Annual Report 2021

Transformative Therapies
for Autoimmune Diseases

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

"Cyxone's vision is to provide patients with transformative therapies for autoimmune (inflammatory) diseases, such as rheumatoid arthritis (RA) and multiple sclerosis (MS)."

Financial Summary

Profit after financial items
-45,028
KSEK
(2020: -49,000)

Balance sheet total
46,128
KSEK
(2020: 72,152)

Cash and cash equivalents at the end of the year
29,357
KSEK
(2020: 56,343)

Net sales
0
SEK
(2020: 0)

Earnings per share
-0.73
SEK
(2020: -0.96)

Solidity
85.0
%
(2020: 93.0)

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Cyxone in Brief

Cyxone is a biotech company in clinical stage focusing on developing new life changing solutions for patients suffering from serious autoimmune diseases such as rheumatoid arthritis (RA) and multiple sclerosis (MS). Cyxone management consists of experts within drug development with key competencies from the biotech and pharmaceutical industry.

The product portfolio currently consists of two compounds: Rabeximod and T20K. Rabeximod is a drug candidate with a unique mechanism of action and a favourable safety profile currently being developed for oral use in patients with moderate to severe active rheumatoid arthritis (RA). T20K is a new drug candidate with a unique mechanism of action currently being developed for patients with multiple sclerosis (MS) in an easily accessible form of administration. The mechanism of action of both Cyxone compounds, Rabeximod and T20K, allows for development within additional indications since Rabeximod is expected to be developed for other autoimmune diseases and T20K is expected to be developed for application within the CNS (central nervous system).

Year in Brief

January 15, 2021
Cyxone reported in January that the first Covid-19 patient was screened in Phase 2 clinical trial of Rabeximod

May 4, 2021
Cyxone announced in May that the world leading rheumatology authority Professor Costantino Pitzalis collaborates with Cyxone on Rabeximod Phase 2b study

May 6, 2021
Cyxone initiated feasibility preclinical studies to optimize path forward for multiple sclerosis drug candidatea T20K

May 25, 2021
Cyxone appointed Carl-Magnus Högerkorp as COO strengthening immunolog competencies

June 1, 2021
Cyxone received approximately SEK 18.2 million through exercised warrants of series TO4

June 9, 2021
Cyxone appointed Henrik Hang as CFO

July 1, 2021
Cyxone and Medical University of Vienna announced collaboration to study broader T20K use in MS

August 26, 2021
Cyxone recruited key members to the clinical development team

September 1, 2021
Cyxone appointed Cornel Pater as new CMO

October 26, 2021
Cyxone announced promising preclinical results supporting T20K combination therapy for multiple sclerosis

December 6, 2021
Cyxone presented top-line results from a phase 2 study of Rabeximod in Covid-19 patients.

December 14, 2021
Cyxone initiated early operations with a global contract research organization to conduct Phase 2b trial in rheumatoid arthritis.

December 17, 2021
Cyxone reported pubication of four patent applications pertaining to its drug candidate Rabeximod.

December 21, 2021
Cyxone announced the execution of a rights issue of SEK 66.9 million to finance the planned Phase 2b study in RA through 2022 and part of 2023.

Financial Calendar

2022
12
May
Interim Report Q1

2022
16
May
Annual General Meeting

2022
24
Aug
Half year Report

2022
27
Oct
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2023
17
Feb
Year-end Report

"I also believe that as our knowledge of both these unique assets increases, we will elevate their potential as leading candidates for each of their respective medicinal areas."

Tara Heitner, CEO Cyxone

Comments from the CEO

I am pleased to report that Cyxone entered 2022 well positioned to advance our unique drug programs and prepare for partnerships with larger biotech and pharma companies. During 2021, we have strengthened our finances, management, scientific and clinical teams. Furthermore, we finalized an exploratory Covid-19 trial for Rabeximod, without losing focus or impetus in our core drug programs.

Lead candidate Rabeximod advances into Phase 2B

Our priority and focus remains on realising the potential of our lead candidate Rabeximod in rheumatoid arthritis (RA). Interest continues to mount because of Rabeximod's ability to selectively target inflammatory macrophages which cause irreversible destruction of joint tissue - opening up the possibility of treatment in the early as well as later stages of this incapacitating disease. It has been shown in the phase 2a trial that Rabeximod is effective in severe RA patients and well-tolerated- During 2021, with challenging operational conditions created by the pandemic, Cyxone initiated start up activities for a Phase II b study in moderate to severe RA patients with Rabeximod. An Early Operations Agreement and a Letter of Agreement were signed with a leading clinical research organization (CRO) enabling us to finalize the study protocol and select appropriate trial sites. In addition, we secured the support of Professor Constantino Pitzalis, a world-leading expert in rheumatology as well as several other key opinion leaders. He has already provided invaluable input into the study design and we are on course to enrole patients during 2022. In addition, we took steps to protect a key value driver for Rabeximod further by filing a new patent application with possible exclusivity to 2043 and beyond when awarded.

"Interest continues to mount because of Rabeximod's ability to selectively target inflammatory macrophages which cause irreversible destruction of joint tissue - opening up the possibility of treatment in the early as well as later stages of this incapacitating disease."

Tara Heitner, CEO Cyxone

Outcome of Rabeximod in Covid-19

During the Covid-19 pandemic, we realized early on we had an asset that might lead to potential treatment. We understood from previous studies that the mode of action (MoA) of Rabeximod could be extremely relevant for Acute Respiratory Disease Syndrome (ARDS) caused by viral lung infections such as Covid-19.

At that time not much was known about Covid-19, Covid-19 clinical trials or how to treat patients, we were fortunate to have an IND open and chose to follow the recommended FDA guidelines for the Phase II study design where Rabeximod was compared to and tested on top of standard treatment dexamethasone (placebo).

With the help of partners and the dedication of our team, we successfully completed the study within 12 months. We can conclude that Rabeximod demonstrates favourable safety and is well tolerated in patients with Covid infection and does not increase the risk of developing severe disease.

T20K shows broader promise in multiple sclerosis

Later in the year, together with our academic partners Professors Christian Gruber and Gernot Schabbauer from the Medical University of Vienna, we reported promising preclinical results for a treatment in multiple sclerosis using our drug candidate T20K in combination with a kappaopioid receptor agonist. The combination shows therapeutic effects and disease-modifying properties that go beyond T20K alone and may support regenerative effects. We are particularly pleased that the new data supports the company's patent application for the combination therapy filed in March 2020, which is a good example of our ability to strategically broaden our drug development programs while protecting our intellectual property rights.

In early 2022 we were also happy to announce that we have signed an agreement with one of the world's top peptide manufacturers thereby securing supplies for both our remaining preclinical studies and potential clinical trials. The first part of the agreement entailing a manufacturing feasibility study is currently underway.

Team and financing strengthened

During the year we strengthened our senior management team by hiring a new COO, CMO and CFO and supporting them with two additional board appointments -Peter Heinrich and Alejandra Mørk. We have also expanded the R&D team with a new VP regulatory affairs, and a Director of Safety and Pharmacovigilance.

In addition, we augmented our scientific and development teams. We also completed two financing rounds – SEK 18.2 million through exercised warrants of TO4, followed early in 2022 by a rights issue of SEK 61 million. Thus, I am confident we have the team and resources in place to support the Phase 2b study with our lead candidate Rabeximod for RA and conduct the final stage of preclinical studies on T20K. However, I also believe that as our knowledge of both these unique assets increases, we will elevate their potential as leading candidates for each of their respective medicinal areas.

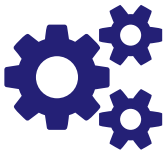
Tara Heitner
CEO Cyxone

Business Model, Aims and Strategy

Cyxone's business model is developed in collaboration between the board and management and describes how Cyxone creates value for the company but also for patients, the healthcare system and shareholders.

Vision

Cyxone's vision is to provide patients with transformative therapies for autoimmune (inflammatory) diseases, such as rheumatoid arthritis (RA) and multiple sclerosis (MS).



Business Model

Cyxone is well positioned with three unique projects, all of which are developed to achieve important and potential value-creating milestones. The purpose of these studies is to develop drugs that benefit patients, health and the healthcare system as well as the shareholders. Cyxone's goal is to license projects to resourceful partners after Phase 2 clinical trials.

Aims

Cyxone's aims are to develop therapies for autoimmune diseases which improves the quality of life and reduces side effects in patients, based on the latest scientific data on the disease mechanism. The company's therapies are not only designed to be effective, but also to be more convenient for patients to use compared with current treatments, have fewer and milder side effects and be suitable for long-term treatment.

Strategy

Cyxone's long-term strategy is to develop Rabeximod and T20K to market approval in collaboration with external partners and to extend the pipeline by exploring further indications for its existing drug candidates and by in-licensing and acquisition of projects from external sources.

Aims to benefit:

- Patients
- Healthcare system
- Shareholders

Designed to be:

- Effective
- Easier to use than existing treatments
- Fewer and milder side effects
- Suitable for long-term treatment

Strategic choices:

- External partners
- Additional indications
- In-licensing and acquisitions

Scientific Advisory Board

Cyxone has engaged senior scientific experts to support the development of the drug projects. All members of the Scientific Advisory Board are acknowledged experts within their respective fields, including a member of the Nobel Assembly. They add important experience from both the scientific and industrial areas to Cyxone.

Christian Gruber
Chairman of the scientific advisory

Christian Gruber is a research group leader and Associate Professor at the Medical University of Vienna (Austria). He studied Biochemistry at the University of Tübingen, Germany, and Molecular Biotechnology at the Queensland University of Technology, Australia, and received a Ph.D. in Molecular Biosciences from The University of Queensland. For his achievements he has received several scientific awards, such as the 2013 Heribert Konzett Award of the Austrian Pharmacological Society, the 2014 Young Investigator Silver Award of the International Union of Basic and Clinical Pharmacology, and the 2014 Dr. Willmar Schwabe Award of the Society for Medicinal Plant and Natural Product Research. The research focus of his team is to study biological function sand pharmacological mechanisms of nature-derived peptides isolated from plants and invertebrates (e.g. peptide hormones, neuropeptides and peptide toxins), and the development of novel peptide therapeutics. He is a member of the scientific affairs committee of the European Peptide Society and member elect of the Max-Bergmann-Kreis.

Maarten Kraan
Commissioner of the scientific advisory

Maarten Kraan holds a medical degree and a Ph.D. in immunology from Leiden University, The Netherlands, and a board certification in Rheumatology. During his academic career he worked at Leiden University and as associate professor at the University of Amsterdam. He has held several management positions within drug research, clinical development and regulatory affairs in pharmaceutical companies in both Europe and USA. He is CMO at AM Pharma, a board member of Toleranzia AB and Vicore AB. At Vicore, he is also the chair of the scientific committee.

Rikard Holmdahl
Commissioner of the scientific advisory

Professor Rikard Holmdahl holds a medical degree and a Ph.D. in immunology from Uppsala University, Sweden, and has held several senior scientific positions within academia. In 1990 he was appointed Associate Professor at the Swedish Medical Research Council, and in 1993 he set up the Medical Inflammation Research group at Lund University as full Professor at the university. Since 2008 he holds the position of Professor at the Karolinska Institutet (KI) in Stockholm, and since 2014 he is a member of the Nobel Assembly. In addition to his position at KI, he is also a scientific advisor and consultant for biotech and biomedical companies. Rikard Holmdahl actively performs research in the areas of RA and MS and has formerly been intimately involved in the understanding of Rabeximod mechanism of action.

Markets

Autoimmune diseases are a collective term for various diseases in which the body's immune defences attack the cells of its own tissues. Multiple sclerosis (MS), psoriasis, inflammatory bowel disease, Crohn's disease, ulcerative colitis, rheumatoid arthritis (RA) and systemic lupus erythematosus (SLE) are examples of autoimmune disease.

Globally, an estimated four percent of the world's total population suffers from one or more autoimmune diseases.[1] Cyxone's product portfolio consists of two drug candidates targeting two autoimmune diseases; T20K for MS and Rabeximod for RA.

Rabeximod for RA

A unique mechanism of action combined with a user-friendly oral form of administration and a favourable tolerability profile.

T20K for MS

Acts to prevent or delay the progression of multiple sclerosis.

1 National stemcell foundation 2021.

The Market for Drugs for Rheumatoid Arthritis

Patients with rheumatoid arthritis (RA) suffer from debilitating symptoms such as severe joint pain and stiffness, fever, and fatigue, which significantly affect the patient's quality of life. The hallmark of RA is the irreversible breakdown of joint tissue by the immune system and in particular by inflammatory macrophages. The inflammation also makes the joints stiff, and the disease can be more active at certain times, causing more severe symptoms such as fatigue, fever, stiffness, and aches. These active periods can last for a few years, after which the illness calms down and stops, but it can also become more intense and worsen with age. Over time, the inflammation usually also damages various parts in and around the joint, which impairs mobility, and the joint can sometimes cause imbalance. There are about six million people with this affliction worldwide, with the global pharmaceutical market for RA, which was valued at approximately USD 28 billion in 2020 and is expected to grow to USD 29 billion by 2029, representing a global annual growth rate of around 1 percent.[2]

Cyxone estimates potential annual sales of between USD 700 million and USD 1 billion, with a market penetration of 15 to 20 percent of the market for patients who only partially respond to the standard treatment with Methotrexate.

Treatment options at present

Treatment for RA includes both lifestyle changes and medications. Many drugs are available today that reduce pain and the breakdown of bone tissue and joints, but there is no cure for the disease.

Current treatment aims to maintain low disease activity and, at best, lead to improvement. The aim of treatment in the short term is to: relieve pain, movement pain, stiffness and joint pain; preserve normal joint function and to enable a return to working life. In the long term, the treatment goals are to prevent joint destruction, prevent loss of function of internal organs, and prevent the development of related diseases (such as cardiovascular disease and osteoporosis) while striving to minimise side effects as much as possible.

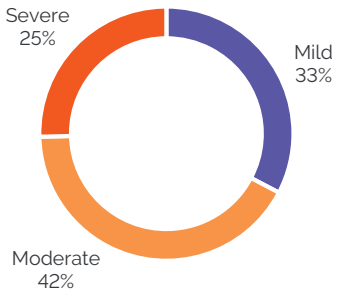
DMARDs (disease-modifying, antirheumatic drugs) are the first choice of medication for moderate to severe RA. The combination of two or more DMARDs is more effective than treatment with just one drug. However, the risk of side effects is higher when several drugs are combined. Patients often have to use these drugs for three to six months before they take full effect, but the time until to this point varies between the different drugs.

