Solid Progress on Pipeline Programs Facilitates Strong Base for Partnering

Three Months Ended June 30, 2022 (2021)	Six Months Ended June 30, 2022 (2021)
Revenue was SEK 3.0 M (1.9 M)	Revenue was SEK 9.6 M (5.3 M)
Operating profit/loss was SEK -91.8 M (-103.6 M) Net profit/loss was SEK -88.6 M (-103.9 M)	Operating profit/loss was SEK -225.0 M (-197.7 M) Net profit/loss was SEK -221.9 M (-187.3 M)
Basic earnings/loss per share was SEK -1.42 (-1.67)	Basic earnings/loss per share was SEK -3.56 (-3.00)
Diluted earnings/loss per share were SEK -1.42 (-1.67)	Diluted earnings/loss per share were SEK -3.56 (-3.00)

Business highlights in Q2 2022

- On April 30, Saniona **appointed Thomas Feldthus as Chief Executive Officer and Anita Milland as Chief Financial Officer**. Thomas Feldthus will oversee Saniona's refocused strategy on ion channel research and development and explore partnering opportunities to advance its lead assets. The Board of Directors **elected Jørgen Drejer as interim Chairman** until the Annual General Meeting (AGM) held on May 25, 2022, where he was elected as Chairman of the Board. In connection with this refocused strategy, the company **terminated its plans to list its shares in the U.S., closed its U.S. operations and terminated the positions of all U.S. personnel**, including the U.S. executive management team. These restructuring actions are anticipated to **reduce future annual operating expenses by approximately 70-75%**.
- On May 20, Saniona provided **update on ongoing review of tesofensine in Mexico**.
- On May 25, Jørgen Drejer, Anna Ljung and Carl Johan Sundberg were at the annual general meeting reelected to the board of directors with **Jørgen Drejer as Chairman**.
- On June 24, Professor Helle Prætorius, Univ. of Aarhus, Denmark, made a presentation at the ECM conference demonstrating that **SAN903 protects against fibrosis in a chronic kidney disease model**.
- On June 30, Saniona reported **positive top line results from the SAN711 Phase 1 Clinical Trial** demonstrating that SAN711 was safe and well tolerated and that it is possible to obtain exposure levels corresponding to expected desired therapeutic effect at a well-tolerated dose.

Significant events after the reporting period

- On July 6, Saniona CEO Thomas Feldthus and board member Carl Johan Sundberg purchased Saniona shares in the open market.
- On August 16, **Saniona progressed its Kv7 ion channel epilepsy program into lead optimization phase**, the last drug discovery phase before potential drug candidate selection.
- On August 18, the Shareholders of Saniona voted at an extraordinary general meeting in favor of an Employees Option Program 2022 comprising a maximum of 2,129,821 options.

Comments from the CEO

"We are experiencing significant interest across our pipeline programs, which provides us with reasons to believe that future partnerships will make us less dependent on the financial markets. Current cash position is expected to fund planned activities until at least the end of the second quarter of 2023."

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Letter from the CEO

Saniona has implemented a major restructuring in the second quarter of 2022 with a change in management, a closing of the U.S. operations, a termination of all U.S. positions and a refocused short-term strategy on partnering to secure non-dilutive funding, while building long term value from our leading ion channel platform and pipeline.

The restructuring process is coming to an end and the lion's share of the costs has been recognized in the Q2 financial report. This means that the financial reports for the second half of 2022 will reflect the continuing operation. The current cash position is expected to fund the planned activities until at least the end of the second quarter of 2023 where a loan from Formue Nord becomes payable.

We initiated the partnering process for our clinical stage assets in May. In June, we decided to extend the activities to several of our pre-clinical assets due to significant interest from potential partners. More than 50 companies have for some time conducted evaluation on one or more of our pre-clinical or clinical pipeline programs and several companies have entered the data rooms.

It is an impressive achievement of our team to conduct so many independent partnering discussions in parallel for a company of our size. Although quantity is not a guarantee for success the significant interest across our pipeline programs provides us with reasons to believe that future partnerships will make us less dependent on the financial markets both in the near and long term perspective. Therefore, we will continue to focus on establishing partnerships to secure further development of our pipeline.

In June we reported the successful completion of our Phase 1 clinical trial of SAN711, which is positioned for the treatment of neuropathic pain disorders. The study demonstrated that SAN711 was safe and well tolerated and that it was possible to obtain high 24-hour exposure levels corresponding to expected desired therapeutic effect at a well-tolerated dose. The results have bolstered the interest from the industry. Therefore, this is a major step forward not only for progressing SAN711 but also the potential partnering activities. As the first company in the world, we now have the ability - either on our own or with a partner - to evaluate this new and highly promising GABA-A α3 concept for effective and tolerable pain management in severely impacted patient populations.

Saniona is currently in the process of completing the regulatory preclinical development of SAN903 to enable the initiation of Phase 1 clinical trials at the end 2022 or early 2023 for treatment of inflammatory and fibrotic disorders. In June professor Helle Prætorius, Univ. of Aarhus, Denmark, made a presentation at the ECM 2022 conference, demonstrating that SAN903 protects against fibrosis in a chronic kidney disease model. We have previously demonstrated in multiple preclinical models that SAN903 suppresses inflammation and fibrosis. The new data from the chronic kidney disease model further strengthens our confidence in SAN903 as a potential treatment for serious inflammatory and fibrotic disorders, which currently are without effective treatment options.

In May the Mexican regulatory authority (COFEPRIS) announced that they based on the currently available documentation were unable to provide a favorable opinion about the market approval for tesofensine following a meeting held on May 18, 2022. Our partner, Medix, has since then received an official response and is currently in dialogue with the authorities about additional documentations needed to potentially obtain market approval in Mexico.

Saniona's has a leading position within ion channel research and a technology platform which has formed the basis for numerous partnerships and first in class drug development programs. The development of SAN711, originating from this platform, clearly demonstrates that Saniona has the capability to develop next generation therapeutics within the important field of GABA therapeutics. SAN711 has a truly unique profile as it only modulates neurons, which express the GABA-A α3 ion channel. To our knowledge no companies or academic group have been able to create or develop a drug candidate with a similar profile.

While our platform may be utilized within many therapeutic areas our scientific capabilities is particularly relevant within central nervous system diseases. Within this field we anticipate that epilepsy will be an important focus area for Saniona.

Epilepsy, which is characterized by recurrent seizures, currently affects more than 50 million people worldwide. There is a significant medical need as approximately 30% of patients are insensitive to treatment by conventional epilepsy medicines. Furthermore, anti-seizure therapy may cause disabling side effects and often require careful dose adjustment to minimize these.

Electrical activity in neurons is controlled by ion channels and most current antiepileptic treatment principles rely on regulation of ion channel activity. Based on Saniona's focus on ion channel research and central nervous system diseases, more and more of our early-stage discovery and development programs have been directed towards treatment of various forms of epilepsies.

Saniona has over the past years established a strong network with national and international epilepsy centers of excellence, where tremendous progress has been made to identify specific links between genetic mutations in ion channels and development of epilepsies. Our deep knowledge about ion channels and our track record in identifying and developing new drug candidates in this field puts Saniona in a unique position to exploit and develop new treatment principles in both genetic and non-genetic epilepsies caused by e.g. stroke, brain infection or head injury; all with large unmet medical needs. We plan over the next few months to provide examples of both early-stage and advanced epilepsy programs from our ion channel drug discovery platform.

As a first example of this we were proud to recently announce the progression of our Kv7 ion channel epilepsy program into lead optimization phase, the last drug discovery phase before potential drug candidate selection. While Kv7 modulation is a clinically proven concept for treatment of epilepsy, no drugs of this class are currently on the market, and we see significant potential for delivering new breakthrough epilepsy treatments in this field. This potential is also illustrated by the increasing numbers of mutations in Kv7.2 and Kv7.3 that are found to be associated with severe inherited forms of epilepsy.

It has been an honor and pleasure for me to step into Saniona as the new CEO during the last quarter. While these few months have been hectic, particularly due to the restructuring of the company, they have also demonstrated to me the enormous value in Saniona's pipeline, research platform and team. I am confident that our partnering efforts will help solidify our balance sheet in the short term and that Saniona will be delivering new valuable breakthrough medicine from our advanced programs.

