CAPNIA

Corporate Presentation

May 2017

NASDAQ: CAPN

www.capnia.com

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Highlights

Capnia and Essentialis Merger

Creating a rare disease therapeutics company

Initial focus on PWS, a high unmet need indication with no approved treatments

Merger completed

New Lead Asset DCCR

Compelling product profile

Addresses hallmark symptoms of PWS, including hyperphagia

Phase II/III ready

Established, decades-long safety profile

Strong IP

Well-Financed Through Key Milestones

Financing concurrent with completed merger

Adequate to advance DCCR through top-line data

Strong Leadership

Highly experienced management team

Expertise in drug development for rare and orphan diseases

Longer-Term Pipeline Opportunities

Multiple downstream orphan indications

Hypothalamic obesity, Smith-Magenis syndrome

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Leadership Team

- **Anish Bhatnagar, M.D.**
  Chief Executive Officer
- **David O'Toole**
  Senior VP, Chief Financial Officer
- **Neil Cowen, Ph.D.**
  Senior VP of Drug Development
- **Kristen Yen, M.S.**
  VP of Clinical Operations
- **Patricia Hirano, M.P.H.**
  Regulatory Affairs

Coulter PHARMACEUTICAL
TITAN PHARMACEUTICALS
CODEXIS
RESPONSE GENETICS
DOW
EPICYTE
Essentialis
CVT
PRAHEALTHSCIENCES

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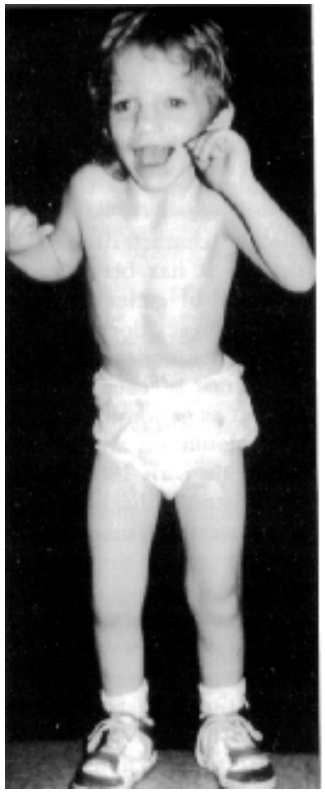
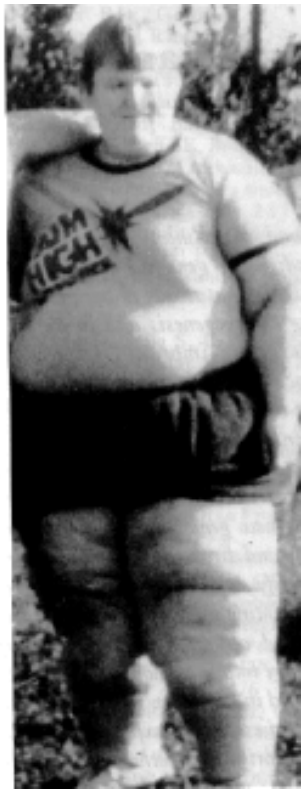
Prader-Willi Syndrome (PWS)

- Complex genetic neurobehavioral/metabolic disorder due to the loss or lack of expression of a set of genes on chromosome 15
- Afflicts about 1:15,000-1:25,000 individuals
- Elevated mortality rates
- Highest unmet needs
  - hyperphagia
  - aggressive behaviors
  - body composition
- PWS families have low QOL - normal siblings show high rates of PTSD





"Addressing these behavioral needs will be life-changing for PWS families"

