



559020-5471

Interim Report
January 1st to September 30th, 2020

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Summary of the Interim Report

First Nine Months (January 1st to September 30th, 2020)

- Operating revenue KSEK 0 (0)
- Income after financial items KSEK -36 978 (-26 122)
- Earnings per share -0,75 (-0,70)
- Cash and cash equivalents as of September 30th KSEK 44 587 (12 307)
- Equity ratio as of September 30th 64,1 (83,0) %

Third Quarter (July 1st to September 30th, 2020)

- Operating revenue KSEK 0 (0)
- Income after financial items KSEK -12 608 (-12 710)
- Earnings per share -0,25 (-0,34)

Significant events during the third quarter of 2020

- Cyxone signed agreement with Dr Maarten Kraan as Senior Scientific Advisor
- Cyxone signed agreement with Professor Rikard Holmdahl as Senior Scientific Advisor
- Cyxone raised SEK 0.9 million in a first directed share issue under the agreement with Dr Kask to jointly develop a new treatment of Covid-19
- Cyxone plans to initiate a Phase 2 clinical trial with Rabeximod in Covid-19 patients
- Cyxone raises SEK 1 million in a second directed share issue under the agreement with Dr Kask to jointly develop a new treatment of Covid-19
- Cyxone revises the development plan for Rabeximod

Significant events after the end of the period

- Fully exercised option agreement with Dr. Kalev Kask brings in a total of SEK 21.8 million before transaction costs, of which SEK 1.8 million was obtained through previous exercises.
- Cyxone filed patent application to extend exclusivity of Rabeximod.
- The board of directors of Cyxone decided to carry out a directed issue of units of approximately SEK 19 million and an issue of warrants to current shareholders. The directed issue was carried out through an accelerated book-building procedure.

CEO Tara Heitner comments

During the past quarter, we have been delighted to report continued progress in our efforts to build further value based on our two unique, clinical stage drug candidates, Rabeximod and T20K. Most important is the addition of yet another project to our pipeline. This exciting opportunity is based on preclinical results indicating the potential of Rabeximod to control the overactivation of the immune system in patients infected with life threatening viruses. Rabeximod will be evaluated as a Covid-19 treatment in patients exhibiting a moderate disease status with symptoms that may also appear in other virally induced respiratory diseases. Further, Rabeximod has shown an excellent safety profile in human studies. In a very short time span, we have been able to plan, finance and initiate a Phase 2 trial in this indication, with expected read-out in the third quarter of 2021. In parallel, we are continuing our efforts to bring Rabeximod forward as a treatment for rheumatoid arthritis. Supported by our senior medical advisors, we are in the process of more precisely defining the patient population which is expected to benefit most from Rabeximod treatment (RA). The outcome of this exercise will be of immense value for optimizing the design of the next clinical study, which is expected to commence in the latter part of 2021. The favorable safety and tolerability profile of our drug candidate is further supported by the positive top-line results from a six-month toxicological study in two species, which became available a few weeks ago.

Our drug candidate T20K, a potential new treatment of multiple sclerosis, has previously undergone a limited Phase 1 study as an infusion. As we aspire to improve the convenience for patients and caregivers, we are currently assessing a more convenient administration in complementary preclinical studies including oral administration.

Over the last few months, we have been able to attract and engage a range of competent colleagues and advisors. The most recent addition to the team, Sally Abdel Moaty, will be a valuable contributor to bring preclinical projects into the clinical Phase. Sally has long experience in research on rheumatology and inflammation as well as from project management in academia and the pharmaceutical industry. Most recently, she was employed by the Swedish biotech company Kancera, with responsibility for projects within rheumatoid arthritis and multiple sclerosis. Sally was also involved in the preparations of a clinical trial in Covid-19 patients.

Cyxone's financial position has been strengthened through a series of directed share issues that have been executed within the frames of an option agreement with the US-based scientist and entrepreneur, Dr Kalev Kask. In total, the issues resulted in a gross proceed of SEK 21.8 million, which will cover most of the costs for the Covid-19 trial. Based on the significant interest in Cyxone from investors, we were able to secure an additional gross amount of approximately SEK 19 million through a time- and cost-effective directed share issue that was announced on November 10. The simultaneous issue of free warrants to our existing shareholders is an important component of this financing solution, as it provides an opportunity to partly compensate the dilution effect that the directed issue entails.

