

Interim Report Q2 2023

April – June

Financial Summary for the group

KSEK	2023-04-01	2022-04-01	2023-01-01	2022-01-01
	2023-06-30	2022-06-30	2023-06-30	2022-06-30
Net turnover	0	0	0	0
Profit/loss before tax	-5 910	-12 711	-11 887	-29 389
Total assets	41 399	65 926	41 399	65 926
Earnings per share before and after dilution (SEK)	-0,06	-0,13	-0,12	-0,31
Cash and cash equivalents as per period end	15 058	48 582	15 058	48 582
Equity ratio as per period end	84,9%	91,0%	84,9%	91,0%

Significant Events

Significant events during the second quarter of 2023

- Cyxone receives patent approval from the US for the salt forms of the compound rabeximod.
- Cyxone receives Intention to Grant from the European Patent Office for the divisional patent of T20K.
- Cyxone appoints Urban Ottosson as new CFO
- Cyxone engages Asperion as new strategical advisor

Significant events after the end of the period

- Cyxone revised strategy for commercial alignment targeting valuable market opportunities

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

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

The information was submitted for publication, through the agency of the contact person set out above, on 30th of August 2023.

Carl-Magnus Högerkorp, CEO
Mobile no.: +46 70 781 88 12
E-mail: carl.hogerkorp@cyxone.com

CEO Carl-Magnus Högerkorp comments

A new very industrially experienced board of directors took office in Cyxone in May and during the summer started to work together with advisors in drug development to best take advantage of the opportunity going forward with the drug candidates available in the company.

“A further developed formulation of rabeximod has received a patent for 20 years from May 2023. This further contributes to opportunities for significant value creation which we are convinced benefits our shareholders.”

Carl-Magnus Högerkorp, CEO Cyxone AB



A changing market provides positive prospects for rabeximod

The priority has initially been rabeximod, as the market is currently undergoing major changes due to patent losses that significantly affect the sales of the world's largest drug, Humira. A unique situation exists with the available phase II data on rabeximod, which has so far been evaluated in studies with 300 patients with good signs of efficacy and, not least, no signals of side effects that affect the possibilities of further development to treat patients. Cyxone can, therefore, together with good knowledge of essential aspects of rabeximod's mechanism of action, use existing substance to evaluate the product in, according to the board and its advisers, relevant populations of patients where there are very good commercial conditions as well as medical needs. A further developed formulation of rabeximod has received a patent for 20 years from May 2023. This further contributes to opportunities for significant value creation which we are convinced benefits our shareholders.

During quarter four, Cyxone's project within MS, T20K, will also be evaluated in order to best optimize opportunities for value creation.

Cost-effective development process

I have been given a clear mission by the board to find ways to create value for both of these projects, while at the same time, at the board's request have started work on creating a more cost-effective operation with significantly lower costs. This is possible as, on the basis of the positive response we have received thus far, we conclude that key opinion-leading doctors in the US and Europe will be keen to evaluate rabeximod via so-called "investigator-sponsored trials" (IST) because the clinics have a great interest in finding better treatment alternatives for patients who do not respond well to existing treatments.

Please follow the company's development and our participation in investor meetings via Nasdaq First North Growth Market and on the company's website, www.cyxone.com

Carl-Magnus Högerkorp

CEO

Cyxone AB

Cyxone AB

Operations

Cyxone AB is a clinical stage biotech company specializing in the development of transformative therapies against autoimmune and autoinflammatory diseases. Our pipeline includes rabeximod, currently in Phase 2 clinical development for the treatment of rheumatoid arthritis and T20K, currently in early clinical development for the treatment of multiple sclerosis.

Cyxone is listed on Nasdaq First North Growth Market since 2016 under the ticker CYXO.

Rabeximod for rheumatoid arthritis (RA)

Rabeximod directly addresses the gap in the medical need for RA treatment. Combined with the convenience of oral administration and a beneficial safety and tolerability profile, rabeximod can be available for treatment in both early and later stages of the disease.

