The Swedish version is the original version and
if any differences exist, the Swedish version prevail.

PANION™

DEVELOPING ANIMAL HEALTH

Annual Report 2018

Panion Animal Health AB (publ) Org nr: 559018-4171

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CEO statement

First, I wish to thank the investors and stakeholders of Panion for their support and interest in our company and the fantastic project that we are working on.

The year 2018 has brought many good steps forward in our epilepsy project and we are working hard and dedicated to progress the product to a successful result. In spring 2018, the safety study in experimental dogs was running in Copenhagen under the lead of associate professor David Woldbye, and to our satisfaction none of the dogs experienced adverse reactions after treatment with the innovative product.

With these results in the file, plus the earlier dog study and CombiGene's data in rats etc., we visited the USA in the autumn and had a very valuable meeting with the authorities, FDA-CVM, to clarify the requirements for authorization and marketing of the innovative gene therapy product against epilepsy.

We also had a very good exchange with the European authorities, EMA, in June, where we explained the scientific background and the robust data from rat and dog studies, and we received good feed-back on a number of issues.

We have selected a highly qualified veterinary clinic in New York to conduct the first clinical efficacy study in patient dogs, i.e. privately-owned family dogs with epilepsy, who will undergo treatment with Panion's gene vector to cure or to reduce the severity of their epileptic symptoms. The agreements are in place, the study protocol is finalized, the gene vector is ready, and the clinical personnel is trained in study procedures and data collection. The study was initiated in December 2018 and we expect data from the treated patients by the end of 2019.

While we wait for – hopefully good – results from the clinical study, we are planning the regulatory Target Animal Safety study with FDA concurrence. This is a longer process where our proposals and plans will be evaluated by FDA, so we can ensure that this study will be adequate for authority approval.

We continue to cooperate closely with CombiGene AB, our licensor partner of the technology, who will handle the product development and quality requirements to adequate standards.

The funding of Panion's research and development is an on-going activity, and we continue to evaluate optimal financing opportunities, both from current and new investors. Moreover, we use all the financial incentives offered by authorities to help us on the way, for example the annual fee waivers granted by FDA to MUMS products, and the incentives provided

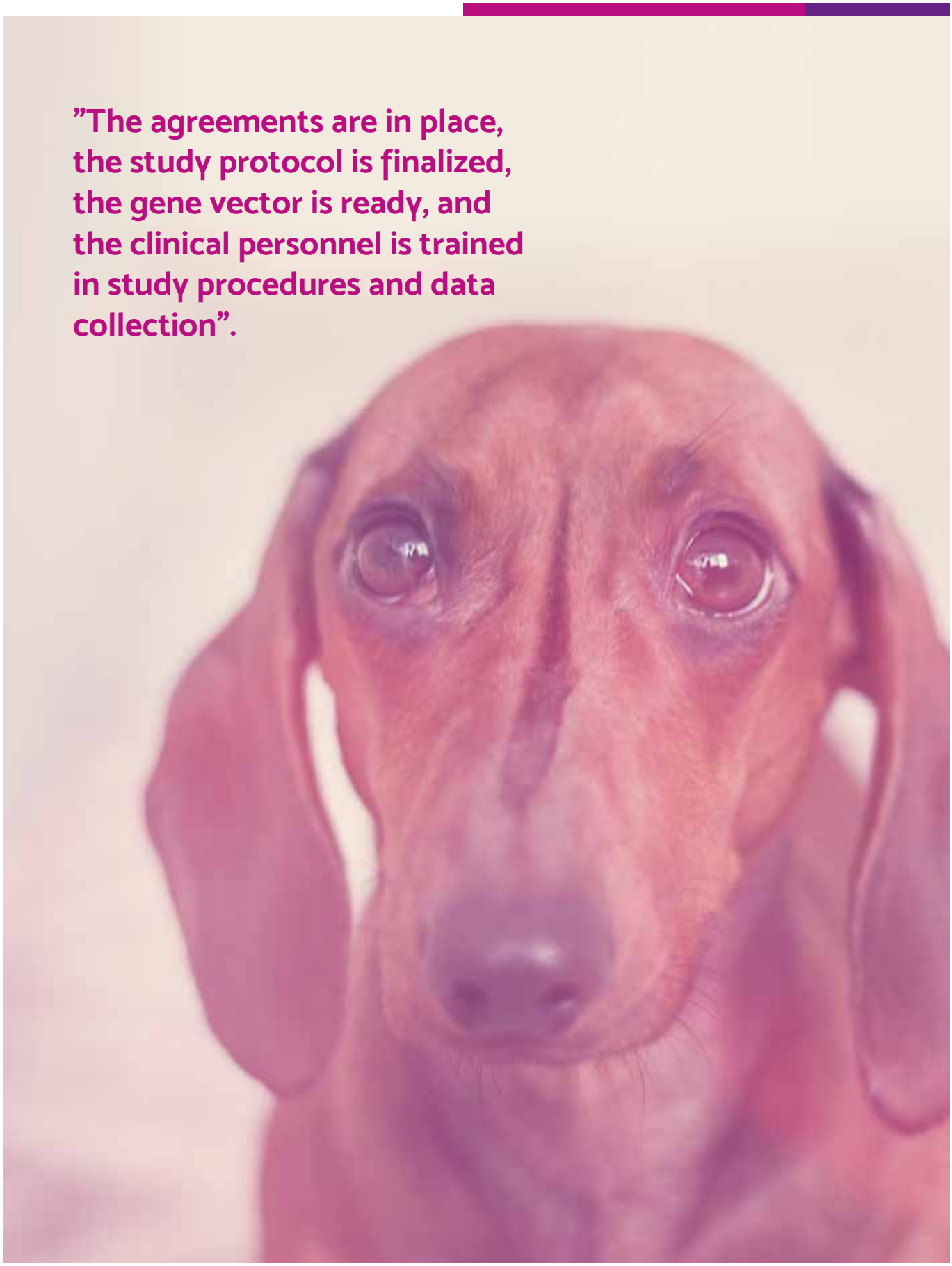
by EMA for Small- and Medium-Sized (SME) companies.

Overall, the future is promising for Panion's business, and we are as impatient as anyone to hear the first results from the ongoing clinical trial. It is our plan to inform the market about developments and news the moment we have received them, so please sign up for our Newsletter function on the website.

Thank you for sharing our interest in this fantastic new treatment option and business opportunity.

Anja Holm,
CEO, Panion Health AB

”The agreements are in place, the study protocol is finalized, the gene vector is ready, and the clinical personnel is trained in study procedures and data collection”.



The goal of Panion's activities is to develop treatment methods for neurological and other chronic diseases in animals through gene therapy.

Business description

The goal of Panion's activities is to develop treatment methods for neurological and other chronic diseases in animals through gene therapy. By lifting CombiGene's innovation in neuroscience and modern genetic engineering over to animal diseases, we want to develop a platform for treatment of brain and nerve-related diseases. CombiGene's first treatment method has been shown in pre-clinical studies with rats to prevent epilepsy cases induced in experimental trials. According to the Board's assessment, gene therapy has potential to be used even against other diseases.

Business idea

The company will develop and commercialize gene therapy for the treatment of epileptic conditions in dogs and other animals, as well as develop and commercialize other veterinary products and new therapies that can improve the quality of life of diseased animals.

Epilepsy

Epilepsy is defined as a dysfunction in the brain and is characterized by recurrent spontaneous seizures. These attacks are caused by abnormal electrical activity in the brain cells. The epileptic seizure is characterized by short stereotypes, involuntary movements that are usually followed by jerks and cramps in parts of or throughout the body. Epilepsy is the most common neurological disorder in dogs. As with epilepsy in humans, there may be various causes for the disorder. Diagnosis generally follows the same pattern as in humans and the first treatment is often an oral drug, but there are fewer approved medicines for dogs than for humans. In addition, there are differences in absorption, metabolism and elimination, which means that many drugs never reach the veterinary market. Unfortunately, for many dogs with epilepsy, euthanasia is the alternative to ineffective drugs - a difficult situation for the animal owner.
The prevalence and symptoms of epilepsy vary between dog breeds but range from 1-5 percent of all dogs (Charalambous 2014). For some breeds, Belgian Shepherd dog and Petit Basset Griffon Vendéen, the incidence may be up to 10 percent (Weissl 2012).
This indicates that there is a genetic predisposition to epilepsy (Gullov 2011). Scientists believe that the epidemiological knowledge of epilepsy in dogs is still incomplete. For example, one study in Britain showed that the incidence of epilepsy was 0.62 percent but that the variation in age, sex and race was high (Kearsley-Fleet 2013). Other studies have estimated the incidence of epilepsy among dogs as high as 7 percent (Köstner 1989). Panion's own, though limited, survey shows that the incidence is about 2 percent (Panion internal data, 2016). Even in humans, the incidence of epilepsy is estimated at a wide range (Patterson, 2014). The company estimates an incidence of 1 percent, although the actual occurrence of dogs may prove to be higher. The proportion of epileptic dogs where you cannot keep the attacks at a satisfactory level with medical treatment is approximately 30 percent (Volk, 2014). Dogs that are not adequately controlled by existing drugs, or have serious side effects, are Panion's target group for the veterinary product.

