XBRANE BIOPHARMA

Science for high quality biosimilars

Interim report January – June 2022

Production being initiated for launch of Xlucane™ in Europe first quarter of 2023[1]

Financial overview second quarter 2022

- Revenue amounted to SEK 15.6 m (2.5).
- Other operating income was SEK 11.4 m (0.4).
- EBITDA amounted to SEK –28.4 m (–53.8).
- R&D costs amounted to SEK –52.9 m (–49.9) corresponding to 89 per cent[2] (84) of total operating costs.
- The net result for the period was SEK –33.8 m (–59.2).
- Earnings per share amounted to SEK –1.35 (–2.67).
- Cash and cash equivalents at the end of the period amounted to SEK 250.1 m (129.3).

Financial overview first half of 2022

- Revenue amounted to SEK 22.8 m (5.1).
- Other operating income was SEK 17.6 m (2.5).
- EBITDA amounted to SEK –61.3 m (–100.6).
- R&D costs amounted to SEK –88.9 m (–95.3) corresponding to 81%[1] (84) of total operating costs.
- The net result for the period was SEK –69.9 m (–110.4).
- Earnings per share amounted to SEK –2.79 (–4.97).
- Cash and cash equivalents at the end of the period amounted to SEK 250.1 m (129.3).

Figures in parentheses refer to the corresponding period last year.

Significant events in the second quarter 2022

- In May, it was announced that the company had withdrawn its marketing authorization application for its LUCENTIS® biosimilar candidate following a request for additional information from the FDA (US equivalent to the Swedish Medicines Agency).
- At the end of June, a change in the number of shares and voting rights in Xbrane linked to a long-term share saving program, was announced.

Significant events after the end of the quarter

- In early July, an update was provided regarding supplements and recommendations received from the FDA. The application is planned to be resubmitted during 2022.

1) Production is initiated after the expiration of relevant patents
2) See page 9 for more information on research and development costs.

Financial summary for the Group

	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Revenue (SEK 000)	15,631	2,545	22,821	5,090	10,709
Research and development expenses (SEK 000)	–52,914	–49,894	–88,863	–95,257	–160,619
R&D expenses as percentage of total costs	89%	84%	81%	84%	82%
Operating profit/loss (SEK 000)	–32,402	–56,490	–69,184	–105,739	–180,583
EBITDA (SEK 000)	–28,368	–53,788	–61,267	–100,621	–168,366
Profit/loss for the period (SEK 000)	–33,775	–59,168	–69,896	–110,435	–188,376
Cash and cash equivalents (SEK 000)	250,085	129,332	250,085	129,332	295,180
Equity ratio (%)	53%	39%	53%	39%	63%
Earnings per share before dilution (SEK)	–1.35	–2.67	–2.79	–4.97	–7.98
Earnings per share after dilution (SEK)	–1.35	–2.67	–2.79	–4.97	–7.98
Number of employees on balance sheet date	70	60	70	60	58

CEO's letter

Dear shareholders
We are moving towards the important launch of Xbrane's first drug candidate, Xlucane™ for the treatment of eye diseases. Like other product candidates in our portfolio, this is a biosimilar, i.e. a biological drug that has existing pharmaceuticals on the market as a reference and can start to be sold when the patents for this has expired. We therefore offer cost-effective treatment options for a wider target group.

During the spring, we focused on answering outstanding questions from the European Medicines Agency (EMA) in the marketing authorization approval of Xlucane™, as well as preparing commercial manufacturing for the planned start of sales of the product in Q1 2023.

Xlucane™ planned launch in Europe and the US
The marketing authorization application for Xlucane™ in Europe was sent to the EMA in September 2021. The questions that, in accordance with the process, came back after 120 days, were answered in April, and the questions that came after 180 days, were received at the end of June. These will be answered in the shortest possible time and will be submitted in August according to the EMA's schedule. We expect the Committee for Medicinal Products for Human Use (CHMP) to deliver its opinion in September, leading to the EU Commission's decision about market approval in November. However, production can start during the summer, after the relevant patents for the reference medicine have expired. A market launch of Xlucane™ in Europe is expected in Q1 2023.

In the US, we applied for marketing authorization from the FDA in March, but the application was withdrawn in May after the FDA requested additional information. After the end of the quarter, we received a letter from the FDA with comments and recommendations for resubmitting the application, which is planned for the second half of 2022. The application, if validated, can therefore lead to market authorization, and launch in the US in 2023.

Xbrane is working closely with its commercialization partners STADA and Bausch + Lomb ahead of the launch of Xlucane™.

Meeting a great need for treatment
Xlucane™ targets the market for VEGFa inhibitors for ophthalmic use, which had global sales of approximately SEK 119 bn in 2021, with an annual growth of around 9% over the past five years. The strong growth is driven by an aging population and thus an increase in the serious eye diseases that VEGFa inhibitors are used against, mainly age-related macular degeneration, and that more people have the opportunity for treatment. Xbrane estimates that a large proportion of those affected at a global level are still not treated, mainly due to the high costs of original medicines in combination with non-comprehensive subsidies in some parts of the world. We therefore see great opportunities for patients, doctors, payees and for ourselves together with our partners, to soon be able to offer a more cost-effective treatment alternative with Xlucane™.

Biosimilar portfolio
Work on the biosimilar portfolio is continuing and preparations for upscaling to a commercial scale for the manufacture of clinical materials are underway in close collaboration with Biogen regarding BIIB801 (biosimilar candidate to Cimzia®). For Xdivane™, process development is continuing as is the effort to find a partner on the manufacturing side. We now have five approved patents for DNA constructs for Xdivane™, which are used to achieve as high productivity as possible and the lowest production costs. In terms of development, the program is about 1.5 years behind BIIB801 and we are in a dialogue with potential commercialization partners. We also have Xdarzane™ and Xtrudane™, where cell line development is underway with the same patented technology used for Xdivane™.

Key milestones for the next 12 months
To summarize, we are in a very exciting position with an imminent launch of Xlucane™ in Europe. Some of the most important milestones we look forward to reaching over the next 12 months are to:

- Obtain marketing authorization and launch Xlucane™ in Europe in the first quarter of 2023
- Submit a marketing authorization application for Xlucane™ in the US during 2022
- Sign further partnership agreements for the sales and marketing of Xlucane™
- Scale up the production process and prepare clinical studies with our partner Biogen for BIIB801
- Complete the development of the production process for Xdivane™, one of our products in the oncology portfolio.

2022 is an important year for us and we have a strong belief that we will be able to fulfill our plans and take an important step in becoming a world leader as a biosimilar developer through the market launches we plan in 2023, together with our partners.

Thank you for your continued support.

Solna, July 21, 2022

Martin Åmark
CEO

Product candidate portfolio

Xbrane has a portfolio of five product candidates in active development for a range of treatment areas. This includes a number of serious eye diseases, several different types of cancer and, among others, rheumatoid arthritis, psoriasis and Crohn's disease. Of the candidates, Xlucane™ is the closest to marketing authorization.

Xlucane™

Xlucane™ is a biosimilar candidate to ranibizumab (original drug Lucentis®), known as a VEGFa-inhibitor, and it is used to treat a number of serious eye diseases: wet age-related macular degeneration (AMD), diabetic macular edema (DME), diabetic retinopathy (DR) and retinal vein occlusion (RVO).

The VEGFa inhibitors market saw sales of over SEK 119bn[1,2,3] in 2021 and grew by 14% in 2021[1,2,3].