Thomas Feldthus
CEO

About Saniona

Saniona is a clinical-stage biopharmaceutical company with a mission to leverage its ion channel targeting expertise to discover, develop and deliver innovative rare disease treatments. The company's most advanced product candidate, Tesomet™, has been progressed into mid-stage clinical trials for hypothalamic obesity and Prader-Willi syndrome, serious rare disorders characterized by severe weight gain, disturbances of metabolic functions and uncontrollable hunger. These clinical trials are voluntarily paused due to funding limitations and Saniona is actively exploring partnering opportunities. Saniona has developed a proprietary ion channel drug discovery engine anchored by IONBASE™, a database of more than 130,000 compounds, of which more than 20,000 are Saniona's proprietary ion channel modulators. Through its ion channel expertise, Saniona is advancing two wholly-owned ion channel modulators, SAN711 and SAN903. SAN711 has successfully completed a Phase 1 clinical trial and is positioned for the treatment of neuropathic pain conditions, and SAN903 is in preclinical development for rare inflammatory, fibrotic and hematological disorders. Saniona is based in the Copenhagen area, Denmark, and is 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.

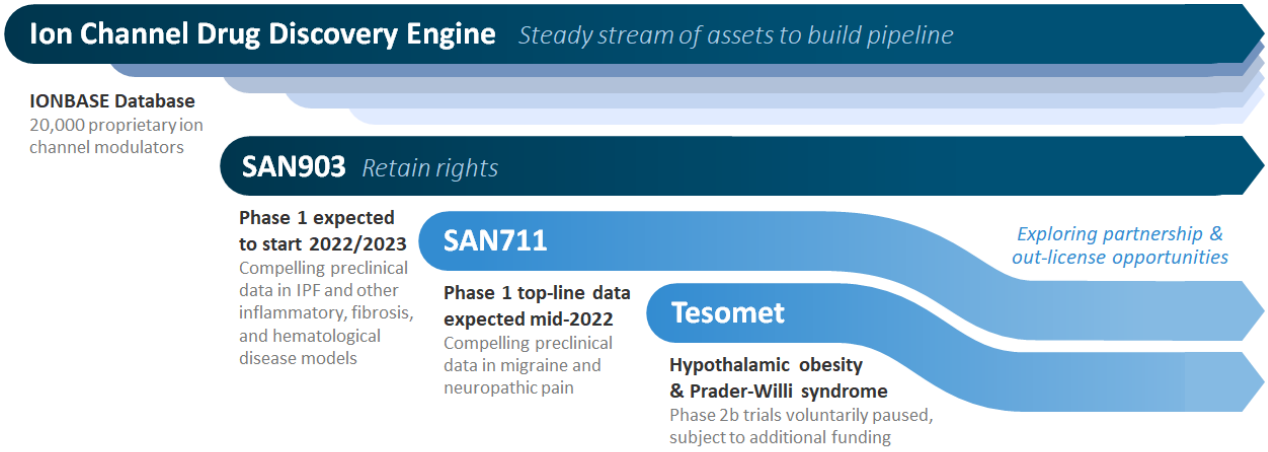
Our mission

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

Our values

- **Put People First**
  Treat all people with kindness, respect and equity. Support people on their journey and enable a sense of belonging.
- **Innovation With Impact**
  Push boundaries with courage. Embrace empowerment. And deliver excellence.
- **Integrity, Always**
  Maintain the highest ethical standards in all that we do as we deliver with urgency for patients in need.

Clinical Pipeline



Tesomet™

Tesomet is a novel, potentially first-in-class, once-daily oral investigational therapy for the treatment of hypothalamic obesity (HO) and Prader-Willi syndrome (PWS). Tesomet has been advanced into Phase 2b clinical trials for HO and PWS, which are voluntarily paused due to funding limitations. The Company is actively exploring all partnership options, including worldwide partnerships, that could generate immediate non-dilutive income and enable Tesomet to move forward.

Tesomet is a fixed-dose combination of two active ingredients: tesofensine and metoprolol. Tesofensine is a novel molecule developed in the labs of our founding scientists. It is a monoamine reuptake inhibitor that modulates brain activity by increasing the levels of three neurotransmitters – dopamine, serotonin and noradrenaline – which are each intimately involved in regulating appetite, food-seeking behavior and metabolism. Metoprolol is a cardio-selective β1 receptor blocker historically used to treat a number of cardiovascular conditions and which has been approved for use in the United States since 1978. We selected metoprolol not only for its pharmacological effects but also for its well-established safety profile since its approval. Following discussions with the FDA on the proposed regulatory path for Tesomet in HO and PWS, the FDA confirmed that Tesomet may be advanced via the 505(b)(2) pathway for the treatment of HO and PWS. The FDA has granted orphan drug designation to Tesomet for the treatment of HO and PWS, respectively. We hold exclusive worldwide rights to Tesomet.

HO is a rare neuroendocrine disorder most commonly caused by damage to the hypothalamus sustained during the removal of a craniopharyngioma (CP), a rare, noncancerous central nervous system tumor. The number of patients with HO is estimated to be as high as 25,000 in the United States and 40,000 in Europe. Currently, there are no FDA-approved treatments for HO and there is no cure for this disorder. Standard of care is mainly palliative and fails to provide adequate management of weight or hyperphagia. The hypothalamus is a master regulator of metabolism and appetite that integrates both hormonal and nutritional signals from the peripheral and central nervous systems. Damage to the hypothalamus can cause severe dysregulation of energy homeostasis and, as a result, patients with HO often suffer rapid, excessive and intractable weight gain, uncontrollable hunger, memory impairment, attention deficits, excessive daytime sleepiness and lethargy, issues with impulse control and depression. Patients with HO are also at increased risk of developing obesity-related comorbid conditions such as Type 2 diabetes, hypertension, stroke and congestive heart failure. Ultimately, CP survivors with hypothalamic injury report a 20-year mortality rate at least three times higher than CP survivors without hypothalamic injury.

Saniona has completed an initial Phase 2 clinical trial of Tesomet for the treatment of HO. This trial was a single-center, 24-week, randomized, double-blind, placebo-controlled trial with an optional 24-week Open Label Extension (OLE). A total of 21 adult patients, 13 of whom were randomized to Tesomet and eight to placebo, were included within the protocol-specified modified intent-to-treat analysis pertaining to the double-blind period (i.e., all randomized patients with measurement after at least one dose of study drug or placebo). Tesomet was generally well tolerated throughout the 48 weeks of this clinical trial. The majority of adverse events (AEs) were mild or moderate in severity. The primary endpoint

of the study was to establish the overall safety and tolerability of Tesomet in patients with HO, which was achieved. Several secondary endpoints relating to efficacy were also achieved. Double-blind treatment with Tesomet for 24 weeks resulted in statistically significant placebo-adjusted weight loss of 6.28% ($p<0.0169$) and a mean reduction in waist circumference of 5.68 cm or 5.00%. In the 24-week OLE, Tesomet continued to demonstrate persistent improvements in body weight and waist circumference.

PWS is a rare, genetic, complex, multisystem disorder that is the most common genetic cause of childhood obesity globally. The number of patients with PWS is estimated to be as high as 34,000 in the United States and 50,000 in Europe. The only FDA-approved treatment currently available for PWS is growth hormone therapy; however, studies have not shown that growth hormone therapy reduces the hyperphagia symptoms experienced by these patients. Typically, PWS patients are diagnosed during early infancy. Patients can suffer from a variety of symptoms, most notably hyperphagia, and may display abnormal food-seeking behavior, such as stealing food. Additional symptoms include abnormal growth and body composition, low muscle tone or hypotonia, and social, emotional or cognitive deficits. Complications of obesity, such as respiratory and cardiovascular failure, infection, choking, gastric rupture and pulmonary embolism, are major causes of morbidity and mortality among patients with PWS.

Saniona has completed an initial Phase 2 clinical trial of Tesomet for the treatment of PWS. This trial was a two-center, randomized, double-blind, placebo-controlled trial. Nine adults and nine adolescents were treated daily with Tesomet or placebo for three months for the double-blind portion of the trial, with two open-label three-month extensions, referred to as OLE1 and OLE2, for adolescent patients. The primary endpoint was change in body weight; secondary objectives included hyperphagia, body composition, lipids and other metabolic parameters. The adult patients receiving Tesomet achieved a 5.4% reduction in body weight, which is notable in the small patient population, and a statistically significant 8.1 point reduction in hyperphagia as measured by the Hyperphagia Questionnaire for Clinical Trials (HQ-CT), a caregiver questionnaire that is the generally accepted standard for evaluating hyperphagia in patients with PWS. In adolescents, upon the dose increase of Tesomet from 0.125 mg to 0.25 mg during the OLE2 portion of the trial, Tesomet-treated patients experienced a decrease in body weight and a further reduction in hyperphagia as measured by the HQ-CT questionnaire.