Gene therapy in brief

Gene therapy, in neurological diseases in general and in epilepsy in particular, is in the developmental stage.
The technique is that modified and non-pathogenic virus particles are used to introduce new recombinant genes into the nerve cells of the brain. This is done by replacing the virus's own genes with new genes that the virus carries and transfers to the nerve cells. The virus can no longer propagate itself and is therefore not dangerous.

Method of treatment and development phase

Dogs with epilepsy will first be offered medical treatment by a veterinarian. For about 70 percent, it is possible to keep the number of attacks at a satisfactory level with drugs, while 30 percent do not get a satisfactory response. These dogs will, after investigations by a veterinarian, scanning and exclusion other factors such as brain tumors, be referred to treatment with gene therapy. Usually, an epileptic attack starts from a certain place in the brain and then spreads to other parts of the brain. It requires specialist knowledge, such as oncology education, to inject directly into the brain and precisely target the place where gene therapy produces the best effect. Panion expects that one injection during the life of the animal is adequate, but this will be investigated further by the company. The product will be a sterile solution of vector particles encoding human NPY and human Y2.

It is the same active ingredient as in CombiGene's product to humans, but there are likely to be differences in composition, dosage and packaging material. NPY and Y2 protein sequences are almost identical in humans, rats and dogs, and the vector drug expression of these has been shown in both rats and dogs.

CombiGene and associated researchers have conducted studies on the safety of injections of gene therapy in the brain of experimental animals (rats and dogs). The results showed no significant side effects or adverse effects on either rats or dogs or their brain function (own studies). These studies provide a good foundation for further development of the technology. Panion will do a clinical trial with a small number of dogs with refractory epilepsy, to evaluate how effective and safe the treatment is. The first study is scheduled to be conducted at an animal hospital or animal clinic in the United States and is expected to begin in the first half of 2018. It is expected to take twelve months from the first recruitment of potential candidates to publishing of an interim report. Panion assesses the total cost in terms of time, surveys, product deliveries and monitoring to drive the study. The result will vary depending on how successfully candidates can be recruited for the study.

Thereafter, a multicenter study will be conducted with dogs with drug refractory epilepsy, and possibly also a comparison with an existing preparation or a placebo product. The number of candidates is statistically dependent on the expected effect, with an estimated schedule of 12 months. If good effect is achieved in the first study, protocols and procedures can be reused in the multicenter study. These attempts, and development of the product, will be conducted under the guidance of the US drug agency FDA. Depending on the course of study, and possibly other requirements from the authorities, a development period of approximately 3-4 years is expected. After that time, the Board estimates that the epilepsy has received a marketing authorization for dogs in the United States.

Business Model

Panion's goal is to in-license projects with innovative ideas whose scientific basis is designed to treat human diseases but also has an untapped potential in veterinary care. Often these projects have been developed and tested in animal models, which means that the values can be lifted and used for animal patients with similar diseases. Depending on how the project develops, we will collaborate with other companies in product development, marketing, distribution and other business areas.

Aims

Panion will have a development and product portfolio with three to five ongoing projects that will match each other for when they can reach the market. The focus will be on gene therapy for other animal diseases, such as eye and joint diseases, and metabolism. As the Board and Management consist of highly skilled and experienced individuals, within various relevant areas of veterinary product development, business development and marketing, Panion can utilize the knowledge and direct development of the Company's products much more efficiently.

Market

In May 2016, Panion conducted an early market investigation (non-statistically assured) based on a survey of 101 dog owners in the United States to know their attitude towards the treatment of epilepsy in dogs. The study described the treatment in general terms, but did not reveal that it was about gene therapy. Of the dog owners, 11 people had a dog with epilepsy and two people had dogs that were diagnosed with epilepsy in the last year. Six of nine dog owners were willing to spend $ 500 or more on a treatment directly into the dog's brain, especially if it could reduce the number of attacks and the amount of drugs. Some expressed that the treatment sounded dangerous, which can be solved with information and training of veterinarians and owners. With an estimated incidence of epilepsy of 1 percent, where 30 percent of these are medical refractory epilepsy, we can estimate the number of potential candidates. The company's target is initially the US market because there are many dogs, and there is often a strong link between dog and owner, and there is an increased willingness to spend a lot of money on the family's animals in comparison with other countries. In the United States there are 78 million dogs (Statista 2016). With the above estimates (1% x 30% = 0.3%) this means that a potential basis for Panion's epilepsy preparations in the population is a total of 233 400 dogs. If we increase the estimated incidence of epilepsy to 2 percent gives it a foundation of about 500,000 dogs only in the United States. Europe is of course also an interesting market for Panion's product. In France, Germany, Italy, Great Britain and Spain, there are a total of 35 million dogs (European Pet Food Industry 2014), which would represent potentially 105,000 candidates. In addition, the proportion of dogs with animal insurance is high in many European countries (Sweden 40%, UK 25%, Norway 14% PWC 2015).

History

Panion, a newly formed pharmaceutical company, shares a common story with CombiGene AB. CombiGene's shares were listed on Aktietorget on 25.th of May 2015.

1999 – 2005:

- *Merab Kokaia and David Woldbye launch a research collaboration in 1999 to develop new forms of treatment for people suffering from epilepsy.*
- *The research that CombiGenes business is based on is basically an academic project at Lund University and Copenhagen University.*
- *The research is conducted on NPY due to the fact that several studies indicated that the body increases the production of NPY in the brain's key regions after an epileptic seizure.*
- *The general idea behind the research is to increase the concentration of NPY in the brain area where epileptic seizures have begun, and thereby strengthen the body's natural defense against seizures.*

2005:

- *Woldbye and Kokaia succeed in demonstrating a clearer anti-invasive effect if an elevated level of NPY is combined with an increased level of Y2 than is the case if they are overrepresented separately.*

2007:

- *Kokaia's and Woldbye's research is incorporated into CombiGene after advances in gene therapy make it possible to develop a method for introducing NPY and Y2 receptors directly into brain cells using gene therapy techniques.*
- *Patent applications for CombiGene's treatment method are established and submitted to competent authorities in the US and Europe.*

2014:

- *CombiGene performs preclinical animal tests in which CombiGene's gene therapy technology is tested for toxicity. The results indicate that treatment is safe and does not produce any noticeable side effects.*
- *CombiGene conducts a targeted issue to a number of investors. The issue gives the company an issue of SEK 7 million before issue costs.*
- *CombiGene is transformed into a public limited company. In connection with this, major changes are made to the company's management. In addition to Lars Thunberg, who remains a member of the board, Arne Ferstad is elected Chairman of the board, as well as Per Ericsson, Morten Albrechtsen and Peter Nilsson as Board members.*
- *The company receives patents in the United States and Europe.*

2015:

- *CombiGene forms a wholly-owned subsidiary, Panion Animal Health AB, with the aim of further developing the methods in veterinary medicine.*

2016:

- *CombiGene selected drug candidate.*
- *New CEO Anja E. H. Holm was appointed October 25, 2016.*
- *New Board of Directors started work in November 2016.*
- *The license agreement with CombiGene was signed on December 1, 2016.*

2017:

- *The license agreement and the service and delivery agreement with CombiGene for the epilepsy project were signed.*
- *A bridge funding of MSEK 6 was completed in February 2017. Of this, 1 MSEK is used, the remaining 5 MSEK is returned.*
- *A directed issue of MSEK 1 was completed.*
- *The share issue was successfully completed in May and increased the capital by SEK 7.4 million before issuing costs.*
- *The business review for the listing process on AktieTorget, Sweden, was conducted to enable listing of Panion's shares on this MTF. The company was listed on AktieTorget on July 3 with the first trading day July 6, 2017.*
- *A representation office was opened in New York by our US representative and head of business development Carlos N. Velez and two highly qualified consultants.*
- *Status as "SME" (SME) has been granted by the European Medicines Agency, which provides access to regulatory assistance and potential financial incentives.*
- *A MUMS status for 2017, and an attached fee exemption, were received from the US FDA in September and later renewed for 2018.*
- *Panion's epilepsy product was classified as EU MUMS for dogs and cats on December 11, 2017.*
- *Panion's epileptic drug candidate showed positive initial results in a long-term study, conducted by CombiGene, which was published on December 7, 2017.*
- *Data from the first dog study was made available to Panion.*

2018:

- *Panion entered into a financing agreement with New York-based Yorkville Advisors Global (Yorkville) to purchase convertible bonds up to SEK 9,000,000.*
- *The FDA has established a veterinary drug application (INAD) for Panion's gene therapy gene therapy for dog epilepsy and a Pre-Submission Conference was held in Washington DC.*
- *The final data from the CombiGene's long-term rat study showed positive effects in terms of fewer and shorter attacks.*
- *The new safety study on dogs was conducted in collaboration with the University of Copenhagen with good results.*
- *CombiGene released the news that the EU Framework Program for Research and Development, Horizon 2020, will invest 3.36 million euros in the development of the epilepsy product for humans.*
- *Panion announced the start of a clinical efficacy study in dogs with our new gene therapy treatment for privately owned dogs with epilepsy.*

Management Report

The Board of Directors and the Managing Director hereby submit the Annual Report for the financial year 2018-01-01 - 2018-12-31

Operations

Panion Animal Health AB's goal is to develop and commercialize gene therapy treatment for dogs with refractory epilepsy, based on CombiGene AB's technology and platform. In addition, Panion strives to in-license or acquire other similar assets, i.e. rights to animal health applications in ongoing development projects or products for human health.