In April 2019, Xbrane initiated the pivotal phase III study Xplore, a randomized, double-blind multicenter study evaluating the efficacy, safety, pharmacokinetics, and immunogenicity of Xlucane™ in patients with age-related macular degeneration compared to Lucentis®. The primary endpoint in the study is a change in BCVA (Best Corrected Visual Acuity) at week eight. Patients were randomized (1:1) and received monthly injections of Xlucane™ into the eye, or the reference product Lucentis® for one year. The study, which was conducted in 15 countries at around 140 clinics, was fully recruited with 583 patients in November 2020, despite the ongoing COVID-19 pandemic.

Xlucane™ met the primary endpoint in Xplore and demonstrated equivalent efficacy measured in vision improvement at week eight after initiation of treatment with the reference product Lucentis®. No clinically meaningful differences between Xlucane™ and Lucentis® could be observed on secondary efficacy and safety measures.

Xbrane has a collaboration agreement with STADA Arzneimittel AG (STADA) for the development, sales and marketing of Xlucane™ in Europe and a number of markets in the Middle East and Asia-Pacific region. In 2020, Xbrane and STADA signed an agreement with Bausch + Lomb, which will commercialize Xlucane™ in North America.

STADA submitted a marketing authorization application to EMA in September 2021.

BIIB801

BIIB801 is a biosimilar candidate to certolizumab pegol (original drug Cimzia®), a so-called TNF-alpha inhibitor particularly used in the treatment of rheumatoid arthritis and psoriasis arthritis. The TNF-alpha inhibitor market saw sales of about SEK 365bn[4] in 2021 and Cimzia® saw sales of SEK 19bn[5] in 2021.The patent protection of Cimzia® is to expire in 2024 in the US and 2025 in Europe.

BIIB801is undergoing preclinical development and a cost-effective production process has been established. As the next step in manufacturing and upscaling, an agreement has been signed with AGC Biologics Inc for the manufacture of BIIB801 for future clinical studies. Xbrane has signed a development and commercialization agreement with Biogen in which Biogen obtains global rights to the product.

The agreement means that Biogen makes an up-front payment of USD 8 m and an additional USD 80 m in development and sales-based payments as well as royalties on sales.

Xdivane™

Xdivane™ is a biosimilar candidate to nivolumab (original drug Opdivo®), a PD-1 inhibitor for the treatment of different types of cancer with a turnover of around SEK 68bn[6] in 2021.

Opdivo® is expected to lose its patent protection between 2026 and 2031, depending on the country. Xdivane™ is at the preclinical development stage, with a focus on developing a cost-effective production process and demonstrating a biochemical similarity to the original drug. Then, upscaling with a production partner will follow, after which the product can be taken into clinical trials.

Sources:
1) Novartis Annual Report 2021
2) Roche Annual Report 2021
3) Regeneron Year-End Report 2021
4) TNF-Alpha Inhibitors Global Market Report 2021: COVID-19 Growth and Change to 2030
5) UCB Annual Report 2021 (extrapolated)
6) BMS Year-end report 2021
7) Merck Annual Report 2021

Xtrudane™

Xtrudane™ is a biosimilar candidate to pembrolizumab (original drug Keytruda®), a PD-1 inhibitor for the treatment of various types of cancer, with sales of around SEK 155bn[6] in 2021. The patent protection of Keytruda is expected to expire during 2029–2031 depending on the country. Xtrudane™ is at the preclinical development stage with a focus on developing a cost-effective production process and demonstrating a biochemical similarity to the original drug. After that, upscaling with a production partner will follow, after which the product can begin clinical trials.

Xdarzane™

Xdarzane™ is a biosimilar candidate to daratumumab (original drug Darzalex®), an antibody that binds to CD38 for the treatment of multiple melanoma with sales of around SEK 55bn[7] in 2021. The patent protection of Darzalex® is expected to expire in 2029–2031 depending on the country.

Xdarzane™ is at the preclinical development stage with a focus on developing a cost-effective production process and demonstrating a biochemical similarity to the original drug. After that, upscaling with a production partner will follow, after which the product can begin clinical trials.

Xoncane™*

Xoncane™ is a biosimilar candidate to pegaspargase (original drug Oncaspar®), used in the treatment of acute lymphocytic leukemia. In 2021, sales of Oncaspar® were around SEK 3bn[8]. Xbrane is not currently actively developing Xoncane™ but is looking for a partner who can drive the development further.

Spherotide*

Spherotide is a long-acting formulation of triptorelin, a GnRH analogue used in the treatment of prostate cancer, endometriosis, fibroids and breast cancer.

The rights to Spherotide are owned by Xbrane's subsidiary Primm Pharma.

Xbrane is not currently actively developing Spherotide but is working to divest Primm Pharma.

*) Products where no development is actively being carried out

Product portfolio

Product	Original drug	Primary indication	Sales of original drug	Patent expiry of original drug	Development phase
Xlucane™	Ranibizumab (Lucentis®)	Wet age-related macular degeneration, diabetes-related eye damage and retinal vein occlusion	SEK 33 bn[1,2,3]	2022 (Europe) 2020 (USA)	Registration phase
BIIB801	Certolizumab pegol (Cimzia®)	Rheumatoid arthritis, axial spondylarthrosis, psoriatic arthritis and psoriasis	SEK 19 bn[4]	2024 (USA) 2025[9] (Europe)	Preclinical phase
Xdivane™	Nivolumab (Opdivo®)	Melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	SEK 68 bn[5]	2026–2031 depending on country	Preclinical phase
Xtrudane™	Keytruda®	Brain cancer, melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	SEK 155 bn[6]	2029–2031 depending on country	Preclinical phase
Xdarzane™	Darzalex®	Multiple melanoma	SEK 55 bn[7]	2029–2031 depending on country	Preclinical phase

Products where no development is actively being carried out

Xoncane™	Pegaspargase (Oncaspar®)	Acute lymphomatic leukemia.	SEK 3 bn[8]	Expired	Preclinical phase
Spherotide	Triptorelin (Decepeptyl®)	Prostate cancer, breast cancer, endometriosis and fibroids.	SEK 5 bn[9]	Expired	Preclinical phase

Sources:
1) Novartis Annual Report 2021
2) Roche Annual Report 2021
3) Regeneron Year-End Report 2021
4) UCB Annual Report 2021
5) BMS Year-end report 2021
6) Merck Annual Report 2021
7) Johnson & Johnson Annual Report 2021
8) SERVIER Group financial year 2020/2021
9) Ipsen year-end report 2021

Patent protection

An expanding patent portfolio provides opportunities to enter into strategic partnerships and strengthens the Xbrane brand. The most important regions for the protection of intellectual property (IP) are Europe and the US, but applications may also be made in other countries.

As Xbrane is an innovative company that invests significantly in R&D, our goal is to file strategically important patent applications to protect its core technologies and products.

Expanding patent portfolio

The expanding patent portfolio will facilitate the implementation of our business strategies, such as licensing and strategic business partnerships or alliances to commercialize biosimilars and biosimilar production platforms.

Xbrane plans to file patent applications that protect a wide range of technologies, from protein production and purification to novel formulations of biosimilars.

The most important regions for patents are Europe and the US, but patent applications may also be filed in Canada, China, South Korea, India, Japan and Australia if our products and methods have a market there. We are also applying for international patents to have further strategic alternatives in a large number of countries.

Xbrane's LEMO™ platform technology is patent protected in Europe and the US until 2029. In 2020 and the first quarter in 2022, the two patents which were filed in 2009 were complemented with a total of 24 pending patent applications "harvested" from five different development programs. Eleven of these patent applications were filed in 2020 and four of them were followed up in 2021 with international patent applications which provide provisional protection in 153 countries. During Q1 2022, another patent application based on Xlucane™ was submitted together with our partner STADA.

