



**2017 Q2 report, January-June
for Panion Animal Health AB, Org no 559018-4171**





**By combining progress
in neurological research
with modern gene therapy
techniques we want to
create a unique new
treatment opportunity
for dogs.**

2017 Q2 report, January-June for Panion Animal Health AB

Period April-June

- Net sales: kSEK 0 (0)
- Operating profit: kSEK -1 269 (0)
- Earnings per share: SEK -0,10 (-).
- Liquidity at the end of the period: kSEK 796 (582).

Period January-June

- Net sales: kSEK 0 (0).
- Operating profit: kSEK -2 536 (-).
- Earnings per share: SEK -0,21 (-).
- Liquidity at the end of the period: kSEK 796 (582).

Significant events after the end of the period:

- Panion's business and structure was approved by AktieTorget on the 3.rd of July, and the shares could then be listed on the MTF under the name "Panion". First trading day was 6.th of July 2017.
- The license agreement with CombiGene was clarified and re-signed on the 3.rd of July, specifically regarding the compensation that Panion will receive in case CombiGene would need to withdraw the license.
- The Letter of Intent with GeneQuine Biotherapeutics GmbH was extended to 31/12 2017 to facilitate a robust review.

About Panion's epilepsy project

Epilepsy is a serious disease with recurrent seizure attacks and it affects about 1% of all dogs. Millions of family dogs across the world suffer from epileptic seizures and approximately 30% of these are not well controlled with the current medicines. This reduces the quality of life for both the dog

and the owner, and such dogs may eventually be euthanized. By combining progress in neurological research with modern gene therapy techniques we want to create a unique new treatment opportunity for dogs. Panion's exclusive license agreement with CombiGene covers important markets in the USA, Europe and Switzerland.

Milestones April-June 2017

- A shares emission was successfully finalized in May and raised 7½ MSEK before issuing expenses for the upcoming clinical trials.
- The business scrutiny for the listing process for AktieTorget was carried through to enable the listing of Panion's shares on the MTF.
- A representation office was opened in New York, USA, with our US-representative and director of business development Carlos N. Velez and two highly qualified consultants connected.
- A MUMS and fee waiver application was submitted to the FDA.
- A Letter of Intent was signed with GeneQuine Biotherapeutics GmbH and the dialogue is on-going for the in-licensing opportunity.
- Our team was expanded with Anni Acs, who is our well-qualified CFO.
- The Annual Meeting was held on the 27/4 – the minutes and decisions are published on Panion's website.
- The full Company Description in both Swedish and English was finalized and published on Panion's website.

Milestones January – June 2017

- The Service and Supply agreements with CombiGene for the epilepsy project have been finalized.
- A bridge funding of MSEK 6 was completed on February 2017. Out of this 6 MSEK 1 MSEK was used, 5 MSEK was reverted.
- A small directed emission of 1 MSEK was finalized.
- SME-status was applied for and granted by the European Medicines Agency, which gives access to regulatory assistance and potential financial incentives.
- The Board, in cooperation with the financial adviser Regin Corporate Finance, has worked with preparing the company for a listing of the shares on AktieTorget (first trading day was 6/7 2017).
- Panion's website has been revised and updated.

About Panion

Panion Animal Health AB's aim is to develop and commercialize the canine application of CombiGene AB's technology for gene therapeutic treatment of drug refractory epilepsy. In addition, Panion aims at inlicensing or acquiring other, similar assets, i.e., animal health applications of human health development projects where relevant animal experiments can be lifted back into the veterinary field.

Panion is a public Swedish company that started as a subsidiary company of CombiGene.

Panion's shares are listed on AktieTorget under the name "Panion".

Website: panion-animalhealth.com



Panion's exclusive license agreement with CombiGene covers important markets in the USA, Europe and Switzerland.

CEO statement

In the second quarter of 2017, Panion made real progress with the listing of the company on AktieTorget, and this finally came true on the 3. rd of July with first trading day on the 6.th of July. Admitted, it took longer time and more effort than we had first estimated. The review process prior to acceptance is a thorough investigation of the documents, procedures, persons, and business of a company, and we had to adapt some of our documents along the way. However, being accepted by AktieTorget's lawyers and professionals is a genuine quality-stamp for Panion and it shows that we have a robust and healthy company structure. Our team was expanded with Anni Acs as the Chief Financial Officer (CFO) in the spring and is now also fully operational for the coming steps in Panion's development.