Saniona sees significant value in Tesomet. The Company's decision to voluntarily pause the Phase 2b Tesomet studies in HO and PWS was not related to safety or efficacy, and Saniona believes that the initial Phase 2 data support further development of Tesomet in both indications. Financial analysts have estimated annual peak sales for Tesomet between USD $850M - $1B+ (SEK 9B – 10B) (Saniona does not endorse or validate sales estimates provided by third parties). Given the current economic climate and Saniona's withdrawal from the U.S., the Company will no longer seek to independently raise the funding needed to advance Tesomet; instead, the Company is actively exploring all partnership options, including worldwide partnerships, that could generate immediate non-dilutive income and enable Tesomet to move forward.

SAN711

SAN711 is a novel potentially first-in-class selective positive allosteric modulator (PAM) of $GABA_A$ $\alpha 3$ receptors positioned for the treatment of neuropathic pain. SAN711 has successfully completed a Phase 1 clinical trial in healthy volunteers, and the results from this trial open the path for continued clinical development of SAN711.

The unique mode of action of SAN711 is enhancement of the effect of GABA at $GABA_A$ $\alpha 3$ receptors at the spinal cord. GABA is a neurotransmitter, or chemical messenger, that inhibits signals between nerve cells in the brain. It is believed that a dysfunction or reduction of GABA signaling in the spinal cord is associated with aberrant pain signaling to the brain and consequently perception of pain. SAN711 is specifically designed to enhance the effect of GABA, the brains own inhibitory neurotransmitter, at a3 containing receptors in the spinal cord. This is believed to restore spinal inhibitory tone and prevent abnormal pain signaling to the brain.

$GABA_A$ is the target of most broad $GABA_A$ PAMs such as the highly effective medicines belonging to the chemical group referred to as "benzodiazepines". Importantly, unlike benzodiazepines, SAN711 does not have an impact on $GABA_A$ α1 and α5 subunits, thus being devoid of the sedation, motor instability, abuse liability, and memory impairing effects that limit the use and tolerability of benzodiazepines.

Preclinical assessments in *in vitro* and *in vivo* models, conducted in the labs of Saniona have confirmed that because SAN711 only activates α3 GABAA receptors, this selectivity may allow SAN711 to provide pain relief and other benefits in the central nervous system while avoiding the typical adverse effects associated with non-selective GABAA activation mentioned above.

Saniona has recently successfully completed a Phase 1 clinical trial. The study was a randomized, placebo-controlled Phase 1 clinical trial in 66 healthy male and female volunteers. The primary objective of the study was to determine the safety and tolerability of SAN711, which was evaluated through single ascending dose and multiple ascending dose phases of the study. The secondary objective was to measure binding to target receptors, which was assessed during a positron emission tomography (PET) evaluation phase of the study.

Data from the trial showed that SAN711 was safe and well tolerated across all dosing cohorts, confirming the improved tolerability of the unique subtype selective profile. There were no serious adverse events, and all subjects completed the study. There were no safety laboratory concerns or cardiovascular concerns. Further, there were no abnormal neurological examinations and no evidence of emergent cognitive deficits as assessed by Mini Mental State Examinations. SAN711 had a favorable absorption and distribution profile and the maximum plasma levels of SAN711 resulted in more than 80% occupancy of target receptors. Importantly, the PET results confirmed that a pharmacologically active receptor occupancy may be achieved at well-tolerated doses of SAN711 as the MAD part of the study showed that a well-tolerated dose of 0.8 mg/kg twice daily led to plasma levels consistent with 24-hour receptor occupancy ranging from 50% to 72%. Based on pre-clinical data, this exposure level is predicted to result in the desired therapeutic effects.

Consequently, SAN711 shows clear differentiation in its side effect profile compared to classical, non-selective GABA modulators of the benzodiazepine type such as valium which is dose limited by sedation. Importantly, Saniona have in this study demonstrated that it is possible to safely exceed human exposure levels of SAN711 beyond what is needed to show strong efficacy in the preclinical pain models. Further, the PET result provides a clear guidance for the design of the Phase 2 studies with 0.8 mg/kg twice daily as an effective and well tolerated dose. More information is available at www.clinicaltrials.gov.

The preclinical data package thus far indicate substantial potential value for SAN711 in migraine, trigeminal neuralgia and neuropathic pain. As these are larger, non-rare indications, Saniona has decided to actively explore opportunities to out-license SAN711 and generate non-dilutive income.

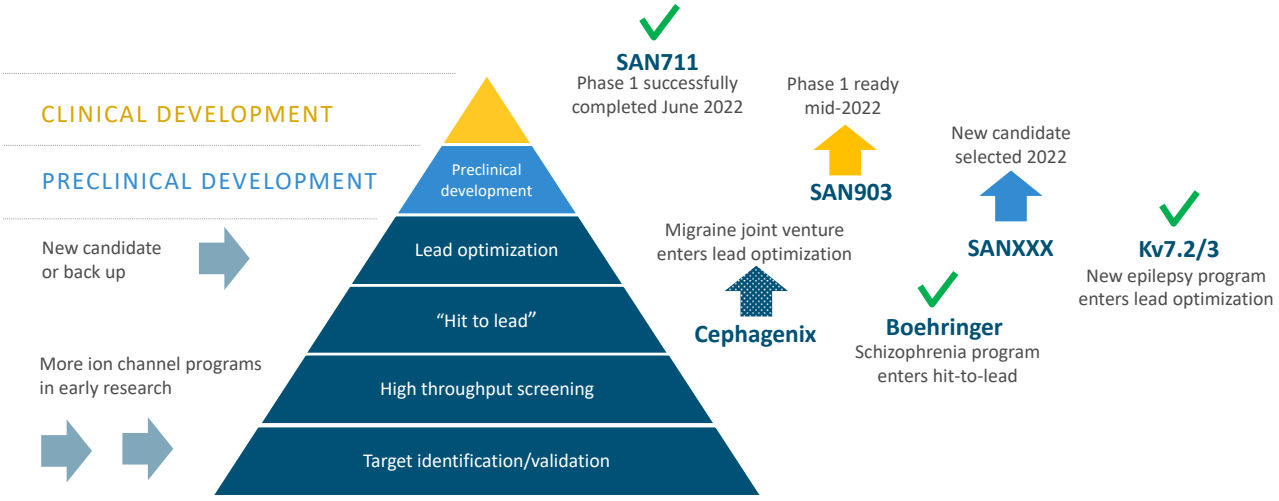
SAN903

SAN903 is designed as an inhibitor of the calcium-activated potassium channel, KCa3.1. KCa3.1 is important for activation of immune cells in the brain (microglia) and other tissues (T-cells, macrophages), and it is also involved in the abnormal production of connective tissue that can lead to fibrosis in chronic diseases.

SAN903 has demonstrated preclinical proof of concept in standard animal models of inflammatory and fibrotic diseases, including idiopathic pulmonary fibrosis, kidney fibrosis and inflammatory bowel disease.

Saniona is currently in the process of completing the regulatory preclinical development of SAN903 to enable the initiation of Phase 1 clinical trials at the end 2022 or early 2023 for treatment of inflammatory and fibrotic disorders.

R&D Ion Channel Pipeline



Our earlier stage discovery and development efforts are focused on the validated drug class of ion channels, which have been implicated in the pathophysiology of many disease settings and include many successful drugs such as Norvasc (amlodipine), Xylocaine (lidocaine) and Valium (diazepam). Our ion channel drug discovery engine combines in-house expertise in chemistry, precision biology, in vivo stability/distribution, target engagement, in vivo pharmacology, and artificial intelligence to accelerate the discovery of highly selective, subtype-specific, and state-dependent ion channel modulators.

The core of this engine is Saniona's proprietary IONBASE database, which contains structure-activity data for more than 130,000 compounds. Of these, more than 20,000 are our proprietary compounds, generated over 20 years and enriched for properties conferring optimal ion channel modulation.

As a result of our ion channel drug discovery engine, we have generated a robust pipeline of orally available, potent, highly selective and differentiated ion channel modulators, including SAN711 and SAN903.

In 2022, we expect to select a new lead candidate, SANXXX in the figure above, from a new ion channel modulator program to advance into our clinical pipeline.

We have currently several active research programs of which two are developed together with partners. We anticipate that this robust discovery engine will continue to generate additional partnering opportunities and deliver multiple new drug candidates to add to the Saniona pipeline.

Partnerships and Spinouts

Leveraging our expertise in the field of ion channel drug discovery and the robustness of our existing database, we are continuously advancing our research programs to identify and advance additional selective ion channel clinical candidates in a range of therapeutic areas, including rare genetic and neurological disorders. Our priority is to develop molecules internally focused on rare diseases, and we will retain the optionality to pursue select partnerships or out-licensing arrangements outside our core focus areas. Our industry-leading research has formed the basis of many successful spinouts, partnerships, and licensing agreements with pharmaceutical companies internationally, such as Boehringer Ingelheim, Pfizer, Johnson & Johnson, Proximagen, Ataxion Therapeutics (later known as Cadent Therapeutics, acquired by Novartis AG), Cephagenix, Initiator Pharma, Scandion Oncology and Medix.

