise the subscription rights to subscribe for new shares no later than 25 June 2019, or according to instructions from the subscribers' nominee, or
- sell the subscription rights which have not been exercised no later than 20 June 2019

A subscription of new shares by exercise of subscription rights is irrevocable and a subscriber may not cancel or modify such subscription of new shares.

Directly registered shareholders resident in Sweden

Subscription for new shares by exercise of subscription rights is to be carried out through cash payment, either using the pre-printed payment form or a separate application form, with concurrent payment in accordance with one of the following alternatives:

- the payment form is to be used if all subscription rights in the issue statement from Euroclear are to be exercised. No additions or changes may be made to the payment form, or
- the application form entitled "Application form for subscription of shares by exercise of subscription rights" is to be used if subscription rights have been purchased, sold or transferred from another securities account, or if, for some other reason, the number of subscription rights is to be exercised for subscription of new shares differs from the number on the pre-printed issue statement. Payment for the subscribed shares must be made in accordance with the instructions on the application form concurrent to submitting the completed application form to SEB's address below

Applications forms in accordance with the above may be ordered from SEB during office hours by telephone at +46 (0)8 639 2750. The application form must be received by SEB not later than 5:00 p.m. on 25 June 2019.

Directly registered shareholders who are residents outside Sweden entitled to subscribe for shares by exercise of subscription rights

Directly registered shareholders who are eligible to subscribe for new shares by exercise of subscription rights and who are not resident in Sweden, who are not subject to the restrictions described above under "Shareholders resident in certain unauthorised jurisdictions" and who cannot use the pre-printed payment form, can pay in SEK through a foreign bank in accordance with the instructions below:

Address:
SEB
Emissioner AB03c
106 40 Stockholm
IBAN number: SE5550000000058651006209
Bank account number: 5865-10 062 09
BIC: ESSESESS

Upon payment, the subscriber's name, address, securities account number as well as reference on the issue account statement must be stated. The final day for payment to be received is 25 June 2019. Payment is to be made in accordance with the instructions above using the securities account that holds the subscription rights as reference. Application forms (in accordance with the above address) must be received by SEB not later than 5:00 p.m. on 25 June 2019.

Nominee-registered shares

Nominee-registered shareholders who wish to subscribe for new shares by exercise of subscription rights must apply to subscribe for shares in accordance with the instructions from their respective nominee or nominees.

PAID SUBSCRIBED SHARES (BTA)

Paid subscribed shares ("**BTA**") (Sw. betald tecknad aktie) on the basis of subscription rights will be registered with Euroclear as soon as possible, which normally means up to three banking days after payment. The subscriber will then receive a securities notice confirming the PSS has been registered to the subscriber's securities account. Shareholders with nominee-registered holdings will receive PSS and information in accordance with respective nominee's procedures.

Trading in BTA

Trading in BTA on Nasdaq Stockholm is expected to take place from and including 10 June 2019 up to and until the Swedish Companies Registration Offices (Sw. Bolagsverket) has registered the Rights Issue. The registration is expected to be take place around week 28 2019.

SUBSCRIPTION FOR NEW SHARES WITHOUTH EXERCISE OF SUBSCRIPTION RIGHTS

If not all shares issued in the Right Issue are subscribed for by exercise of subscription rights (primary preferential right), the Board shall decide on the allotment of new shares subscribed for without support of subscription rights.

Important information with regards to subscription of new shares without support of subscription rights

NID number required for natural persons

National ID or National Client Identifier ("**NID-number**") is a global identification code for natural persons.

According to MiFID II, commencing on 3 January 2018, all investors must have a global legal entity identifier to carry out a securities transaction. SEB may be prevented from executing the transaction for the person in question if the NID is not provided. For natural persons who only have Swedish citizenship, the NID number consists of the designation "SE" followed by the person's personal identity number. If the person in question has dual citizenship, or anything other than Swedish citizenship, the NID number may be another type of number. For more information about how to get the NID number one should contact its bank office. Those who intend to subscribe for shares in the Rights Issue are encouraged to find out their NID number (natural persons) in good time as the information is required on the application form at the time of submission.

Legal entity identifier

As of January 3, 2018, all companies and other legal entities need a global identification code, a so-called Legal Entity Identifier (LEI), in order to carry out a securities transaction. You can apply for a LEI number directly from an issuer of LEI numbers or via an intermediary.

Directly registered shareholders and others

Application for subscription of new shares without subscription rights is to made on the special application form "Subscription for shares without subscription rights". More than one application may be submitted. However, only the most recently application received by SEB will be considered. Application form may be obtained from SEB's website, www.sebgroup.com/prospectuses and from Saniona's website www.saniona.com/se. The application form may be sent by postal mail to SEB, Emissioner AB03C, 106 40 Stockholm and must be received by SEB no later than 5:00 p.m. 25 June 2019.

Nominee-registered shareholders

Holders of depository accounts who wish to subscribe for new shares without subscription rights must apply to subscribe in accordance with the instructions from their nominee or nominees, who will also process allotment notifications and other questions.

Allotment of shares subscribed for without subscription rights

If all of the new shares are not subscribed for by exercise of subscription rights, the board of directors will decide, within the scope of the maximum amount of the Rights Issue, on the allotment of new shares subscribed for without subscription rights, in which case the allotment shall be applied in the following order:

- firstly, to those who have subscribed for shares by exercise of subscription rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of subscription rights that each and every one of those, who have applied for subscription of shares without exercise of subscription rights, have exercised for subscription of shares;
- secondly, to those who have subscribed for shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of shares the subscriber in total has applied to subscribe for; and
- thirdly, to those who have provided underwriting commitments with regard to subscription of shares, pro rata in relation to such underwriting commitments.

To the extent that allotment in any section above cannot be done pro rata, allotment shall be determined by drawing of lots.

On or about 1 July 2019, a settlement note will be sent to the subscriber as confirmation of the allotment of new shares subscribed for without subscription rights. Shareholders whose holdings are nominee-registered will receive confirmation of the allotment in accordance with the procedure of the respective nominee. No confirmation will be sent to subscriber who received no allotment. If payment is not made on time, the share may be transferred to others. In the event that the selling price is lower than the subscription price in connection with such transfer, the party that was initially allotted the shares shall be liable to pay all or part of the difference.

The new shares subscribed for without support of subscription rights will be delivered as soon as the shares have been registered with the Swedish Companies Registration Office. The registration is expected to take place around week 28 2019. A securities notice will be sent confirming the registration of the subscribed and allotted shares in the subscriber's securities account.

RIGHT TO DIVIDENDS

The new shares shall entitle to dividends for the first time on the record day for dividends which occurs immediately following the date when the shares were registered with the Swedish Companies Registration Office.

ANNOUNCEMENT OF THE RESULT IN THE RIGHTS ISSUE

The outcome of the Rights Issue will be announced through a press release on the Company's website www.saniona.com/se on or about 2 July 2019.

TRADING IN NEW SHARES

The Company's shares are admitted to trading on Nasdaq Stockholm. After the Swedish Companies Registration Office has registered the new shares, these will also be admitted to trading on Nasdaq Stockholm. First day of trading is expected to commence around 10 July 2019.

INFORMATION ABOUT PROCESSING OF PERSONAL DATA

Parties who subscribe for, or apply to subscribe for, new shares will submit personal data to SEB. Personal data that is submitted to SEB, e.g. contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the Rights Issue, will be processed by SEB, in its capacity as the controller of personal data, for the administration and execution of the Rights Issue. Processing of personal data will also take place to enable SEB to comply with its statutory duties.

Personal data may, for the stated purposes and in observance of bank secrecy rules, occasionally be disclosed to other companies within SEB or to companies which cooperate with SEB, within and outside the EU/EEA in accordance with the EU's approved and appropriate protective measures. In certain cases, SEB is also under a statutory duty to provide information, e.g. to the Swedish Financial Supervisory Authority and Swedish Tax Agency.

The Banking and Financing Business Act as well as the Securities Market Act, contains confidentiality provisions according to which all of SEB's employees are bound by a duty of confidentiality with regard to clients of SEB and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the SEB Group.

Information regarding what personal data is processed by SEB, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from SEB's data protection officer. It is also possible to contact the data protection officer to obtain further information about how SEB processes personal data. If the investor wishes to make a complaint regarding SEB's processing of personal data, the investor is entitled to turn to the Swedish Data Protection Authority in its capacity as supervisory authority.

Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that SEB has no legal obligation to preserve the personal data. The normal storage time for personal data is ten years.

Address to SEB:s data protection officer:
SEB
Dataskyddsombud
106 40 Stockholm

IRREVOCABLE SUBSCRIPTION

The board of directors of Saniona is not entitled to revoke the Rights Issue in accordance with the terms in the Prospectus. Subscription of new shares, with or without subscription rights, is irrevocable and the subscriber may not withdraw or change a subscription for new shares, unless otherwise stated in this Prospectus or applicable law.

OTHER INFORMATION

SEB is the issuing institution in connection with the Rights Issue. The fact that SEB is the issuing institution does not imply that SEB views any party that applies to subscribe under the Rights Issue as a customer of SEB.

Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is made late, is insufficient or paid incorrectly, the subscription application may be disregarded entirely or allotment may be for a lower amount. Payments that have not been claimed will be repaid in such cases. In case more than one application form is submitted, only the last one received by SEB will be considered. Too late payments of amounts less than SEK 36 may be repaid on request. Registration of the Rights Issue with the Swedish Companies Registration Office is expected during week 28 2019.

Company description

SANIONA IN BRIEF

Saniona is a research and development company focused on drugs for diseases of the central nervous system and eating disorders. The Company has five pharmaceutical programs in clinical development. The research is focused on ion channels and the Company has a broad portfolio of preclinical programs. Saniona has partnerships with Boehringer Ingelheim GmbH ("**Boehringer Ingelheim**"), Productos Medix, S.A de S.V ("**Medix**"), Cadent Therapeutics ("**Cadent Therapeutics**") and the Treatment Research Center ("**TRC**") at the University of Pennsylvania.

Saniona is also developing product candidates 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 substantial. Saniona is currently developing the product candidate Tesomet for Prader-Willi syndrome ("**PWS**") and hypothalamic obesity with emphasis on the U.S. and Europe. The market for such a product may be significant despite relatively few 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 general, the majority of Saniona's internal development programs may potentially be developed and commercialized for both orphan indications by Saniona and for larger indications in collaboration with partners. One of Saniona's short term objectives is to develop at least one of its preclinical programs to Phase 2, with the aim of positioning the product for a potential orphan indication itself or to out-license it to a pharmaceutical company to treat a more common disease.

Saniona has yet not commercialized any products but has generated income through its partnerships. 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, when Saniona decides to develop a product in collaboration with a pharmaceutical company, Saniona grants its partners commercial license to a limited territory or on a world-wide basis. 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.

Ion channels are cell membrane proteins which affects different biological functions of the body, inter alia brain functions and cell signaling. Since the Company's operations are focused on ion channels, the Company conducts research and development of pharmaceutical candidates for treatment of diseases where such physiological processes are impaired or limited and with a mode of action that inhibits or activates the relevant ion channels. Saniona's ion channel platform, which consists of the Company's proprietary technology, research and compound library, is the foundation of the Company's R&D activities and has provided the Company with unique opportunities to develop its programs internally as well as through a number of partnerships.

Saniona's pharmaceutical programs are described more in-depth under the section "Pipeline" below. The markets for the products and the indications that Saniona considers relevant for each product candidate are described in the following chapter, "Market overview". In the last part of the Prospectus, there is a glossary which describes certain industry related words and expressions which occur in the chapters "Company description" and "Market overview", such as inter alia "pre-clinical studies", "ion channels" and "proof-of-concept".

HISTORY IN BRIEF

2011
- Saniona A/S (formerly Aniona A/S and Aniona ApS) is established.

2012
- In September, the subsidiary Saniona A/S started its operations in connection with the buyout of pharmaceutical projects and a collaboration agreement from the listed company NeuroSearch. The collaboration agreements included the collaboration agreements with Janssen Pharmaceutica NV ("**Janssen**").

2013
- In July 2013, Saniona enters into a new collaboration agreement with Janssen.
- Saniona's ataxia programs are spun off into a new company, Ataxion, together with Atlas Ventures and Biogen.

2014
- In January, Saniona AB, the Group's parent company, is formed.
- In February, Saniona enters into a collaboration with Pfizer for the research and development of therapeutics for neurological diseases.
- In March, Saniona is listed on the Spotlight Stock Market and received total proceeds of SEK 17 million through an initial public offering.
- In July, Saniona initiates preclinical development of the drug candidate AN363 for the treatment of neuropathic pain.
- In October, Saniona acquires the clinical program tesofensine, for the treatment of obesity, from NeuroSearch.

2015
- In February, Saniona closes a rights issue and raises SEK 24.3 million.
- In February regains Saniona all rights to the GABA-A5-program under the previous collaboration with Janssen.
- In June, Saniona grants TRC rights to perform a Phase 2 trial with the pharmaceutical candidate NS2359 for treatment of cocaine addiction.
- In September, Saniona informs that the Company will perform additional studies on a finding seen at higher doses in a toxicological animal model before deciding upon initiating Phase 1 studies for AN363.
- In September, Saniona informs that the Company plans to initiate a Phase 2a study for Tesomet for treatment of patients with type 2 diabetes.
- In September, Saniona and Pfizer terminate the research collaboration and Saniona maintains the rights to the program.
- In October, Saniona closes a rights issue and raises SEK 48.8 million.

2016
- In January, Saniona enters into a collaboration with Proximagen (later acquired by Benevolent AI) for the research and development of therapeutics for neurological disorders.
- In February, Saniona and Medix sign collaboration for development of the pharmaceutical candidates tesofensine and Tesomet for obesity in Mexico and Argentina.
- In February, The Michael J. Fox Foundation awards Saniona a research grant of SEK 5.1 million for Saniona's Parkinson's disease program.
- In April, Saniona initiates recruitment of patients in the Phase 2a clinical study for Tesomet in type 2 diabetes.
- In May, Saniona initiates preclinical research studies on backup compounds to AN363 and that the studies on AN363 is put on hold.
- In May, Saniona participates in formation of Initiator Pharma A/S ("**Initiator Pharma**") and announces that Saniona intends to distribute its shareholding in Initiator Pharma of 60 percent to Saniona's shareholders before Initiator Pharma is listed on Spotlight.
- Saniona is listed on Nasdaq First North Premier on May 19.
- In June, Saniona's partner TRC initiates a Phase 2a study for NS2359 for treatment of cocaine addictions.
- In July, Saniona is awarded three public grants for research programs totalling SEK 5.3 million.
- In August, Saniona and Boehringer Ingelheim sign collaboration agreement regarding a project for treatment of schizophrenia. Saniona may receive up to EUR 90 million in milestone payments including an upfront payment of EUR 5 million. Furthermore, Saniona is eligible to receive royalties on the worldwide net sales of any resulting products under the collaboration.
- In October, a spin-out of a number of pharmaceutical candidates and all of Saniona's shares in the newly found company Initiator Pharma A/S are distributed to Saniona's shareholders

2017

- In January, Saniona reports positive top line results from the Tesomet Phase 2a study in type 2 diabetes.
- In March, Saniona announces a merger of its spinout company Ataxion Inc. with Luc Therapeutics. The company later changed its name to Cadent Therapeutics.
- In April, Saniona initiates Phase 2a study for the pharmaceutical candidate Tesomet in Prader-Willi syndrome.
- In May, Saniona participates in formation of Scandion Oncology and spins out clinical program and related ion channel platform.
- In May, Saniona completes a private placement of SEK 35 million.
- In June, Saniona is listed on Nasdaq Stockholm.
- In July, Saniona buys out future payment obligation to NeuroSearch.
- In August, Saniona's partner, Medix, initiates a Phase 3 study for the pharmaceutical candidate tesofensine in obesity.
- In October, Saniona decides to perform interim analysis of the Phase 2a study for the pharmaceutical candidate Tesomet in adult patients with Prader-Willi syndrome.
- In December, Saniona selects a preclinical pharmaceutical candidate in GABA-A a3 program for neuropathic pain and chronic itching.
- In December, Saniona establishes financing of up to SEK 144 million, sufficient to fund planned activities until 2020.

2018

- In January, Saniona reports topline results from the Tesomet Phase 2a interim study in Prader-Willi syndrome, indicating clinical meaningful reduction in weight and hyperphagia.
- In January, extraordinary shareholders' meeting resolves to elect J. Donald deBethizy and Anna Ljung as new ordinary board members and to elect J. Donald deBethizy as new chairman of the board of directors.
- In February, Saniona's partner, Medix, completes recruitment of Phase 3 obesity study (272 patients) of tesofensine for obesity.
- In February, Saniona initiates and completes recruitment of the 60 volunteers in Phase 1 study with the new Tesomet tablet.
- In March, Saniona's partner Cadent Therapeutics initiates a Phase 1 trial for CAD-1883 for the treatment of spinocerebellar ataxia and essential tremor.
- In April, Saniona progresses to second part of Phase 2a study for Tesomet in Prader-Willi Syndrome based on positive results in adult patients.
- In May, Saniona successfully completes a Phase 1 study with the new Tesomet tablet.
- In May, Saniona regains full rights to BenevolentAI program (previous Proximagen program) following termination of collaboration.
- In June, Saniona successfully completes the preclinical toxicology studies for Tesomet opening op for long-term clinical studies.
- In, June, Saniona is awarded a grant of SEK 1.4 million for the Kv7 program.
- In July, Saniona receives research milestone payment of EUR 4 million as a result of the candidate selection by Boehringer Ingelheim. Under the agreement, Saniona can receive up to EUR 90 million in up-front and milestone payments and a gradual increase in royalties on net sales of any commercial products from Boehringer Ingelheim as a result of this cooperation. To date, Saniona has received a total of EUR 9 million in the up-front and milestone payments within the framework of cooperation.
- In October, Saniona completes recruitment of adolescents for the second part of its Phase 2a study of Tesomet in patients with Prader Willi Syndrome. The trial is expected to be completed in early 2019.
- In November, Saniona's partner Cadent Therapeutics secures USD 40 million financing anchored by Atlas Ventures, a leading U.S.-based investor, and initiated a Phase 2 study for its lead compound, CAD-1883, in essential tremor, which was discovered under the collaboration with Saniona.
- In November, Saniona's spin-out company Scandion Oncology is listed on the Spotlight Stock Market and received total proceeds of SEK 26 million before issue costs through an initial public offering.
- In December, Saniona's partner Medix successfully completes a Phase 3 registration trial for tesofensine in obesity. The trial meets its primary endpoints with a statically and clinically significant weight loss for both doses of tesofensine compared to placebo. Patients achieved an average weight loss of ten percent in the highest dose group and more than half of the patients lost more than ten percent in weight. The trial also met other secondary endpoints with statistically significant reduction in key obesity-related risk factors.