Strengthen the Xbrane brand

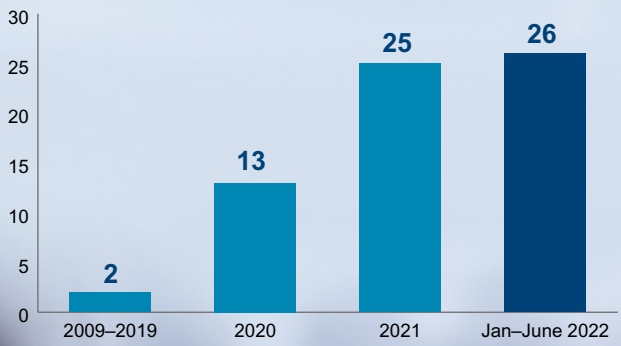
The Swedish Intellectual Property Office (PRV) granted eight patents in 2021. Three relate to DNA constructs for the regulation of protein production and were co-filed with CloneOpt AB. Five of the patents resulted from the development of Xdivane™ and form the foundation for the emerging high-yield expression platform in mammalian cells upon which Xbrane will base much of its upcoming development of biosimilar candidates.

The patent applications protect certain novel sequences in the gene construct introduced in the host cells, instructing them to express the target protein. These DNA sequences have resulted in a significant increase in yield and can be applied for future biosimilar candidates expressed in mammalian cells. The rest of the patent applications relate primarily to DNA constructs, host cells and/or methods of producing Xlucane™ (2 patent applications) and BIIB801 (8 patent applications).

The patent applications for the protection of Xlucane™ have been co-filed with STADA.

The expanding patent portfolio will strengthen Xbrane's brand, protect our own and our partners' products and enable more outlicensing of IP in the future.

Number of patents and patent applications (accumulated)



Shareholders

As of June 30, 2022, Xbrane had around 6,100 shareholders. The number of outstanding shares amounted to 25,144,906. The ten largest shareholders at the end of the period are shown in the table below[1].

Name	Number of shares	Ownership, %
Serendipity Group	3,177,367	12.6%
Swedbank Robur Fonder	2,196,435	8.7%
Bengt Göran Westman	2,055,337	8.2%
STADA Arzneimittel AG	1,570,989	6.2%
Futur Pension	1,570,535	6.2%
TIN Fonder	1,435,000	5.7%
Avanza Pension	904,996	3.6%
Nordnet Pensionsförsäkring	406,097	1.6%
Swedbank Försäkring	365,188	1.5%
Lancelot Asset Management AB	297,000	1.2%
Ten largest shareholders in total	**13,978,944**	**55.6%**
Other Swedish shareholders	**8,745,490**	**34.8%**
Other foreign shareholders	**2,420,472**	**9.6%**
Total outstanding shares	**25,144,906**	**100%**

1) Modular Finance. Based on complete list of shareholders comprising directly registered and nominee registered shareholders.

Financial overview

The Group's results for April – June 2022

The Group's revenue amounted to SEK 15.6 m (2.5) and consisted partly of income from the out-licensing of the American and Canadian rights for Xlucane™, to Bausch + Lomb and the agreement signed with Biogen regarding BIIB801. The agreement with Biogen was entered into during Q1 2022. Revenues attributable to the agreements are accrued until May 2022 and June 2023, respectively. Similar agreements were classified as "other income" in previous periods but have since January 1, 2022, been classified as "revenue" which is considered to reflect the business more accurately. Previous periods have therefore been reclassified, which means that comparative figures are no longer in line with previous reports. See also Note 1 for further information regarding the reclassification.

The cost of goods sold amounted to SEK 0.0 m (0.0).

Other operating income amounted to SEK 11.4 m (0.4) and consisted mainly of exchange rate gains on operating receivables and liabilities as well as license income from sources other than the core business itself.

Research and development costs amounted to SEK –52.9 m (–49.9) and mainly relate to Xlucane™, where the main cost-drivers are the regulatory work and establishing a supply chain for Xlucane™. Additional factors are the continuing work on BIIB801 which has intensified and the work on developing new biosimilars. From July 1, 2021, all development costs for Xlucane™ have been recognized as intangible fixed assets in the balance sheet and amounted to SEK 5.7 m (0.0) for the period. The gross effect of research and development costs for the period was SEK –58.6 m (–49.9). The capitalization of development costs also affects the comparative figures for research and development costs, which decreased compared with previous periods. No retroactive capitalization has been made regarding research and development costs that arose before July 1, 2021.

Administrative expenses amounted to SEK –6.1 m (–8.6), and the decrease is due to the change of premises during the comparison period. Furthermore, work continues to strengthen the organization prior to commercialization and continued growth.

Other operating expenses amounted to SEK –0.5 m (–0.9) and consisted of exchange rate losses on operating receivables and liabilities.

The operating loss was SEK –32.4 m (–56.5). The loss before tax was SEK –33.1 m (–57.2). During Q2, no taxable profit arose and thus no tax expense (0.0). The loss for the quarter after tax from remaining operations amounted to SEK –33.1 m (–57.2) and loss for the quarter was SEK –33.8 m (–59.2). Earnings per share for remaining operations amounted to SEK –1.32 (–2.58) and earnings per share amounted to SEK –1.35 (–2.67).

The Group's cash flow for April – June 2022

Cash flow from operating activities amounted to SEK -49.5 m (104.9). The change in operating receivables and operating liabilities was SEK –51.4 m (–19.3) and SEK 39.0 m (–22.2), respectively. The change in working capital can vary greatly between periods, mainly due to the re-invoicing to STADA for the development work for Xlucane™, i.e. establishing a supply chain and the regulatory work. The continuing work on BIIB801 has also intensified and is part of the change.

Cash flow from investment activities amounted to SEK –7.7 m (–5.2) and included investments in tangible fixed assets for the internal laboratory and capitalization of research and development costs. From July 1, 2021 (see above), development costs for Xlucane™ are reported as intangible fixed assets, which for the period affected cash flow by SEK –5.7 m (0.0). Cash flow from financing activities amounted to SEK –2.0 m (–1.5) and relates to leasing of machines and premises.

The Group's results for January – June 2022

The Group's revenue amounted to SEK 22.8 m (5.1) and consisted partly of income from the out-licensing of the American and Canadian rights for Xlucane™, to Bausch + Lomb and the agreement signed with Biogen regarding BIIB801. The agreement with Biogen was entered into during Q1 2022. Revenues attributable to the agreements are accrued until May 2022 and June 2023, respectively. Similar agreements were classified as "other income" in previous periods but since January 1, 2022, have been classified as "revenue" which is considered to reflect the business more accurately. Previous periods have therefore been reclassified, which means that comparative figures are no longer in line with previous reports. See also Note 1 for further information regarding the reclassification.

The cost of goods sold amounted to SEK 0.0 m (0.0).

Other operating income amounted to SEK 17.6 m (2.5) and consisted mainly of exchange rate gains on operating receivables and liabilities as well as license income from sources other than the core business itself.

Research and development costs amounted to SEK –88.9 m (–95.3) and mainly relate to Xlucane™, where the main cost-drivers are the regulatory work and establishing a supply chain for Xlucane™. Additional factors are the continuing work on BIIB801 which has intensified and the work on developing new biosimilars. From July 1, 2021, all development costs for Xlucane™ have been recognized as intangible fixed assets in the balance sheet and amounted to SEK 35.6 m (0.0) for the period. The gross effect of research and development costs for the period was SEK –124.5 m (–95.3). The capitalization of development costs also affects the comparative figures for research and development costs, which decreased compared with previous periods. No retroactive capitalization has been made regarding research and development costs that arose before July 1, 2021.