Financial review

Alternative Performance Measures

Saniona presents certain financial measures in the interim report that are not defined according to International Financial Reporting Standards (IFRS), so called alternative performance measures. These have been noted with an "*" in the tables below. The company believes 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 listed 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.

Financial key figures

		2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
Revenue, KSEK		2,964	1,895	9,589	5,333	10,478
Total operating expenses, KSEK		-94,729	-105,464	-234,554	-203,038	-422,048
Operating loss, KSEK	*	-91,765	-103,569	-224,965	-197,705	-411,570
Operating margin, %	*	-3,096%	-5,465%	-2,346%	-3,707%	-3,928%
Cash flow for the period, KSEK		-133,503	-70,186	-223,388	-174,802	-251,280
Cash flow per share, SEK		-2.14	-1.12	-3.58	-2.80	-4.03
Earnings per share, SEK		-1.42	-1.67	-3.56	-3.00	-6.59
Diluted earnings per share, SEK		-1.42	-1.67	-3.56	-3.00	-6.59
Average shares outstanding		62,385,677	62,381,442	62,385,677	62,377,160	62,381,454
Diluted average shares outstanding		62,385,677	62,475,797	62,385,677	62,477,008	62,381,501
Shares outstanding at the end of the period		62,385,677	62,398,523	62,385,677	62,398,523	62,385,677
Average number of employees		34.00	55.52	44.62	46.58	49.20
				2022-06-30	**2021-06-30**	**2021-12-31**
Cash and cash equivalent, KSEK				173,143	420,783	356,855
Equity, KSEK				96,047	461,868	281,999
Total Equity and liabilities, KSEK				243,750	529,631	440,248
Liquidity ratio, %	*			141%	893%	599%
Equity ratio, %	*			39%	87%	64%
Equity per share, SEK	*			1.54	7.40	4.52

** = Alternative performance measures*

Results of Operations

Revenue

Three Months Ended June 30, 2022 and 2021
Revenue increased by SEK 1.1 million from SEK 1.9 million for the three months ended June 30, 2021, to SEK 3.0 million for the three months ended June 30, 2022.

Six Months Ended June 30, 2022 and 2021
Revenue increased by SEK 4.3 million from SEK 5.3 million for the six months ended June 30, 2021, to SEK 9.6 million for the six months ended June 30, 2022.

Operating expenses

Three Months Ended June 30, 2022 and 2021
Operating expenses decreased by SEK 10.8 million from SEK 105.5 million for the three months ended June 30, 2021, to SEK 94.7 million for the three months ended June 30, 2022.

Within operating expenses, external expenses decreased by SEK 9.2 million from SEK 59.8 million for the three months ended June 30, 2021, to SEK 50.6 million for the three months ended June 30, 2022. The main components of our external expenses are external research and development expenses, which are primarily attributable to contract research organizations (CROs) and contract manufacturing organizations for our clinical trials. External research and development expenses for the three months ended June 30, 2022, comprised primarily of development costs of Tesomet (SEK 9.8 million) and SAN711 (SEK 17.1 million) and pre-clinical development costs of the SAN903 program (SEK 5.1 million) and other research costs. For the three months ended June 30, 2021, external expenses comprised primarily of development costs of Tesomet (SEK 29.7 million) followed by preclinical development costs of SAN711 (SEK 6.9 million) and pre-clinical development costs of the SAN903 program (SEK 0.5 million) and other research costs.

Personnel costs, which includes salaries, variable compensation, social security, and other employee benefits, decreased by SEK 1.4 million from SEK 42.4 million for the three months ended June 30, 2021 to SEK 41.0 million for the three months ended June 30, 2022. Non-cash share-based compensation expense is included in personnel costs and decreased by SEK 23.6 million from SEK 24.6 million for three months ended June 30, 2021 to SEK 1.0 million for the three months ended June 30, 2022.

Six Months Ended June 30, 2022 and 2021
Operating expenses increased by SEK 31.6 million from SEK 203.0 million for the six months ended June 30, 2021, to SEK 234.6 million for the six months ended June 30, 2022.

Within operating expenses, external expenses increased by SEK 21.2 million from SEK 114.0 million for the six months ended June 30, 2021, to SEK 135.2 million for the six months ended June 30, 2022. The main components of our external expenses are external research and development expenses, which are primarily attributable to contract research organizations (CROs) and contract manufacturing organizations for our clinical trials. External research and development expenses for the six months ended June 30, 2022, comprised primarily of development costs of Tesomet (SEK 56.3 million) and SAN711 (SEK 35.2 million) and pre-clinical development costs of the SAN903 program (SEK 10.1 million) and other research costs. For the six months ended June 30, 2021, external expenses comprised primarily of development costs of Tesomet (SEK 61.5 million) followed by preclinical development costs of SAN711 (SEK 11.2 million) and pre-clinical development costs of the SAN903 program (SEK 1.0 million) and other research costs.

Personnel costs, which includes salaries, variable compensation, social security, and other employee benefits, increased by SEK 9.5 million from SEK 82.9 million for the six months ended June 30, 2021, to SEK 92.4 million for the six months ended June 30, 2022. Non-cash share-based compensation expense is included in personnel costs and decreased by SEK 17.3 million from SEK 24.6 million for the six months ended June 30, 2021, to SEK 7.3 million for the six months ended June 30, 2022. SEK 73.8 million of the total personnel costs in the six months ended June 30, 2022, are related to winding down of our US activities, hereof are non-cash share-based compensation expenses SEK 5.7 million.

Restructuring costs
In second quarter of 2022, Saniona closed its operations in U.S. Total expenses for the U.S. operations were SEK 34.2 million for the three months ended June 30, 2022. The expenses include April salaries and provision for severance payments related to the termination of employees of SEK 30.6 million as well as other expenses related to legal services, IPO costs and other costs of SEK 3.6 million. In second quarter of 2022, all contract costs to external CRO's etc., for the pause of the Phase 2b clinical trials of Tesomet for hypothalamic obesity (HO) and Prader-Willi syndrome (PWS), are included in *other external expenses*.

With the two-step strategic initiated in Spring 2022, Saniona has reduced its annual base cost to approximate SEK 70 million for running the company and its research and development operation excluding program specific external costs for conducting clinical trials on e.g. SAN903, SAN711 or Tesomet.

Financial items

Three Months Ended June 30, 2022 and 2021
Net loss from total financial items increased from SEK 0.4 million for the three months ended June 30, 2021, to SEK 1.4 million for the three months ended June 30, 2022.

Six Months Ended June 30, 2022 and 2021
Net loss from total financial items increased from a gain of SEK 2.9 million for the six months ended June 30, 2021, to a loss of SEK 4.7 million for the three and six months ended June 30, 2022.

Tax Benefit

Three Months Ended June 30, 2022 and 2021

The Group recognized a tax benefit of SEK 4.6 million under the Tax Credit Scheme in Denmark for the three months ended June 30, 2022, compared to SEK 0 for the three months ended June 30, 2021. The increase is due to a higher tax benefit utilization in the first quarter of 2021 than in the first quarter of 2022.

Six Months Ended June 30, 2022 and 2021

The tax benefit on net loss recognized under the Tax Credit Scheme in Denmark increased by SEK 0.3 million from SEK 7.5 million for the six months ended June 30, 2021, to SEK 7.8 million for the six months ended June 30, 2022, because of exchange rate fluctuations.

Cash flow

Three Months Ended June 30, 2022 and 2021

Net cash used in operating activities increased by SEK 57.8 million from SEK 73.7 million for the three months ended June 30, 2021, to SEK 131.5 million for the three months ended June 30, 2022.

The operating cash flow for the three months ended June 30, 2022, is primarily attributable to our operating loss of SEK 128.3 million (net of non-cash operating expenses for share-based payments of SEK 1.0 million and for depreciation of SEK 2.2 million). The operating cash flow for the three months ended June 30, 2021, is primarily attributable to our operating loss of SEK 59.0 million (net of non-cash operating expenses for share-based payments of SEK 12.6 million and for depreciation of SEK 2.1 million).

For the three months ended June 30, 2022 and 2021, net cash used by financing activities was SEK 1.7 million and SEK 1.5 million, respectively, due to the scheduled repayment of lease liabilities.

For the three months ended June 30, 2022 and 2021, cash and cash equivalents amounted to SEK 173.1 million and SEK 420.8 million, respectively. More than 50% of cash and cash equivalents is denominated in USD as of June 30, 2022.

