CYXONE

559020-5471

Interim report
July 1 to September 30, 2017

Interim report: July 1 to September 30, 2017

Summary

Period (July 1 to September 30, 2017)

- Operating revenue KSEK 0 (0)
- Income after financial items KSEK -1,518 (-1,235)
- Earnings per share SEK -0,10 (-0,10)
- Cash and cash equivalents as of September 30 KSEK 25,662 (23,468)
- Equity ratio as of September 30 95.2% (97.7%)

Period (January 1 to September 30)

- Operating revenue KSEK 0 (0)
- Income after financial items KSEK -5,593 (-2,860)
- Earnings per share SEK -0,36 (-0,22)

Significant events during the third quarter of 2017

- No significant events.

Significant events after the period

- Warrant options in TO2 98.7% subscribed. Cyxone received appr. MSEK 12.3 prior to issuance costs.
- In co-operation with the Medical University of Vienna, Cyxone will conduct a study into a cyclotide in established animal models for inflammatory bowl disease.

Comments from CEO Kjell Stenberg

The company continues to work according to its previously communicated development plan. A safety study into T20K is being conducted by LPT Laboratory of Pharmacology and Toxicology GmbH & Co. KG in Germany, and studies into T20K's efficacy on Multiple Sclerosis (MS) symptoms in animal models (EAE) continue with our partners. The results of these safety and efficacy studies will be reported on completion of the trials. Work on manufacturing T20K, developing analysis methods, measuring stability, and quantifying uptake and excretion of T20K in animals continues to follow the company's plans.

Cyxone's development work on T20K has proceeded extremely positively compared to the development of new drugs at similar stages. The considerable interest in 2 warrants (TO 2), which were 98.7 per cent subscribed, gives us a fresh opportunity to firmly pursue T20K for MS treatments by continuing our development work.

As previously communicated, Cyxone is in productive talks with its network of investors ahead of planned Phase 2b trials with Rabeximod.

We would like to thank all shareholders for their faith in Cyxone, and we look forward to continued fruitful co-operation.

Keep up to date with our news and information about our attendance at investment meetings via First North and our homepage at: cyxone.com.

Kjell Stenberg
CEO, Cyxone AB

Cyxone AB

Operations

Cyxone is a biopharmaceutical company that develops drugs based on a type of natural plant protein known as cyclotides. Cyxone was formed in 2015 after the company acquired the exclusive licensing rights to the cyclotide technology and T20K developed at the Medical University of Vienna and the University Clinic in Freiburg. Cyclotide technology has the potential to produce new drugs with beneficial pharmacological effects on diseases that currently lack safe and effective treatments. The company focuses on the development of a substance called T20K, which inhibits key processes in cells of the body that are typical of various immune disorders, such as MS and rheumatoid arthritis.

Cyclotide technology

Cyclotides have been described as ideal "templates" that can be modified to produce desired pharmacological characteristics, while retaining excellent pharmaceutical properties. For example, they can be administered in tablet form without being broken down in the body. The first recorded observation of the pharmacological effects of a plant with cyclotides was made in 1960 by a Norwegian doctor on a Red Cross mission to the Congo. He noted that women used a tea made of the plant to facilitate childbirth. However, it took some 20 years before the effects could be linked to a cyclotide.

Work forms

Cyxone uses and expands its worldwide network of qualified companies that specialise in the various types of studies needed to identify the efficacy of T20K on MS, and to conduct a safety assessment prior to human studies. The company uses its scientific panel with experts in cyclotide R&D to identify unique cyclotide molecules with new pharmacological properties. Since Cyxone outsources laboratory work instead of building its own facilities, the company has low fixed costs, and is flexible and responsive. The company's management has extensive experience of conducting virtual drug development in the MS field. Board members have many years' experience of leading academic research for public development companies, and of providing strategic leadership to companies in various stages of the development process.

Members of the Cyxone board have considerable experience of negotiating licensing and co-operation agreements between small development companies and large drug companies. CEO Kjell Stenberg has negotiated agreements on behalf of AstraZeneca with leading universities in Europe and North America such as Karolinska Institutet, the University of

Gothenburg, the Max Planck Institute in Germany, the Scripps Research Institute in La Jolla, and the University of British Columbia in Canada. And with his biotech companies, he has secured a variety of agreements that, for example, for Combio A/S a joint venture-agreement with Arpida in Basel, Switzerland, and a license and partner agreement with Eli Lilly for BioMS Medical.

Aims

Cyxone's goal is to conduct the necessary pre-clinical studies to demonstrate that T20K can be given to humans in Phase 1 trials. A series of studies are being carried out in animal models to determine T20K's safety potential. Cyxone is also conducting a number of efficacy studies with T20K in mice using EAE modeling to identify the appropriate dose of T20K to achieve optimal treatment results with minimal side effects. In this work, we are studying uptake, distribution, breakdown, and secretion of T20K in animals, and how the substance is distributed to different organs in the body. To do this, we are developing a sensitive method of analyzing T20K in bodily fluids. Once we have mapped how T20K works, we will contact the appropriate authorities to obtain the necessary authorization to study T20K in humans. Cyxone will subsequently focus on planning and conducting the studies needed in clinical Phase I.