T20K for multiple sclerosis (MS)

T20K is a plant derived cyclotide that have demonstrated compelling immunomodulating properties impacting on T cell responses. In a preclinical model of multiple sclerosis (EAE model), T20K has been shown to significantly delay onset as well as severity of clinical symptoms by modulating T cells. This is a potentially disease preventing mechanism and T20K could thus be effective in slowing down the disease progression.

Business model

Cyxone's business model is to develop therapies to achieve value-creating milestones. The company develops early-stage projects within autoimmune diseases through Phase 2 studies. After this stage, the aim is to enter into licensing agreements with resourceful partners.

Management and Board of Directors

Cyxone's executive management team consists of experienced people with solid knowledge in the fields of drug development, business development and financing in innovative biotech companies and the pharmaceutical industry. Members of the Cyxone board have extensive experience of publicly traded pharmaceutical development companies and driving commercial development within the pharmaceutical industry internationally, as well as negotiating license and cooperation agreements and fundraising.

Aims

Cyxone's aims are to develop therapies for autoimmune diseases which improve the quality of life and reduce side effects in patients, based on the latest scientific data on the disease mechanism.

Vision

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

Strategy

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

Financial information

The Group

Group's turnover and results for the period January - June 2022

Turnover amounted to 0.0 MSEK (0.0). Capitalized work on own account amounted to 1.7 MSEK (0.0). The operating cost amounted to 7.6 MSEK (12.7). The overall loss for the group was -5.9 MSEK (-12.7).

Cash flow, liquidity and financial position, Group, for the period January - June 2023

Cash and cash equivalents at the end of the period amounted to 15.1 MSEK, compared with 22.4 MSEK at the beginning of the period. Total Equity amounts to 35.1 (60,0) MSEK. Cash flow for the period was -8,0 MSEK (-20.7), of which cash flow from operating activities amounted to -5.4 MSEK (-20.3). Cash flow from investments amounted to -2.3 MSEK (-0.2). Cash flow from financing activities amounted to -0.2 MSEK (-0.2). At the end of the period, the equity ratio for the Group was 84.9 percent, compared with 91.0 percent at the end of June 2022.

Investments

Investments in tangible fixed assets amounted to 0.0 MSEK (0.2).

Parent Company

The Parent Company's turnover and results and financial position for the period January - June 2023

Turnover amounted to 0.0 MSEK (0.0). Capitalized work on own account amounted to 1.7 MSEK (0.0) and operating cost to 7.6 MSEK (12.7). The Parent Company's operating loss for the period was 5.9 MSEK (12.7). Net financial cost amounted to 0.0 MSEK (0.0) and the loss after financial items was 5.9 MSEK. (12.7). Cash and cash equivalents at the end of the period amounted to 13.8 MSEK at the end of the period, compared to 21.3 MSEK 1 April 2023.

The parent company's equity and share capital

The parent company's equity at the end of the period amounted to 35.2 MSEK, compared to 60.0 MSEK at the end of June 2022.

Personnel

The average number of employees during the period is 5 (6,7), of which the number of employees in research and development consists of 2.0 (2.7) employees. At the end of the period the Group had 5 employees.

The Share

The company was formed on 2015-07-13. The share has been traded since 2016-06-07 on Nasdaq First North Growth Market Stockholm under the name CYXO.

The number of outstanding shares at the end of the period amounted to 98,444,728 and the total share capital to SEK 7,429,788.50.