We have also put great efforts into our outreach activities, primarily intended to raise the awareness of our key assets among potential commercial partners within the global pharma industry, but also to create stronger ties with existing and potential new investors. During the



quarter, I have had the opportunity to present Cyxone at a number of investor meetings and partnering events, most recently at BioEurope's digital conference that hosted close to 3,000 participants from over 50 countries.

To summarize, in a very short time frame we have managed to expand our project portfolio, filed new patent applications for our most mature asset Rabeximod to potentially prolong its market exclusivity, secured additional financing and expanded our team. This provides us with a considerably strengthened platform for the ongoing efforts to combat disease and create value for our shareholders. We are now eagerly looking forward to progressing the Covid-19 trial, optimizing the development plan for Rabeximod in rheumatoid arthritis and optimizing T20K's development towards clinical Phase.

Follow our news and information about our presence at investment events via Nasdaq First North Growth Market and the company's website: www.cyxone.com

Tara Heitner
CEO, Cyxone

Disclaimer

This is a translation of the original Swedish version of the interim report. In case of any discrepancy between this translation and the Swedish original, the latter shall prevail.

Cyxone AB

Operations

Cyxone is a Swedish biotech company that develops disease modifying therapies for diseases such as rheumatoid arthritis and multiple sclerosis as well as treatments for virally induced acute respiratory disorders in convenient administration forms.

The development portfolio comprises Rabeximod, which is a clinical Phase 2 compound for rheumatoid arthritis (RA). Separately, Cyxone is preparing a Phase 2 study to investigate the benefits of Rabeximod as a treatment for Covid-19 to combat virally induced acute respiratory conditions and prevent progression to virally induced acute respiratory distress syndrome (ARDS) – the life threatening condition which leads to death in these patients. The company is also developing T20K as a new treatment for multiple sclerosis (MS), based on encouraging preclinical results and a successful but limited phase 1 infusion study. More preclinical work is needed since infusion is not Cyxone's intended administration mode..

Rabeximod for rheumatoid arthritis (RA)

Cyxone is developing Rabeximod, a well-tolerated, orally available Phase 2 candidate drug with a unique mechanism of action. Rabeximod selectively targets the inflammatory macrophage, a type of white blood cell which is the central orchestrator of the inflammatory process that causes tissue destruction and clinical symptoms in RA. Combined with the convenience of oral administration and a beneficial tolerability profile, this opens up for treatment in the early as well as later stages of the disease. It is believed to be particularly effective at onset and relapses of RA, with good potential to prevent joint destruction and progression of the disease.

Rabeximod for Covid-19

Rabeximod inhibits the release of multiple cytokines. Inhibition of multiple cytokines rather than single cytokines is expected to yield better efficacy in Covid-19. In the case of acute respiratory disorders, the overreaction of the immune system can progress rapidly to an acute stage – ARDS, but it may be possible to prevent this progression if treated early. The favorable tolerability and safety profile of Rabeximod as well as its oral formulation make it a suitable therapy for patients with moderate Covid-19 disease severity.

T20K for multiple sclerosis (MS)

T20K is a peptide that in preclinical models reduces inflammation by reversibly targeting IL-2, a well-known player in the break-down of myelin. This potentially disease preventing mechanism-of-action is unique and T20K could thus be effective in slowing down the disease progression, preventing disease flares and postponing the need of second-line treatments. Initial preclinical data suggest that T20K has long-lasting effects and is efficacious at low doses and thus administration does not have to be frequent.

Business model

With three unique projects, all developing towards important and potentially value-creating milestones, Cyxone is well positioned to deliver consequential benefits for patients, the

health care system as well as for its shareholders. Cyxone's goal is to out-license projects to strong partners after Phase 2 clinical trials to maximize their potential.

Management and Board of Directors

Cyxone's executive management team consists of experienced experts with solid knowledge in the fields of drug development, business development and financing in innovative biotech companies. Members of the Cyxone board have extensive experience of taking projects from academic research stage to publicly traded development companies, fundraising as well as negotiating license and cooperation agreements.