Cyxone will also start a Phase 2b trial with Rabexiomod in patients with moderate rheumatoid arthritis (RA) in 2018 when sufficient capital is available in the company. Existing MS and RA drugs only provide relief from the symptoms of these conditions, and a slight decline in the rate of the disease process, so there is a considerable medical need for better drugs. Cyxone hopes to be able to offer effective and safe drugs that can considerably slow the development of MS and RA without the severe side effects associated with existing products.

In 2018, Cyxone will evaluate whether cyclotides can also be used to treat inflammatory bowel disease, IBD. Positive results could provide the company with a new development project in the field of autoimmune diseases.

Vision

Cyxone's vision is to effectively, and without prohibitive side effects, slow the development of severe immunological conditions such as MS, rheumatoid arthritis, and inflammatory bowel disease.

The share

The company was established on July 13, 2015. Shares in the company have been traded since June 7, 2016 on the Nasdaq First North stock exchange with ticker CYXO. The company's Certified Adviser on the Nasdaq First North is Erik Penser Bank, +46 (0) 8 463 80 00.

Changes in share capital

Year	Event	Increase in share capital (SEK)	Total share capital (SEK)	Change in number of shares	Total number of shares	Quota value (SEK)
2015	Formation of company	50,000	50,000	500	500	100
2015	Share issue for patent work	450,000	500,000	4,500	5,000	100

2015	Split (1:1,000)	-	500,000	4,995,000	5,000,000	0,1
2016	Split (1,000:1,325)	-	500,000	1,625,000	6,625,000	0,075
2016	Share issue	98,113	598,113	1,300,000	7,925,000	0,075
2016	Share issue (First North listing)	377,358	975,472	5,000,000	12,925,000	0,075
2017	Issue TO1	181,584	1,157,056	2,405,992	15,330,992	0,075
2017	Issue TO2*	186,198	1,343,254	2,467,119	17,798,111	0,075

* Registered with Swedish Companies Registration Office at the beginning of October 2017.

Shares and share capital

The total number of shares in Cyxone increased, as at September 30, 2017, to 15,330,922, and share capital to SEK 1,157,056.00.

Warrants

The subscription period for TO 2 ended on September 29, 2017 during which time 2,467,119 warrants were exercised for the equivalent number of shares, corresponding to a subscription ratio of around 98.7 per cent. Following this registration, share capital amounts to SEK 1,343,253.66 distributed over 17,798,111 shares. Cyxone therefore receives approximately SEK 11.7 million after issue costs.

Principles for the preparation of this interim report

The company applies the Swedish Annual Accounts Act (1995:1554) and the Accounting Standards Board 2012:1 Annual report and consolidated reporting (K3).

Additional information

The company was established in the summer of 2015, and operations started in the autumn of 2015. The company's first financial year was extended, and ran from July 13, 2015 to December 31, 2016.

Capitalisation of development costs is registered in the company's balance sheets. Due to changes in K3 accounting recommendations, from 2016, a reserve corresponding to capitalised development costs will be made to restricted equity from unrestricted equity.

Auditing

The company's auditors have not formally reviewed this report.

Upcoming financial reports and company general meetings

February 16, 2018 Year-end report

Submission of interim report

Malmö
October 25, 2017

The Board of Directors

Cyxone AB

This report contains such information that Cyxone AB is required to make public under the EU's Market Abuse Regulation and Securities Markets Act. This Information was submitted by CEO Kjell Stenberg for publication on October 25, 2017 at 08:50 CET.

This report contains forward-looking statements that constitute subjective estimates and forecasts about the future. Assessments about the future are only valid on the date they are made and are, by their nature, similar to research and development work in the biotech field, associated with risk and uncertainty. In light of this, actual outcomes may differ substantially from what is described in this press release.

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Income statement in summary
KSEK

	2017-07-01 2017-09-30	2016-07-01 2016-09-30	2017-01-01 2017-09-30	2015-07-13 2016-09-30	2015-07-13 2016-12-31
Operating income	0	0	0	21	21
Other income	0	0	0	0	0
Total operating income	**0**	**0**	**0**	**21**	**21**
Operating costs					
Other external costs	-1,017	-846	-3,896	-1,964	-2,861
Personnel costs	-491	-389	-1,667	-917	-1,318
Depreciation and amortisation of fixed assets	-5	0	-16	0	0
Other variable costs	0	0	0	0	0
Total operating costs	**-1,513**	**-1,235**	**-5,579**	**-2,881**	**-4,179**
Operating result	**-1,513**	**-1,235**	**-5,579**	**-2,860**	**-4,158**
Income from financial investments	0	0	0	0	0
Other financial income	0	0	0	0	0
Financial costs	-5	0	-14	0	-4
Total income from financial investments	**-5**	**0**	**-14**	**0**	**-4**
Income after financial items	**-1,518**	**-1,235**	**-5,593**	**-2,860**	**-4,162**
Income for the period	**-1,518**	**-1,235**	**-5,593**	**-2,860**	**-4,162**

