INTERIM REPORT FOR SANIONA AB (PUBL)
556962-5345
January - September 2020
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Saniona completes USD $65 million financing, expands executive team and advances programs

Financial highlights

Jan - Sep 2020 (Jan - Sep 2019)

- Net revenues were SEK 4.6 M (2.7 M)
- EBIT was SEK -97.0 M (-75.8 M)
- Net profit/loss was SEK -117.3 M (-72.3 M)
- Earnings per share were SEK -3.47 (-2.89)
- Diluted earnings per share were SEK -3.47 (-2.89)

Q3 2020 (Q3 2019)

- Net revenues were SEK 2.2 M (0.3 M)
- EBIT was SEK -40.9 M (-26.0 M)
- Net profit/loss was SEK -52.7 M (-27.7 M)
- Earnings per share were SEK -1.24 (-1.00)
- Diluted earnings per share were SEK -1.24 (-1.00)

Business highlights in Q3 2020

- On August 10, 2020, Saniona announced the direct issue of shares raising USD $65 million (approximately SEK 567 million) with a syndicate of U.S. and international institutional investors and sector specialists. The Directed Issue was led by RA Capital Management with participation from Pontifax Venture Capital, New Leaf Venture Partners, and other U.S. and international investors including the Second Swedish National Pension Fund (AP2), the Third Swedish National Pension Fund (AP3) and the Fourth Swedish National Pension Fund (AP4).
- On August 26, 2020, Saniona announced the expansion of its executive team with the appointments of Jason A. Amello as Chief Financial Officer, Trista Morrison as Chief Communications Officer, and Linea Aspesi as Chief Human Resources Officer.
- On September 23, 2020, Saniona completed the exercise of warrants of series TO2, which were issued in connection with Saniona's rights issue and directed issue in the first quarter of 2020. In total, 1,329,141 warrants of series TO2 were exercised, corresponding to a subscription rate of approx. 90 percent. Saniona will thereby receive proceeds of SEK 33.2 million (USD 3.6 million), before issue costs, which amount to approx. SEK 0.4 million.

Significant events after the reporting period

- On October 9, 2020, Saniona announced that it received written feedback from the U.S. Food and Drug Administration (FDA) regarding pre-Investigational New Drug (IND) submissions for Tesomet in Prader-Willi Syndrome (PWS) and Hypothalamic Obesity (HO). In both indications, the FDA recommended that the clinical development program include a supportive Phase 2b study followed by a Phase 3 study. In PWS, Saniona expects to begin the Phase 2b study in the first half of 2021. In HO, Saniona is working on a plan, which it intends to present to the FDA to ensure that should Tesomet receive regulatory approval for HO, its use would be restricted only to the appropriate patients. Once this is addressed, Saniona anticipates beginning the HO Phase 2b study in the first half of 2021.
- On November 9, 2020, Saniona announced that it had refined its pipeline to align its early-stage discovery research with its strategic focus on rare diseases. Saniona regained exclusive, global rights to its GABAa5 negative allosteric modulator program ("GABAa5 program") from Boehringer Ingelheim, which terminated this collaboration for strategic reasons. The termination of the collaboration provided Saniona with rights to a portfolio of more than 800 molecules, and it does not impact the 2020 collaboration between Saniona and Boehringer Ingelheim, which remains ongoing. Separately, Saniona and the Treatment Research Center (TRC) at the University of Pennsylvania jointly discontinued their collaboration to develop NS2359 for cocaine addiction. Saniona will evaluate the applicability of the GABAa5 program assets and NS2359 in rare diseases.
- On November 23, 2020, Saniona announced positive top-line results from the Phase 2 open-label extension study of Tesomet in patients with hypothalamic obesity (HO). Patients treated with Tesomet for nearly one year (24 week double-blind [DB] followed by 24 week open label extension [OLE]) demonstrated statistically significant and clinically meaningful reductions in body weight and waist circumference, as well as

improvements in glycemic control. Tesomet was well tolerated, and no clinically meaningful differences in heart rate or blood pressure were observed over the course of the trial.

Comments from the CEO

- "In the third quarter, we continued to transform Saniona into a fully-integrated biopharmaceutical company with the ability to discover, develop and ultimately commercialize our own innovative treatments for rare diseases. We were particularly encouraged by the positive data from the Phase 2 open-label extension study of Tesomet in HO, which we intend to discuss with FDA as we clarify the path forward in this rare indication," said Rami Levin, President & Chief Executive Officer of Saniona. "During the quarter, one of our most important achievements was raising USD $65 million, which coupled with our existing cash resources, will fund our current operating plan into the second half of 2022, as originally planned. We believe access to U.S. patients, physicians and the U.S. financial market are critical for Saniona to unlock its long-term potential, and as such we are continuing to build our U.S. team and considering listing our shares on the U.S. Nasdaq exchange in addition to our existing listing on Nasdaq Stockholm."

There are multiple potential advantages to a dual listing, including increased visibility and access to a greater number of potential investors, as well as potential increased liquidity (trading volume) from different markets with different macroeconomic conditions, allowing investors to purchase and sell shares on either exchange.

For more information, please contact

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Letter from the CEO

In the third quarter of 2020, Saniona has made significant progress in our transformation into a fully-integrated pharmaceutical company with the ability to discover, develop and ultimately commercialize our own innovative treatments for rare diseases. Key milestones achieved include:

- **Strengthening our balance sheet:** The most significant milestone for Saniona in the third quarter of 2020 was our completion of a direct issue of shares that generated USD $65 million (approximately SEK 567 million). This financing was critically important to Saniona for two reasons. First, it provides us with funding which, coupled with our existing cash resources, will fund our current operating plan into the second half of 2022. We expect this to include advancing Tesomet through Phase 2b clinical trials for both Prader-Willi syndrome (PWS) and Hypothalamic Obesity (HO), moving our early-stage pipeline into the clinic, and continuing to build our U.S. organization. Second, it expands our shareholder base by successfully adding several well-respected U.S. and international institutional healthcare investors who have the potential to support Saniona's long-term growth aspirations. In addition to this direct offering, Saniona also recently strengthened its balance sheet through the exercise of warrants of series TO 2, resulting in proceeds of approx. SEK 33.2 million (USD 3.6 million), before issue costs. While we are currently well-funded, we continue to evaluate strategic options aligned with our strategy of positioning the company to access U.S. patients, physicians and the U.S. financial market, and as such we are considering listing our shares on the U.S. Nasdaq exchange in addition to our existing listing on Nasdaq Stockholm. There are multiple potential advantages to a dual listing, including increased visibility and access to a greater number of potential investors, as well as potential increased liquidity (trading volume) from different markets with different macroeconomic conditions, allowing investors to purchase and sell shares on either exchange.

- **Building our U.S. team to support our goals:** We believe access to U.S. patients, physicians and the U.S. financial market are critical for Saniona to unlock its long-term potential. Building a strong, experienced executive team in the U.S. will be critical to Saniona's ability to create and execute on our strategies and bring innovative treatments to rare disease patients. In the third quarter, we expanded our executive team with the appointments of Jason A. Amello as Chief Financial Officer, Trista Morrison as Chief Communications Officer, and Linea Aspesi as Chief Human Resources Officer.