Competitive situation

The drugs currently available for the treatment of RA are characterised by severe side effects. Some of the biggest drugs on the market are: Humira, Enbrel, MabThera/Rituxan, Remicade and Orencia, all with sales figures ranging from USD 3,157 million to USD19,832 million in 2020.[3]

Overview of number of individuals affected by RA (2020)

	US	EU5	JP
Number of cases	2,342k	2,528k	1,464k
New cases/year	196k	117k	68k



2 Market value and prevalence according to 8MM; källa: Epidemiology Database, Global Data 2021
3 Epidemiology Database, Global Data 2021.

The new drugs that have reached the market recently, like the so-called JAK inhibitors, often cause serious side effects. Furthermore, there is a need for DMARDs (Disease Modifying Anti Rheumatic Drugs) that have new mechanisms of action to broaden the arsenal of drugs to maintain treatment goals. As a result, the need for more drugs remains very high.

Trends in rheumatoid arthritis (RA)

Factors that drive the market are an increased awareness of the disease, therapies and treatment options, and a high level of private and government healthcare spending.

The forecast for market growth is high since many developing countries are experiencing positive economic development, enabling more patients to access healthcare and treatment. Other driving forces for sales growth are the introduction of new biological drugs, more clinical drug candidates and the increase in the elderly population. Furthermore, the treatment of rheumatoid arthritis has great market opportunities as best-selling drugs lose their patent protection.

The market for Covid-19 drugs

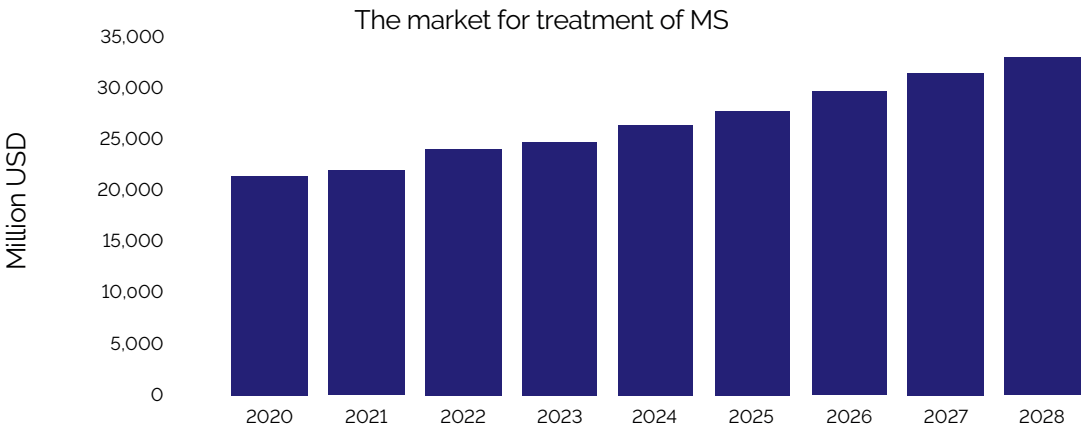
Rabeximod for Covid-19 is an additional indication based on Rabeximod's mechanism of action. Global licensing deals with multiple indications within autoimmune diseases have a higher contract value than single-application deals in RA. Global licensing deals with multiple indications where the main indication is RA, or a comparable indication, also experience a significant increase in value after obtaining clinical proof of concept, corresponding to a potential doubling of the total value.

Estimating the future value and growth of the market is uncertain, as the disease is relatively new.

The market for multiple sclerosis drugs

Multiple sclerosis (MS) is a disease of the central nervous system that afflicts the brain and spinal cord. In MS, the body's own immune system attacks the protective fatty layer (myelin) around the nerve fibres, causing inflammation and in some cases damaging the nerve fibres, which in turn affects nerve impulses that cannot travel properly. Since MS affects the nerve cells, the disease results in the affected organ losing its ability to function normally.[4]

The cause of MS is thought to be partly hereditary, but examples of lifestyle and environmental factors that can increase the risk of MS include smoking, obesity and stress. Usually, the disease begins between the ages of 20 and 40, with symptoms such as numbness, loss of sensation, pain, balance difficulties and overwhelming fatigue. About 70 percent of people with MS are women.[5] Globally, about 2 million people



4 Multipel skleros (MS), Neruo.se 2021
5 Multipel skleros (MS), Neruo.se 2021

suffer from MS[6] and the value of the global market for the treatment of MS is estimated to be USD 21 billion by 2020 with an estimated annual growth rate of about 5 per cent until the year 2028.[7]

Competitive situation T20K

There is no cure for MS, only treatments that slow down the progression of the disease. Since MS drugs act through a general immune inhibition (such as Rebif), many are associated with problematic side effects. Available treatments for MS work mainly for patients with Relapsing Remitting MS (RRMS), representing 85 per cent of patients suffering from MS[8], leaving a large proportion of patients without effective treatment.

Most treatments are injected, which affects treatment adherence and compliance. Tablet-based MS medicines have emerged in the last decade, such as Aubagio and Gilenya. However, both of these medicines are subject to enhanced monitoring and healthcare professionals in Sweden are encouraged to report any suspected side effects of the medicines.[9] A drug with similar immune system inhibition to T20K is Tecfidera, manufactured by Biogen, but the mechanism of action of Tecfidera is not yet clear.[10] However, the active ingredients of Tecfidera and T20K are significantly different. T20K is a natural biomolecule while Tecfidera is a small synthetic molecule.[11]

Some of the biggest drugs on the market include Ocrevus, Tecridera, Gilenya, Aubagio and Tysabri, all with pharmaceutical revenues between USD 1 946 million and USD 4,609 million in 2020.[12]

Trends in Multiple Sclerosis (MS)

The company considers that the growth of the MS market has been limited by the sometimes strong side effects of the drugs, that the preparations can mainly treat a part of the MS patients (RRMS patients), and that treatment must usually be given via injections. Over the past decade, several major pharmaceutical companies have developed compounds that can be taken as tablets, but their side effects still constitute a limitation for increased use in MS patients. Some biological drugs with powerful pharmacological effects have also been developed, but with the risk of serious side effects.[13] The trend is to try to find drugs with few side effects, which can therefore be given for a long time, even to non-RRMS patients in the form of more easily accessible forms of administration.[14]

Furthermore, it is noted that pharmaceutical companies established in the MS market are, due to the expiring patents of many established MS drugs, highly motivated to find new products to replace old products and thus defend and increase their market share.

6 Epidemiology Database, Global Data 2021.
7 Epidemiology Database, Global Data 2021.
8 Olika typer av MS, MS-Guiden.se 2021.
9 Keyword: Aubagio, Gilenya. Fass.se 2021
10 Amit Bar-Or. Drugs April 2014. Volume 74, Issue 6. pp 659-674
11 Tecfidera. European Medicines Agency 2020
12 Epidemiology Database, Global Data 2021.
13 Tysabri Side Effects by Likelihood and Severity, WebMD 2021
14 MS Treatment and therapies. Bayer 2021

Operations

Most of the time, the immune system is your best friend. Complex processes and interactions regulate the body's defense towards viruses, bacteria and tumor development. However, the immune system can also mistakenly attack healthy cells and tissues. Diseases like rheumatoid arthritis and multiple sclerosis, as well as potentially fatal overreactions to viral infections, are examples of such disorders of the immune system.

There is a need for efficacious, tolerable and convenient drugs that are able to modify or prevent disease progression at an early stage. Bringing such therapies forward is the scope for Cyxone's aspirations in its three development programs within the areas of rheumatoid arthritis, virally induced respiratory disorders (such as Covid-19) and multiple sclerosis.

Cyxone's Drug Projects

Rabeximod for Rheumatoid Arthritis (RA)

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Rabeximod for Covid-19

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T20K for Multiple Sclerosis (MS)

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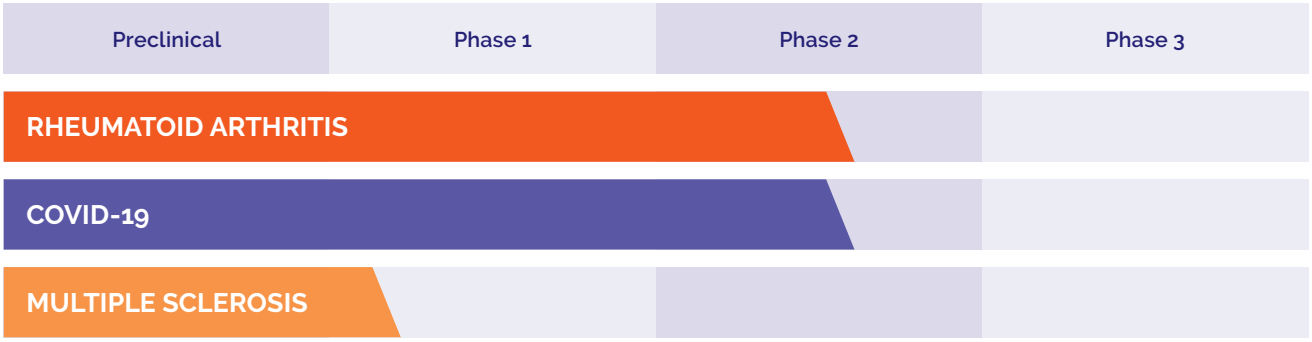
Cyxone's Pipeline

The product portfolio currently consists of two compounds: Rabeximod and T20K. Rabeximod is a drug candidate with a novel and unique mechanism of action and a favourable safety profile currently being developed for oral use in patients with moderate to severe active rheumatoid arthritis (RA). This study is in clinical phase 2.

During the year, a phase 2 study of Rabeximod was conducted in patients with mild to moderate Covid-19.

T20K is a drug candidate with a novel and unique mechanism of action in an easily accessible form of administration that is currently being developed for patients with multiple sclerosis (MS). The project is in the preclinical phase. The mechanism of action of both compounds of the company, Rabeximod and T20K, allows for development within additional indications since Rabeximod is expected to be developed for other autoimmune diseases and T20K is expected to be developed for application within the CNS (central nervous system).



"Cyxone management consists of experts within drug development with key competencies from the biotech and pharmaceutical industry."

Rabeximod for Rheumatoid Arthritis (RA)

Rheumatoid arthritis (RA) is an autoimmune disease that often starts in small joints such as the hands and feet. The joints swell, become sore and the sufferer experiences pain. RA cannot be cured, but inflammation can be reduced and pain alleviated with medication and physiotherapy.

In simple terms, the course of the disease can be explained by the body's immune system mistakenly perceiving the joints as a danger and trying to fight the joint cells. Part of the body's immune system is made up of a type of white blood cell called monocytes that travel through the bloodstream to fight potential risks in the form of inflammation and infected cells. The potential danger in the body is detected by T lymphocytes, which activate monocytes by secreting signalling molecules in the form of cytokines. Cytokine molecules contribute to the activation of the monocytes, which develop into macrophages that "eat" the invader identified by the T lymphocyte.

In RA, T lymphocytes are overactive and identify parts of the body's tissues as "dangerous". The synovial membrane inside the joint capsule is a tissue that is attacked by the body's immune system and leads to monocytes being activated into macrophages and attacking the joint cells. The reason for the T lymphocyte's erroneous behaviour is still unknown.

Existing treatment lacks efficacy for many people

Since the body's own immune system mistakenly attacks the joints, it makes the disease difficult to fight, as the vital immune system needs to be weakened. As a result, cartilage breaks down in the joints, leaving the sufferer with pain and aches in both joints and muscles. Today's standard treatment consists of Methotrexate which is a chemotherapy that works by weakening the immune system. The treatment weakens the immune system's attacks and therefore does not attack the body's joints to the same extent. However, treatment with Methotrexate has many side effects, which means that alternative treatments with milder side effects can be very effective for the patient. Standard treatment is also ineffective in a large proportion of the patient population, leading to 40 percent of the patient population discontinuing their treatment.

"Rabeximod is an oral substance with a novel and unique type of mechanism of action that may contribute to a safer complement to current treatment options."

Fewer and less serious side effects

Rabeximod is an oral drug candidate for patients with moderate to severe rheumatoid arthritis. Rabeximod's efficacy is based on suppressing the activation of monocytes into proinflammatory macrophages. Previous phase 2a clinical data in rheumatoid arthritis have shown a favourable safety profile, and confirmed optimal dose and preliminary therapeutic efficacy. Rabeximod is an oral substance with a novel and unique type of mechanism of action that may contribute to a safer and welcome addition to the current arsenal of treatment and significantly improve the quality of life of those affected. Cyxone intends to position Rabeximod where it can create the most value for those affected by rheumatoid arthritis. Rabeximod will be used as an early treatment, alone or in combination with other DMARDs. Potentially delaying the use of biological drugs, which have so far been shown to have strong side effects, providing the opportunity to maintain a higher quality of life for longer.

Project status and next steps

- Rabeximod has been studied extensively in Phase 1 and Phase 2 clinical trials. Safety studies show a favourable safety profile compared with, for example, TNF inhibitors and oral JAK inhibitors.
- Cyxone plans to initiate a Phase 2b study for Rabeximod in 2022. The 24-week study will be randomised, double-blind and consist of three arms comparing two different dose levels of Rabeximod as an addition to standard treatment with standard treatment over a 16-week treatment period. Patient recruitment is expected to last for 12-18 months.
- Cyxone intends to license the project or partner with a company that has the resources to take the product through to later development and subsequent commercialisation stages.
- Several new patent applications have recently been filed to extend the patent life and exclusivity period of Rabeximod to 2043 and to expand the scope of use of the drug candidate.

Preclinical	Phase 1	Phase 2	Phase 3
RHEUMATOID ARTHRITIS			

Rabeximod for Covid-19

There are a large number of viruses belonging to the coronavirus family, most of which are found in various animal species. Only a few types of viruses can be transmitted between animals and humans. There are currently seven coronaviruses that can infect and cause disease in humans. Four of these are common viruses that cause colds.

The SARS and MERS coronavirus variants cause severe respiratory disease. In late 2019, a new coronavirus was discovered named SARS-CoV-2 that causes Covid-19. The symptoms of most people affected by Covid-19 are a respiratory tract infection with a range of other symptoms such as cough, fever, difficulty breathing, nausea, pain in muscles and joints, changes in taste and smell, etc.

