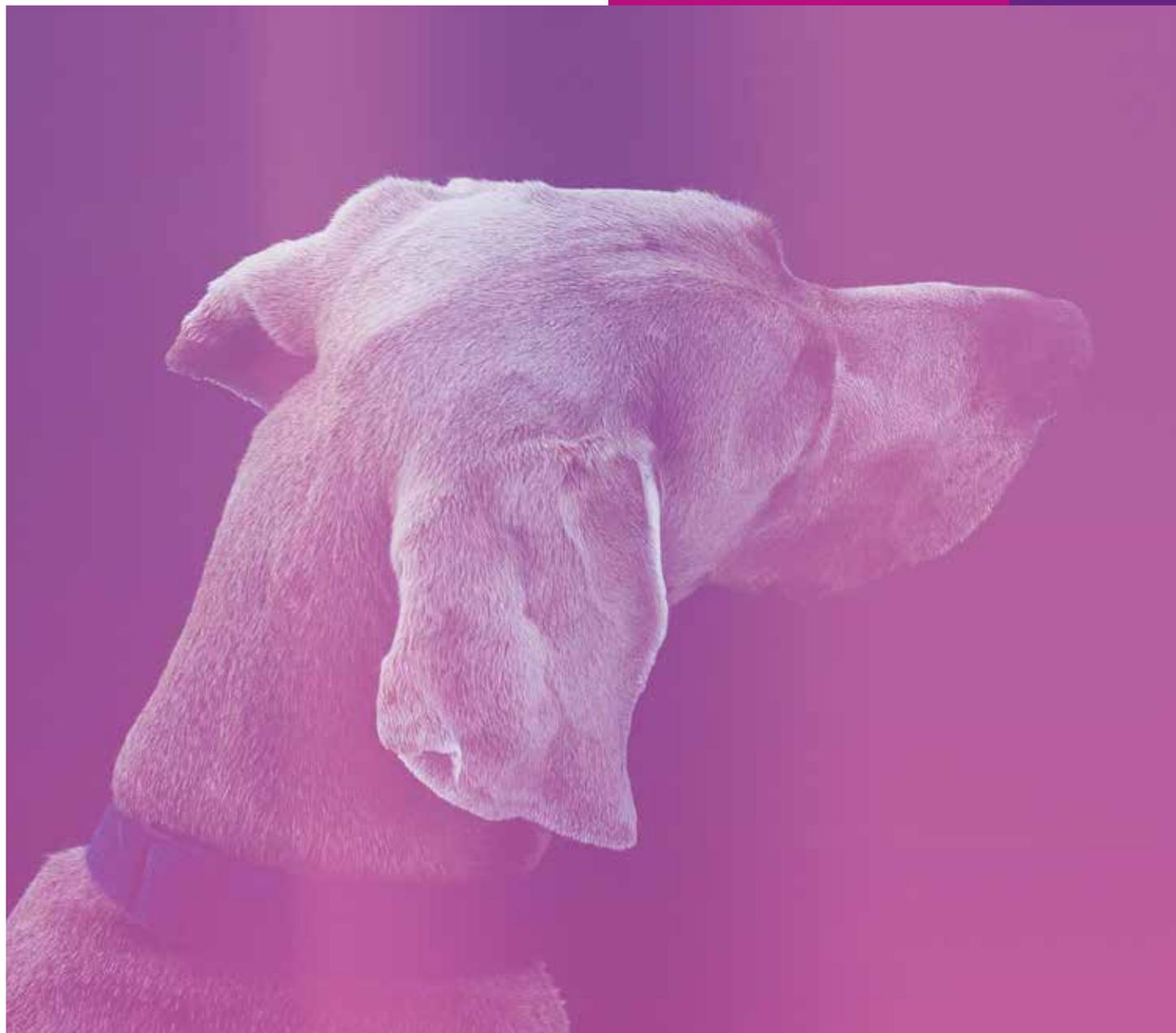
