

CYXONE

559020-5471

Interim report
2017-01-01 to 2017-06-30

Interim report 2017-01-01-2017-06-30

Summary of interim report

Period (2017-01-01–2017-06-30)

- Operating revenue KSEK 0 (0)
- Income after financial items KSEK -4 075 (-1 626)
- Earnings per share -0,27 (-0,13) SEK
- Cash and cash equivalents, KSEK 28 114 (24 636) as of 2017-06-30
- Equity ratio 95,2 (87,9) % as of 2017-06-30

Period (2017-04-01–2017-06-30)

- Operating revenue KSEK 0 (0)
- Income after financial items KSEK -2 588 (-1 157)
- Earnings per share SEK -0,17 (-0,09)

Significant events during the second quarter of 2017

- Cyxone signed an agreement pertaining to the exclusive rights to acquire the clinical candidate drug Rabeximod from OxyPharma AB.
- Cyxone AB and the University of Queensland in Australia entered into a co-operation agreement to further characterize the effects of Cyxone's T20K in treating MS.
- Cyxone entered a long-term strategic co-operation agreement with Sourcia, a clinical contract research organization (CRO) with offices in Belgium, Germany, and the Netherlands.
- A collaboration agreement has been made with Bachem AG in Switzerland to improve the synthesis of T20 and produce drug for non-clinical and clinical studies.

Significant events after the end of the period

- No significant events after the end of the period

CEO Kjell Stenberg comments

Cyxone's focus has been on planning and preparation for the efficacy and safety studies required to obtain approval for clinical studies with T20K.

Through the agreement with Bachem, a leading Swiss manufacturer of peptide drugs, we are confident to obtain high-quality drug for clinical trials according to our timeline.

In co-operation with the University of Queensland in 2017 Cyxone will perform a series of studies in the mouse-MS model to demonstrate T20K's potential to prevent development of MS symptoms.

Toxicity studies are conducted in co-operation with the leading safety company LPT Technologies in Germany to establish a safe and innovative dosing of T20K.

In line with Cyxone's plans to initiate a second project in the autoimmune area the company agreed with OxyPharma to acquire Rabeximod for rheumatoid arthritis. Cyxone plans to conduct a phase IIb study in patients starting in 2018. To support the new clinical program starting in 2018 Cyxone enjoys constructive discussions with its investor network.

Follow our news and information about our presence at investor meetings via First North, and the company's webpage: www.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 effective and safe 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 multiple sclerosis and rheumatoid arthritis.

Cyclotide technology

Cyclotides have been described as ideal "templates" that can be modified to produce the desired pharmacological properties while retaining good pharmaceutical properties, for example because they can be given in tablet form without being broken down in the body. The first documented observation of the pharmacological effect of a plant with cyclotides was made by a Norwegian doctor. While on a Red Cross mission to the Congo in 1960, he noted that women used a tea made of this plant to facilitate childbirth. It took about 20 years until the effects could be linked to a cyclotide

Work forms

Cyxone uses and expands its worldwide network of qualified companies that specialize in the various types of relevant studies to characterize T20K effects on MS and to conduct a safety assessment prior to human studies. The company will use its scientific panel of experts in cyclotide research to search for new cyclotide molecules with new pharmacological effects. Since Cyxone outsources laboratory work instead of building its own facilities, the company has low fixed costs and a flexible, fast working method. The company's management has vast experience in conducting virtual drug development in the field of MS. The members of the board have a long history of leading academic research for public development companies and providing strategic leadership to companies in different phases of the development process. Members of Cyxone's board have extensive experience in negotiating licensing and partnership agreements between small development companies and large pharmaceutical companies. On

AstraZeneca's behalf, Kjell Stenberg negotiated agreements with leading universities in Europe and North America, such as Karolinska Institutet and University of Gothenburg in Sweden, Max Planck Institute in Germany, Scripps Research Institute in La Jolla, California in USA, and the University of British Columbia in Canada. For his biotech companies, he has also negotiated various agreements, such as a joint venture agreement with Arpida in Basel, Switzerland for Combio A/S, and a licensing and partnership agreement with Eli Lilly for BioMS Medical.