Panion Animal Health AB was founded in July 2015 as a wholly-owned subsidiary of CombiGene AB with the purpose of developing and commercializing CombiGene AB's technology for the treatment of dogs. In 2016, Panion was distributed to CombiGene AB's shareholders and became a registered Swedish public company. In November 2016, a highly qualified board and management was in place and the development of the business plan started. The company's seat is Lund municipality.

The license agreement between Panion and CombiGene gives Panion access to experimental studies, patents, and exclusive rights to develop and market the epilepsy product for dogs and cats in the US, Europe and Switzerland.

A representation office in New York, USA, was opened in May 2017 to facilitate product development and authority contact on Panion's most promising market.
Panion is registered at the European Medicines Agency (EMA) with a SME status (Small- and Medium-sized Enterprises). SME companies receive administrative, regulatory and financial support.

Panion's development product for epilepsy has received MUMS status (i.e. Minor Use Minor Species, a sort of Orphan Drug classification in the animal field) and the connected fee exemption in the USA. It has also received MUMS status with the connected data reduction opportunities (i.e. fewer studies for the registration file) in the EU.

In July 2017, Panion received an approval for trading of its shares on the stock market AktieTorget in Stockholm (MTF, later renamed to Spotlight stock market) following a thorough evaluation of the company's internal structure, agreements and processes, with ISIN code SE0008963151 and under the symbol PANION.

January to March 2018

On January 3, 2018, Panion entered into a financing agreement with New York-based Yorkville Advisors Global (Yorkville). As investment manager, and on behalf of one or more of its investment funds, Yorkville decided to purchase convertible debentures up to SEK 9,000,000 by Panion Animal Health AB. During the year, the conversion into shares of Yorkville's convertible notes took place in several steps pursuant to the terms and conditions of the financing arrangement. The first tranche comprised the conversion of the convertible notes to shares for 2,500,000 SEK; of these 2,350,000 SEK was paid out to Panion, while 150,000 SEK was fee. This included the conversion of the convertible notes to shares.

On January 3, Panion entered into financing agreement with Dividend Sweden, which has decided to purchase convertible debentures of SEK 500,000 by Panion Animal Health AB.

On January 3, it was also announced that the FDA has established an Investigational New Animal Drug application (INAD) for Panion's development product for gene therapy for canine epilepsy.

On January 19, Panion's head of regulatory affairs, Niels-Erik Manniche, decided to leave the company. He was available for the company until March 31st. His duties are covered internally until further notice.

On February 16, 2018, we announced that an international study which is independent of Panion's and CombiGene's research but uses the same neuropeptide NPY for the treatment of rats with chronic and generalised epilepsy, was published online. The study shows both reduced number and duration of seizure in rats and increases the knowledge of NPY's effect in different brain regions.

On February 19, 2018, final data from CombiGene's long-term rat study clearly show positive effects in terms of fewer and shorter attacks. This is directly relevant to the development of Panion's gene therapy product for dogs.

On March 6, CEO Anja Holm presented Panion's plans, progress, and future for Feminvest's investors at an event in Malmö. A video link in English is available on our website.

In spring and summer 2018, the new safety study in dogs was conducted in cooperation with Copenhagen University and under the lead of Associate Professor David Woldbye, Department of Neuroscience, KU, Denmark.

April to June 2018

On April 19, Panion's CEO, Anja Holm, participated in the European Medicines Agency's veterinary medicines innovation day to capture updates for Panion's development program and to meet representatives from the authorities and from other companies with products in the development phase.

On May 4, the board of directors of Panion Animal Health AB decided to open a shares emission to allow existing shareholders similar conditions as those agreed with Yorkville and Dividend in January 2018. The subscription period ran from 16-30 May.

On May 15, CombiGene released the news that the EU framework program for research and development, Horizon 2020, will invest 3.36 million euros in the ongoing development and commercialization of their gene therapy project in human epilepsy. The development of CombiGene's epilepsy project has direct links to Panion's epilepsy project, due to Panion's license agreement for development of the gene therapy product for epileptic dogs and cats. During 2017, CombiGene also presented three successful preclinical studies in the development of a gene-therapeutic treatment of difficult-to-treat epilepsy in humans. In January 2018, CombiGene chose British CGT Catapult as a partner for development of a complete and finalized manufacturing method that will enable them to proceed with commercial GMP manufacturing and subsequent clinical trials. The EU capital injection means that they can continue the product and business development exactly according to plan and without delay.

On May 29, 2018, the General Assembly was held. Annual Report for 2017 was presented and the GA approved the balance- and result-report, decided to distribute the profit in accordance with the proposal in the annual report and granted the members of the board and the CEO responsibility discharge for the financial year.

On June 1, Panion announced the outcome of the new emission, which has raised approximately 5.2 MSEK before emission costs. The CEO, Anja Holm, the CFO Sofia Josephson, and the board member Lars Friis Mikkelsen, bought shares in this emission, while the subscription from two other members of the board and management could not be handled due to their geographic location outside Europe.

On June 5, a successful meeting was held with the Innovation Task Force of the European Medicines Agency in London, where Panion's epilepsy product was presented for the experts. Associate professor at the University of Copenhagen, David Woldbye, led the scientific questions on the project. Chief Research and Development Officer from CombiGene, Karin Agerman, led the discussion on manufacture and product development. CEO and veterinarian from Panion, Anja Holm, led the presentation and the clinical discussion on the development of the product for animals.

On June 12, Panion's CEO, Anja Holm, presented for investors at InvestorDagen in Aarhus, Denmark. A webcast in Danish is available at our website for full information.

July to September 2018

On Jul 9, 2018, Panion Animal Health AB announced that the first trading day of warrants of series 2019 would be July 12, 2018.

On July 31, 2018, Panion announced that the running safety study in dogs with the innovative product candidate GC01-canine was progressing well and that the clinical phase at the time had been without negative or unforeseen events for all dogs in the study. The study was conducted in cooperation with the University of Copenhagen under the lead of associate professor David Woldbye, Department of Neuroscience.

On Aug 17, 2018, Panion announced that a pre-submission conference had been agreed with staff and experts from the FDA's Center for Veterinary Medicine to take place in October in FDA-CVM's office, Maryland, USA. At the meeting, the product will be introduced, the development plan will be discussed, and comments from the experts will be sought for a faster and smoother access to approval and marketing. Participants from Panion will be CEO and veterinarian Anja Holm, Director of Business Development Carlos N. Velez, and FDA regulatory expert Dave M. Petrick, plus our scientific experts on a tele-link.

On Aug 24, 2018, Panion announced that the financing of the production development process of CombiGene's – and therefore also Panion's – gene therapy product was secured, according to the press release from CombiGene on 22nd of August 2018. Panion and CombiGene has a licensing agreement regarding the development of the epilepsy product for dogs and cats.

On Aug 30, 2018, Panion reported the successful preliminary outcome of the safety study in dogs. The clinical phase of the study was finalized, and all treated dogs had successfully completed the study without observable adverse reactions. Neurological examination of the dogs before and after the treatment showed no related changes, and the dogs exhibited ordinary behavior shortly after the gene therapy treatment procedure.

On Sep 21, 2018, Panion announced further study results from the safety study in dogs conducted under the lead of associate professor David Woldbye at the University of Copenhagen. The blood samples of the dogs relating to the presence of the vector in the time after treatment were analyzed in a professional GLP testing facility in Germany with very high quality and using updated, sensitive methods. The results confirmed the expectations and the sampling period was in the right time frame. This part of the study was also successfully performed and increases the understanding of the product in development.

October to December 2018

On Oct 22, 2018, Panion held a Presubmission Conference with the Center for Veterinary Medicines in the US FDA, where important discussions took place about the structure and content of the documentation package for the dog epilepsy product. The innovative gene therapy product was presented for authority reviewers from both FDA-CVM and other authority centers, who gave their views on the project and asked questions. From Panion, three persons participated in person; regulatory FDA-expert Dave Petrick, Director of Business Development Carlos N. Velez, and CEO, DVM Anja Holm. In addition, the FDA project manager had established a telephone connection to two of Panion's scientific experts, so they could listen in and answer specific questions.

In Oct 2018, meetings to plan the clinical pilot-study were held at the investigator clinic concerning details of the study plan, roles, responsibilities, and timelines. Panion's clinical trial monitor, Beth Oman, provided valuable input to the practical conduct of the study, roles, responsibilities, and potential pitfalls to avoid. Carlos Velez and Anja Holm provided sparring to the neurologists on the technological background, study plans, and timelines.