Six Months Ended June 30, 2022 and 2021

Net cash used in operating activities increased by SEK 38.3 million from SEK 186.2 million for the three and six months ended June 30, 2021 to SEK 224.5 million for the three months ended June 30, 2022.

The operating cash flow for the six months ended June 30, 2022, is primarily attributable to our operating loss of SEK 217.9 million (net of non-cash operating expenses for share-based payments of SEK 7.3 million and for depreciation of SEK 4.5 million). The operating cash flow for the six months ended June 30, 2021, is primarily attributable to our operating loss of SEK 168.8 million (net of non-cash operating expenses for share-based payments of SEK 24.6 million and for depreciation of SEK 4.3 million).

For the three and six months ended June 30, 2022 and 2021, net cash used by financing activities was SEK 3.2 million and SEK 3.3 million, respectively, due to the scheduled repayment of lease liabilities.

Parent Company

Three Months Ended June 30, 2022 and 2021

Operating expenses increased by SEK 2.7 million from SEK 6.4 million for the three months ended June 30, 2021, to SEK 9.1 million for the three months ended June 30, 2022. This increase is commensurate to the increase of operating expenses at the Group level to the extent that it relates to general and administrative expenses.

The result for the period decreased by SEK 13.8 million from a profit of SEK 1.8 million for the three months ended June 30, 2021, to a loss of SEK 12.0 million for the three months ended June 30, 2022.

Six Months Ended June 30, 2022 and 2021

Operating expenses increased by SEK 3.9 million from SEK 7.6 million for the six months ended June 30, 2021, to SEK 11.5 million for the six months ended June 30, 2022. The main component of the Parent Company's operating expenses

are general and administrative expenses.

Profit decreased by SEK 28.5 million from SEK 43.1 million for the six months ended June 30, 2021, to SEK 14.6 million for the six months ended June 30, 2022.

The share, share capital and ownership structure

On June 30, 2022, the company had 10,160 (8,804) shareholders excluding holdings in life insurance and foreign custody account holders. Equity was SEK 96.1 million (461.9).

Personnel

As of June 30, 2022, Saniona had 24 (50) employees including 11 (13) employees with Ph.D. degrees. Of these employees, 18 (35) were engaged in research and clinical development activities and 6 (15) were engaged in general and administrative activities. Of the 24 (50) employees, 14 (26) were women.

Risk factors and risk management

All business operations involve risk. Managed risk-taking is necessary to maintain operations. Risk may be due to events in the external environment and may affect a certain industry or market. Risk may also be company specific.

Saniona is exposed to various kinds of risks that may impact the Group's results and financial position. The risks can be divided into operational risks and financial risks. The main risks and uncertainties which Saniona is exposed to are related to drug development, the company's collaboration agreements, competition, technology development, patents, regulatory requirements, capital requirements and currencies.

While the war in Ukraine has not had a material economic impact on the financial reports, there is the possibility that it could in the future. We are carefully monitoring the market, where we see rising inflation, higher commodity, component and freight costs, and greater uncertainty about interest rates.

A detailed description of the Group's risk factors and risk management is included in Saniona's 2021 Annual Report. There are no major changes in the Group's risk factors and risk management in 2022.

Risk related to COVID-19

As of the date of this interim report, our clinical trials have not been significantly impacted by the ongoing COVID-19 pandemic. We have licensed some of our technologies to third parties, and their development efforts have been and may continue to be impacted by the ongoing COVID-19 pandemic. There are still uncertainties about the continued spread of COVID-19, including the identification of new variants of the virus and its implications, and we will continue to assess the situation and seek to put in place relevant mitigating measures where necessary.

Although we believe we have implemented strategies to potentially minimize the impact of the COVID-19 pandemic to our business, including following local recommendations regarding COVID-19 safety, we may experience delays with respect to the initiation of certain additional trials or receipt of any governmental or regulatory approvals. The extent to which the COVID-19 pandemic impacts the timing of these matters will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the identification of new variants of the virus, the duration of the pandemic, any restrictions on the ability of hospitals and trial sites to conduct trials that are not designed to address the COVID-19 pandemic and the perceived effectiveness of actions taken in the United States and other countries to contain and treat the disease. We will continue to evaluate the impact of the COVID-19 pandemic to our business.

Audit review

The interim report has not been audited or reviewed by the company's independent auditor.

Financial calendar

Interim Report Q3	November 17, 2022, at 8:00 CET
Year-End Report 2022	February 23, 2023, at 8:00 CET

INTERIM REPORT FOR SANIONA AB (PUBL)
January – June 2022

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, 25 August 2022
Saniona AB

Jørgen Drejer – Chairman	Thomas Feldthus – CEO
Anna Ljung – Board member	Carl Johan Sundberg – Board member

THE GROUP'S UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Group's unaudited condensed consolidated interim financial statements have been prepared based on the accounting policies described in Note 2 *Basis of Accounting and Significant Accounting Policies*.

Unaudited condensed consolidated interim statement of comprehensive income – Group

KSEK	Note	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
Revenue	1,2,3 4	2,964	1,895	9,589	5,333	10,478
Total operating income		2,964	1,895	9,589	5,333	10,478
Raw materials and consumables		-941	-1,112	-2,466	-1,855	-4,630
Other external costs		-50,618	-59,831	-135,199	-114,005	-239,267
Personnel costs	5	-40,969	-42,363	-92,399	-82,883	-169,478
Depreciation and write-downs		-2,201	-2,158	-4,490	-4,295	-8,673
Total operating expenses		-94,729	-105,464	-234,554	-203,038	-422,048
Operating loss		**-91,765**	**-103,569**	**-224,965**	**-197,705**	**-411,570**
Share of result of associate	10	16	—	209	—	—
Financial income		4,371	68	4,990	1,622	1,922
Financial expenses		-5,807	-1,850	-9,933	-3,522	-13,128
Net gains on financial items		—	1,405	—	4,793	4,396
Total financial items		-1,420	-377	-4,734	2,893	-6,810
Loss before tax		**-93,185**	**-103,946**	**-229,699**	**-194,812**	**-418,380**
Tax benefit on net loss	6	4,617	—	7,774	7,482	7,482
Loss for the period		**-88,568**	**-103,946**	**-221,925**	**-187,330**	**-410,898**
Other comprehensive income (loss) for the period						
Item that may be reclassified to profit and loss						
Translation differences		17,664	-13,344	28,651	15,831	32,574
Items that will not be reclassified to profit and loss						
Equity instruments at FVOCI – net change fair value		—	5,770	—	5,063	5,063
Total other comprehensive income for the period, net after tax		**17,664**	**-7,574**	**28,651**	**20,894**	**37,637**
Total comprehensive loss for the		**-70,904**	**-111,520**	**-193,274**	**-166,436**	**-373,261**
Loss per share, SEK		-1.42	-1.67	-3.56	-3.00	-6.59
Diluted Loss per share, SEK		-1.42	-1.67	-3.56	-3.00	-6.59

Unaudited condensed consolidated interim statement of financial position – Group

KSEK	Note	2022-06-30	2021-06-30	2021-12-31
ASSETS				
Intangible assets		6,475	6,127	6,189
Property and equipment		3,732	5,092	5,100
Right of use assets		13,724	19,915	16,652
Investment in associate	10	2,360	966	670
Other financial assets	7,9	14,121	16,760	20,793
Other assets		—	343	—
Tax assets	6	7,914	7,489	—
Non-current assets		**48,326**	**56,692**	**49,404**
Trade receivables		3,415	3,052	3,615
Current tax assets	6	7,914	7,489	7,564
Other financial assets	7,9	469	—	414
Other assets		10,483	41,615	22,396
Cash and cash equivalents		173,143	420,783	356,855
Current assets		**194,424**	**472,939**	**390,844**
Total assets		**243,750**	**529,631**	**440,248**

Unaudited condensed consolidated interim statement of financial position – Group (continued)

KSEK	Note	2022-06-30	2021-06-30	2021-12-31
EQUITY AND LIABILITIES				
Share capital		3,119	3,119	3,119
Additional paid-in capital		813,261	808,847	813,261
Reserves		103,196	57,802	74,545
Accumulated deficit		-823,529	-407,900	-608,926
Equity		**96,047**	**461,868**	**281,999**
Other financial liabilities	8,9	7,738	12,699	92,972
Other liabilities		2,177	2,106	—
Non-current liabilities		**9,915**	**14,805**	**92,972**
Trade payables		44,047	29,911	29,115
Other financial liabilities	8,9	90,027	7,536	6,799
Other liabilities		3,714	15,511	29,363
Current liabilities		**137,788**	**52,958**	**65,277**
Total liabilities		**147,703**	**67,763**	**158,249**
Total equity and liabilities		**243,750**	**529,631**	**440,248**