Looking ahead, the next big task is to run the planned clinical trial for our epilepsy project, for which we raised capital by a shares issue in May. The development plan is progressing,

qualified consultants are connected, we have started the exchange process with FDA for a fee-waiver, and we are in dialogue with the preferred dog-epilepsy center. To facilitate this, Panion's board decided to open a representation office in New York, on Lexington avenue, which will be managed by our US-based director of business development Carlos N. Velez.

I encourage interested investors to read more details in the full company description of Panion, which can be found on our website in both Swedish and English. It will be very interesting times that we are heading into, and I am fully confident that we will create true value with our product development. Epilepsy in dogs is serious disease that affects millions of family dogs across the world and for which medicine is not effective in approximately 30% of cases. We want to develop an effective gene therapy treatment that can alleviate or eliminate the scary and unpleasant seizure attacks and improve the quality of life for these dogs and their owners.



The prospect of treating epilepsy – and other chronic diseases - with gene therapy is very promising and all members of Panion's team are ready to fight the challenges on our way.

*Anja Holm,
CEO, Panion Animal Health AB*

Financial information

Income and profit/loss April-June

The company had no sales during the period April-June. Operating profit/loss for the period April-June amounts to kSEK - 1 269 (-). The principle costs refer to compensation to the CEO and consultants.

Income and profit/loss Jan-June

The company had no sales during the period January-June. Operating profit/loss for the period January-June amounts to kSEK - 2 536 (-). The principle costs refer to compensation to the CEO and consultants.

Cash flow and financial position

Cash flow for the period January-June amounts to kSEK 490 (497). Liquidity at the close of the period amount to kSEK 796 (582).

The share

The number of shares at the end of the period amount to 13 084 110, with a quota value of SEK 0,05. All shares are of the same class and have the same voting right.

Personnel

The average number of employees during the period was 0 (0) of which 0 (0) none are women. The present CEO works in the company on a consultancy basis.

Risks and uncertainty factors

A pharmaceutical development company such as Panion is exposed to significant operational and financial risk, and many factors can have a negative impact on the probability of commercial success. The risks to which the company is exposed in its current phase and which must be given careful consideration are the risk that Panion's method is not safe or effective and the risk that the necessary financing cannot be secured. During the second quarter no significant changes with respect to these risks or uncertainty factors have occurred.

Principles for the preparation of the interim report

Panion prepares its financial reports in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3) Annual Accounts and Consolidated Accounts. Before 2016 the company applied the Swedish Accounting Standards Board's General Recommendations BFNAR 2018:1 (K2). The change in accounting principles has not affected the comparative periods. Review by auditors This report has not been subject to review by the company's auditors.

Future reporting dates

Interim Report for Q3 2017, 21 November
Interim Report for Q4 2017, 22 February 2018

This report contains information which Panion Animal Health AB is obliged to publish according to the EU market abuse regulation (MAR). This information was submitted by Panion's CEO, Anja E. H. Holm, for publication on August 21 2017.

Hässleholm, 2017-08-21

Lars Thunberg
Chairman of the Board

Anja E. H. Holm
CEO

Elisabeth Willis
Board member

Nerry Kamstrup
Board member

Lars Friis Mikkelsen
Board member

Income statement

SEK thousand	2017 3 months April-June	2016 3 months April-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Total sales	0	0	0	0	0
Operating expenses	0	0	0	0	0
Other external costs	-1 156	0	-2 423	0	-692
Personnel costs	0	0	0	0	0
Depreciation of tangible and intangible assets	0	0	0	0	0
Other operating expenses	0	0	0	0	0
Total operating expenses	-1 156	0	-2 423	0	-692
Operating profit/loss	-1 156	0	-2 423	0	-692
Other interest income and similar profit/loss items	0	0	0	0	0
Interest expenses and similar profit/loss items	-113	0	-113	0	0
Net financial income/expense	-113	0	-113	0	0
Profit/loss before tax	-1 269	0	-2 536	0	-692
Tax	0	0	0	0	0
Profit/loss for the period	-1 269	0	-2 536	0	-692