Balance sheet in summary
KSEK

	2017-09-30	2016-09-30	2016-12-31
Assets			
Fixed assets			
Intangible assets			
Capitalised development costs	3,332	472	753
Patents, licenses and similar rights	923	450	846
Total intangible assets	**4,255**	**922**	**1,599**
Inventory	0	0	0
Total fixed assets	**4,255**	**922**	**1,599**
Current assets			
Receivables			
Other current receivables	154	268	268
Pre-payments and accrued income	30	51	97
Total current receivables	**184**	**319**	**365**
Cash and bank balances	25,662	23,468	21,598
Total current assets	**25,846**	**23,787**	**21,963**
Total assets	**30,101**	**24,709**	**23,562**

	2017-09-30	2016-09-30	2016-12-31
Equity and liability			
Equity			
Restricted equity			
Share capital	1,157	975	975
Reserve for capitalised development costs	3,332	0	753
Total restricted equity	**4,489**	**975**	**1,728**
Unrestricted equity			
Other unrestricted equity	29,757	26,024	25,265
Net loss	-5,593	-2,860	-4,162
Total unrestricted equity	**24,164**	**23,164**	**21,103**
Total equity	**28,653**	**24,139**	**22,831**
Current liabilities			
Trade payables	826	242	398
Current tax liabilities	70	56	36
Other current liabilities	372	167	88
Accrued costs and deferred income	180	105	209
Total current liabilities	**1,448**	**570**	**731**
Total equity and liabilities	**30,101**	**24,709**	**23,562**
Pledged assets (KSEK)	0	0	0
Contingent liabilities (KSEK)	0	0	0

Equity changes in summary

KSEK
January 1, 2017 to September 30, 2017

	Share capital	Reserve for development costs	Other unrestricted equity	Result for the period	Total unrestricted capital	Total equity
Balance at beginning of period	975	753	25,265	-4,162	21,103	22,831
Share issues	182		11,835		11,835	12,017
Allocation of this year's earnings			-4,162	4,162	0	0
Transfer of development cost reserve		2,579	-2,579		-2,579	0
Share issue costs			-602		-602	-602
Result for the period				-5,593	-5,593	-5,593
Balance at the end of the period	**1,157**	**3,332**	**29,757**	**-5,593**	**24,164**	**28,653**

Cash flow statement in summary

KSEK	2017-07-01 2017-09-30	2016-07-01 2016-09-30	2017-01-01 2017-09-30	2016-01-01 2016-09-30	2015-07-13 2016-12-31
Cash flow from operations	-1,513	-1,235	-5,577	-2,698	-4,161
Changes in operating capital	136	-2,291	897	-26	365
Total cash flow from operations	**-1,377**	**-3,526**	**-4,680**	**-2,724**	**-3,796**
Cash flow from investment activities	-1,075	-327	-2,672	-313	-1,599
Cash flow from financing activities	0	2,685	11,416	26,499	26,993
Total cash flow for the period	**-2,452**	**-1,168**	**4,064**	**23,462**	**21,598**
Cash and cash equivalents at the beginning of the period	28,114	24,636	21,598	6	0
Cash and cash equivalents at the end of the period	25,662	23,468	25,662	23,468	21,598
Change in cash and cash equivalents	**-2,452**	**-1,168**	**4,064**	**23,462**	**21,598**

Key figures

	2017-07-01 2017-09-30	2016-07-01 2016-09-30	2017-01-01 2017-09-30	2015-07-13 2016-09-30	2015-07-13 2016-12-31
Net sales (KSEK)	0	0	0	21	21
Profit after financial items (KSEK)	-1,518	-1,235	-5,593	-2,860	-4,162
Total assets (KSEK)	30,101	24,09	30,101	24,709	23,562
Equity (%) *	95.2	97.7	95.2	97.7	96.9
Earnings per share CB (SEK)*	-0,10	-0,10	-0,36	-0,22	-0,32
Earnings per share OB (SEK)*	-0,10	-0,10	-0,43	-	-
Number of shares CB	15,330,992	12,925,000	15,330,992	12,925,000	12,925,000
Number of shares OB	15,330,992	12,925,000	12,925,000	-	-
Average number of shares	15,330,992	12,925,000	14,127,996	-	-

*Definitions of key figures

Equity ratio, adjusted equity in percentage of total assets

Earnings per share CB, earnings diluted by number of shares, Closing Balance, at the end of the period

Earnings per share OB, diluted by number of shares, Opening Balance, at the beginning of the period