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Cyxone executes a rights issue of SEK 66.9 million secured to 91 % ahead of the Phase 2b study in RA

The board of directors of Cyxone AB ("Cyxone" or the "Company") has today, pursuant to the authorization granted by the Annual General Meeting on 3 June 2021, resolved to carry out a rights issue of shares with preferential rights for the Company's existing shareholders of SEK 66.9 million before issue costs (the "Rights Issue"). The Company has received subscription commitments from the Company's CEO, Tara Heitner, and CFO, Henrik Hang, amounting to approximately SEK 0.1 million, corresponding to approximately 0.1 percent of the Rights Issue. Furthermore, the Company has entered into agreements on guarantee commitments of SEK 60.8 million, which in aggregate secures the Rights Issue to 91.1 percent. The net proceeds from the Rights Issue are planned to be used for the Company's Phase 2b study with the drug candidate Rabeximod for rheumatoid arthritis (RA) through 2022 and part of 2023.

Background and reason for the Rights Issue

Cyxone is a Swedish clinical stage medicine platform company focused on developing and advancing novel solutions for patients suffering from severe autoimmune diseases such as rheumatoid arthritis (RA) and multiple sclerosis (MS). Cyxone is driven by a team of leading pharmaceutical and biotechnology executives and academics with deep immunotherapy expertise.

Rabeximod, a novel molecular entity with unique mechanism of action is expected to close a significant, unmet clinical gap in the management of patients with RA. Despite the multitude and diversity of drug classes targeting RA, high percentage of the patients treated display partial response and relatively low numbers of patients achieve sustained remission. In addition to inefficacy, intolerance and growing evidence of side effects associated with the anti-TNF α class, such as serious infections, malignancy, and neurologic deficits, has resulted in increasing demand for therapies with improved safety profiles.

Preclinical as well as initial historical clinical data support the argument that Rabeximod may have a markedly improved benefit-risk profile over existing therapies and be an innovative drug which can be used in high-risk patients and may have an improved safety profile.



In the recently initiated start-up activities of a Phase 2b, randomized, double blind, 24-week long study, being conducted together with an internationally renowned CRO, Rabeximod will be explored for its efficacy, safety and tolerability in a segment of RA patient population proven to be non-responders to the standard of care treatment with Methotrexate.

Cyxone intends to establish partnerships and collaborations with leading institutions and companies in immunotherapy and research and development around the world to advance its novel platform and pipeline.

To enable continued development and finance the initiation of the Company's planned Phase 2b study of Rabeximod for rheumatoid arthritis (RA), the board of directors has resolved to carry out the Rights Issue. The Rights Issue is estimated to provide Cyxone with approximately SEK 66.9 million before issue costs, which are expected to amount to approximately SEK 10.4 million.

"The proceeds from the Rights Issue will enable us to implement the next important steps in the development of Cyxone's new treatment for rheumatoid arthritis (RA). We have a solid and well-structured plan for delivering value creation to our shareholders and to patients world-wide, and our experienced team are now looking forward to take the Company to the next level," comments Tara Heitner, CEO, Cyxone.

Terms and conditions of the Rights Issue

The board of directors has today, pursuant to the authorization granted by the Annual General Meeting on 3 June 2021, resolved to carry out the Rights Issue by issuing a maximum of 38,206,233 shares. The right to subscribe for shares with preferential rights shall vest in those who are registered as shareholders in the Company on the record date, 29 December 2021, where five (5) existing shares entitles to three (3) subscription rights and one (1) subscription right entitles to subscription of one (1) share. The subscription price is SEK 1.75 per share, which means that Cyxone, provided that the Rights Issue is fully subscribed, will receive approximately SEK 66.9 million before issue costs. The subscription period runs during 3 January – 21 January 2022. Subscription rights that are not utilized during the subscription period will become invalid and lose their value. Trading in subscriptions rights is expected to take place on Nasdaq First North Growth Market during 3 January – 18 January 2022.

If not all shares are subscribed for by exercise of subscription rights, allotment of the remaining shares shall be made within the highest amount of the Rights Issue: firstly, to those who have subscribed for shares by exercise of subscription rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of subscription rights that each and every one of those, who have applied for subscription of



shares without exercise of subscription rights, have exercised for subscription of shares; secondly, to those who have applied for subscription of shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made *pro rata* in relation to the number of shares the subscriber in total has applied for subscription of shares; and thirdly, to those who have provided underwriting commitments with regard to subscription of shares, in proportion to such underwriting commitments. To the extent that allotment in any section above cannot be done *pro rata*, allotment shall be determined by drawing of lots.

Change of share capital and number of shares as well as dilution

Through the Rights Issue, the number of shares in Cyxone will increase by a maximum of 38,206,233 shares, from 63,677,056 shares to 101,883,289 shares and the share capital will increase by a maximum of SEK 2,883,488.392883, from SEK 4,805,814.063609 to SEK 7,689,302.456492. This means that existing shareholders who choose not to participate in the Rights Issue will, if fully subscribed, experience a dilution of approximately 37.5 percent of their votes and capital in the Company.