Aims

Cyxone's initial goal is to verify research results with T20K in cell and animal models. In the next phase, the developed synthesis process of T20K will be optimized to be able to produce a product that satisfies regulatory requirements for human studies. At the same time, we intend to investigate physical parameters, including the stability of T20K, to be able to build a good tablet formulation. It is important to find T20K's efficacy and safety potential in order to select an optimal dose that can be consistently used for the regulatory studies. It is important to study the uptake, distribution, breakdown and excretion of T20K in animals in order to create a product that can be used in humans. A developed method of analyzing T20K in body fluids is required to achieve this. The preclinical studies, before the clinical development phase in 2018, that will be carried out in 2017, will be designed when Cyxone has compiled the results of the preclinical studies performed with T20K in 2016. The goal is to focus on the critical studies to take T20K through a complete clinical phase I. Cyxone also intends to define new development projects in the field of immunological diseases, such as rheumatoid arthritis. Since current MS drugs cannot provide more than temporary relief of symptoms and a slight slowdown of disease progression, there is a very large unmet medical need for better drugs. Cyxone's goal is to be able to provide both effective and safe drugs that can significantly slow the progression of MS without causing the severe side effects associated with current products

Vision

Cyxone's vision is to effectively slow the progress of severe immune-related diseases, such as multiple sclerosis, rheumatoid arthritis, and inflammatory bowel disease, without causing side effects.

The share

The Company was established 2015-07-13. The shares are traded on the Nasdaq First North under identification ticker CYXO since 2016-06-07. Certified Adviser on Nasdaq First North is Erik Penser Bank, +46 (0)8 4638300.

Changes in share capital

Year	Event	Change in Share capital (kr)	Total share capital (kr)	Change in number of shares	Total number of shares	Quota value (kr)
2015	Formation of company	50 000	50 000	500	500	100
2015	Share issuance for patent	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 (1000:1 325)	-	500 000	1 625 000	6 625 000	0,075
2016	Share issuance	98 113,21	598 113,21	1 300 000	7 925 000	0,075
2016	Share issuance First North	377 358,49	975 471,70	5 000 000	12 925 000	0,075
2017	Teckning TO1	181 584,30	1 157 056,00	2 405 992	15 330 992	0,075

Shares and share capital

The total number of shares in Cyxone amounts to 15,330,922 and the share capital is 1,157,056.00 SEK.

Warrants

There are 2 500 000 outstanding warrants of series TO 2. TO 2 entitles the holder to subscribe for one new share for 5 SEK during the period September 18 to September 29, 2017. The warrants are traded on the Nasdaq First North since 2016-06-07, the short name for the warrant TO 2 is CYXO TO2.

Principles of preparation for the year-end report

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

Additional information

The company was formed in the summer of 2015 and operations started in the autumn of 2015. The company's first extended financial year was 2015-07-13-2016-12-31. Capitalization of development costs are made on the balance sheet. Due to changes in K3 accounting regulations for year 2016 a reserve for capitalized development costs will be made as restricted equity.

Audit

This report has not been reviewed by the company's auditors.

Upcoming financial reports

2017-10-25 Interim report Q3

2018-02-16 Year-end report

Malmö August 30, 2017

**Board of Directors
Cyxone AB**

This year-end report is such information Cyxone AB is obligated to publish under the EU Market Abuse Regulation and Securities Markets Act. The information was released by CEO Kjell Stenberg for publication August 30, 2017 at. 08:50 CET.

This report contains forward-looking statements, consisting of subjective assumptions and forecasts for future scenarios. Predictions for the future only apply as of the date they are made and are, by their nature, as well as research and development work in the biotech segment, associated with risk and uncertainty. The actual outcome may deviate significantly from the scenarios described in this press release.