Unaudited condensed consolidated interim statement of changes in equity – Group

	Share capital	Additional paid-in capital	Translation reserves	Fair value reserve	Accumulated deficit	Shareholders' equity
January 1, 2021	**3,119**	**808,607**	**-31,558**	**68,466**	**-245,176**	**603,458**
Comprehensive income						
Loss for the period	—	—	—	—	-187,330	-187,330
Other comprehensive income:						
Fair value reserve	—	—	—	5,063	—	5,063
Translation differences	—	—	15,831	—	—	15,831
Total comprehensive income (loss)	**—**	**—**	**15,831**	**5,063**	**-187,330**	**-166,436**
Transactions with owners						
Shares issued for cash	—	321	—	—	—	321
Expenses related to capital increase	—	-81	—	—	—	-81
Share-based compensation expenses	—	—	—	—	24,606	24,606
Total transactions with owners	**—**	**240**	**—**	**—**	**24,606**	**24,846**
June 30, 2021	**3,119**	**808,847**	**-15,727**	**73,529**	**-407,900**	**461,868**
January 1, 2022	**3,119**	**813,261**	**1,016**	**73,529**	**-608,926**	**281,999**
Comprehensive income						
Loss for the period	—	—	—	—	-221,925	-221,925
Other comprehensive income:						
Fair value reserve	—	—	—	—	—	—
Translation differences	—	—	28,651	—	—	28,651
Total comprehensive income (loss)	**—**	**—**	**28,651**	**—**	**-221,925**	**-193,274**
Transactions with owners						
Shares issued for cash	—	—	—	—	—	—
Expenses related to capital increase	—	—	—	—	—	—
Share-based compensation expenses	—	—	—	—	7,322	7,322
Total transactions with owners	**—**	**—**	**—**	**—**	**7,322**	**7,322**
June 30, 2022	**3,119**	**813,261**	**29,667**	**73,529**	**-823,529**	**96,047**

Unaudited condensed consolidated interim statement of cash flows – Group

KSEK	Note	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2022-06-30	2021-01-01 2021-12-31
Loss before tax		-93,185	-103,946	-229,699	-194,812	-418,380
Adjustments for non-cash transactions		3,883	21,509	13,176	40,402	51,425
Changes in working capital		-42,224	8,736	-7,746	-31,823	24,929
Cash flow from operating activities before financial and tax items		**-131,526**	**-73,701**	**-224,469**	**-186,233**	**-342,026**
Interest income received		31	67	41	177	278
Interest expenses paid		-518	-489	-3,592	-4,599	-10,777
Tax credit received		—	—	—	—	7,487
Cash flow from operating activities		**-132,013**	**-74,123**	**-227,821**	**-190,655**	**-345,038**
Investing activities						
Purchases of property and equipment		-8	-214	-41	-762	-1,484
Proceeds from sale of financial assets		—	5,646	7,522	44,646	44,646
Proceeds from sale of tangible assets		189	—	198	—	—
Cash flow from investing activities		**180**	**5,432**	**7,679**	**43,884**	**43,162**
Financing activities						
Proceeds from issuance of loan		—	—	—	—	81,780
Repayment of loan		—	—	—	-25,000	-25,000
Proceeds from issuance of new shares		—	321	—	321	321
Costs related to issuance of new shares		—	-81	—	-81	-81
Payment of lease liabilities		-1,671	-1,735	-3,247	-3,271	-6,424
Cash flow from financing activities		**-1,671**	**-1,495**	**-3,247**	**-28,031**	**50,596**
Net increase (decrease) in cash and cash equivalents		**-133,503**	**-70,186**	**-223,388**	**-174,802**	**-251,280**
Cash and cash equivalents at beginning		**279,335**	**497,397**	**356,855**	**573,866**	**573,866**
Exchange rate adjustments		27,311	-6,428	39,676	21,719	34,269
Cash and cash equivalents at end of		**173,143**	**420,783**	**173,143**	**420,783**	**356,855**

PARENT COMPANY'S UNAUDITED FINANCIAL STATEMENTS

The Parent Company's unaudited financial statements have been prepared based on the accounting policies described in Note 2 *Basis of Accounting and Significant Accounting Policies*.

Unaudited statement of income – Parent Company

KSEK	Note	2022-04-01 2022-06-30	2021-04-01 2021-06-31	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
	1,2,3					
Other operating income		1,090	1,437	2,606	2,612	3,877
Total operating income		1,090	1,437	2,606	2,612	3,877
Raw materials and consumables		-8	-3	-8	-5	-10
Other external costs		-2,926	-2,679	-8,565	-4,147	-31,514
Personnel costs	5	-6,183	-3,754	-16,528	-7,344	-34,038
Total operating expenses		-9,117	-6,436	-25,101	-11,496	-65,562
Operating income (loss)		**-8,027**	**-4,999**	**-22,495**	**-8,884**	**-61,685**
Financial income		167	134	248	335	5,875
Financial expenses		-4,126	-17	-7,943	-413	-7,642
Net gains (losses) on financial items		—	6,655	—	23,571	-658,449
Total financial items		-3,959	6,772	-7,695	23,493	-660,216
Profit (loss) before tax		**-11,986**	**1,773**	**-30,190**	**14,609**	**-721,901**
Tax on net profit (loss)		—	—	—	—	—
Profit (loss) for the period		**-11,986**	**1,773**	**-30,190**	**14,609**	**-721,901**

Unaudited balance Sheet – Parent Company

KSEK	Note	2022-06-30	2021-06-30	2021-12-31
ASSETS				
Investment in subsidiaries		366,892	953,154	359,908
Financial assets		366,892	953,154	359,908
Non-current assets		**366,892**	**953,154**	**359,908**
Other assets		1,181	10,735	1,541
Current receivables		1,181	10,735	1,541
Cash and cash equivalents		5,901	31,337	12,106
Current assets		**7,082**	**42,072**	**13,647**
Total assets		**373,974**	**995,226**	**373,555**
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		3,119	3,119	3,119
Unrestricted equity				
Share premium reserve		813,261	808,847	813,261
Retained earnings (accumulated deficit)		-527,055	165,103	187,524
Profit (loss) for the period		-30,189	14,609	-721,901
Equity		**259,136**	**991,678**	**282,003**
Other financial liabilities		—	—	82,973
Non-current liabilities		**0**	**0**	**82,973**
Trade payables		1,931	1,913	1,935
Payables to group companies		28,424	1,472	6,436
Other financial liabilities	8	84,294	—	—
Other liabilities		189	163	208
Current liabilities		114,838	3,548	8,579
Total liabilities		**114,838**	**3,548**	**91,552**
Total equity and liabilities		**373,974**	**995,226**	**373,555**

Notes to the unaudited condensed consolidated interim financial statements

Note 1 General Information

Saniona AB (publ), (the 'Parent Company'), Corporate Registration Number 556962-5345, is a limited liability company registered in the municipality of Malmö in the county of Skåne, Sweden. These unaudited condensed consolidated interim financial statements comprise the Parent Company and its subsidiaries (collectively the 'Group' or 'Saniona'). The Group is a clinical-stage biopharmaceutical company with a mission to leverage its ion channel targeting expertise to discover, develop and deliver innovative rare disease treatments. The legal address of the head office is Smedeland 26B, DK-2600 Glostrup, Denmark. The Parent Company is listed on Nasdaq Stockholm Small Cap, and its shares are traded under the ticker SANION and the ISIN code SE0005794617.

Note 2 Basis of Accounting and Significant Accounting Policies

A. Basis of Accounting

These unaudited condensed consolidated interim financial statements for the three months ended June 30, 2022, have been prepared in accordance with IAS 34 *Interim Financial Reporting*, the Annual Accounts Act, and the Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. The unaudited interim financial statements for the Parent Company are prepared under the requirements of chapter 9 of the Swedish Accounting Act (1995:1554). These unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2021 ('last annual financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. As of June 30, 2022, the Group's current assets exceed current liabilities by SEK 56.6 million. Current assets include cash and cash equivalents of SEK 173.1 million. To ensure that the Group will be in a position to repay all of its current liabilities as of June 30, 2022, as well as its current liabilities to be incurred in connection with operating expenses during the next 12 months, management has taken immediate and significant actions in March and April 2022 to reduce costs and optimize the Group's cash flow and liquidity, including, but not limited to: voluntarily pausing the Phase 2b clinical trials of Tesomet for HO and PWS; closing the U.S. operations and terminating the positions of all U.S. personnel, including the U.S. executive management team; deferring or reducing all discretionary spend; and freezing non-essential hiring. In addition, management is pursuing partnerships for its pipeline programs including its later-stage clinical programs Tesomet and SAN711, proceeds received from such arrangements would provide the company with additional liquidity. There is however a risk that these efforts are not sufficient to fund the Company's operations until additional financing can be obtained. There is a risk that the Company will not be able to raise additional capital, retain or obtain additional partnerships or obtain other co-financing on acceptable terms or at all. This could result in a temporary halt to the Company's development programs or that the Company is forced to run operations at a lower rate than desired, which could adversely affect the Company's operations. Based on these factors, the Board has a reasonable expectation that the Group has and will have adequate resources to continue in operation existence through least June 30, 2023.

