Xbrane has entered into an agreement to sell XB003 (Cimzia biosimilar candidate) and parts of its organization to Alvotech for a total consideration of SEK 275 million

Xbrane Biopharma AB (publ) ("Xbrane" or the "Company") has entered into an agreement to sell XB003 (biosimilar candidate to Cimzia) and parts of its organization, including approximately 40 employees and laboratory equipment, to Alvotech for a total consideration of approximately SEK 275 million. XB003 is the most advanced biosimilar candidate to Cimzia under development, representing approx. 25% of the competitive adjusted adressable market* of Xbranes portfolio. The reduction in Xbrane's organization will reduce annual fixed costs by approximately SEK 120 million. Closing of the transaction is subject to approval from Xbrane's shareholders at an Extraordinary General Meeting (the "EGM") to be held on 14 April 2025 as well as FDI approval. Certain shareholders of Xbrane, including Ashkan Pouya(via company holding) and a large international institution, as well as the board of directors and members of the leadership team, have undertaken to vote in favor of the proposed transaction at the EGM. The notice to the EGM will be published by Xbrane through a separate press release.

"With this transaction, Xbrane is significantly strengthening its financial position and retains over 75% of the competitively adjusted addressable market of the portfolio including Ximluci (Lucentis biosimilar candidate) currently being approved and sold in Europe as well as Xdivane (Opdivo biosimilar candidate), recently partnered with Intas. Xbrane will, with a more lean and flexible organization after the transaction, be better equipped to fully focus on realizing the full value of Ximluci and Xdivane with the ambition to generate meaningful royalties/profit sharing from these programs in the years to come" said Martin Åmark, CEO of Xbrane Biopharma.

"Alvotech has a best-in-class biosimilars manufacturing site in Iceland, both for drug substance and drug products. At the same time, our strong in-house R&D capabilities have put Alvotech in a leading position among pure play biosimilar companies in terms of the market value of our product pipeline. This acquisition will further expand Alvotech's development capacity, allowing our commercial network of 19 leading commercial partners worldwide to continue increasing patient access to quality biologics," said Robert Wessman, founder, chairman and CEO of Alvotech. "Furthermore, we will establish a strong presence for Alvotech in the Swedish life science sector, which rivals the U.S. in this field. It will allow Alvotech to attract new talent, create opportunities for scientific collaboration, and support our growth. This is yet another milestone for Alvotech in establishing us as a leader in biosimilars development and production globally," said Robert Wessman, founder, Chairman, and CEO of Alvotech.

Details of the proposed transaction

In the proposed transaction, Xbrane has, subject to EGM and FDI[1] approval, agreed to divest mainly the following assets to Alvotech:

- Part of Xbrane's operation, including approximately 40 employees, lease agreements for the facility at Campus Solna, and all related laboratory equipment
- XB003 (Cimzia biosimilar candidate) including all related IP

The purchase price in the transaction amounts to approximately SEK 275 million and consists of:

- Full assumption of the outstanding convertible bonds held by CVI Investments of approximately SEK 152.75 million
- Assumption of XB003-related outstanding debt of approximately SEK 20 million of accounts payable
- Cash consideration of SEK 102.25 million payable at closing, which is expected to occur in April 2025

Transaction effects on Xbrane

Xbrane will retain Ximluci (biosimilar to Lucentis) and Xdivane (biosimilar candidate to Opdivo) and an organization of approximately 20 employees equipped to deliver on the near-term milestones on remaining programs. Xbrane's team will continue to work from the transitioned facility at Campus Solna during the coming 12 months. A service agreement will be established between the parties under which Xbrane can get support from the transitioned part of the organization. The reduction in Xbrane's organization will reduce annual fixed costs by approximately SEK 120 million.

Business and financial update

Xbrane will be focused on delivering the upcoming important milestones for Ximluci (Lucentis biosimilar candidate) and Xdivane (Opdivo biosimilar candidate), respectively, and realizing the full potential of the programs over the coming years.