The life-threatening condition Covid-19 can lead to is when there is a so-called cytokine storm, which occurs when macrophages become hyperactivated and lead to severely reduced oxygen uptake. The condition can lead to systemic inflammatory response syndrome (SIRS) and general organ failure.

Currently treated with supportive care

Treatment of Covid-19 currently consists of supportive care. Supportive care includes oxygen for seriously ill patients and patients at risk of serious illness, as well as more advanced respiratory support for patients with life-threatening illnesses. Drugs used are dexamethasone, a corticosteroid, and remdesivir, an antiviral agent, which can help reduce time on a ventilator and save the lives of patients with severe or life-threatening illnesses. Both dexamethasone and remdesivir require administration by infusion or injection.

As Covid-19 is a relatively new disease, there is no established treatment. However, researchers are trying to find and develop treatments for Covid-19.

Works without debilitating the immune system

Rabeximod acts selectively on hyperactivated macrophages to suppress them without generally weakening the immune system. This inhibits the release of multiple inflammatory cytokines. Inhibition of multiple cytokines rather than single cytokines is expected to yield better efficacy in Covid-19.

Unlike existing medicines, Rabeximod is taken orally.

"As Covid-19 is a relatively new disease, there is no established treatment"

Project status and next steps

- In 2021, a phase 2 study with Rabeximod was conducted. The study included about 90 patients with moderate to severe Covid-19. Results from the phase 2 study showed that no statistical difference between the treatment arms could be observed at day 28. Thus, the primary efficacy endpoint did not demonstrate whether Rabeximod has additional benefits compared to standard treatment. It is noteworthy that no serious side effects associated with Rabeximod treatment were observed and that the drug candidate was well tolerated in infected patients.
- Cyxone has acquired the exclusive rights to the patent applications covering the use of Rabeximod for this indication.

Preclinical	Phase 1	Phase 2	Phase 3

COVID-19

T20K for Multiple Sclerosis (MS)

Multiple sclerosis (MS) is a disease of the central nervous system that afflicts the brain and spinal cord. In MS, the body's own immune system attacks the protective fatty layer (myelin) around the nerve fibres, causing inflammation and, in some cases damaging the nerve fibres. This affects nerve impulses that cannot travel properly. Since MS affects the nerve cells, the disease results in the affected organ losing its ability to function normally.

There is a wide variation in the severity of the course of MS. In most people, MS initially occurs in attacks, known as relapses. The disease can affect different parts of the nerve system, so that symptoms may vary. Common symptoms include weakening, loss of control over certain muscles, loss of sensation, loss of balance and visual disturbances.

The cause of MS is not yet fully understood, and there is currently no cure, only inhibitor drugs that can reduce relapses and delay the number of disabilities.

Complicated treatments

Antiretroviral drugs for MS include several different routes of administration. Injection treatments, IV, tablets and stem cell transplants are the most commonly used.

Injection treatments consist of interferon and glatiramer acetate, which are taken via syringes one to several times a week, usually under the skin (subcutaneously). This treatment has a partial effect on MS inflammation as well as causing troublesome side effects.

Treatment with monoclonal antibodies is done via IV. These drugs are called biologics and are given via intravenous infusions in hospitals between one and 12 months apart. Monoclonal antibody treatments are effective in preventing new MS inflammations but carry risks and must be evaluated on a case-by-case basis.

Tablets have been approved since 2011 for the treatment of relapsing-remitting MS. Oral treatments are generally perceived as the most convenient form of medication for patients, but even these have side effects. An advantage of these is that they provide the equivalent or better effect on inflammatory disease activity like the injection treatments but are more convenient for patients.

Stem cell transplants involve extracting a patient's blood stem cell to be frozen. After the extraction of blood stem cells, the patient undergoes strong chemotherapy so that the entire immune system is knocked out so that the inflammatory cells "lose memory". Once this is done, the patient regains their

"T20K prevents myelin degradation, potentially delaying the onset of the disease"

blood stem cells. This is a complicated and costly treatment that is effective but not without risks.

T20K has the potential to delay and alleviate MS

T20K is based on a natural plant protein that has been modified to have good pharmaceutical properties. The compound has been shown to inhibit the release of the endogenous substance (IL-2), which is thought to be central to the development of MS. T20K prevents the breakdown of myelin and thus has the potential to delay the onset of the disease and reduce the severity of symptoms, which may slow disease progression, prevent relapses and delay the need for second-line therapies. T20K is a substance that researchers at the Medical University in Vienna, Austria, first demonstrated to inhibit proinflammatory cytokines such as IL-2 and effectively reduce clinical symptoms in animal models of MS. The compound is based on technology founded in cyclotides (natural circular proteins). Cyclotides are relatively small and contain about 30 chemical amino acids. The cyclotides are tightly linked by chemical bonds (called cysteine nodes) which allow them to be absorbed into the bloodstream and reach the organs where they are supposed to work. Parts of the cyclotide are mobile and can thus be modified to provide improved pharmacological properties.

Project status and next steps

- T20K has been shown to be well tolerated by healthy volunteers in a Phase 1a study when administered by infusion. A more patient-friendly form of administration is intended to be developed for continued clinical development.
- Pre-clinical studies to develop a user-friendly form of administration of T20K are ongoing. This is followed by mandatory non-clinical toxicology studies that are required before the start of clinical studies in healthy volunteers.
- Cyxone intends to license the project to, or enter into a partnership with, a major pharmaceutical company.
- T20K is protected by patents in all major geographic markets until 2032, with the option to further extend market exclusivity.

Preclinical	Phase 1	Phase 2	Phase 3
MULTIPLE SCLEROSIS			

Patents and intangible assets

In 2021, Cyxone's patent portfolio has been significantly strengthened. The portfolio consists of two patent families; Rabeximod and T20K.

Cyxone has acquired the exclusive licensing rights to patents and patent applications related to the cyclotide technology on which its T20K drug candidate is based from the Medical University of Vienna. Cyxone has also acquired the exclusive rights to the drug candidate Rabeximod with associated patent rights and has filed additional patent applications during the year.

Rabeximod Patents

Patent name	Geographies	Expiration date
Alkyl substituted indoloquinoxalines	USA, UK, France, Spain, Germany, Sweden, India, China, Mexico, Japan	2025 EU/row 2028 USA
New use of Rabeximod (for use in any form for treatment of a pathogenic infection and acute respiratory syndromes), PCT/EP2021/065693	TBD	2041 + PE
Rabeximod in treatment in RA (for treating any stage of RA), PCT/EP2021/065697	TBD	2041 + PE
New oral formulation (formulation of Rabeximod in crystalline form), PCT/EP2021/065705	TBD	2041 + PE
Large scale process (process for manufacturing Rabeximod), PCT/EP2021/065694	TBD	2041 + PE
Substanspatent (Composition of Matter), patentansökan	TBD	2043

T20K Patents

Patent name	Geographies	Expiration date
Cyclotides as immunosuppressive agents*	USA, Europe, Canada, Australia	2032 EU/row/ USA + PE
Cyclotides in combination with kappa opioid receptor ligands for MS therapy*	TBD	2041 + PE

**Patent is co-owned by the Medical University of Vienna and the University of Freiburg, with Cyxone AB holding an exclusive fully paid-up license*

Employees

In 2021, Cyxone recruited several new employees in line with the company's strategy to strengthen the organisation and secure key competencies. In 2021, the number of employees increased from five (5) to eight (8), compared to 2020.

Employees are a vital asset to Cyxone, bringing a wealth of expertise in their respective areas of work, and essential to its efforts to achieve its goals. The employees know the goals and objectives, which guide them in their daily work.

Well educated and knowledgeable

Cyxone has established an organisation of qualified professionals to create the best possible conditions for the research and development of the company's drug candidates. Cyxone is run by a relatively small organisation and future growth is highly dependent on the knowledge, experience and commitment of management and other key personnel.

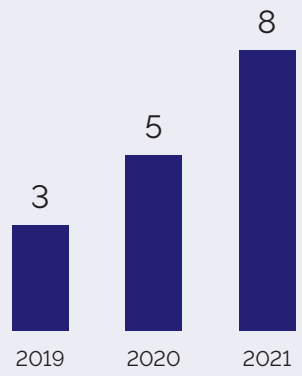
New organisation

In 2021, several new recruitments have been carried out by Cyxone. During the spring, two new employees with extensive knowledge in clinical trial management were recruited to the company's clinical development team. Their primary focus is on the planned phase 2 study of the efficacy of Rabeximod in rheumatoid arthritis. In May, a new Chief Operating Officer (COO) with broad experience in immunology and autoimmune diseases was appointed. In August, a new Chief Financial Officer (CFO) with a solid background in international listed companies was appointed and shortly afterwards a Chief Medical Officer (CMO) with extensive experience in the industry was recruited. These three are all members of the company's management team. Cyxone is now well equipped for future work.

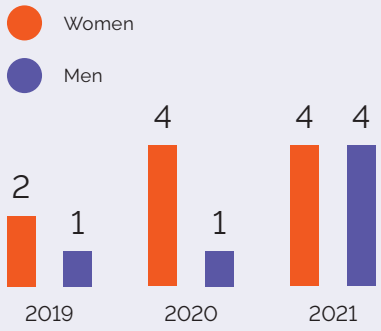
Training and commitment

To achieve the goal of the business, the pharmaceutical development industry needs to be closely monitored. Knowledge of sector-specific requirements needs to be constantly updated. All the employees regularly attend scientific conferences and trade fairs, as well as training courses both internally and externally to meet these industry-specific requirements. Each employee is also encouraged to make suggestions for improvements in the company's daily work. Open internal communication where everyone's views are considered to be important is seen as a given part of the company's success strategy.

Number of employees



Gender distribution



Employee Interviews

What kind of education do you have?
I have a Master of Science in Pharmacy and a Master of Drug Regulatory Affairs.

How long have you been with Cyxone?
I started at Cyxone in November 2021. Before that, I worked as a consultant for Cyxone for a few months, so in reality, I've been here longer.

What do you do at Cyxone?
My role is to take care of and manage the regulatory requirements around drug development. Developing medicines is a very complicated process covered by detailed rules. The requirements include the content of the drugs, how the study should be conducted and then interpreted, and what studies must be conducted beforehand. It requires a lot of contact and dialogue with authorities so that nothing is missed along the way. I work operationally and alone in my particular role, but we sometimes call on external expertise if needed for legal matters.

How would you describe the working environment at Cyxone?
We are a new team in a process of getting to know each other and growing together. There is a sense of entrepreneurship, those who work here are entrepreneurs, and we create and work together. In my work, I also feel great freedom and trust from the management. During the pandemic, we have not been able to meet much. Today it's just me and one other person who are physically on site.

What makes your job interesting?
The aspect of cross-functionality. For my job, I need to be acquainted with all parts of the company. It's exciting! I am motivated by working closely with other people and I get to do that in my role. I am a project manager and I like to run projects.

What are the most difficult parts of pharmaceutical development?
That it is so complex, there are many different parts that need to fit together and fall into place at the right time. There are many regulations, guidelines and regulatory requirements that must be met during pharmaceutical development. During the process, new information often arises that must be considered and adapted to. For example, when planning a clinical trial, there are many different areas of expertise that need to communicate with each other, and it is crucial to make sure that nothing is overlooked or lost along the way. It's hard but fun at the same time!

What is the biggest challenge for Cyxone in 2022?
We try to think long term and work with plans that extend five years into the future, but at the same time, we only have resources for a shorter time. I would say that it is a challenge, to keep the long-term perspective in the daily work. Another challenge is that we are a small team that has to make big decisions, so it's good that the team is strong and that we have experience that is wide in scope.

What are you most proud of that you have achieved?
That we have laid out a good and solid plan for the Rabeximod study! We now have a completed study design for a phase 2b trial of Rabeximod as a treatment for RA. It is ready to be launched very soon and I feel very proud of that!

What are you most looking forward to in 2022?
I look forward to seeing the first results from the RA study. I am also looking forward to strengthening the cooperation between Cyxone and the authorities and to working with them. It's a really big milestone for the year.

Thanks for the interview, Louise!

"There is a sense of entrepreneurship, those who work here are entrepreneurs, and we create and work together. In my work, I also feel great freedom and trust from the management."

Anne Louise Kirkegaard, VP Regulatory Affairs

The share

Cyxone AB (publ) is listed on the Nasdaq First North Growth Market, Stockholm. Shares in the company have been traded since June 7, 2016 with ticker CYXO.

Warrants - TO4

Cyxone have during the year utilized the warrants TO4 series that are attributable to previously directed issue of units. A total of 5,613,656 warrants were used for subscription of shares, meaning that approximately 93.5 percent of the outstanding warrants for subscription of shares. Through the warrants of the TO4 series, the amount of shares in Cyxone increased with 5,613,656 shares, from 58,063,400 shares to 63,677,056 shares. The share capital increased with 423,668.23 SEK, from 4,382,145.83 SEK to 4,805,814.06 SEK.

Number of shares

The number of shares at the end of the period amounted to a total of 63,677,056. Voting value is one vote per share.

Share capital

Share capital at the end of the period totalled SEK 4,805,814.06 divided into 63,677,056 shares. The quota value of the shares is approximately SEK 0.075.

Earnings per share

Earnings per share before and after dilution amounted to SEK -0.73 at the end of the period.

Proposed dividend

The Board of Directors proposes that no dividend be paid for the financial year 2021.

Annual General Meeting

The Annual General Meeting of Cyxone AB (publ) will be held on May 16th 2022.

Ticker:
CYXO

ISIN-code:
SE0007815428

Number of shares:
63,677,056

Share capital:
4,805,814 SEK

Number of shares:
-0.73 SEK

2022
16
May

Annual General Meeting

The Share 2021

Largest owners per Dec 31, 2021

Owners	Number of shares	Share of votes and capital (%)
Avanza Pension	4,281,101	6.72
Ivar Nordqvist	2,221,852	3.49
Bert Junno	2,188,732	3.44
Oxypharma AB	1,916,372	3.01
Mikael Lindstam	1,851,232	2.91
Kjell Stenberg	1,619,078	2.54
Nordnet Pensionsförsäkring AB	1,084,247	1.70
Christian Pettersson	850,000	1.33
C & Son Invest AB	735,743	1.16
Accequa AB	596,250	0.94
Övriga	46,332,449	72.76
Total number of shares	**63,677,056**	**100.0**

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)	0	500,000	4,995,000	5,000,000	0.1
2016	Split (1000:1 325)	0	500,000	1,625,000	6,625,000	0.075
2016	Share issue for patent work	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	16,216	3,735,664	214,858	49,497,512	0.075
2020	Share issue	338,935	4,074,599	4,490,888	53,988,400	0.075
2020	Share issue	307,547	4,382,146	4,075,000	58,063,400	0.075
2021	Issure TO4	423,668	4,805,814	5,613,656	63,677,056	0.075

Management

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.