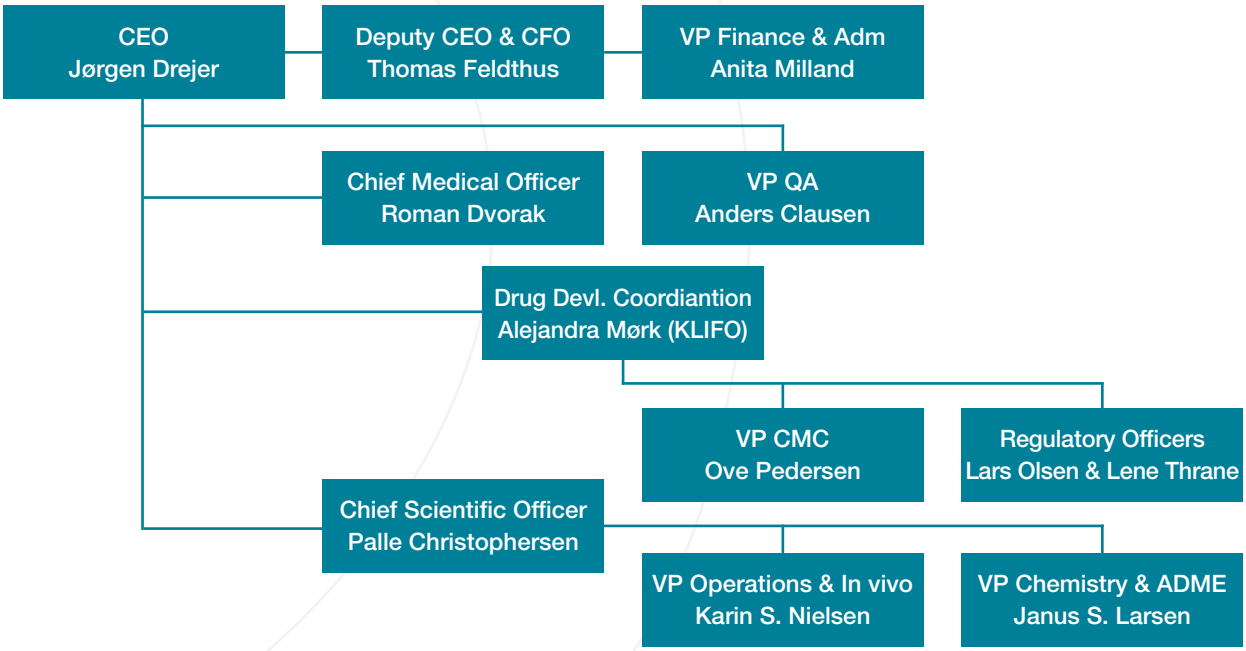
2019

- In January, Saniona initiates an open label extension study in the second part of its Phase 2a study of Tesomet comprising nine adolescent patients with PWS. The treatment with a dose of 0.125 mg/day appeared to be well tolerated but did not achieve sufficient plasma levels known to be efficacious in previous Phase 2 and Phase 3 studies. Saniona has received approval to increase the dose to 0.25 mg/day.
- In January, Saniona's partner TRC informs that it plans to continue the investigator-initiated study with NS2359 for cocaine addiction at a higher dose following their interim analysis.
- In February, Saniona successfully completes a full regulatory toxicological program for its first in class compound, SAN711, which offers a new treatment paradigm for itching and neuropathic pain. Saniona has scaled-up the manufacturing process, produced the material for clinical studies and the program is now ready for Phase 1 studies.
- In March, Saniona initiates a Phase 2a study for Tesomet in patients with hypothalamic obesity.

ORGANIZATION

Saniona AB is the parent company of a group comprising the wholly owned subsidiary Saniona A/S, where all operations are conducted. Saniona is based in Ballerup just west of Copenhagen, where the research facility also is located. As of March 31 2019, Saniona had a total of 24 employees of which 19 worked in Saniona's research and development operation.

Saniona's executive management team consists of the CEO, Jørgen Drejer, CFO, Thomas Feldthus, and CSO, Palle Christophersen. The CEO leads the work of the daily operations and has the mandate to execute decisions adopted by the board of directors. The CFO handles business issues for the daily operations in finance, investor relations, law and IT. Saniona's business development operations are managed jointly by the CEO and CFO. The Company's CSO defines Saniona's research strategy and has the mandate to carry out research projects. The CSO is also responsible for Saniona's scientific publications, maintenance and development of the Company's technical platform and scientific networks.



VISION AND OBJECTIVE

Saniona aims to be a leading biotech company focusing on treatment of diseases of the central nervous system and eating disorders. Saniona's overall objective is to develop, both in-house and together with partners, new treatments that address significant unmet medical needs. Strategically, the Company intends to develop and commercialize treatments for orphan indications on its own and engage in partnerships with larger pharmaceutical companies for development programs aiming at treating large indications such as obesity.

STRATEGY AND BUSINESS MODEL

Saniona has a broad product pipeline, which is developed both internally and in collaboration with pharmaceutical companies.

The Company is developing products internally with the aim of attaining market approval in the U.S. and Europe for certain orphan indications where the required investments are limited and the commercial opportunities can be highly attractive. For example, Saniona is currently developing the pharmaceutical candidate Tesomet for PWS and hypothalamic obesity (intractable weight gain due to brain injury) in the U.S. and Europe. The required investments for developing Tesomet in these indications are comparatively small, while the required commercial infrastructure for servicing these patients in the U.S. and Europe is manageable.

In addition to this, Saniona has entered into and will engage in research collaborations with pharmaceutical companies and is developing pharmaceutical candidates internally with the aim of entering into a collaboration with a pharmaceutical company at a later stage. The structure of Saniona's collaboration agreements depends on the pharmaceutical candidate, the indication, the investment and the risk, as well as the interest and capabilities of Saniona's partners. Saniona can either grant its partners commercial license to a limited territory or globally. In exchange, the partners typically finance future research and development activities and pay Saniona upfront payments, research funding, milestone payments and royalties on product sales when the pharmaceutical candidates are commercialized.

Saniona's short term strategic priorities are set-out below:

- To develop and attain market approval for the pharmaceutical candidate Tesomet in the U.S. and Europe in orphan indications by themselvs.
- To develop Tesomet in rest of the world through partnerships with pharmaceutical companies for metabolic diseases.
- To attain market approval for the pharmaceutical candidate tesofensine in collaboration with Medix in Mexico and Argentina.
- To develop at least one drug candidate internally from the Company's ion channel research platform.
- To leverage from the Company's leading position within ion channel research in partnership with pharmaceutical companies.

Developing and attaining market approval for Tesomet internally in Europe and the U.S. in orphan indications

Saniona's most advanced internal program is Tesomet. Saniona believes that due to Tesomet's mode of action, it has tremendous potential for the treatment of obsessive eating disorders such as PWS, hypothalamic obesity and binge eating.

Saniona is currently conducting Phase 2a studies to explore the possibility for developing Tesomet for two orphan indications, PWS and hypothalamic obesity.

The clinical pathway for the development of Tesomet in eating disorders appears to be faster and less expensive than in metabolic indications in the U.S. and Europe. By pursuing orphan indications such as PWS, the Company has an opportunity to develop and bring their own product to the market in the U.S. and Europe.

Developing Tesomet in the rest of the world through partnerships with pharmaceutical companies for metabolic diseases

Tesomet may potentially also be used for the treatment of large pandemic metabolic diseases (i.e. diseases which affect the body's metabolism) such as obesity, type 2 diabetes and fatty liver diseases (hepatic steatosis). For these indications Saniona would partner with pharmaceutical companies, since the required clinical Phase 3 studies tend to be very large, expensive and long. This is particularly the case in the U.S. and Europe. Initially, Saniona expects to partner for these indications in countries outside the U.S. and Europe.

There is a substantial medical need for effective and safe weight loss products in countries outside the U.S. and Europe, as obesity becomes an increasing global problem. The cost of developing Tesomet for metabolic diseases is often lower in countries outside the U.S. and Europe as large long-term cardiovascular clinical studies typically would not be required for market approval. In these countries, Saniona may out-license the Tesomet program for limited territories. Saniona has already signed an agreement with Medix for the rights relating to Tesomet to Mexico and Argentina.

Attaining market approval for tesofensine in collaboration with Medix in Mexico and Argentina
In December 2018, Saniona's partner Medix completed a Phase 3 registration clinical trial for the pharmaceutical candidate tesofensine regarding treatment of obesity. Medix expects to file a new drug application for approval of tesofensine as a new drug in 2019 in Mexico, with potential market approval and launch in 2020.

Medix has an exclusive license to commercialize tesofensine in Mexico and Argentina, and Saniona is entitled to receive double digit royalties on product sales. Saniona retains all rights to tesofensine including the exclusive rights to use the clinical data developed by Medix in the rest of the world.

Developing at least one drug candidate internally from the Company's ion channel research platform
Saniona intends to develop selected drug candidates internally with the aim of adding value to these programs before out-licensing to third parties. In the short term, it is Saniona's objective to develop at least one drug candidate internally to achieve concept validation, so-called "proof-of-concept" in a Phase 2 study, and then to out-license the program to a major pharmaceutical company for further development.

Saniona expects to receive upfront payments upon out-licensing of its internally developed programs to partners following completion of Phase 2 clinical studies. In addition to this, Saniona expects to receive clinical milestone payments and royalties on product sales when the product candidates are commercialized.

Leveraging the Company's leading position in ion channel research in partnership with pharmaceutical companies
Saniona's research strategy is also based on the establishment of partnerships on early stage drug discovery programs with pharmaceutical companies, by joint ventures or spin-outs. One example of a joint venture and a spin-out is Scandion Oncology. The company was founded based on Saniona's proprietary ion channel research technology and inventions from the University of Copenhagen. Thereafter, Scandion Oncology was quoted on Spotlight Stock Market in November 2018. As of the date of the Prospectus, Saniona owns 29.17 percent of Scandion Oncology. The holdings is however expected to be diluted due to a rights issue that was announced by Scandion Oncology in the end of May 2019.

Saniona aims to effectively utilize its key competences in focused/specific research areas while simultaneously leveraging its partners' expertise in clinical development and marketing of medicines in a wide range of disease areas. This strategy also enables Saniona to manage the risks and upside potential on a relatively large number of pharmaceutical programs.

Saniona's research activities in early stage collaborations will traditionally be fully funded by Saniona's partners. It is Saniona's objective that most of its internal operational costs shall be financed through revenues from collaboration agreements. Therefore, the income from Saniona's research collaborations represents an important contribution to the Company's short-term operations. However, the majority of Saniona's income from research collaborations with pharmaceutical companies (e.g. Boehringer Ingelheim) is expected to be clinical milestone payments and royalties on product sales when the product candidates are commercialized.

If a program is developed through spin-outs or joint ventures, the majority of Saniona's income will be payable upon exits, for example the sale of the spin-out or program to a third party. The proceeds from significant exits and income from milestones and royalty payments will be used for the continued development of Saniona or be payable as dividends to Saniona's shareholders.

PIPELINE
Saniona has a portfolio of nine active drug development programs in clinical and pre-clinical stages, four of which are financed through partnerships or grants.

Saniona is currently conducting Phase 2 studies for Tesomet for the treatment of eating disorders. In addition, Saniona is preparing to start a Phase 1 study for SAN711 for the treatment of chronic pain and itching. Saniona's three research programs, which are targeting the IK, Kv7 and Nicotinic α6 ion channels, are focused on the treatment of inflammatory diseases and certain neurological diseases including epilepsy and Parkinson's diseases.

Saniona's partner Medix has successfully completed a so-called pivotal Phase 3 study (i.e. a clinical study in later phase which is carried through to provide data in support of the application for market approval of a pharmaceutical candidate) for tesofensine in December 2018 and expects to file a new drug application for registration of tesofensine as a new pharmaceutical drug in 2019 for treatment of obesity in Mexico. Cadent Therapeutics is conducting Phase 1 and Phase 2 studies for movement disorders, and Boehringer Ingelheim is preparing for Phase 1 studies on schizophrenia. In addition, the University of Pennsylvania is conducting an investigator-initiated clinical Phase 2a study with NS2359 for the treatment of cocaine addiction to obtain proof-of-concept.

Saniona's pipeline is set out below.

Product or program	Indication	Research	Preclinical	Phase 1	Phase 2	Phase 3
Proprietary pipeline						
Tesomet	Prader-Wills syndrom					
	Hypothalamic obesity					
	Metabolic disease					
SAN711	Neuropathic pain and itching					
IK program	Inflamation, IBD					
Kv7 program	Epilepsy, UI and pain					
Nicotinic-α6 program	Parkinson's disease					
Partnered pipeline						
Tesofensine	Obesity					
NS2359	Cocaine addiction					
CAD-1883	Essential tremor					
	Spinocerebellar ataxia					
Not disclosed	Schizophrenia					

Clinical programs

Saniona's most advanced program is tesofensine, which is being developed for obesity in collaboration with Medix. Medix has completed a Phase 3 registration trial for tesofensine in December 2018 and expects during 2019 to file a new drug application for registration of tesofensine as a new pharmaceutical drug for treatment of obesity in Mexico with planned subsequent market approval and commercial launch in 2020. Medix holds an exclusive license to commercialize tesofensine in Mexico and Argentina, while Saniona is entitled to milestone payments and royalties on product sales. Saniona retains commercial rights in the rest of the world and rights to use any data generated in the Phase 3 trial.

Tesomet is Saniona's most advanced internal program and is being developed for the treatment of eating disorders. Saniona is currently conducting a dose-finding Phase 2a study in PWS and a Phase 2a proof-of-concept study in hypothalamic obesity. The objective is to prepare Tesomet for pivotal Phase 2b/3 studies in at least one of the two indications, and start pivotal studies in 2020.

The University of Pennsylvania Treatment Research Center ("**TRC**") is conducting an investigator-initiated Phase 2a proof-of-concept study with NS2359 for the treatment of cocaine addiction. The study is financed through grants and Saniona retains commercial rights to the compound and the clinical data developed by TRC.

Saniona's partner Cadent Therapeutics has initiated a Phase 2a study with the pharmaceutical candidate CAD-1883 for the treatment of essential tremor and expects to start another Phase 2a study in the second half of 2019 for the treatment of Ataxia (balance disorder due to cerebellar malfunction). Saniona holds a minor ownership stake in Cadent Therapeutics and will receive royalties on CAD-1883 if it reaches the market.

In February 2019, Saniona completed the preclinical development of the pharmaceutical candidate SAN711 for the treatment of chronic itching and neuropathic pain. The program is ready for Phase 1 clinical testing either internally or together with a potential partner.

Tesofensine monotherapy for treatment of obesity (Medix)

Tesofensine acts through neuronal inhibition of monoamine uptake. Monoamines are neurotransmitters which have essential functions in the brain, including regulation of appetite. Tesofensine is a new chemical entity and has not been made commercially available previously. Tesofensine will be provided in tablets and the formulation of tesofensine is covered by patent applications and issued patents expiring in 2036. In addition, the Company expects to be able to obtain data exclusivity, a protection in the form of competitors being prevented from using results from Saniona's clinical studies, for at least five years in Mexico and the U.S. and ten years in Europe after market approval.

Saniona's partner Medix completed a Phase 3 registration trial for tesofensine in December 2018. The trial met its primary endpoints and Medix expects to apply for a new drug application in Mexico in 2019 and to launch the product in 2020. Tesofensine has demonstrated strong weight reducing effects in Phase 2 and Phase 3 clinical studies with obese patients. In the Phase 3 registration trial, patients reached an average weight loss of 10 percent over 24 weeks and more than half of the patients lost more than 10 percent in weight. Tesofensine has been administered to more than 1,700 patients and is generally well tolerated.

In February 2016, Saniona entered into a collaboration with Medix for the development and commercialization of tesofensine and Tesomet in Mexico and Argentina. Medix holds an exclusive license to commercialize tesofensine in Mexico and Argentina, while Saniona is entitled to milestone payments and double-digit royalties on product sales. Saniona retains all rights to tesofensine and Tesomet including the exclusive rights to use the clinical data developed by Medix in the rest of the world.

Medix is a Mexican pharmaceutical company established in 1956 and primarily focused on the treatment of excess weight and obesity. Medix is the market leader for the treatment of excess weight and obesity in Mexico, offering the most comprehensive product and service line. Medix's leading product for treatment of excess weight and obesity is among the top ten pharmaceutical products in Mexico overall. Medix has earned several recognitions for its social responsibility through its participation in philanthropic programs for the benefit of the Mexican population and for its educational efforts involving thousands of doctors in Mexico. Medix has subsidiaries in Argentina and certain other South American countries.

Tesomet for treatment of Prader-Willi syndrome (PWS) and hypothalamic obesity

Tesomet is a combination of tesofensine and metoprolol, which currently is being tested in late clinical phase for treatment of PWS, hypothalamic obesity and metabolic diseases. Tesomet is covered by several patent applications and certain issued patents which together may provide patent protection until 2036.

Prader-Willi syndrome

Saniona is conducting a dose-finding Phase 2a study of Tesomet in patients with PWS.

The study was designed as an exploratory randomized, double-blind, placebo-controlled Phase 2a trial. The primary endpoint of the study was to examine the change in bodyweight over 12 weeks of treatment with Tesomet compared to placebo. Secondary objectives included eating behaviour and hyperphagia (medical symptom of exaggerated hunger or food cravings), body composition, lipids and other metabolic parameters. The study was divided into two parts.

The first part included nine adult PWS patients and was successfully concluded in 2018. The results showed that Tesomet (tesofensine 0.5 mg + metoprolol 50 mg daily) may provide clinically meaningful weight loss and an impressive significant reduction in hyperphagia in adult patients. The study also revealed that the clearance of tesofensine is slower in the adult PWS patient group than in the general population, and that the optimal dose in PWS therefore may be less than the dose used in other indications such as hypothalamic obesity.

The second part included nine adolescent PWS patients who received a lower dose of Tesomet (tesofensine 0.125 mg + metoprolol 25 mg daily), corresponding to a quarter of the tesofensine dose given to adult PWS patients during the first part of the study. The treatment was well tolerated, and eight of the nine adolescent patients decided to continue in a three-month open-label extension study at the same dose. In March 2019, Saniona doubled the dose to 0.25 mg daily in another three-month open-label extension of the study. The objective is to obtain a similar blood level of tesofensine in PWS patients as obtained in previous Phase 2 and Phase 3 studies with obese patients where tesofensine has proven to be well tolerated and highly effective in controlling appetite and reducing weight.

Hypothalamic obesity
Saniona is conducting a Phase 2a clinical study of Tesomet to treat hypothalamic obesity. The trial comprises a total of up to 25 patients and is conducted at Rigshospitalet in Copenhagen, Denmark. In this exploratory randomized, double-blind, placebo-controlled study, patients will receive either Tesomet (tesofensine 0.5 mg + metoprolol 50 mg daily) or matching placebo (2:1 randomization) for 24 weeks followed by an open-label extension study where all patients will receive Tesomet for 24 weeks, resulting in a total treatment period of 48 weeks.

Saniona expects to report the results from the double-blind part of the study during the first quarter of 2020 and the full study during the third quarter of 2020. It is believed that dose finding will be easier in hypothalamic obesity patients than in PWS patients. Therefore, if this trial is successful Saniona may be able to continue into pivotal Phase 2b/3 studies for hypothalamic obesity.

NS2359 for treatment of cocaine addiction (TRC)
The pharmaceutical candidate NS2359 is a so-called triple monoamine reuptake inhibitor that can block reuptake of neurotransmitters in the brain, which is relevant for treatment of cocaine addiction. The pharmacological profile of NS2359 means that it may be able to reduce cocaine withdrawal symptoms, reduce cocaine craving and reduce cocaine-induced euphoria. The salt products of NS2359 are covered by issued patents in the U.S. expiring in 2028. In addition, the Company expects to obtain data exclusivity, which provides five-year protection in the U.S. and ten years in Europe after market approval.

TRC is conducting an investigator-initiated clinical Phase 2a proof-of-concept study with NS2359 for treatment of cocaine addiction. In January 2019, TRC informed Saniona that they plan to continue the cocaine addiction study with NS2359 at a higher dose following an interim analysis of the still blinded data for the first 50 patients enrolled.

TRC is a clinical outpatient treatment center that is part of the PENN/VA Center for the Studies of Addiction. TRC has a modern treatment facility with a fully certified clinical laboratory and a state-of-the-art data management unit. The investigators have been leaders in addiction pharmacotherapy research for over 35 years. TRC has an active recruitment process and network in place for cocaine addiction. The center screens about 250 cocaine dependent patients per year of which about 100 cocaine dependent patients are randomized into research protocols.

CAD-1883 for treatment of essential tremor and spinocerebellar ataxia (Cadent Therapeutics)
The pharmaceutical candidate CAD-1883 is a selective positive allosteric modulator of so-called SK channels (small conductance, calcium-activated potassium ion channels), meaning that the active compound may restore the impulse patterns of certain cerebellar neurons and thereby improve motor functions. CAD-1883 was discovered in a collaboration between Saniona and Cadent Therapeutics and is “first-in-class”, i.e. has a new and unique mechanism of action for the treatment of a particular indication. In preclinical disease models, CAD-1883 has demonstrated the ability to improve motor control and reduce tremor.

Cadent Therapeutics is developing CAD-1883 for the treatment of essential tremor and spinocerebellar ataxia, two neurological movement disorders. Cadent Therapeutics initiated a Phase 2a study in essential tremor during the fourth quarter of 2018, and intends to start a Phase 2a trial in spinocerebellar ataxia in the second half of 2019.

In March 2017, Cadent Therapeutics merged with Saniona’s Boston based spinout Ataxion Inc. Saniona has a 3.4 percent ownership in Cadent Therapeutics as of the date of the publication of the Prospectus. In addition to ownership in Cadent Therapeutics, Saniona is eligible to receive royalties on any potential products developed and commercialized from the program, including CAD-1883.