Oct 12, 2018, it was announced that as of Nov 1, 2018, a new CFO for Panion, Katarina Holm from Lund in Sweden, took over from Sofia Josephson, who had accepted a new job. The transfer was well planned and took place in smooth cooperation.

On Nov 23, 2018, an article in the magazine Animal Pharm about Panion was shared. It describes how Panion plans a pilot study for its canine epilepsy drug candidate and that we recently gained positive safety results in dogs.

On Nov 28, 2018, Panion announced that the Board of Panion Animal Health AB, with the authorization of the Annual General Meeting of 29 May 2018, decided to issue a new issue of 7,687,374 shares with preferential rights. Subscription period was December 7, 2018 to December 21, 2018.

On Dec 7, 2018, the final results from dog study was released. Earlier in 2018, preliminary results were released from Panion's safety study in dogs, conducted in cooperation with the University of Copenhagen. The study tested the reactions and potential adverse effects of the intracranial injection of the gene therapy vector in experimental beagle dogs. The results show that there were no treatment-related adverse effects in the dogs. Minor, incidental findings were either only observed in the control dogs or in all dogs including the control dogs.

On Dec 12, 2018, Panion announced the start of a clinical study in dogs with our novel gene therapy treatment for dogs with epilepsy. This first clinical trial will be conducted at Long Island Veterinary Specialists, Ophthalmology, Surgery, Internal Medicine, Emergency, PLLC ("LIVS") in New York, USA.

On Dec 14, 2018, Panion held an investor meeting at Mangold offices where the CEO of Panion, Anja Holm, presented the progress and the plans for the company's development in relation with the running share issue.

On Dec 17, 2018, Panion's market research initiative was announced. Panion's business idea is to develop medicines and treatment methods that create a better life for animals. New in-licensing opportunities has been identified and a process was started to review the potential.

On Dec 18, 2018, it was announced that the clinical trial researchers and more members of board and management will become new share-owners in Panion.

On Dec 28, 2018, it was announced that the preferential rights share emission in Panion Animal Health AB was subscribed to approximately 1,3 million Swedish Kroner, which equals 17,4 percent of the emission. The share emission was registered in January 2019.

The Board is of the opinion that existing capital, together with the new shares emission May-June 2019, is sufficient to support the business over the next twelve months. The emissionen has been guaranteed up to 6 MSEK.

Important events after the end of 2018

For important events after the end of 2018, see Note 6.

(The financial figures and tables are not translated. For information about the board and management, please see Panion's website with text in English.)

Flerårsöversikt		2018	2017	2016
Nettoomsättning	tkr	0	0	0
Resultat efter finansiella poster	tkr	-5 055	-4 393	-692
Balansomslutning	tkr	4 763	5 244	1 099
Soliditet	%	63	47	53
Medeltal anställda	st	0	0	0
Resultat per aktie	kr	-0,25	-0,27	-0,06

Ägarförhållande

Bolagets största ägare	Andel av kapital och röster
Avanza Bank	38,7%
Skandiabanken	14,7%
Nordnet Bank	12,5%
Swedbank	10,4%
Svenska Handelsbanken	9,9%
Övriga	13,8%
Totalt	**100,00%**

Resultatdisposition (Belopp i kr)	
Förslag till disposition av bolagets resultat	
Bolagsstämman har att behandla:	
Överkursfond	11 971 135
Balanserat resultat	-5 051 402
Årets resultat	-5 055 460
	1 864 273
Styrelsen föreslår att:	
i ny räkning överföres	1 864 273
	1 864 273

Finansiell riskhantering

De finansiella riskerna kan primärt delas upp i följande kategorier: marknadsrisk (inkl. valutarisk, ränterisk och prisrisk), kreditrisk samt finansierings- och likviditetsrisk.

Valutarisk

Av bolagets inköp sker merparten i lokal valuta men även i utländsk valuta och då främst i USD. Bolaget är därför utsatt för valutarisk. När så anses lämpligt sker kurssäkring av framtida valutaflöden, med mål att försöka neutralisera valutaeffekterna vid transaktioner i olika valutor. Panion har under räkenskapsåret inte tillämpat kurssäkring.

Ränterisk

Bolagets ränterisk är främst kopplad till räntebärande skulder, vilka per balansdagen uppgick till 250 tkr.

Prisrisk

Bolaget har inga placeringar som kan ge upphov till prisrisk.

Kreditrisk

Bolaget har inga kundfordringar och därmed ingen kreditrisk.

Finansierings- och likviditetsrisk

Med finansieringsrisk avses risken att kostnaden blir högre och finansieringsmöjligheterna begränsas samt att betalningsförpliktelser inte kan uppfyllas som en följd av otillräcklig likviditet eller svårigheter att erhålla 3finansiering.

Bolaget arbetar kontinuerligt med sin likviditet och kapitalförsörjning. Kapitalförsörjningen kommer främst från nyemissioner samt i framtiden genom intäkter.

Resultaträkning

Belopp i TSEK	Not	2018-01-01 2018-12-31	2017-01-01 2017-12-31
Rörelsens intäkter m.m.			
Nettoomsättning		0	0
Summa rörelsens intäkter		0	0
Rörelsens kostnader			
Övriga externa kostnader	2,3	-4 416	-4 200
Avskrivningar av immateriella anläggningstillgångar		-300	0
Summa rörelsens kostnader		-4 716	-4 200
Rörelseresultat		**-4 716**	**-4 200**
Resultat från finansiella investeringar			
Räntekostnader och liknande resultatposter		-339	-193
Summa finansiella poster		-339	-193
Resultat efter finansiella poster		**-5 055**	**-4 393**
Resultat före skatt		**-5 055**	**-4 393**
Skatt på årets resultat	4	0	0
Årets resultat		**-5 055**	**-4 393**
Resultat per aktie före och efter utspädning (SEK/aktie)		-0,25	-0,27
Genomsnittligt antal aktier		20 039 296	13 745 265

Balansräkning

Belopp i TSEK	Not	2018-12-31	2017-12-31
TILLGÅNGAR			
Tecknat ej inbetalt aktiekapital		**72**	**0**
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Koncessioner, patent, licenser, varumärken och liknande rättigheter	5	2 700	3 000
		2 700	3 000
Summa anläggningstillgångar		**2 700**	**3 000**
Omsättningstillgångar			
Kortfristiga fordringar			
Övriga fordringar		1 623	53
Förutbetalda kostnader och upplupna intäkter		62	67
		1 685	120
Kassa och bank		**306**	**2 124**
Summa omsättningstillgångar		**1 991**	**2 244**
SUMMA TILLGÅNGAR		**4 763**	**5 244**

Belopp i TSEK	Not	2018-12-31	2017-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		1 075	755
Ej registrerat aktiekapital		62	0
		1 137	755
Fritt eget kapital			
Överkursfond		11 971	5 453
Balanserad vinst		-5 051	642
Årets resultat		-5 055	-4 393
		1 865	**1 702**
Summa eget kapital		**3 002**	**2 457**
Kortfristiga skulder			
Leverantörsskulder		897	1 628
Övriga skulder		250	700
Upplupna kostnader och förutbetalda intäkter		614	459
Summa kortfristiga skulder		**1 761**	**2 787**
SUMMA EGET KAPITAL OCH SKULDER		**4 763**	***5 244***

Förändring av eget kapital

Belopp i TSEK	Aktie-kapital	Överkurs-fond	Balanserad vinst inkl. årets resultat	Summa eget kapital
Belopp vid årets ingång 2017-01-01	**550**	**0**	**41**	**591**
Nyemission	205	5 453		5 658
Aktieägartillskott			600	600
Årets resultat			-4 393	-4 393
Belopp vid årets utgång 2017-12-31	**755**	**5 453**	**-3 751**	**2 457**

Bolaget har erhållit ett villkorat aktieägartillskott om 1 300 (700) TSEK.

Belopp i TSEK	Aktie-kapital	Ej registrerat aktiekapital	Överkurs-fond	Balanserad vinst inkl. årets resultat	Summa eget kapital
Belopp vid årets ingång 2018-01-01	**755**		**5 453**	**-3 751**	**2 457**
Nyemission	320		7 195		7 515
Pågående nyemission		62	1 275		1 337
Kapitalanskaffningsutgifter			-1 952		-1 952
Aktieägartillskott				-1 300	-1 300
Årets resultat				-5 055	-5 055
Belopp vid årets utgång 2018-12-31	**1 075**	**62**	**11 971**	**-10 106**	**3 002**

Tidigare erhållet villkorat aktieägartillskott om 1 300 TSEK är återbetalt under året.