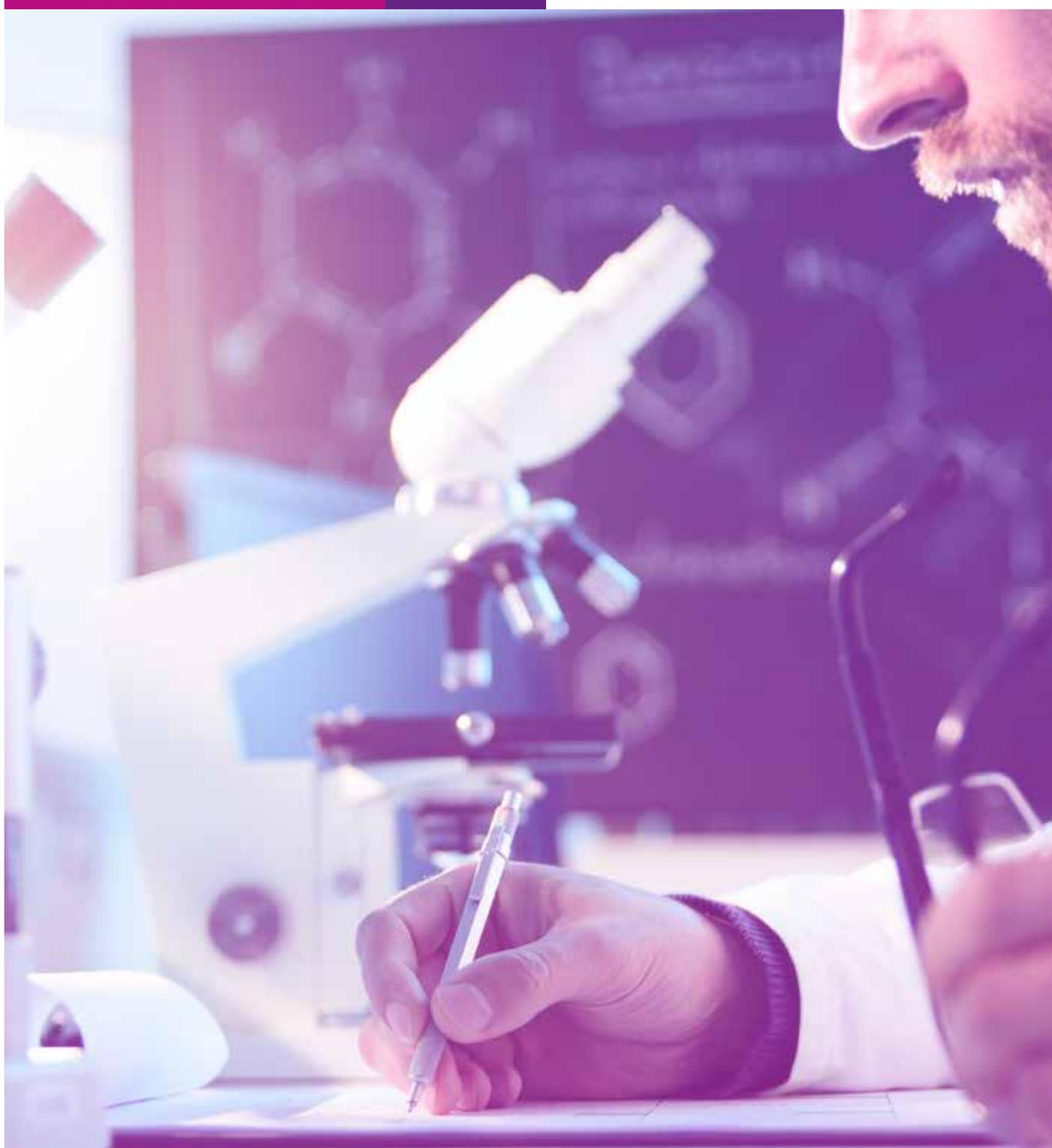