Cadent Therapeutics leverages a unique precision neuroscience approach combining target specificity, patient selection, drug design and optimization, and novel quantitative endpoints to create first-in-class molecules to treat movement and cognitive disorders. Currently in early clinical development, Cadent Therapeutics is rapidly advancing its pipeline of therapies to treat spinocerebellar ataxia, essential tremor and schizophrenia. Investors include Atlas Venture, Cowen, Healthcare Investments, Clal Biotechnology Industries, Slater Technology Fund and Novartis.

SAN711 for treatment of neuropathic pain and chronic itching (Saniona)
SAN711 is a pain and itch-relieving compound, which has the potential to be an alternative for first treatment and for pain management for patients suffering from untreatable neuropathic pain or itching disorders, either as a standalone treatment or as an add-on medication to existing suboptimal therapies.

SAN711 acts on the receptors for gamma-aminobutyric acid (GABA-A), the most common inhibitory neurotransmitter in the nervous system. SAN711 works selectively on receptors containing GABA-A α3 proteins without acting on main GABA-A receptors. This implies that SAN711 may regulate the body's own pain and itch regulating system in the spinal cord without causing side effects. This concept has been validated by preclinical studies with the compound. SAN711 is a new chemical entity and Saniona has filed a compound patent, which may provide patent protection until 2038. The Company is not aware of any other selective GABA-A α3 modulators in clinical development which is why SAN711 is considered to be able to become first-in-class.

In February 2019, Saniona successfully completed preclinical development of SAN711, and the program is ready for Phase 1 clinical trials, which may start during the summer 2019, either internally or together with a potential partner.

Pre-clinical programs

Saniona's early stage pipeline is based on its ion channel platform with well-established targets for drug discovery. Ion channels comprise a unique class of proteins, which, among other things, control the activity of nerves and is central to numerous other functions in the body.

Saniona currently has four pre-clinical programs of which one program is financed by its partner Boehringer Ingelheim. Boehringer Ingelheim is currently conducting a preclinical study as preparations for Phase 1 studies for treatment of schizophrenia. Saniona's three internal research programs, which are targeting the IK, Kv7 and Nicotinic α6 ion channels, are focused on the treatment of inflammatory diseases and certain neurological diseases including epilepsy and Parkinson's diseases.

These pre-clinical programs hold immense long-term potential for Saniona while the Company works to bring its later stage programs to commercialization.

Boehringer Ingelheim Program for treatment of schizophrenia (Boehringer Ingelheim)

Saniona and Boehringer Ingelheim have partnered for the discovery and development of new small molecule therapeutics to restore brain network activity in patients with schizophrenia. By combining Saniona's expertise in ion channels and related technology platforms with Boehringer Ingelheim's expertise in research and clinical development and commercialization, they are well positioned to advance new treatment options for schizophrenia.

In July 2018, Boehringer Ingelheim selected the first candidate for preclinical and clinical development, triggering a milestone payment of EUR 4 million to Saniona. The program is in the preclinical development phase and Boehringer Ingelheim is preparing the lead candidate for clinical studies.

Boehringer Ingelheim is responsible for the preclinical and clinical development and has global commercial rights. Saniona is eligible to receive up to EUR 90 million in milestone payments and royalties on worldwide net sales of any resulting products under the collaboration. As of December 2018, Saniona has received a total of EUR 11.1 million under the collaboration including EUR 2.1 million in earned income under the research collaboration.

Boehringer Ingelheim, founded in 1885, is one of the world's 20 leading pharmaceutical companies. The focus of the family-owned company is on researching, developing, manufacturing and marketing new medications of high therapeutic value for human and veterinary medicine.

IK program for treatment of inflammatory bowel diseases (Saniona)

Saniona has identified compounds which acts as inhibitors of the ion channel IK, which effectively dampen immune cell activation and may thereby be used for the treatment of inflammatory bowel diseases, like Crohn`s disease and ulcerative colitis. Saniona is in the final candidate selection phase for preclinical development. Saniona assesses that it likely will be the first ion channel modulator medicine for inflammatory bowel diseases and thus become first-in-class.

The IK potassium channel is very important for controlling immune cell functions in both peripheral tissues and the brain. A precise pharmacological modulation of the IK channel can thus be used for treatment of multiple diseases which involve overactive or mistimed immunological reactions, such as inflammatory bowel diseases, and potentially attenuation of autoimmune diseases like rheumatic arthritis and multiple sclerosis, the prevention of organ rejection after transplantation, and reducing brain damage after a stroke.

Kv7 program for treatment of epilepsy, pain, and urinary incontinence (Saniona)

Saniona's Kv7 channel activator programs are in the late stage drug discovery. The programs focus on developing effective new treatments for neurological diseases, such as treatment-resistant partial epilepsy, and various pain disorders. Furthermore, Saniona has demonstrated that the compounds that activates the ion channel Kv7 are also highly efficacious for relaxation of overactive bladder smooth muscle cells, a characteristic of urinary incontinence. Therefore, one of Saniona's Kv7 channel activator programs aims at finding new treatment options for patients suffering from urinary incontinence, which currently is not optimally treated, and interstitial cystitis (chronic pain that affects the urine bladder), which is without any dedicated treatment options.

Nicotinic α6 program for treatment of Parkinson's disease (Saniona)

Saniona's Nicotinic α6 Program for treatment of Parkinson's disease is in the drug discovery phase.

Nicotinic acetylcholine receptors are ligand-gated ion channels that are activated by the neurotransmitter acetylcholine. The α6 subtype (α6-nicotinic acetylcholine receptor) exhibits an extremely localized expression mainly confined to neurons in the area of the brain affected in Parkinson's disease patients where they act as important regulators of dopamine signaling.

As a result of a focused screening campaign, Saniona has identified compounds (selective positive allosteric modulators) which affects α6 containing receptors and furthermore demonstrated that these compounds increase the interaction with acetylcholine. Given the specific expression pattern of α6-nicotinic acetylcholine receptors, modulation of these could provide a novel therapy to increase the release of dopamine in Parkinson's disease patients. In addition, such α6 selective compounds have the potential to slow or stop degradation of dopaminergic neurons (dopamine-producing neurons) which occurs in Parkinson's disease; this could result in stabilization of symptoms and disease progression. The identified compounds offer a novel approach to counteract degeneration of dopaminergic neurons in patients and could optimally be used as a disease modifying therapy in Parkinson's disease.

MARKETING AND COMPETITORS – TESOMET FOR PWS AND HYPOTHALAMIC OBESITY

Saniona intends to establish an organization that will actively promote Tesomet for PWS and hypothalamic obesity in the U.S. and Europe. The target group for these activities are patients with PWS and hypothalamic obesity, their families, specialist doctors, patient organizations and insurance companies. The end user comprises the patients and their families.

There is currently no approved pharmacological treatment of the hyperphagia and resulting obesity for patients with PWS or hypothalamic obesity. Saniona's competitors in PWS and hypothalamic obesity are other biotech companies that develop products for these diseases. In PWS, the main competitors are Millendo, Levo and Soleno. These biotech companies are currently conducting Phase 2 and Phase 3 clinical studies based on very short Phase 2 studies. The reported Phase 2 results from these three companies generally show that their products provide a partial and relatively modest decrease in hyperphagia without significant weight loss. Saniona's product has been shown to control hyperphagia very effectively and that it can provide a significant and clinically relevant weight loss in PWS. Saniona is not aware of any company that develops competing products for hypothalamic obesity.

MARKETING AND COMPETITORS – OTHER PROGRAMS

Saniona's management and board have built up a strong network of key decision-makers, business developers and researchers in the international pharmaceutical industry with a focus on biotechnology as well as other operative and financial stakeholders in this industry. Saniona uses the network as its primary marketing channel to seek partnerships and buyers for their pharmaceutical programs and drug candidates. Contact with these stakeholders takes place either directly or through international conferences. To disseminate information about Saniona's pharmaceutical programs, Saniona's researchers attend international scientific conferences, at which formal and informal meetings with researchers from pharmaceutical companies are arranged. Marketing is also done through scientific publications disseminating relevant research results regarding Saniona's pharmaceutical programs. The Company's website serves as a focal point for, among other things, company information, programs, drug candidates and research results and is therefore an important marketing tool in parallel with strengthened presence in different social media.

The development of Saniona's current and future assets in the form of pharmaceutical programs are to be completed by major pharmaceutical companies and development consortia with adequate financial muscle and sufficient skills in clinical development, registration, marketing and sales. These major pharmaceutical companies and development consortia are therefore Saniona's primary target group today.

Saniona has already entered into significant agreements with Boehringer Ingelheim, Medix and Cadent Therapeutics. The Company intends to continue its efforts to attract additional partners for the development of drug candidates.

Many of the major pharmaceutical companies, such as Pfizer, Astra Zeneca, Merck MSD, GlaxoSmithKline, Janssen, Novartis, Roche, Bristol-Myers, Boehringer Ingelheim and Sanofi, have a well-developed research on ion channels. However, Saniona sees these companies more as potential partners than competitors. Hence, during the last five years Saniona has had collaborations with Pfizer, Janssen and Boehringer Ingelheim. There are a few other smaller companies, which conduct research focused on ion channels. However, Saniona's management has not identified any active competitors for several of the Company's pharmaceutical programs.

SUPPLIERS

Saniona has a small and specialized team that covers the Company's key disciplines with research and pharmaceutical development. The Company's strategy is to retain this team and complement it with consultants and specialized CRO companies. The Company has entered into an agreement with the Indian service providers Syngene International Limited and Aurigen regarding chemical synthesis, KLIFO for clinical testing and Cambrex Karlskoga for the manufacture of pharmaceutical substances for clinical and commercial use. In addition, the Company has less extensive agreements with other companies concerning studies of, among other things, drug absorption and efficacy in specific disease models. None of these CRO agreements are critical for Saniona's operations and business and could be exchanged with agreements with other CRO companies which provides similar services at similar costs.

PATENTS

Saniona has an active patent strategy that includes submitting new patent applications to protect the Company's innovations and improvements related to product candidates that are considered important for the development of the Company. The patent families transferred from NeuroSearch to Saniona in September 2012 mainly include positive and negative modulators for GABA-A receptors, potassium channel modulators, Nicotine receptor agonists and positive allosteric modulators, as well as monoamine reuptake inhibitors, which establish a high degree of patent protection around important chemical compositions and their related compounds. In October 2014, two additional valuable patent families were brought in by the acquisition of tesofensine. Currently, Saniona's patent portfolio includes 33 active patent families and a total of 209 individual patents and patent applications. Saniona's most important patent families and patent applications in main regions of interest are summarized in the table below.

Patent	Region	Status	Estimated expiry date	Priority date
Tesofensine (use patent)	Priority date	Granted	2029-11-19	2008-09-04
Tesofensine (use patent)	US	Granted	2026-10-31	2005-10-31
Tesofensine (formulation)	US	Granted	2037-09-07	2016-09-07
	AR, AE, AU, BR, CA, CL, CO, CR, CU, DO, EC, EG, EP, GT, HN, IL, JP, KR, MX, NZ, PA, PE, RU	Pending	2037-09-07	2016-09-07
TesoMet (combination)	US, JP, EA, AU, EP	Granted	2033-02-14	2012-02-16
	US, IN, CA, HK, CN	Pending	2033-02-14	2012-02-16
TesoMet (formulation)	US, ZA	Granted	2036-03-02	2015-03-03
	US, AR, AU, BR, CA, CL, CN, EA, EP, IN, ID, IL, JP, MY, MX, PH, SG, KR, UA, HK, CO, EC, EG, GT, PE, SA, AE, CR, DO, PA	Pending	2036-03-02	2015-03-03
TesoMet (use patent)	US, EP	Pending	2036-12-30	2016-01-15
NS2359 (salt patent)	US	Granted	2028-02-28	2007-03-01
IK modulator (compound)	US	Granted	2029-09-07	2007-08-24
IK modulator (compound)	US, EP, CN, JP	Granted	2033-06-25	2012-06-25
GABA modulator (compound)	EP, JP, MX, US	Granted	2033-06-25	2012-06-26
GABA modulator (compound)	US	Granted	2033-10-19	2012-06-26
	EP, JP, US	Granted	2033-06-25	2012-06-26
GABA modulator (compound)	US	Granted	2028-01-02	2006-03-24
	US, EP, MX	Granted	2027-03-22	2006-03-24
Nicotine modulators (compound)	US	Granted	2027-09-10	2006-05-30
	US, EP, CN, JP, MX, NZ	Granted	2027-05-29	2006-05-30
AN788 (compound)	US	Granted	2026-07-04	2004-09-30
	US, EP, IL, JP	Granted	2025-09-28	2004-09-30

Market overview

This Prospectus contains market and industry information related to Saniona's operations and the market on which Saniona is present. Unless otherwise stated, such information is based on the Company's analysis of several different sources, among others medical research publications and statistic from among others Datamonitor and the Company's partners. Descriptions of the Company's competitive position are based on the Company's own assessments and knowledge of market conditions. Other sources are indicated where required. As a general rule, industry and market publications state that, while the information in the publication has been obtained from sources deemed reliable, the accuracy and completeness of such information cannot be guaranteed. Information in the Prospectus from third parties has been accurately reproduced and, as far as the Company can ascertain by comparison with other information with other information published by these sources, no information has been omitted in such way that it could render the reproduced information inaccurate or misleading. However, neither the Company nor ABGSC have made any independent verification of the information provided by third parties, why the completeness or accuracy of the third party information presented in the Prospectus cannot be guaranteed.

Market and industry information includes estimates of future market developments and other so-called forward-looking statements. Forward-looking statements is not a guarantee of future performance or development and the actual results may differ significantly from those shown in the forward-looking statements.

MARKET SEGEMENTS

Saniona's drug Development Programs address the following major market segments:

Product	Indication	Market estimate[3]
Tesomet	Prader-Willi syndrome Hypothalamic obesity	- Orphan indication > USD 1 billion[4] - Orphan indication > USD 1 billion[5]
Tesofensine	Obesity	- USD 250 million in Mexico[6]
NS2359	Cocaine addiction	> USD 1.8 billion[7]
SAN711	Neuropathic pain	> USD 6 billion[8]
Boehringer Ingelheim-program	Schizophrenia	> USD 4.8 billion[9]
IK-program	Inflammatory bowel disease (IBD)	> USD 5.9 billion[10]
Nicotinic-α6 program	Parkinson's disease	> USD 2.8 billion[11]
Kv7-program	Pain, epilepsy, Urinary Incontinence	> USD 6 billion[5]
Cadent Therapeutics-program	Ataxia Essential tremor	- Orphan indication NA

3 Unless otherwise stated, the market estimate refers to the global market for the candidate drug within the given indication.
4 LEERINK estimates that there were 7,500 patients with PWS in the U.S. and 12,000 patients with PWS in Europe in 2014. To 2022, the number of patients with PWS are expected to increase to 8,000 in the U.S. and 12,900 patients in Europe. LEERINK estimates that the obtainable price per PWS patient is 150,000 USD in the U.S. and 90,000 USD in Europe (LEERINK Partners, Zafgen INC, Initial coverage, 23 July 2014).
5 LEERINK estimates that there were 6,260 patients with craniopharyngioma in the U.S. and 18,850 patients with craniopharyngioma in Europe in 2014. To 2022, the number of patients with craniopharyngioma are expected to increase to 6,725 in the U.S. and 15,950 in Europe. LEERINK estimates that 50 percent of the craniopharyngioma patients develop hypothalamic obesity. LEERINK estimates that the obtainable price per patient is 150,000 USD in the U.S. and 90,000 USD in Europe (LEERINK Partners, Zafgen INC, Initial coverage, 23 July 2014).
6 Estimates of drugs for obesity in Mexico by Medix 2016.
7 Estimates by TRC.
8 Major markets 2012, Decision Resources.
9 Schizophrenia Forecast 7 major market 2014, Datamonitor.
10 Major markets 2014, Datamonitor.
11 The market for Parkinson's disease is estimated to be USD 2.8 billion in the 7 major markets in 2014, Datamonitor.

Obesity – the market for tesofensine

Obesity is a condition in which a person accumulates body fat to the point that it has a negative effect on health and can give rise to a shorter life span.

Mexico ranks among the most obese countries in the world. It is estimated that more than 70 percent of the 128 million Mexicans are overweight or obese. Eight of ten deaths are caused by chronic, non-communicable diseases that are strongly linked to the overweight and obese population. Standardized mortality rates for diabetes, acute myocardial infarction, and hypertension have increased dramatically. The World Health Organization has published that diabetes in 2016 was the main cause of death in Mexico, accounting for 14.7 percent of Mexico's deaths.[12]

According to Medix, the current market for prescription medicine for obesity in Mexico is about USD 250 million of which Medix has about 50 percent by volume and value. The current market for prescription medicine for obesity in Mexico is dominated by old generics. Tesofensine is believed to be more efficacious and better tolerated than the existing products.

Prader-Willi syndrome (PWS) and hypothalamic obesity – the market for Tesomet

Prader-Willi syndrome

Prader-Willi syndrome is recognized as the most common genetic cause of life-threatening obesity. The disease results from a deletion or loss of function of a cluster of genes on chromosome 15, which among other things leads to dysfunctional signalling in the brain's appetite/satiety centre (hypothalamus). Patients suffer from a constant, extreme, ravenous insatiable appetite which persists no matter how much the patients eat. As a result, many of those affected with Prader-Willi syndrome become morbidly obese and suffer significant mortality. Compulsive eating and obsession with food usually begin before the age of six. The hyperphagia affects the quality of life for the patients as well as their families.

PWS is a genetic disorder that occurs in approximately one out of every 15,000 births.[13] The point prevalence is lower because the average life-age is significantly lower than in the general population due to fatal accidents related to the patients' hyperphagia och obesity-related diseases. Based on published statistics from e.g. patient organizations Saniona estimates that there are about 20,000 known patients in the U.S. and Europe combined, equivalent to a prevalence of known and confirmed PWS patients of 1:40,000. There is no cure for this disease and there is no approved pharmacological treatment for the life-threatening hyperphagia and resulting obesity in these patients. The costs for payors are estimated to be USD 100–300 thousand per patient per year in the U.S. comprising assistance to families, residential homes in adulthood, medications as well as breathing devices and hospitalizations due to complications of hyperphagia and obesity.[14]

There is a significant medical need for treatments that can reduce the hyperphagia and provide a weight loss in these patients. PWS is a significant commercial opportunity for Tesomet, with 20,000 patients in the U.S. and Europe combined and potential premium pricing as an orphan drug.

Hypothalamic obesity

Like Prader-Willi syndrome, hypothalamic obesity is a rare disease characterized by a constant craving for food with severe consequences for the patients. Hypothalamic obesity can be the result of damage to the hypothalamus e.g. from the growth or surgical removal of a rare brain tumor and from other types of injury to the hypothalamus including stroke, brain trauma or radiation for cancer patients. The hypothalamus is a small nucleus in the brain that controls important biological functions including body temperature, hunger and body weight. A rare brain tumor, craniopharyngioma, or the treatment therefore, is the most common cause of hypothalamic obesity. The point prevalence of craniopharyngioma is approximately 1:50,000 in the U.S.[15] and it is estimated that the up to 75 percent of the patients develop hypothalamic obesity.[16]

Cocaine addiction – the market for NS2359

Cocaine addiction is a major public health problem. In 2016, it was estimated that approximately 0.9 million people aged 12 years or older in the U.S. had a cocaine use disorder.[17] Cocaine use and dependence leads to high morbidity and mortality. Other problems associated with cocaine use are increased levels of crime, violence, poverty, and family disruption. The standard treatment for cocaine dependence consists of individual and group psychotherapy as well as self-help groups. Although progress has been made in developing new psychosocial treatments, psychotherapy alone does not provide substantial benefit for many patients. Dropout rates in outpatient treatment programs are very high. Even among patients who complete treatment, relapse is common. Thus, medications have been sought to augment psychosocial treatment. Currently, there are no medications approved for the treatment of cocaine dependence. According to TRC, the market value for an effective medication for cocaine addiction may exceed USD 1.8 billion in the U.S.[18]

12 www.bu.edu/globalhealthtechnologies/2017/04/18/diabetes-leading-cause-of-death-in-mexico/.
13 www.fpwr.org/about-prader-willi-syndrome.
14 LEERINK Partners, Zafgen INC, Initial coverage, 23 July 2014.
15 www.ncbi.nlm.nih.gov/pmc/articles/PMC1855047/.
16 www.ncbi.nlm.nih.gov/pmc/articles/PMC3356006/.
17 Key Substance Use and Mental Health Indicators in the United States: Results from the 2016 National Survey on Drug Use and Health.
18 Estimates by TRC.