These condensed consolidated financial statements were authorized for issue by the Parent Company's Board of Directors (the 'Board') on August 25, 2022.

B. Significant Accounting Policies

The Group has consistently applied the accounting policies described in the last annual financial statements to all periods presented in these unaudited condensed consolidated interim financial statements.

i. Segment reporting

The Group is organized as a single business unit, focused on discovering, developing, and commercializing innovative treatments for rare disease patients. Consistent with its organizational structure, the Group's Chief Executive Officer ('CEO'), who is also the chief operating decision maker, views and manages the Group's operations and business as a single operating segment. Our intangible and tangible non-current assets are located predominantly in Denmark.

ii. Fair value measurement

The Group 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.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
.
If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

The Group regularly reviews significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to the Group's audit committee.

iii. Adoption of new or revised standards

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2022, and earlier application is permitted. However, the Group has not early adopted any of the forthcoming new or amended standards in preparing these unaudited condensed consolidated interim financial statements. The new or amendment standards are not expected to have a material impact on the Group's financial position or results of operations.

Note 3 Critical accounting judgments and key sources of estimation uncertainty

In preparing these unaudited condensed consolidated interim financial statements, management has made judgements, assumptions, and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Note 4 Revenue

The Group's revenue generating activities are those described in the last annual financial statements.
In the three and six months ended June 30, 2022 and 2021, revenue for the Group by category was as follows:

KSEK	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30
License agreements (other event-based payments)	—	—	3,760	2,504
Research and collaboration agreements (bundle, over time)	2,061	1,652	3,987	1,917
Research and development services (standalone)	903	243	1,842	912
Total	**2,964**	**1,895**	**9,589**	**5,333**

In the three and six months ended June 30, 2022 and 2021, revenue for the Group by major customers was as follows:

KSEK	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30
Customer #1	—	—	3,760	2,504
Customer #2	903	243	1,842	912
Customer #3	2,061	1,652	3,987	1,917
Total	**2,964**	**1,895**	**9,589**	**5,333**

In the three and six months ended June 30, 2022 and 2021, revenue for the Group by primary geographical market was as follows:

KSEK	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30
Sweden	—	—	—	—
Other European countries	2,964	1,895	5,829	2,829
The Americas	—	—	3,760	2,504
Total	**2,964**	**1,895**	**9,589**	**5,333**

Note 5 Share-based payments

A. Description of share-based payment arrangements

A detailed description of the Group's share-based payment arrangements as of December 31, 2021, is provided in the last annual financial statements. During the three and six months ended June 30, 2022, the Group has not made any additional grants.

As a result of the termination of certain employees under the two-step strategic program reprioritization and restructuring in March and April 2022, a total of 4,314,891 units that were previously granted were forfeited during the three and six months ended June 30, 2022, as the underlying service conditions were not met.

2022:1 On August 18, 2022, the extraordinary shareholders' meeting voted in favor of establishing an Employee Option Program. The Employee Option Program 2022 comprises up to 2,129,821 employee options. Each employee option entitles the holders a right to acquire one new share in the company against cash consideration at an exercise price amounting to 130 per cent of the volume weighted average share price of the company's share on Nasdaq Stockholm during the 10 trading days immediately prior to the extraordinary general meeting on 18 August 2022. The employee options shall be allotted without consideration and allotment shall take place no later than 31 December 2022. The allotted employee options will vest with 1/3 each on the date that falls 12, 24 and 36 months, respectively, following the date of allotment. Allotted and vested employee options can be exercised during the period starting on the date that falls

3 years after the allotment date and ending on 31 December 2028. The board of directors has the right to limit the number of occasions during the exercise period when the employee options can be exercised.

B. Measurement of fair values and compensation expense

Share-based compensation expenses for the three months ended June 30, 2022 and 2021, totaled SEK 1.0 million and SEK 12.6 million, respectively. Share-based compensation expenses for the six months ended June 30, 2022 and 2021, totaled SEK 7.3 million and SEK 24.6 million, respectively. 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.

The inputs used in the measurement of the fair values at grant date based on the Black-Scholes formula and the reconciliation of options outstanding are as follows:

Incentive program	2017	2018:1	2018:2	2019:1	2019:2
Options outstanding, January 1	38,292	286,003	32,792	34,500	15,770
Granted during the year	—	—	—	—	—
Forfeited during the year	—	—	—	—	—
Options outstanding, June 30	38,292	286,003	32,792	34,500	15,770
Maximum number of shares to be issued	39,440	294,583	33,775	34,845	15,927
Grant Date Fair Value* (SEK)	27.94	12.06	17.38	7.23	6.00
Share Price at Grant Date* (SEK)	49.60	26.95	33.85	17.76	17.76
Exercise Price* (SEK)	40.63	33.20	29.71	17.83	17.83
Expected volatility*	73.41%	69.24%	67.77%	57.29%	53.67%
Estimated life (years)*	3.75	3.88	3.73	3.67	2.80
Expected dividends*	0	0	0	0	0
Risk-free rate*	-0.2602%	-0.1092%	-0.2773%	-0.6903%	-0.6709%
Remaining contractual life (years)*	0.50	2.00	1.46	2.51	1.25

Incentive program	2020:1	2020:2	2020:3	2021:1	2021:2	Total
Options outstanding, January 1	710,313	5,915,648	308,000	902,000	148,350	8,391,668
Granted during the year	—	—	—	—	—	—
Forfeited during the year	-355,157	-3,143,993	-25,667	-648,500	-141,575	-4,314,892
Options outstanding, June 30	355,156	2,771,655	282,333	253,500	6,775	4,076,776**
Maximum number of shares to be issued	358,707	2,771,655	282,333	253,500	6,775	4,091,540**
Grant Date Fair Value* (SEK)	12.26	13.13	7.98	10.75	10.18	
Share Price at Grant Date* (SEK)	28.10	23.50	23.55	19.31	18.88	
Exercise Price*(SEK)	29.36	24.12	25.40	19.38	19.26	
Expected volatility*	58.66%	63.64%	57.00%	62.56%	61.32%	
Estimated life (years)*	4.20	6.10	2.80	6.11	6.11	
Expected dividends*	0	0	0	0	0	
Risk-free rate*	-0.2280%	-0.2772%	-0.3602%	-0.2046%	-0.5225%	
Remaining contractual life (years)	3.51	8.34	2.42	8.62	8.91	

* *Weighted average*

***An additional total of 2,144,243 units were forfeited in July 2022 as a result of the termination of employees under the second step of the two-step strategic program reprioritization and restructuring in April 2022. As of August 25, 2022, the company has 1,951,447 options outstanding entitling to the subscription of maximum 1,966,211 new shares representing a dilution of 3.06 percent. Including the 2022:1 Employee Option Program of 2,129,821 employee options the dilution is 6.16 percent.*

The weighted average exercise price of the options that forfeited during the three months ended June 30, 2022 was SEK 21.09. The weighted average exercise price of the options outstanding as of January 1, 2022 and June 30, 2022 was SEK 24.39 and SEK 25.10, respectively.

Note 6 Income tax

In the three months ended June 30, 2022 and 2021, the Group recognized a current tax benefit of SEK 4.6 million and SEK 0 million, respectively, related to the Danish 'Skattekreditordningen' (the 'Tax Credit Scheme'). In the six months ended June 30, 2022 and 2021, the Group recognized a current tax benefit of SEK 7.8 million and SEK 7.5 million, respectively, related to the Tax Credit Scheme.

Under the Tax Credit Scheme, loss-making companies can claim payment of the tax base of the portion of their loss which is attributable to certain research and development ('R&D') activities. Companies may obtain payment of the tax base of losses originating from R&D expenses of up to DKK 25.0 million (approx. SEK 35 million). The Group's Danish subsidiary Saniona A/S has reached that threshold during the first six months of 2022.