- Dr. Jennifer Miller, University of Florida

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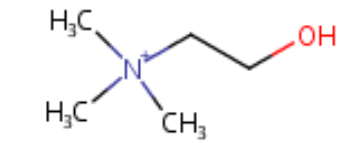
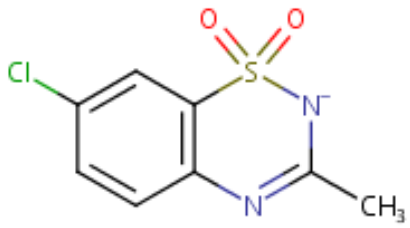
Diazoxide – Long History of Safe Use
DCCR – Extensive Pre-Clinical and Clinical Data

- Diazoxide I.V., Oral suspension and Capsule
  - K_{ATP} channel agonist approved in 1976
  - Previously used as IV treatment for malignant hypertension
  - BID/TID oral suspension for the treatment of hypoglycemia due to hyperinsulinism in infants, children and adults - remains global standard of care
- Diazoxide Choline Controlled-Release (DCCR) Tablet
  - QD tablet formulation of choline salt of diazoxide
  - Characterized in 5 Phase I and 3 Phase II studies in obese, dyslipidemic and PWS subjects
  - More than 210 treated subjects
  - Protected by multiple issued patents, including composition of matter

Diazoxide Choline





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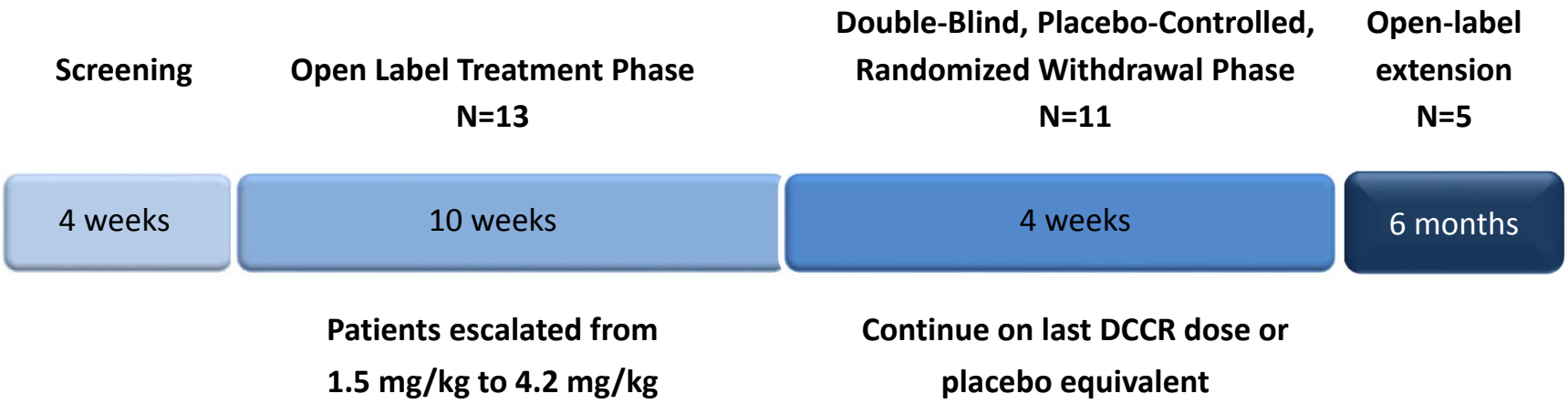
Mechanism of Action

- Appetite controlled by 2 sets of neurons in the hypothalamus
  - NPY/AgRP – secrete NPY and AgRP, appetite stimulatory neuropeptides
  - POMC – secretes POMC, an appetite suppressive neuropeptide
  - Express K_{ATP} channels
- NPY expression is markedly elevated in PWS
  - Loss of SNORD116 in the PWS critical region on chromosome 15
  - Results in hyperphagia
- Treatment with DCCR
  - Agonizes K_{ATP} channels in NPY/AgRP neurons
  - Reduces secretion of NPY
  - Reduces hyperphagia

PC025 Pilot Study in PWS

- Randomized, Withdrawal, Single Center Trial of DCCR in overweight or obese, genetically-confirmed PWS patients between 10 and 22 years