Subscription commitments and guarantee commitments

Cyxone has received subscription commitments from the Company's CEO, Tara Heitner, and CFO, Henrik Hang, in total amounting to approximately SEK 0.1 million, corresponding to approximately 0.1 percent of the Rights Issue. No remuneration is paid for given subscription commitments. Further, the Company has entered into agreements on guarantee commitments where external investors have undertaken to subscribe for shares in the Rights Issue up to an amount of SEK 60.8 million, corresponding to 91.0 percent of the Rights Issue. Guarantee compensation is paid with cash compensation amounting to ten (10) percent of the guaranteed amount, or alternatively twelve (12) percent of the guaranteed amount in the form of newly issued shares in the Company. The subscription price for any shares issued to issue guarantors shall correspond to the volume-weighted average share price (VWAP) for the Company's share on Nasdaq First North Growth Market during the subscription period in the Rights Issue (i.e. during the period 3 January – 21 January 2022), however not lower than the subscription price per share in the Rights Issue.

In aggregate, the Rights Issue is covered by subscription commitments and guarantee commitments of SEK 60.9 million, corresponding to 91.1 percent of the Rights Issue.

Lock-up undertakings

In connection with the Rights Issue, all members of the Company's board of directors and senior management with shareholdings in Cyxone have undertaken towards Vator Securities AB, subject to customary exceptions, not to sell or otherwise transfer their shares without first, in each separate case, ascertain a written approval from Vator Securities AB. The decision to leave such written approval is decided by Vator Securities AB and the decision is made in each separate case. Agreed approval can depend on both individual and business-related situations. The lock-up period lasts for a period of 180

days from and including the date of expiration of the subscription period in the Rights Issue.

Preliminary timetable for the Rights Issue

23 December 2021	Estimated date for publication of prospectus
27 December 2021	Last day of trading including the right to receive subscription rights
28 December 2021	First day of trading excluding the right to receive subscription rights
29 December 2021	Record date for participation in the Rights Issue
3 January – 18 January 2022	Trading in subscription rights on Nasdaq First North Growth Market
3 January – 21 January 2022	Subscription period
3 January 2022 – Until the Rights Issue is registered by the Swedish Companies Registration Office	Trading in paid subscription shares (Sw. "BTA")
Around 25 January 2022	Publication of outcome in the Rights Issue

Prospectus

Full terms and conditions and instructions for the Rights Issue, as well as other information about the Company and information about subscription commitments, guarantee commitments and lock-up undertakings will be presented in the prospectus that the Company is expected to publish around 23 December 2021 (the "**Prospectus**").

Advisers

Vator Securities AB acts as financial adviser and Setterwalls Advokatbyrå AB acts as legal adviser to the Company in connection with the Rights Issue. Vator Securities AB also acts as issuer agent in connection with the Rights Issue.

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This information is such information as Cyxone AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.59 a.m. CET on 21 December 2021.

About Cyxone

Cyxone AB (publ) (Nasdaq First North Growth Market: CYXO) develops disease modifying therapies for diseases such as rheumatoid arthritis and multiple sclerosis as well as treatments for virally induced acute respiratory disorders. Rabeximod is a Phase 2 candidate drug being evaluated for



the management of rheumatoid arthritis and moderate Covid-19 infections. T20K is a Phase 1 candidate drug for treatment of multiple sclerosis. Certified Adviser is FNCA Sweden AB, +46(0)8-528 00 399, info@fnca.se. For more information, please visit www.cyxone.com

IMPORTANT INFORMATION

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares or other securities in Cyxone. No action has been taken and measures will not be taken to permit a public offering in any jurisdictions other than Sweden. Any invitation to the persons concerned to subscribe for shares in Cyxone will only be made through the Prospectus that Cyxone estimates to publish on or around 23 December 2021 on Cyxone's website, www.cyxone.com. The upcoming approval of the Prospectus by the Swedish Financial Supervisory Authority shall not be regarded as an approval of the Company's shares or any other securities. This release is however not a prospectus in accordance to the definition in the Prospectus Regulation (EU) 2017/1129 ("**Prospectus Regulation**") and this announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in shares or other securities in Cyxone. In order for investors to fully understand the potential risks and benefits associated with a decision to participate in the Rights Issue, any investment decision should only be made based on the information in the Prospectus. Thus, investors are encouraged to review the Prospectus in its entirety. In accordance with article 2 k of the Prospectus Regulation this press release constitutes an **advertisement**.

The information in this press release may not be released, distributed or published, directly or indirectly, in or into the United States of America, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, South Korea, Switzerland or any other jurisdiction in which such action would be unlawful or would require registration or any other measures than those required by Swedish law. Actions in violation of these restrictions may constitute a violation of applicable securities laws. No shares or other securities in Cyxone have been registered, and no shares or other securities will be registered, under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities legislation of any state or other jurisdiction in the United States of America and no shares or other securities may be offered, sold or otherwise transferred, directly or indirectly, in or into the United States of America, except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States of America.

Within the European Economic Area ("**EEA**"), no public offering of shares or other securities ("**Securities**") is made in other countries than Sweden. In other member states of the EU, such an offering of Securities may only be made in accordance with the Prospectus Regulation. In other member states of the EEA which have implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption under national law.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or



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This press release may contain forward-looking statements which reflect the Company’s current view on future events and financial and operational development. Words such as “*intend*”, “*expect*”, “*anticipate*”, “*may*”, “*believe*”, “*plan*”, “*estimate*” and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

The English text is an unofficial translation of the original Swedish text. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.