- **Solidifying the path forward for Tesomet:** After the close of the third quarter, we announced positive top-line results from the Phase 2 open-label extension study of Tesomet in patients with HO. Patients treated with Tesomet for nearly one year (24 week double-blind [DB] followed by 24 week open label extension [OLE]) demonstrated statistically significant and clinically meaningful reductions in body weight and waist circumference, as well as improvements in glycemic control. Tesomet was well tolerated, and no clinically meaningful differences in heart rate or blood pressure were observed over the course of the trial. If approved, Tesomet would be the first treatment specifically approved for this rare disease. The fact that no treatments currently exist for HO underscores why we are committed to working with the FDA to gain clarity on the path forward in this indication. After the close of the quarter, we received feedback from the FDA on our clinical plans for both HO and PWS. In PWS we have a clear path forward and we expect to begin the Phase 2b study in the first half of 2021. In HO, Saniona is seeking additional guidance and alignment from the FDA on plans to ensure that only appropriate patients would receive Tesomet, and we look forward to bringing the new HO open-label extension study data into these discussions.

- **Advancing the first compounds from our proprietary ion channel discovery platform**: Saniona has developed a robust library of more than 20,000 proprietary ion-channel modulators. We continue to make progress advancing the first compounds from this platform towards clinical trials. SAN711, a first-in-class molecule that selectively targets GABAA α3 proteins, has the potential to provide pain relief and other benefits in the central nervous system but with fewer side effects than benzodiazepines (e.g. Valium), which hit all of the GABAA receptors indiscriminately. We are completing selection of final indications for SAN711 and expect to move it into clinical trials for rare neuropathic disorders in the first half of 2021. SAN903, an IK channel blocker, is in preclinical development and expected to begin Phase 1 clinical trials for rare inflammatory and fibrotic disorders in the first half of 2022. After the end of the third quarter, Saniona regained exclusive, global rights to its GABAa5 negative allosteric modulator program ("GABAa5 program") from Boehringer Ingelheim, which terminated this collaboration for strategic reasons. The termination provided Saniona with rights to a portfolio of more than 800 ion-channel modulators, and it does not impact the 2020 collaboration between Saniona and Boehringer Ingelheim, which is still ongoing.
  Separately, Saniona and the Treatment Research Center (TRC) at the University of Pennsylvania jointly discontinued their collaboration to develop NS2359 for cocaine addiction. Saniona will add the GABAa5

program assets and NS2359 to its proprietary compound library and evaluate their applicability in rare diseases.

Despite the challenges of the ongoing COVID-19 pandemic, our dedicated team continues to make progress at Saniona. We have adapted to efficiently continue our efforts under the new, and ever-changing public health guidelines across our global locations, prioritizing the safety of our employees and the patients and physicians who participate in our clinical studies. As we move through the fourth quarter of 2020, we are continuing to build our team. Looking to the first half of 2021, we intend to initiate a Phase 1 trial with SAN711 in rare neuropathic disorders, initiate a Phase 2b trial with Tesomet in PWS, and hopefully gain clarity with the FDA so that we may also initiate a Phase 2b trial of Tesomet in HO.

As always, our success is enabled by the hard work of our employees, the support of our investors, and the trust of patients and physicians. I extend my sincere thanks to all of you and look forward to continuing together on this journey to deliver innovative treatments to patients with rare diseases.

Rami Levin

President & CEO

About Saniona

Saniona is a biopharmaceutical company focused on discovering, developing, and delivering innovative treatments for rare disease patients around the world. The company's lead product candidate, Tesomet, is in mid-stage clinical trials for the rare diseases Prader-Willi syndrome and hypothalamic obesity. Saniona also has a broad pipeline derived from its proprietary ion channel discovery platform, with lead candidate SAN711 entering Phase 1 studies for rare neuropathic disorders. Saniona intends to develop and commercialize its rare disease products internally. The company has out-licensed other programs, which may provide future supplemental revenue. Saniona is based in Copenhagen, Denmark and Boston, Mass., U.S. The company's shares are listed on Nasdaq Stockholm Small Cap (OMX: SANION). Read more at www.saniona.com.

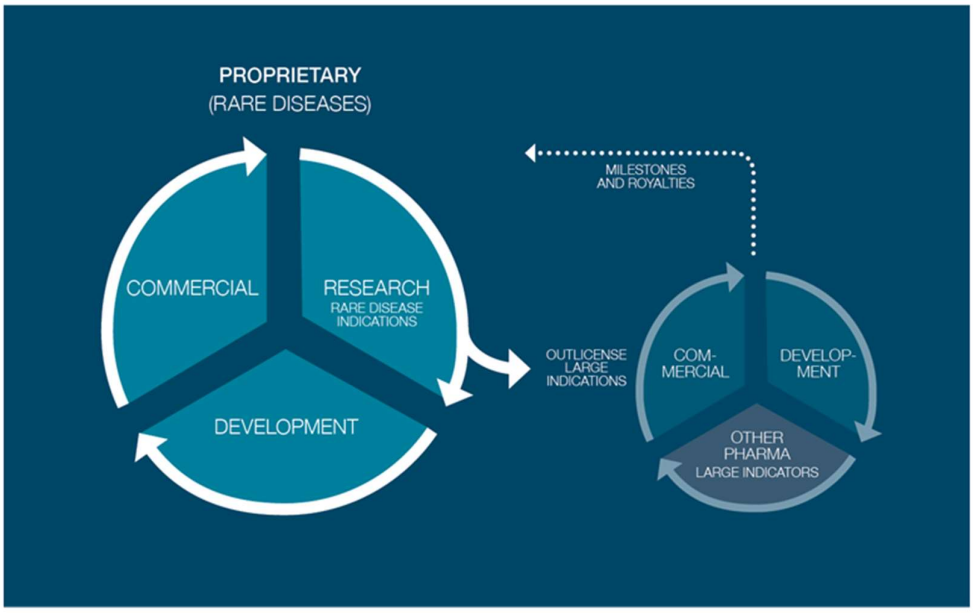
Our vision
Improve the lives of rare disease patients around the world through scientific innovation.

Our mission
We leverage our ion channel targeting expertise to discover, develop and deliver innovative rare disease treatments.

Saniona's focus is on the discovery, development and commercialization of proprietary product candidates for the treatment of rare diseases with high unmet medical need. Saniona's lead programs aim to develop Tesomet for the treatment of hypothalamic obesity and Prader-Willi syndrome worldwide. Saniona made the strategic decision to internally develop and ultimately commercialize Tesomet for rare diseases due to the relatively small size and manageable nature of the investments and commercial infrastructure required to serve these patient populations.

Saniona has also out-licensed multiple assets with other pharmaceutical companies and continues to develop additional product candidates internally with the aim of either filling our proprietary pipeline or out licensing candidates for later stage development or commercialization.