DEVELOPING ANIMAL HEALTH

**2019 Q1 report, Period January-March
for Panion Animal Health AB, Org no 559018-4171**





” In April, things took a new turn when CombiGene made a public offer to buy all shares in Panion. The reason for the offer is that the Board of Directors in CombiGene believes that an acquisition of Panion creates promising conditions to achieve synergies.”

2019 Q1 report, Period January-March for Panion Animal Health AB

Period January-March

- Net sales: kSEK 0 (0).
- Operating profit: kSEK -1 663 (-697).
- Earnings per share: SEK -0,07 (-0,05).
- Liquidity at the end of the period: kSEK 4 961 (2 708).

Significant events after the end of the period:

- On April 18, 2019, CombiGene AB (publ) announced a public offer to the holders of shares and warrants of series TO1 in Panion Animal Health AB (publ) to tender all their shares and warrants to CombiGene. The full offer can be viewed on Panion's and/or CombiGene's websites. The acceptance period for the offer is expected to commence on or around 23 May 2019 and expire on or around 20 June 2019. Settlement is expected to take place on or around 8 July 2019.
- On April 23, 2019, the annual general meeting was held, and a report was published with the decisions. To enable new issues of shares and warrants, the AGM resolved to amend the limits of the share capital in the articles of association from minimum SEK 550 000 and maximum SEK 2 200 000 to minimum SEK 1 100 000 and maximum SEK 4 400 000, and to amend the limits of the number of shares in the articles of association from minimum 11 801 593 and maximum 47 206 372 to minimum 23 603 186 and maximum 94 412 744. The AGM did not approve the suggested issue of new shares, since the Company is subject to a public offer on the Company's shares. The AGM decided to authorise the board of directors to, on one or more occasions during the period up to the next annual meeting, resolve to issue new shares, warrants and/or convertible instruments, within the limits of share capital and numbers of shares determined by the AGM.
- On May 21, 2019, Panion's board announced a recommendation to accept the public offer from CombiGene.

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 January-March 2019

On January 11, 2019, Panion had been selected as one of 24 finalist companies to present at the 2019 Animal Health Investment Innovation Showcase, and as one of four in the programme on translational technology from human-to-veterinary pharma. The Animal Health Investment Europe is a premier investment forum showcasing the most exciting investment opportunities in animal health and nutrition and connecting those businesses with financial investors and strategic corporate partners.

On January 15, 2019, the rights issue from December 2018 had been registered by the Swedish Companies Registration Office. Shares and share capital after the registration by the Swedish Companies Registration Office amount to SEK 1,137,110.723254 divided into 24,399,487 shares.

On January 16, 2019, it was announced that the US-FDA has granted a fee waiver for 2019, as for fiscal years 2017 and 2018. This means that also for 2019, the company must not pay the very high fee for a running application to the FDA. The fee waiver is granted as a result of the MUMS determination (Minor Use Minor Species) for Panion's development product for gene therapy for dog epilepsy.

On January 16, 2019, the Categorical Exclusion for environmental assessment was announced. Panion had applied to US-FDA for claiming a so-called “Categorical Exclusion” under 21 CFR 25.33(e) for the investigational use of CG-01-canine with regards to environmental requirements for the clinical trials to be conducted. This was agreed by the FDA, and therefore neither an environmental assessment (EA) nor an environmental impact statement (EIS) is required for the investigational use in clinical trials. This is a clear reduction of the regulatory and administrative burden for the company, because environmental assessments can be very comprehensive and labor intensive.

On January 23, 2019, Panion drew down a second tranche (SEK 2 million) from the investment fund managed by Yorkville Advisors Global (“Yorkville”). This tranche was later revoked and repaid in March 2019, see below on March 18, 2019.

On February 1, 2019, it was announced that Panion had attracted interest from the agribusiness intelligence and animal health media Animal Pharm, where journalist Sian Lazell had noted the development program from Panion.

On February 12, 2019, the Q4-2018 report was published, covering the period from October to December 2018.

On February 27, 2019, the presentation that was given by Panion’s chairman of the board, Lars Thunberg, at the Animal Health Investment Europe was published. Lars Thunberg informed the audience about the promising business idea in veterinary medicines and the progress over the last two years. The focus was on the commercial elements of Panion’s business plan and set out the possible road to commercialization. The event is a premier investment forum showcasing the most exciting investment opportunities in animal health and nutrition and connecting those businesses with financial investors and strategic corporate partners.