Administrative expenses amounted to SEK –14.0 m (–16.6). The decrease is due to the change of premises during the comparison period. Furthermore, work continues to strengthen the organization prior to commercialization and continued growth.

Other operating expenses amounted to SEK –6.7 m (–1.5) and consisted of exchange rate losses on operating receivables and liabilities.

The operating loss was SEK –69.2 m (–105.7). The loss before tax was SEK –70.6 m (–106.3). During the period, no taxable profit arose and thus no tax expense (0.0). The loss for the period after tax from remaining operations amounted to

SEK –70.6 m (–106.3) and loss for the period was SEK –69.9 m (–110.4). Earnings per share for remaining operations amounted to SEK –2.82 (–4.79) and earnings per share amounted to SEK –2.79 (–4.97).

The Group's cash flow for January – June 2022
Cash flow from operating activities amounted to SEK –4.0 m (–96.9). See above for the change in operating receivables and operating liabilities was SEK –3.5 m (18.7) and SEK 65.8 m (–3.1), respectively. The change in working capital can vary greatly between periods, mainly due to the re-invoicing to STADA for the development work for Xlucane™, i.e. establishing a supply chain and the regulatory work. The continuing work on BIIB801 has also intensified and is part of the change.

Cash flow from investment activities amounted to SEK –39.3 m (–13.9) and consisted, among others, of investments in tangible fixed assets for the internal laboratory and capitalization of research and development costs. From July 1, 2021 (see above), development costs for Xlucane™ are reported as intangible fixed assets, which for the period affected cash flow by SEK –35.6 m (0.0). Cash flow from financing activities amounted to SEK –3.9 m (–2.7) and relates to leasing of machines and premises.

The Group's financial position and continued operations
The Board and management continuously monitor the Group's current and forecasted cash flows to ensure that the company has the financial resources needed to run the business according to the decided plan, in a way that is optimal for the Group and the shareholders. As of the balance sheet date, the Group's cash and cash equivalents amounted to SEK 250.1 m. Considering the company's financial position together with other liquidity-enhancing measures deemed possible if necessary, the Board considers that the Group has financing for at least 12 months ahead according to the current business plan

Fixed assets
Fixed assets amounted to SEK 160.9 m (75.7), where the change is largely explained by capitalization of research and development costs, amounting to SEK 85.3 m (0.0). Capitalization of research and development costs began on July 1, 2021, and no retroactive capitalization has been made for previous periods. Remaining changes to the item consist of the acquisition of laboratory equipment, machinery, equipment for the office premises and customary monthly depreciation.

Other receivables
Other receivables amounted to SEK 59.4 m (31.5), and the increase is explained by the fact that customer invoices to STADA have been reclassified since January 1, 2022, as "other receivables", instead of "accounts receivable" as this is considered to reflect the business more accurately. Previous periods have therefore been reclassified, which means that comparative figures are no longer in line with previous reports. See also Note 1 for further information regarding the reclassification.

Prepaid expenses and accrued income
Prepaid expenses and accrued income amounted to SEK 141.3 m (76.8). The significant items relate in part to an advance payment SEK 21.0 m(48.6) to CRO (Contract Research Organization) which is carrying out the clinical study of Xlucane™. An advance payment was made to CMO (Contract Manufacturing Organization) of SEK 70.2 m (20.8), of which SEK 54.4 m (15.0) relates to future upscaling activities. The increase is explained by the fact that the expected delivery times at the suppliers have become longer and thus there is a longer initial process before the work can begin. SEK 39.9 m (0.0) refers to an advance for the collaboration with AGC Biologics Inc. for continued work with the manufacturing process. The remaining part refers to customary and recurring items amounting to SEK 10.2 m (7.4).

Changes in equity
The share capital on the balance sheet date amounted to SEK 5.6 m (5.0). Other capital contributions capital amounted to SEK 1,135.1m (775.7). The change primarily relates to a raising of capital completed in mid-2021, amounting to around SEK 380 m before transaction costs and share-based payments. Total equity amounted to SEK 365.7 m (149.7) and the equity ratio was 53% (39).

Accounts payable
Accounts payable amounted to SEK 53.1 m (21.4). The change partly refers to increased activity with BIIB801 and activities linked to establishing a supply chain for Xlucane™.

Accrued expenses and prepaid income
Accrued expenses and prepaid income amounted to SEK 212.8 m (158.4) and partly relate to advance payments from STADA for Xlucane™ of SEK 75.0 m (99.6). Furthermore, SEK 57.9 m (34.8) relates to work carried out that has not yet been invoiced, regarding the Xlucane™ project. Other items amounted to SEK 79.9 m (24.0), of which the up-front payment from Biogen, which has been accrued until the end of Q2 2023, was SEK 55.7 m (0.0).

Significant events in the second quarter 2022
- In May, it was announced that the company had withdrawn its marketing authorization application for its LUCENTIS® biosimilar candidate following a request for additional information from the FDA (US equivalent to the Swedish Medicines Agency).
- At the end of June, a change in the number of shares and voting rights in Xbrane linked to a long-term incentive program was announced.

Significant events after the end of the quarter
- In early July, an update was provided regarding supplements and recommendations received from the FDA. The application is planned to be re-submitted during 2022.

Effects of the cooperation agreement with STADA

The collaboration agreement started in July 2018 with STADA regarding projects for research and development of Xlucane™ meant that STADA and Xbrane would equally share (50/50) research and development costs attributable to the project. This meant that until June 1, 2021, Xbrane reported its share of 50 percent of the total costs for the project in the income statement. After June 1, 2021, when clinical trials showed that the primary endpoint for efficacy for Xlucane™ had been reached, the project was judged to meet the criteria for capitalization of research and development costs and is subsequently reported as an intangible asset in the balance sheet and thus does not continue to be reported in the income statement.

Receivables and liabilities attributable to the project are reported in full in Xbrane's balance sheet with a settlement of 50 percent for STADA's share. This applies to both the Group and the Parent Company.

On the balance sheet date, Xbrane had accrued expenses and prepaid income from STADA amounting to SEK 75.0 m (99.6).

Effects of the planned sale of Primm Pharma

Assets held for sale

Xbrane's intention is to continue to work towards a divestment of the subsidiary Primm Pharma. In the 2021 Q1 report, Primm Pharma's assets and liabilities were reclassified to "*Assets held for sale"* and *"Liabilities attributable to assets held for sale"* respectively, in the consolidated balance sheet. The re-classification created some minor effects of a number of items in the balance sheet which is expected as Primm Pharma is a smaller part of the Group.

In the income statement, Primm Pharma's results are reported separately as *"Profit/loss from discontinued operations."* The reclassification gives the effect that Primm Pharma's previous income and expenses have been reversed and reported net as *"Profit/loss from discontinued operations."* This also has an effect on previously reported periods, which is why comparative figures no longer correspond to previous reports. In the cash flow, Primm Pharma's share of each activity is reported in the item *"Of which from discontinued operations."*

Parent company

The core business in Xbrane, which is developing biosimilars, is run by the parent company. The Group has continued working on divesting the subsidiary Primm Pharma. Xbrane has previously written down the shares in the subsidiary by SEK 49.0 m and the impairment assessment is not considered to have changed during Q2 2022.