STRATEGY AND BUSINESS MODEL



Saniona's short term strategic priorities are the following:

- To develop and attain market approval for Tesomet, initially in the U.S. and Europe, for the treatment of the rare disorders hypothalamic obesity and Prader-Willi syndrome
- To build an internal organization to support the late stage clinical development of our rare disease programs and to adequately finance these activities through commercialization

- To strengthen the company's position and corporate presence in the U.S. for the purpose of supporting access to U.S. patients, physicians and the financial market
- To internally develop drug candidates derived from our proprietary ion channel research platform
- To leverage our ion channel research in non-rare disease applications through out-licensing and partnerships with other pharmaceutical companies

Proprietary pipeline

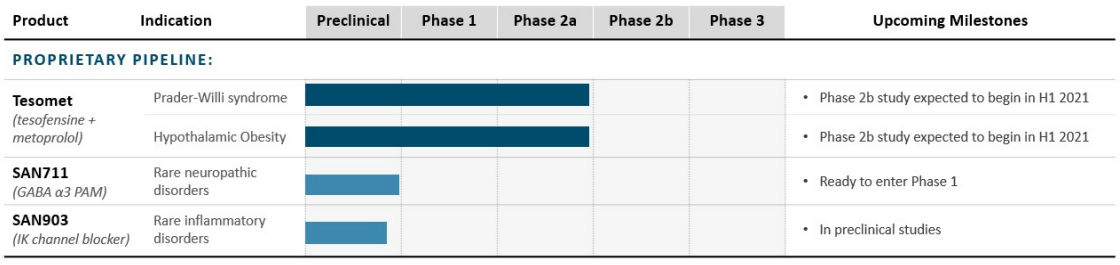
Saniona's most advanced proprietary clinical program is Tesomet for the treatment of rare disorders. Tesomet is an investigational fixed-dose combination therapy of tesofensine (a triple monoamine reuptake inhibitor) and metoprolol (a beta-1 selective blocker).

Saniona has completed dose-finding Phase 2 proof-of-concept studies in PWS and HO. In PWS, the company is currently planning to initiate a Phase 2b study in the first half of 2021. Once the company completes additional discussions with FDA to clarify the path forward, Saniona intends to also begin a Phase 2b study in HO in the first half of 2021.

Prader-Willi syndrome (PWS) is a rare disease characterized by constant, extreme, ravenous, insatiable appetite (hyperphagia) which persists no matter how much the patients eat. The urge to eat is physiological, overwhelming, and difficult to control. Caregivers need to strictly limit the patients' access to food, usually by installing locks on refrigerators and cabinets where food is stored. Many of those affected with PWS become morbidly obese and suffer shortened life expectancy and significant mortality. Common causes of mortality in PWS include respiratory disease, cardiac disease, infection, choking, gastric rupture, and pulmonary embolism. However, if obesity is avoided and complications are well managed, life expectancy for individuals with PWS is normal or near normal, and most individuals can lead healthy lives. Currently, there is no cure for this disease. PWS results from a deletion or loss of function of a cluster of genes on chromosome 15, which leads to dysfunctional signaling in the brain's appetite/satiety center (hypothalamus). PWS occurs in approximately one out of every 15,000 births.

Hypothalamic obesity (HO) is a rare disorder characterized by uncontrollable hunger leading to rapid and intractable weight gain. Additional symptoms may include memory impairment, attention deficit, impulse control impairment and depression as well as increased risk of cardiovascular and metabolic disorders. Currently, there is no cure for this condition. Treatments used for general obesity such as surgery, medication and counseling are often tried in HO, but are mostly ineffective, and there are no medications specifically approved for HO. HO is caused by injury to the hypothalamus, most commonly sustained during surgery to remove a rare, noncancerous tumor called a craniopharyngioma. This tumor can occur at any age, but is most common in children and older adults, creating a burden for both patients and families. HO occurs in approximately one out of every 50,000 to 100,000 people.

Saniona's preclinical pipeline is derived from its proprietary ion channel discovery platform. Ion channels comprise a unique class of proteins that are central to the control of numerous physiological functions including the activity of muscles and nerves. Currently, Saniona is working to advance two early stage assets into Phase 1 studies. The first of these assets is SAN711, a first-in-class positive allosteric modulator of GABAA α3 receptors in development for rare neuropathic disorders. SAN711 has the potential to provide pain relief and other benefits in the central nervous system with fewer side effects than benzodiazepines (i.e. Valium), which hit all of the GABAA receptors indiscriminately. Preclinical development of SAN711 has been completed and the molecule is Phase 1 ready. Saniona's second preclinical asset, SAN903, is an IK potassium channel inhibitor currently in preclinical development for the treatment of rare inflammatory and fibrotic disorders and anticipated to begin clinical trials in the first half of 2022.

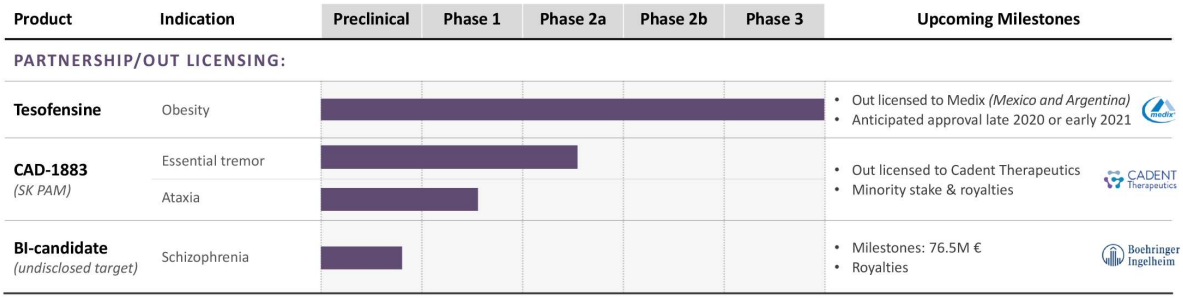


Out-licensing and partnerships

Saniona maintains a robust pipeline of out-licensed programs, which allows the Company to benefit from promising research discoveries that do not fit our strategic development focus on rare diseases and will in turn generate milestones payments throughout the development and/or royalties once the treatments are launched. The structure of Saniona's partnership and out licensing agreements vary by product, indication, size of investment, and risk, as well as the interest and capabilities of Saniona's partners. Saniona generally grants its partners global or region specific commercial licenses in exchange for upfront payments, research funding, milestone payments and royalties on future product sales when the product candidates are commercialized.

The most advanced out-licensed program is partnered with Medix and is centered around the development of tesofensine as a treatment for obesity. Medix submitted a new drug application to the Mexican food and drug administration in December 2019 and expects the approval and launch of tesofensine in the Mexican market by end of 2020 or early 2021. The approval and launch may be delayed into 2021, due to the ongoing COVID-19 pandemic. In addition, Saniona's out-licensed pipeline includes programs for essential tremor and ataxia in partnership with Cadent Therapeutics. Cadent Therapeutics has previously announced the completion of a Phase 2a study for the treatment of essential tremor and expects to initiate a separate Phase 2a trial for the treatment of Ataxia shortly. Saniona has also entered into a research collaboration agreement with Boehringer Ingelheim concerning the development of a proprietary ion channel program for the treatment of schizophrenia.