Tara Heitner
CEO

Born 1969. CEO since 2020.

Experiences

Tara Heitner has more than 20 years' experience from R&D, management and board positions in the biotech and pharma industry. Her previous roles include CEO, Business Development Director and Scientist. In 2014 Tara founded her own consultancy company, Heitner Biopharm Consultation, focusing on strategic, financing and business development advice for small biotech companies and start-ups. Tara is the co-founder of a number of start-ups spun out from universities such as Lund University, Sweden and Aarhus University, Denmark. Tara has successfully closed several partnership deals and been successful in fundraising. She holds a Ph.D. in chemistry from McGill University in Canada and an MBA from Technical University of Denmark (DTU).

Shares in the company

Tara Heitner owns 74,820 shares in Cyxone.

Carl-Magnus Högerkorp
COO

Born 1970. COO since 2021.

Experiences

Carl-Magnus Högerkorp holds a PhD in immunology from Lund University, as well as an MBA from EFL/Lund school of Economics and Management. He brings long and broad experience from pharma and biotech companies, both internationally and nationally. During his career, Dr Högerkorp has for example worked with research and development projects within infectious disease, immuno oncology, regenerative medicine, inflammation and autoimmune diseases. Further, he has held senior positions in several companies such as CEO for Edvince, Canimguide Therapeutics and ImModulate Pharma and CSO at Xintela, where he took part in the introduction of the company on Nasdaq First North Growth Market.

Shares in the company

No shares

Henrik Hang
CFO

Born 1982. CFO since 2021.

Experiences

Henrik Hang holds a B.Sc. in Business Administration. He has many years of experience as CFO and multiple finance positions in international companies and listed organizations in Sweden. Further, he has experience of listing company and fundraising.

Shares in the company

Henrik Hang owns 22,860 shares in Cyxone.

Board of Directors

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.

Bert Junno
Chairman of the Board

Shares in the company:
400,000 shares in Cyxone.
1,788,732 shares in Cyxone through Fornio AB.

Born 1966. Chairman of the Board since 2015. Ph.D. in Semiconductor Physics and Technology and a M.Sc. in Physics from Lund University.

Experiences
Dr Junno has previous management and board level experience from several European and US based companies in fields of electronics, biotech and IT. He has also co-founded several life science companies, for example WntResearch AB (publ), Galecto Biotech AB, Gabather AB (publ), Aptahem AB (publ) and Cyxone AB (publ).

Other assigments
- Chairman of the Board in CombiGene AB (publ)
- Chairman of the Board in Aptahem AB (publ)
- Board Member in Accequa AB
- Board Member in Accequa GmbH

Previous assignments
- Board Member in Gabather AB (publ)
- Board Member in Gabather Finans AB
- CEO in Gabather AB (publ)
- Member of the Advisory Board of the Swedish Intellectual Property Office

Theresa Comiskey Olsen
Board Member

Shares in the company:
100,000 shares in Cyxone

Born 1963. Board Member since 2016. B.A. from University of Pennsylvania and J.D. from University of Detroit Mercy School of Law.

Experiences
Theresa Comiskey Olsen, Attorney at Law (USA), is associated with Albaran, a Norwegian law firm. Over the past several years Comiskey Olsen has developed her law practice with particular focus on cross-border transactions in the Life Sciences/Biotech/Pharma/Medtech fields, with special emphasis on negotiating and drafting international licensing, distribution, supply, research and development, and clinical trial agreements. Prior to starting her practice in 2008, she was General Counsel of Nycomed, which has since been acquired by Takeda.

Other assignments
- Board Member in FF Bygg og Vedlikehold AS
- Board Member in Jotunfjell AS
- Board Member in Aptahem AB (publ)
- Board Member in Farma Investment AS
- Owner Comiskey Olsen

Previous assignments
- Board Member in PCI Biotech Holding ASA
- Board Member in Calpro AS
- Board Member in Nordic Nanovector ASA
- Board Member in Serodus ASA
- Board Member in Biovotec AS
- Chairman of the Board in MyLifeProducts AS
- Owner and partner in Advokatfirmaet Nova DA

Saad Gilani
Board Member

Shares in the company:
132,500 shares in Cyxone.

Born 1971. Board Member since 2015. Bachelor in Electrical Engineering from Rutgers College of Engineering and MBA from Rutgers University in New Jersey, specialized in finance.

Experiences
Saad Gilani is currently a Managing Director at Yorkville Advisors Global, a member of the company's investment committee and a board member of Temple Therapeutics BV. As head of the Healthcare Group, he has led financing transactions in a variety of life science companies focusing on biotechnology, molecular diagnostics and medical equipment in the United States and Europe. Prior to joining Yorkville Advisors Global, Saad worked at Keyence Corporation for 11 years in engineering and marketing.

Other assignments
- Board Member in Temple Therapeutics BV

Mikael Lindstam
Board Member

Shares in the company:
62,500 shares in Cyxone.
1,788,732 shares in Cyxone through Mikeoo Holding AB.

Born 1966. Board Member since 2015. PhD in Inorganic Chemistry from Uppsala University and has Individual diplomas from programs in People Management, Coaching,

Experiences
Mikael has 20 years' experience in the Swedish start-up industry, during which he has been instrumental in the founding and development of Galecto Biotech, Cyxone, Gabather, Aptahem and nanotechnology companies, Portendo, NM Spintronics and Serstech as founder. Mikael's contributions have generated investments of over €70M from business, private and public capital. Mikael has solid experience as a manager and board member in public companies, including responsibilities in company management, IPR, fundraising, negotiations and business development activities. In 2008-2014, Mikael was co-managing a Governmental investment fund focusing on life science and drug projects with strong IPR backbone and market potential. There, Mikael managed over 100 different assets which were capitalized though spin-outs, out-licensing and acquisitions. Accequa AB and Accequa GmbH are two investment vehicles for early stage life science assets where Mikael is a founder.

Mikael holds a PhD in Inorganic Chemistry from Uppsala University and has Individual diplomas from programs in People Management, Coaching, Business and Project Development and Administration, Entrepreneurship, Marketing and Stock market ethics.

Other assignments
- Co-founder and CEO of Aptahem AB
- Founder, owner, chairman of the board in Accequa AB
- Board Member in Aptahem Finans AB
- Founder and Board Member in Accequa GmbH
- Founder and owner of Mikeoo Holding AB
- Co-Founder and Owner of Holy Plantmedix AB

Previous assignments
- Board Member in Ceratmo AB
- Board Member in Aptahem AB

Alejandra Mørk
Board Member

Shares in the company:
No shares

Born 1961. Board Member since 2021.

Experiences
Alejandra Mørk is the CEO of KLIFO A/S, a Drug Development Consultancy company working for biotech and pharma companies in Europe and US, a company that she acquired in 2008 and have since then developed into a leading consulting company in the field in Scandinavia. Previously, she worked for Nycomed Pharma for 18 years, in various management positions in drug development and lifecycle management. She is also part of the EUCROF Paediatric Working Group.

Other assignments
- Board member of Heron Holding A/S
- CEO of KLIFO A/S
- Board member of Danish Biotech
- Member of the Danish Academy of Technical Sciences

Previous assignments
- Board member for iSD Immunotech
- Board member of B&O Medicom

Peter Heinrich
Board Member

Shares in the company:
No shares

Born 1955. Board Member since 2021. PhD in Biochemistry..

Experiences
Dr Peter Heinrich holds a PhD in biochemistry from Munich University and has during his career started a number of biotech companies in Europe. Dr Heinrich has over 20 years' experience from various senior positions within research and development, licensing, new drug commercialization and business and corporate development as well as general management. He has also worked with start-up ventures, publicly held entities, strategic transactions, mergers and acquisitions. In total, Dr Heinrich's transaction and deal volume exceeds 1 billion EUR.

Other assignments
- Managing Director of Sinfonie Life Science Management GmbH
- Senior Partner of Alira Health
- Chairman of the Board of Syntab Therapeutics
- Chairman of the Board of CPTone Biotech
- Board Member of Aijex Pharma International Inc.
- Board Member of BIO Deutschland
- Board Member of EuropaBio

Previous assignments
- Co-founder and Board Member of Adaptimmune and Immunocore
- Co-founder and CEO of Medigene AG
- CEO MagForce AG
- Chairman of the Board and co-founder of BIO Deutschland
- Board Member and Chairman of European Emerging Biopharmaceutical Enterprises (EBE)
- Member of the Scientific Panel for Health of the European Commission for Horizon 2020

Director's Report

The Board of Directors and the CEO of Cyxone AB (publ) ("Cyxone"), org 559020 -5471, hereby present the annual report for the company's and the Group's operations for the financial year 01/01/2021 - 31/12/2021.

Activities

Cyxone is a biotech company in the clinical phase that focuses on developing new solutions for patients suffering from severe autoimmune diseases such as rheumatoid arthritis (RA) and multiple sclerosis (MS).

Cyxone addresses the pharmaceutical need from a new perspective. 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 drug candidates are designed not only to be effective, but also to be easier for patients to use than existing treatments. By providing this, we will offer patients the option of taking control of their disease, and thereby their lives.

The company is well positioned to become a major player in the field of immune system disorders and aims to improve patients' quality of life, reduce healthcare costs and create value for shareholders through innovative solutions.

Significant events

- In 2021, Cyxone completed the phase two (2) clinical trial of Rabeximod for Covid-19 and presented the top-line results at the end of the year.
- During the year, Cyxone initiated preparatory activities for the Rabeximod phase 2b trials in RA through a collaboration agreement with rheumatology expert Professor CP and by entering into an agreement with a global clinical contract research organisation.
- Cyxone has filed patent applications for Rabeximod during the financial year enabling patent protection and exclusivity until 2043 with potential extension.
- During the financial year, Cyxone exercised warrants of the TO4 series that are attributable to previously directed issue of units. Through the exercise of warrants of series TO4, Cyxone received approximately SEK 18.2 million before deduction of issue costs which amounted to 1.1 MSEK. The number of shares in Cyxone increased by 5,613,656 shares, from 58,063,400 shares to 63,677,056 shares. The share capital increased by 423,668.23 SEK, from SEK 4,382,145.83 to SEK 4,805,814.06. In addition, Cyxone announced at year-end that it is undertaking a rights issue of SEK 66.9 million to support the planned Rabeximod Phase 2b trial in RA. The rights issue provided Cyxone with approximately SEK 61 million before deductions for issue costs amounting to SEK 10.8 million.

Multi-Year Overview – The Group

KSEK	2021	2020	2019*
Net Sales	0	0	0
Profit after financial items	-45,028	-49,000	-17,229
Balance sheet in total	46,128	72,152	75,085
Earnings per share before after dillution (SEK)	-0.73	-0.96	-0.39
Cash and cash equivalents at the end of the period	29,357	56,343	61,756
Solidity at the end of the period	85.0%	93.0%	95.5%

** Comparative figures for the group from 2019 consist of the period after the group was established 30/07/2019-07-30 to 31/12/2019*

Financial Information

Net sales
The Group's net sales for the full year 2021 amounted to SEK 0 (0) million.

Operating and development costs
The Group's operating expenses for the full year 2021 amounted to SEK 45.0 (49.0) million, of which development costs amounted to SEK 17.2 (25.4) million. The development costs are mainly related to Rabeximod for the Covid-19 study. Reduced development costs are attributable to the study ending earlier than planned, and included fewer patients. In addition, personnel costs increased during the year by SEK 3.9 million compared with the same period last year. In 2021, the number of employees increased from five (5) to eight (8) people.

Result
The Group's operating profit and profit for the period for the full year 2021 amounted to SEK - 45.0 (- 49.0) million. The improved result is attributable to lower operating costs.

Cash flow
The Group's cash flow for the period amounted to SEK 27.1 (5.4) million, of which cash flow from operating activities amounted to SEK - 43.3 (- 44.9) million. Cash flow from investments amounted to SEK 0.9 (0.2) million and the increase is attributable to ongoing investments in intangible assets. Cash flow from financing activities amounted to SEK 17.1 (39.7) million and is attributable to the exercise of warrants of series TO4.

Financial position
Cash and cash equivalents at the end of the period amounted to SEK 29.4 million, compared to SEK 56.3 million for the same period in 2020. The decrease is attributable to the net loss for the year while the cash and cash equivalents were offset by the exercise of warrants of series TO4.

Total Equity amounts to SEK 39.2 (67.1) million. The decrease is also attributable to the net loss for the year and the exercise of warrants of series TO4.

The Group's operations are conducted primarily in the Parent Company, thus the financial information refers to both the Group and the Parent Company.

Parent company financial overview
The parent company's net sales for the full year amounted to SEK 0 (0) million. Operating profit and profit for the period amounted to SEK - 44.9 (- 49.0) million and SEK - 45.1 (- 49.0) million respectively. Cash and cash equivalents at the end of the year amounted to SEK 28.4 (55.4) million. Equity at the end of the year amounted to SEK 39.2 (67.2) million and the equity ratio amounted to 85.2 (93.0) per cent.

Employees
The average number of employees during the reporting period was 6.3 (5.0), of which the number of employees in the research and development organisation accounted for 3.2 (1.6). At the end of the period, the Group had 8 (5) employees.

Risks and uncertainty factors
Cyxone is dependent on external capital to finance its operations. The opportunity to raise external capital may be affected of factors beyond Cyxone's control such as cyclical fluctuations and market fluctuations, which may make it more difficult or more expensive for the company to raise new capital. Negative study results or significant delays may also affect the company's opportunities for financing.

Cyxone's ability to develop pharmaceutical projects to the point at which partnership agreements can be secured, and the partner assumes responsibility for the future development and commercialization of the project, is decisive for the company's long-term financial strength and stability. No partnerships have so far been secured. Negative study results can have a negative impact on the company's ability to attract potential partners. Furthermore, fluctuations in the market or changes in market regulations can affect the company's attractiveness on the market. Cyxone is currently developing three projects

in parallel, within three different indications, in an attempt to mitigate this risk and diversify the product portfolio.