Specifically, this entails:

- **Continue to support growth of Ximluci (Lucentis biosimilar candidate) in Europe and MENA**: In 2024, Xbrane generated SEK 63 million in revenues and SEK 45 million in gross profits from Ximluci (Lucentis biosimilar candidate) sales in Europe. The product is currently experiencing a 20-30% volume growth on a quarterly basis which is expected to continue throughout 2025 and hence lead to growth in generated revenue and gross profits. Further, Xbrane has a net inventory of Ximluci (Lucentis biosimilar candidate) drug substance of approximately SEK 180 million which is expected to be converted into cash during 2025-2027 following resumed product deliveries to commercialization partner STADA.
- **Achieve FDA (US Food and Drug Administration) approval of Ximluci (Lucentis biosimilar candidate) and support a subsequent US launch:** In December 2024, Xbrane re-submitted the BLA (Biologics License Application) for Ximluci (Lucentis biosimilar candidate) to FDA. Provided approval, Ximluci will be launched in the US together with partner Valorum during

2026, tapping into the approx. $10 billion US market for retinal anti-VEGFs. If Ximluci were to capture 1-2% of this market, Xbrane could generate SEK 150-250 annually in royalties from US sales.

- **Take Xdivane (Opdivo biosimilar candidate) into pivotal clinical trial and further to US FDA approval at the latest in Q4 2028:** Xbrane's expects to have delivered all related documentation to the clinical trial application as well as the clinical trial material to its partner Intas in April 2025, which will trigger a milestone payment. Intas is preparing for initiation of the pivotal clinical trial for the program, expected to start in Q2 2025, well in time to be able to finalize the trial in time to support a BLA submission in Q4 2027 at the latest. Meanwhile, Xbrane will, together with a selected manufacturing partner, finalize its development responsibilities as per the agreement with Intas, entailing process characterization and validation during 2026-2027. Opdivo, the reference product of Xdivane (Opdivo biosimilar candidate), is expected to generate annual sales of $14 billion by time of patent expiry. If Xdivane (Opdivo biosimilar candidate) was to secure its fair market share among the anticipated range of biosimilars to Opdivo in a developing biosimilar market, factoring in typical penetration trends and price reductions observed in oncology biosimilars, Xbrane's annual profit share from net sales by Accord could develop to exceed SEK 1 billion.

Although this is a meaningful large first step towards securing the value of Xdivane (Opdivo biosimilar candidate) and Ximluci (Lucentis biosimilar candidate) for shareholders as well as for staff, suppliers, and debt holders, there are still important milestones that need to be achieved until larger royalty revenue streams materialize. In light of this, Xbrane will seek to continue to further strengthen its balance sheet to have the necessary means to realize that value, by continuously evaluating all opportunities including new alliances, partnerships as well as capital market transactions.

Closing of the transaction

The parties will work swiftly to finalize the relevant agreements for the transaction and aim to close the transaction during April 2025. The transaction is subject to approval from Xbrane's shareholders at an Extraordinary General Meeting to be held on 14 April 2025 in accordance with a separate notice issued today. The transaction is also subject to regulatory FDI (Foreign Direct Investment) approval.

Extraordinary General Meeting of Xbrane

A notice to an Extraordinary General Meeting of Xbrane to be held on 14 April 2025 will be issued today. At the EGM, the shareholders will need to approve the transaction as a condition for completion. The majority requirement at the EGM to approve the transaction is simple majority.

The notice to the EGM, including instructions for attending the EGM, will be published by Xbrane through a separate press.

*Reference product sales divided by number of know equally advanced biosimilar candidates under development for respective reference product

[1] Pursuant to The Screening of Foreign Direct Investments Act (2023:560).

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About Us

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 EUR 26 billion in estimated annual peak sales of the respective reference product. The lead candidate Ximluci® is granted market authorization approval in Europe and was launched during 2023. Xbrane's head office is in Solna, just outside Stockholm. Xbrane is listed on Nasdaq Stockholm under the ticker XBRANE. For more information, visit www.xbrane.com

This information is information that Xbrane Biopharma is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2025-03-20 08:00 CET.

Attachments

Xbrane has entered into an agreement to sell XB003 (Cimzia biosimilar candidate) and parts of its organization to Alvotech for a total consideration of SEK 275 million