Strategic Partnerships/Out Licensing Pipeline



Financial review

Financial key figures

		2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Net sales, KSEK		2,155	256	4,605	2,658	2,658
Total operating expenses, KSEK		-43,045	-26,300	-101,593	-78,440	-106,563
Operating profit/loss, KSEK	*	-40,890	-26,045	-96,988	-75,782	-103,906
Operating margin, %	*	-1898%	-10190%	-2106%	-2851%	-3909%
Cash flow from operating activities, KSEK		-58,571	25,376	-128,647	-81,590	-98,469
Cash flow per share, SEK	*	13.31	0.92	17.70	-0.14	-0.87
Earnings per share, SEK		-1.24	-1.00	-3.47	-2.89	-2.95
Diluted earnings per share, SEK		-1.24	-1.00	-3.47	-2.89	-2.95
Average shares outstanding		42,380,854	27,869,681	33,822,473	25,050,865	25,719,586
Diluted average shares outstanding		42,449,176	27,878,190	33,847,441	25,060,912	25,732,676
Shares outstanding at the end of the period		62,372,831	28,408,441	62,372,831	28,408,441	28,412,519
Average number of employees, #		25.5	22.2	23.8	22.4	22.4
				2020-09-30	2019-09-30	2019-12-31
Cash and cash equivalent, KSEK				647,058	59,126	40,248
Equity, KSEK				689,880	51,544	58,437
Total equity and liabilities, KSEK				786,096	90,348	96,000
Liquidity ratio, %	*			911%	196%	152%
Equity ratio, %	*			88%	57%	61%
Equity per share, SEK	*			11.06	1.86	2.06

** = Alternative performance measures*

Definitions and relevance of alternative performance measures

Saniona presents certain financial measures in the interim report that are not defined according to IFRS, so called alternative performance measures. These have been noted with an "*" in the table above. The company considers that these measures provide valuable supplementary information for investors and company management as they enable an assessment of relevant trends of the company's performance. These financial measures should not be regarded as substitutes for measures defined per IFRS. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. The definition and relevance of key figures not calculated according to IFRS are set-out in the table below.

Key figure	Definition	Relevance
Operating profit/loss	Profit/loss before financial items and tax.	The operating profit/loss is used to measure the profit/loss generated by the operating activities.
Operating margin	Operating profit/loss as a proportion of revenue.	The operating margin shows the proportion of revenue that remains as profit before financial items and taxes and has been included to allow investors to get an impression of the company's profitability.
Liquidity ratio	Current assets divided by current liabilities.	Liquidity ratio has been included to show the Company's short-term payment ability.
Equity ratio	Shareholders' equity as a proportion of total assets.	The equity ratio shows the proportion of total assets covered by equity and provides an indication of the company's financial stability and ability to survive in the long term.
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.

Derivation of alternative performance measurers

	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Operation profit/loss, KSEK	-40,890	-26,045	-96,988	-75,782	-103,906
Net sales, KSEK	2,155	256	4,605	2,658	2,658
Operating margin, %	**-1898%**	**-10190%**	**-2106%**	**-2851%**	**-3909%**
Cash flow for the period, KSEK	564,230	25,567	598,784	-3,614	-22,491
Average shares outstanding	42,380,854	27,869,681	33,822,473	25,050,865	25,719,586
Cash flow per share, SEK	**13.31**	**0.92**	**17.70**	**-0.14**	**-0.87**

	2020-09-30	2019-09-30	2019-12-31
Current assets, KSEK	690,808	72,324	53,883
Current liabilities, KSEK	75,833	36,991	35,416
Liquidity ratio, %	**911%**	**196%**	**152%**
Equity, KSEK	689,880	51,544	58,437
Total equity and liabilities, KSEK	786,096	90,348	96,000
Equity ratio, %	**88%**	**57%**	**61%**
Equity, KSEK	689,880	51,544	58,437
Shares outstanding at the end of the period	62,372,831	27,763,347	28,412,519
Equity per share, SEK	**11.06**	**1.86**	**2.06**

Revenues and result of the operation

Revenue

Total revenues during the third quarter of 2020 was SEK 2.2 million (0.3).

Total revenues during the first nine months of 2020 was SEK 4.6 million (2.7).

In 2020, revenues comprised research funding under the agreement with Boehringer Ingelheim and Cephagenix. In 2019, revenues comprised research funding under the agreement with Boehringer Ingelheim.

Operating profit/loss

The operating loss for the third quarter was SEK 40.9 million (26.0). The company recognized operating expenses of SEK 43.0 million (26.3) for the third quarter of 2020. External expenses amounted to SEK 25.7 million (19.1) and personnel costs amounted to SEK 15.7 million (5.9). In the third quarter of 2020, external expenses comprised primarily development costs in relation to Tesomet.

The company recognized an operating loss of SEK 97.0 million (75.8) for the first nine months of 2020. The company recognized operating expenses of SEK 101.6 million (78.4) whereof external expenses amounted to SEK 64.5 million (54.7) and personnel costs amounted to SEK 33.5 million (19.6). In 2020 external expenses comprised primarily development costs in relation to Tesomet. In 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 IK program.

Cash flow

Operating cash flow for the third quarter of 2020 was an outflow of SEK 67.8 million (inflow of 25.4). Consolidated cash flow for the third quarter of 2020 was an inflow of SEK 564.2 million (inflow of 25.6).

Operating cash flow for the first 9 months of 2020 was an outflow of SEK 128.6 million (outflow of 81.0). Consolidated cash flow for the first 9 months of 2020 was an inflow of SEK 598.8 million (outflow of 3.6).

In 2020, the operating cash flow for the first nine months is explained by the operating loss. The consolidated cash flow in 2020 is further explained by an inflow from finance activities through the issue of loan notes to Formue Nord totaling SEK 25 million, issue of shares to Formue Nord totaling SEK 25 million, exercise of warrants of Series TO 1 of SEK 24 million, TO 2 of SEK 33 million, an inflow from investing activities of sale of Scandion shares of SEK 105 million, and Private placement in August of approximately SEK 567 million (USD 65 million), before expenses.

In 2019, the operating cash flow for the first nine months is explained by the operating loss. The consolidated cash flow in 2019 is further explained by an inflow from finance activities of SEK 76.7 million through a rights

issue providing net proceeds of SEK 53.6 million and the issue of convertible loan notes to Nice & Green totaling SEK 24 million. During the first nine months of 2019, the convertible loan notes of SEK 24 million together with the outstanding loan notes at year-end 2018 totaling SEK 6 million have been converted into equity and the net proceeds of SEK 29 million is recorded under new share issues after deduction of issuing expenses.

Financial position
The equity ratio was 88 (57) % as of September 30, 2020, and equity was SEK 689.9 million (51.5). Cash and cash equivalents amounted to SEK 647.1 million (59.1) as of September 30, 2020. Total assets as of September 30, 2020, were SEK 786.1 million (90.3).

The share, share capital and ownership structure

On September 30, 2020, the number of shares outstanding amounted to 62,372,831 (28,408,441). On September 30, 2020, the company had 8,395 (6,219) shareholders excluding holdings in life insurance and foreign custody account holders.

