

Annual Report for

Oxcia AB

556932-4717

The financial year
2016-01-01 - 2016-12-31

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Directors' Report

The Board of Directors and the managing director of Oxcia AB, 556932-4717, hereby submit the Annual Report 2016, for the company's 4th financial year.

Company overview

Oxcia AB, is located in Solna and operates within the premises of Karolinska Institute Science Park, Solna. The company's business strategy is to support early research from the academy in biochemistry and the pharmaceutical chemistry through product development and commercialization. The current activities include notably to help with business and patent strategies and be responsible for negotiations with potential business partners. The company has strong skills in clinical development, business development, business negotiations, legal and patent issues - all with a focus on life sciences. Behind Oxcia stands 70s scientists, most from Karolinska Institutet.

Important events 2016

The company has focused on implementing its commitments under the 2014 service agreement with Thomas Helledays Foundation for Medical Research (Foundation) but also to other customers. Discussions have been held and is still ongoing with pharmaceutical companies concerning collaboration/out licensing a couple of the company's early projects but focus has been on the so called MTH1 project. The undertaking to support the Foundation include responsibility to administer and manage a clinical phase 1 study with the pharmaceutical substance karonudib and a number of agreements have been entered in connection therewith. One of the MTH1 patents have been approved in the USA and the remaining patent portfolio progress according to plan.

Development of company operations, result and position

	<i>Amounts in SEK</i>			
	<i>2016-12-31</i>	<i>2015-12-31</i>	<i>2014-12-31</i>	<i>2013-12-31</i>
Net sales	2 125	47 000	-	-
Balance Sheet Total	6 033 962	3 653 812	690 886	50 084
Return on capital employed %	-8,1	-4,3	N/A	N/A
Equity ratio, %	66,6	8,8	9,6	99,9

Definitions: see note

The company is in a starting face and has not had any operations previous years

Proposed allocation of company profit or loss

The Board of Directors proposes that non-restricted equity, SEK 3 916 385, is appropriated as follows:

	<i>Amounts in SEK</i>
Carried forward	3 916 385
Total	3 916 385

Regarding the results and position in general, reference is made to the subsequent results and balance sheet with the associated notes

Income Statement

<i>Amounts in SEK</i>	<i>Note</i>	<i>2016-01-01- 2016-12-31</i>	<i>2015-01-01- 2015-12-31</i>
Net sales		2 125	47 000
Work performed by the company for its own use and capitalized		194 472	-
		<u>196 597</u>	<u>47 000</u>
<i>Operating expenses</i>			
Other external costs		-289 389	-140 742
Employee benefit expenses	2	-311 317	-52 347
Other operating expenses		-4	-8
Operating profit		<u>-404 113</u>	<u>-146 097</u>
<i>Profit from financial items</i>			
Other interest income and similar income		31	25
Profit after financial items		<u>-404 082</u>	<u>-146 072</u>
Profit before tax		<u>-404 082</u>	<u>-146 072</u>
Net profit for the year		<u>-404 082</u>	<u>-146 072</u>

Balance Sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Capitalized expenditure for development and similar	3	4 557 566	3 480 894
		<u>4 557 566</u>	<u>3 480 894</u>
Total fixed assets		<u>4 557 566</u>	<u>3 480 894</u>
Current assets			
<i>Current receivables</i>			
Other receivables		173 504	67 385
Prepaid expenses and accrued income		8 438	2 454
		<u>181 942</u>	<u>69 839</u>
Cash and bank balances		1 294 454	103 079
Total current assets		<u>1 476 396</u>	<u>172 918</u>
TOTAL ASSETS		<u>6 033 962</u>	<u>3 653 812</u>

Balance Sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
EQUITY AND LIABILITIES			
Equity	5		
<i>Restricted equity</i>			
Share capital		100 000	100 000
		100 000	100 000
<i>Non-restricted equity</i>			
Profit or loss brought forward		4 320 467	366 539
Profit for the year		-404 082	-146 072
		3 916 385	220 467
Total equity		4 016 385	320 467
Non-current liabilities	6		
Other liabilities to credit institution		1 000 000	3 100 000
		1 000 000	3 100 000
Current liabilities			
Accounts payable - trade		561 793	76 937
Other current liabilities		10 869	3 265
Accrued expenses and deferred income		444 915	153 143
		1 017 577	233 345
TOTAL EQUITY AND LIABILITIES		6 033 962	3 653 812

Notes

Note 1 Accounting principles

Amounts in SEK unless otherwise stated

General accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act and the Accounting Standards Board's general guidelines BFNAR 2012:1 Annual and Group Reports (K3).