A research company such as Cyxone is characterized by high operational and financial risk, since the projects in which the company is involved have both development, regulatory and commercialization risks. In addition, the ability of the company to attract and retain key people with both insights to the field of research, and relevant product development experiences is a significant risk. The company is actively working on improving its possibilities to both attract and to keep such key personnel. Cyxone has made several recruitments during 2020 to secure that key resources and competencies are available within the company, thereby decreasing the company's dependency on external consultants.

Cyxone is active on an international market which means that the company is affected by exchange rate changes of several different currencies. Cyxone is often reliant on international subcontractors to carry out and execute studies or to produce new materials, as a result of this, fluctuations in exchange rates may have a significant impact on the prices of both goods and services. More information can be found in Note 17, Financial risks and financial instruments.

Cyxone is active in the field of research and development which entails a risk that results may deviate fromex pectations, which may have a negative impact on the company in the form of increased costs, delays and reduced opportunities and conditions raising capital or licencing deals. The drug development industry is a highly regulated market with strict regulatory requirements. Cyxone is in several different stages of the development process dependant on obtaining regulatory approval from relevant authorities. The company works within the framework of the regulatory requirements regarding clinical trials and must comply with these rules, but changes in regulatory requirements and processes can affect the company's opportunities to obtain regulatory approval or lead to increased costs and delays in the development process. In brief, the operation is associated with risks related to such factors as pharmaceutical development, competition, advances in technology, patents, regulatory requirements, capital requirements.

The Group's operations are conducted primarily in the Parent Company, which is why risks and uncertainties pertain to both the Group and the Parent Company.

Future prospects

Cyxone is a biotech company in clinical stage focusing on developing new life changing solutions for patients suffering from serious autoimmune diseases such as rheumatoid arthritis (RA) and multiple sclerosis (MS). The plan is to build a portfolio of clinical development projects that have a balanced risk and that can provide significant income to the group throughout licensing or sales. In addition, the group works continuously to ensure the financing of its operations. This includes business development for new partnership agreements as well as other financing alternatives. The goal is to create value for patients, the healthcare system and the shareholders.

Transactions with related parties

Transactions with related parties are provided in Note 21 and information on salaries and fees to senior executives and the Board is provided in Note 4.

Sustainability work

Cyxone works actively with sustainability work and has a broad perspective on sustainability and environmental work both within the Group and with our service providers based on the premise that all employees and consultants work to contribute to sustainable development and limit the environmental impact in its entirety. Cyxone has not prepared a sustainability report for 2021 due to the limited nature of the company's activities.

Number of shares

The number of shares at the end of the period amounted to a total of 63,677,056. Voting value is one vote per share.

Corporate governance

Cyxone is a Swedish public limited company, whose shares are listed on Nasdaq First North Growth Market, Stockholm. Cyxone complies with the Swedish Companies Act, the regulations for issuers at Nasdaq First North Growth Market, Stockholm, and other applicable laws and regulations for corporate governance. The company's governance is also based on its Articles of Association. The content of the Articles of Association is governed by the Companies Act and is determined by the Annual General Meeting.

The Board of Directors

The Board of Directors has overall responsibility for the organisation and management of the company's affairs. The Board of Directors decides on the Group's overall objectives, strategies, acquisitions, divestments and investments, as well as determining the financial reporting and making decisions on the Group's financial structure. The Board of Directors is responsible for ensuring that there is adequate control over the company's compliance with laws and regulations and that the company's disclosures are transparent, accurate, relevant and reliable. The Board of Directors' rules of procedure and instructions on the division of tasks between the Board of Directors and the CEO are evaluated, updated and adopted annually. Cyxone's Board of Directors has not set up any committees within itself, but is responsible for all board matters. The Board of Directors evaluates annually its working methods and effectiveness. At least once a year, the Board of Directors evaluates, in particular, the CEO's work. The Board of Directors holds at

least five ordinary meetings a year. The ordinary meetings take place in connection with the submission of interim or full-year reports along with a separate strategy meeting. In addition, extraordinary board meetings are held as needed.

The Board held 15 meetings in 2021 and included, for example, decisions on financial reports, budgets, forecasts, financing activities and issues related to the Group's drug candidates Rabeximod and T20K.

CEO

The CEO is responsible for the day-to-day management and control of the Group's activities. This includes executing the Group's overall strategy, commercial promotion, controlling and compiling financial reporting, allocating financial resources and being responsible for financing and risk management. The Board of Directors' rules of procedure regulate the division of work between the Board of Directors and the CEO.

Proposal for allocations of income in respect of the company's earnings

The following funds in the parent company are available to the Annual General Meeting:

KSEK	2021
Share premium reserve	185,078
Retained earnings	-105,571
Profit/loss for the year	-45,078
Total to be distributed	**34,428**

The Board proposes the following distribution

KSEK	2021
Carried forward	34,428
Total	**34,428**

Proposed allocation of profits

The Board of Cyxone AB propose that no dividend be distributed.

With regard to the Group's and the Parent Company's earnings and position in general, reference is made to subsequent financial reports with accompanying year-end comments.

Statement of Profit or Loss for the Group

KSEK	Note	2021	2020
Operating income			
Other income	2	18	-
Total operating income		**18**	**–**
Operating costs			
Other external costs	5, 18	-33,002	-41,018
Personnel expenses	4, 14	-10,013	-6,067
Amortisation of intangible assets	8	-1,794	-1,796
Other operating expenses	3	-237	-119
Total operating costs		**-45,045**	**-49,000**
Operating profit/loss		**-45,028**	**-49,000**
Financial income		–	–
Financial costs		–	–
Net financial items		–	–
Profit/loss before tax		**-45,028**	**-49,000**
Tax	6	-3	–
Profit/loss for the period		**-45,031**	**-49,000**
Profit/loss for the period attributable to:			
Parent Company shareholders		-45,031	-49,000
PROFIT/LOSS FOR THE YEAR		**-45,031**	**-49,000**
Earnings per share Before and after dilution (SEK)	7	-0.73	-0.96

Statement of Profit or Loss and other Comprehensive Income for the Group

KSEK	Note	2021	2020
Profit/loss for the year		**-45,031**	**-49,000**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on foreign operations		66	-39
		66	-39
Other comprehensive income for the year		**66**	**-39**
Total comprehensive income for the year		**-44,965**	**-49,039**
Total comprehensive income for the period attributable to			
Parent Company shareholders		-44,965	-49,039
Total comprehensive income for the year		**-44,965**	**-49,039**

Statement of Financial Position for the Group

Assets

KSEK	Note	31/12/2021	31/12/2020
Assets			
Intangible assets	8	13,953	14,855
Long-term receivables	10	19	19
Total non-current assets		**13,972**	**14,874**
Trade receivables		–	–
Prepaid expenses and accrued income	10	822	543
Other current receivables	11	1,978	392
Cash and cash equivalents	12	29,357	56,343
Total current assets		**32,157**	**57,278**
TOTAL ASSETS		**46,128**	**72,152**

Equity and Liabilities

KSEK	Note	31/12/2021	31/12/2020
Equity	13		
Share capital		4,806	4,382
Other paid in capital		185,078	168,410
Reserves		28	-38
Retained earnings including profit/loss for the period		-150,680	-105,649
Equity attributable to Parent Company shareholders		**39,232**	**67,105**
Total equity		**39,232**	**67,105**
Liabilities	17		
Trade payables		3,215	2,577
Other current liabilities	15	864	458
Accrued expenses and deferred income	16	2,817	2,012
Total current liabilities		**6,897**	**5,047**
Total liabilities		**6,897**	**5,047**
TOTAL EQUITY AND LIABILITIES		**46,128**	**72,152**

Statement of Changes in Equity for the Group

KSEK	Equity attributable to the parent company's shareholders				
	Share capital	Other unrestricted equity	Revaluation reserve	Balanced profits incl. The result of the period	Total equity
Opening balance equity 2020-01-01	**3,704**	**124,651**	**1**	**-56,649**	**71,707**
Total comprehensive income for the year					
Profit/loss for the year				-49,000	-49,000
Other comprehensive income for the year			-39		-39
Total comprehensive income for the year			**-39**	**-49,000**	**-49,039**
Transactions with the Group's owners					
Share issues	678	39,008			39,686
Share-based payments that are settled with equity instruments, IFRS 2		4,751			4,751
Total transactions with the Group's owners	**678**	**43,759**			**44,437**
Closing balance equity 31/12/2020	**4,382**	**168,410**	**-38**	**-105,649**	**67,105**
Opening balance equity 2021-01-01	**4,382**	**168,410**	**-38**	**-105,649**	**67,105**
Total comprehensive income for the year					
Profit/loss for the year				-45,031	-45,031
Other comprehensive income for the year			66		66
Total comprehensive income for the year			**66**	**-45,031**	**-44,965**
Transactions with the Group's owners					
Share issues	424	16,668			17,092
Total transactions with the Group's owners	**424**	**16,668**			**17,092**
Closing balance equity 31/12/2021	**4,806**	**185,078**	**28**	**-150,680**	**39,232**

The new issue amount is reported net after deductions for transaction costs of SEK 1,097 (1,308) thousand.

Consolidated Statement of Cash for the Group

KSEK	Note	2021	2020
Operating activities	23		
Profit/loss before tax		-45,028	-,49,000
Income tax paid		-3	–
Adjustment for non-cash items, etc			
Amortisation of intangible assets		1,794	1,796
		-43,236	**-47,204**
Increase (-) / Decrease (+) of current receivables		-1,865	654
Increase (-) / Decrease (+) of current liabilities		1,850	1,670
Cash flow from operating activities		**-43,251**	**-44,880**
Investing activities			
Acquisition of intangible assets		-892	-159
Acquisition of financial assets		–	-19
Cash flow from investing activities		**-892**	**-178**
Financing activities			
Share issues		18,188	40,994
Share issue costs		-1,096	-1,308
Cash flow from financing activities		**17,092**	**39,686**
Total cash flow for the year		-27,051	-5,372
Cash and cash equivalents at the beginning of the year		56,343	61,756
Exchange rate difference in cash and cash equivalents		65	-41
Cash and cash equivalents at the end of the year		**29,357**	**56,343**

Income Statement for the Parent Company

KSEK	Note	2021	2020
Operating income			
Other income	2	18	–
Total operating income		**18**	**–**
Operating costs			
Other external costs	5, 18	-32,892	-40,972
Personel costs	4, 14	-10,013	-6,067
Amortisation of intangible assets	8	-1,794	-1,796
Other operating costs	3	-237	-119
Total operating costs		**-44,936**	**-48,954**
Operating profit/loss		**-44,918**	**-48,954**
Profit/loss from financial items:			
Write-down of financial fixed assets		-160	–
Profit/loss before tax		-45,078	-48,954
Tax	6	–	–
PROFIT/LOSS FOR THE YEAR		**-45,078**	**-48,954**

Statement of Profit or Loss and other Comprehensive Income for the Parent Company

KSEK	Note	2021	2020
Profit/loss for the year		-45,078	-48,954
Total comprehensive income for the year		**-45,078**	**-48,954**

Balance Sheet for the Parent Company

Assets

KSEK	Note	31/12/2021	31/12/2020
Assets			
Non-current assets			
Intangible assets	8	13,953	14,855
Financial assets:			
Participation in group companies	22	795	955
Long-term recievables	10	19	19
Total financial assets		814	974
Total non-current assets		**14,767**	**15,829**
Current assets			
Current receivables:			
Trade receivables		–	–
Receivables from group companies	9	139	83
Other current receivables	10	821	537
Prepaid expenses and accrued income	11	1,978	392
Total current receivables		**2,938**	**1,012**
Cash and bank	12	28,372	55,418
Total current assets		**31,309**	**56,430**
TOTAL ASSETS		**46,076**	**72,259**

Equity and Liabilities

KSEK	Note	31/12/2021	31/12/2020
Equity	13		
Restricted equity			
Share capital		4,806	4,382
Non-restricted equity			
Share premium reserve		185,078	168,410
Retained earnings		-105,571	-56,618
Profit/loss for the period		-45,078	-48,954
Total equity		**39,234**	**67,220**
Current liabilities	17		
Trade payables		3,215	2,568
Other current liabilities	15	864	459
Accrued expenses and deferred income	16	2,763	2,012
Total current liabilities		**6,842**	**5,039**
TOTAL EQUITY AND LIABILITIES		**46,076**	**72,259**

Statement of Changes in Equity for the Parent Company

KSEK	Restricted equity	Non-restricted equity			
	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance equity 01/01/2020	**3,704**	**124,651**	**-21,452**	**-35,166**	**71,737**
Total comprehensive income for the year					
Profit/loss for the year				-48,954	-48,954
Other total comprehensive income for the year					0
Total comprehensive income for the year	**0**	**0**	**0**	**-48,954**	**-48,954**
Allocation of profits			-35,166	35,166	0
New issue of shares	678	39,008			39,686
Share-based payments that are settled with equity instruments		4,751			4,751
Closing balance equity 31/12/2020	**4,382**	**168,410**	**-56,618**	**-48,954**	**67,220**
Opening balance equity 01/01/2021	**4,382**	**168,410**	**-56,618**	**-48,954**	**67,220**
Total comprehensive income for the year					
Profit/loss for the year				-45,078	-45,078
Other total comprehensive income for the year					0
Total comprehensive income for the year	**0**	**0**	**0**	**-45,078**	**-45,078**
Allocation of profits			-48,953	48,953	0
New issue of shares	424	16,668			17,092
Closing balance equity 31/12/2021	**4,806**	**185,078**	**-105,571**	**-45,078**	**39,234**

The new issue amount is reported net after deductions for transaction costs of SEK 1,097 (1,308) KSEK.

Cash Flow Analysis for the Parent Company

KSEK	Note	2021	2020
Operating activities	23		
Profit/loss before tax		-45,078	-48,954
Income tax paid		–	–
Adjustment for non-cash items, etc.			
Amortisation of patents, licences, and similar rights		1,794	1,796
		-43,284	**-47,158**
Increase (-) / Decrease (+) of current receivables		-1,926	-349
Increase (-) / Decrease (+) of current liabilities		1,803	1,661
Cash flow from operating activities		**-43,406**	**-45,846**
Investing activities			
Acquisition of patents, licences, and similar rights		-892	-159
Acquisition of subsidiaries, net cash flow impact		–	-19
Acquisition of financial assets		160	–
Cash flow from investing activities		**-732**	**-178**
Financing activities			
Rights issue		18,188	40,994
Share issue costs		-1,096	-1,308
Cash flow from financing activities		**17,092**	**39,686**
Total cash flow for the year		-27,047	-6,338
Cash and cash equivalents at the beginning of the year		55,418	61,756
Cash and cash equivalents at the end of the year		**28,372**	**55,418**

Notes

Note 1 – Significant accounting principles

(a) Compliance with standards and legislation

The consolidated accounts have been drawn up in accordance with those International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which have been adopted by EU. In addition, the Swedish Financial Reporting Board recommendation RFR 1 Supplementary accounting rules for groups has also been applied.