Aims

Cyxone develops disease modifying therapies for rheumatoid arthritis and multiple sclerosis as well as treatments for virally induced acute respiratory disorders. With three unique programs, Cyxone is well positioned to deliver substantial benefits for patients, the health care system as well as for its shareholders.

Vision

Cyxone's vision is to develop therapeutics that markedly improve the quality of life for patients based on recent understandings of the disease mechanism. The company's drugs are designed not only to be efficacious, but also more convenient for patients to take, have fewer and milder side-effects than existing treatments, and well-suited for long-term treatments.

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 Growth Market is Mangold Fondkommission AB, telephone +46 (0)8-503 015 50 and email ca@mangold.se.

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 (1000:1 325)	-	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
2018	Cash issue	144 632	1 487 886	1 916 372	19 714 483	0,075
2018	Share issue and issue of TO3	1 339 098	2 826 984	17 743 034	37 457 517	0,075
2019	Share issue	877 198	3 704 182	11 622 863	49 080 380	0,075
2020	Share issue	15 266	3 719 448	202 274	49 282 654	0,075
2020	Share issue	16 215	3 735 663	214 858	49 497 512	0,075

Shares and share capital

The total number of shares in Cyxone was, as of September 30th, 2020, 49,497,512 and share capital amounted to SEK 3,735,663.36. On the day of this report, the number of shares is 53,988,400 and the share capital amount to SEK 4,074,598.49. The company also has decided on a directed issue, that is under registration, where the number of outstanding shares and votes will increase by 4,075,000 from 53,988,400 to 58,063,400 and the share capital will increase by SEK 307,547.34, from SEK 4,074,598.49 to SEK 4,382,145.83.

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).

Group, parent company and subsidiary

The company is a parent company, but with reference to the exception in the Swedish Annual Accounts Act (1995:1554), chapter 7, section 3a, no consolidated accounts are prepared.

Change in accounting principle

Within the framework of K3 there are alternatives to capitalize development costs or to expense them. The company has until Q3 2019 interim report applied the alternative to capitalize development costs. At the turn of the year 2019/2020, the Board decided to change the accounting principle. The change entails adaptation to industry standards. The change is applied retrospectively, and the comparative figures have been adjusted.

Retrospective application means the application of the new accounting principle to transactions and other events and conditions as if this principle has always been applied. Further information on the change in accounting principle and the effects thereof can be found in the company's year-end report and the annual report for 2019.

Auditing

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

Upcoming financial reports

12 February 2021 Year-end report 2020

Submission of interim report

Malmö

November 13, 2020

The Board of Directors

Cyxone AB

Contact

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This report contains such information that Cyxone AB is required to make public under the EU's Market Abuse Regulation. This Information was submitted by CEO Tara Heitner for publication on November 13, 2020.

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 report.

About Cyxone

Cyxone AB (publ) (Nasdaq First North Growth Market: CYXO) develops disease modifying therapies for diseases such as rheumatoid arthritis and multiple sclerosis as well as treatments for virally induced acute respiratory disorders. Rabeximod is a Phase 2 candidate drug being evaluated for the management of rheumatoid arthritis and moderate Covid-19 infections. T20K is a Phase 1 candidate drug for treatment of multiple sclerosis.. Cyxone's Certified Adviser on the Nasdaq First North Growth Market is Mangold Fondkommission AB, telephone +46 (0)8-503 015 50 and email ca@mangold.se. www.cyxone.com

Income statement in summary

KSEK

	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Operating income	0	0	0	0	0
Other income	0	0	0	26	26
Total operating income	0	0	0	26	26
Operating costs	0	0	0	0	0
Other external costs	-10 650	-10 713	-32 045	-21 240	-28 010
Personnel costs	-1 464	-1 477	-3 442	-3 433	-5 252
Depreciation and amortisation of fixed assets	-449	-449	-1 346	-1 346	-1 794
Other variable costs	-45	-71	-145	-129	-135
Total operating costs	-12 608	-12 710	-36 978	-26 148	-35 191
Operating result	-12 608	-12 710	-36 978	-26 122	-35 165
Income from financial investments	0	0	0	0	0
Other financial income	0	0	0	0	0
Financial costs	0	0	0	0	0
Total income from financial investments	0	0	0	0	0
Income after financial items	-12 608	-12 710	-36 978	-26 122	-35 165
Income for the period	-12 608	-12 710	-36 978	-26 122	-35 165