The company established a warrant program on July 1, 2017, totaling 38,750 warrants, on January 19, 2018 totaling 286,003 warrants, on July 1, 2018, totaling 45,013 warrants, on September 1, 2019, totaling 50,270 warrants and on February 7, 2020, totaling 710,313 warrants. The company also established a warrant program on October 26, 2020 (see note 4).

The extraordinary shareholders' meeting on February 7, 2020, approved the board of director's decision to carry out a directed issue of 465,518 units, consisting of 1,396,554 warrants of the series TO 1, TO 2 and TO 3, to two external investors (Formue Nord Markedsneutral A/S and Formue Nord Fokus A/S), and to carry out a rights issue to shareholders of 1,014,224 units consisting of a total of 3,042,672 warrants of the same series.

Each warrant, regardless of series, carries the entitlement to subscribe for one (1) new share in Saniona at a subscription price corresponding to 70% of the volume-weighted average share price for the Saniona's share during a two-week period ending two trading days prior to the start of each series' exercise period, though not less than SEK 25 and not more than SEK 30 per share.

In May, Saniona announced outcome of warrant exercise TO 1, where Saniona received SEK 24.3 million, and in September the outcome of warrant exercise TO 2, was SEK 33.2 million, before issues costs.

The maximum number of shares that may be issued in TO 3 is 1,479,742. The measurement period for TO 3 the measurement period is March 17 to March 30, 2021. The exercise period for series TO 3 warrants April 6–20, 2021. The warrants will be subject to customary conversion conditions in conjunction with issues.

In August, Saniona received the gross proceeds of USD 65 million (approximately SEK 567 million) in a directed issue of 30,660,374 shares at a subscription price of USD 2.12 per share (SEK 18.50).

Personnel

As of September 30, the number of employees was 30 (24) of which 15 (13) are women. Of these employees, 6 (3) are part-time employees and 24 (21) are full-time employees, and a total of 24 (19) work in the company's research and development operations. 12 (11) of Saniona's employees hold PhDs, 5 (2) hold university degrees, 9 (8) have laboratory training and the remaining 4 (3) have other degrees.

Operational risks and uncertainties

All business operations involve risk. Managed risk-taking is necessary to maintain good profitability. Risk may be due to events in the external environment and may affect a certain industry or market. Risk may also be company specific. The main risks and uncertainties which Saniona is exposed to are related to drug development, the company's collaboration agreements, competition, technology development, patent, regulatory requirements, capital requirements and currencies.

The Group's programs are sold primarily to pharmaceutical companies and spin-outs funded by pharmaceutical companies and venture capital firms. Historically, the Group has not sustained any losses on trade receivables and other receivables. The Group does not expect any losses on the current research and development collaboration with Boehringer Ingelheim, that was initiated in March 2020.

Currency risks is the risk that the fair value of future cash flows fluctuate because of changed exchange rates. Exposure to currency risk is primarily sourced from payment flows in foreign currency and from the translation of balance sheet items in foreign currency, as well as upon the translation of foreign subsidiaries' income statements

and balance sheets to the Group's reporting currency, which is SEK. The funding in August 2020 was in USD, to match future investments that primarily will be in USD.

A more detailed description of the Group's risk exposure and risk management is included in Saniona's 2019 Annual Report.

There are no major changes in the Group's risk exposure and risk management in 2020, besides risk related to COVID-19 as described below, and the positively effect on the financial risk after the direct issued raising USD $65 million which will fund the business well into 2022.

Risk related to COVID-19

An outbreak of an infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus disease known as COVID-19, could adversely impact the company by causing operating, clinical trial and project development delays and disruptions, labour shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and the company's ability to raise capital.

To date, Saniona's clinical trials have not been significantly impacted by COVID-19. The hypothalamic obesity phase 2 clinical trial, the last active clinical trial was concluded and closed in March 2020, and the open-label extension study was concluded and closed in November 2020, despite the COVID-19 pandemic.

Medix submitted a new drug application to the Mexican food and drug administration in December 2019 and expects the approval and launch of tesofensine in the Mexican market by end of 2020 or early 2021. The approval and launch may be delayed into 2021, due to the ongoing COVID-19 pandemic

Financial calendar

Year-End Report 2020	February 25, 2021 at 8:00 CET
Interim Report Q1	May 26, 2021 at 8:00 CET
Annual General Meeting	May 26, 2021
Interim Report Q2	August 26, 2021 at 8:00 CET
Interim Report Q3	November 18, 2021 at 8:00 CET
Year-End Report 2021	February 24, 2022 at 8:00 CET

This report has been subject to a limited review by the Group's auditors.

The Board of Directors and the CEO of Saniona AB (publ) provide their assurance that the interim report provides a fair and true overview of the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties faced by the parent Company and the companies in the Group.

Glostrup, 30 November 2020
Saniona AB

J. Donald deBethizy - Chairman	Rami Levin, CEO
Jørgen Drejer – Board member	Anna Ljung - Board member
Carl Johan Sundberg - Board member	Edward Saltzman – Board member

Condensed consolidated statement of comprehensive income – Group

KSEK	Note	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
	1-2					
Net sales	3	2,155	256	4,605	2,658	2,658
Total operating income		2,155	256	4,605	2,658	2,658
Raw materials and consumables		-516	-798	-2,075	-2,607	-3,517
Other external costs		-25,735	-19,085	-64,531	-54,694	-74,984
Personnel costs	4	-15,683	-5,856	-33,462	-19,552	-25,860
Depreciation and write-downs		-1,111	-561	-1,525	-1,588	-2,202
Total operating expenses		-43,045	-26,300	-101,593	-78,440	-106,563
Operating profit/loss		**-40,890**	**-26,045**	**-96,988**	**-75,782**	**-103,906**
Share of result of associates	8	-	-1,543	-	-3,722	20,214
Financial income		1,655	-	1,965	-	674
Financial expenses		-8,375	-153	-9,112	-547	-483
Net gains/losses on financial items		-5,040	-	-20,973	-	-
Total financial items		-11,759	-1,696	-28,120	-4,269	20,404
Profit/loss after financial items		**-52,650**	**-27,741**	**-125,108**	**-80,052**	**-83,501**
Tax on net profit	5	-	-	7,853	7,708	7,713
Profit/loss for the period		**-52,650**	**-27,741**	**-117,255**	**-72,343**	**-75,788**
Other comprehensive income *Item that may be reclassified to profit and loss*						
Translation differences *Item that will not be reclassified to profit and loss*		19,852	-161	19,361	316	-187
Fair value financial assets	8	15,412	-	122,599	-	10,657
Total other comprehensive income net after tax		**35,264**	**-161**	**141,960**	**316**	**10,470**
Total comprehensive income		**-17,386**	**-27,902**	**24,704**	**-72,027**	**-65,319**
Earnings per share, SEK		-1.24	-1.00	-3.47	-2.89	-2.95
Diluted earnings per share, SEK		-1.24	-1.00	-3.47	-2.89	-2.95

The recognized loss and total comprehensive income are all attributable to the shareholders of the Parent Company, since there is no non-controlling interest in the subsidiaries of the Group.