The parent company applies the same accounting principles as the Group except in the cases stated in the section below on "Parent company accounting principles".

The Annual Report and the consolidated accounts have been approved of by the Board and CEO for publication on April 13th 2022. The consolidated income statement and balance sheet and parent company income statement and balance sheet will be presented for adoption by the AGM on May 16th 2022.

This annual report is the second to be submitted for the Group. The Group was formed in connection with Cyxone AB in July 2019 forming the Swiss subsidiary Cyxone Switzerland AG. No consolidated accounts were prepared for 2019 with reference to the exception in Chapter 7, Section 3 of the Swedish Annual Accounts Act (1995:1554). Thus, there are no effects to report for the Group in connection with a transition to IFRS, as the Group has been applying IFRS ever since its formation in July 2019.

(b) Valuation basis applied in the preparation of the financial statements

Assets and liabilities are recognised at historical acquisition values except for certain financial assets and liabilities which is valued at acquisition value.

(c) Functional currency and reporting currency

The parent company's functional currency is the Swedish kronor, which is also the currency in which the accounts of the Parent Company and the Group are reported. This means that the financial statements are presented in Swedish kronor. Unless otherwise indicated, all amounts are rounded off to the nearest thousand.

(d) Assessments and estimates in the financial reports

Preparing the financial statements in accordance with IFRS requires management to make accounting estimates and judgements as well as assumptions that influence the application of the accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and judgements.

(e) Significant accounting principles applied

Other than the exceptions explained in detail, the accounting principles set out below have been applied consistently to all periods presented in the Group's financial statements. The accounting principles applied in the consolidated accounts have also been applied consistently by the individual companies within the Group.

(f) Information on such IFRS standards or interpretative statements that came into force in 2021

No amendments to IFRS or to IFRIC interpretations that came into force in 2021 have had a significant impact on the Group's financial reports.

(g) Classification, etc.

Fixed assets consist essentially of the amounts expected to be recovered or paid after more than twelve months from the balance sheet date, while current assets consist essentially of amounts expected to be recovered or paid within twelve months from the balance sheet date. Long-term liabilities consist essentially of amounts where the Group has, at the end of the reporting period, an unconditional right to choose to pay later than 12 months after the end of the reporting period. If the Group has no such right at the end of the reporting period – or holds liabilities for trading or is expecting liabilities to be settled within the normal operating cycle – the liability amount is reported as current liabilities.

(h) Operating segment reporting

An operating segment is a part of the Group which conducts operations from which it can generate revenue and incur costs and for which there is independent financial information available. An operating segment's profit/loss is further monitored by the Company's highest executive decision maker to evaluate the results and to allocate resources to the operating segment.

The Group currently has only one business activity, and hence only one operating result for the chief executive to take regular decisions on and allocate resources to. In light of this, there is only one operating segment which represents the Group as a whole, so there is no other segment reporting. Within the Group, the CEO of Cyxone has been identified as the highest executive decision maker.

(i) Consolidation principles and operating requirements

(i) Subsidiaries

Subsidiaries are companies that are under the controlling influence of Cyxone AB. Controlling influence exists if Cyxone AB has influence over the investment object, is exposed to or is entitled to a variable return from its commitment and may use its influence over the investment to impact return. When determining whether a controlling influence exists, consideration is given to potential voting rights and whether de facto control exists. The Group was formed on 30 July 2019 when Cyxone AB started the wholly owned subsidiary Cyxone Switzerland AG.

(ii) Transactions eliminated upon consolidation

Internal Group receivables and liabilities, revenues or costs or unrealised gains or losses stemming from internal Group transactions are eliminated completely when preparing the consolidated accounts.

(j) Foreign currency

(i) Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate on the transaction date. The functional currency is the currency of the primary financial bases the company operates in. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate applying on the balance sheet day. Exchange rate differences arising during translation are recognised in profit/loss for the year. Non-monetary assets and liabilities which are recognised at their historical acquisition value are converted to the exchange rate at the time of the transaction.

(ii) Foreign company financial reports

Assets and liabilities in foreign entities including goodwill and other Group deficit and surplus values are converted from the foreign company's functional currency to the Group's reporting currency, Swedish krona, at the exchange rate on balance sheet day. Revenue and costs in a foreign entity are converted to Swedish krona at an average rate that approximates the rates on the respective transaction dates. Translation differences arising when converting the currency of foreign companies are recognised in other comprehensive income and are accumulated in a separate component in equity as a translation reserve.

(k) Revenue

The Group has not yet generated revenue from the out-licensing of its drug candidates. Other income consists of, among other things, sick pay benefits.

(l) Leases

When a contract is concluded, the Group determines whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

(i) Leasing agreements that are recognised as an expense

The Group leases office space in an office hotel. The lease for office premises normally has a term of 6 months. The lease contains an option to renew the lease at the end of the leasing period with additional periods with the same term. The Group's reason for leasing places in an office hotel is the short leasing period, which increases operational flexibility. The Group considers that it is not reasonably probable that the lease for the office hotel will be extended beyond the first period - i.e., the leasing period is estimated to be a single period. Since the lease has a leasing period of less than 12 months, the agreement is classified as a short-term lease. The Group has chosen not to report right-of-use assets and leasing liabilities for such leases. Leasing fees for these leases are expensed linearly over the leasing period.

(ii) Agreement on storage capacity

The Group has agreements with suppliers for the manufacture of substances that include conditions for storage of the manufactured substances for a certain period. When such an agreement is concluded, Cyxone determines whether the agreement contains a lease. In order for an agreement to be deemed to contain a lease, the agreement needs to include an identified asset. Since the agreements entered into by Cyxone are not about renting a specified place in the warehouse but rather about storage capacity as a service, the company has deemed that such agreements neither are nor contain a lease.

(m) Taxes

Income tax consists of current tax and deferred tax. Income tax is recognised in profit/loss for the year except when the underlying transaction is recognised in other comprehensive income or equity, in which case the relevant tax is recognised in other comprehensive income respectively in equity.

Current tax is tax that will be paid or received during the current year applying the tax rates valid on or in practice valid on the balance sheet day. Current tax also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and tax rules that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets pertaining to deductible temporary differences and tax-loss carryforwards are only recognised to the extent that it is likely that they will be able to be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

(n) Financial instruments

(i) Initial recognition and measurement

Accounts receivable and issued debt securities are recognised when they are issued. Other financial assets and liabilities are recognised when the Group becomes a party to the contractual terms of the instrument.

A financial asset or financial liability is valued at fair value at the first reporting date plus any transaction costs that are directly attributable to the acquisition or issue. Accounts receivable (without a significant financing component) are initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

The Group's financial assets essentially consist of cash and cash equivalents in the form of balances with banks and other receivables.

All financial assets are measured at amortised cost.

Financial liabilities
The Group's financial liabilities consist of accounts payable and other liabilities. All financial liabilities are measured at amortised cost.

(iii) Impairment
The Group's financial assets in the form of cash and cash equivalents and other receivables are covered by the rules for provisions for expected credit losses in IFRS 9. However, cash and cash equivalents consist entirely of balances with banks with a high credit rating and which can be obtained on request. No reserve for expected credit losses in cash and cash equivalents is therefore reported on material grounds. All other receivables are current and no reserve for expected credit losses is reported on material grounds for these receivables either.

(iv) Opt-out from the report on financial position

Financial assets
The Group removes a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset cease.

Financial liabilities
The Group discards a financial liability from the statement of financial position when the commitments specified in the agreement are fulfilled, cancelled, or terminated.

(o) Intangible assets

(i) Acquired intangible assets – Patents and similar immaterial rights
Intangible assets acquired by the Group consist primarily of patents. The patents refer to ongoing patent expenses for T20K as well as expenses for patent applications in the USA, Europe and Australia. The company was granted patents for T20K in 2016-2018.

Depreciation began in January 2017. In 2018, the original patent for Rabeximod was acquired.

Patents are recognized at acquisition value minus accumulated depreciation and any write-downs. Patents are written off over the life of the patent.

In 2020, Cyxone acquired the exclusive right to the patent applications covering the use of Rabeximod for the treatment of the symptoms of respiration that may occur due to viruses such as covid-19 from Dr Kalev Kask. The acquired rights have initially been valued at the fair value of the option issued to Dr Kalev Kask as the acquisition of the rights constitutes a transaction that falls within the scope of application of IFRS 2 Share-based Payment. The value of the acquired rights has been based on the fair value of the option granted, as Cyxone has made the assessment that the fair value of the acquired rights could not be estimated in a sufficiently reliable manner. Depreciation begins when a patent has been obtained.

In 2020, an additional patent application was made for T20K, depreciation for these will begin when the patents are granted.

In 2021, additional patent protection was applied for for Rabeximod, with several patents, these applications are ongoing and depreciation will begin when the respective patents are granted. In 2021, additional patents were applied for Rabeximod, with several patents, these applications are ongoing and depreciation will begin when the respective patents are granted.

(ii) Acquisition through internal development
The work of developing an internally generated intangible fixed asset is divided into a research phase and a development phase.

All expenses arising from the Group's research phase are reported as an expense when they arise.

Expenses on development are recognised as an asset in the statement of financial position, if the product or process is technical and

a. it is technically feasible to finish the intangible asset so that it can be used or sold;
b. the company intends to finish the intangible asset and use or sell it;
c. conditions exist to use or sell the intangible asset;
d. the way in which the intangible asset will generate probable future economic benefits can be demonstrated;
e. adequate technical, financial and other resources exist to complete the development and to use or sell the intangible asset; and
f. the expenditures which relate to the intangible asset during its development can be calculated in a reliable manner.

In the statement of financial position, development costs are carried at cost less accumulated amortisation and impairment losses. Unless all of the above criteria are met, costs incurred in the development phase are recognised as an operating expense when they arise.

A strong indication that all of the above criteria have been met and the proprietary projects will be able to be activated is that the application for final approval is submitted to the supervisory authority. Thus, activation of internally generated intangible assets is not normally done until this time.

(iii) Subsequent costs

Subsequent costs for capitalised intangible assets are only recognised as an asset in the statement of financial position when they increase the future economic benefits of the specific asset to which they are attributable. All other costs are expensed as incurred.

(vi) Amortisation

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful life of the intangible asset. The useful lives are reviewed at least on an annual basis. Intangible assets which are not yet ready for use are tested for impairment annually and also as soon as indications indicate that the asset in question has decreased in value. Intangible assets with nondescript useful lives are depreciated from the time they are available for use.

Estimated useful lives:

- patents – 7-10 years

(p) Impairment of intangible assets

If there is an indication that an asset may be impaired, the recoverable amount of the asset is determined (see below). The recoverable amount of intangible assets that are not yet finished for use are also calculated annually. If it is not possible to determine essentially independent cash flows for an individual asset, and its fair value less selling expenses cannot be used, for impairment testing, the assets are to be grouped at the lowest level at which it is possible to identify essentially independent cash flows – this is referred to as a cash-generating unit.

Impairment is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. Impairment is recognised as an expense in profit or loss.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In the calculation of the value in use, the future cash flows are discounted with a discount factor that takes into consideration risk-free interest and the risk associated with the specific asset.

Reversal of impairment losses

An impairment loss is reversed if there is indication that the impairment no longer exists and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where applicable, if no impairment loss had been recognised.

(q) Earnings per share

The calculation of earnings per share before dilution is based on consolidated profit and loss attributable to Parent Company owners and on the weighted average number of shares outstanding during the year. Potential ordinary shares are only considered dilutive in periods when this would result in lower earnings or higher loss per share.

(r) Employee benefits

(i) Short-term benefits

Short-term employee benefits are calculated without discounting and recognised as an expense when the related services are provided.

A provision is recognised for the anticipated cost of profit-sharing and bonus payments when the Group has a current legal or constructive obligation to make such payments as a result of the services provided by employees and the obligation can be estimated reliably.

(ii) Pensions

The Group has only defined-contribution pension plans. Defined-contribution pension plans are plans in which the company's obligation is limited to the contributions the company has undertaken to pay. In such cases, the size of the employee's pension depends on the contributions the company pays into the plan or to an insurance company, and the investment earnings on the contributions. Consequently, it is the employee who bears the actuarial risk (that benefits will be lower than expected) and investment risk (that the invested assets will be insufficient to provide the expected benefits). The company's obligations for contributions to defined-contribution plans are recognised as an expense in profit and loss as they are earned by the employees' services to the company during a period.

(iii) Termination benefits

A termination benefit liability is recognised at the earlier of when the company can no longer withdraw the offer of those benefits, or when the company recognises costs for a restructuring. The benefits expected to be settled after 12 months are measured at their present value. Benefits not expected to be settled within 12 months are recognised as long-term benefits.

(s) Contingent liabilities

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group, when there is an obligation that has not been recognised as a liability or provision since it is not probable that an outflow of resources will be required to settle the obligation, or when the amount of the obligation cannot be measured with sufficient reliability.

The Parent Company's accounting policies

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board for listed companies have also been applied. RFR 2 specifies that the Parent Company in the annual report for the legal entity is to apply all IFRSs and statements adopted by the EU to the extent possible within the framework of the Swedish Annual Accounts Act and Pension Obligations Vesting Act, and with regard to the relationship between accounting and taxation. The recommendation specifies the exceptions and additions to be made to IFRS.

Differences between the accounting policies applied by the Group and the Parent Company

The differences between the accounting policies applied by the Group and the Parent Company are presented below. The accounting policies for the Parent Company stated below have been applied consistently to all periods presented in the Parent Company's financial statements.

Classification and formats

For the Parent Company, the terms income statement, balance sheet and cash-flow statement are used for the statements that the Group designates as statement of comprehensive income, statement of financial position and statement of cash flows. The Parent Company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act, while the statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences compared with the Group's financial statements are that the main elements of the Parent Company's income statement and balance sheet are financial expenses, non-current assets and equity.