Balance sheet

SEK thousand	2017 30 June	2016 30 June	2016 31 Dec
ASSETS			
Subscribed not yet paid share capital	6 215	0	
Fixed assets			
Intangible assets	3 000	0	0
Total financial assets	3 000	0	0
Current assets			
Other receivables	288	0	793
Prepaid expenses and accrued income	1 319	0	0
Cash and bank balances	796	582	306
Total current assets	2 403	582	1 100
TOTAL ASSETS	11 618	582	1 100

Balance sheet

SEK thousand	2017 30 June	2016 30 June	2016 31 Dec
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	610	550	550
Share capital subscribed not yet registered	145	0	0
Other contributed capital	7 577	0	0
Other equity	-659	32	733
Profit/loss for the year	-2 536	0	-692
Total equity	5 137	582	591
Current liabilities			
Short-term liabilities	900	0	0
Accounts payable	4 095	0	466
Other liabilities	1 250	0	0
Accrued expenses and prepaid income	236	0	43
Total current liabilities	6 481	500	508
TOTAL EQUITY AND LIABILITIES	11 618	582	1 100

Key indicators

	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Key financial indicators			
Operating margin, %	neg	neg	neg
Profit margin, %	neg	neg	neg
Return on equity after taxes, %	neg	neg	neg
Equity/assets ratio, %	44,2%	100,0%	53,8%
Earning per share, SEK (average)	-0,21	0,00	-0,09
Equity per share, SEK	0,39	0,05	0,05
Dividend per share, SEK	0	0	0
No. Of shares at end of period	13 084 110	11 801 593	11 801 593
Average no. of shares during the period	12 195 413	3 249 045	7 525 319

Cash flow

SEK thousand	2017 3 months Apr-June	2016 3 months Apr-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Cash flow from current operations	-873	0	1 723	-3	-278
Cash flow from investment activity	0	0	-3 000	0	0
Cash flow from financing activities	1 567	0	1 767	500	500
Total cash flow	694	0	490	497	222
Liquid funds at beginning of the period	102	582	306	84	84
Liquid funds at end of period	796	582	796	582	306

Ownership structure

Owner	No. of shares	% of capital/ votes
Skandiabanken	4 281 717	32,7%
Avanza Bank	2 171 237	16,6%
Svenska Handelsbanken	1 356 696	10,4%
Nordnet Bank	1 028 913	7,9%
Others	4 245 547	32,4%
Totalt	13 084 110	100%

Changes in equity 17-06-30

	Share capital	Other contributed capital	Other equity	Profit/loss of the year	Total equity
Opening balance	550	-	733	-692	591
Profit appropriation, AGM			-692	692	-
New share issue	60	1 362			1 422
New share issue*	145	6 215			6 360
Changed contribution			-700		-700
Profit/loss for the period				-2 536	-2 536
Closing balance	755	7 577	-659	-2 536	5 137