Largest shareholders 30th of June 2023

Owner	Number of shares	Shares of votes and capital (%)
Avanza Pension	7,064,804	7.18
Ivar Nordqvist	3,291,155	3.34
Göran Ofsén	2,400,000	2.44
Oxypharma AB	1,916,372	1.95
Fornio AB*	1,788,732	1.82
Mikeoo Holding AB	1,788,732	1.82
Nordnet Pensionsförsäkring AB	1,666,973	1.69
ABBMO Holding AB	1,619,078	1.64
Christian Pettersson	1,373,000	1.39
UBS Switzerland AG	1,021,200	1.04
Övriga aktieägare	74,514,682	75.69
Total number of shares	98,444,728	100.00

*Bert Junno owns 100% of the shares in Fornio AB. Bert Junno further owns 400,000 shares in Cyxone AB.

Future prospects including significant risks and uncertainties

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

Cyxone's ability to develop drug projects to the point where partnership agreements can be secured and a partner takes responsibility for the future development and commercialization of the project is crucial to the company's long-term financial strength and stability. No partnerships have been entered into so far. Negative study results can have a negative impact on the company's ability to attract potential partners. Market fluctuations and changed regulations can also affect the company's attractiveness in the market. Cyxone is developing two projects, rabeximod for rheumatoid arthritis (RA) and T20K for multiple sclerosis (MS) in parallel, with different indications in an attempt to spread this risk and broaden its product portfolio.

A research company like Cyxone is characterized by high operational and financial risk, as the projects in which the company is involved have both developmental, regulatory and commercial risks. In addition, the company's ability to attract and retain key people with both insight into the research area and relevant product development experiences is a significant risk. The company is actively working to improve its opportunities to both attract and retain such key people.

Cyxone operates in an international market whereupon the company is affected by exchange rate changes around the world. Cyxone is in many cases dependent on international subcontractors to carry out studies and production

of materials, after which fluctuations in exchange rates can have a significant impact on the prices of both goods and services.

Cyxone is so far exclusively engaged in research and product development and thus there is always a risk that development results may deviate from expectations, which may have a negative impact on the company in the form of increased costs, delays and reduced opportunities or conditions for capital raising or licensing. The drug development industry is a highly regulated market with strict regulatory requirements. Cyxone is in several stages in the development process dependent on obtaining regulatory approval from various authorities. The company works within the framework of the regulatory framework 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 short, the business is associated with risks related to factors such as drug development, competition, technological progress, patents, regulatory requirements and 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.

War in Ukraine and its effects

Russia's invasion of Ukraine has a global impact. The macroeconomic effects of what is happening in the world today have major consequences for the innovation industry in life science. The willingness to take risks in the investment collective has been strongly affected by the economic downturn. The board and management continuously monitor the situation in Ukraine. If any of the company's activities are deemed to be affected by the war, the company will inform the market.

Principles for the preparation of the interim report

The group was formed on July 30, 2019 when Cyxone AB formed the subsidiary Cyxone Switzerland AG. The Group prepares its financial reports in accordance with International Financial Reporting Standards (IFRS), as adopted for the application of the EU. See Note 1, accounting principles.

Condensed consolidated statement of profit or loss

KSEK	Note	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30
Operating income					
Other income		1 694	0	3 136	33
Total operating income		1 694	0	3 136	33
Operating costs					
Other external costs		-4 290	-9 487	-8 811	-23 142
Personnel expenses		-2 625	-2 621	-4 843	-5 262
Amortisation of intangible assets		-635	-560	-1 269	-1 009
Other operating expenses		-45	-34	-79	0
Total operating costs		-7 595	-12 702	-15 002	-29 413
Operating profit/loss		-5 901	-12 702	-11 866	-29 380
Financial income		0	0		0
Financial costs		-9	-9	-21	-9
Net financial items		-9	-9	-21	-9
Profit/loss before tax		-5 910	-12 711	-11 887	-29 389
Tax		1	1	2	1
Profit/loss for the period		-5 909	-12 710	-11 885	-29 388
Profit/loss for the period attributable to:					
Parent Company shareholders		-5 909	-12 710	-11 885	-29 388
Profit/loss for the period		-5 909	-12 710	-11 885	-29 388
Earnings per share					
Before and after dilution (SEK)		-0,06	-0,13	-0,12	-0,31

