CYXONE

559020-5471

Interim report
2017-01-01 to 2017-03-31

Interim report 2017-01-01-2017-03-31

Summary of interim report

Period (2017-01-01–2017-03-31)

- Operating revenue KSEK 0 (0)
- Income after financial items KSEK -1491 (-307)
- Earnings per share -0,10 (-0,04) SEK
- Cash and cash equivalents (2017-03-31) 31 275 (4 114) KSEK
- Equity ratio 98,2 (97,8) % as of 2017-03-31

Significant events during first quarter of 2017

- The subscription period for TO 1 ended February 10, 2017 and during this period 2,405,992 warrants was exercised for an equal number of shares corresponding to a subscription rate of approximately 96%. Cyxone will thereby receive approximately SEK 12 million before issue costs.
- Cyxone's candidate drug T20K ability to both prevent and inhibit multiple sclerosis in animal models was verified by an independent laboratory.

Significant events after the end of the period

- 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.

CEO Kjell Stenberg comments

Immediately after New Year, Cyxone started its evaluation of the T20K results obtained under 2016. In this effort Cyxone is supported by its Scientific Advisory Board and its strategic partner Sourcia. The goal has been to design a T20K development program up to phase II clinical trials. Considerable efforts have been made to find external companies capable of delivering high-quality studies to a fair prize to meet the company's timeline.

During the period, the very promising efficacy of T20K on animal MS earlier reported has been validated by an independent laboratory. Cyxone has received confirmation that T20K can inhibit MS symptoms prophylactically (before disease induction) as well as therapeutically, i.e. when the disease symptoms have become manifest. T20K's effect on MS is comparable to that of the leading oral MS drug Gilenya.

In 2017, the company plans to study the effects on MS development in animals treated as soon as signs of disease progression occur, i.e. mirroring the plans to treat MS patients as soon as possible after diagnosis and maintain patients in remission. Other activities planned are chemical synthesis of T20K for animal studies and for man, develop and refine analytical methods, study pharmacological effects of T20K for a better safety assessment, carry out toxicity and pharamcokinetic studies (to quantify uptake, measure distribution and excretion of T20K).

Cyxone has introduced T20K and its anti-inflammatory cyclotide technology to leading pharmaceutical companies in Europe and the United States and has an ongoing positive dialogue.

We are very pleased by the strong interest by shareholders demonstrated through a 96% conversion of the company's first warrants (TO1) into shares. An additional SEK 12 million before issue costs was hence added to Cyxone.

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 trough 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 og 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 00	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 and Annual General Meeting

2017-05-23 General Meeting
2017-08-30 Interim report

Malmo May 16, 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 May 16, 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.

Contact

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Summary Income Statement
KSEK

	2017-01-01 2017-03-31	2016-01-01 2016-03-31	2015-07-13 2016-12-31
Operating income	0	0	21
Other income	0	0	0
Total operating revenue	**0**	**0**	**21**
Operating expenses			
Other external expenses	-916	-304	-2861
Personnel costs	-533	-3	-1318
Depreciation and write-downs Fixed assets	-40	0	0
Other variable costs	0	0	0
Total operating expenses	**-1491**	**-307**	**-4179**
Operating result	**-1491**	**-307**	**-4158**
Income from financial investments	0	0	0
Other financial income	0	0	0
Financial costs	0	0	-3
Total income from net Financial items	**0**	0	**-3**
Result after financial items	**-1491**	**-307**	**-4161**
Result of the period	**-1491**	**-307**	**-4161**

Summary Balance Sheet

SEK

	2017-03-31	2016-03-31	2016-12-31
Assets			
Fixed Assets			
Intangible assets			
Capitalized development costs	1395	128	1148
Patents, licenses and similar rights	450	450	450
Total intangible assets	**1845**	**578**	**1598**
Equipment	0	0	0
Total fixed assets	**1845**	**578**	**1598**
Current assets			
Receivables			
Other current receivables	188	0	268
Prepayments and Accrued income	52	21	97
Subtotal	**240**	**21**	**365**
Cash and bank balances	31275	4114	21598
Total current assets	**31515**	**4135**	**21963**
Total assets	**33360**	**4713**	**23561**

Equity and liability

	2017-03-31	2016-03-31	2016-12-31
Equity			
Restricted equity			
Share capital	1157	598	975
Reserve for capitalized development costs	985	0	753
Total restricted equity	**2142**	**598**	**1728**
Unrestricted equity			
Other unrestricted equity	32105	4334	25265
Net loss	-1491	-307	-4161
Total unrestricted equity	**30614**	**4027**	**21104**
Total equity	**32756**	**4625**	**22832**
Current liabilities			
Trade payables	169	186	398
Current tax liabilities	0	-98	0
Other current liabilities	72	0	88
Accrued expenses and deferred income	363	0	244
Total current liabilities	**604**	**88**	**730**
Total equity and liabilities	**33360**	**4713**	**23561**
Pledged assets (KSEK)	0	0	0
Contingent liabilities (KSEK)	0	0	0

Summary of change in equity
KSEK
2017-01-01--2017-03-31

	Share capital	Other restricted capital	Other unrestricted equity	Result for the period	Total unrestricted capital	Total equity
Balance at beginning of period	975	753	25265	-4161	21104	22832
Share issues	182		11834		11834	12016
Reserve for capitalized development costs		232	-232		-232	0
Allocation of previous earnings			-4161	4161	0	0
Costs of share issues			-601		-601	-601
Result for the period				-1491	-1491	-1491
Balance at end of period	**1157**	**985**	**32105**	**-1491**	**30614**	**32756**

Summary of cash flow statement

KSEK	2017-01-01 2017-03-31	2016-01-01 2016-03-31	2015-07-13 2016-12-31
Cash flow from operating activities	-1452	-307	-4161
Changes in operating capital	1	-211	365
Total cash flow from operating activities	**-1600**	**-518**	**-3796**
Cash flow from investing activities	-286	-32	-1599
Cash flow from financing activities	11416	4594	26993
Total Cash flow for the period	**9677**	**4108**	**21598**
Cash and cash equivalents at beginning of the period	21598	6	0
Cash and cash equivalents at end of the period	31275	4114	21598
Change in cash and cash equivalents	**9677**	**4108**	**21598**

Key figures

	2016-10-01 2016-12-31	2016-01-01 2016-12-31	2015-07-13 2016-12-31
Net turnover (KSEK)	0	0	21
Profit/result after financial items (KSEK)	-1 491	-307	-4 161
Total assets (KSEK)	33 347	4 713	23 561
Solidity (%) *	98,2	97,8	96,9
Earnings per share CB(SEK)*	-0,10	-0,04	-0,32
Earnings per share OB (SEK)*	-0,12	-0,06	-8 322,00
Number of shares CB	15 330 992	7 925 000	12 925 000
Number of shares OB	12 925 000	5 000 000	500
Average Number of shares	14 127 996	6 462 500	6 462 750

* Definitions of key figures

Equity ratio, adjusted equity in percentage of total assets

Earnings per share CB, Earnings per shares, Closing Balance, at end of period.

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