Condensed consolidated statement of financial position – Group

KSEK	Note	2020-09-30	2019-09-30	2019-12-31
	1-2			
ASSETS				
Fixtures, fittings, tools and equipment		3,950	4,578	1,243
Right of use assets	13	25,647	-	2,172
Tangible assets		29,597	4,578	3,415
Non-current tax assets	5	7,786	7,904	-
Other financial assets	8, 12	55,464	-	37,376
Investments in associated companies	8	-	2,783	-
Other long-term receivables		2,373	2,694	1,260
Financial assets		65,623	13,381	38,635
Deferred tax		68	64	67
Non-current assets		**95,288**	**18,024**	**42,117**
Trade receivables		3,527	256	-
Current tax assets	5	-	7,904	7,682
Other receivables	9	38,537	2,794	4,430
Prepayments and accrued income		1,685	2,244	1,523
Current receivables		43,750	13,198	13,636
Cash and cash equivalent		647,058	59,126	40,248
Current assets		**690,808**	**72,324**	**53,883**
Total assets		**786,096**	**90,348**	**96,000**
EQUITY AND LIABILITIES				
Share capital		3,119	1,420	1,421
Additional paid in capital		838,916	239,538	239,592
Reserves		87,047	-460	9,693
Retained earnings including profit or loss for the period		-239,202	-188,954	-192,268
Equity		**689,880**	**51,544**	**58,437**
Lease liabilities	13	18,221	1,813	1,420
Other payables		2,163	-	727
Non-current liabilities		20,384	1,813	2,147
Trade payables		14,400	4,201	29,248
Loan	11	25,000	-	-
Other payables		6,627	531	745
Accrued expenses and deferred income		1,920	32,260	4,775
TO 3 warrants	12	20,968	-	-
Lease liabilities	13	6,918	-	648
Current liabilities		75,833	36,991	35,416
Total liabilities		**96,216**	**38,804**	**37,563**
Total equity and liabilities		**786,096**	**90,348**	**96,000**

Condensed consolidated statement of changes in equity – Group

	Share capital	Share premium	Translation reserves	Fair value reserve	Retained earnings	Shareholders' equity
January 1, 2019	**1,166**	**157,118**	**-777**	**0**	**-118,051**	**39,457**
Comprehensive income						
Profit/loss for the year					-72,343	-72,343
Other comprehensive income:						0
Translation differences			316			316
Total comprehensive income			**316**	**0**	**-72,343**	**-72,027**
Transactions with owners						
Shares issued for cash	254	96,294				96,548
Expenses related to capital increase		-13,874				-13,874
Share-based compensation expenses					1,440	1,440
Total transactions with owners	**254**	**82,420**			**1,440**	**84,114**
September 30, 2019	**1,420**	**239,538**	**-460**	**0**	**-188,954**	**51,544**
January 1, 2020	**1,421**	**239,592**	**-964**	**10,657**	**-192,268**	**58,437**
Comprehensive income						
Profit/loss for the year					-117,255	-117,255
Other comprehensive income:						
Fair value reserve				122,599		122,599
Cumulative gain on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal				-79,192	79,192	0
Translation differences			19,361			19,361
Total comprehensive income			**19,361**	**43,407**	**-38,063**	**24,704**
Transactions with owners						
Shares issued for cash	1,698	650,537				652,235
Expenses related to capital increase		-51,213				-51,213
Share-based compensation expenses					5,716	5,716
Total transactions with owners	**1,698**	**599,324**			**5,716**	**606,738**
September 30, 2020	**3,119**	**838,916**	**18,397**	**54,064**	**-224,616**	**689,880**

Condensed consolidated statement of cash flows – Group

KSEK	Note	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Profit/loss before tax		-52,650	-27,741	-125,108	-80,052	-83,501
Adjustments for non-cash transactions		24,804	-1,628	52,629	-608	-15,941
Changes in working capital		-39, 940	54,898	-49,022	-384	783
Cash flow from operating activities before financial items		**-67,786**	**25,529**	**-121,501**	**-81,043**	**-98,660**
Interest income received		1,655	-	1,965	-	674
Interest expenses paid		7,559	-153	-9,111	-547	-483
Tax paid		-	-	-	-	-
Cash flow from operating activities		**-58,571**	**25,376**	**-128,647**	**-81,590**	**-98,469**
Investing activities						
Investment in tangible assets		-2,239	-	-3,746	-3	-3,488
Sale of financial assets		66,635	-	104,878	-	-
Investment in other financial assets		1,488	444	277	1,304	2,739
Cash flow from investing activities		**65,884**	**444**	**101,408**	**1,302**	**-749**
Financing activities						
Convertible loan	10	-	-10,500	-	-6,000	-6,000
Loan	11	-	-	25,000	-	-
New share issue	10, 11	556,917	10,247	601,022	82,674	82,728
Cash flow from financing activities		**556,917**	**-253**	**626,022**	**76,674**	**76,728**
Cash flow for the period		**564,230**	**25,567**	**598,784**	**-3,614**	**-22,491**
Cash and cash equivalents at beginning of period		**68,604**	**30,203**	**40,248**	**54,678**	**54,678**
Exchange rate adjustments		14,224	3,357	8,027	8,063	8,061
Cash and cash equivalents at end of period		**647,058**	**59,126**	**647,058**	**59,126**	**40,248**

Statement of income – Parent Company

KSEK	Note	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
	1-2					
Other operating income		-	338	-	1,015	1,354
Total operating income		0	338	0	1,015	1,354
Raw materials and consumables		-8	-3	-22	-7	-13
Other external costs		-795	-1,216	-5,009	-4,671	-6,416
Personnel costs		-1,328	-1,079	-4,383	-2,966	-4,046
Total operating expenses		-2,131	-2,297	-9,414	-7,645	-10,475
Operating profit/loss		**-2,131**	**-1,959**	**-9,414**	**-6,630**	**-9,121**
Share of result of associates	8	-	-1,543	-	-3,722	-1,092
Financial income	8	69,599	2,320	106,960	6,326	8,657
Financial expenses		-8,294	-95	-8,540	-232	-269
Net gains/losses on financial items		-5,040	-	-20,973	-	-
Total financial items		56,265	682	77,448	2,372	7,295
Profit/loss after financial items		**54,134**	**-1,277**	**68,034**	**-4,258**	**-1,826**
Tax on net profit		-	-	-	-	-
Profit/loss		**54,134**	**-1,277**	**68,034**	**-4,258**	**-1,826**