Ataxia and essential tremor– the market for the Cadent Therapeutic program

Essential tremor is a neurological disorder characterized by uncontrollable shaking in different parts of the body, including the head, arms, hands, neck, and chin. It is the most common movement disorder, affecting 10 million people in the United States alone.[19]

Spinocerebellar ataxia is a genetic, degenerative neurological condition that affects approximately 6,000 people in the U.S.[20] Patients are readily identified through genetic testing and most often carry genetic abnormalities called "poly-Q expansions," similar to those found in patients with Huntington's disease. The disease is progressive and over time results in ongoing damage to the cerebellum, a part of the brain that regulates motor control and balance.

Neuropathic pain and itching – the market for SAN711

Pruritus or itch is the most frequent symptom seen in skin disease, including atopic dermatitis, urticaria and psoriasis. Pruritus is often defined as an unpleasant sensation associated with the desire to scratch and significantly reduces the quality of life of the affected individuals. With a lifetime prevalence of up to 22 percent and a high rate of therapeutic failure due to suboptimal treatment options, chronic itch imposes a significant socio-economic burden. Antihistamines have traditionally been the first-line treatment option for most pruritic conditions despite low efficacy in the substantial number of pruritic diseases characterized by histamine-independent pruritus. Certain systemic diseases have long been known to cause pruritus that ranges in intensity from a mild annoyance to an intractable, disabling condition. Generalized pruritus may be classified into the following categories based on the underlying causative disease: renal pruritus, cholestatic pruritus, hematologic pruritus, endocrine pruritus, pruritus related to malignancy, and idiopathic generalized pruritus. The global combined market for treatment of atopic dermatitis and psoriasis amounts to approximately USD 15 billion and is expected to double over the next 10 years.[21]

Neuropathic pain is caused by a lesion or dysfunction of the central or peripheral nervous system in diseases such as diabetes, varicella zoster, cancer and HIV, or following mechanical lesion and trauma or the use of drugs such as chemotherapy. Neuropathic pain is often chronic, irreversible and notoriously difficult to manage. According to industry estimates, neuropathic pain is believed to affect about 40 million people in seven major markets. Major indications include chronic lower-back pain, painful diabetic neuropathy, post herpetic neuralgia (following shingles), neuropathic cancer pain and HIV related neuropathic pain. Well-known painkillers, such as Aspirin®, Panodil®, and ibuprofen have no or little effect on neuropathic pain. Apart from narcotic analgesics (where tolerance development is a further complication), patients are typically treated with drugs developed for other indications including anti-epileptic drugs and antidepressants. Furthermore, the existing drugs typically have significant and dose-limiting side effects such as drowsiness, dizziness and somnolence. The market for neuropathic pain is estimated to be approximately USD 6 billion with an anti-epileptic drug being the current market leader. It is estimated that up to 50 percent of the treated patients do not respond to existing drugs and that those who do only achieve partial pain relief, creating a significant medical need for more effective treatments.[22]

Schizophrenia – the market for the Boehringer Ingelheim program

Schizophrenia is a mental disorder characterized by persistent defects in perception of reality, which in severe cases may be classified as psychosis. According to the World Health Organization, mental ill-health along with drug addiction is the leading cause of handicaps worldwide. In the EU, at least 164 million people (38 percent) suffer from mental problems.[23] People who suffer from schizophrenia often have several problems with regard to cognition, which severely influences their ability to live and function normally. One consequence of this is that many people with schizophrenia live in isolation, are unemployed and/or homeless.[24] The global market for medicinal products that treat schizophrenia amounted to USD 4.8 billion in 2012.[25]

19 www.ghr.nlm.nih.gov/condition/essential-tremor#statistics.
20 Cadent Therapeutics: www.cadenttx.com/pipeline/.
21 Atopic Dermatitis Treatment Market: Global Industry Analysis 2012-2016 and Opportunity Assessment 2017-2027 och Psoriasis Treatment Market: Global Industry Analysis, Size, Share, Growth, Trends, and Forecast 2016 – 2024.
22 Pain Ther (2017) 6:s1-s3.
23 Eur Neuropsychopharmacol (2011) 21:655-679.
24 Sheffield JM, et al. Common and specific cognitive deficits in schizophrenia: relationships to function. Cogn Affect Behav Neurosci. 2014;14:161–74., Kooyman I, et al. Outcomes of public concern in schizophrenia. Br J Psychiatry. 2007;191 (Suppl.50):s29–s36.
25 Schizophrenia Forecast 7 major market 2014, Datamonitor.

Inflammatory diseases – the market for the IK program

Inflammatory bowel disease (IBD) is a group of inflammatory conditions in the large intestine and small intestine. It is estimated that more than 3.5 million patients are diagnosed with IBD (colitis and Crohn's patients) in Europe and the U.S.[26] The prevalence and incidence of IBD is increasing worldwide, especially in countries with an established or newly adopted Western lifestyle. Unfortunately, IBD requires frequent interventions with strong systemic anti-inflammatory treatments (steroids, anti-cancer type medicines, cytokine neutralizing antibodies), which have numerous side-effects. In addition to this, IBD patients often face a gradual worsening of their condition due to chronic fibrotic changes, which may lead to life-threatening obstructions that can only be resolved by acute gut-shortening surgery. There is preclinical evidence that IK inhibition both reduces ongoing intestinal inflammation and may have an independent effect on the chronic complications of the disease without having any of the side effects observed with the traditional IBD medicines.

Epilepsy and painful urine bladder syndrome – the market for the KV7 program

Epilepsy occurs as a result of an error in the control of the brain cells. It may be due to an innate or hereditary (genetic) coding of brain cell activity or because of damage to the brain, where the nerve cells have lost their normal control. Most epileptic episodes involve completely or partially losing control of the body, because the brain associated with the attack loses control of the body's functions. The brain's integrated functions break down for a few seconds or minutes and are rebuilt with greater or lesser speed afterwards. If frequent and prolonged seizures occur, they will sooner or later damage the brain. Therefore, it is important to prevent seizures.

Interstitial cystitis (IC), also known as painful bladder syndrome (PBS), is a debilitating chronic pain syndrome and a chronic inflammatory state by unknown etiology. Symptoms include feeling the urgent need to urinate (despite that the bladder is almost empty), needing to urinate often, bladder pain and sometimes pelvic pain. So far, its incidence is estimated to be in the range of 45 per 100,000 women and 8 per 100,000 men. The current treatment recommendations follow five steps and begins with the simple clinical principles of education and lifestyle modifications and progress through various levels of physical, pharmacological and ultimately surgical therapies for those who fail the less invasive therapies. Despite these well-defined treatment steps, IC/PBS is still poorly treated (which means that patients still experience pain and urgency).[27]

Parkinson's Disease – the market for Nic α6 program

Parkinson's disease is a chronic and progressive neurological disorder that is characterized by well-known motor symptoms including tremors, stiffness of limbs, slowness of movements, and difficulties with posture and balance. In addition to motor symptoms, many Parkinson's disease patients experience non-motor symptoms, including sleep disorders, sensory symptoms, depression and gastrointestinal symptoms. It is the second most common neurological disorder and it is estimated to affect seven to ten million people worldwide.[28]

TRENDS AND TENDENCIES

The Company believes that the key trends that drive the markets for the Company's product candidates include the following:

Tesomet

Saniona's lead program, Tesomet, is developed for the two rare diseases, Prader-Willi syndrome and hypothalamic obesity.

- As it is the case for PWS and hypothalamic obesity, many rare diseases remain without effective treatments today. However, the combination of scientific advances, along with a growing commitment by policy makers through various incentive programs for drug developers, is fueling the increased number of orphan therapies. EvaluatePharma estimates that the market for orphan drugs will grow by 11.1 percent per year between 2017 and 2022 or more than the double of the overall prescription drug market. According to EvaluatePharma, this means that the orphan drug market will reach USD 209 billion in 2022 and account for more than 21 percent of the global prescription sales. There are significant pricing incentives for orphan drugs. According to EvaluatePharma of the top 100 drugs in the US the average cost per patient per year for an orphan drug was USD 140,443 in 2016, compared with USD 27,756 for a non-orphan.[29]
- There is generally an inverse relationship between the price of orphan therapies and the number of patients. This is in particular the case for orphan drugs, which are developed for treatment of diseases with less than 10,000 patients in the U.S. As an example, after having analyzed the pricing of 65 orphan drugs from 47 indication, LifeSci Capital concluded that most drugs for diseases with 10,000 or more patients in the U.S. are priced between USD 25,000 and USD 150,000 per year, whereas the majority of drugs for indications with less than 10,000 patients in the U.S. are priced at or above USD 200,000 per year.[30]

26 www.ncbi.nlm.nih.gov/pubmed/26323879.
27 J. Quentin Clemens et al. Prevalence and incidence of interstitial cystitis in a managed care population, 2005.
28 www.parkinsonsnewstoday.com/parkinsons-disease-statistics/.
29 EvaluatePharma, Orphan Drug Report 2018, http ://info.evaluategroup.com/rs/607-YGS-364/images/EPOD17.pdf.
30 LifeSci Capital, Orphan Drug Pricing, http://www.lifescicapital.com/analysis/orphan-drug-pricing/.

Tesofensine

Saniona's most advance program is in the registration phase for treatment of obesity in Mexico

- Obesity has become one of the major global economic problems. Obesity imposes significant costs on healthcare systems; around the world, 2 to 7 percent of all healthcare spending relates to measures to prevent and treat this condition, with up to 20 percent of all healthcare spending attributable to obesity, through related diseases such as type 2 diabetes and heart disease. These healthcare costs place a burden on government finances. Furthermore, overall economic gains and employers are affected by impaired productivity.
- The global economic impact of obesity is increasing. The prevalence of obesity is still rising in developed economies, and now, as emerging markets become richer, they, too, are experiencing rising prevalence. More than 2.1 billion people are overweight or obese. Obesity, which should be preventable, is now responsible for about 5 percent of all deaths worldwide. If its prevalence continues on its current trajectory, almost half of the world's adult population will be overweight or obese by 2030. Left unchecked, rising prevalence is very likely to have an even more significant economic impact than it does today.
- The market for obesity prescription drugs is growing but is still relatively small despite of the significant medical need. Many of the existing products are not very effective and/or have significant side effects. The new generation of products have a better safety profile, but comes with a costs, which will be out of reach for many patients without reimbursement. Obesity is, however, not considered as a disease in many countries and it is consequently not possible for patients to obtain reimbursement. Given that patients need to pay for the treatment themselves in many countries, there is a significant need for well tolerated and effective products, which can be obtained at an affordable price.[31]

Other programs

In addition to the above-mentioned programs, Saniona is developing a broad pipeline of product candidates, which are positioned for partnering. Saniona will be dependent on the large pharmaceutical companies' interest to acquire, develop and commercialize projects from Saniona's pipeline of preclinical and clinical pharmaceutical candidates. The pharmaceutical industry is in great need of new and innovative products. For innovative companies such as Saniona, this creates an attractive opportunity to license ground-breaking programs. It is important that there are few biotech companies that can offer valuable research and development project to large pharmaceutical companies within the area of ion channels. These factors combined should provide Saniona extensive business opportunities.

In addition to what is stated in the prospectus, Saniona currently has no information on trends, uncertainties, potential claims or other requirements, commitments or events that could have a significant impact on the Company's business prospects. In addition to what is stated in the prospectus, Saniona does not currently have any information on any public, economic, fiscal, monetary policy or other policy measures which, directly or indirectly, significantly affected or substantially would affect the Company's operations.

31 The obesity crises, McKinsey Global Institute. https://www.mckinsey.com/mgi/overview/in-the-news/the-obesity-crisis.

Selected historical financial information

The following section show Saniona's selected financial information for the financial years that ended 31 December 2018 and 2017 as well as the periods 1 January-31 March 2018 and 1 January-31 March 2019. The financial full-year information that is shown in this section is based on Saniona's annual reports for the financial years 2017 and 2018 that have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and have been audited by the Company's auditor. The financial information for the periods 1 January-31 March 2018 and 1 January-31 March 2019 is based on Saniona's interim report 1 January-31 March 2019 that has been prepared according to IAS 34. The interim report has not been audited or reviewed by the Company's auditor.

The prospectus contains certain alternative financial performance measures that are not defined according to IFRS. The Company is of the opinion that these performance measures provide a better understanding of the Company's financial trends. It is of the Company's opinion that these alternative performance measures provide a better understanding of the Company's financial development and that such performance measures are useful information for investors, in combination with other measures defined according to IFRS. Further, the performance measures are, to a large extent, used by the Company's management to assess the Company's financial development. These financial measures are not to be considered either individually or as an alternative to the performance measures prepared in accordance with IFRS. Moreover, such performance measures, as defined by the Company, are not to be compared with other performance measures with similar names used by other companies. This is because the aforementioned performance measures have not always been defined in the same way and because other companies may not calculate them in the same way as Saniona.

This section should be read together with the section "Comments on the financial trend" in the Prospectus and Saniona's financial reports for the financial years 2017 and 2017 as well as the period between January-March 2019 which are included in the Prospectus by reference. Other than what is explicitly stated herein, no information in this Prospectus has been audited or reviewed by the Company's auditor.

THE GROUP'S CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

SEK THOUSAND	2019 Jan–Mar (IFRS) (Not audited)	2018 Jan–Mar (IFRS) (Not audited)	2018 Jan–Dec (IFRS) (Audited)	2017 Jan–Dec (IFRS) (Audited)
Revenues				
Net sales	1,715	4,340	54,884	20,692
Total operating income	**1,715**	**4,340**	**54,884**	**20,692**
Raw materials and consumables	-978	-830	-4,089	-3,263
Other external costs	-22,302	-13,163	-80,149	-51,387
Personnel costs	-7,073	-5,927	-24,219	-22,671
Depreciation and write-downs	-510	-151	-632	-561
Total operating expenses	**-30,864**	**-20,070**	**-109,089**	**-77,881**
Operating profit/loss	**-29,149**	**-15,730**	**-54,206**	**-57,189**
Share of result of associates	-1,460	-	6,174	-
Financial income	-	0	-	1,289
Financial expenses	-197	-136	-261	-376
Total financial items	**-1,657**	**-136**	**5,913**	**914**
Profit/loss after financial items	**-30,806**	**-15,866**	**-48,292**	**-56,275**
Tax on net profit	5,996	2,414	7,233	7,086
Profit/loss for the period	**-24,810**	**-13,452**	**-41,059**	**-49,190**
Other comprehensive income for the period	354	1,219	625	-968
Total comprehensive income for the period	**-24,455**	**-12,234**	**-40,434**	**-50,157**

THE GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK THOUSAND	31/03/2019 (IFRS) (Not audited)	31/03/2018 (IFRS) (Not audited)	31/12/2018 (IFRS) (Audited)	31/12/2017 (IFRS) (Audited)
ASSETS				
Fixtures, fittings, tools and equipment	5,925	1,284	1,841	1,366
Tangible assets	5,925	1,284	1,841	1,366
Investment in associated companies	5,045	331	6,505	331
Other long-term receivables	9,577	8,301	3,999	6,019
Financial assets	14,622	8,632	10,504	6,350
Deferred tax	63	93	62	89
Non-current assets	**20,609**	**10,009**	**12,407**	**7,806**
Trade receivables	1,716	4,939	2,093	7,180
Current tax assets	7,680	7,596	7,568	7,276
Other receivables	3,456	3,160	4,654	3,261
Prepayments and accrued income	1,895	2,159	1,675	540
Current receivables	**14,747**	**17,855**	**15,990**	**18,256**
Cash and cash equivalent	46,881	25,449	54,678	22,313
Current assets	**61,628**	**43,304**	**70,668**	**40,569**
Total assets	**82,238**	**53,313**	**83,075**	**48,375**
Equity and liabilities				
Share capital	1,196	1,103	1,166	1,088
Additional paid in capital	172,419	123,976	157,118	116,452
Retained earnings	-141,781	-90,924	-118,051	-78,511
Currency translation reserve	-422	-183	-777	-1,402
Equity	**31,413**	**33,971**	**39,457**	**37,628**
Lease liabilities	2,901	-	-	-
Non-current liabilities	**2,901**	**0**	**0**	**0**
Prepayments from customers	-	201	-	604
Trade payables	8,331	5,392	7,243	5,209
Convertible loan	8,000	10,000	6,000	-
Other payables	588	515	616	511
Accrued expenses and deferred income	31,005	3,234	29,759	4,423
Current liabilities	**47,924**	**19,342**	**43,617**	**10,747**
Total liabilities	**50,825**	**19,342**	**43,617**	**10,747**
Total equity and liabilities	**82,238**	**53,313**	**83,075**	**48,375**

THE GROUP'S CONSOLIDATED STATEMENT OF CASH FLOWS

SEK THOUSAND	2019 Jan–Mar (IFRS) (Not audited)	2018 Jan–Mar (IFRS) (Not audited)	2018 Jan–Dec (IFRS) (Audited)	2017 Jan–Dec (IFRS) (Audited)
Profit/loss before tax	-30,806	-15,866	-48,292	-56,275
Adjustments for non-cash transactions	2,921	1,293	-3,795	5
Changes in working capital	2,330	-683	29,428	-347
Cash flow from operating activities before financial items	**-25,555**	**-15,256**	**-22,659**	**-56,617**
Interest income received	-	0	-	1,289
Interest expenses paid	-197	-136	-261	-376
Tax paid	-	0	-	-1,635
Cash flow from operating activities	**-25,753**	**-15,393**	**-22,920**	**-57,339**
INVESTING ACTIVITIES				
Investment in tangible assets	-8	-12	-1,107	-708
Investment in associated companies	-	0	-	-331
Investment in other financial assets	421	209	2,021	-4,931
Cash flow from investing activities	**413**	**197**	**914**	**-5,970**
FINANCING ACTIVITIES				
Convertible loan	2,000	10,000	6,000	-
New share issue	15,330	7,538	40,745	33,175
Cash flow from financing activities	**17,330**	**17,538**	**46,745**	**33,175**
Cash flow for the period	**-8,009**	**2,343**	**24,738**	**-30,134**
Cash and cash equivalents at beginning of period	**54,678**	**22,313**	**22,313**	**53,261**
Exchange rate adjustments	213	793	7,626	-815
Cash and cash equivalents at end of period	**46,881**	**25,449**	**54,678**	**22,313**

PERFORMANCE MEASURES

Aside from "Net sales", "Earnings per share before dilution" and "Earnings per share after dilution" the performance measures are not defined according to IFRS. The Company considers that the non-IFRS 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.

SEK THOUSAND	2019 Jan–Mar (Not audited)	2018 Jan–Mar (Not audited)	2018 Jan–Dec (Audited)	2017 Jan–Dec (Audited)
Net sales, SEK THOUSAND	1,715	4,340	54,884	20,692
Operating profit/loss, SEK THOUSAND	-29,149	-15,730	-54,206	-57,189
Operating margin, %	Negative	Negative	Negative	Negative
Liquidity ratio, %	129%	224%	162%	377%
Equity ratio, %	38%	64%	47%	78%
Average number of employees	22.7	23.6	23.5	24.1
Earnings per share before dilution, SEK	-1.06	-0.62	-1.84	-2.30
Earnings per share after dilution; SEK	-1.06	-0.62	-1.84	-2.30
Dividend per share, SEK	-	-	-	-
Equity per share, SEK	1.31	1.54	1.69	1.73
Cash flow per share, SEK	-0.34	0.11	1.11	-1.41

DERIVATION OF ALTERNATIVE PERFORMANCE MEASURES

	2019 jan-mar	2018 jan-mar	2018 jan-dec	2017 jan-dec
OPERATING MARGIN				
Operating profit/loss, SEK THOUSAND	-29,149	-15,730	-54,206	-57,189
Net sales, SEK THOUSAND	1,715	4,340	54,884	20,692
Operating margin, %	**Negative**	**Negative**	**Negative**	**Negative**
LIQUIDITY RATIO				
Current assets, SEK THOUSAND	61,628	43,304	70,668	40,569
Current liabilities, SEK THOUSAND	47,924	19,342	43,617	10,747
Liquidity ratio, %	**129%**	**224%**	**162%**	**377%**
EQUITY RATIO				
Equity, SEK THOUSAND	31,413	33,971	39,457	37,628
Total equity and liabilities, SEK THOUSAND	82,238	53,313	83,075	48,375
Equity ratio, %	**38%**	**64%**	**47%**	**78%**
CASH FLOW PER SHARE				
Cash flow for the period, SEK THOUSAND	-8,009	2,343	24,738	-30,134
Average shares outstanding for the period	23,350,994	21,769,071	22,288,524	21,416,810
Cash flow per share, SEK	**-0.34**	**0.11**	**1.11**	**-1.41**
EQUITY PER SHARE				
Equity, SEK THOUSAND	31,413	33,971	39,457	37,628
Shares outstanding at the end of the period	23,922,480	22,057,335	23,324,413	21,762,520
Equity per share, SEK	**1.31**	**1.54**	**1.69**	**1.73**

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED ACCORDING TO IFRS

Key figure	Definition	Relevance
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	Shareholder's 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.
Dividend per share	Dividend divided by the number of outstanding shares at the end of the period.	Divided per share shows dividends paid (Saniona has not paid any dividend for the relevant financial years).
Equity per share	Equity divided by the shares outstanding 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 the 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.