As the parent company constitutes such a large part of the Group, an account in text format of the parent company's earnings, financial position and cash flow would not provide any further information to that described in the report on the Group. Therefore, this is only presented in report format on pages 15-17.

Risks and uncertainties

Risks and uncertainties are described on pages 29–30 of the Annual Report for 2021, which is available on the company's website, www.xbrane.com. At the time of publication of this interim report, these have not changed significantly.

Share information

Xbrane's share capital at the end of the period was SEK 5.6 m (5.0) divided into 25,144,906 shares (22,222,206).

The quota value of all shares is SEK 0.224, and all the shares have equal rights to the company's assets and earnings. Since September 23, 2019, Xbrane's shares have been listed on the Nasdaq OMX main list under the XBRANE ticker. Xbrane had around 6,100 shareholders on the balance sheet date. The closing price of the share on the balance sheet date was SEK 61.1 generating a market capitalization of SEK 1,534 m.

Organization and employees

Xbrane is headquartered at Campus Solna, outside of Stockholm, Sweden, where the company also has a laboratory for the research and development of biosimilars. The wholly-owned subsidiary, Primm Pharma, is located in Milan, Italy. As mentioned above, the sale of the subsidiary is in progress. On the balance sheet date, the Group had 70 (60) employees, of which 70 (55) in the parent company and 0 (5) in the subsidiary Primm Pharma.

Composition of the board

In May, the Annual General Meeting decided, according to the Nomination Committee's proposal, to re-elect board members Anders Tullgren, Peter Edman, Karin Wingstrand, Eva Nilsagård, Ivan Cohen-Tanugi and Mats Thorén, and newly elect board member Kirsti Gjellan. Anders Tullgren was also re-elected Chairman of the Board.

Presentation of the interim report

Presentation of the interim report for January to June 2022 will take place digitally on July 22, at 10.00 CET, where CEO Martin Åmark and CFO Anette Lindqvist will present the report. The presentation will be held in English and is expected to last about 20 minutes, after which there will be an opportunity for questions.

To take part in the presentation, follow the link below:

https://edge.media-server.com/mmc/p/ao32axjq

Auditor's review

This interim report has not been subject to a review by the company's auditor.

Consolidated income statement

Amounts in SEK thousand	Notes	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Revenues	2, 3	15,631	2,545	22,821	5,090	10,709
Cost of goods sold		–	–	–	–	–
Gross profit		**15,631**	**2,545**	**22,821**	**5,090**	**10,709**
Other operating income	2, 3	11,423	390	17,598	2,491	4,848
Administrative expenses		–6,087	–8,605	–14,005	–16,593	–31,395
Research and development expenses		–52,914	–49,894	–88,863	–95,257	–160,619
Other operating expenses		–454	–926	–6,736	–1,471	–4,126
Operating profit/loss	2	**–32,402**	**–56,490**	**–69,184**	**–105,739**	**–180,583**
Financial income		–	–6	–	506	–
Financial expenses		–653	–740	–1,383	–1,101	–2,643
Net financial costs	2	**–653**	**–746**	**–1,383**	**–595**	**–2,643**
Profit/loss before tax		**–33,054**	**–57,236**	**–70,567**	**–106,334**	**–183,226**
Tax		–	–	–	–	–
Profit/loss for the period from continuing operations		**–33,054**	**–57,236**	**–70,567**	**–106,334**	**–183,226**
Profit/loss from discontinued operations		–720	–1,932	671	–4,101	–5,150
Profit/loss for the period		**–33,775**	**–59,168**	**–69,896**	**–110,435**	**–188,376**
Profit/loss for the period attributable to:						
– Owners of the Company		–33,775	–59,168	–69,896	–110,435	–188,376
– Non-controlling interests		–	–	–	–	–
Total comprehensive income for the period		**–33,775**	**–59,168**	**–69,896**	**–110,435**	**–188,376**
Earnings per share from continuing operations						
– Before dilution (SEK)		–1.32	–2.58	–2.82	–4.79	–7.77
– After dilution (SEK)		–1.32	–2.58	–2.82	–4.79	–7.77
Earnings per share						
– Before dilution (SEK)		–1.35	–2.67	–2.79	–4.97	–7.98
– After dilution (SEK)		–1.35	–2.67	–2.79	–4.97	–7.98
Number of outstanding shares at the end of the reporting period						
– Before dilution		25,144,906	22,222,206	25,144,906	22,222,206	25,039,906
– After dilution		25,144,906	22,222,206	25,144,906	22,222,206	25,039,906
Average number of outstanding shares						
– Before dilution		25,059,521	22,200,654	25,049,768	22,200,535	23,593,291
– After dilution		25,059,521	22,200,654	25,049,768	22,200,535	23,593,291

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Profit/loss for the period	–33,775	–59,168	–69,896	–110,435	–188,376
Other comprehensive income					
Items that have been transferred to, or can be transferred to, the profit/loss for the year					
Reclassification of foreign currency translation differences	2,287	–738	3,036	520	1,220
Comprehensive income for the period	**2,287**	**–738**	**3,036**	**520**	**1,220**
Total comprehensive profit/loss attributable to:					
– Owners of the Company	–31,488	–59,906	–66,860	–109,915	–187,156
– Non-controlling interests	–	–	–	–	–
Total comprehensive income for the period	**–31,488**	**–59,906**	**–66,860**	**–109,915**	**–187,156**

Consolidated statement of financial position

Amounts in SEK thousand	06-30-2022	06-30-2021	12-31-2021
ASSETS			
Intangible assets	85,286	–	49,672
Property, plant and equipment	30,739	17,736	30,622
Right of use assets	40,970	45,308	43,180
Long-term receivables	3,945	12,680	3,945
Non-current assets	**160,940**	**75,723**	**127,418**
Accounts receivables	–	44	–
Other receivables	59,398	31,548	50,253
Prepaid expenses and accrued income	141,345	76,826	147,027
Cash and cash equivalents	250,085	129,332	295,180
Assets held for sale	71,926	70,330	68,548
Current assets	**522,755**	**308,080**	**561,008**
TOTAL ASSETS	**683,696**	**383,804**	**688,427**
EQUITY			
Share capital	5,637	4,982	5,614
Other contributed capital	1,135,105	775,665	1,134,276
Reserves	8,201	4,465	5,165
Retained earnings including profit/loss for the year	–783,210	–635,373	–713,313
Equity attributable to parent company's owners	**365,734**	**149,739**	**431,741**
Non-controlling interests	–	**–**	**–**
Total equity	**365,734**	**149,739**	**431,741**
LIABILITIES			
Leasing liabilities	33,706	39,019	36,476
Long-term non-interest-bearing liabilities	–	4,050	543
Total long-term liabilities	**33,706**	**43,069**	**37,019**
Accounts payable	53,050	21,370	41,393
Other liabilities	8,568	1,314	9,757
Leasing liabilities	8,895	6,940	7,905
Accrued expenses and prepaid income	212,773	158,371	159,355
Liabilities attributable to assets held for sale	970	3,002	1,257
Total short-term liabilities	**284,256**	**190,996**	**219,667**
TOTAL LIABILITIES	**317,962**	**234,065**	**256,686**
TOTAL LIABILITIES AND EQUITY	**683,696**	**383,804**	**688,427**

Consolidated statement of changes in equity

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2022	5,614	1,134,276	5,165	–713,313	431,741
Total comprehensive income for the period					
Profit/loss for the period				–69,896	–69,896
Other comprehensive income for the period			3,036		3,036
Total comprehensive income for the period			**3,036**	**–69,896**	**–66,860**
Transactions with group shareholder					
New share issue					
Issue expenses					
Share savings program	24	829			853
Total contributions from and distributions to shareholders	**24**	**829**	**–**	**–**	**853**
Closing balance June 30, 2022	**5,638**	**1,135,105**	**8,201**	**–783,210**	**365,734**