Balance Sheet – Parent Company

KSEK	Note	2020-09-30	2019-09-30	2019-12-31
	1-2			
ASSETS				
Investment in subsidiaries		204,100	11,832	204,100
Other financial assets	8	1,746	-	5,413
Investments in associated companies		-	2,783	-
Financial assets		205,845	14,615	209,512
Non-current assets		**205,845**	**14,615**	**209,512**
Receivables from group companies		623,797	158,786	-
Other receivables		33,767	235	286
Prepayments and accrued income		360	1,189	763
Current receivables		657,924	160,210	1,049
Cash and cash equivalent		75,190	42,936	9,899
Current assets		**733,114**	**203,146**	**10,948**
Total assets		**938,960**	**217,761**	**220,460**
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		3,119	1,420	1,421
Unrestricted equity				
Share premium reserve		837,405	238,027	238,080
Retained earnings		-19,786	-17,960	-17,960
Profit/loss for the period		68,034	-4,258	-1,826
Equity		**888,771**	**217,230**	**219,715**
Loan	11	25,000	-	-
Other payables		4,221	531	745
TO 3 warrants	12	20,968	-	-
Current liabilities		50,189	531	745
Total liabilities		**50,189**	**531**	**745**
Total equity and liabilities		**938,960**	**217,761**	**220,460**

Notes

Note 1 General Information

Saniona AB (publ), Corporate Registration Number 556962-5345, the Parent Company and its subsidiaries, collectively the Group, is a publicly listed research and development company focused on drugs for diseases of the central nervous system, autoimmune diseases, metabolic diseases and treatment of pain. The Parent Company is a limited liability company registered in the municipality of Malmö in the county of Skåne, Sweden. The address of the head office is Smedeland 26B, DK-2600 Glostrup, Denmark. Saniona is listed at Nasdaq Stockholm Small Cap. The Parent Company's share is traded under the ticker SANION and the ISIN code SE0005794617.

Note 2 Significant accounting policies

The interim report has been prepared in accordance with IAS 34 Interim reporting. The Group applies the International Financial Reporting Standards (IFRS) and interpretations of IFRS IC as adopted by the EU, the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

The condensed consolidated financial statements have been prepared under the historical cost convention, except in the case of certain financial assets and liabilities, which are measured at fair value. The condensed consolidated financial statements are presented in Swedish kronor (SEK) which is also the functional currency of the Parent Company.

The applied accounting principles are in accordance with those described in the Annual Report for 2019. More detailed information about the Group's and the Parent Company's accounting and valuation principles can be found in the Annual Report for 2019, which is available on www.saniona.com.

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

Effects of new accounting policies

None of the new or amended standards, interpretations or improvements adopted by the EU have had any significant impact on the Group. Standards which will come into effect in 2021 or later have not been early adopted.

Note 3 Segment reporting

The Group is managed as a single business unit. The basis for identifying reportable segments is the internal reporting as reported to and followed up by the highest executive decision maker. The Group has identified the highest executive decision maker as the CEO. The internal management and reporting structure comprises only one business unit, and the Group therefore has only one operating segment, for which reason no segment information is provided.

Note 4 Share based payments

Share-based compensation expenses for the Q3 2020 totaled SEK 4,358 (124) thousand and the first nine months of 2020 totaled SEK 5,716 thousand (1,440). The fair value of the service that entitles an employee and board member to allotment of options under Saniona's option programs is recognized as a personnel cost with a corresponding increase in equity.. Such compensation expenses represent the fair market values of warrants granted and do not represent actual cash expenditures.

Share-based payment	Options allotted in 2017	Options allotted in 2018	Options allotted in 2019	Options allotted in 2020	Total
Outstanding at 1 January 2020	38,292	329,308	50,270	-	417,870
Granted during the period	-	-	-	710,313	710,313
Forfeited during the period	-	-	-	-	0
Outstanding at 30 September 2020	**38,292**	**329,308**	**50,270**	**710,313**	**1,128,183**

Incentive program after rights issues*	2017	2018:1	2018:2	2018:3	2019:1	2019:2	2020:1	Total
Allotted options	38,750	286,003	34,500	10,513	34,500	15,770	710,313	1,130,349
Forfeited	-458	-	-1,708	-	-	-	-	-2,166
Outstanding	38,292	286,003	32,792	10,513	34,500	15,770	710,313	1,128,183
Subscriptions price after rights issues (SEK)	40.63	33.20	29.71	29.71	17.83	17.83	29.36	
Equal to no of shares	40,228	300,474	34,450	11,044	34,845	15,927	717,416	1,154,384

** The subscription price for the options and the number of shares that each option entitles to subscription of have been recalculated as a result of rights issues carried out after the implementation of each respective program. Not including programs 2020:2 and 2020:3 that where decided on after the end of the period.*

A detailed description of the warrant program in 2017, 2018:1, 2018:2, 2018:3, 2019:1 and 2019:2 can be found in the annual report 2019.

2020:1 On February 7, 2020, the extraordinary shareholders' meeting voted in favor of establishing an employee option program for the CEO, Rami Levin. The employee option program 2020/2025 comprises 710,313 employee options. Allotment took place on February 7, 2020. Each employee option entitles the holder a right to acquire one new share in the Saniona for a subscription price of SEK 29.42. The allotted employee options will be vested with 1/4 each at the dates falling 12, 24, 36 and 48 months after allotment. The employee options shall be allotted without consideration. The holder can exercise allotted and vested employee options during 30 days from the day following after the announcement of the company's quarterly reports, or for full year, the year-end re-port, the first time after the announcement of the quarterly report for the fourth quarter of 2022 and the last time after the announcement of the quarterly report for the third quarter of 2025.

2020:2 On October 23, 2020, the extraordinary shareholders' meeting voted in favor of establishing an employee option program. The Employee Option Program 2020 comprises up to 7,976,690 employee options. Allotment of 5,484,948 warrants took place on October 26, 2020. Each employee option entitles the holder a right to acquire one new share in the Saniona for a subscription price of SEK 24.25. The allotted employee options will be vested with 25 per cent on the 12-month anniversary following the allotment date whereafter the remaining employee options will vest with 6.25 per cent quarterly thereafter. Accordingly, all employee options allotted to a participant will be vested 48 months following the allotment date. The number of employee options that vests on each vesting day shall be rounded downwards to the nearest whole number and any excess employee options shall only vest on the last vesting day. The employee options shall be allotted without consideration. The holder can exercise allotted and vested employee options from the time of vesting until the date that falls 10 years after the allotment date. However, for a participant that ceases to be employed or in a service relationship in the Saniona Group, vested options have to be exercised within 90 days from the date when the participant ceased to be employed or in a service relationship in the Saniona Group (or, in the case such cessation is due to the participant's death or disability, 12 months from such date).

2020:3 On October 23, 2020, the extraordinary shareholders' meeting voted in favor of establishing a board option program. The board option program 2020 comprises up to 308,000 options. The board option program 2020 shall comprise all the members of the board of directors, excluding the chairman of the board of directors. Each participant shall be allotted 77,000 options. Allotment of 308,000 warrants took place on October 26, 2020. Each board option entitles the holder a right to acquire one new share in the Saniona for a subscription price of SEK 24.25. The allotted options will be vested with 1/3 on the date when the annual general meeting of 2021 is held, additionally 1/3 will vest on the date when the annual general meeting of 2022 is held, and the remaining 1/3 will vest on the date when the annual general meeting of 2023 is held. The options shall be allotted without consideration. The holder can exercise allotted and vested board options during 30 days from the day following after the announcement of the company's quarterly reports, or for full year, the year-end re-port, the first time after the announcement of the quarterly report for the third quarter of 2023 and the last time after the announcement of the quarterly report for the third quarter of 2024.