Aktiekapitalets utveckling

Datum	Händelse	Kvotvärde	Förändring antal aktier	Förändring aktiekapital	Totalt kapital
2015-06-26	Bolagsbildning	1,00	50 000	50 000	50 000
2016-05-12	Nyemission	1,00	500 000	500 000	550 000
2016-05-12	Sammanläggning 1:550 000	550 000,00	-549 999	0	550 000
2016-05-12	Uppdelning 11 801 593:1	0,04660	11 801 592	0	550 000
2017-03-29	Nyemission	0,04660	715 000	33 322	583 322
2017-08-29	Nyemission	0,04660	3 675 000	171 269	754 591
2018-05-02	Nyemission genom konvertering	0,04660	142 857	6 658	761 249
2018-05-04	Nyemission	0,04660	4 413 592	205 691	966 939
2018-08-23	Nyemission genom konvertering	0,04660	1 907 899	88 915	1 055 854
2018-09-07	Nyemission	0,04660	117 720	5 486	1 061 340
2018-09-07	Nyemission genom konvertering	0,04660	288 461	13 443	1 074 783
	Vid årets utgång		**23 062 122**		**1 074 783**

Kassaflödesanalys

Belopp i TSEK	Not	2018	2017
Den löpande verksamheten			
Rörelseresultat		-4 717	-4 200
Justeringar för poster som inte ingår i kassaflödet			
Avskrivningar		300	0
Erlagd ränta		0	-193
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**-4 417**	**-4 393**
Kassaflöde från förändringar av rörelsekapital			
Minskning(+)/ökning(-) av rörelsefordringar		-1 031	674
Minskning(-)/ökning(+) av rörelseskulder		-689	779
Kassaflöde från den löpande verksamheten		**-6 137**	**-2 940**
Investeringsverksamheten			
Förvärv av immateriella anläggningstillgångar		0	-1 500
Kassaflöde från investeringsverksamheten		**0**	**-1 500**
Finansieringsverksamheten			
Nyemission		5 619	6 258
Aktieägartillskott		-1 300	0
Kassaflöde från finansieringsverksamheten		**4 319**	**6 258**
Årets kassaflöde		-1 818	1 818
Likvida medel vid årets början		2 124	306
Likvida medel vid årets slut		306	2 124

Additional information

Note 1 Accounting principles and valuation principles

The Annual Accounts Act and the Swedish Accounting Standards Board, BFNAR 2012: 1 (K3), are used in the preparation of financial statements.

Reporting Currency
The annual accounts have been prepared in Swedish kronor and the amounts are stated in TSEK unless otherwise stated.

Valuation principles, etc.
Assets, provisions and liabilities are valued at cost unless otherwise stated below.

Intangible assets
Intangible fixed assets are reported at acquisition cost less depreciation based on an assessment of asset useful life.

Panion acquired in 2017a license for the development of the epilepsy product for dogs. The license is reported at acquisition with deductions for planned depreciation based on the management's assessment of the asset's useful life. The management has evaluated the asset's useful life to 10 years, because the license agreement with CombiGene is exclusive for the first 10 years. There after the license agreement is non-exclusive.

Concessions, patents, licenses, trademarks and the similar rights; 10 years.

Receivables and liabilities in foreign currency
Receivables and liabilities in foreign currency have been translated at the closing date. The difference between acquiring value and closing-date value has been recognized in the income statement. Insofar as claims and liabilities in foreign currency have been hedged, they are translated at the forward rate.

Impairment
Should there be an indication of a decline in value of an asset, its recoverable amount is determined. If the asset's book value exceeds the recoverable amount, the asset is written down to this value. The recoverable amount is defined as the highest of market value and value in use. The useful value is defined as the present value of the estimated future payments that the asset generates. Impairment losses are reported in the income statement.

Income taxes
Income taxation includes current tax and deferred tax. The tax is reported in the income statement, except in cases where it relates to items recognized directly in equity. In such cases, tax is also reported in equity. Deferred tax is reported in accordance with the balance sheet method on all significant temporary differences. A temporary difference exists when the book value of an asset or liability differs from the tax value.

Deferred tax is calculated using the tax rate that has been decided or announced at the balance sheet date, which is currently 21.4%.

Deferred tax assets are reported to the extent that future tax surpluses will be available against which the temporary differences can be utilized.

Estimates and assessments
The company management makes estimates and assumptions about the future. These estimates will rarely reflect the real result. The estimates and assumptions, which may lead to a risk of significant adjustments in the reported values for assets and liabilities are mainly the valuation of intangible assets.

Every year, it is tested whether there is any indication that the valuation is lower than the reported value. If there is such indication, the asset's recoverable amount is calculated, which is the highest of the asset's fair value, minus selling costs and value in use.

The value of the intangible assets is based on impairment of future discounted cash flows and estimated operating margins. The depreciation periods, which the company applies, are based on the expected useful life, which is reviewed annually.

Note 2 Disclosures to individual items

	2018	2017
Fees and expenses		
Mazars SET Revisionsbyrå AB	82	61
Exset Revisionsbyrå AB	0	48
Sum	**82**	**109**

Note 3 Average number of employees, salaries and other remuneration

The company has not had any employees during the year and no wages have been paid.
The CEO has a termination period of 6 months at her own termination. In case of termination by the company, a notice period of 6 months applies.
Remuneration to the CEO and Board of Directors is invoiced and reported as other external expenses.

	2018		2017	
Management	**Women**	**Men**	**Women**	**Men**
The Board	2	2	2	2
The CEO and other management	1	0	1	0

Specification of remuneration to senior executives in 2018, TSEK	Fees	Benefots	Pension	Total
Lars Thunberg, Chairman of the board	235	0	0	235
Nerry Kamstrup, Boardmember	44	0	0	44
Lars Mikkelsen, Boardmember	96	0	0	96
Elisabeth Willis, Boardmember	44	0	0	44
Anja Holm, CEO	1 120	0	0	1 120
Sum	**1 539**	**0**	**0**	**1 539**

Specification of remuneration to senior executives in 2017, TSEK	Fees	Benefots	Pension	Total
Lars Thunberg, Chairman of the board	318	0	0	318
Nerry Kamstrup, Boardmember	44	0	0	44
Lars Mikkelsen, Boardmember	44	0	0	44
Elisabeth Willis, Boardmember	44	0	0	44
Anja Holm, CEO	1 263	0	0	1 263
Summa	**1 713**	**0**	**0**	**1 713**

Note 4 Tax on the annual result

	2018	2017
Current tax	0	0
Deferred tax	0	0
Sum	**0**	**0**
Theoretical tax		
Reported earnings before taxes	-5 055	-4 393
Tax according to current tax rate, 22%	1 112	966
Reconciliation of reported tax		
Effect of non-deductible costs	-1	
Effect of non-booked expenses	419	593
Effect of non-valued loss deduction	-1 530	-1 559
Sum	**0**	**0**

The taxation related, unused tax loss carryforwards amount to TSEK 14,944 (7993).

Note 5 Concessions, patents, licenses, trademarks and similar rights

	2018-12-31	2017-12-31
Opening cost	3 000	0
Purchase	0	3 000
Outgoing accumulated acquisition values	**3 000**	**3 000**
Initial depreciation	0	0
This year's depreciations	-300	0
Outgoing accumulated depreciation	**-300**	**0**
Reported value	**2 700**	**3 000**

Note 6 Important events after the end of 2018

On Jan 16, 2019, it was announced that Panion has received a Categorical Exclusion for environmental assessment for the investigational use of the epilepsy product. This means that an environmental assessment dossier is not required from Panion prior to starting the clinical trials.

On Jan 23, 2019, it was announced that Panion draws down a second tranche from the investment fund managed by Yorkville Advisors Global ("Yorkville"). This is based on the financing agreement with Yorkville which was announced on 9 January 2018.

On 27 February 2019, Panion presented at Animal Health Investment Europe, in London. Panion Animal Health AB has been selected as one of 24 finalist companies, out of more than 60 companies. Moreover, Panion Animal Health AB is one of four selected companies in the "Human Health Innovation Showcase" that present their innovations for translational application of human health projects in animal health, introducing their products or services on the main stage.

On March 18, 2019, it was announced that Panion had, by mutual agreement, revoked the remaining convertibles held by US-based Yorkville Advisors; Yorkville then has no outstanding convertibles.

On March 18, 2019, it was announced that the Board of Panion Health AB proposes, based on the Annual General Meeting's approval on April 23, 2019, to carry out a rights issue of a maximum of 24 399 487 units. Through the issue, the Company may be added a total of approximately SEK 12.2 million. The subscription period is expected to be from May 20 to June 10, 2019.

On March 18, 2019, the Board of Directors has made an agreement on bridge financing with Formue Markedsneutral A / S of SEK 4 million.

Signatures

Lund March 29, 2019

Lars Thunberg
Chairman of the board

Nerry Kamstrup
Boardmember

Lars Mikkelsen
Boardmember

Elizabeth Willis
Boardmember

Anja Holm
CEO

My audit report was submitted on March 29, 2019

Anders O Persson
Chartered Accountant

Revisionsberättelse

Till bolagsstämman i Panion Animal Health AB
Org. nr 559018-4171

Rapport om årsredovisningen

Uttalanden

Jag har utfört en revision av årsredovisningen för Panion Animal Health AB för år 2018. Bolagets årsredovisning ingår på sidorna 12 - 23 i detta dokument.