Comments on the financial trend

Comments on the financial trend are intended enable an assessment of relevant trends and changes in the Company's result and financial position. Historical outcomes do not necessarily give a correct indication of future performance. This section should be read together with the section "Selected historical financial information" in the Prospectus and Saniona's financial reports for the financial years 2017 and 2018 as well as the period January-March 2019 which are included in the Prospectus by reference.

THE GROUP'S REVENUE AND RESULTS OF OPERATION

Comparison between the periods January–March 2019 and January–March 2018

Total revenues during the first quarter of 2019 was SEK 1.7 million (4.3). In 2019 revenues comprised research funding under the agreements with Boehringer Ingelheim. In 2018, revenues comprised research funding under the agreements with Boehringer Ingelheim and BenevolentAI.

The Company recognized operating expenses of SEK 30.9 million (20.1) for the first quarter of 2019. External costs amounted to SEK 22.3 million (13.2) and personnel costs amounted to SEK 7.1 million (5.9). In the first quarter of 2019, 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 Kv7 program and the IK program. In the first quarter of 2018, external expenses comprised primarily development costs in relation to Tesomet followed by research and development costs in relation to the IK program and SAN711. The operating loss for the first quarter was SEK 29.1 million (15.7).

Comparison between the periods January-December 2018 and January-December 2017

Saniona generated total revenues of SEK 54.9 million (20.7) for the full year of 2018. In 2018, revenues comprised a research milestone payment of SEK 41.8 million (EUR 4 million) because of the candidate selection by Boehringer Ingelheim and research funding totalling SEK 13.1 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.

The Company recognized operating expenses of SEK 109.1 million (77.9), an increase of 40 percent. External expenses amounted to SEK 80.1 million (51.4), an increase of 51 percent. In 2018, external expenses comprised primarily development costs in relation to Tesomet totalling SEK 35.7 million followed by preclinical development costs in relation to SAN711 with SEK 13.0 million and research and development costs in relation to the IK program with SEK 4.0 million. In 2017, external expenses comprised primarily development costs in relation to the Phase 2 study for Tesomet totalling SEK 18.9 million followed by research cost in relation to the IK program with SEK 4.5 and the GABA-A α3 program with SEK 3.5 million. Personnel costs amounted to SEK 24.2 million (22.7), an increase of 7 percent. This is mainly explained by a weakening of the SEK in 2018. The average exchange rate of SEK against DKK decreased with 6 percent in 2018 compared to 2017 leading to an increase in Saniona personnel costs of a similar amount when presented in SEK.

The operating loss for the full year of 2018 was SEK -54.2 million (-57.2). Net financial items amounted to SEK 5.9 million (0.9). The loss for the full year of 2018 was SEK -41.1 million (-49.2). Saniona recognized a tax credit for the full year of 2018 of SEK 7.2 million (7.1) under the Danish R&D tax credit scheme.

THE GROUP'S CASH FLOW

Comparison between the periods January–March 2019 and January–March 2018

Operating cash flow for the first quarter of 2019 was an outflow of SEK 25.8 million (outflow of 15.4). Consolidated cash flow for the first quarter of 2019 was an outflow of SEK 8.0 million (inflow of 2.3).

In 2019, the operating cash flow during the first quarter is explained by the operating loss. The consolidated cash flow in 2019 is further explained by an inflow from finance activities of SEK 17.3 million through the issue of convertible loan notes to Nice & Green totaling SEK 18 million of which SEK 2 million has not been converted at the balance sheet date. The balance of SEK 16 million was converted into equity during Q1 2019 and the net proceeds of SEK 15.3 million is recorded under new share issues after deduction of issuing expenses. In 2018, the consolidated cash flow during the first quarter is explained by the operating loss and an inflow of from convertible loan note from Nice & Green totaling SEK 18 million of which SEK 10 million has not been converted. The balance of SEK 8 million was converted into equity during the first quarter and is recorded under new share issues after deduction of issuing expenses.

Comparison between the periods January-December 2018 and January-December 2017

Operating cash flow for the full year of 2018 was an outflow of SEK 22.9 million (outflow of 57.3). Consolidated cash flow for the full year of 2018 was an inflow of SEK 24.7 million (outflow of 30.1).

In 2018, the operating cash flow is explained by the operating loss and an improvement in working capital primarily due to an increase in prepayments from customers and a reduction in trade receivables. The consolidated cash flow in 2018 is further explained by an inflow from finance activities of SEK 46.7 million through the issue of convertible loan notes to Nice & Green totalling SEK 48 million of which SEK 6 million has not been converted at the balance sheet date. The balance of SEK 42 million was converted into equity during 2018 and the net proceeds of SEK 40.7 million is recorded under new share issues after deduction of issuing expenses.

The consolidated cash flow in 2017 is explained by an inflow from the private placement in the second quarter of 2017 of SEK 33.2 million after finance expenses and an outflow from the one-time payment to NeuroSearch for the remaining rights in Saniona's preclinical and clinical assets and the operating loss during the period.

THE GROUP'S FINANCIAL POSITION

Comparison between 31 March 2019 and 31 March 2018

The equity ratio was 38 (64) percent as of March 31, 2019, and equity was SEK 31.4 million (34.0). Cash and cash equivalents amounted to SEK 46.9 million (25.4) as of March 31, 2019. Total assets as of March 31, 2019, were SEK 82.2 million (53.3).

Comparison between 31 December 2018 and 31 December 2017

Total assets as of December 31, 2018, were SEK 83.1 million (48.4). Cash and cash equivalents amounted to SEK 54.7 million (22.3) as of December 31, 2018. The equity ratio was 47 percent (78) as of December 31, 2018, and equity was SEK 39.5 million (37.6).

In December 2017, Saniona entered into a convertibles financing agreement with Nice & Green S.A. For more information see the section "Legal considerations and supplementary information – Material agreements – Financing agreement with Nice & Green S.A.".

Capital structure and other financial information

EQUITY AND LIABILITIES

Total equity and liabilities, SEK THOUSAND	31 March 2019
Current liabilities	**47,924**
Guaranteed	-
Secured	-
Unguaranteed/unsecured	47,924
Long-term liabilities	**2,901**
Guaranteed	-
Secured	-
Unguaranteed/unsecured	2,901
Equity	**31,413**
Share capital	1,196
Additional paid in capital	172,419
Retained earnings	-141,781
Currency translation reserve	-422

NET DEBT

	Net debt, SEK THOUSAND	31 March 2019
A	Cash	-
B	Cash and cash equivalents	46,881
C	Trading securities	-
D	**Total liquidity A + B + C**	**46,881**
E	**Current receivables**	**14,747**
	Current liabilities	
F	Short-term bank debt	-
G	Current portion of long-term debt	-
H	Convertible loan	8,000
I	Other current liabilities	39,924
J	**Total short-term debt F + G + H + I**	**47,924**
K	**Net current gearing J - E - D**	**-13,704**
	Long-term liabilities	
L	Long-term bank loans	-
M	Bonds issued	-
N	Other long-term loans	2,901
O	**Long-term debt L + M + N**	**2,901**
P	**Net debt K + O**	**-10,803**

WORKING CAPITAL STATEMENT

The board of directors' assesses that the existing working capital is sufficient for the present requirements during the next 12-month period. Sufficient working capital in this regard is considered as the Company's ability to access cash and cash equivalents in order to meet its liabilities and the Company's ongoing programs as they fall due.

EXTERNAL FINANCING

Saniona has entered into a convertibles funding agreement with Nice & Green S.A. Under the terms of the agreement, Nice & Green has committed to subscribe up to SEK 72 million in convertibles in 12 individual tranches of SEK 6 million, each over a 12-month period. Saniona has extended the convertibles funding agreement with Nice & Green for an additional SEK 72 million with the same terms. For additional information see the section "Legal considerations and supplementary information – Material agreements – Financing agreement with Nice & Green S.A.".

HISTORICAL INVESTMENTS

The Company's investments during the period 1 January to 31 March 2019 amounted to SEK 413 thousand, of which the majority related to investments in other financial assets. During 2018, the Company's investments amounted to SEK 914 thousand, of which SEK -1,107 thousand related to investments in tangible fixed assets, while SEK 2,021 thousand related to expenses of the onetime cash payment of SEK 7.1 million to NeuroSearch during 2017. During 2017 the Company's investments amounted to SEK -5,970 thousand.

Investments, SEK THOUSAND	2019 Jan–Mar	2018 Jan–Dec	2017 Jan–Dec
Investments in tangible fixed assets	-8	-1,107	-708
Investments in associated companies	-	-	-331
Investments in other financial assets	421	2,021	-4,931
Total capital expenditure:	**413**	**914**	**-5,970**

ONGOING INVESTMENTS AND INVESTMENT COMMITMENTS

Aside from investments in research and development, the Company has no significant ongoing or planned investments that the board of directors has already committed.

POLICY FOR RESEARCH AND DEVELOPMENT

Since research and development comprise an integrated part of the Company's operations there is no specific disclosure of this.

SIGNIFICANT EVENTS AFTER 31 MARCH 2019

- Saniona established a Scientific Advisory Board for the development of Tesomet for PWS.

Aside from the above-mentioned event, no other events subsequent to 31 March 2019 has occurred that significantly affects the Company's financial position or position on the market.

Board of directors, group management and auditor

BOARD OF DIRECTORS

Pursuant to the Company's articles of association, the board of directors shall consist of at least 3 and at the most 8 board members. Currently, the Company's board of directors consists of 6 board members, including the chairman. The current board of directors was appointed at the annual general meeting on 29 May 2019 for the period until the end of the annual general meeting to be held 2020.

Name	Position	Member since	Independent in relation to		Holdings*
			Major shareholders	The Company	
J. Donald deBethizy	Chairman	2018	Yes	Yes	217,625 warrants
Jørgen Drejer	Board member and CEO	2014	Yes	No	2,344,711 shares
Anna Ljung	Board member	2018	Yes	Yes	4,000 warrants
Claus Bræstrup	Board member	2014	Yes	Yes	735,700 shares
Carl Johan Sundberg	Board member	2015	Yes	Yes	4,000 warrants
Edward C. Saltzman	Board member	2019	Yes	Yes	-

* Warrants mean allotted warrants within incentive programs. Do not include warrants in incentive program resolved upon by the general shareholders' meeting on 29 May 2019, not yet allotted. For more information, see the section "Share capital and ownership structure – Share based incentive programs".

J. DONALD deBETHIZY (Born 1950)
Chairman since 2018.
Education and background: Ph.D. and M.Sc. in toxicology from Utah State University and a B.Sc. in biology from the University of Maryland. J. Donald deBethizy is also a co-founder and former CEO of Targacept, Inc., an American biotech company quoted on Nasdaq, 1997–2012, and CEO of Santaris Pharma A/S, from January to October 2014, when the company was sold to Roche Holdings.
Other ongoing assignments: Chairman in Albumedix Ltd. and Saniona A/S. Board member in argenx N.V., Newron Pharmaceuticals SpA, Noxxon NV and Proterris, Inc. Member of management (direktion) of Albumin Holding ApS and White City Consulting ApS.
Previous assignments completed within the past five years: Executive chairman of Contera Pharma A/S. Chairman of Novozymes Biopharma DK A/S and Rigontec GmbH. Board member of Asceneuron SA, Biosource Inc., Enbiotix Inc., LigoCyte Pharmaceuticals Inc., Serenova A/S (previously named Serendex Pharmaceuticals A/S) and Targacept, Inc. CEO and group chief executive of Roche Innovation Center Copenhagen A/S (previously named Santaris Pharma A/S).
Independence: Independent in relation to both the Company and its management as well as major shareholders.
Holdings in Saniona: 217,625 warrants.

JØRGEN DREJER (Born 1955)
Board member and CEO since 2014 (board member and CEO of Saniona A/S since 2012). Co-founder of Saniona A/S and Saniona AB.
Education and background: Ph.D. in neurobiology from the University of Copenhagen. One of the co-founders of NeuroSearch A/S and long operated as the company's deputy CEO and head of research. Member of the Danish Academy of Engineering Science and previous member of the board of Danish Research Council for Independent Research. Author of more than 75 scientific articles.
Other ongoing assignments: Board member and CEO of Saniona A/S. Board member of 2CureX AB and 2CureX A/S.
Previous assignments completed within the past five years: Chairman of Delta Reader A/S. Board member of Atonomics A/S, Azign Bioscience A/S, Ellegaard Göttingen Minipigs A/S, Force Technology and Monta Biosciences A/S.
Independence: Not independent in relation to the Company and its management but independent in relation to major shareholders.
Holdings in Saniona: 2,344,711 shares.

ANNA LJUNG (Born 1980)
Board member since 2018.
Education and background: M.Sc. in Economics and Business Administration from Stockholm School of Economics. Current CFO of Moberg Pharma AB and previous experience from different positions as CFO at Athera Biotechnologies AB, Moberg Pharma AB and Lipopetide AB as well as independent consultant within in the field of technology licensing.
Other ongoing assignments: Board member of Moberg Pharma 2019 AB and Saniona A/S. Deputy board member of Moberg Derma Incentives AB. CEO of Moberg Pharma AB.
Previous assignments completed within the past five years: Board member of MPJ OTC AB.
Independence: Independent in relation to both the Company and its management as well as major shareholders.
Holdings in Saniona: 4,000 warrants.

CLAUS BRÆSTRUP (Born 1945)
Board member since 2014 (Chairman of Saniona AB 2014-2018 and of Saniona A/S since 2012). Co-founder of Saniona A/S and Saniona AB.
Education and background: Doctor of Medicine and graduate in biochemistry from the University of Copenhagen. Previous deputy CEO of research and development and CEO of H. Lundbeck A/S, quoted on Nasdaq Copenhagen. Previous professor in neuro science at the University of Copenhagen. Author and co-author of more than 125 scientific articles.
Other ongoing assignments: Board member of Evotec AG and Saniona A/S. CEO of Kastan ApS.
Previous assignments completed within the past five years: Chairman of Probiodrug AG and Saniona A/S. Board member of Ataxion Inc., Bavarian Nordic A/S, Evolva Holding SA, Gyros Protein Technologies AB and Roche Innovation Center Copenhagen A/S (previous Santaris Pharma A/S).
Independence: Independent in relation to both the Company and its management as well as major shareholders.
Holdings in Saniona: 735,700 shares.

CARL JOHAN SUNDBERG (Born 1958)
Board member since 2015 (board member of Saniona A/S since 2016).
Education and background: Medical degree and Ph.D. from Karolinska Institutet, Stockholm. Professor in molecular and applied exercise physiology at Karolinska Institutet. Co-founder to, and previous Investment Manager of, Karolinska Investment Fund – a EUR 60 million biomedicine venture capital fund. Head of research at the department of Bioentrepreneurship at Karolinska Institutet, member of the Royal Swedish Academy of Engineering Sciences, member of the International Olympic Committee Medical Commission and previous member and previous chairman of Swedish Professional Associations for Physical Activity and the foundation Forska!Sverige. Many years of experience from board work within the academy and the business community. Professor at the department of Physiology and Pharmacology at Karolinska Institutet. Head of the department of Learning, Informatics, Management and Ethics at Karolinska Institutet.
Other ongoing assignments: Board member of Arne Ljungqvist Anti - doping Foundation AB, Cobra Biologics Holding AB, Medkay Konsulting AB and Saniona A/S. Deputy board member of Symbiont Law AB.
Previous assignments completed within the past five years: Board member of Hypercure Medical AB and Karolinska Development AB. Partner of Medkay Konsulting HB.
Independence: Independent in relation to both the Company and its management as well as major shareholders.
Holdings in Saniona: 4,000 warrants.

EDWARD C. SALTZMAN (Born 1955)
Board member since 2019.
Education and background: Degree from New York University. Executive chairman of Cello Health BioConsulting ("**CHBC**"), previously Defined Health, after having led the sale of Defined Health to Cello Health in 2017. CHBC is a leading strategic business development advisory firm serving senior executives in pharma, biotech and investment. Edward C. Saltzman possesses a vast knowledge of the pharmaceutical and biotechnology industry accumulated over Defined Health's 25 years of consultancy to pharma, biotech, specialty pharma and investors. From this breadth and depth of experience, he provides guidance to CHBC's senior project leadership who work with clients across multiple therapeutic areas.
Other ongoing assignments: Chairman and member of management of Cello Health BioConsulting. Board member of Vidac Pharmaceuticals Ltd.
Previous assignments completed within the past five years: -
Independence: Independent in relation to both the Company and its management as well as major shareholders.
Holdings in Saniona: -

GROUP MANAGEMENT

Name	Position	Part of group management since	Employed since	Holdings
Jørgen Drejer	CEO	2014	2012	2,344,711 shares
Thomas Feldthus	Deputy CEO and CFO	2014	2012	1,220,000 shares*
Palle Christophersen	CSO	2014	2012	820,000 shares

* Excluding 650,000 shares lent to Nice & Green in connection with the convertible loan agreement. For more information, see the section "Legal considerations and supplementary information – Material agreements – Financing agreement with Nice & Green S.A.".

JØRGEN DREJER (Born 1955)
Board member and CEO since 2014 (board member and CEO of Saniona A/S since 2012). Co-founder of Saniona A/S and Saniona AB.

Please see the section "Board of directors" for further information.

THOMAS FELDTHUS (Born 1960)
Anställd CFO sedan 2012 och vice VD sedan 2015. Medgrundare av Saniona A/S och Saniona AB och tidigare styrelseledamot.
Education and background: M.Sc. in Engineering from the Technical University of Denmark and MBA from London Business School. Co-founder and previous CFO at the biotech company Symphogen A/S. Previous CFO at the pharmaceutical company WntResearch AB (publ). Has raised more than EUR 200 million in venture capital and negotiated several comprehensive cooperation agreements with pharmaceutical companies containing up front and milestone payments in intervals of USD 50-300 million. Previous Investment Manager at Novo A/S and Corporate Development Manager at Novo Nordisk A/S.
Other ongoing assignments: Deputy chairman of Scandion Oncology A/S. CEO of Fertilizer Invest ApS. Member of management (direktion) of Saniona A/S.
Previous assignments completed within the past five years: Board member of Saniona A/S.
Holdings in Saniona: 1,220,000 shares.

PALLE CHRISTOPHERSEN (Born 1958)
Employed CSO since 2012. Medgrundare av Saniona A/S och Saniona AB.
Education and background: M.Sc. in biology and Ph.D. in physiology from the University of Copenhagen. Many years of experience from research work within electrophysiology and work as project manager at NeuroSearch A/S. Has developed inter alia the NeuroPatch system and discovered Endovion for sickle cell anemia. During the years 2004-2011 employed as head of the field of in-vitro and member of NeuroSearch's management during 2006. Author of more than 60 scientific articles and standing behind research leading to more than 60 patents.
Other ongoing assignments: -
Previous assignments completed within the past five years: -
Holdings in Saniona: 820,000 shares.