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2021	4,977	773,724	3,945	–524,938	257,709
Total comprehensive income for the period					
Profit/loss for the period				–110,435	–110,435
Other comprehensive income for the period			520		520
Total comprehensive income for the period			**520**	**–110,435**	**–109,915**
Transactions with group shareholder					
New share issue	1	420			420
Share savings program	4	1,522			1,526
Total contributions from and distributions to shareholders	**5**	**1,941**	**–**	**–**	**1,946**
Closing balance June 30, 2021	**4,982**	**775,665**	**4,465**	**–635,373**	**149,739**

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2021	4,977	773,724	3,945	–524,938	257,709
Total comprehensive income for the period					
Profit/loss for the period				–188,376	–188,376
Other comprehensive income for the period			1,220		1,220
Total comprehensive income for the period	**–**	**–**	**1,220**	**–188,376**	**–187,156**
Transactions with group shareholder					
New share issue	633	380,237			380,870
Issue expenses		–24,231			–24,231
Share savings program	4	4,547			4,551
Total contributions from and distributions to shareholders	**637**	**360,552**	**–**	**–**	**361,189**
Closing balance December 31, 2021	**5,614**	**1,134,276**	**5,165**	**–713,313**	**431,741**

Consolidated cash flow statement

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Cash flow from operating activities					
Profit/loss for the period before tax	–33,775	–59,168	–69,896	–110,435	–188,376
Adjustments for items not included in cash flow	–3,324	–4,246	3,598	–2,160	7,180
Paid income taxes	–	–	–	–	–
Total	**–37,098**	**-63,414**	**–66,299**	**–112,595**	**–181,195**
Increase (–)/Decrease (+) of trade and other receivables	–51,385	–19,316	–3,505	18,713	–61,086
Increase (+)/Decrease (–) of trade and other payables	39,028	–22,152	65,820	–3,054	22,671
Cash flow from current operations	**–49,455**	**–104,882**	**–3,984**	**–96,936**	**–219,610**
Of which discontinued operations	*41*	*–9,080*	*697*	*–9,736*	*–10,401*
Cash flow from investing activities					
Acquisition of property, plant and equipment	–2,002	–5,177	–3,648	–13,924	–27,678
Acquisition of intangible assets	–5,683	–	–35,615	–	–49,672
Cash flow from investing activities	**–7,686**	**-5,177**	**–39,263**	**–13,924**	**–77,350**
Of which discontinued operations	–	**–**	–	**–**	**–**
Cash flow from financing activities					
Stock options redeemed by staff	24	–	24	–	–
New share issue	–	425	–	425	380,870
Issue expenses	–	–	–	–	–24,231
Amortization of lease liability	–2,022	–1,952	–3,955	–3,096	–7,273
Cash flow from financing activities	**–1,998**	**–1,527**	**–3,931**	**–2,671**	**349,366**
Of which discontinued operations	–	*–247*	–	*–247*	*–529*
Cash flow for the period	**–59,139**	**–111,586**	**–47,178**	**–113,531**	**52,406**
Cash and cash equivalents reported in assets held for sale	–2,548	–535	–2,548	–535	–1,758
Cash and cash equivalents at beginning of period	301,459	239,244	295,180	242,247	242,247
Cash and cash equivalents at beginning of period (reported in assets held for sale)	2,437	897	1,758	892	892
Exchange rate differences in cash and cash equivalents	7,876	1,312	2,873	259	1,393
Cash and cash equivalents at end of period	**250,085**	**129,332**	**250,085**	**129,332**	**295,180**

Income statement, Parent company

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Revenues	15,631	2,545	22,821	5,090	10,709
Cost of goods sold	–	–	–	–	–
Gross profit	**15,631**	**2,545**	**22,821**	**5,090**	**10,709**
Other operating income	11,423	390	17,598	2,491	4,848
Administrative expenses	–6,419	–9,052	–14,668	–17,198	–32,525
Research and development expenses	–53,000	–49,852	–89,031	–95,243	–160,916
Other operating expenses	–454	–926	–6,736	–1,471	–4,126
Operating profit/loss	**–32,819**	**–56,896**	**–70,014**	**–106,330**	**–182,011**
Financial items					
Financial income	–	–6	–	506	–
Impairment loss on shares in subsidiary	–	–5,063	–	–9,616	–10,631
Financial expenses	–31	–50	–122	–121	–276
Net finance costs	**–31**	**–5,118**	**–122**	**–9,231**	**–10,908**
Profit/loss before tax	**–32,851**	**–62,014**	**–70,136**	**–115,561**	**–192,918**
Tax	–	–	–	–	–
Profit/loss for the period	**–32,851**	**–62,014**	**–70,136**	**–115,561**	**–192,918**

Income statement and other comprehensive income, Parent company

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Profit/loss for the period	–32,851	–62,014	–70,136	–115,561	–192,918
Other comprehensive income	–	–	–	–	–
Comprehensive income for the period	**–32,851**	**–62,014**	**–70,136**	**–115,561**	**–192,918**

Balance sheet, Parent company

Amounts in SEK thousand	06-30-2022	06-30-2021	12-31-2021
ASSETS			
Fixed assets			
Intangible assets	85,286	–	49,672
Property, plant and equipment	30,739	17,736	30,622
Financial assets			
Shares in group companies	74,066	74,066	74,066
Other non-current receivables	3,945	12,680	3,945
Total financial assets	**78,011**	**86,746**	**78,011**
Total non-current assets	**194,037**	**104,481**	**158,304**
Current assets			
Current receivables			
Accounts receivables	–	44	–
Other receivables	59,398	31,549	50,253
Prepaid expenses and accrued income	141,345	76,826	147,027
Total current receivables	**200,744**	**108,419**	**197,280**
Cash and bank	250,085	129,332	295,180
Current assets	**450,829**	**237,751**	**492,460**
TOTAL ASSETS	**644,866**	**342,232**	**650,764**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	5,637	4,982	5,614
Reserve for development expenditure	85,286	–	49,672
Unrestricted equity			
Share premium	1,135,791	776,351	1,134,962
Retained earnings	–787,093	–508,889	–558,561
Profit/loss for the period	–70,136	–115,561	–192,918
Total equity	**369,485**	**156,883**	**438,769**
Long-term liabilities			
Long-term non-interest-bearing liabilities	–	4,050	543
Total long-term liabilities	–	**4,050**	**543**
Current liabilities			
Liabilities to subsidiaries	990	244	948
Accounts payables	53,050	21,370	41,393
Other current liabilities	8,568	1,314	9,757
Deferred income and prepaid revenue	212,773	158,371	159,355
Current liabilities	**275,381**	**181,299**	**211,453**
TOTAL LIABILITIES	**275,381**	**185,349**	**211,996**
TOTAL EQUITY AND LIABILITIES	**644,866**	**342,232**	**650,764**