On March 5, 2019, it was announced that Panion’s highly competent advisory board had been expanded with the fourth member, Dr. Dominic J. Marino, DVM, DACVS, DACCT, CCRP, who is the lead investigator of the ongoing clinical study in dogs. Dr. Marino is an experienced veterinary neurologist and neurosurgeon. He is the Chief of Staff of Long Island Veterinary Specialists, the Director of the Canine Chiari Institute, and a founding board member of the New York Veterinary Foundation.

On March 7, 2019, an update from the ongoing clinical study was released. The study will give the first evidence of the level of treatment effect in dogs, which so far has been deducted from multiple rat studies. The announcing of the clinical efficacy study is progressing well with information to dog owners and referring vets in the New York area, and the first dog screenings have been scheduled. The training of personnel and technicians are ongoing, and the product itself is manufactured in accordance with the time plan. The first study data are expected by the end of 2019.

On March 8, 2019, the head of LIVS and lead investigator on Panion’s clinical efficacy trial in dogs, Dr. Dominic Marino, held a technical meeting with associate professor David Woldbye in Copenhagen to ensure full transfer of knowledge and technical procedures. The previous two studies in dogs related to Panion’s gene therapy product documented the safety of the treatment and procedures. Both were conducted at the University of Copenhagen under the lead of Dr. Woldbye, who is one of the scientific founders of the innovation and a member of Panion’s advisory board. Dr. Marino as an experienced veterinary neurosurgeon, and Dr. Woldbye as the scientific expert and human medical doctor – exchanged experiences to secure the optimal way to progress the clinical study successfully.

On March 18, 2019, Panion Animal Health, by mutual agreement, revoked the remaining convertibles that were held by US-based Yorkville Advisors; Yorkville then has no outstanding convertibles.

On March 18, 2019, the Board of Directors proposed that in conjunction with the Annual General Meeting on April 23, the AGM could decide to change the number of shares in order to enable a new share issue and to issue a rights issue. The company had received guarantees and subscriptions corresponding to 67% of the issue amount.

On March 26, 2019, the call for the annual general meeting was announced in accordance with the rules.

On March 29, 2019, the annual report was released in Swedish and with an English translation.

On March 29, 2019, Panion released a comment on the auditor's remark in the annual report, concerning the repayment of a shareholder loan. It was stated that the company had reacted immediately when the error was found and that no damage had occurred.

On March 29, an error in the suggested date of the planned share emission was corrected. (The share emission was later not adopted by the annual general meeting due to the public offer from CombiGene.)

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 with shares listed on Spotlight Stockmarket in Stockholm.

Website: panion-animalhealth.com

CEO statement

Panion's business and development would not be possible without the support of all our investors and cooperation partners, so first I wish to thank you warmly!

The first quarter of 2019 has been dedicated to the activity related to the first clinical efficacy study in dogs. The study is progressing well with announcements and information to dog owners and referring vets in the New York area and beyond. The training of personnel and technicians have taken place, and the gene therapy product itself is manufactured in accordance with the time plan. The first study data are expected by the end of 2019 and we are all excited to hear the first results.

For a small company, it is essential that there is a robust financial underpinning of the development. The financing agreement with Yorkville was terminated earlier this year, because we estimated that it would be more beneficial for the shareholders to issue new shares instead. In April, things took a new turn when CombiGene made a public offer to buy all shares in Panion. The reason for the offer is that the Board of Directors in CombiGene believes that an acquisition of Panion creates promising conditions to achieve synergies. CombiGene anticipates synergies in quality, regulatory and clinical development that impact the results in both human and animal indications. A videolink with more information directly from the CEO of CombiGene, Jan Nilsson, can be found on their website. The offer has been

accepted by several large shareholders, and we now await the official acceptance period, which runs from 23rd of May to 20th of June 2019. Panion's Board of Directors must release their opinion on the bid, and a "fairness opinion" will be drafted by an independent agency to evaluate the acceptability of the bid for the market. When we know the outcome, Panion's specific future business conditions can be visualized more clearly.