The safety and efficacy results from the study were reviewed with a panel of PWS experts

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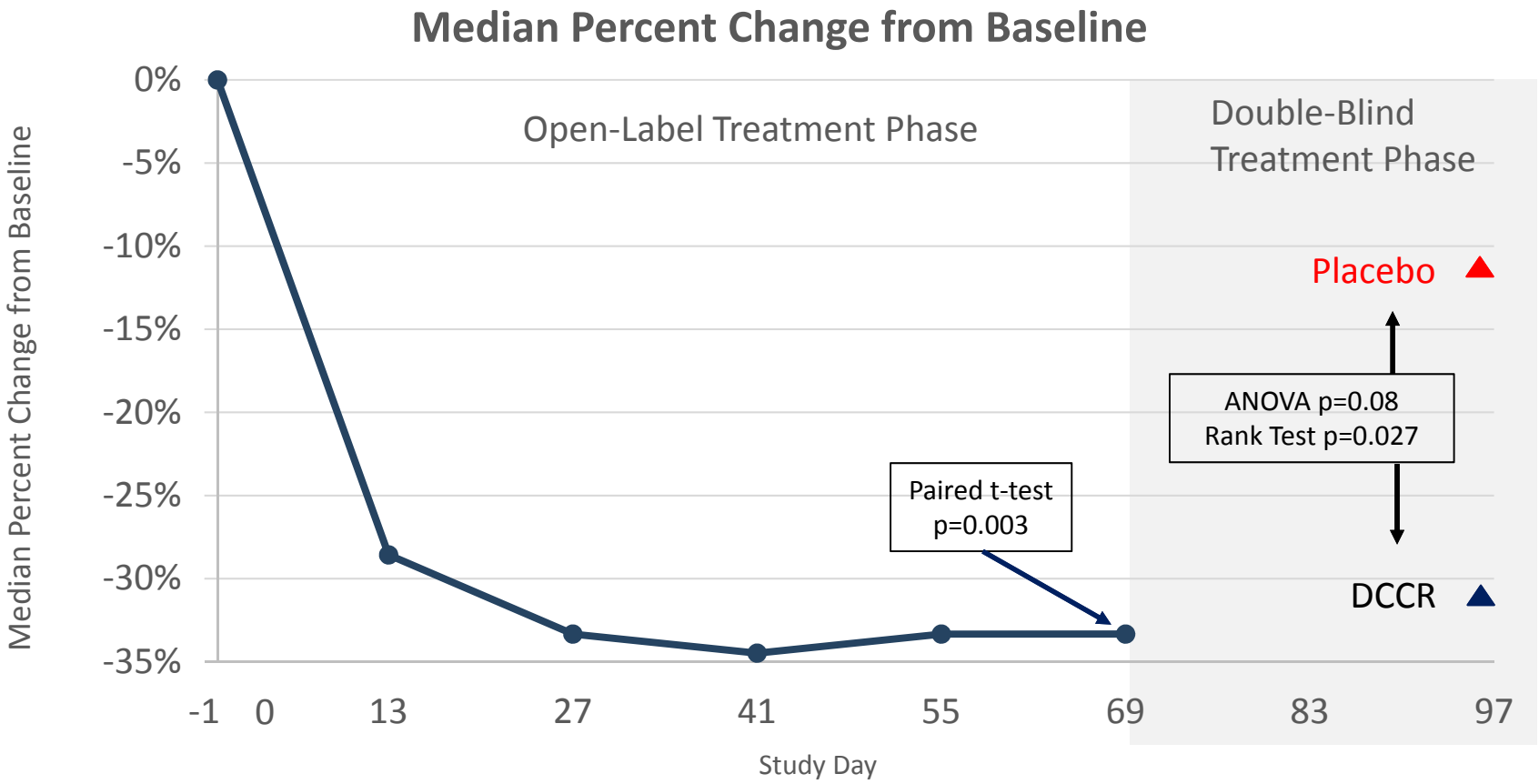
DCCR: Significant Hyperphagia Response