Note 7 Other financial assets

A. Composition

Other financial assets were comprised of the following:

KSEK	2022-06-30	2021-06-30	2021-12-31
Contingent consideration receivable	11,476	14,089	18,289
Investment in equity instruments – publicly traded	—	—	—
Long-term deposits for property lease agreements	2,645	2,671	2,504
Total non-current other financial assets	**14,121**	**16,760**	**20,793**
Short-term deposit for property lease agreement	469	—	414
Total current other financial assets	**469**	**—**	**414**

B. Investment in equity instruments – privately-held and Contingent consideration receivable

Through January 2021, Saniona A/S, a wholly-owned subsidiary of the Parent Company, owned approximately 3% of the share capital of Cadent Therapeutics, Inc. ('Cadent Therapeutics'), a private company based in Cambridge, MA, United States. In January 2021, Novartis AG ('Novartis') closed its acquisition of Cadent Therapeutics that was announced in December 2020, upon the occurrence of the closing of the acquisition, the Group exchanged its investment in equity instruments – privately-held for a receivable for an upfront payment and a contingent consideration receivable from Novartis. The upfront payment of SEK 23.4 million was received in February 2021. A portion of the contingent consideration receivable of SEK 7.5 million that was related to an escrow balance was received in January 2022.

C. Investment in equity instruments – publicly traded

The asset as of March 31, 2021, represents the fair value of the Group's investment in Scandion Oncology A/S ('Scandion Oncology'). As of June 30, 2021, Saniona had sold of all its shares in Scandion Oncology in the open market. In the three months ended March 31, 2021, the Group recognized a net loss in other comprehensive income resulting from changes in Scandion Oncology's share price of SEK 0.7 million.

Note 8 Other financial liabilities

A. Composition

Other financial liabilities were comprised of the following:

KSEK	2022-06-30	2021-06-30	2021-12-31
Lease liabilities	7,738	12,699	9,999
Formue Nord Loan	—	—	82,973
Other liabilities	2,177	—	—
Total non-current other financial liabilities	**9,915**	**12,699**	**92,972**
Lease liabilities	5,733	7,536	6,799
Formue Nord Loan	84,294	—	—
Total current other financial liabilities	**90,027**	**7,536**	**6,799**

B. Formue Nord Loan

On July 12, 2021, the Group entered into a new non-dilutive SEK-denominated fixed-rate term loan agreement for SEK 87.0 million with Formue Nord Focus A/S. After deduction of a 6% commitment fee, the Group received SEK 81.8 million in net proceeds from this agreement. The loan accrues interest at a rate of 1% on the gross amount of the loan for each 30-day period until the loan is repaid and settled, interest payments are due quarterly. The loan matures in June 2023.

Note 9 Financial instruments – fair values

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

June 30, 2022		Carrying amount					Fair value			
KSEK	Note	Financial assets at amortized cost	Mandatorily at FVTPL - others	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Contingent consideration receivable	7	—	11,476	—	—	11,476	—	—	11,476	11,476
		—	**11,476**	**—**	**—**	**11,476**	**—**	**—**	**11,476**	**11,476**
Financial assets not measured at fair value										
Trade receivables		3,415	—	—	—	3,415	—	—	—	—
Other non-current financial assets	7	2,177	—	—	—	2,177	—	—	—	—
Other current financial assets	7	469	—	—	—	469	—	—	—	—
Cash and cash equivalents		173,143	—	—	—	173,143	—	—	—	—
		179,204	**—**	**—**	**—**	**179,204**	**—**	**—**	**—**	**—**
Financial liabilities not measured at fair value										
Trade payables		—	—	—	44,047	44,047	—	—	—	—
Formue Nord Loan	8	—	—	—	84,294	84,294	—	—	—	—
Lease liabilities	8	—	—	—	13,471	13,471	—	—	—	—
		—	**—**	**—**	**141,812**	**141,812**	**—**	**—**	**—**	**—**

December 31, 2021 KSEK	Note	Carrying amount					Fair value			
		Financial assets at amortized cost	Mandatorily at FVTPL - others	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investment in equity instruments - privately-held	7	—	18,289	—	—	18,289	—	—	18,289	18,289
		—	**18,289**	**—**	**—**	**18,289**	**—**	**—**	**18,289**	**18,289**
Financial assets not measured at fair value										
Trade receivables		3,615	—	—	—	3,615	—	—	—	—
Other non-current financial assets	7	2,504	—	—	—	2,504	—	—	—	—
Other current financial assets		414	—	—	—	414	—	—	—	—
Cash and cash equivalents		356,855	—	—	—	356,855	—	—	—	—
		363,388	**—**	**—**	**—**	**363,388**	**—**	**—**	**—**	**—**
Financial liabilities not measured at fair value										
Trade payables		—	—	—	29,115	29,115	—	—	—	—
Loan	8	—	—	—	82,973	82,973	—	—	—	—
Lease liabilities	8	—	—	—	16,798	16,798	—	—	—	—
		—	**—**	**—**	**128,886**	**128,886**	**—**	**—**	**—**	**—**

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The investment in Scandion Oncology has been measured using Scandion Oncology's closing share price at the Spotlight Stock Exchange on March 31, 2021. The series TO3 warrants have been measured at their trading price on Nasdaq Stockholm on March 31, 2021.

The contingent consideration receivable from Novartis as of June 30, 2022 and 2021, and December 31, 2021, has been measured using a probability-weighted discounted cash flow valuation technique, which considers the present value of expected payments, discounted using a risk-adjusted discount rate. Significant inputs to the valuation as of June 30, 2022 are as follows:

- Undiscounted expected cash flows to Saniona are up to SEK 151 million.
- Undiscounted expected cash flows resulting from development and regulatory-milestone based contingent consideration have been adjusted for estimated probabilities that underlying milestones are achieved (0% - 34%).
- The probability-weighted cash flows have been discounted using a risk-adjusted discount rate of 11.0%.

The estimated fair value would increase (decrease) if the expected cash flows were higher (lower); or the probability of achieving milestones increases (decreases); or the risk-adjusted discount rate were lower (higher). Reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

KSEK	Profit or loss	
	Increase	Decrease
June 30, 2022		
Risk-neutral expected payments to the Group (+/- 1,000bps)	1,048	-1,048

ii. Transfers

During the three and six months ended June 30, 2022 and 2021, there were no transfers of financial instruments between the different valuation hierarchy categories.

iii. Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

KSEK	Contingent consideration
Balance, January 1, 2022	18,289
Cash received	-7,522
Exchange	—
Changes in Fair Value	—
Foreign currency (included in ‘net gains/losses on financial items’)	709
Balance, June 30, 2022	**11,476**

Note 10 Related parties

In May 2021, Saniona became a minority shareholder of Cephagenix ApS ('Cephagenix'), a private Denmark-based company formed to explore ion channel modulators for the treatment of migraine. As of June 30, 2022, the Group held an ownership percentage of 27.6% of Cephagenix, and accounts for this holding as an investment in associate under the equity-method of accounting.

Saniona has an existing research services agreement with Cephagenix which was entered into in January 2020. Saniona recognized gross revenue of SEK 1.1 million from this agreement for the three months ended June 30, 2022, of which SEK 0.2 million was eliminated as it represents Saniona's share of the revenue and loss of Cephagenix for the period. Saniona recognized gross revenue of SEK 2.2 million from this agreement for the six months ended June 30, 2022, of which SEK 0.4 million was eliminated since it represents Saniona's share of the revenue and loss of Cephagenix for the period.

During 2021, the Group had a business advisor agreement with one of its Directors, Edward Saltzman, for the provision of advisory services regarding the general business development of the Group. As of June 30, 2022 and June 30, 2021, balances of SEK 0.4 million and SEK 0 million, respectively, were outstanding under this agreement.

In May 2022 the Group entered into a Consultancy Agreement with the Chairman of the board, Jørgen Drejer, for the provision of advisory services regarding Saniona's research and development, business development and financing effort. The fee is 80,000 DKK per month (113,000 SEK per month). The Agreement can be terminated by either party with sixty days' notice.

During the three months ended June 30, 2022 and 2021, a total of 0 and 0 options, respectively, were granted to key management personnel under the Option Program 2020. During the three and six months ended June 30, 2022 and 2021, a total of 0 and 511,000 options, respectively, were granted to key management personnel under the Option Program 2020. All 511,000 options are forfeited as of August 25, 2022, refer to Note 5 *Share-based payments*.

Note 11 Subsequent Events to the Balance Sheet Date

- On July 6, 2022, Saniona CEO Thomas Feldthus and board member Carl Johan Sundberg purchased Saniona shares in the open market
- On August 16, 2022, Saniona progressed its Kv7 ion channel epilepsy program into lead optimization phase, the last drug discovery phase before potential drug candidate selection.
- On August 18, 2022, the Shareholders of Saniona voted at an extraordinary general meeting in favor of an Employees Option Program 2022 comprising a maximum of 2,129,821 options.

This information is such information as Saniona AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 CEST on 25 August 2022.

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