Subsidiaries, associates and joint ventures

The Parent Company recognises investments in subsidiaries using the cost method.

Financial instruments

The Parent Company has elected not to apply IFRS 9 for financial instruments. However, some of the guidance in IFRS 9 is still applicable – such as impairment, recognition/derecognition, and the effective interest method for interest revenue and interest expense.

In the Parent Company, financial assets are measured at cost less impairment, and current assets according to the lowest value principle. For financial assets recognised at amortised cost, the impairment rules stated in IFRS 9 are applied.

Leased assets

The Parent Company does not apply IFRS 16, in accordance with the exemption in RFR 2. As a lessee, lease payments are recognised as an expense over the lease term on a straight-line basis, whereby a right-of-use asset and corresponding lease liability are not recognised on the balance sheet.

Note 2 – Other operating income

KSEK	The Group		Parent company	
	2021	2020	2021	2020
Other operating income	18	–	18	–
Sum	**18**	**–**	**18**	**–**

Other operating income consists of sick pay compensation

Note 3 – Other operating expenses

KSEK	The Group		Parent company	
	2021	2020	2021	2020
Exchange rate losses on receivables / liabilities relating to operations	-237	-119	-237	-119
Sum	**-237**	**-119**	**-237**	**-119**

Note 4 – Employees, personnel costs and remuneration to senior executives

Cost for remuneration to employees

The Group

KSEK	2021	2020
Salaries and remuneration etc.*	6,945	4,417
Pension cost, defined contribution plans	673	299
Social security	2,136	1,315
Sum	**9,754**	**6,031**

Refers to total salaries and remuneration in the company, the amount includes remuneration to the board, senior executives and other employees. Distribution of compensation to the various groups is specified further down in the various tables.

Average number of employees

Parent company	2021	Of which is men	2020	Of which is men
Sweden	6	21%	5	20%
Total in parent company	**6**	**21%**	**5**	**20%**
Group total	**6**	**21%**	**5**	**20%**

Gender distribution in company management

	The Group		Parent company	
Percentage of women	2021	2020	2021	2020
The Board of Directors	31%	25%	31%	25%
Other senior executives	46%	67%	46%	67%

The proportion of women in the table above is an average during the financial year 2021, the calculation includes both employees and consultants.

Salaries and other remuneration devided among the Board, leading senior executives and other employees as well as social security costs in the Parent Company

	The Board and senior executives		Other employees		Sum	
KSEK	2021	2020	2021	2020	2021	2020
	(10 persons)**	(6 persons)**				
Salaries and other remunerations	4,799	3,698	2,146	719	6,945	4,417
(of which, bonuses, etc.)	(673)	(439)	(65)	–	(738)	(439)
Parent company total	**4,799**	**3,698**	**2,146**	**719**	**6,945**	**4,417**
(of which, bonuses, etc)	(673)	(439)	(65)	–	(738)	(439)
Social security costs	1,787	1,049	1,022	565	2,809	1,614
(of which pension costs)	(484)	(278)	(190)	(22)	(673)	(299)

** Ola Skanung performs his current role as Senior Executive Advisor on a consulting basis. He took this role in the company's management team during the period August - October 2021. In addition, Ola Skanung has from 2015 until August 2021 performed his duties as the company's former CFO on a consulting basis. During part of 2019 and 2020, Ola Skanung was also acting CEO of the company on a consulting basis. The total remuneration for these services amounted to SEK 1,165 thousand for the financial year 2020 and SEK 961 thousand for 2021.*

Since August 2021, Cornel Pater has been working as Chief Medical Officer (CMO) on a consulting basis. Remuneration for these services during 2021 amounted to SEK 527 thousand

Salaries and other remuneration, pension costs and pension liabilities for the Board and senior executives in the Group

KSEK	The Board and senior executives	
	2021	2020
	(10 persons)	(6 persons)
Salaries and other remuneration	4,799	3,698
(of which, bonuses, etc.)	(673)	(439)
Pension costs	484	278

Salaries and other remuneration for leading senior executives

Parent company

2021 KSEK	Basic pay/Board remuneration	Variable remuneration	Other remuneration	Pension costs	Total
Chairman of the Board (Bert Junno) Remuneration from the parent company	388	–	–	–	388
Board member (Saad Gilani) Remuneration from the parent company	194	–	–	–	194
Board member (Mikael Lindstam) Remuneration from the parent company	194	–	–	–	194
Board member (Theresa Comiskey Olsen*) Remuneration from the parent company	194	–	–	–	194
Board member (Alejandra Mørk) Remuneration from the parent company	131	–	–	–	131
Board member (Peter Heinrich) Remuneration from the parent company	149	–	–	–	149
CEO (Tara Heitner) Remuneration from the parent company	1,325	600	–	180	2,105
Other senior executives (3 persons)** Remuneration from the parent company	1,552	73	–	304	1,929
Sum	**4,126**	**673**	**–**	**484**	**5,283**
Remuneration from the parent company	4,126	673	–	484	5,283

** Fees for legal services to board member has been paid as a consultancy fee. Invoicing amounted to 96 KSEK (101 KSEK)*

*** Ola Skanung performs his current role as Senior Executive Advisor on a consulting basis. He took this role in the company's management team during the period August - October 2021. In addition, Ola Skanung has from 2015 until August 2021 performed his duties as the company's former CFO on a consulting basis. During part of 2019 and 2020, Ola Skanung was also acting CEO of the company on a consulting basis. The total remuneration for these services amounted SEK 1,165 thousand for the financial year 2020 and SEK 961 thousand for 2021.*

Since August 2021, Cornel Pater has been working as Chief Medical Officer (CMO) on a consulting basis. Remuneration for these services during 2021 amounted to SEK 527 thousand.

2020 KSEK	Basic pay/Board remuneration	Variable remuneration	Other remuneration	Pension costs	Total
Chairman of the Board (Bert Junno*) Remuneration from the parent company	375	–	794	–	1,169
Board member (Saad Gilani) Remuneration from the parent company	188	–	–	–	188
Board member (Mikael Lindstam) Remuneration from the parent company	188	–	–	–	188
Board member (Theresa Comiskey Olsen)** Remuneration from the parent company	188	–	–	–	188
CEO (Tara Heitner*)** Remuneration from the parent company	691	300	–	105	1,096
CEO (Ola Skanung**)** Remuneration from the parent company	–	–	–	–	–
Other senior executives (1 person) Remuneration from the parent company	836	139	–	173	1,148
Sum	**2,465**	**439**	**794**	**278**	**3,976**
Remuneration from the parent company	2,465	439	794	278	3,976

** The work concerns capital raising, financing, legal and contractual areas.*

*** Fees for legal services to board member has been paid in the form of consulting costs and amounted to KSEK 101 (KSEK 44)*

**** CEO, Tara Heitner, employed 2020-06-01*

***** During part of 2019 och 2020 the CFO was also interim VD. The work was paid as a consultancy fee. Invoicing amounted to KSEK 1 165 in 2020.*

Remuneration to senior executives

The company's remuneration to senior executives shall be paid on market and competitive terms that enable senior executives to be recruited and retained. Remuneration to senior executives may consist of basic salary, variable remuneration, pension, other benefits and share-related incentive programs. The CEO and other senior executives are generally entitled to other customary benefits in accordance with what can be considered reasonable in relation to market practice and the benefits to the company.

Severance pay

For the CEO, a mutual notice period of six (6) months applies and for other senior executives, a mutual notice period that does not exceed six (6) months. Severance pay, in addition to salary during the notice period, occurs only for the CEO and is entitled to compensation, of a maximum of 60 percent of the salary, for another six (6) months if the Company does not claim a competition agreement.

Note 5 – Fees and cost remuneration accountants

KSEK	The Group		Parent company	
	2021	2020	2021	2020
KPMG AB				
Auditing services	225	119	225	119
Tax advices	-	79	-	79
Other services	236	-	236	-

Audit services refer to the statutory examination of the annual report and accounting, the management by the Board for Directors and the CEO as well as reviews and other examinitations executed by agreement or according to contracts.

This includes other work normally performed by a company accountant, and advice and other assistance stemming from observations made in connection with the above examinations or the performance of the other similar work.

Note 6 – Taxes

Recognised effective tax

The Group

KSEK	2021	2020
Profit/loss before tax	-45,028	-49,000
Tax in accordance with tax rate for the parent company	9,276	10,486
Effect of other tax rates for foreign subsidiaries	-3	–
Increase in deficit deductions without corresponding capitalization of deferred tax	-9,276	-10,486
Recognised effective tax	**-3**	**–**

Parent company

KSEK	2021	2020
Profit/loss before tax	-44,918	-48,954
Tax in accordance with tax rate for the parent company	9,253	10,476
Increase in deficit deductions without corresponding capitalization of deffered tax	-9,253	-10,476
Recognised effective tax	**0**	**0**

Non reported deffered tax recoverables

Deductible temporary differences and deficit deductions for which deferred tax assets have not been reported in the consolidated statement of financial position and in the balance sheet:

- Due to the Group's activities with considerable research and development costs, it is not liable for tax.
- At the end of 2021, the Group's accumulated deficit deductions amounted to SEK 187 million and was attributable to the Group's Swedish companies.
- The Parent Company's deficit deductions amounted to SEK 187 million.

Changed tax rates

From January 1, 2019, the tax rate in Sweden is 21,4% for companies with fiscal years beginning on January 1, 2019 or later. The tax rate is reduced to 20.6% for fiscal years beginning on or after January 1, 2021.

Note 7 – Earnings per share

Earnings per share

KSEK	Before dilution		After dilution	
	2021	2020	2021	2020
Earnings per share	-0.73	-0.96	-0.73	-0.96

The numerator and denominator used in the above calculation are shown below.

Earnings per share before dilution

Profit for the year attributable to the equity holders of the Parent company before dilution

KSEK			Total	
	2021	2020	2021	2020
Profit for the year attributable to the shareholders of the Parent Company	-45,031	-49,000	-45,031	-49,000
Profit attributable to the equity holders of the Parent Company before dilution	-45,031	-49,000	-45,031	-49,000

Weighted average number of shares amountd to 61 416 (59 942) thousand, which has been affected by two new issues in 2020 and the redemption of TO 4 in 2021. The number of outstanding shares at the end of the year was 63,677 (58,063) thousand.

Instruments that can provide future dilution effect and changes after the balance sheet date

On December 21, 2021, Cyxone announced that the company would carry out a rights issue of SEK 66.9 million to support the planned phase 2b study.

On January 25, 2022, Cyxone announced the outcome of the rights issue. The subscription period ran from January 3, 2022 to January 21, 2022. Through the Rights Issue, Cyxone will receive approximately SEK 61 million before deductions for issue costs which amounted to approximately 10.8 MSEK. 9,682,716 shares, corresponding to approximately 25 percent of the rights issue, were subscribed for with the support of subscription rights. In addition, 965,511 shares were subscribed for without the support of subscription rights, corresponding to approximately 3 percent of the rights issue, and 24,119,445 shares, corresponding to approximately 63 percent of the rights issue, were subscribed for by guarantors. In total, the rights issue was subscribed for approximately 91 percent.

Note 8 – Patents, licences, and similar rights

The Group

Accumulated acquisition costs

KSEK	Patents, licences, and similar assets	Total
Opening balance 01/01/2020	**14,512**	**14,512**
Acquisition of intangible asset through option	4,751	4,751
New acquisitions	159	159
Closing balance 31/12/2020	**19,422**	**19,422**
Opening balance 01/01/2021	**19,422**	**19,422**
New acquisitions	892	892
Closing balance 31/12/2021	**20,314**	**20,314**

Accumulated depreciation and impairment losses

KSEK	Patents, licences, and similar assets	Total
Opening balance 01/01/2020	**-2,771**	**-2,771**
Depreciation of the year	-1,796	-1,796
Closing balance 31/12/2020	**-4,567**	**-4,567**
Opening balance 01/01/2021	**-4,567**	**-4,567**
Depreciation of the year	-1,794	-1,794
Closing balance 31/12/2021	**-6,361**	**-6,361**

Carrying amounts

KSEK	Patents, licences, and similar assets	Total
Per 01/01/2020	11,741	11,741
Per 31/12/2020	14,855	14,855
Per 01/01/2021	14,855	14,855
Per 31/12/2021	13,953	13,953

The Parent company

Accumulated acquisition cost

KSEK	Patents, licences, and similar assets	Total
Opening balance 01/01/2020	**14,512**	**14,512**
Acquisition of intangible asset through option	4,751	4,751
Other investments	159	159
Closing balance 31/12/2020	**19,422**	**19,422**
Opening balance 01/01/2021	**19,422**	**19,422**
Other investments	892	892
Closing balance 31/12/2021	**20,314**	**20,314**

Accumulated depreciation

KSEK	Patents, licences, and similar assets	Total
Opening balance 01/01/2020	**-2,771**	**-2,771**
Depreciation of the year	-1,796	-1,796
Closing balance 31/12/2020	**-4,567**	**-4,567**
Opening balance 01/01/2021	**-4,567**	**-4,567**
Depreciation of the year	-1,794	-1,794
Closing balance 31/12/2021	**-6,361**	**-6,361**

Carrying amounts

KSEK	Patents, licences, and similar assets	Total
Per 01/01/2020	11,741	11,741
Per 31/12/2020	14,855	14,855
Per 01/01/2021	14,855	14,855
Per 31/12/2021	13,953	13,953

Note 9 – Receivables for group companies

The Parent company

KSEK	31/12/2021	31/12/2020
Accumulated acquisition cost		
At start of the year	83	33
Purchases	56	50
Closing balance 31 december	139	83
Carrying amount	**139**	**83**

Note 10 – Non-current receivables and other current receivables

The Group

KSEK	31/12/2021	31/12/2020
Non-current receivables		
Deposit	19	19
	19	**19**
Other current receivables		
VAT recoverable	704	540
Other	118	3
Total other receivables that are fixed assets	**822**	**543**

The Parent company

KSEK	31/12/2021	31/12/2020
Long-term receivables		
Deposit	19	19
	19	**19**
Other receivables (current)		
VAT recoverable	703	535
Various other receivables	118	2
	821	**537**

Long-term receivables

Parent company

KSEK	31/12/2021	31/12/2020
Accumulated acquisition cost		
Purchases	–	19
Closing balance 31 december	19	19
Carrying amount	**19**	**19**

Note 11 – Prepaid expenses and accrued income

KSEK	The Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Rent	68	61	68	61
Business insurance	69	78	69	78
Costs for ongoing capital raising	1,641	185	1,641	185
Pension	6	61	6	61
Other	193	7	193	7
	1,978	**392**	**1,978**	**392**

Note 12 – Liquid funds

KSEK	The Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
The following components are included in liquid funds:				
Cash at bank and in hand	29,357	56,343	28,372	55,418
Total as per the statements of financial position	**29,357**	**56,343**	**28,372**	**55,418**
Total as per the statements of cash flow	**29,357**	**56,343**	**28,372**	**55,418**

Note 13 – Equity

Types of shares

Thousands of shares	2021	2020
Ordinary shares		
Issued shares per 1 januari	58,063	49,080
Cash issue	–	8,983
Warrant 4	5,614	–
Issued shares per 31 december – paid	**63,677**	**58,063**

As of 31 december 2021, the registered share capital comprised 63 677 056 (58 063 400 shares), with a quota value of SEK 0,075 kr.