Hyperphagia was measured using a standard (Modified Dykens) questionnaire which assessed a range of PWS specific food related behaviors

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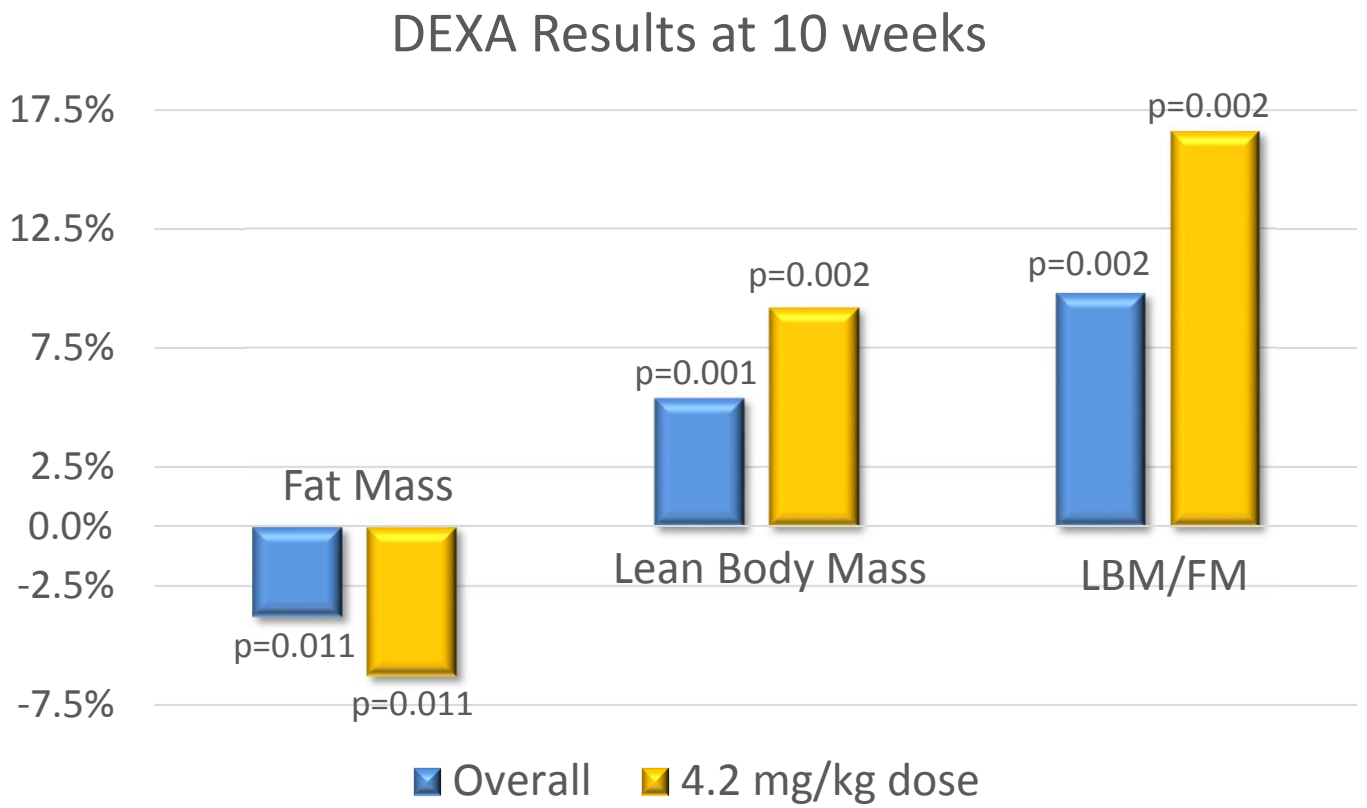
DCCR Impacts Fat/Lean Body Mass



"The impact on fat mass and lean body mass are huge, especially in the context of improvements in hyperphagia"

- Dr. Jennifer Miller, University of Florida

Presented by Essentialis at the Annual Meeting of the Foundation for Prader-Willi Research on October 29, 2016

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DCCR Reduces Aggressive Behaviors

- Based on the Behavioral Assessment Questionnaire from the Prader-Willi Syndrome Natural History Study
- Aggressive and destructive behaviors
  - 70% of subjects at Baseline
  - 30% of subjects at 10 weeks (p=0.006)

"From a family standpoint, the behavioral changes are huge. Aggression takes kids out of the home."