Enligt min uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Panion Animal Health AB:s finan siella ställning per den 31 december 2018 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Jag tillstyrker därför att bolagsstämman fastställer resultat-räkningen och balansräkningen.

Grund för uttalanden

Jag har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Mitt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Jag är oberoende i förhållande till Panion Animal Health AB enligt god revisorssed i Sverige och har i övrigt fullgjort mitt yrkesetiska ansvar enligt dessa krav.

Jag anser att de revisionsbevis jag har inhämtat är tillräckliga och ändamålsenliga som grund för mina uttalanden.

Annan information än årsredovisningen

Detta dokument innehåller även annan information än årsredovisningen. Den andra informationen återfinns på sidorna 1 - 11 samt 26 - 36. Det är styrelsen och verkställande direktören som har ansvaret för den andra informationen.

Mitt uttalande avseende årsredovisningen omfattar inte denna information och jag gör inget uttalande med bestyrkande avseende denna andra information.

I samband med min revision av årsredovisningen är det mitt ansvar att läsa den information som identifieras ovan och överväga om informationen i väsentlig utsträckning är oförenlig med årsredovisningen. Vid denna genomgång beaktar jag även den kunskap jag i övrigt inhämtat under revisionen samt bedömer om informationen i övrigt verkar innehålla väsentliga felaktigheter.

Om jag, baserat på det arbete som har utförts avseende denna information, drar slutsatsen att den andra informationen innehåller en väsentlig felaktighet, är jag skyldig att rapportera detta. Jag har inget att rapportera i det avseendet.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksam¬heten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Mina mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på misstag, och att lämna en revisionsberättelse som innehåller mina uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder jag professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer jag riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller på misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för mina uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

- skaffar jag mig en förståelse av den del av bolagets interna kontroll som har betydelse för min revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala mig om effektiviteten i den interna kontrollen.

- utvärderar jag lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.

· drar jag en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Jag drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om jag drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste jag i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Mina slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

· utvärderar jag den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild. Jag måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Jag måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som jag identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver min revision av årsredovisningen har jag även utfört en revision av styrelsens och verkställande direktörens förvaltning för Panion Animal Health AB för år 2018 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Jag tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Jag har utfört revisionen enligt god revisionssed i Sverige. Mitt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Jag är oberoende i förhållande till Panion Animal Health AB enligt god revisorssed i Sverige och har i övrigt fullgjort mitt yrkesetiska ansvar enligt dessa krav.

Jag anser att de revisionsbevis jag har inhämtat är tillräckliga och ändamålsenliga som grund för mina uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medels¬förvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Mitt mål beträffande revisionen av förvaltningen, och därmed mitt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

· företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller

· på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Mitt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed mitt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder jag professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på min professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att jag fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Jag går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för mitt uttalande om ansvarsfrihet. Som underlag för mitt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har jag granskat om förslaget är förenligt med aktiebolagslagen.

Anmärkning

Styrelsen har i strid med aktiebolagslagens 17:e kapitel genomfört en otillåten värdeöverföring i form av att ett aktieägartillskott har återbetalats med 1 300 tkr. Bolagets, vid tidpunkten för återbetalningen, senast fastställda balansräkning utvisade ett fritt eget kapital på 41 tkr. Återbetalningen föregicks heller inte av ett beslut av bolagsstämman. Bolagsstämman har senare beslutat om återbetalning av aktieägartillskottet. Bolaget har inte åsamkats någon skada av förfarandet.

Landskrona, 2019-03-29

Anders Persson
Auktoriserad revisor

Articles of association

1 § Company

The company is Panion Animal Health AB. The company is public (publ).

2 § of the Board of Directors

The Board of Directors shall have its registered office in Lund, Sweden.

3 § Activities

The object of the Company's business is to combine gene therapy for the treatment of neurological diseases, including research consultations and outsourcing of various activities in brain research and related activities.

4 § Share capital

The share capital amounts to at least SEK 550,000 and no more than SEK 2 200 000.

5 § Share

The number of shares in the Company shall be at least 11,801,593 and a maximum of 47,206,372.

6 § Board of Directors

The Board consists of 3-8 members with a maximum of 5 deputies. It is elected annually at the AGM for the period until its next AGM has been held.

7 § Auditors

The company must have one or two auditors with no more than two deputies. As the auditor or auditor's deputy, an authorized auditor or registered accounting firm is appointed.

8 § Notice

Notice of the Annual General Meeting shall be made by means of advertisements in the Swedish Post- och Inrikes Tidningar and by making the notice available on the Company's website. At the same time as a call is made, the Company shall announce that announcement has taken place through advertising in Dagens Industri.

In order to participate in the meeting, shareholders must be registered in print or other presentation of the entire share book in the manner prescribed in Chapter 7, Section 28, third paragraph, of the Companies Act (2005: 551) and, on the other hand, have registered with the Company by the date stated in the notice of the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, nor shall it be earlier than fifth weekday before the meeting. The notification shall, if applicable, indicate the number of attendants (maximum two).

9 § General Meeting

The Annual General Meetings are held annually within 6 months after the end of the financial year.
At the AGM, the following matters shall occur.

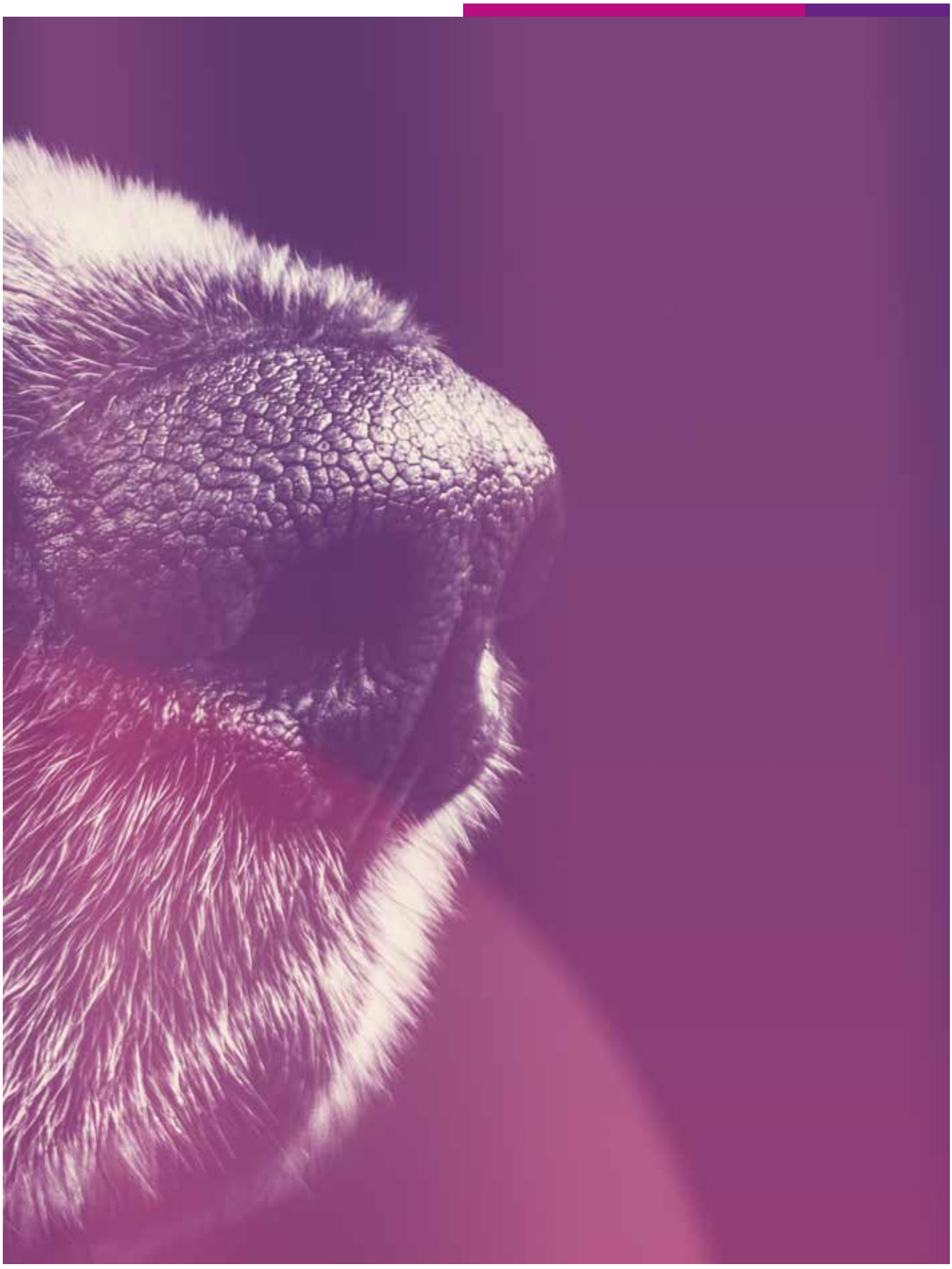
1. *Election of Chairman of the Meeting.*
2. *Establishment and approval of voting rights.*
3. *Approval of agenda.*
4. *Selection of one or two protocol adjusters.*
5. *Examination of whether the meeting has been correctly convened.*
6. *Presentation of the annual report and any auditor's report, as well as, where applicable, consolidated accounts and any consolidated audit report.*
7. *Decision*
   (a) on the statement of income statement and balance sheet and, where applicable, consolidated income statement and consolidated balance sheet
   b) on disposals of profit or loss in accordance with the esta blished balance sheet
   c) discharge of liability for board members and CEO.
8. *Determination of Board and Auditor's fees.*
9. *Determination of number of directors elected by the Annual General Meeting and any elected Deputies, as well as the number of auditors and any deputy auditors.*
10. *Election of Board members and any deputies as well as auditors and any deputy auditors.*
11. *Any other business, which arrives at the Annual General Meeting pursuant to the Swedish Companies Act (2005: 551) or the Articles of Association.*

10 § Financial year

Financial year is 0101 - 1231.

