



Year-end report 2020

Focus on application for Xlucane® market approval during Q3 2021

Financial summary fourth quarter 2020

- » Revenue amounted to SEK 0.0 M (0.0).
- » Other operating income amounted to SEK 5.3 M (2.0).
- » EBITDA was SEK -61.3 M (-47.8¹⁾).
- » R&D expenses amounted to SEK 58.6 M (36.3¹⁾) representing 86% (73¹⁾) of total operating expenses.
- » The loss for the period was SEK -63.1 M (-66.7¹⁾).
- » Earnings per share amounted to SEK -3.02 (-4.33¹⁾).
- » Cash and cash equivalents at the end of the period amounted to SEK 243.1 M (164.2).

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Financial overview for entire year 2020

- » Revenue amounted to SEK 0.0 M (0.0).
- » Other operating income amounted to SEK 20.7 M (6.4).
- » EBITDA was SEK -218.7 M (-162.4¹⁾).
- » R&D expenses amounted to SEK 203.3 M (137.7¹⁾) representing 83% (79¹⁾) of total operating expenses.
- » The loss for the period was SEK -226.0 M (-188.0¹⁾).
- » Earnings per share amounted to SEK -12.48 (-16.80¹⁾).
- » The Board of Directors proposes that no dividend be paid for the financial year 2020.

Significant events during the fourth quarter 2020

- » On November 11, the last patient was recruited for the registration-based phase III study Xplore. The study aims to demonstrate the equivalent efficacy and safety of Xlucane® compared to Lucentis® and includes a total of 583 patients globally.
- » In November, Xbrane carried out a directed new share issue of SEK 200 M (before transaction costs). A number of Swedish and international institutional investors, including Swedbank Robur Fonder, TIN Fonder, Andra AP-fonden and Lancelot Asset Management, subscribed for shares in the directed new share issue.
- » At the beginning of December, Nina Ivers started work as Xbrane's Head of HR.

Significant events after the end of the quarter

- » At the start of January 2021, Xbrane renegotiated an existing intellectual property license agreement with Vaxiion Therapeutics. The renegotiated license agreement gives Xbrane full non-exclusive rights to the aforementioned intellectual property rights.
- » Anette Lindqvist took over as Chief Financial Officer & Head of Investor Relations at the start of January 2021.
- » Xbrane has entered into a non-binding term-sheet with New Fadem for a divestment of the subsidiary Primm Pharma. The purchase price amounts to €14.0m, to be paid in part upfront and on development and sales related milestones. The parties intend to complete the transaction during 2021.

This report is a translation of the Swedish version. When in doubt the Swedish version shall prevail.

Financial summary for the Group

	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Revenues	0	0	0	0
Research and development expenses, SEK thousand	-58,635	-36,347 ¹⁾	-203,301	-137,665 ¹⁾
R&D expenses as percentage of total costs	86%	73% ¹⁾	83%	79% ¹⁾
Operating profit/loss, SEK thousand	-62,918	-66,322 ¹⁾	-225,257	-186,572 ¹⁾
EBITDA, SEK thousand	-61,296	-47,847 ¹⁾	-218,691	-162,439 ¹⁾
Profit/loss for the period, SEK thousand	-63,053	-66,675 ¹⁾	-226,026	-187,989 ¹⁾
Cash and cash equivalents, SEK thousand	243,139	164,197	243,139	164,197
Equity ratio, %	56%	47% ¹⁾	56%	47% ¹⁾
Number of shares at the end of period	22,200,415	15,415,199	22,200,415	15,415,199
Number of shares at the end of period after dilution	22,200,415	15,415,199	22,200,415	15,415,199
Average number of shares	20,899,241	15,415,199	18,113,313	11,190,591
Average number of shares after dilution	20,899,241	15,415,199	18,113,313	11,190,591
Earnings per share before dilution, SEK	-3.02	-4.33 ¹⁾	-12.48	-16.80 ¹⁾
Earnings per share after dilution, SEK	-3.02	-4.33 ¹⁾	-12.48	-16.80 ¹⁾
Number of employees on balance sheet date	42	38	42	38