- Dr. Theresa Strong, FPWR

"These behavioral changes can be life-changing for the family"

- Dr. Jennifer Miller, University of Florida

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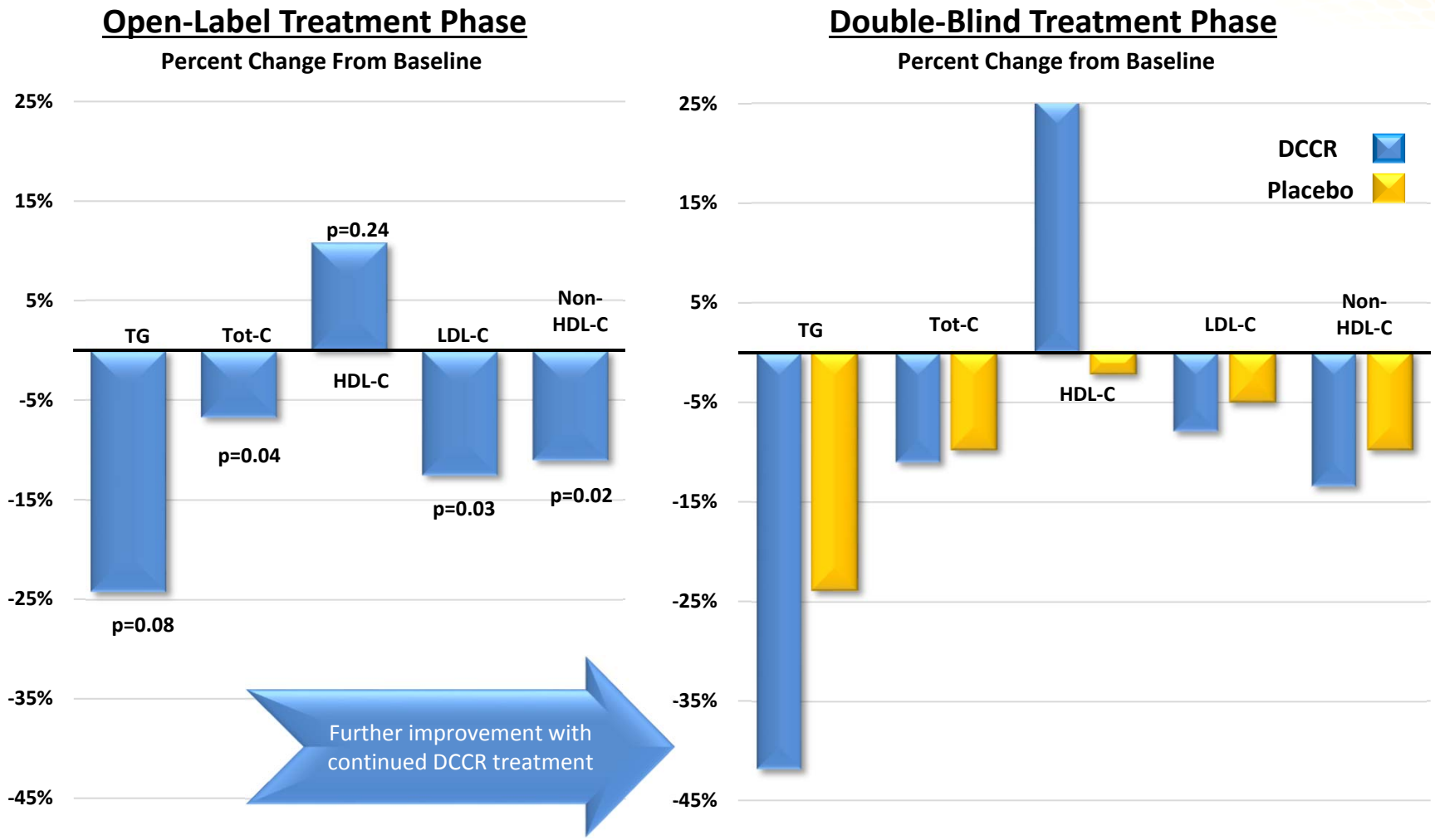
DCCR Impacts CV Risk Factors