Condensed consolidated statement of profit or loss and other comprehensive income

KSEK	Note	2023-04-01	2022-04-01	2023-01-01	2022-01-01
		2023-06-30	2022-06-30	2023-06-30	2022-06-30
Profit/loss for the period		-5 909	-12 710	-11 885	-29 388
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange differences on foreign operations		77	65	80	82
		77	65	80	82
Other comprehensive income for the period		77	65	80	82
Total comprehensive income for the period		-5 832	-12 645	-11 805	-29 306
Total comprehensive income for the period attributable to					
Parent Company shareholders		-5 832	-12 645	-11 805	-29 306
Total comprehensive income for the period		-5 832	-12 645	-11 805	-29 306
The number of outstanding shares at the end of the reporting period					
– Before and after dilution		98 444 728	98 444 728	98 444 728	98 444 728
The average number of outstanding shares at the end of the reporting period					
– Before and after dilution		98 444 728	98 444 728	96 444 396	94 410 910

Condensed consolidated statement of financial position

KSEK	Note	30-jun-23	30-jun-22	31-dec-22
Assets				
Capitalized work on own account		9 626		6 399
Intangible assets		13 758	13 245	13 727
Leased assets		1 291	1 793	1 477
Equipment and tools		150	173	170
Long-term receivables		345	340	343
Total non-current assets		25 170	15 551	22 116
Prepayment supplier's		0	456	0
Trade receivables		0	0	0
Prepaid expenses and accrued income		623	556	581
Other current receivables		548	781	583
Cash and cash equivalents		15 058	48 582	29 246
Total current assets		16 229	50 375	30 411
Total assets		41 399	65 926	52 527
Equity				
Share capital		7 430	7 429	7 430
Other paid in capital		232 530	232 530	232 530
Reserves		210	110	133
Retained earnings including profit/loss for the period		-205 037	-180 068	-193 146
Equity attributable to Parent Company shareholders		35 132	60 001	46 946
Total equity		35 132	60 001	46 946
Liabilities				
Long-term financial liability		433	1 046	720
Total long-term liabilities		433	1 046	720
Trade payables		1 927	1 825	1 842
Short-term financial liability		726	615	645
Other current liabilities		1 909	254	685
Accrued expenses and deferred income		1 272	2 185	1 689
Total current liabilities		5 834	4 879	4 860
Total liabilities		6 267	5 925	5 580
Total equity and liabilities		41 399	65 926	52 527

Condensed consolidated statement of changes in equity

KSEK	Equity attributable to the parent company's shareholders				Total equity
	Share capital	Other unrestricted equity	Revaluation reserve	Balanced profits incl. The result of the period	
Opening balance equity 2022-01-01	4 806	185 078	28	-150 680	39 232
Total comprehensive income for the period					
Profit/loss for the period				-29 388	-29 388
Other comprehensive income for the period			82		82
Total comprehensive income for the period			82	-29 388	-29 306
Transactions with the Group's owners					
Total transactions with the Group's owners					
Closing balance equity 2022-06-30	2624	47 452			50 076
	7 430	232 530	110	-180 068	60 001

The amounts for share issues are reported net after deductions for transaction costs of 9,671 (1,097) KSEK.

KSEK	Equity attributable to the parent company's shareholders				Total equity
	Share capital	Other unrestricted equity	Revaluation reserve	Balanced profits incl. The result of the period	
Opening balance equity 2023-01-01	7 430	232 530	133	-193 146	46 947
Total comprehensive income for the period					
Profit/loss for the period				-11 885	-11 885
Other comprehensive income for the period			77		77
Total comprehensive income for the period			77	-11 885	-11 808
Transactions with the Group's owners					
Share issues					0
Total transactions with the Group's owners	0	0			0
Closing balance equity 2023-06-30	7 430	232 530	210	-205 037	35 133