At the annual general meeting, the planned share issue was cancelled due to the overlap in time with the public offer from CombiGene. But apart from that, we continue "business as usual" with the development of Panion's epilepsy product as a promising innovative treatment. Epilepsy in dogs is a serious disease that affects millions of family dogs across the world and for which medicine is not effective in approximately 30% of cases. The prospect of treating epilepsy – and other chronic diseases in animals – with gene therapy is our vision.

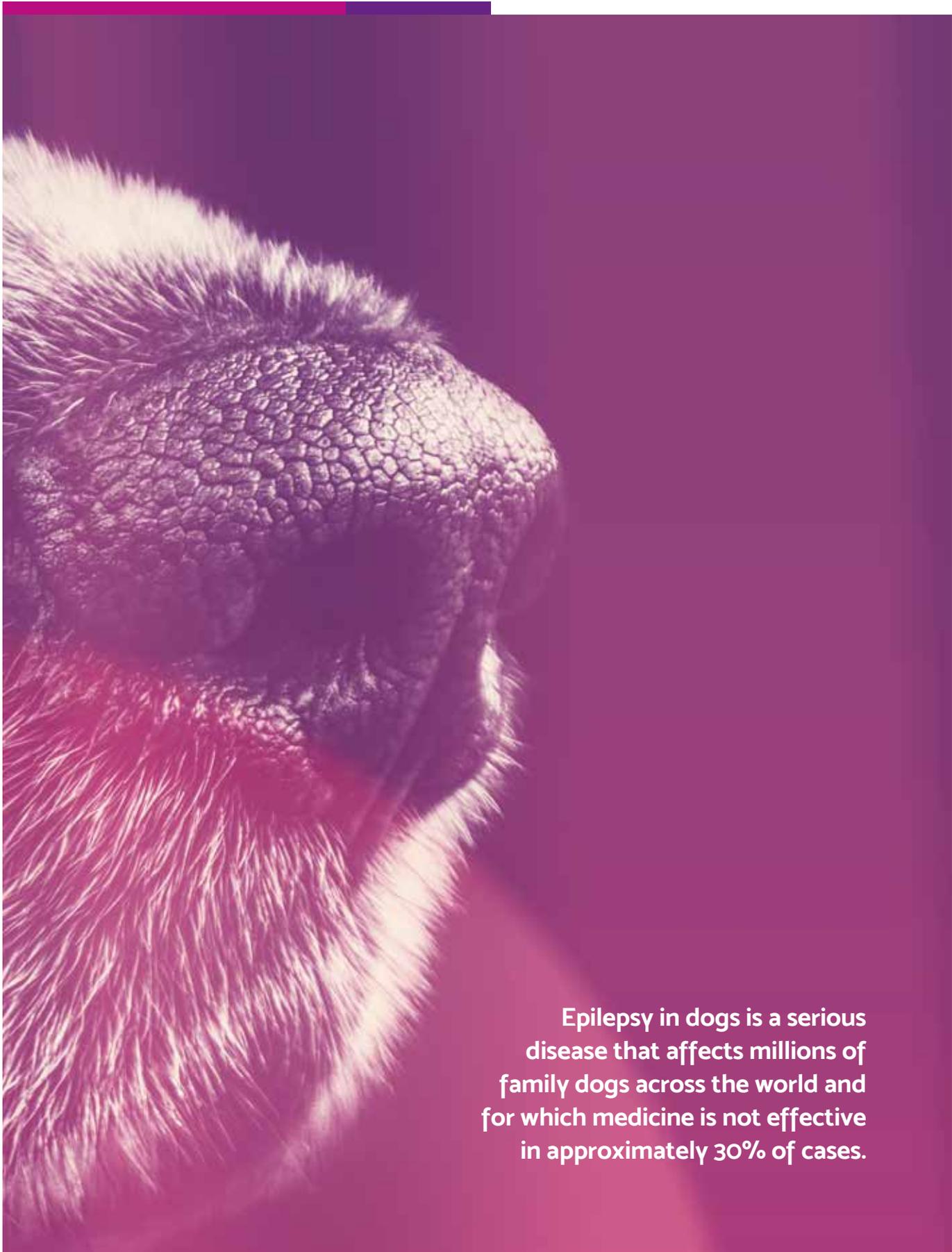
We will continue to inform about the progress and development as early as possible and within the framework of the stock market. I encourage you to follow our news and read more details about Panion on our website in both Swedish and English.