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Diazoxide – Long History of Safe Use
DCCR – Extensive Pre-Clinical and Clinical Data

- The safety profile of Proglycem in chronic use is well-known
- In the development of DCCR, there have been no new safety findings
- The doses of DCCR that will continue in development are at the low end or below the labeled range for Proglycem
- More than 120,000 patient years of chronic use

"The medication's safety profile is well known. It's a benign medication"

- Dr. Jennifer Miller, University of Florida

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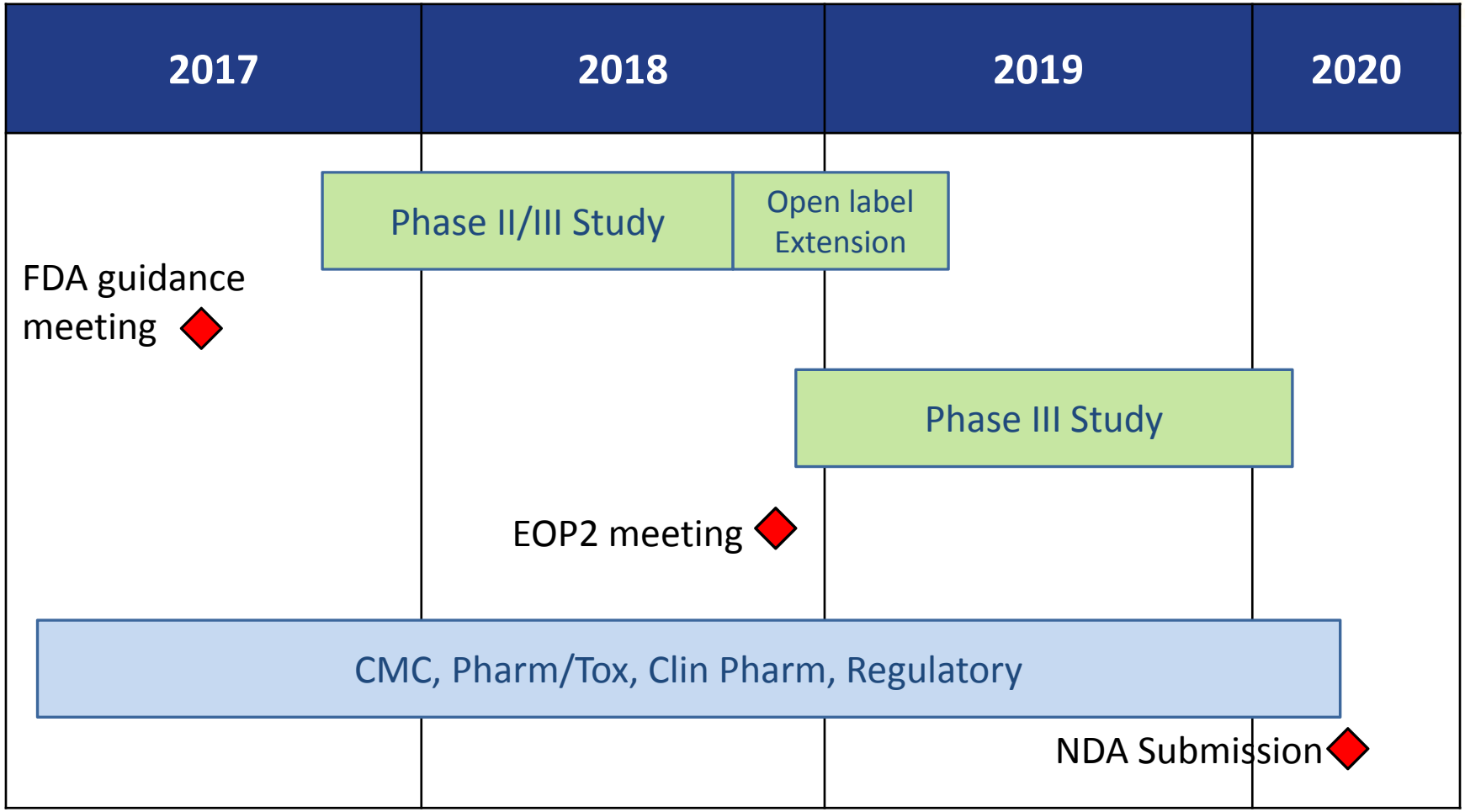
DCCR Estimated Development Timeline