Balance sheet in summary KSEK

	2020-09-30	2019-09-30	2019-12-31
Assets			
Fixed assets			
<u>Intangible assets</u>			
Patents, licenses and similiar rights	10 552	12 189	11 741
Total intangible assets	10 552	12 189	11 741
<u>Financial assets</u>			
Shares in group companies	955	955	955
Depositions	19		
Total financial assets	974	955	955
Total fixed assets	11 526	13 144	12 696
Current assets			
<u>Receivables</u>			
Current receivables, subsidiaries	72	0	33
Other current receivables	508	312	385
Pre-payments and accrued income	402	169	245
Total current receivables	982	481	663
Cash and bank balances	44 587	12 307	61 756
Total current assets	45 569	12 788	62 419
Total assets	57 095	25 932	75 115

	2020-09-30	2019-09-30	2019-12-31
Equity and liability			
Equity			
<u>Restricted equity</u>			
Share capital	3 736	2 827	3 704
Total restricted equity	3 736	2 827	3 704
<u>Unrestricted equity</u>			
Other unrestricted equity	69 848	44 818	103 198
Net loss	-36 978	-26 122	-35 165
Total unrestricted equity	32 870	18 696	68 033
Total equity	36 606	21 523	71 737
Current liabilities			
Trade payables	3 805	2 935	1 694
Other current liabilities	15 067	181	550
Accrued costs and deferred income	1 617	1 293	1 134
Total current liabilities	20 489	4 409	3 378
Total equity and liabilities	57 095	25 932	75 115
Pledged assets (KSEK)	0	0	0
Contingent liabilities (KSEK)	0	0	0

Equity changes in summary

KSEK

January 1st to September 30th, 2020

	Share capital	Other unrestricted equity	Result for the period	Total unrestricted capital	Total equity
Balance at beginning of period	3 704	103 198	-35 165	68 033	71 737
Share issues	32	1 815		1 815	1 847
Allocation of this year's earnings		-35 165	35 165	0	0
Share issue costs				0	0
Result for the period			-36 978	-36 978	-36 978
Balance at the end of the period	3 736	69 848	-36 978	32 870	36 606

Cashflow statement in summary

KSEK

	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Cash flow from operations	-12 159	-12 261	-35 632	-24 776	-33 371
Changes in operating capital	-615	706	1 889	-641	-1 855
Total cash flow from operations	-12 774	-11 555	-33 743	-25 417	-35 226
Cash flow from investment activities	-29	-10	-186	-992	-991
Cash flow from financing activities	16 760	0	16 760	0	59 257
Total cash flow from the period	3 957	-11 565	-17 169	-26 409	23 040
Cash and cash equivalents at the beginning of the period	40 630	23 872	61 756	38 716	38 716
Cash and cash equivalents at the end of the period	44 587	12 307	44 587	12 307	61 756
Change in cash and cash equivalents	3 957	-11 565	-17 169	-26 409	23 040

Key figures

	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Net sales (KSEK)	0	0	0	0	0
Profit after financial items (KSEK)	-12 608	-12 710	-36 978	-26 122	-35 165
Total assets (KSEK)	57 095	25 932	57 095	25 932	75 115
Equity (%) *	64,1	83,0	64,1	83,0	95,5
Earnings per share CB (SEK) *	-0,25	-0,34	-0,75	-0,70	-0,72
Earnings per share OB (SEK) *	-0,26	-0,34	-0,75	-0,70	-0,94
Number of shares CB	49 497 512	37 457 517	49 497 512	37 457 517	49 080 380
Number of shares OB	49 080 380	37 457 517	49 080 380	37 457 517	37 457 517
Average number of shares	49 288 946	37 457 517	49 288 946	37 457 517	43 268 949

* 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 (SEK).