Condensed consolidated statement of cash

KSEK	Note	2023-04-01	2022-04-01	2023-01-01	2022-01-01
		2023-06-30	2022-06-30	2023-06-30	2022-06-30
Operating activities					
Profit/loss before tax		-5 910	-12 711	-11 586	-29 389
Adjustment for non-cash items, etc					
Amortisation of intangible assets		645	566	1 270	1 014
Amortisation of tangible assets		-10	-6	0	-6
		-5 275	-12 151	-10 316	-28 381
Increase (-) / Decrease (+) of current receivables		110	-25	-6	1 007
Increase (-) / Decrease (+) of current liabilities		-293	-8 077	313	-2 632
Cash flow from operating activities		-5 458	-20 253	-10 009	-30 006
Investing activities					
Acquisition of intangible assets		-2 348	-50	-4 155	-189
Acquisition of tangible assets		0	-179	0	-179
Acquisition of financial assets		0	42	0	-321
Cash flow from investing activities		-2 348	-187	-4 155	-689
Financing activities					
Share issues		0	0	0	59 747
Share issue costs		0	0	0	-9 671
Financial liability		-173	-239	-350	-239
Cash flow from financing activities		-173	-239	-350	49 837
Total cash flow for the period		-7 979	-20 678	-14 815	19 142
Cash and cash equivalents at the beginning of the period		23 039	69 194	29 881	29 357
Exchange rate difference in cash and cash equivalents		-2	66	-8	83
Cash and cash equivalents at the end of the period		15 058	48 582	15 058	48 582

Condensed income statement for the parent company

KSEK	Note	2023-04-01	2022-04-01	2023-01-01	2022-01-01
		2023-06-30	2022-06-30	2023-06-30	2022-06-30
Operating income					
Capitalized work on own account		1 692	0	3 121	0
Other income		1	1	15	33
Total operating income		1 693	1	3 136	33
Operating costs					
Other external costs		-4 462	-9 575	-9 097	-23 224
Personel costs		-2 625	-2 621	-4 842	-5 262
Amortisation of intangible assets		-458	-455	-618	-903
Other operating costs		-45	-34	-79	0
Total operating costs		-7 590	-12 684	-14 636	-29 390
Operating profit/loss		-5 897	-12 684	-11 500	-29 357
Profit/loss from financial items:					
Write-down of financial fixed assets		0	0	0	0
Interest income and similar profit/loss items		0	0	0	0
Interest expense and similar profit/loss items		0	0	0	0
Profit/loss before tax		-5 897	-12 684	-11 500	-29 357
Tax		0	0	0	0
Profit/loss for the period		-5 897	-12 684	-11 500	-29 357
Earnings per share for the parent company					
Before and after dilution (SEK)		-0,06	-0,13	-0,12	-0,31

Condensed income statement and other comprehensive income for the parent company

KSEK	Note	2023-04-01	2022-04-01	2023-01-01	2022-01-01
		2023-06-30	2022-06-30	2023-06-30	2022-06-30
Profit/loss for the period		-5 897	-12 684	-11 500	-29 357
Total comprehensive income for the period		-5 897	-12 684	-11 500	-29 357

Condensed balance sheet for the Parent company in summary

KSEK	Note	30-jun-23	30-jun-22	31-dec-22
Assets				
Non-current assets				
Capitalized work on own account		9 626		6 399
Intangible assets		13 758	13 245	13 727
Tangible assets		150	173	170
Financial assets:				
Participation in group companies		785	795	784
Long-term receivables		340	340	340
Total financial assets		1 125	1 135	1 124
Total non-current assets		24 659	14 553	21 420
Current assets				
Prepayment supplier's		0	456	0
Current receivables:				
Trade receivables		0	0	0
Receivables from group companies		414	214	297
Other current receivables		585	551	580
Prepaid expenses and accrued income		737	918	709
Total current receivables		1 736	1 683	1 586
Cash and bank		13 842	47 515	28 111
Total current assets		15 578	49 654	29 697
Total assets		40 237	64 207	51 117
Equity and liabilities				
Equity				
Restricted equity				
Share capital		7 430	7 430	7 430
Development reserve		1 429		6 399
Non-restricted equity				
Share premium reserve		232 530	232 530	232 530
Retained earnings		-200 333	-167 322	-154 323
Profit/loss for the period		-5 897	-12 684	-45 078
Total equity		35 158	59 954	46 957
Current liabilities				
Trade payables		1 897	1 813	1 829
Other current liabilities		2 289	255	683
Accrued expenses and deferred income		893	2 185	1 648
Total current liabilities		5 079	4 253	4 160
Total equity and liabilities		40 237	64 207	51 117