Cash flow statement, Parent company

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Cash flows from operating activities					
Profit/loss for the period before tax	–32,851	–62,014	–70,136	–115,561	–192,918
Adjustments for items not included in cash flow	–5,787	4,541	–1,236	7,491	12,968
Paid income taxes	–	–	–	–	–
Total	**–38,638**	**–57,473**	**–71,372**	**–108,070**	**–179,950**
Increase (–)/Decrease (+) of trade and other receivables	–52,039	–19,887	–3,464	20,979	–59,147
Increase (+)/Decrease (–) of trade and other payables	39,138	–21,958	66,200	–2,765	24,275
Cash flow from current operations	**–51,539**	**–99,319**	**–8,636**	**–89,855**	**–214,822**
Cash flow from investing activities					
Investments in subsidiaries	–	–	–	–	–10,631
Acquisition of property, plant and equipment	–2,002	–5,063	–3,648	–9,616	–29,939
Acquisition of intangible assets	–5,682	–5,413	–35,614	–14,160	–49,672
Cash flow from investing activities	**–7,684**	**–10,476**	**–39,262**	**–23,776**	**–90,243**
Cash flow from financing activities					
Stock options redeemed by staff	24	–	24	–	–
New share issue	–	425	–	425	380,870
Issue expenses	–	–	–	–	–24,231
Cash flow from financing activities	**24**	**425**	**24**	**425**	**356,638**
Cash flow for the period	**–59,200**	**–109,369**	**–47,874**	**–113,207**	**51,573**
Cash and cash equivalents at beginning of period	301,459	239,244	295,180	242,247	242,247
Exchange rate differences in cash and cash equivalents	7,826	–543	2,780	292	1,360
Cash and cash equivalents at end of period	**250,085**	**129,331**	**250,086**	**129,332**	**295,180**

Notes

NOTE 1 Accounting principles

This consolidated interim report for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting, as well as applicable regulations from the Annual Accounts Act. The interim report for the parent company has been prepared according to the Annual Accounts Act, chapter 9, Interim Reports. For the Group and the parent company the same accounting principles and calculation bases as the previous annual report have been applied with the exception of the changed or additional accounting principles described below. Information according to IAS 34.16A is included in these financial statements and related notes as well in other parts of this interim report.

Licensing income
In order to present relevant information that more accurately reflects Xbrane's core business, licensing income attributable to activities within biosimilars is reported as operating income in the income statement. Income from the concluded licensing agreement with Bausch + Lomb is thereby reclassified as revenue and a part of ordinary activities. In previous periods, Xbrane has reported licensing income attributable to activities within biosimilars as other operating income in the income statement. The change to this accounting principle has been applied retroactively and the comparison periods for 2021 have been recalculated for the Group. This means that comparative figures no longer align with previously published financial reports.

STADA
In order to present relevant information that more accurately reflects Xbrane's core business, receivables related to our partner STADA have been reclassified as other receivables in the balance sheet. STADA receivables relate primarily to ongoing research and development costs for XlucaneTM. In previous periods, receivables related to STADA were classified as accounts receivable in the balance sheet. The change to this accounting principle has been applied retroactively and the comparison periods for 2021 have been recalculated for the Group. This means that comparative figures no longer align with previously published financial reports.

Operating segment
In Q1 2022 Xbrane carried out a strategic review with the result that segment reporting was updated and will include the segment "Commercialization, Biosimilar development and Unclassified." The segment was identified based on the internal reporting presented to the Company's chief operating decision-maker. The segments are defined according to the following:

- **Commercialization:** Developed biosimilars that are in a commercialization phase and have thus undergone the development stage and requisite clinical trials.
- **Biosimilar development:** Comprises biosimilars that have not yet undergone the requisite development phases and clinical trials.
- **Unclassified:** The segment comprises other activities within the company that are not included in the above segments.

Monitoring of the segment is not carried out for assets and liabilities at the segment level but instead appears in the income statement.

NOTE 2 Segment reporting

Report of revenue, operating profit/loss and profit/loss before tax per segment.

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Revenues by segment					
Commercialization	1,697	2,545	4,242	5,090	10,181
Biosimilar development	13,935	–	18,579	–	528
Unclassified	11,423	390	17,598	2,491	4,848
Total	**27,054**	**2,935**	**40,420**	**7,582**	**15,557**
Operating profit or loss by segment					
Commercialization*	–13,289	–18,576	–17,490	–48,077	–72,155
Biosimilar development	–18,783	–26,110	–44,312	–41,848	–77,755
Unclassified	–330	–11,805	–7,382	–15,815	–30,673
Operating profit/loss	**–32,402**	**–56,490**	**–69,184**	**–105,739**	**–180,583**
Net finance costs					
Commercialization	–155	–207	–315	–294	–852
Biosimilar development	–342	–483	–694	–686	–1,515
Unclassified	–155	–55	–374	385	–276
Total	**–653**	**–746**	**–1,383**	**–595**	**–2,643**
Profit/loss before tax*	**–33,054**	**–57,236**	**–70,567**	**–106,334**	**–183,226**
Depreciation, amortization and write downs					
Commercialization	1,157	2,008	2,264	3,317	5,358
Biosimilar development	2,545	669	4,980	1,105	5,411
Unclassified	331	489	673	697	1,448
Total	**4,033**	**3,166**	**7,917**	**5,119**	**12,217**

** From 1 July 2021, parts of Research & Development were activated.*

NOTE 3 Distribution of income

	Apr – June 2022		
Amounts in SEK thousand	Commercialization	Biosimilar development	Unclassified
Revenues by region			
Europe	–	–	8,458
USA	1,697	13,935	2,950
Others	–	–	15
Total	**1,697**	**13,935**	**11,423**
Revenues by category			
Commercial products	–	–	–
Outlicensing / partnership	1,697	13,935	–
Services and other	–	–	11,423
Total	**1,697**	**13,935**	**11,423**

	Apr – June 2021		
Amounts in SEK thousand	Commercialization	Biosimilar development	Unclassified
Revenues by region			
Europe	–	–	125
USA	2,545	–	–
Others	–	–	265
Total	**2,545**	**–**	**390**
Revenues by category			
Commercial products	–	–	–
Outlicensing / partnership	2,545	–	390
Services and other	–	–	–
Total	**2,545**	**–**	**390**

NOTE 3 Distribution of income, continued

	Jan – June 2022		
Amounts in SEK thousand	Commercialization	Biosimilar development	Unclassified
Revenues by region			
Europe	–	–	10,018
USA	4,242	18,579	7,482
Others	–	–	99
Total	**4,242**	**18,579**	**17,598**
Revenues by category			
Commercial products	–	–	10,018
Outlicensing / partnership	4,242	18,579	7,482
Services and other	–	–	99
Total	**4,242**	**18,579**	**17,598**

	Jan – June 2021		
Amounts in SEK thousand	Commercialization	Biosimilar development	Unclassified
Revenues by region			
Europe	–	–	1986
USA	5,090	–	505
Others	–	–	–
Total	**5,090**	**–**	**2,491**
Revenues by category			
Commercial products	–	–	–
Outlicensing / partnership	5,090	–	–
Services and other	–	–	2,492
Total	**5,090**	**–**	**2,492**

	Full year 2021		
Amounts in SEK thousand	Commercialization	Biosimilar development	Unclassified
Revenues by region			
Europe	–	–	4,848
USA	10,181	528	–
Others	–	–	–
Total	**10,181**	**–**	**4,848**
Revenues by category			
Commercial products	–	–	–
Outlicensing / partnership	10,181	–	–
Services and other	–	528	4,848
Total	**10,181**	**528**	**4,848**

NOTE 4 Transactions with related parties

Since 2019, STADA has been a shareholder in Xbrane (see the list of owners on page 6). Transactions with STADA relate to shared costs for the collaboration agreement with Xlucane™.

Certification

The Board of Directors and the CEO hereby certify that this Interim report provides a true and fair view of the Parent Company and the Group's operations, position and results and describes significant risks and uncertainties faced by the Company and the companies that are part of the Group.