OTHER INFORMATION ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

Jørgen Drejer was during the period from March 2001 to and including 25 August 2018 a board member of Azign Bioscience A/S. On 25 August 2018, Azign Bioscience A/S entered into compulsory dissolving (Dk. tvangsopløsning) due to the company not having filed its annual report for 2017. On 6 November 2018, Azign Bioscience A/S entered into bankruptcy.

Except from what is stated above, none of the Company's board members or senior executives have during the past five years (i) been convicted of fraud-related offenses, (ii) represented a company which has been declared bankrupt, filed for mandatory liquidation or undergone corporate restructuring, (iii) been subject to accusations or sanctions by statutory or regulatory authorities (including recognized professional bodies) or (iv) been disqualified by a court from acting as a member of an issuer's administrative, management or supervisory body or from holding any senior or overarching position in an issuer. There are no family ties between any board members or senior executives. None of the board members or senior executives have any other conflicts of interest or potential conflicts of interest that could conflict with Saniona's interest. However, as stated above, several board members and senior executives have financial interests in the Company through holding of shares and warrants. None of the board members or senior executives have entered into agreements that entitle them to benefits upon termination of their assignment, except for regular severance pay for senior executives in accordance with what is stated in the section "Corporate governance – Remuneration to board of directors and group management". Saniona has not set aside or accrued amounts for pensions or similar benefits for board members or senior executives upon termination of employment or assignment. All board members and senior executives can be reached via the Company's address: Balltorpvej 154, DK2750 Ballerup, Denmark.

AUDITOR

Deloitte AB is Saniona's auditor since the founding in 2014. Elna Lembrér Åström was the auditor in charge to and including the annual general meeting 2018 and was thereafter replaced by Jeanette Roosberg. Both Elna Lembrér Åström and Jeanette Roosberg are authorised public accountants and members in FAR, the trade association for auditors and advisors. The auditor is reached via Deloitte AB, Rehnsgatan 11, SE-113 79 Stockholm.

Corporate governance

CORPORATE GOVERNANCE IN SANIONA

Saniona is today quoted on Nasdaq Stockholm and comply with applicable rules in the Swedish Companies Act, the rules which follow of Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the "**Code**") and generally accepted stock exchange practice. The Company does not have to comply with all rules of the Code since the Code provides the opportunity to deviate from the rules, provided that any such deviations, the chosen alternative solution, are described and the reasons thereof in the corporate governance report (all, in accordance with the so-called "comply or explain principle"). Currently, Saniona applies the Code without any deviations.

NOMINATION COMMITTEE

Saniona has a nomination committee established in accordance with the Code's requirements for nomination committees. The nomination committee's work is governed by the instruction and charter which the general shareholders' meeting resolves to adopt. At the annual general meeting on 29 May 2019, it was resolved to adopt an instruction and charter for the nomination committee pursuant to which the nomination committee shall comprise of three members representing the two largest shareholders as of last September, together with the chairman of the board of directors. As a starting point, with largest shareholders are meant the shareholders registered with Euroclear Sweden AB as of last September. The nomination committee shall appoint a chairman among its members. The chairman of the board of directors or any other board member shall not be the nomination committee's chairman. The term for the appointed nomination committee shall be until a new nomination committee has been appointed. Before the annual general meeting 2019, the nomination committee comprised of Søren Skjærbæk (chairman), appointed by Jørgen Drejer, John Haurum, appointed by Thomas Feldthus and the chairman of the board, J. Donald deBethizy.

THE BOARD OF DIRECTORS' COMMITTEES

The Company's board of directors has established two committees, the audit committee and the remuneration committee. The audit committee's role is mainly to monitor the Company's financial position, to monitor the effectiveness of the Company's internal control, internal audit and risk management, to be informed about the audit of the annual report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence. The audit committee shall also assist the nomination committee in proposals for decisions on the election and remuneration of the auditor. The audit committee is comprised of Anna Ljung (chairman), Claus Bræstrup and Carl Johan Sundberg.

The remuneration committee's role is primarily to prepare matters regarding remuneration and other terms of employment for the CEO and other senior executives. The remuneration committee shall also monitor and evaluate ongoing and during the year completed programs for variable remuneration to senior executives and monitor and evaluate the application of the guidelines for remuneration to senior executives which the annual general meeting has resolved upon. The remuneration committee is comprised of J. Donald deBethizy (chairman) and Claus Bræstrup.

REMUNERATION TO THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

Remuneration to the board is paid in accordance with resolution of the general shareholders' meeting. At the annual general meeting on 29 May 2019, it was resolved that fees until the next annual general meeting should be paid with SEK 300,000 to the chairman of the board of directors and with SEK 160,000 to each of the members of the board who are not a co-founder of Saniona AB. Accordingly, fees are only to be paid to J. Donald deBethizy, Carl Johan Sundberg, Anna Ljung and Edward C. Saltzman. In addition, it was resolved that fees of SEK 60,000 should be paid to the chairman of the audit committee and fees of SEK 30,000 to each other of the other members of the audit committee, and SEK 30,000 to each member of the remuneration committee and that no fees for committee work should be paid to members who are co-founders of Saniona. In the table below, the amounts paid to the board members during the financial year 2018 are shown.

At the annual general meeting on 29 May 2019, it was resolved on guidelines for remuneration for senior executives which comprise of inter alia fixed salary, variable remuneration and pension as well as period of notice and severance payments. In the table below, remuneration paid to the board members during the financial year 2018 are shown.

SEK THOUSAND	Board fees	Base salary	Pension expenses	Share related remuneration	Social security expenses	Other personnel expenses	Total
J. Donald deBethizy, Chairman*	275	-	-	878		-	1,153
Claus Bræstrup, Board member	-	-	-	-	-	-	-
Carl Johan Sundberg, Board member *	110	-	-		35	-	145
Anna Ljung, Board member *	140	-	-	-	44	-	184
Jørgen Drejer, CEO and board member *	-	1,656	-	-	5	26	1,687
Thomas Feldthus, CFO	-	1,973	197	-	5	26	2,201
Palle Christophersen, CSO	-	1,316	-	-	5	26	1,347
Total, CEO, CFO and CSO	**0**	**4,945**	**197**	**0**	**15**	**78**	**5,235**
Other employees	-	14,756	1,512	608	99	527	17,502
Total	**525**	**19,701**	**1,709**	**1,486**	**193**	**605**	**24,219**

*Board fees to J. Donald deBethizy, Carl Johan Sundberg, Anna Ljung and salary to Jørgen Drejer concern fees and salaries in the parent company.

TERMS FOR SENIOR EXECUTIVES

Pursuant to the current employment agreements with the CEO and CFO, there is a notice period of six months regardless of which party that institute the termination. However, pursuant to the employment agreements, an adjusted period of notice shall apply during an initial period of six months after a transaction which means that a majority of the shares in Saniona AB or Saniona A/S are acquired by a person or several persons. The adjustment means that the period of notice upon termination from Saniona is prolonged to twelve months immediately after the relevant ownership change. The period of notice is thereafter shortened with one month each month that passes after the ownership change, meaning that the period of notice once again is six months after six months have passed after the ownership change. For CSO, a period of notice applies according to applicable Danish labour law, where the period of notice is based on the length of the employment. Therefore, the period of notice is currently five months upon termination from Saniona and one month upon termination from CSO.

INTERNAL CONTROL

Saniona's board of directors is ultimately responsible for the internal control of the Company. The responsibility is governed by the Swedish Companies Act, the Swedish Annual Reports Act and the Code. The Board of Directors is required to ensure that Saniona has enough formalized procedures for ensuring compliance with established principles for financial reporting and internal control. The procedures for internal control with respect to financial reporting have been designed to ensure reliable and accurate reporting in accordance with IFRS, applicable laws and regulations as well as other requirements that apply to companies listed on Nasdaq Stockholm. Saniona has decided to adopt the COSO framework as a basis of internal control of financial reporting. The framework consists of the following five components: control environment, risk assessment, control activities, information and communication and monitoring.

EXTERNAL AUDITING

The Company's auditor is appointed by the annual general meeting for the period until the end of the next annual general meeting. The auditor reviews the annual report and the accounting as well as the board of directors' and the CEO's management. At the annual general meeting on 29 May 2019, Deloitte AB was re-elected as the Company's auditor with the authorized public accountant Jeanette Rosberg as the auditor in charge. In addition, at the annual general meeting, it was resolved that remuneration to the auditor shall be paid in accordance with customary charging standards and approved invoice. In total, remuneration to the auditor for the financial year 2018 amounted to SEK 829 thousand, of which SEK 474 thousand related to the audit engagement, SEK 335 thousand audit business in addition to the audit engagement, SEK 28 thousand tax advice and SEK 89 thousand other assignments. Further information regarding the auditor can be found in section "Board of directors, group management and auditor – Auditor".

Share capital and ownership structure

SHARES AND SHARE CAPITAL

According to Company's articles of association, the share capital shall be no less than SEK 1,000,000 and no more than SEK 4,000,000 and the number of shares shall be no less than 20,000,000 shares and no more than 80,000,000 shares. The Company has only one share class. The registered share capital of the Company as per the date of the issuance of the Prospectus amounts to SEK 1,196,124 divided between 23,922,480 shares, each with a quota value of SEK 0.05.

Provided that the Rights Issue is fully subscribed, the number of outstanding shares will increase with 4,349,540 shares to 28,272,020 shares in total and the share capital will increase with SEK 217,477.00 to SEK 1,413,601.00. This results in a dilution effect of 15.4 percent for shareholders' who do not subscribe in the Rights Issue.

CERTAIN RIGHTS ASSOCIATED WITH THE SHARES

The shares of Saniona has been issued in accordance with the provisions in the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)) and are denominated in SEK. Saniona is connected to Euroclear Sweden AB's ("**Euroclear**") account-based security system which is why no physical share certificates have been issued. The shares in Saniona are not subject to any offer made pursuant to a mandatory takeover bid or squeeze-out or sell-out rules. No public takeover bids have been made in respect of the shares in Saniona during the current financial or previous financial year. All shares are issued and fully paid and are freely transferable. The person registered in the share register kept by Euroclear is entitled to all rights associated with the share. There are no limitations with regards to the transferability of the shares.

Each share entitles to one (1) vote at Saniona's general shareholders' meeting. Each shareholder entitled to vote may vote with the full number of shares owned and represented by this person at the general shareholders' meeting. Normally, shareholders have preferential rights to subscription of new shares, warrants or convertibles in accordance with the Swedish Companies Act, unless the general shareholders' meeting or the board of directors, pursuant to authorisation granted by the general shareholders' meeting, resolve on deviation from the shareholders' preferential rights. All shares provide equal rights to the Company's assets and profits. In the event of a liquidation of the Company, the shareholders have equal rights to surplus in relation to the number of shares the shareholder possess.

Notice of general shareholders' meetings shall be published in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on the Company's website. Simultaneously, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet. To be entitled to participate in a general shareholders' meeting, the shareholder must be registered in the share register five weekdays prior to the meeting, and notify the Company of the intention to participate no later than on the day specified in the notice.

SHARE CAPITAL'S DEVELOPMENT

The table below shows the development of the Company's share capital since the incorporation. For conversion of convertibles, the subscription price refers to the average conversion price per share for all shares that have been issued pursuant to the relevant conversion.

Year	Transaction	Subscription price (SEK)	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)	Quota value (SEK)
2014	Incorporation	0.05	10,482,200	10,482,200	524,110.00	524,110.00	0.05
2014	New issue	5.00	3,400,000	13,882,200	170,000.00	694,110.00	0.05
2015	New issue	7.00	3,470,550	17,352,750	173,527.50	867,637.50	0.05
2015	New issue	15.00	3,488,717	20,841,467	174,435.35	1,042,073.35	0.05
2017	New issue	38.00	921,053	21,762,520	46,052.65	1,088,126.00	0.05
2018	Conversion of convertibles	27.84	215,530	21,978,050	10,766.50	1,098,902.50	0.05
2018	Conversion of convertibles	25.23	79,285	22,057,335	3,964.25	1,102,866.75	0.05
2018	Conversion of convertibles	23.51	170,115	22,227,450	8,505.75	1,111,372.50	0.05
2018	Conversion of convertibles	27.41	218,897	22,446,347	10,944.85	1,122,317.35	0.05
2018	Conversion of convertibles	28.28	212,170	22,658,517	10,608.50	1,132,925.85	0.05
2018	Conversion of convertibles	28.38	176,158	22,834,675	8,807.90	1,141,733.75	0.05
2018	Conversion of convertibles	27.22	36,737	22,871,412	1,836.85	1,143,570.60	0.05
2018	Conversion of convertibles	27.13	221,151	23,092,563	11,057.55	1,154,628.15	0.05
2018	Conversion of convertibles	25.88	231,850	23,324,413	11,592.50	1,166,220.65	0.05
2019	Conversion of convertibles	24.75	161,636	23,486,049	8,081.80	1,196,124.00	0.05
2019	Conversion of convertibles	26.21	228,879	23,714,928	11,443.95	1,188,042.20	0.05
2019	Conversion of convertibles	28.91	207,552	23,922,480	10,377.60	1,176,598.25	0.05

AUTHORIZATIONS

The annual general meeting on 29 May 2019 resolved to authorize the board of directors to, at one or several occasions, during the time up until the next annual general meeting, with or without deviation from the shareholders' preferential rights, resolve to issue shares and/or convertibles. A new issue should be able to be made with or without provisions regarding contribution in kind, set-off or other conditions.

In case the authorization is used for a new issue of shares or convertibles, other than in relation to the financing agreement with Nice & Green S.A. ("**N&G**"), the total number of shares that may be issued (or issued upon conversion of convertibles) shall not exceed 11,961,240 shares and the subscription price shall be on market terms (subject to customary new issue discount, as applicable). The purpose of this part of the authorization is to be able to source working capital, to be able to execute and finance acquisitions of companies as well as to enable new issues to industrial partners within the framework of partnerships and alliances.

In case the authorization is used for issues of convertibles in relation to the financing agreement that the Company in December 2017 entered into with N&G, the total number of shares that may be issued upon conversion of convertibles issued thereunder shall not exceed 12,000,000 shares. The conversion rate shall be determined in accordance with the provisions in the financing agreement with N&G which stipulates that the conversion rate for convertibles issued to N&G shall amount to the higher of SEK 6 and 92 percent of the lowest daily volume weighted average price for the Company's share during the 5 trading days preceding the day for the request for conversion. Due to issue technical reasons, each issue resolution regarding convertibles has to stipulate a minimum conversion rate which pursuant to the financing agreement with N&G is stipulated to be SEK 6. At each issue resolution, this minimum conversion rate forms the basis for the maximum numbers of shares that may be issued upon conversion of issued convertibles. Each tranche of convertibles under the financing agreement amounts to SEK 6,000,000 and the stipulated maximum number of shares of 12,000,000 thereby enables the Company to draw 12 tranches under the financing agreement with N&G prior to the next annual general meeting. It should however be noted that as long as 92 percent of the lowest daily volume weighted average price for the Company's share during the 5 trading days preceding the day for the request for conversion exceeds SEK 6, the conversion rate so calculated will be applied and the number of shares issued at conversion will then be lower than the maximum number as per the above.

The purpose of this part of the authorization is to be able to draw tranches pursuant to the finance agreement with N&G. For further information regarding the financing agreement and the convertibles' terms and conditions, see the section ""Legal considerations and supplementary information – Material agreements – Financing agreement with Nice & Green S.A.".

Upon full utilization of the authorization, a maximum of 23,961,240 shares will be issued or alternatively be issued upon conversion, which corresponds to a total dilution effect of approximately 50 percent, calculated with the number of shares in the Company as per the date of the Prospectus.

CONVERTIBLES

Saniona has issued convertible within the scope of a financing agreement with N&G, entered into in December 2017 which subsequently has been prolonged. The agreement initially meant that Saniona during a twelve month period could issue convertibles to an amount of SEK 72 million in individual tranches of SEK 6 million each. The agreement has subsequently been prolonged for an additional SEK 72 million. Resolutions on issue of convertibles are made by the board of directors pursuant to authorization from the general shareholders' meeting. As per the date of the publishing of the Prospectus, outstanding non-converted convertibles correspond to an amount of SEK 10.5 million. In addition thereto, N&G has requested conversion corresponding to 143,758 shares which are expected to be issued and registered around the end of June 2019.

SHARE BASED INCENTIVE PROGRAMS

Saniona has issued warrants within the scope of seven incentive programs to board members, employees and consultants. The terms and conditions for incentive programs are described below. The maximum number of shares that can be issued in total for all programs amounts to 484,036 shares, which corresponds to a dilution of approximately 1.98 percent based on the assumption that all programs are fully exercised and calculated based on the number of shares in the Company as per the day of the Prospectus.

Employee option program 2019/2024

The annual general meeting on 29 May 2019 resolved that an employee option program for certain employees and key consultants in the Group in Denmark shall be establish during September 2019. Employee option program 2019/2024 can comprise of at the highest 34,500 employee options. Each employee option will entitle the holder to subscribe for a new share in the Company at a subscription price amounting to 100 percent of the average closing price of the Company's share on Nasdaq Stockholm during ten trading days after the announcement of the quarterly report for the second quarter of 2019. The employee options will be exercisable during 30 days from the day following after the announcement of the Company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the first quarter of 2023 and the

last time after the announcement of the quarterly report for the third quarter of 2024. If the Company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested employee options will instead be exercisable during the last month of the following calendar quarter, the first time in June 2023 and the last time in December 2024. In order to secure employee option program 2019/2024, a total of 34,500 warrants will be issued. Upon full exercise of the employee options, 34,500 new shares will be issued and the share capital will increase by SEK 1,725. The warrants will be subject to customary recalculation terms in connection with issues etc.

Option program 2019/2023

The annual general meeting on 29 May 2019 resolved than an option program for the board members Anna Ljung, Carl Johan Sundberg and Edward C. Saltzman shall be established during September 2019. Option program 2019/2023 can comprise of at the highest 12,000 options. Each option will entitle the holder to subscribe for one new share in the Company at a subscription price amounting to 100 percent of the average closing price of the Company's share on Nasdaq Stockholm during ten trading days after the announcement of the quarterly report for the second quarter of 2019. The options will be exercisable during 30 days from the day following after the announcement of the Company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the second quarter of 2022 and the last time after the announcement of the quarterly report for the second quarter of 2023. If the Company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested options will instead be exercisable during the last month of the following calendar quarter, the first time in September 2022 and the last time in September 2023. In order to secure option program 2019/2023 (including social security contributions), a total of 15,770 options will be issued. Upon full exercise of the options, 15,770 shares will be issued and the share capital will increase by SEK 788.50. The warrants will be subject to customary recalculation terms in connection with issues etc.

Employee option program 2018/2023

The annual general meeting on 24 May 2018 resolved to establish an employee option program for certain employees and key consultants in the Group in Denmark. In employee option program 2018/2023, 34,500 employee options are outstanding. Each employee option entitles the holder to subscribe for a new share in the Company at a subscription price amounting to SEK 30.08 per share. The employee options can be exercised during 30 days from the day following after the announcement of the Company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the first quarter of 2022 and the last time after the announcement of the quarterly report for the third quarter of 2023. If the Company does not render any quarterly report or yearend report after the end of any calendar quarter, the allotted and vested employee options may instead be exercised during the last month of the following calendar quarter, the first time in June 2022 and the last time in December 2023. In order to secure employee option program 2018/2023, a total of 34,500 warrants have been issued. Upon full exercise of the options, a total of 34,500 new shares will be issued and the share capital will increase with SEK 1,725. The warrants are subject to customary recalculation terms in connection with issues etc.

Option program 2018/2022

The annual general meeting on 24 May 2018 resolved to establish an option program for the board members Anna Ljung and Carl Johan Sundberg. In option program 2018/2022, a total of 8,000 options are outstanding. Each option entitles the holder to acquire a new share in the Company to a subscription price amounting to SEK 30.08 per share. The options can be exercised during 30 days from the day following after the announcement of the Company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the first quarter of 2021 and the last time after the announcement of the quarterly report for the first quarter of 2022. If the Company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested options may instead be exercised during the last month of the following calendar quarter, the first time in June 2021 and the last time in June 2022. In order to secure option program 2018/2022 (including social security contributions), a total of 10,513 options have been issued. Upon full exercise of the options, 10,513 shares will be issued and the share capital will increase by SEK 526.65. The warrants will be subject to customary recalculation terms in connection with issues etc.