Thank you for your interest and support.

*Anja Holm,
CEO, Panion Animal Health AB*





Epilepsy in dogs is a serious disease that affects millions of family dogs across the world and for which medicine is not effective in approximately 30% of cases.

Financial information

Income and profit/loss January-March

The company had no sales during the period January-March. Operating profit/loss for the period January-March amounts to kSEK – 1 663 (-697). The principle costs refer to compensation to the CEO and consultants.

Cash flow and financial position

Cash flow for the period amounts to kSEK 4 655 (584). Liquidity at the close of the period amount to kSEK 4 961 (2 708).

The share

The number of shares at the end of the period amount to 24 399 487 with a quota value of SEK 0.05. All shares are of the same class and have the same voting right.

The share issue carried out at the end of 2018, was registered at the Swedish Companies Registration Office (Bolagsverket) in January 2019.

Personnel

The average number of employees during the period was 0 (0) of which 0 (0) none are women. The present CEO worked 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 last 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.

This interim report has been prepared in accordance with the same accounting principles as the latest annual report.

Review by auditors

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

Future reporting dates

Interim Report for Q2 2019,
22 August 2019

Interim Report for Q3 2019,
21 November 2019

Interim Report for Q4 2019,
21 February 2020

Annual meeting of shareholders

Panion held the annual meeting of shareholders on the 23rd of April 2019 at Mazars offices, Scheelevägen 17, 222 25 Lund. Agenda, proposals, and other information had been communicated in the press and on Panion's website to the annual meeting of shareholders. Reports from the meeting in Swedish and English were published immediately after the meeting on Panion's website and via Spotlight stock market.

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 publications on May 22, 2019.

Lund, 2019-05-22

Lars Thunberg, Chairman of the Board
Anja E. H. Holm, CEO

Elizabeth Willis, Board member
Nerry Kamstrup, Board member
Lars Friis Mikkelsen, Board member

Income statement

SEK thousand	2019 3 months Jan-Mar	2018 3 months Jan-Mar	2018 12 months Jan-Dec
Total sales	0	0	0
Operating expenses			
Other external costs	-1 588	-622	-4 416
Depreciation of tangible and intangible assets	-75	-75	-300
Total operating expenses	-1 663	-697	-4 716
Operating profit/loss	-1 663	-697	-4 716
Interest expenses and similar profit/loss items	32	-40	-339
Net financial income/expense	32	-40	-339
Profit/loss before tax	-1 631	-737	-5 055
Tax	0	0	0
Profit/loss for the period	-1 631	-737	-5 055

Balance sheet

SEK thousand	2019 31-mar	2018 31-mar	2018 31-dec
ASSETS			
Subscribed capital unpaid			72
Fixed assets			
Intangible assets	2 625	2 925	2 700
Tangible assets	0	0	0
Total fixed assets	2 625	2 925	2 700
Current assets			
Other receivables	418	220	1 623
Prepaid expenses and accrued income	650	870	62
Cash and bank balances	4 961	2 708	306
Total current assets	6 029	3 798	1 991
TOTAL ASSETS	8 654	6 723	4 763

SEK thousand	2019 31-mar	2018 31-mar	2018 31-dec
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1 137	755	1 075
Unregistered share capital	0	0	62
Other contributed capital	11 971	5 453	11 971
Other equity	-10 106	-5 051	-5 051
Profit/loss for the year	-1 631	-737	-5 055
Total equity	1 371	420	3 002
Current liabilities			
Accounts payable	723	2 253	897
Other liabilities	6 433	3 550	250
Accrued expenses and prepaid income	127	500	614
Total current liabilities	7 283	6 303	1 761
TOTAL EQUITY AND LIABILITIES	8 654	6 723	4 763