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Summary Income Statement KSEK

	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2017-01-01 2017-06-30	2015-07-13 2016-06-30	2015-07-13 2016-12-31
Operating income	0	0	0	21	21
Other income	0	0	0	0	0
Total operating revenue	0	0	0	21	21
Operating expenses					
Other external expenses	-1 966	-632	-2 879	-1119	-2 861
Personnel costs	-643	-525	-1 176	-528	-1 318
Depreciation and write-downs Fixed assets	29	0	-11	0	0
Other variable costs	0	0	0	0	0
Total operating expenses	-2 580	-1 157	-4 066	-1 647	-4 179
Operating result	-2 580	-1 157	-4 066	-1 626	-4 158
Income from financial investments	0	0	0	0	0
Other financial income	0	0	0	0	0
Financial costs	-8	0	-9	0	-4
Total income from financial items	-8	0	-9	0	-4
Result after financial items	-2 588	-1 157	-4 075	-1 626	-4 162
Result of the period	-2 588	-1 157	-4 075	-1 626	-4 162

Summary Balance Sheet

SEK

Assets	2017-06-30	2016-06-30	2016-12-31
Fixed Assets			
<u>Intangible assets</u>			
Capitalized development costs	2 256	145	753
Patents, licenses and similar rights	929	450	846
Total intangible assets	3 185	595	1 599
Equipment	0	0	0
Total fixed assets	3 185	595	1 599
Current assets			
<u>Receivables</u>			
Other current receivables	354	551	268
Prepayments and Accrued income	29	21	97
Subtotal	383	572	365
Cash and bank balances	28 114	24 636	21 598
Total current assets	28 497	25 208	21 963
Total assets	31 682	25 803	23 562

Equity and liability

	2017-06-30	2016-06-30	2016-12-31
Equity			
<u>Restricted equity</u>			
Share capital	1 157	975	975
Reserve for capitalized development costs	2 256	0	753
Total restricted equity	3 413	975	1 728
<u>Unrestricted equity</u>			
Other unrestricted equity	30 833	23 339	25 265
Net loss	-4 075	-1 626	-4 162
Total unrestricted equity	26 758	21 713	21 103
Total equity	30 171	22 688	22 831
Current liabilities			
Trade payables	925	218	398
Current tax liabilities	63	52	36
Other current liabilities	337	2 785	88
Accrued expenses and deferred income	186	60	209
Total current liabilities	1 511	3 115	731
Total equity and liabilities	31 682	25 803	23 562
Pledged assets (KSEK)	0	0	0
Contingent liabilities (KSEK)	0	0	0

Summary of change in equity

KSEK

2017-01-01--2017-06-30

	Share capital	Other restricted capital	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
Reserve for capitalized development costs		1 503	-1 503		-1 503	0
Allocation of previous earnings			-4162	4162	0	0
Costs of share issues			-602		-602	-602
Result for the period				-4 075	-4 075	-4 075
Balance at end of period	1 157	2 256	30 833	-4 075	26 758	30 171

Summary of cash flow statement

KSEK	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2015-07-13 2016-12-31
Cash flow from operating activities	-2 617	-1 157	-4 064	-1 464	-4 161
Changes in operating capital	767	2 477	762	2 266	365
Total cash flow from operating activities	-1 850	1 320	-3 302	802	-3 796
Cash flow from investing activities	-1 311	-18	-1 597	14	-1 599
Cash flow from financing activities	0	19 220	11 415	23 814	26 993
Total Cash flow for the period	-3 161	20 522	6 516	24 630	21 598
Cash and cash equivalents at beginning of the period	31 275	-4 114	21 598	6	0
Cash and cash equivalents at end of the period	28 114	24 636	28 114	24 636	21 598
Change in cash and cash equivalents	-3 161	20 522	6 516	24 630	21 598

Key figures

	2017-04-01	2016-04-01	2017-01-01	2015-07-13	2015-07-13
	2017-06-30	2016-06-30	2017-06-30	2016-06-30	2016-12-31
Net turnover (KSEK)	0	0	0	21	21
Profit/result after financial items (KSEK)	-2 588	-1 157	-4 075	-1 626	-4 162
Total assets (KSEK)	31 682	25 803	31 682	25 803	23 562
Solidity (%) *	95,2	87,9	95,2	87,9	96,9
Earnings per share CB(SEK)*	-0,17	-0,09	-0,27	-0,13	-0,32
Earnings per share OB (SEK)*	-0,17	-0,15	-0,32	-	-
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	7 925 000	12 925 000	-	-
Average Number of shares	15 330 992	10 425 000	14 127 996	-	-

* Definitions of key figures

Equity ratio, adjusted equity in percentage of total assets

Earnings per share CB, Earnings per share, Closing Balance, end of period

Earnings per share OB, Earnings per share, Opening Balance, beginning of period