Notes to the condensed interim financial statements

Note 1 Accounting principles

This quarterly report has been prepared according to the IFRS standards that have been adopted by EU as well as the interpretations of the valid standards adopted by EU, IFRICs. This report for the Group has been prepared according to IAS 34, Interim financial reporting as well as applicable regulations in the Annual Accounts Act. The parent company quarterly report has been prepared according to chapter 9 in the Annual Accounts Act, Quarterly reports and RFR 2, Accounting rules for legal entities. The quarterly report has been prepared for the Group and parent company according to the same accounting principles and conditions applied in the latest Annual Report, except for the amended accounting principles described below.

In addition to the financial reports and their accompanying notes further information according to IAS 34.16A can be found in other sections of the quarterly report.

Note 2 Fair value for financial Instruments

Carrying amount is considered to be a reasonable approximation of fair value for all of the Group's financial instruments.

Note 3 Related party transactions

Chairman of the Board Bert Junno has assisted the company with work in investor relations, business development and financing of the company. The compensation to Bert Junno for these services amounted to 50 KSEK during January. Previous CFO Ola Skanung has invoiced 432 KSEK for CFO and advising services during the period January-June. New CFO Urban Ottosson has been compensated 21 KSEK for CFO services during the period January-June 2023.

Note 4 IFRS 16 leasing agreement

The new leasing agreement regarding office premises means that the group's income statement as of Q2 2023 has been affected by the fact that depreciation has increased by approximately 0.17 MSEK and financial costs have increased by approximately 0.01 MSEK. In the balance sheet, tangible fixed assets have increased by approximately 1.29 MSEK, leasing liabilities by approximately 1.16 MSEK.

Note 5 Capitalized work on own account

During Q3 2022 Cyhone received regulatory approval for the start of clinical phase 2b study in RA. After obtaining the approval the board and management made the assessment that the criteria for capitalizing developmental expenditures according to IAS 38 have been met. During the period January to June 2023 an additional 3 121 KSEK of development costs have been activated.

Certified Adviser

The company's Certified Adviser on Nasdaq First North Growth Market is FNCA AB.

Auditing

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

Legal disclaimer

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

Financial calendar

2023

27th of October Interim Report Q3, 2023

2024

23rd of February Year-end Report, 2023

The reports will be available from these dates at www.cyxone.com: [Cyxone » Financial Reports](#)

Submission of Interim Report

The report for the period April – June 2023 provides a true and fair view of the Parent Company's and the Group's operations, position and results, and describes significant risks and uncertainties that the Parent Company and Group companies face.

Malmö
30th of August 2023
The Board of Directors

Michael Oredsson
Chairman of the Board

Bert Junno
Board Member

Andrew Scorey
Board Member

Jürgen Reess
Board Member

Cyxone AB

About Cyxone

Cyxone AB (publ) (Nasdaq First North Growth Market: CYXO) develops disease modifying therapies for diseases such as rheumatoid arthritis and multiple sclerosis. Rabeximod is a Phase 2 candidate drug being evaluated for the management of rheumatoid arthritis. T20K is a Phase 1 candidate drug for treatment of multiple sclerosis. Certified Adviser is FNCA Sweden AB. For more information, please visit www.cyxone.com