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Extensive IP Protection

- Issued/Granted Patents
  - US: 3; EU: 3; JP: 1;
  - Also in China, India, Canada and Australia
  - Several pending applications
  - Expire in 2026 to 2029
  - Covers composition of matter, formulations, combinations, method of use and method of manufacture
- Protection in PWS
  - In addition to the protection of the product, our filings cover method of use of any K_{ATP} channel activator, diazoxide and DCCR in PWS
  - New filing based on data from PC025 could extend protection to 2035

Pipeline – Orphan Opportunities

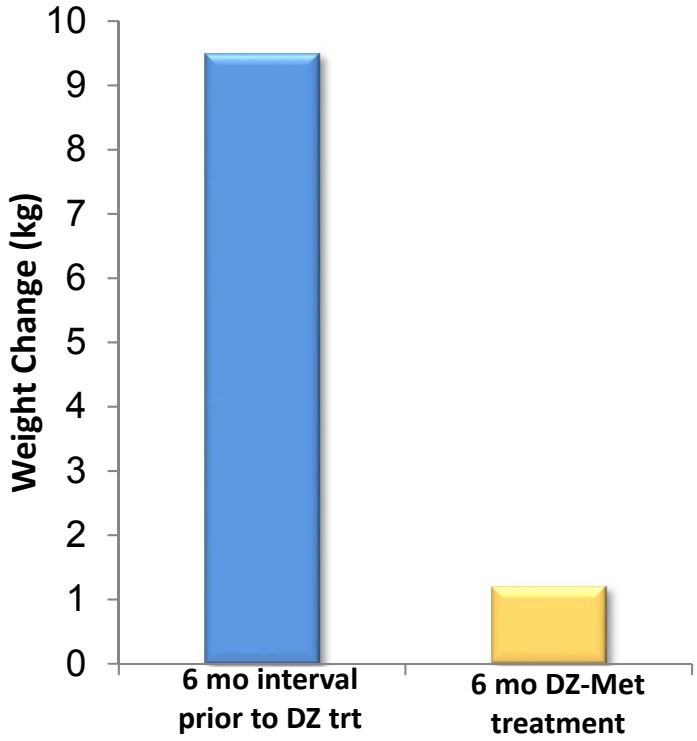
Product	Indication	US Patient Population Estimate	Timing to NDA
DCCR	Prader-Willi Syndrome	12,500 - 21,000	2020
Upside Opportunities for DCCR			
DCCR	Hypothalamic Obesity	3,750 – 9,700	2022
DCCR	Smith-Magenis Syndrome	12,500 – 21,000	2022