Parent company

Restricted equity

Restricted equity may not be reduced by the distribution of dividends.

Non-restricted equity

Together with profit for the year the following funds make up non-restricted equity, i.e., the amount available for dividends to the shareholders

Share premium reserve

When shares are issued at a premium, i.e when more must be paid for the shares than their nominal price, an amount equvalent to the amount received in excess of the share´s nominal value is transferred to the share premium reserve.The amount transferred to the share premium reserve starting 1 januari 2006 is included in unrestricted capital

Profit brought forward

Consists of the previous year's profit brought forward and profit less dividends paid out during the year.

The Group

Translation reserve

The translation reserve includes all exchange rate differences that arise when translating financial reports from foreign operations that have prepared their financial reports in a currency other than SEK, which is the Group's presentation currency.

Note 14 – Pensions

The Group

Defined-contribution pension plans

In Sweden, the Group funds defined-contribution pension plans for its employees. Payments to these plans are made on an ongoing basis pursuant to the respective plan's rules.

KSEK	2021	2020
The Group		
Expenses for defined contribution plans*	673	299
Parent company		
Expenses for defined contribution plans	673	299

** The stated amounts include paid-in pensions during the financial years and accrued pension fees that have not been paid in yet.*

Note 15 – Other current liabilities

KSEK	The Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Other current liabilities				
Other (wage debts, etc.)	864	458	864	458
Total other current liabilities	**864**	**458**	**864**	**458**

Note 16 – Prepaid expenses and accured income

KSEK	The Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Holiday pay	563	287	563	287
Board of Director's fees	374	288	374	288
Social security and other salary-related costs	786	412	786	412
Audit fee	105	105	105	105
Sub-consultants	281	186	281	186
Development expenses	328	734	328	734
Other	381	–	326	–
	2,817	**2,012**	**2,763**	**2,012**

Note 17 – Financial risks and financial instruments

Through its operations, Cyxone is exposed to liquidity and financing risk, currency risk, interest rate risk and credit risk. The Board, together with the CEO, is responsible for the Group's management of financial risks.

Liquidity and financing risk

The Group's operations are essentially financed by capital contributed from the shareholders. The Group has no loans with creditors, apart from current liabilities such as trade payables. For its continued operations, the Group is dependent on capital being provided by owners. In 2021, Cyxone received approximately SEK 18.2 million before issue costs through the exercise of warrants of the TO4 series.

As of December 21, 2021, Cyxone announced that the company is conducting a rights issue to support the planned phase 2b study.

Liquidity risk is the risk that the Group will face problems meeting its obligations associated with financial liabilities.

Set forth below is a term-based analysis of the Group's financial liabilities. All financial liabilities are of short-term nature.

Contractual payments of capital amounts and interest

KSEK	Nominal amounts		1-3 months		4-6 months		7-12 months	
	2021	2020	2021	2020	2021	2020	2021	2020
Trade payables	3,215	2,577	3,215	2,577	0	0	0	0
Other current liabilities	0	136	0	0	0	136	0	0
Accured expenses	1,399	1,364	1,008	1,018	391	346	0	0
Total	**4,615**	**4,077**	**4,223**	**3,595**	**391**	**482**	**0**	**0**

Currency risk

The Group is exposed to currency risk through the purchases of services and input materials for research and development that are made in different currencies. Purchases are made in EUR, GBP, NOK, CHF, DKK and USD.

The Group's distribution of purchases 2021 with foreign currency was as follows:

Currency	Purchases in 2020	Cost increase/decrease 10 % in KSEK
EUR	1,644,642	1,666
GBP	60,621	72
NOK	88,800	9
CHF	50,209	47
DKK	594,148	81
USD	218,687	186
Total		**2,061**

A strengthening/weakening of the various currencies against SEK with 10 % would have meant a cost increase/-decrease of KSEK 2 061 for the Group given the volume of purchases made in 2021.

The Group is also exposed to currency risk when translating receivables and liabilities in foreign currency. As of the balance sheet date, the Group had the following liabilities per currency.

Currency	Debt on the balance sheet date	Cost increase/decrease 10 % in KSEK
EUR	146,208	149.5
USD	24,600	22.2
NOK	17,600	1.8
CHF	783	0.8
DKK	74,851	10.3
Total		**184.6**

A strengthening/weakening of the currencies against SEK by 10% would have led to a cost increase/-decrease 185 KSEK given the liabilities that existed on the balance sheet day.

The Group also has a translation exposure for currency risk through its holding of the subsidiary in Switzerland. Changes in the exchange rate between CHF and SEK affect the size of the Group's net investment in the subsidiary. As of December 31, 2020, the Group's net investment amounted to 795 KSEK. A strengthening/weakening of CHF against SEK by 10% would increase/decrease the Groups equity 80 KSEK.

Interest rate risk

The Group has no interest-bearing liabilities. The exposure to interest rate risk arises instead through cash and cash equvalents being placed in an account in a bank where the Group receives variable interest rate. However, the Group did not receive any cash on cash equvalents in 2021. An increase in the interest rate by 1 % would lead to an increase in the interest income of 294 KSEK given the cash and cash equvalents on the balance sheet day.

Credit risk

The group´s credit risk is primarly related to bank deposits. The bank deposits are held in Swedish banks with good credit ratings. The bank has a credit rating A from S&P Rating.

The reported value of financial assets and financial liabilities per valuation category

The table below shows the reported value for financial assets and financial liabilities broken down by valuation category IFRS 9.

KSEK	Financial assets measured at amortised cost		Financial liabilities measured at amortised cost	
	2021	2020	2021	2020
Financial liabilities				
Cash and cash equvalents	29,357	56,343	–	–
Other current receivables	822	543	–	–
Long-term receivables	19	19	–	–
Financial assets				
Trade payables	–	–	3,215	2,577
Other current liabilites	–	–	864	458
Accured expenses	–	–	2,817	2,012
Sum	**30,198**	**56,905**	**6,897**	**5,047**

The fair values of financial instruments

According to the managment's assessment, the carrying amount is a reasonable approximation of fair value for all financial assets and financial liabilities.

Note 18 – Leases

Leasing contracts where the company is lessee

Amounts stated in the profit or loss

The Group

KSEK	2021	2020
Short-term leases	349	239

Non-cancellable leasing payments amount to:

Parent company

KSEK	2021	2020
Within a year	349	239
Between one and five years	–	–
Longer than fice years	–	–
	349	**239**

Expensed fees amounted to:

Parent company

KSEK	2021	2020
Minimum lease payments	349	239
Variable fees	–	–
Total leasing costs	–	–
	349	**239**

Amounts reported in the cash flow report

The Group

KSEK	2021	2020
Total cash outflows attributable to leasing agreements	400	361

The above cash outflow includes amounts for short-term leases.

On Feb 8th 2022, Cyxone entered into a new leasing agreement with Hyllie Point 4 AB with regard to renting office space. The lease agreement refers to the period from 01/05/2022 and to 30/04/2025. The notice period is nine months before the end of the rental period. If the agreement is not terminated in time, the lease is extended by three years.

Note 19 – Pledged assets, contingent liabilities and contingent assets

No pledged assets, contingent liabilities, and contingent assets.

Note 20 – Appropriation of the company´s profit or loss

The following funds in the parent company are available to the Annual General Meeting:

KSEK	2021
Share premium reserve	185,078
Retained earnings	-105,571
Profit/loss for the year	-45,078
Total to be distributed	**34,428**

The Board of Directors proposes that the funds raised be used as follows:

KSEK	2021
Carried forward	34,428
Total	**34,428**

Note 21 – Related parties

Related parties

Transactions between the company and its group companies, which are related to the company, have been eliminated in their entirety in the consolidated accounts. Related transactions relate to the parent company's receivables from group companies, see note 9 and participations in group companies, see note 23.

Transactions with board members and senior executives regarding remuneration, see Note 4. Transactions regarding the purchase of services In addition to her board assignment, board member Theresa Comiskey Olsen has assisted the company with legal services via the company Nova, such as contract writing. Remuneration for the services amounted to SEK 95.6 (100.9) thousand for the period January - December 2021, see Note 4.

Note 22 – Subsidiaries

The group has one subsidiary, namely Cyxone Switzerland AG. Activities primarily take place in the Parent Company

Shares in subsidiaries

KSEK	Registered office, country	Ownership %	
		31/12/2021	31/12/2020
Cyxone Switzerland AG	Basel, Switzerland	100%	100%

Parent company

KSEK	2021	2020
Accumulated acquisition cost		
At start of the year	955	955
Impairment	-160	–
Closing balance 31 December	795	955
Reported value on 31 December	**795**	**955**

Note 23 – Specification for the cash flow statement

Cash and cash equivalents

KSEK	31/12/2021	31/12/2020
The Group		
The following components are included in liquid funds:		
Cash at bank and in hand	29,357	56,343
Total as per the statements of financial position	**29,357**	**56,343**
Parent company		
The following components are included in liquid funds:		
Cash at bank and in hand	28,372	55,418
Total According to the balance sheet	**28,372**	**55,418**

Adjustments for non-cash items, etc

	The Group		Parent company	
KSEK	2021	2020	2021	2020
Depreciation	1,794	1,796	1,794	1,796
	1,794	**1,796**	**1,794**	**1,796**

Transactions without payments

	The Group		Parent company	
KSEK	2021	2020	2021	2020
Acquisition of intangible asset through option	–	4,751	–	4,751
	–	**4,751**	**–**	**4,751**

Note 24 – Events after the balance sheet date

- On January 10, 2022, Cyxone announced that the company is switching between activities and expanding collaboration with the global CRO on the RA study.
- On January 18, 2022, Cyxone announced that the company is taking the next step in its program against multiple sclerosis by hiring contract development and manufacturing companies for the production of T20K.
- On January 25, 2022, Cyxone announced the outcome of the rights issue. The subscription period ran from January 3, 2022 to January 21, 2022. Through the Rights Issue, Cyxone will receive approximately SEK 61 million before deductions for issue costs. 9,682,716 shares, corresponding to approximately 25 percent of the Rights Issue, were subscribed for with the support of subscription rights. In addition, 965,511 shares were subscribed for without the support of subscription rights, corresponding to approximately 3 percent of the rights issue, and 24,119,445 shares, corresponding to approximately 63 percent of the Rights Issue, were subscribed for by issue guarantors. In total, the rights issue was subscribed for approximately 91 percent.
- On 23 Feb 2022, Cyxone announced that the company's CMO is resigning at his own request due to personal reasons.
- Regarding the covid-19 pandemic and the war between Russia and Ukraine, it is currently very difficult to predict what consequences it will have, both in the short and long term, for the market or for Cyxone. The board and management continuously monitor the situation closely. If any of the company's activities are judged to be significantly affected by the covid-19 pandemic, the company will inform the market.

Note 25 – Important estimates and assessments

Executive Management has together with the Board of Directors discussed developments, selections and information regarding the Group's important accounting principles and assessments, as well as the applications of these principals.

Important assessments when applying the Group's accounting principles

Certain important accounting assessments made when applying the Group's accounting principles are described below.

Expenditure on research and development

Costs for research are immediately booked as an expense. Development expenditure is capitalised only if the expenditure can be measured reliably the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to, and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the income statement as incurred.

Due to the great uncertainties in early drug development, the Board has chosen to recognise all expenses for research and development as an expense.

Important sources of uncertainty in value estimates

The sources of uncertainty in estimates given below refer to those which involve a significant risk of assets or liabilities may need to be adjusted significantly during the coming financial year. Primary risks are, market risk such as competing products that reach the market as well as the scientific risks such as that the development project does not have the positive opportunities that are expected.

Note 26 – Information on Parent company

Cyxone AB is a Swedish-registered limited liability company with its registered office in Malmö. The parent company's shares are registered on Nasdaq First North Growth Market Stockholm.

The address of the head office is Cyxone AB, Hylle Boulevard 34, 215 32 Malmö.

The consolidated accounts for 2021 consist of the parent company and its subsidiary, together referred to as The Group.

The Board of Directors' Certificate

The Board and CEO assure that the Annual Report has been prepared in accordance with good accounting practices in Sweden and the consolidated accounts have been prepared in accordance with International Accounting Standards, stated in the regulation of the European Parliament and the Council of Ministers (EG) no 1606/2002 of 19 July 2002, concerning the application of international accounting standards. The Annual Report and the consolidated accounts give a true and fair view of the parent company as well as of the Group's position and result. The management report for the parent company and the Group gives a true and fair view of the parent company's and Group's business development, position, and result. It also describes the major risks and uncertainty factors facing the parent company and Group companies.

The Annual Report and the consolidated accounts have been approved for publication by the Board of Directors and the Chief Executive Officer on April 13th 2022. The consolidated income statement and balance sheet and parent company income statement and balance sheet will be presented for adoption by the AGM on May 16th 2022.

Bert Junno
Chairman of the Board

Theresa Comiskey Olsen
Board Member

Saad Gilani
Board Member

Mikael Lindstam
Board Member

Peter Heinrich
Board Member

Alejandra Mørk
Board Member

Tara Heitner
CEO

We submitted our Audit Report on April 13, 2022
KPMG AB

Camilla Alm Andersson
Lead Auditor

Therese Johansson
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of Cyxone AB (publ.), corp. id 559020-5471

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Cyxone AB (publ.) for the year 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-30. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Cyxone AB (publ.) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the

size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Malmö April 13, 2022

KPMG AB
Camilla Alm Andersson
Authorized Public Accountant

KPMG AB
Therese Johansson
Authorized Public Accountant

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