Option program 2018/2024

Extraordinary general meeting on 19 January 2018 resolved to establish an option program for the chairman of the board of directors, J. Donald deBethizy. In option program 2018/2024, a total of 217,625 options are outstanding. Each option entitles the participant to acquire a new share in the Company at a subscription price amounting to SEK 33.60 per share. The options can be exercised during 30 days from the day following after the announcement of the Company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the first quarter of 2021 and the last time after the announcement of the quarterly report for the first quarter of 2024. If the Company does not render any quarterly report or year-end

report after the end of any calendar quarter, the allotted and vested options may instead be exercised during the last month of the following calendar quarter, the first time in June 2021 and the last time in June 2024. In order to secure option program 2018/2024 (including social security contributions), a total of 286,003 options have been issued. Upon full exercise of the options, 286,003 shares will be issued and the share capital will increase by SEK 14.300.15. The warrants are subject to customary recalculation terms in connection with issues etc.

Employee option program 2017/2022

The annual general meeting on 23 May 2017 resolved to establish an employee option program for certain employees and key consultants in Demark. In option program 2017/2022, a total of 38,750 employee options are outstanding. Each employee option entitles the holder to acquire one new share in the Company at a subscription price amounting to SEK 41.13 per share. The employee options can be exercised during 30 days from the day following after the announcement of the Company's quarterly reports, or for full year, the yearend report, the first time after the announcement of the quarterly report for the first quarter of 2021 and the last time after the announcement of the quarterly report for the third quarter of 2022. If the Company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested employee options may instead be exercised during the last month of the following calendar quarter, the first time in June 2021 and the last time in December 2022. In order to secure employee option program 2017/2022, a total of 38,750 warrants have been issued. Upon full exercise of the options, a total of 38,750 new shares will be issued and the share capital will increase with SEK 1,937.50. The warrants are subject to customary recalculation terms in connection with issues etc.

Employee option program 2015/2019

The annual general meeting on 20 May 2015 resolved to establish an employee option program for certain employees and key consultants in the Group in Denmark. In option program 2015/2019, a total of 64,000 employee options are outstanding. Each employee option entitles the holder to acquire one new share in the Company at a subscription price amounting to SEK 20.72. The employee options can be exercised during 30 days from the day following after the announcement of the Company's quarterly reports, or for full year, the yearend report, the first time after the announcement of the quarterly report for the first quarter of 2018 and the last time after the announcement of the quarterly report for the third quarter of 2019. If the Company does not render any) quarterly report or year-end report after the end of any calendar quarter, the allotted and vested employee options may instead be exercised during the last month of the following calendar quarter, the first time in June 2018 and the last time in December 2019. In order to secure employee option program 2015/2019, a total of 64,000 warrants have been issued. Upon full exercise of the options, a total of 64,000 new shares will be issued and the share capital will increase with SEK 3,200. The warrants are subject to customary recalculation terms in connection with issues etc.

DIVIDENDS POLICY AND RIGHT TO DIVIDENDS

Saniona may generate income through upfront payments, milestone payments, royalty payments and upon exits in relation to the sale of spinouts. The board of directors has decided upon a residual dividend policy. This means that Saniona will only pay a dividend on net income and internally generated equity after it has reserved capital to finance continued development and expansion of the business, including its product pipeline. The board of directors' intention at present is to use any future profits made by Saniona to finance continued development and expansion of the business. Regular dividends will only be paid once the Company has a product on the market and the Company records annual net income through royalty payments. Consequently, the Board of Directors does not intend to propose any dividend within the foreseeable future.

However, the board of directors can propose a dividend of Saniona's shareholding in a spinout company to the shareholders as dividend if such a spinout company has as objective to achieve an independent listing on the stock market. This could be the case if Saniona's shares can be distributed as a tax free divided in accordance with the Lex Asea rules in Sweden and the board of directors makes the assessment that the fiscal advantages for shareholders in other geographic areas can be financed through sales of shares in the listed spinout company.

Any dividends are resolved upon by the general annual meeting after proposition from the board of directors. Holders recorded as owners of shares in the register of shareholders maintained by Euroclear on the record date established by the annual general meeting are entitled to receive dividends. All of the Company's shares entitle to dividends. If a shareholder cannot be paid through Euroclear, such shareholder still retains its claim to the dividend amount and the claim is only subject to rules regarding limitation of claims. Should the claim become barred by the limitation of claims, the dividend amounts is forfeited to the Company. Neither the Swedish Companies Act nor Saniona's articles of association contain any restrictions regarding dividend rights of shareholders outside Sweden. Subject to any restrictions imposed by banks or clearing systems in the relevant jurisdictions, payments to such shareholders are made in the same manner as for shareholders resident in Sweden. However, shareholders with limited tax liability in Sweden are normally subject to Swedish withholding tax, see the section "Certain tax issues".

OWNERSHIP STRUCTURE

The table below details the Company's ten largest shareholders as of 31 March 2019, based on information from Euroclear.

Shareholder	Number of shares	Ownership share and part of votes
BNY MELLON SA/NV (FORMER BNY), W8IMY*	2,619,389	10.9 %
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1,321,655	5.5 %
FELDTHUS, THOMAS**	1,220,000	5.1 %
LEIF ANDERSSON CONSULTING APS	988,437	4.1 %
CHRISTOPHERSEN, PALLE	820,000	3.4 %
BRÄSTRUP, CLAUS	735,700	3.1 %
NORDNET PENSIONSFÖRSÄKRING AB	693,633	2.9 %
CREDIT SUISSE (SWITZERLAND) LTD	639,893	2.7 %
SHAREHOLDER WHO IS A NATURAL PERSON	538,678	2.3 %
NORDEA LIVFÖRSÄKRING SVERIGE AB	530,732	2.2 %
OTHER SHAREHOLDERS	13,814,363	57.7 %
Total:	**23,922,480**	**100 %**

* Includes Jørgen Drejer's, board member and CEO, share holdings of 2,344,711 shares.
**Excluding 650,000 shares lent to Nice & Green in connection with the convertible loan agreement dated 29 December 2017.

SHAREHOLDERS' AGREEMENTS

The board of directors' is not aware of any shareholders' agreements or other understandings or corresponding agreements between the Company's shareholders intended to exercise joint control of the Company. To the board of directors' knowledge, there are no other agreements or equivalent that may lead to changes in the control of the Company.

CENTRAL SECURITIES DEPOSITORY

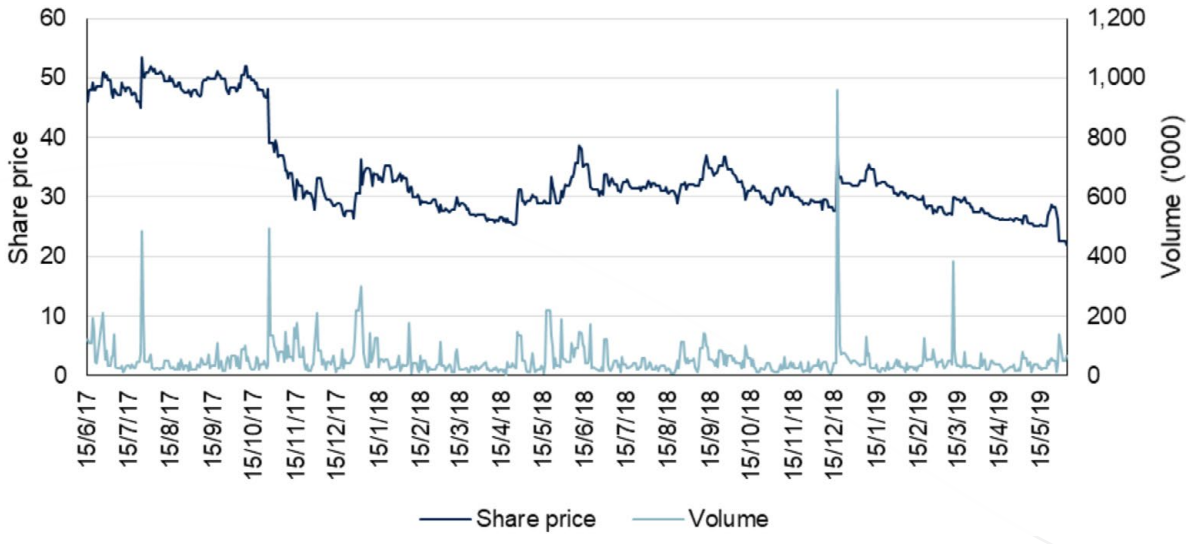
The shares in the Company are registered in a securities register in accordance with the Swedish Central Securities Depository and Financial Instruments Accounts Act (Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument). This register is kept by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. The shares are registered on person. No share certificates have been issued for the Company's shares. The ISIN code of the shares in the Company is SE0005794617.

LEI CODE

The Company's LEI code is 549300XO4L9XNOCFCZ84.

TRADING IN SANIONA'S SHARE

Since 15 June 2017, the Company's shares are traded on Nasdaq Stockholm with the ticker SANION. The Company's share price and volume for the period 15 June 2017 – 3 June 2019 are shown in the graph below. The last price quotation on 3 June 2019 was SEK 21.9, corresponding to a market cap of approximately SEK 524 million.



Articles of association

The Company's articles of association, adopted at the annual general meeting on 24 May 2018, is shown below.

ARTICLES OF ASSOCIATION

§ 1 COMPANY
The name of the company is Saniona AB. The company is a public company (publ).

§ 2 REGISTERED OFFICE
The Board of Directors shall have its registered office in Malmö.

§ 3 OBJECT OF THE COMPANY
The object of the company's business shall be to develop pharmaceuticals and to pursue other business related thereto and to own and manage shares.

§ 4 SHARE CAPITAL AND NUMBER OF SHARES
The share capital shall be not less than SEK 1,000,000 and not more than SEK 4,000,000. The number of shares shall be not less than 20,000,000 shares and not more than 80,000,000 shares.

§ 5 BOARD OF DIRECTORS
The Board of Directors shall consist of not less than three and not more than eight members.

§ 6 REVISORER
The company shall have 1-2 auditors with not more than 2 deputy auditors or a registered public accounting firm.

§ 7 NOTICE OF GENERAL MEETING
Notice of a general meeting shall be announced in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 8 NOTIFICATION TO GENERAL MEETING
Right to attend the general meeting vest in those shareholders who are entered in the register of shareholders as prescribed in Chapter 7, Section 28 third paragraph of the Swedish Companies Act (Sw. aktiebolagslagen) and have notified the company by the date specified in the notice, including the number of advisors. This day may not be a Sunday, public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and shall not occur earlier than on the fifth weekday before the general meeting.

§ 9 OPENING OF THE GENERAL MEETING
The Chairman of the Board or the person appointed by the Board of Directors shall open the general meeting and chair the proceedings until a Chairman of the meeting is elected.

§ 10 ANNUAL GENERAL MEETING
The annual general meeting shall be held annually within six months after the end of the financial year.

The following matters shall be addressed at the annual general meeting.

1. Election of Chairman of the meeting;
2. Preparation and approval of voting list;
3. Approval of the agenda of the meeting;
4. Election of one or two persons to verify the minutes;
5. Determination of whether the meeting has been duly convened;
6. Presentation of the annual report and the auditor's report and, if applicable, the consolidated annual report and the consolidated auditor's report;
7. Resolutions regarding

a) adoption of the income statement and the balance sheet and, if applicable, the consolidated income statement and the consolidated balance sheet,

b) appropriation of the company's profit or loss in accordance with the adopted balance sheet,

c) discharge of the members of the Board of Directors and the Chief Executive Officer from liability;

8. Determination of remuneration to be paid to the members of the Board of Directors and the auditors;
9. Election of the members of the Board of Directors and registered public accounting firm or auditor;
10. Other matters to be dealt with at the meeting pursuant to the Swedish Companies Act or the company's articles of association.

§ 11 FINANCIAL YEAR
The financial year of the Company shall be calendar year.

§ 12 RECORD DAY PROVISION
The shareholder or nominee who is registered on the record date in the share register and in a central securities depository register pursuant to Chapter 4 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 first paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

Legal considerations and supplementary information

GENERAL CORPORATE INFORMATION

The name of the Company and its trading name is Saniona AB. The Company's corporate registration number is 556962-5345. Saniona is a public limited liability company, established in Sweden, with registered office in the municipality of Malmö, Sweden. The Company has been formed in accordance with the substantial laws of Sweden and its legal form of business is governed by the Swedish Companies Act (2005:551). The Company is a public limited liability company and is registered in Sweden in accordance with the laws of Sweden. The Company was founded on 30 January 2014 and was registered with the Swedish Companies Registration Office on 19 February 2014. The Company is a CDC-registered company and its share ledger is kept by Euroclear Sweden AB.

Saniona AB (publ) is the parent company of Saniona A/S, corporate registration number DK-34049610, in which the Group's operations primarily are conducted. The Group was founded in 2014 when the parent company acquired 100 percent of the shares in Saniona A/S by an issue in kind.

As of the date of the Prospectus, Saniona owns 29.2 percent of the shares and votes in the associated company Scandion Oncology A/S, corporate registration number DK-38613391. The holdings is however expected to be diluted due to a rights issue that was announced by Scandion Oncology in the end of May 2019. Scandion Oncology A/S is a spin-out which was founded based on Saniona's cancer research technology and inventions from the University of Copenhagen. Scandion Oncology was quoted on Spotlight Stock Market in November 2018.

MATERIAL AGREEMENTS

Other than agreements described below, the Group has not, with the exception of agreements that are part of the ordinary course of business, entered into any agreements of major importance during the last two years. In addition to the agreements listed below, there are also, with the exception of agreements entered into in the ordinary course of business, no agreements within the Group that contain any right or obligation that is of material importance for the Group as per the date of the Prospectus.

Agreement with NeuroSearch A/S

In August 2012, Saniona A/S (then Aniona ApS) entered into an agreement with NeuroSearch A/S regarding the purchase of drug projects (including intellectual property rights) and cooperation agreements (including a cooperation agreement with Janssen Pharmaceutical NV, which by now has expired). In conjunction with the purchase, Saniona A/S also took over some personnel from NeuroSearch A/S. In connection with the transfer, Saniona A/S obtained 15 drug projects that comprise more than 15,000 chemical substances, related patents and an associated generic chemical library with more than 100,000 other chemical commercially available substances. During the autumn of 2014, Saniona acquired two additional clinical programs from NeuroSearch A/S through a supplementary agreement. The purchase was finalized in July 2017. According to previous agreements, Saniona had committed to pay a milestone payment of EUR 400,000 when the first preclinical program was tested on humans. In addition, Saniona would pay royalty on its products sales as a part of the license revenue for the acquired assets including the product candidates under clinical development, Tesomet, tesofensine and NS2359. According to the agreement that was entered into in July 2017, Saniona paid NeuroSearch A/S a cash non-recurring amount of DKK 5.5 million (SEK 7.1 million) to finalize the purchase, and thus has no further payment obligations to NeuroSearch A/S.

Agreement regarding Cadent Therapeutics Inc. (previously Ataxion Inc.)

In July 2013, Saniona A/S entered into an agreement with Ataxion, Inc. whereby Saniona A/S obtained a shareholding in Ataxion, Inc. in exchange for Saniona A/S contributing the rights to the active substances included in the so-called ataxia program. In March 2017, an agreement implying that Saniona approved that Ataxion merged with Cadent Therapeutics Inc. (then Luc Therapeutics Inc. before the change of name) was concluded. The operations previously conducted by Ataxion have since then been conducted in Cadent Therapeutics Inc. An earlier option to acquire (Biogen) the Ataxia program ceased in connection with the merger. Cadent Therapeutics has confirmed taking over the relevant agreements. The cooperation with Cadent Therapeutics is aimed at research of new small

molecule drugs for the treatment of ataxia. Ataxia is a general term for a group of rare genetic diseases called hereditary ataxia. The current agreement that regulates research and development is still valid and according to the agreement, Saniona shall carry out certain development work related to the ataxia program. The research and development agreement runs quarterly with automatic renewals in case the agreement is not terminated. As per the day of the Prospectus, Saniona owns 3.4 percent of the merged Cadent Therapeutics and retains rights to royalty payments for potential products that are developed and commercialized through the ataxia program. For further description of the cooperation with Cadent Therapeutics, see the section "Company description – Pipeline – Clinical programs – CAD-1883 for treatment of essential tremor and spinocerebellar ataxia (Cadent Therapeutics)".

Agreement with University of Pennsylvania
In June 2015, Saniona A/S entered into a cooperation agreement with University of Pennsylvania according to which University of Pennsylvania, at its own expense, was given the right to conduct a Phase 2 study for cocaine addiction with NS2359. For further description of the cooperation with University of Pennsylvania, see the section "Company description – Pipeline – Clinical programs – NS2359 for treatment of cocaine addiction (TRC)".

Agreement with Productos Medix, S.A de S.V
In February 2016, Saniona entered into a license and development agreement with Medix. The project, like Medix's operations in general, is mainly focused on the treatment of overweight and obesity. The cooperation with Medix concerns development and commercialixation of tesofensine and Tesomat in Mexico and Argentina. Medix has exclusive rights to develop and commercialize tesofensine and Tesomat in the two countries and will finance and be responsible for the clinical development and the regulatory applications.

Saniona keeps all the rights to tesofensine and Tesomat as well as the ownership to any results of the cooperation, including the exclusive rights to use clinical data developed or produced by Medix in the rest of the world. Medix has paid Saniona an upfront payment of USD 1.25 million in 2016. Medix will pay milestone payments related to regulatory and commercial targets and double digit royalties on product sales to Saniona.

For further description of the cooperation with Medix, see the section "Company description – Pipeline – Clinical programs – Tesofensine monotherapy for treatment of obesity (Medix)".

Agreement with Boehringer Ingelheim International GmbH
In August 2016, Saniona entered into a research and license agreement with Boehringer Ingelheim. The aim of the joint research efforts is to identify substances that can restore the brain's network activity in patients with schizophrenia. Boehringer Ingelheim has exclusive rights to develop and commercialize pharmaceutical products based on the cooperation and the licensed rights and will finance and be responsible for the clinical development and relevant regulatory applications.

Saniona received an upfront payment of approximately SEK 47 million (EUR 5 million) on signing the agreement and will obtain upfront payments of up to approximately SEK 474 million (EUR 50 million) at certain research and development-related or regulatory milestones. In addition, Saniona is entitled to commercial milestone payments of up to approximately SEK 332 million (EUR 35 million) and differentiated royalties on net sales of any products that are commercialized by Boehringer Ingelheim as a result of the cooperation. In addition, Saniona has received approximately EUR 2.3 million in research payments to and including 31 March 2019. For further description of the cooperation with Boehringer Ingelheim, see the section "Company description – Pipeline – Pre-clinical programs – Boehringer Ingelheim Program for treatment of Schizophrenia (Boehringer Ingelheim)".

Financing agreement with Nice & Green S.A.
In December 2017, Saniona entered into a financing agreement based on convertibles with N&G. According to the terms of the agreement, N&G has undertaken to subscribe for convertibles of up to SEK 72 million, in single tranches of SEK 6 million each, over an initial period of twelve months. The agreement has subsequently been extended for an additional SEK 72 million at the same terms, in total SEK 144 million over a two-year period.

The convertibles can be converted to shares with 8 percent discount in relation to the lowest daily volume-weighted average share price (VWAP) of the five trading days prior to the date on which N&G has sent a notice of conversion to Saniona. Furthermore, N&G receives a fee for each tranche paid to Saniona whereas Saniona will receive a percentage of the net profits that N&G made pursuant to their investment.

Each convertible note has a nominal value of SEK 0.5 million. The convertibles are not interest-bearing and are due twelve months from the date of issue. Provided that no ground for notice of termination occurs, non-converted convertibles shall be converted to shares or settled in cash in accordance with Saniona's request.

The agreement contains standard terms of grounds for notice of termination in line with other similar agreements, which allows for N&G to immediately request cash payment of any outstanding convertibles and to refuse to subscribe for shares in additional tranches. N&G is entitled to call for conversion of the convertibles at any time during a twelve-month period after the issue of the respective tranches. To the extent that N&G has not requested conversion at the end of the respective conversion period, Saniona has a right to call for conversion. No security has been provided for the convertibles. The convertibles are non-transferable, with exception to transfers to companies controlled by N&G, and will not be quoted on any marketplace. Conversion of the convertibles occurs according to N&G's own request, without any predetermined schedule.