- Orphan drug designation was granted for PWS in the US in May 2014

Hypothalamic Obesity

- Intractable weight gain and endocrine complications following damage to the hypothalamus
- Most frequently follows excision of a cranial tumor, particularly craniopharyngioma
- Often evident within 1-2 months of surgery
- Dramatically reduced resting and voluntary energy expenditure
- No currently approved treatments
- Prevalence 1:50,000, with more than 50% being children and adolescents

Weight change in adolescent hypothalamic obesity patients treated for 6 months with diazoxide and metformin



N=9, p=0.004

Inter J Pediatric Endocrin 2011:417949

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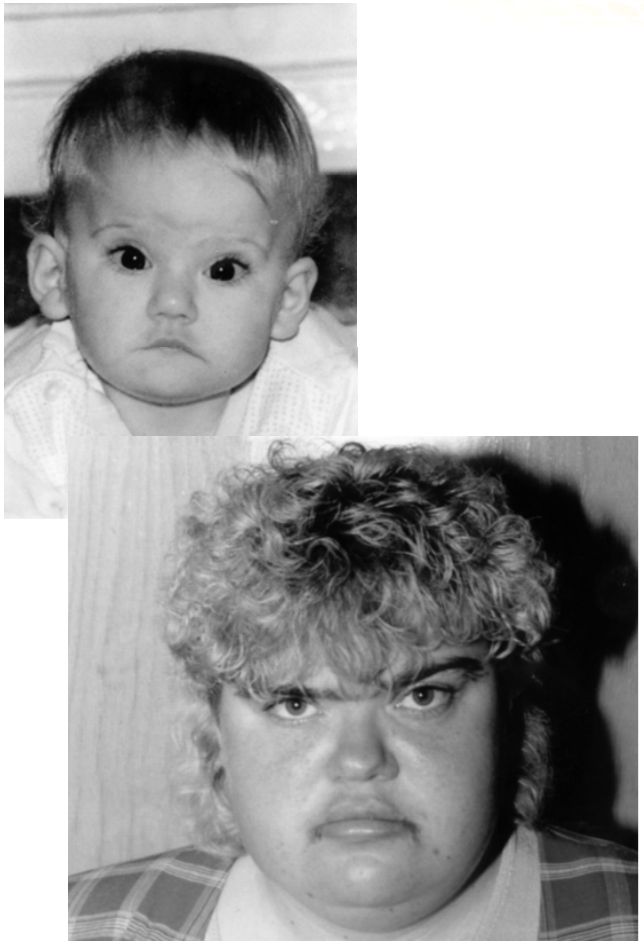
Smith-Magenis Syndrome (SMS)

- Complex genetic neurobehavioral / metabolic disorder due to haploinsufficiency of the retinoic acid-induced 1 (RAI1) gene on chromosome 17p11.2
- Key aspects of the natural history parallels PWS
- Behavioral complications more prominent
- Highest unmet needs: aggressive behaviors, hyperphagia, body composition and sleep disturbances
- SMS families have low QOL
- There are no approved treatments
- Prevalence is 1:15,000 - 1:25,000



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2017 Priorities

- **1Q17** – Closed merger transaction with Essentialis; completed concurrent $10M financing
- **May 2017** – Name change to Soleno Therapeutics
- **Mid-2017** – Complete FDA guidance meeting for DCCR
- **2H17** – Initiate Phase II/III clinical study evaluating DCCR for the treatment of PWS
- **2017** – Explore strategic alternatives for legacy marketed products and product candidates
- **2017** – Secure orphan drug designation for DCCR in additional indications beyond PWS

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Financial Highlights

Cash runway to value creating milestones

(millions)

	12/31/16	Post-Merger
Cash	$2.7	$11.0
Debt	$0	$0
Shares outstanding:		
Common	16.8	47.5[1]
Fully Diluted	39.0	65.4[1]

1. *Does not include holdback shares of 900 thousand to be issued after 1 year and milestone shares of 4.6 million to be issued upon start of Phase II/III clinical trial*

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Thank you.

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