11 § Reconciliation

The company's shares shall be registered in a record of reconciliation under the Act (1998: 1479) on financial instruments accountancy.



Styrelse, ledande befattnings-innehavare och revisor

Styrelsen

Enligt Panions bolagsordning skall styrelsen bestå av minst tre ledamöter och högst åtta ledamöter samt högst fem styrelse-suppleanter. Panions styrelse består idag av fyra ledamöter inklusive ordförande vilka valt till nästa årsstämma. Bolaget har sitt säte i Lunds kommun i Skåne län. Information om nuvarande styrelseledamöter följer nedan.

			Oberoende i förhållande till:	
Namn	**Befattning**	**Ledamot sedan**	**Bolaget och ledande befattningshavare**	**Större aktieägare**
Lars Thunberg	Styrelseordförande	2015	ja	nej
Elizabeth Willis	Styrelseledamot	2016	ja	ja
Nerry Kamstrup	Styrelseledamot	2016	ja	ja
Lars Friis Mikkelsen	Styrelseledamot	2016	ja	ja

Lars Thunberg, född 1966

Lars Thunberg, född 1966, är en av grundarna av CombiGene och var även dess styrelseordförande under perioden augusti 2013 till oktober 2014. Han har en Filosofie Kandidatexamen (civilekonom) från Stockholms universitet och Lunds universitet.

Lars Thunberg innehar, direkt och indirekt via kapitalförsäkring, 2 500 000 aktier i Bolaget.

Utbildning: Filosofie Kandidatexamen (civilekonom) från Stockholms universitet och Lunds universitet

Funktion	Företagsnamn	Period
Styrelseordförande	VA Components i Hässleholm AB (Konkurs)	2012-06-26 - 2018-05-09
Styrelseledamot	VA Tooling (Konkurs)	2012-04-17 - 2018-05-09
Styrelseledamot.	CombiGene AB	2006-04-28 -
Styrelseordförande	Moderna Verktyg i Söderköping	2009-03-26 - 2013-06-25
Styrelseledamot	Högskolan Kristianstad Holding AB	2012-06-18 – 2018-06-20
Styrelseledamot	VA Engineering i Hässleholm AB (Konkurs)	2013-11-14 - 2018-05-09
Styrelseordförande Styrelseledamot	VA Automotive i Hässleholm AB (Konkurs)	2008-10-22 – 2017-12-12 2017-12-12 - 2018-05-09
Styrelseledamot	VA Automation i Hässleholm AB Upplöst genom fusion 2015-12-15	2010-12-17 – 2015-12-15
Styrelseledamot	SwePart verktyg i Tyringe AB Upplöst genom fusion 2017-06-15	2011-06-01 – 2017-06-15
Styrelseledamot	VA International AB Upplöst genom fusion 2014-12-30	2011-12-29 – 2014-12-30
Styrelseledamot	M & L Industriförvaltning AB	2012-05-23 –
Styrelseordförande	Camito Sweden AB (Konkurs)	2015-10-26 – 2016-11-01
Styrelseledamot	Hardmesch AB (Konkurs)	2014-08-22 – 2018-08-22
Styrelseordförande	Panion Animal Health AB	2016-08-30 –
Styrelseledamot	CombiGene Personal AB	2016-03-19 –
Styrelseordförande	aximed AB	2010-11-08 – 2015-12-11
Styrelseordförande	axichem AB	2010-11-08 – 2015-04-24
Styrelseledamot	Viscosens AB	2011-03-09 – 2012-11-27
Styrelseordförande	Veal Fastigheter AB	2011-12-05 – 2012-08-30
Styrelseledamot	Stockaby Affärsutveckling AB	2013-07-09 – 2015-12-15
Styrelseledamot	Högskolan Kristianstad Uppdrag AB	2017-05-18 - 2018-06-20

För mer information, kontakta:

Lars Thunberg, Styrelseordförande
+46 70-143 30 40
lars.thunberg@panion-animalhealth.com

Ägande i andra bolag, överstigande 10 procent av röster eller kapital: M & L Industriförvaltning AB och CombiGene AB

Elizabeth Willis, född 1961

Elizabeth Willis har över 30 års erfarenhet av att starta och utveckla företag. Hon har kompetens inom strategisk planering, förvärv, förhandling, produktutveckling, FDA och CE-märkningsprocesser för läkemedel, försäljning och marknadsföring.

Tidigare i karriären fanns Elizabeth Willis i Hoechst Group (nu Sanofi, Celanese och DuPont) där hon arbetade med flera nystartade företag i USA och Tyskland. Hennes sista befattning i Hoechst-gruppen var som vd för ett av deras dotterbolag. Hon har utvecklat och lanserat flera produkter, bland annat medicinsk utrustning och produkter för veterinärdiagnostik. Hon är en av grundarna, COO och styrelseledamot, i Boulder Diagnostics Inc, vars teknik förvärvades av Oxford Immunotec. Där ansvarade hon bland annat för utveckling och lansering av veterinärdiagnostiska produkter för borrelia och parasitdetektering. Elizabeth Willis har kandidatexamen (B.Sc.) i kemiteknik från Clemson University och en MBA från University of Houston.

Elizabeth Willis innehar inga aktier i Bolaget.

Utbildning: B.Sc. inom kemiteknik, MBA

Funktion	Företagsnamn	Period
Vd, styrelseledamot	Orbit Genomics Inc.	2016-06-30 –
Styrelseledamot	Boulder Diagnostics, Inc.	2009-07-24 – 2013-07-29

Ägande i andra bolag, överstigande 10 procent av röster eller kapital: Boulder Diagnostics, Inc.

Nerry Kamstrup, född 1965

Nerry Kamstrup är praktiserande veterinär med examen från Kungliga Veterinär- och Lantbruksuniversitet i Köpenhamn och har mångårig erfarenhet från djurkliniker i Faxe, Vordingborg och Husum. Hon har arbetat i flera länder, bland annat i Maryland i USA, där hon fungerade som expert inom oftalmologi (ögonsjukdomar) vid en ögonklinik

Nerry är godkänd som veterinär i den danska Ögonpanelen sedan 2006 och har stor passion för ögonsjukdomar och ögonkirurgi. Hon är även certifierad av The European College of Veterinary Ophthalmologists (ECVO). Denna specialistutmärkelse kräver att hon deltar i ett stort antal kurser och kongresser inom området ögonsjukdomar.

Nerry Kamstrup innehar inga aktier i Bolaget.

Utbildning: Veterinär

Inga andra nuvarande styrelseuppdrag

Lars Friis Mikkelsen, född 1968

Lars Friis Mikkelsen är vd för Ellegaard Göttingen Minipigs som producerar försöksgrisar för forskning. Han är även grundare av LarSolution som erbjuder farmakologisk utveckling och affärsutveckling. Lars har arbetat med farmakologi och försöksdjur, inklusive forskning kring djurskydd, under många år hos Novo Nordisk och MSD/Merck, senast som chef för in vivo-farmakologi.

Tidigt i sin karriär var han veterinär i Rønde, med veterinärexamen från Köpenhamn 1994. Han är styrelsemedlem i Europeiska Animal Research Association (EARA) och ordförande i Large Animals Topic Group, The European Federation of Pharmaceutical Industries and Associations (EFPIA).

Lars Friis Mikkelsen innehar 83 772 aktier i Bolaget.

Utbildning: Veterinär, MBA, MLAS

Inga andra nuvarande styrelseuppdrag

Ledande befattningshavare

Anja Holm, född 1965
Vd, DVM

Anja Holm har många års erfarenhet kring europeiska godkännanden av veterinärmedicinska läkemedel, kliniska försök, lagstiftning och internationella förhandlingar. Hon har arbetat i veterinärkommittén i den europeiska läkemedelsagenturen EMA i 12 år, varav sex år som ordförande, med bland annat innovativa läkemedel, genteknologi och vacciner.