Stockholm, July 21, 2022

Anders Tullgren *Chairman of the Board*	Eva Nilsagård *Board member*	Peter Edman *Board member*
Mats Thorén *Board member*	Karin Wingstrand *Board member*	Kirsti Gjellan *Board member*
Ivan Cohen-Tanugi *Board member*	Martin Åmark *CEO*	

Alternative performance measures

The Company presents certain financial measures in the interim report that are not defined in accordance with IFRS. The Company believes that these measures provide valuable supplementary information to investors and the Company's management as they enable evaluation of the Company's performance. Since not all companies calculate financial measurements in the same way, these are not always comparable to measurements used by other companies. These financial measures should therefore not be seen as replacement for measures that are defined in accordance with IFRS. The tables below show measurements that are not defined in accordance with IFRS.

Gross margin
The gross margin is a measure that the Group considers important for understanding the products' profitability. The gross margin is calculated as gross profit in relation to the Revenue. The gross profit is Revenue minus cost of goods sold.

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Gross profit	15,631	2,545	22,821	5,090	10,709
Gross margin	**100%**	**100%**	**100%**	**100%**	**100%**

EBITDA
EBITDA is a measure that the Group considers relevant for an investor who wants to understand profit generation before investing in fixed assets. EBITDA shows the business's earning capacity from cash flow from operating activities without regard to capital structure and tax situation and is intended to facilitate comparisons with other companies in the same industry.

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Operating profit / loss	–32,402	–56,490	–69,184	–105,739	–180,583
Depreciation and impairment	–4,033	–2,416	–7,917	–5,119	–12,217
EBITDA	**–28,368**	**–54,074**	**–61,267**	**–100,621**	**–168,366**

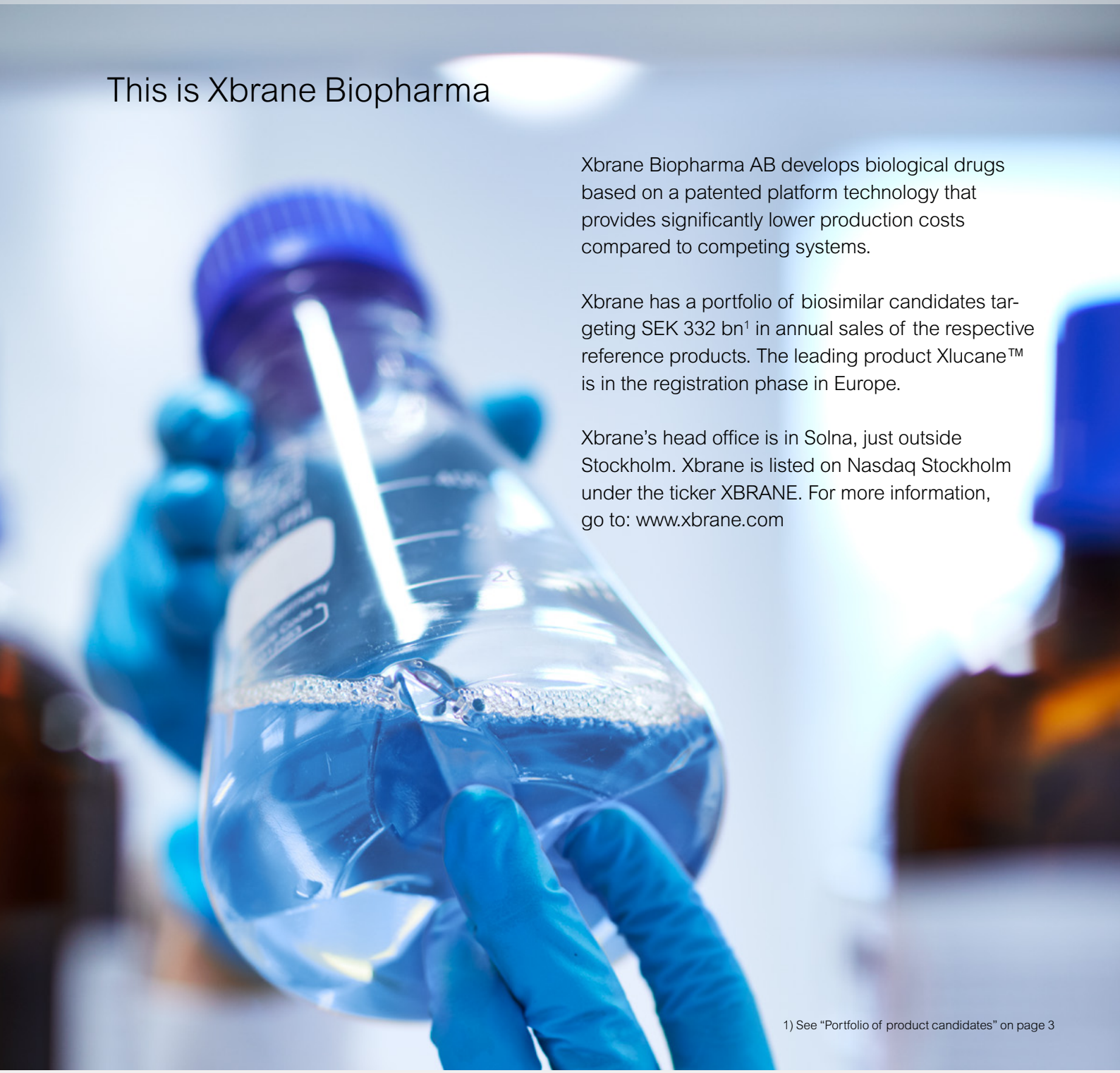
Research and development expenses as a percentage of operating expenses
The company's direct costs for research and development relate to personnel, materials and external services costs. Research and development expenses as a percentage of operating expenses show the proportion of operating expenses relating to research and development. This is calculated by dividing research and development expenses by total operating expenses. Total operating expenses comprise of selling and distribution expenses, administrative expenses, research and development expenses and other operating expenses.

Amounts in SEK thousand	2022 Apr – June	2021 Apr – June	2022 Jan – June	2021 Jan – June	2021 Full year
Research and development expenses	–52,914	–49,894	–88,863	–95,257	–160,619
Operating expenses	–59,456	–59,425	–109,604	–113,321	–196,140
Research and development expenses as a percentage of operating expenses	89%	84%	81%	84%	82%

Equity ratio
The equity ratio is a measure that the Group considers relevant for an investor who wants to understand the distribution between equity and liabilities. The equity ratio consists of the proportion of assets that are financed with equity to show the company's long-term ability to pay, i.e., equity through total assets.

Belopp i TSEK	06-30-2022	06-30-2021	12-31-2021
Total equity	365,734	149,739	431,741
Divided by total assets	683,696	383,804	688,427
Equity ratio	**53%**	**39%**	**63%**

This is Xbrane Biopharma



Xbrane Biopharma AB develops biological drugs based on a patented platform technology that provides significantly lower production costs compared to competing systems.

Xbrane has a portfolio of biosimilar candidates targeting SEK 332 bn[1] in annual sales of the respective reference products. The leading product Xlucane™ is in the registration phase in Europe.

Xbrane's head office is in Solna, just outside Stockholm. Xbrane is listed on Nasdaq Stockholm under the ticker XBRANE. For more information, go to: www.xbrane.com

1) See "Portfolio of product candidates" on page 3

Financial calendar

Interim report January – September 2022	October 28, 2022
Year-end report 2022	February 17, 2023
Annual report 2022	March 31, 2023
Annual General Meeting	May 4, 2023

For further information

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