* Subscribed, not yet registered and paid capital

Changes in equity 16-06-30

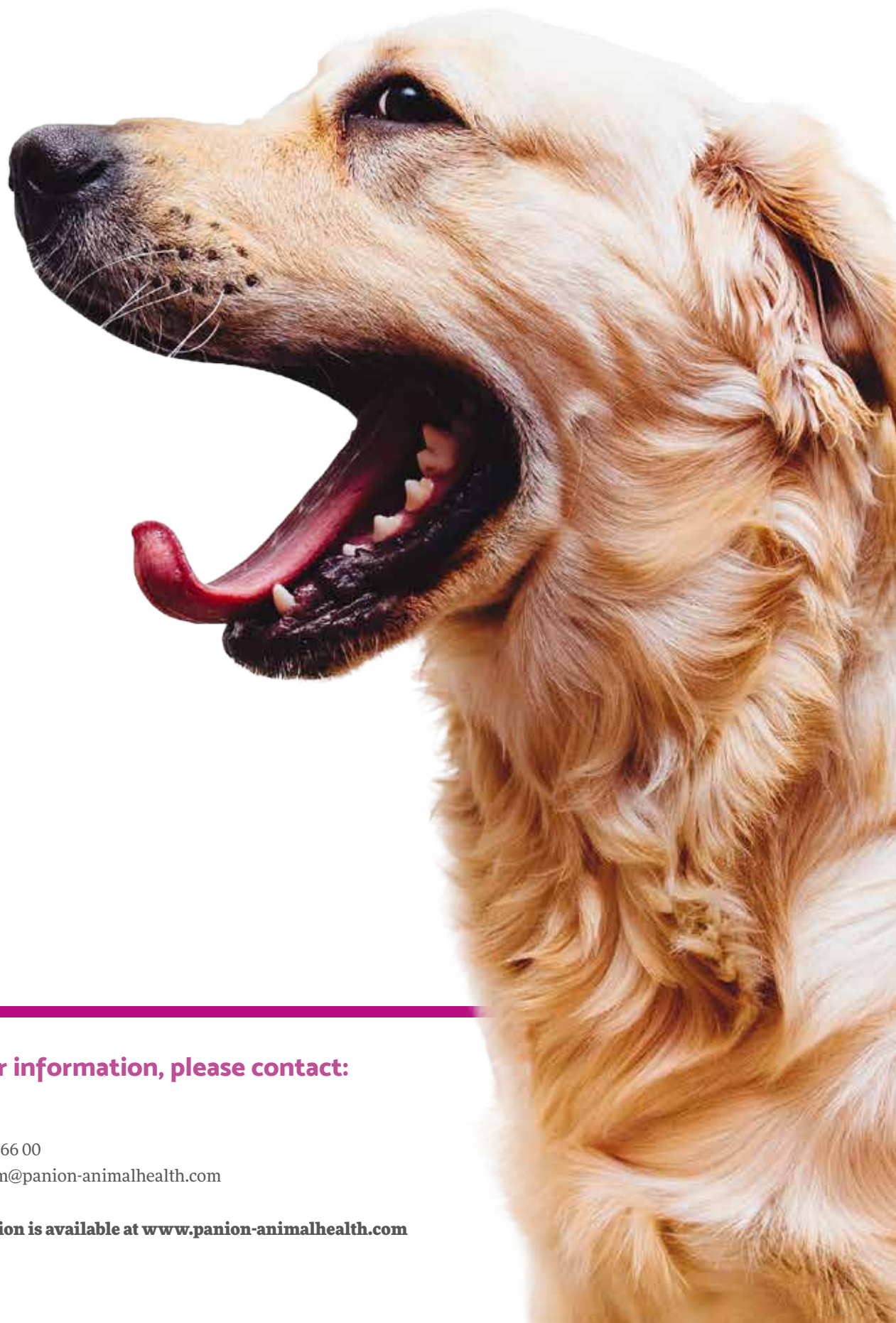
	Share capital	Other contributed capital	Other equity	Profit/loss of the year	Total equity
Opening balance	50	-	250	-217	83
Profit appropriation, AGM			-217	217	-
New share issue	500				500
Shareholders contribution			-		-
Profit/loss for the period				-	-
Closing balance	550	-	33	-	583

Changes in equity 16-12-31

00-01-00	Share capital	Other contributed capital	Other equity	Profit/loss of the year	Total equity
Opening balance	50	-	250	-217	83
Profit appropriation, AGM			-217	217	-
New share issue	500				500
Shareholders contribution			700		700
Profit/loss for the period				-692	-692
Closing balance	550	-	733	-692	591

Development of share capital

Year	Event	Total share capital (SEK)	Change (SEK)	No. of shares	Change in shares	Par value (SEK)
2015	Company formation	50 000	50 000	50 000	50 000	1,00
2016	New share issue	550 000	500 000	550 000	500 000	1,00
2016	Merger	550 000	-	1	-549 999	550 000
2016	Split	550 000	-	11 801 593	11 801 592	0,05
2017	New share issue	583 322	33 322	12 516 593	715 000	0,05
2017	New share issue	609 770	26 448	13 084 110	567 517	0,05



For further information, please contact:

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