Note 5 Income tax and deferred tax subsidiaries in Denmark

Tax on income for the year, consisting of the year's current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the period and in other comprehensive income or equity to the extent that it relates thereto.

The Group recognized a tax income of SEK 7.9 (7.7) million during the nine months of 2020. This amount has been recognized under non-current tax assets in accordance to the accounting policies described below.

Under the Danish R&D tax credit scheme (Skattekreditordningen), loss-making R&D entities can obtain a tax credit which is equal to the tax value of the incurred research and development expenses. The tax credit is payable in November in the following financial year. In 2019 and 2020 the R&D expense tax-base is capped to DKK 25 million equal to a tax credit of DKK 5.5 million at a tax rate of 22%. Research and development tax-credits under the Danish R&D tax credit scheme is recognized in the income statement to the extent that it relates to the research and development expenses for the period and Saniona expects to fulfil the requirement for tax credit for the year. The tax credit under the Danish R&D tax credit scheme is recognized in the balance sheet under current tax assets if payable within 12 months and under non-current tax assets if payable after 12 months. As of September 30, 2020, the Group had SEK 0 million (SEK 7.9 million) in current tax asset, and SEK 7.8 million (SEK 7.9 million) in non-current tax assets which will be payable in November 2021.

Note 6 Pledged assets and contingent liabilities

The Parent Company has provided a guarantee to the subsidiary Saniona A/S to ensure that Saniona A/S will be able to pay its creditors as the obligations fall due for the period until September 30, 2021. Saniona A/S had no external net debt as of September 30, 2020.

Note 7 Related parties

Related parties comprise the Group's Executive Management, Board of Directors and companies within the Group. Apart from intercompany transaction and board fees as well as remuneration of management in accordance to the remuneration policy as resolved at the annual general meeting, there has been no transaction with related parties during 2019 and 2020.

Note 8 Other financial assets

On May 3, 2017, Saniona participated in formation of a new company, Scandion Oncology A/S. Scandion Oncology has been listed on the Spotlight Stock Market on November 8, 2018.

In Q3 2019 the asset was accounted for as investment in associated companies.

Scandion Oncology A/S	Equity*	Saniona's share of net profit/(loss) (ownership 29.17%)
January 1, 2019*	22,300,870	6,505,164
September 30, 2019**	9,540,843	2,783,065
		(3,722,099)

** The calculation of equity based on Scandion Oncology's interim report Q3 2018 and the capital increase in Q4 2018.*

*** The calculation of equity based on Scandion Oncology's Q2 report 2019.*

Since Scandion Oncology completed a rights issue in 2019 Saniona's holdings of shares and votes decreased from 29.17 % to 18.23 % and were reclassified from Investment in associate to Financial assets as of October 1, 2019.

Parent

Scandion Oncology is recognized at cost subject to potential impairments.

KSEK	Balance sheet	P/L effect
January 1, 2020	5,413	-
Divestment	-3,667	-
Amounts recognized in P/L	-	100,844
September 30, 2020	**1,746**	**100,844**

Group

Scandion Oncology is recognized in the balance sheet in accordance to the fair value and changes in fair value is recognized under Other comprehensive income.

KSEK	Balance sheet	Recognized in OCI
January 1, 2020	37,376	
Divestment	-104,511	
Amounts recognized in OCI	122,599	122,599
September 30, 2020	**55,464**	**122,599**

Note 9 Other receivables

On July 4, 2017, Saniona acquired NeuroSearch's remaining interest in the preclinical and clinical assets, which Saniona acquired from NeuroSearch during the period 2012-2016. According to the previous agreements, Saniona was obliged to pay NeuroSearch a milestone payment of EUR 400,000 when the first preclinical program was tested in humans. In addition, Saniona was obliged to pay royalties on its product sales or a percentage of its licensing income in relation to the acquired clinical assets including the clinical development compounds, tesofensine and NS2359. According to the new agreement, Saniona has paid NeuroSearch a onetime cash payment of DKK 5.5 million. Following this, Saniona has no additional payment obligations to NeuroSearch. Saniona estimates that the onetime cash payment of DKK 5.5 million would have been payable to NeuroSearch within a four-year period under the previous agreements. Therefore, the amount will be expensed over a four-year period starting July 1, 2017. In 2020 the onetime cash payment has been expensed with SEK 1.5 million (SEK 1.5 million) and as September 30, 2020, the recorded value of the asset is SEK 1.5 (SEK 3.5 million).

Note 10 Convertible loan

Saniona entered into a convertible notes funding agreement with Nice & Green S.A on December 29, 2017. In January 2020, Saniona terminated the convertible notes funding agreement without having drawn any tranches under the extended agreement.

Note 11 Loan Formue Nord

On January 10, 2020, Saniona completed a private placement of SEK 25 million at SEK 25 per share to Formue Nord and entered into a loan facility agreement with Formue Nord entitling to draw loans in an aggregate amount of 25 MSEK.

Saniona's right to draw loans under the loan facility agreement was conditional upon that an extraordinary general meeting to be held on 7 February 2020 resolved to approve an issue of units (consisting of warrants in three different series) directed to the lenders and a rights issue of units (consisting of warrants in the same three series as issued to the lenders). The units in both the directed issue and the rights issue will be issued free of payment. February 7, 2020, the extraordinary general meeting resolved to approve the board of directors' resolution.

In March 2020 Saniona drew loans of SEK 25 million under the loan facility agreement. The loans raised under the loan facility agreement are subject to market interest rates and shall be repaid no later than February 7, 2021.

Note 12 Financial Instruments – Fair values

If not otherwise stated below we approximate the fair value with the carrying value on financial assets and liabilities as the time to maturity is short.

KSEK	Level 1		Level 2		Level 3	
Financial assets and liabilities by fair value hierarchy level /for instruments measured at fair value/	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Equity investments	55,464	37,376	-	-	-	-
Warrants*	20,968	-	-	-	-	-

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Compared with 2019, no transfers have been made between the different levels in the hierarchy and no significant changes have been made to the measurement method.

* The warrants are valued with by the TO 3 trading price at Nasdaq at September 30, 2020.

Note 13 Right-of-use assets

KSEK	Rent facility	Equipment	Total
Right-of-use assets January 1, 2020	0	2,172	2,172
Additions	24,391*	-	24,391
Depreciations	-858	-169	-1,027
Exchange rate adjustments	82	-29	111
Right-of-use assets as of September 30, 2020	**23,615**	**2,032**	**25,647**

KSEK	Group
Non-current	18,221
Current	6,918
Lease liabilities	**25,139**

* New leasing contract has been signed regarding premises for Saniona A/S, and Saniona Inc.

Review Report

Introduction

We have reviewed the interim report for Saniona AB (publ) for the period January 1 - September 30, 2020. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö November 30, 2020

Deloitte AB

Jeanette Roosberg
Authorized Public Accountant

This information is such information as Saniona AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on November 30, 2020.

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