

Panion enters into SEK 9,5 million financing and receives SEK 3 million in first tranche financing

Panion Animal Health AB (the "Company") has entered into a financing agreement with New York based Yorkville Advisors Global ("Yorkville") as the investment manager and on behalf of one or more of its investment funds has agreed to purchase up to SEK 9,000,000 of Convertible Notes of Panion Animal Health AB. In addition, Panion has entered into a financing agreement with Dividend Sweden who has agreed to purchase SEK 500,000 of convertible Notes of Panion Animal Health AB.

The two agreements together result in a total financing of SEK 3,000,000 in January. The total financing package of 9,5 million secures Panion's capital need for the coming time of development.

The board of directors in Panion has aimed to secure the shareholders' interests and advance the clinical development of Panion's product candidate by a well-timed agreement with strong investors and the best options were Yorkville and Dividend.

"It is very satisfying to have secured future financing in this robust manner and to feel the interest of the big investors. I think that existing shareholders should be given an opportunity to buy shares on similar conditions during the spring" says Lars Thunberg, Chairman of the Board in Panion Animal Health AB, "Now we can accelerate our goals of developing veterinary medicines for the market."



Lars Thunberg, Chairman of the Board in Panion Animal Health AB

The Agreement with Yorkville

Panion's Board has on January 8, 2018 approved the execution of an Agreement for the Issuance of and Subscription to Notes Convertible into new Shares with Share Subscription Warrants Attached ("the Yorkville Agreement") together with a "Share Lending Agreement" (together "the Programme").

Yorkville has committed to subscribe over the course of 36 months up to SEK 9,000,000 of nominal value of Convertible Notes with Warrants attached, in several tranches (each, a "Tranche"). Each Convertible Note will have a Maturity of 12 months from its date of issuance and carry no interest.

The aggregate principal amount of the first Tranche shall be equal to SEK 2,500,000 and will be subscribed on Company's Request.

The Board of Directors has decided in its' meeting held on January 8, 2018 to draw down the first Tranche of SEK 2 500,000. The aggregate principal amount of each subsequent Tranche shall be equal to or as close as possible to 5 times the average daily value (in SEK) traded of the Company's ordinary shares (as reported by Bloomberg) during the 10 trading days preceding the relevant Request, up to a maximum aggregate principal amount of SEK 2,500,000 per Tranche

The Programme consists of minimum SEK two and a half (2,5) million and up to a maximum of SEK nine (9) million in convertible notes with warrants. The convertible notes carry no interest.

The convertible notes issued under in each Tranche drawn down carry the right to convert such Tranche into the Company's shares with the valuation method and technical process stipulated in detail in the Yorkville Agreement. The conversion price of the shares is 93% of the lowest closing volume weighted average price over a 5 trading days period preceding a conversion. At its discretion, Yorkville may require the conversion of all or any of the Convertible Notes of a Tranche into freely tradable ordinary shares.

Further pursuant to the Programme, the Convertible Notes shall be issued with a number of Warrants representing 100% coverage (i.e. the number of Warrants attached to each Convertible Note shall be equal to 100% of the nominal value of the Convertible Note divided by the applicable strike price).

The strike price of the Warrants attached to the Convertible Notes of each individual Tranche shall be equal to 115% of the Market Price on the Closing Date (this date being the applicable date) of that specific tranche. The Warrants shall be exercisable on a cash basis against the issuance of ordinary shares by the Company to the relevant holder of the Warrants for a period of 3 years from their respective issuance date.

The final total number of the Company's shares to be subscribed under the warrants will remain unknown and will depend on Yorkville's willingness to subscribe for and invest in the Company's shares as well as on the values of the shares in public trading from time to time as stipulated in the Yorkville Agreement. In case Yorkville uses the warrants to subscribe for Company's shares such subscription would have a positive effect on the Company's equity and cash flow.

The financing under the Programme constitutes a capital loan.

Under the Yorkville Agreement, Yorkville is entitled to a commitment fee of SEK 225,000 which will be paid at the execution of the agreement.

The aggregate number of new shares to be issued pursuant to the Programme and its convertible loan notes depends on the market value of the Company's share during the Programme period. The Programme has a dilutive effect to the current share owners.

The final number of shares required for the implementation of the Programme is unknown and will be determined, inter alia, based on the number of Tranches and number of convertible loan notes to be drawn down, the fluctuation and development of the Company's share in trading, the number of share warrants exercised by Yorkville, and possible future adjustments as agreed during the validity of the Programme.

The Agreement with Dividend Sweden

The convertible notes issued to Dividend Sweden carry the right to convert such notes into the Company's shares with the valuation method and technical process stipulated in detail in the Agreement with Dividend Sweden (the "Dividend Agreement"). At its discretion, Dividend Sweden may require the conversion of all or any of the Convertible Notes into freely tradable ordinary shares. The conversion price of the shares is either the same price as in an preferential rights issue, an issue of shares to the public or 93% of the lowest closing volume weighted average price over a 5 trading days period preceding conversion. The convertible notes have a Maturity of 12 months from its date of issuance and carry a 10% annual interest. Under the Dividend Agreement, Dividend Sweden is not entitled to a commitment fee.

The final number of shares required for the implementation of the convertible notes is unknown and will be determined based on the fluctuation and development of the Company's share in trading.

The Dividend Agreement does not forbid any other types of financing to be used in the Company.

This press release contains information which Panion Animal Health AB is obliged to publish according to the EU market abuse regulation (MAR). This information was submitted by Panion's CEO, Anja E. H. Holm, for publication 08.45 CET on January 9 2018.

For further information, please contact:

Anja E. H. Holm, CEO | +45-22 94 66 00
anja.holm@panion-animalhealth.com

Developing animal health – In Panion, we want to improve the quality of life for animals suffering from chronic diseases. We are convinced that gene therapy has promising prospects. Our aim is to develop and commercialize a gene therapy treatment for dogs with drug refractory epilepsy, based on CombiGene AB's technology and platform. Panion Animal Health AB is listed at AktieTorget.

Panion Animal Health AB

Frykholmogatan 11, 281 31 Hässleholm, Sweden
info@panion-animalhealth.com

[linkedin.com/company/panion-animalhealth](https://www.linkedin.com/company/panion-animalhealth) 
twitter.com/panionanihealth 
panion-animalhealth.com/newsletter 
panion-animalhealth.com 