Key indicators

Key financial indicators	2019 3 months Jan-Mar	2018 3 months Jan-Mar	2018 12 months Jan-Dec	2017 12 months Jan-Dec
Operating margin, %	neg	neg	neg	neg
Profit margin, %	neg	neg	neg	neg
Return on equity after taxes, %	neg	neg	neg	neg
Equity/assets ratio, %	15,8%	6,2%	63,0%	46,8%
Earning per share, SEK (average)	-0,07	-0,05	-0,25	-0,32
Equity per share, SEK	0,06	0,03	0,13	0,15
Dividend per share, SEK	0	0	0	0
No. of shares at end of period	24 399 487	16 191 593	23 062 122	16 191 593
Average no. of shares during the period	24 206 312	13 745 266	20 039 296	13 745 266
Share price at end of period (SEK per share)	0,54	1,34	0,84	0,84
Capitalization value MSEK	13 175 723	21 696 735	19 372 182	13 600 938

Cash flow

SEK thousand	2019 3 months Jan-Mar	2018 3 months Jan-Mar	2018 12 months Jan-Dec
Cash flow from current operations	4 655	1 884	-6 137
Cash flow from investment activity	0	0	0
Cash flow from financing activities	0	-1 300	4 319
Total cash flow	4 655	584	-1 818
Liquid funds at beginning of the period	306	2 124	2 124
Liquid funds at end of period	4 961	2 708	306

Changes in equity 2019-03-31

	Share capital	Unregistered share capital	Other contributed capital	Other equity	Profit/loss of the year	Total equity
Opening balance	1 075	62	11 971	- 5 052	- 5 055	3 001
Profit appropriation, AGM				- 5 055	5 055	-
New share issue	62	- 62				-
Profit/loss for the period					- 1 631	- 1 631
Closing balance	1 137	-	11 971	- 10 107	- 1 631	1 370

Changes in equity 2018-03-31

	Share capital	Unregistered share capital	Other contributed capital	Other equity	Profit/loss of the year	Total equity
Opening balance	755	-	5 453	642	- 4 393	2 457
Profit appropriation, AGM				- 4 393	4 393	-
New share issue						-
Shareholders contribution				- 1 300		- 1 300
Profit/loss for the period					- 737	- 737
Closing balance	755	-	5 453	- 5 051	- 737	420

Changes in equity 2018-12-31

	Share capital	Unregistered share capital	Other contributed capital	Other equity	Profit/loss of the year	Total equity
Opening balance	755	-	5 453	641	- 4 393	2 456
Profit appropriation, AGM				- 4 393	4 393	-
New share issue	320		5 445			5 765
New share issue in progress		62	1 073			1 135
Shareholders contribution				- 1 300		- 1 300
Profit/loss for the period					- 5 055	- 5 055
Closing balance	1 075	62	11 971	- 5 052	- 5 055	3 001

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	754 591	171 269	16 191 593	3 675 000	0,05
2018	New share issue through conversion	761 249	6 658	16 334 450	142 857	0,05
2018	New share issue	966 939	205 691	20 748 042	4 413 592	0,05
2018	New share issue through conversion	1 055 855	88 915	22 655 941	1 907 899	0,05
2018	New share issue	1 061 341	5 486	22 773 661	117 720	0,05
2018	New share issue through conversion	1 074 784	13 443	23 062 122	288 461	0,05
2019	New share issue	1 137 111	62 326	24 399 487	1 337 365	0,05

Ownership structure

The five largest shareholder as of 31 December 2018, presented below

Owner	No. of shares	% of capital/votes
Avanza Bank	9 946 044	40,8%
Skandiabanken	3 208 402	13,1%
Nordnet Bank	2 918 026	12,0%
Svenska Handelsbanken	2 626 049	10,8%
Swedbank	2 297 205	9,4%
Others	3 403 761	14,0%
Totalt	24 399 487	100%

For further information, please contact:

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More information is available at:

www.ppanion-animalhealth.com





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