In connection with the entering of the financing agreement, Saniona's CFO, Thomas Feldthus, provided 650,000 shares under a share loan agreement with N&G to enable the financing agreement and to reduce costs for Saniona. N&G will return the shares to Thomas Feldthus no later than at the expiry of the agreement.

As per the date of the Prospectus, convertibles amounting to SEK 72 million have been issued through 12 tranches. Of the total amount, convertibles amounting to SEK 61.5 million have been converted to 2,303,718 shares, of which 143,758 shares have not yet been issued. These shares are expected to be issued and registered around the end of June 2019. Thus, outstanding non-converted convertibles correspond to an amount of SEK 10.5 million as per the date of the Prospectus.

INTELLECTUAL PROPERTY RIGHTS

Saniona has intellectual property rights that mainly consist of patents. For more information about the Company's portfolio of patents, see the section "Company description – Patents".

DISPUTES AND LEGAL PROCEEDINGS

Over the past twelve months, Saniona has not been involved in any legal or arbitration proceedings (including cases that are pending or that Saniona is aware could arise) that have had, or may have, significant effects on Saniona's financial position or profitability.

INSURANCE PROTECTION

The board of directions assesses that the Company's current insurance coverage is adequate with regard to the nature and scope of its operations.

TRANSACTIONS WITH RELATED PARTIES

During the period pertaining to the historical financial information there have, in addition to intra-group transactions and board fees and remuneration to senior executives pursuant to the remuneration policy following decisions by the annual general meetings, been no transactions with related parties that are assessed as significant for the Company. See also note 5 and note 9 in the annual report for 2017 and 2018, which have been incorporated in the Prospectus by reference.

After 31 March 2019 the Company has not carried out any transactions with related parties that are assessed as significant for the Company.

UNDERWRITING COMMITMENTS

In connection with the Rights Issue, the Company has obtained underwriting commitments from Modelio Equity AB (publ) with an amount of approximately SEK 50 million and from Oliver Molse with an amount of approximately SEK 16.5 million. In total, 85 percent of the Rights Issue is covered by underwriting commitments. The underwriting remuneration amounts to approximately 9 percent of the underwriter's underwriting commitment. The underwriting commitments are not secured through pledging or blocked funds, thus there is a risk that one or several of the underwriters will not fulfill their respective undertakings. For further information, see section "Risk factors – Risks related to the share and the Rights Issue – Underwriting commitments are not secured". The underwriting commitments were entered into during May 2019. Oliver Molse can be reached via the Company. Modelio Equity AB (publ) can be reached via c/o Molse, Eriksbergsgatan 1B, 114 30 Stockholm.

LOCK UP UNDERTAKINGS

Board members and members of the Company's management has towards ABGSC undertaken not to transfer, pledge or in any other way dispose of current shares or shares acquired through the Rights Issue in the Company (the "**Lock-up undertaking**"). The Lock-up undertaking applies until the day that falls 180 days following the last day of the subscription period in the Rights Issue. The Lock-up undertaking is subject to customary exemptions, inter alia in case public take-over offer regarding all shares in the Company is made. In total, approximately 21.4 percent of the shares in the Company as per the date of the Prospectus is included in the Lock-up undertaking.

ADVISOR'S INTERESTS

ABGSC is Saniona's financial advisor in connection with the Rights Issue. SEB is the issuing agent in connection with the Rights Issue. ABGSC and SEB receive a predetermined compensation for services in connection with the Rights Issue and may also in the future provide services to the Company and related parties to the Company within the ordinary course of business in connection with other matters. Other than that, ABGSC and SEB have no other financial, or other, interests in the Company or in the Rights Issue. The Company's legal advisor is Setterwalls Advokatbyrå AB. Setterwalls may also provide services to the Company and related parties to the Company within the ordinary course of business and in connection with other transactions.

COSTS IN CONNECTION WITH THE RIGHTS ISSUE

The transaction costs are estimated to amount to approximately SEK 14 million of which approximately SEK 6 million consist of fees for the underwriting commitments and the rest is attributable to fees to financial and legal advisors in connection with the Rights Issue.

DOCUMENTS INCORPORATED BY REFERENCE

Some parts of Saniona's financial reports for the financial years 2017 and 2018 and for the period January–March 2019 are incorporated by reference and is thus a part of this Prospectus and shall be read as a part hereof. These financial reports can be found in the annual reports for the financial years 2017 and 2018 and Saniona's interim report for the period January–March 2019. The reference relates to the following sections:

- Interim report January-March 2019: key figures (page 7-8), income statement (page 11), balance sheet (page 12), cash flow statement (page 14) and explanatory notes (pages 1).
- Annual report 2018: key figures (page 32), income statement (page 45), balance sheet (page 46), cash flow statement (page 48), explanatory notes (pages 53-74) and the audit report (pages 76-79).
- Annual report 2017: key figures (page 32), income statement (page 45), balance sheet (page 46), cash flow statement (page 48), explanatory notes (pages 53-71) and the audit report (pages 73-75).

The parts of Saniona's financial reports that are not referred to contain information that is found in other parts of the Prospectus or is not considered relevant for investors. The Company's auditor has audited Saniona's annual reports for the financial years 2017 and 2018. The Company's auditor has reviewed Saniona interim report for the period January-March 2019.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents (with exception for the subsidiary's annual reports) are available in electronic form on the Company's website, www.saniona.com. Copies of all documents are also available at the Company's head office, Baltorpvej 154 in Ballerup, Denmark, on weekdays during regular office hours throughout the period of validity of the Prospectus.

- Saniona's articles of association.
- Saniona's annual reports for the financial years 2017 and 2018, including audit reports.
- Saniona's interim report for the period January-March 2019.
- Saniona's subsidiary's annual reports for the financial years 2017 and 2018.

Certain tax issues

Below is a summary of specific tax rules for individuals and limited liability companies with unlimited tax liability in Sweden, unless otherwise stated. The summary is based on current legislation and is intended only as general information. The summary does not include securities which are held by partnerships or as inventory assets in business operations. Nor does it include any details about special rules pertaining to tax-free capital gains (including prohibition of deduction for capital losses) or corporate dividends which may become applicable should shareholders hold shares which may be considered business-related. Neither are the special rules that may apply to holdings in companies that are or have been so-called closely held companies or to shares purchased on the basis of so-called qualified shares in closely held companies. The summary also does not cover shares held in an investment savings account (Sw. Investeringssparkonto (ISK)) and which are subject to special rules on standardized rate taxation. Special tax rules apply to certain types of taxpayers, for example investment companies and insurance companies. Each individual shareholder's tax liability will depend on their particular situation. Each holder of shares should consult a tax advisor for information on the special implications that may arise in the individual situation, including the applicability and effect of foreign rules and tax treaties.

SHAREHOLDERS WITH UNLIMITED LIABILITY TO PAY TAX IN SWEDEN

Natural persons

Capital gains taxation

When listed shares are sold or otherwise disposed of, a taxable capital gain or deductible capital loss may occur. Capital gains are taxed as income from capital at a rate of 30 percent. Capital gain or loss is typically determined as the difference between the sales proceeds, after deduction for sales costs, and the cost amount (acquisition cost increased by cost of improvements, if any). The cost amount for all equityrelated securities of the same class and type is calculated together in accordance with the "average cost method". It should be noted that paid subscribed shares (BTA) in this context are not considered to be of the same class and type as the shares that entitle to preferential rights in the Rights Issue until the resolution of the new issue has been registered with the Swedish Companies Registration Office. Alternatively, upon the sale of listed shares, the cost amount may alternatively be determined as 20 percent of the sales proceeds, after deduction sales costs, under the "notional rule". Capital losses on listed shares and other listed equity-related securities are fully deductible against taxable capital gains on shares and on other listed equity–related securities, with the exception of units in securities funds or special funds that consist solely of Swedish receivables (Sw. räntefonder). Capital losses on shares and other equity-related securities which cannot be set off in this way can be deducted with up to 70 percent against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction is allowed with 30 percent on the portion of such net loss that does not exceed SEK 100,000 and with 21 percent on any remaining loss. Such net loss cannot be carried forward to future income years.

Dividend taxation

For natural persons, dividends on listed shares are taxed as income from capital with a rate of 30 percent. For natural persons who are residence in Sweden, a preliminary tax of 30 percent is generally withheld by Euroclear Sweden AB ("**Euroclear**") or, in respect of nominee-registered shares, by the nominee.

Limited liability companies

Tax on capital gains and dividends

For a limited liability company, all income, including taxable capital gains and dividends, is taxed as business income at a rate of 21.4 percent (the business income tax rate will decrease to 20.6 percent from 1 January 2021). Capital gains and losses are calculated in the same manner as described above in respect to natural persons.

Deductible capital losses on shares or other ownership interests can only be deducted against taxable capital gains on shares or other ownership interests. If certain conditions are met, such a capital loss may also be offset against capital gains on shares or other ownership interests in companies within the same group, provided that a right to make group contributions between companies exists. Any capital loss that cannot be utilized in a given year may be carried forward and offset against taxable capital gains on shares and other ownership interests in future years, without limitation in time.

Exercise and disposal of subscription rights for natural persons and limited liability companies
Shareholders who do not wish to exercise theirs preferential rights to participate in the Rights Issue can dispose their subscription rights. When disposing subscription rights, taxable capital gains shall be calculated. Subscription rights based on a holding of existing shares are considered to have been acquired at SEK 0. The "notional rule" cannot be used to calculate the sales proceeds in this case. The total sales proceeds, after deduction of sales costs, are thus taxable. The cost amount for the original shares is not affected. A subscription right that is not exercised or sold, and thus expires, is considered to have been disposed of at SEK 0. Since subscription rights acquired on this stated way are considered to be acquired at SEK 0, no capital gain or loss arise.

For subscription rights purchased or otherwise acquired, the price paid for the subscription rights in the Company constitutes the tax basis. Exercising of acquired subscription rights does not trigger any tax. A part of the subscription rights' sales proceeds shall be taken into account when calculating the shares' cost amount. If the subscription rights are disposed of, capital gains taxation is triggered. The cost amount for the acquired subscription rights are calculated with the "average cost method". An acquired subscription right that is not exercised or sold, and thus expires, is considered disposed of at SEK 0.

SHAREHOLDERS WHO HAVE LIMITED TAX LIABILITY IN SWEDEN

Withholding tax

Shareholders who have limited tax liability in Sweden and who receive dividends on shares in a Swedish limited liability company are normally subject to withholding tax. The tax rate is 30 percent, which however is generally reduced through tax treaties that Sweden has entered into with certain other countries in order to avoid double taxation. Most of Sweden's tax treaties enable a reduction of the Swedish tax to the treaty rate directly at the time of dividend payment if the necessary information about the dividend recipient is provided. In Sweden, the deduction of withholding tax is normally made by Euroclear or, for nominee-registered shares, by the nominee. If a 30 percent withholding tax is withheld from a dividend payment to a person who has the right to be taxed at a lower rate, or if too much withholding tax has otherwise been withheld, repayment can be requested from the Swedish Tax Agency before the end of the fifth calendar year after the dividend payment.

Capital gains taxation

Shareholders who have limited tax liability in Sweden and whose holdings are not attributable to a permanent establishment in Sweden, are not normally taxed in Sweden for capital gains in connection with the sale of shares or other equity-related securities. Shareholders may, however, be subject to tax in their country of residence. According to a special tax rule, however, natural persons with limited tax liability in Sweden may be subject to Swedish capital gains tax on the sale of shares or other equity-related securities if at any time during the year of disposal or the ten calendar years, have been resident or lived permanently in Sweden. The applicability of this rule may however be limited by tax treaties between Sweden and other countries.

SWEDISH TAX ISSUSES FOR SHAREHOLDEERS TAX RESIDENT IN DENMARK

Dividends

Dividend payments to shareholders tax resident in Denmark (that is shareholders who have limited tax liability in Sweden) are subject to a 15 percent withholding on dividends from Swedish limited liability companies as a main rule provided that the shareholder can provide a proof of residency in Denmark. If shareholders are Danish companies, the tax may under certain circumstances be reduced to 0 percent (if the shares are listed, a holding of 10 percent or more is amongst other required). In other situations, in Sweden, the withholding tax is 30 percent. The preliminary tax in Sweden is withheld by Euroclear or, regarding nominee-registered shares, by the nominee. If a 30 percent withholding tax is withheld and the shareholder is entitled to an exemption or a reduced tax rate, a refund can be claimed from the Swedish Tax Agency at the end of the fifth calendar year following the year which the dividend was paid.

Capital gains taxation

Capital gains on shares are typically not taxable in Sweden for shareholders tax resident in Denmark, unless the holdings are allocated to a Swedish permanent establishment. The shareholders may, however, be subject to tax in their state of residence. Individuals may be subject to tax in Sweden on capital gains according to a special rule in case they have been resident or stayed permanently in Sweden at any time during the year in which the shares or warrants are sold or the ten preceding years. The applicability of this rule may be limited under the Nordic tax treaty.

Glossary

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.

ESSENTIELL TREMOR
Essential tremor is the most common movement disorder with a prevalence of 4 percent for persons aged 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.

FIRST-IN-CLASS
A name for a drug that has a new and unique mechanism of action for treatment of a particular indication.

HYPOTHALAMIC OBESITY
A common sequel to tumors of the hypothalamic region and their treatment with surgery and radiotherapy. Weight gain results from damage to the ventromedial hypothalamus which leads, variously, to hyperphagia, a low metabolic rate, autonomic imbalance, growth hormone deficiency and various other problems that contribute to weight gain.

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.

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.

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 tumor), 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 percent 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) thereby reducing abuse potential. 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 treatment of cocaine addiction.

PRE-CLINICAL AND CLINICAL PHASES
- **Pre-clinical research:** refers to the activities that chemists, biologists and pharmacologists conduct in order to develop and test new substances.
- **Pre-clinical development:** refers to the ongoing development until the pharmaceutical substance has been granted permission to be tested in humans. Before permission is granted, extensive work must be put into ensuring that the substance is sufficiently safe and stable and to clarify how it performs and leaves the body.

- **Phase 1:** the first-in-man trials. This is usually made in a small group of healthy (5–9 persons), entirely male volunteers of normal weight. This is due to that women's reproductive ability is more sensible if it should appear that the substance is toxic. In the Phase 1 study, the safety of the drug is investigated, how the drug is broken down in the body and its effects. Only a small proportion of the dose that is given to animals are given to the subject since the effect on humans is completely unknown.
- **Phase 2:** is conducted on a larger group of patients suffering from a disease (20-3,000 persons) to study how effective the drug is at treating the disease. During Phase, 2 it is usual to carry out dose studies that intend to find out what dose of the future drug that should be given to patients. This dose is later used in the Phase 3 studies. Some Phase 2 studies are also divided into a Phase 2a and Phase 2b, where the former is designed to determine an appropriate dose of the drug and the latter for the drug's effectiveness.
- **Phase 3:** is conducted on a very large patient group (300-30,000 persons) to provide a final confirmation on how useful the drug is at treating the relevant disease. This patent group should, as far as possible, imitate the population to which the finished drug is to be used in, such as weight, age, sex, etc. You compare with the current standard treatment or with placebo (sugar pills) if there are no standard treatment for the relevant disease. Phase 3 can also be divided into two sub-categories: Phase 3a and Phase 3b. In Phase 3a, the drug has not yet entered the open market and in Phase 3b, the drug is available on the market but new application areas are being tested.
- **Phase 4:** new, unusual side effects will be discovered after the drug has started to be sold on the market. Phase 4 can be seen as monitoring of what is happening.

PARKINSON'S DISEASE
Parkinson's disease (PD) is a neurodegenerative disorder that affects predominately dopamine-producing neurons in a specific area of the brain called substantia nigra. Symptoms generally develop slowly over years and may include tremors, bradykinesia, limb rigidity and gait and balance problems. The cause remains largely unknown and there is still no cure.

PROOF-OF-CONCEPT
Demonstrates that the preparation actually does what the preparation is intended to do, that is, integrates correctly molecularly and thus can show that the symptoms decrease.

SCHIZOPHRENIA
A mental disorder often characterized by abnormal social behavior 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.

SPIN-OUTS
A distribution in kind in the form of a distribution of Saniona's holdings in other companies to Saniona's shareholders, aiming at achieving an independent listing on the stock market.

TRC
The University of Pennsylvania Treatment Research Center. TRC is a clinical outpatient treatment center that is part of the PENN/VA Center for the Studies of Addiction.

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. The classic symptoms are excess thirst, frequent urination, and constant hunger. Type 2 diabetes makes up about 90 percent of cases of diabetes, with the other 10 percent 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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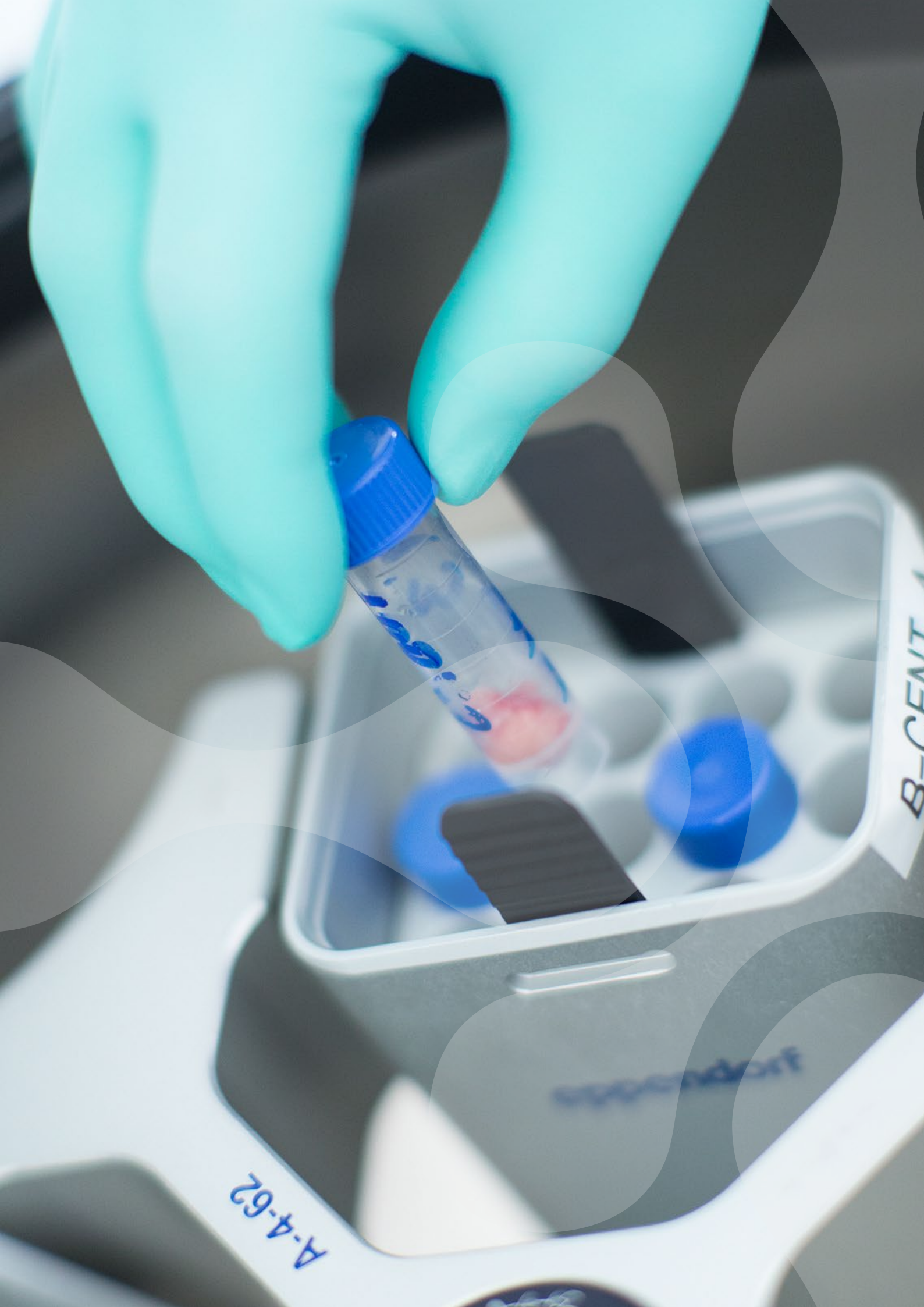
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