Valuation principles etc.

Assets, provisions and liabilities are valued based on cost unless otherwise stated.

Judgments and estimates

Preparation of financial statements and application of accounting policies, are often based on management judgments, estimates and assumptions deemed to be reasonable at the time the assessment is made. Estimates and assumptions are based on historical experience and several other factors, which under prevailing circumstances are considered reasonable. The results of these are used to assess the carrying amounts of assets and liabilities that are not otherwise evident from other sources. The actual outcome may differ from these estimates.

Translation of foreign currency items

Receivables and payables in foreign currencies are valued at the closing rate. Exchange gains and losses on operating receivables and liabilities are reported in operating result while exchange gains and losses on financial receivables and liabilities are reported as financial items.

Revenue Recognition

Revenue is recognized at the fair value of the company has received or will receive. This means that the company recognizes revenue at nominal value (invoice amount) if the company receives compensation in cash directly at the delivery. Deductions are made for discounts.

The sales of goods are normally recognized as revenue when the significant risks and rewards associated with ownership of the goods have been transferred from the company to the buyer.

Depreciations

Depreciation commences when the project has been completed.

Note 2 Employees and personnel costs

Salaries and other remunerations and social costs, including retirement costs

	2016-01-01- 2016-12-31	2015-01-01- 2015-12-31
Salaries and other remuneration:	190 000	47 500
Social costs	58 817	4 847
Board of Directors fee	62 500	-
Total	311 317	52 347

Salaries and expenditures relates to two parttime employees, one each of both gender.

Note 3 Capitalised expenditure for development work and similar

	2016-12-31	2015-12-31
<i>Accumulated cost of acquisitions</i>		
- At beginning of year	3 480 894	416 261
-Miscellaneous investments	1 076 672	3 064 633
At the end of the year	4 557 566	3 480 894
<i>Accumulated depreciation</i>		
At the end of the year	-	-
Carrying amount at year-end	4 557 566	3 480 894

The item means expenditures in relation to development and commercialisation of rights for projects and has been reduced with contribution from Vinnova of 600 000 (450 000) SEK and a contribution from European Union of 383 267 (0) SEK. The item also includes interest on longterm liabilities with 182 472 (76 660) SEK

Note 4 Allocation of company profit or loss

Proposed allocation of company profit or loss

The Board of Directors proposes that non-restricted equity, SEK 3 916 385 is appropriated as follows:

	2016-12-31
Carried forward	3 916 385
	3 916 385

Note 5 Equity

	2016-12-31	2015-12-31
Specification of restricted and unrestricted equity:		
Share capital	100 000	100 000
Total restricted equity	100 000	100 000
Accumulated profit	220 467	-33 461
Shareholders contribution	4 100 000	400 000
Profit for the year	-404 082	-146 072
Total unrestricted equity	3 916 385	220 467
Total equity	4 016 385	320 467

Conditional reimbursement obligation for shareholders' contributions amounted to SEK 4 500 000 (SEK 400 000). The company's 1 000 000 shares are divided into 400 000 A shares representing 10 votes and 600 000 B shares representing 1 vote.

Note 6 Other longterm liabilities

Almi Invest Interest 5,2 %	1 000 000
Total	1 000 000

The Loan has a length of 60 months and the first 24 are free from amortization.

Note 6 Tax

The Company's result pre tax is -404 082kr (-146 072kr) and there are no material items effecting the relation between the taxcost for the year and the accounted taxcost. The taxcost for the year is 0 kr (0 kr).

Note 7 Securities Pledged

	2016-12-31	2015-12-31
Securities in Oxcia AB	2 000 000	0

Note 8 Contingent liabilities

The company had no Contingent liabilities 2016-12-31 aswell as 2015-12-31

Note 9 Important events 2017

A Phase 1 Trial with the substance Karonudib was initiated at Karolinska Hospital in January 2017 after approval from the relevant authorities in December 2016. The study is expected to last in 2017. The company is responsible for implementation and costs of the study.

The company employed Teresa Sandvall in January on part time as the Head of Clinical Development. During May, an agreement was reached with the Foundation with retroactive effect from December 31, 2016, that the Foundation's outstanding loan of SEK 3,100,000 is converted into conditional voluntary shareholder contributions

Signatures

Solna the 15th May 2017

Ulrika Warpman Berglund
Chairman of the Board

Jan Zetterberg
Managing Director

Johannes Linde

Annika Jenmalm Jensen

My Audit Report was submitted on 24th May 2017

Ernst & Young AB

Magnus Karlström
Authorized public accountant