Vid den danska Läkemedelsstyrelsen var hon anställd som vetenskaplig handläggare för veterinärmedicin i 18 år och har senast haft rollen som sektionsledare för kliniska försök. Tidigare i karriären har Anja arbetat som veterinär i fyra år samt har deltagit i ett forskningsprojekt om DNA-vaccin på det danska virusinstitutet. Hon tog sin veterinärexamen i Köpenhamn 1994.

Anja Holm innehar 116 958 aktier i Bolaget.

Utbildning: Veterinär, Business Pract. (NLP), Management utbildning

Funktion	Företagsnamn	Period
Vd/ägare	Central VetPharma Consultancy	2016-06-15 –

Ägande i andra bolag, överstigande 10 procent av röster eller kapital: Inget

För mer information, kontakta:

Anja Holm, CEO, DVM
+45 22 946 600
anja.holm@panion-animalhealth.com

Carlos N. Velez, född 1967
Director Business Development, PhD, MBA

Carlos Velez har stor erfarenhet av inköp, utvärdering och licensiering av nya produkter, bland annat inom djurhälsa. Han var tidigare Chief Business Officer (CBO) vid Lantix Therapeutics i England och har varit chef för affärsutvecklingen vid Penwest Pharmaceuticals, där han var ansvarig för utlicensiering av 505(b)(2)-program samt för att söka och analysera projekt inom neurologi för inlicensiering.

Andra tidigare arbetsgivare är Forest Labs, Frankel Group (nu Huron Consulting) och Genencor International. Carlos Velez har kandidatexamen (B.Sc.) i farmakologi från Albany College of Pharmacy, är doktor (Ph.D.) i farmakologi vid University of North Carolina i Chapel Hill och har en MBA från Rochester Institute of Technology.

Carlos N. Velez innehar inga aktier i Bolaget.

Utbildning: Ph.d. i farmakologi, Master of Business Administration (MBA)

Inga andra nuvarande styrelseuppdrag

Sofia Josephson, född 1982
Chief Financial Officer till 1 November 2018

Sofia arbetade som Controller på VA Automotive i Hässleholm. Hon har tidigare arbetat som revisor på Pwc.

Sofia Josephson innehar 43 850 aktier i Bolaget.

Utbildning: Civilekonom

Inga andra nuvarande styrelseuppdrag

Katarina Holm, född 1971
Chief Financial Officer

Den 1 november 2018 tillträdde Katarina Holm som CFO för Panion. Hon har lång erfarenhet inom redovisning och finansiell rapportering och har tidigare arbetat som revisor på Mazars. Katarina Holm är även verksam på Er Redovisning i Skåne AB.

Katarina Holm innehar inga aktier i Bolaget.

Utbildning: Civilekonomexamen från Lunds Universitet

Inga andra nuvarande styrelseuppdrag

Specified holdings and dedication in other companies

The Board of Directors' and Management's stated holdings of Panion securities refer to both private and proprietary assets or companies controlled by the person.

The lists of Board members' other commitments include ongoing or in the last five years terminated board assignments in other limited companies, as extracted from the Business Register at the Swedish Companies Registration Office on February 4, 2017, as well as data on ownership of more than ten percent in other companies stated by respective executives.

The descriptions are set so that the current or last position is given first. Any holdings in board engagements in a particular company may have occurred.

Auditor

The company has chosen Anders O Persson as chief accountant auditor. Anders is an authorized accountant at Marzars audit firm and he is a member of the FAR. Box 159, SE-261 22 Landskrona.

Corporate governance

The Board is elected by the Annual General Meeting. All members are elected until the next AGM. A board member is entitled to withdraw his/her assignment at any time. At the Annual General Meeting, auditing companies or auditors may also be elected. The election of auditors usually is longer than one year.

The company does not appoint an election committee. Individual shareholders submit proposals to Board members or other elected executives to the Board of Directors prior to the establishment of notice to the Annual General Meeting.

The CEO is appointed by the Board and is primarily responsible for the Company's ongoing management and day-to-day operations. The division of duties between the Board and the CEO is stated in the rules of procedure for the Board and the instructions for the CEO. The CEO is also responsible for drawing up reports and compiling information from management before board meetings and is the rapporteur for the material at board meetings.

The company is not obliged to apply the Swedish Code of Corporate Governance and has not undertaken to voluntarily follow it. The Company does not appoint any special committees or committees for audit or remuneration issues.

Other information about board members and senior executives

No Board member or senior executives have any family relationships or other related affiliates to any other Board member or senior executives. Lars Thunberg was Chairman of the Board of Moderna Verktyg i Söderköping AB, which went bankrupt 2012-03-16, in Camito Sweden AB, which went bankrupt 2016-01-01, and in VA Components in Hässleholm AB and VA Automotive in Hässleholm AB which went bankrupt 2018-05-09. Lars Thunberg was a board member of VA Tooling and VA Engineering in Hässleholm AB which went bankrupt in 2018-05-09, and in Hardmesch AB, which went bankrupt in 2018-08-22.

Besides that, no board member or senior executives have been involved in bankruptcy, liquidation or bankruptcy management. No member of the board or senior executives has been involved in fraud-related legal proceedings in the last five years. Nor has any member of the board or senior executives been involved in any legal process of material character due to bankruptcy.

During the last five years there have been no allegations and / or sanctions from the authority or authorities organization representing certain professional groups and which are governed by public law against any of these persons and none of them have been banned by the court in the past five years as members of a corporate management, management or control body or to have executive or overall functions of the issuer. None of the above senior executives or members of the board have been prevented by the authority or court from acting as a member of any issuer's board or management team in the last five years.

Board members Elizabeth Willis and Nerry Kamstrup are independent in relationto both the company and company management as well as to the company's major owners.

Benefits

Remuneration according to the AGM's decision is paid to the Chairman and members of the Board. Board members receive a price base amount in remuneration and for the Chairman of the Board a compensation is paid for two price base amounts. In addition to these benefits, any expenses incurred in connection with board travels or costs for performed work are paid by Panion.

CEO Anja Holm is employed at 60% part-time from January 15, 2017, with a compensation equivalent to a cost of SEK 85,000 per month including social security contributions and pensions plus an opportunity for a bonus of up to 25% of the annual salary, provided that milestones are met (which are set by the board). There is no pension agreement, or any agreed severance pay. The notice period from Panion's side is six months and from the CEO's side six months.

It is the Board's assessment that CEO's part-time service is sufficient to fulfil the obligations that lie on that role. If necessary, the service can be extended by agreement between the board and the CEO.

Specifikation av ersättningar till ledande befattningshavare under 2018		Ersättningar	Förmåner	Pension	Total
Lars Thunberg	Styrelseordförande	235	0	0	235
Nerry Kamstrup	Styrelseledamot	44	0	0	44
Lars Mikkelsen	Styrelseledamot	96	0	0	96
Elisabeth Willis	Styrelseledamot	44	0	0	44
Anja Holm	VD	1 120	0	0	1 120
Summa		**1 539**	**0**	**0**	**1 539**

The above table applies to remuneration and benefits for the Board and senior executives in 2018. Remuneration to Anja Holm includes social security contributions and pension costs. Information about 2017 can be found in Note 3.

Other information

All Board members and senior executives can be reached by contacting Panion headquarters, see more information under Addresses on the last page.

Glossary

AED

Anti Epileptic Drug.

Epidemiological

Dissemination and distribution of e.g. a disease within a particular group of animals.

Genetic predisposition

Concerns individuals who are more likely to get certain diseases due to their gene composition or potential defects in the genes

GMP

Good Manufacturing Practice or good manufacturing practice is an overall quality assurance system that is used in the production of pharmaceuticals.

In vitro

Term in biomedical science indicating that experiments or observations are made in, for example, test tubes, that is, in an artificial environment and not in a living organism.

In vivo

Term in biomedical science that indicates that experiments or observations are made on living organisms.

Clinical studies

Examination of a new drug or treatment form with healthy subjects or with patients intending to study the efficacy and safety of an unapproved treatment form.

Clinical phase I

Phase I refers to the first time as a developing drug is administered to humans. Phase I studies are often conducted with a small number of healthy volunteers to study safety and dosage for an unapproved treatment.

Clinical Phase II

Phase II refers to the first time as a developing drug is administered to patients to study safety, dosage and efficacy with an unapproved treatment.

Clinical Phase III

Phase III studies include many patients and are often ongoing for a long time. The intention is to map the effects and side effects of the drug under regular but still carefully controlled conditions.

MLAS

Master's Degree in Laboratory Animal Science.

Neuropeptide

Peptides that act as signal transmitter between the cells.

NPY

Signal substance neuropeptide Y, which is the most common neuropeptide transmitter in the animal and human brain.

Proof of concept

Evidence indicating that a method has the potential to be used with the intended effect.

Refractory epilepsy

Drug-resistant epilepsy.

Viral vektor

A viral vector - or, more specifically, a Recombinant Adeno-Associated Vector - is a non-harmful virus programmed with genetic code.

Y2

Receptor of the NPY signaling substance, and part of the drug / patent.

PANION™

DEVELOPING ANIMAL HEALTH

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