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

About Xbrane

Xbrane Biopharma AB develops high quality biological drugs based on a platform technology that provides significantly lower production costs compared to competing systems. Xbrane's leading product Xlucane® is a Lucentis® biosimilar. The market for ophthalmic VEGFa inhibitors has a turnover of around SEK 106 billion¹²³. Xlucane® is in

phase III and is on path to market approval in line with the patent expiration of Lucentis® in 2022. In addition, Xbrane has 3 further biosimilars in the pipeline, targeting SEK 100 billion in originator sales. Xbrane's head office is located in Solna, just outside Stockholm. Xbrane is listed on Nasdaq Stockholm under the short name XBRANE.

Sources:

1) Novartis annual report 2020 (Lucentis® och Beovu®)

2) Roche annual report 2020 (Lucentis®)

3) Regeneron annual report 2020 (Eylea®)



Martin Åmark, CEO

CEO's letter

Dear shareholders

2020 was an positive and eventful year for Xbrane despite the COVID-19 pandemic that characterized the year to a great extent. We completed recruitment for our ongoing registration-based phase III study for our leading biosimilar candidate Xlucane® and signed an agreement with Bausch+Lomb for the commercialization of the product in North America. Furthermore, we carried out two directed new issues during the year, which provided the company with a total of SEK 346 M before transaction costs, which will finance the company until we can communicate data from a 6-month interim reading from the Xlucane® phase III study.

COVID-19

Since mid-March 2020, a large part of the company's employees have worked from home. This has entailed the replanning of certain tasks and trips, but I do not think that this has had any significant impact on day-to-day operations, even though it has, of course, been sub-optimal. Based on available information at the time of publication of this year-end report, it is difficult to estimate how long the pandemic will affect the world at large. I assess the long-term market outlook for Xbrane's product candidates as being largely unchanged and Xbrane therefore expects to continue with its programs as planned.

Focus on application for Xlucane® market approval in Q3 2021

In November, the last patient was recruited for the registration-based phase III study Xplore. The study aims to demonstrate the equivalent efficacy and safety of Xlucane compared to Lucentis® and includes a total of 583 patients

with age-related macular degeneration. The patients undergo 12 months of treatment within the framework of the study and an interim reading will be made when the last patient has passed month 6 in the treatment schedule. We will, in agreement with both the EMA and the FDA, submit an application for market approval based on the interim reading. We thus expect to apply for market approval to both the EMA and the FDA during Q3 2021, thereby obtaining market approval and enabling our partners to launch the product.

Preparations prior to the commercialization of Xlucane®

In parallel with the completion of the Xlucane® development work, preparations are underway for the commercialization of the product, partly by our partners STADA and Bausch + Lomb and partly by us. Xbrane is responsible for the manufacture of Xlucane® for its commercialization partners. During the year, Xbrane has worked to establish supply agreements with its respective contract manufacturers and to scale up production to the relevant scale for optimal production costs. The direct market that Xlucane® addresses, the market for VEGFa inhibitors for ophthalmic use, had a total turnover of SEK 106 billion^{1,2,3}. This was a small decline compared to 2019 driven by the Covid-19 pandemic. However, we estimate that the long-term growth of approximately 10% per year we have seen until 2020 will continue as the Covid-19 pandemic subsides. We continue to feel secure with our goal of generating annual revenue of approximately SEK 1 billion from Xlucane three years after launch, after production costs, sales costs and profit sharing with partners.

Sources:

1) Novartis annual report 2020 (Lucentis® och Beovu®)

2) Roche annual report 2020 (Lucentis®)

3) Regeneron annual report 2020 (Eylea®)

Development of Xcimzane®

Xcimzane® is our biosimilar candidate to Cimzia, a TNF- α inhibitor mainly for the treatment of rheumatoid arthritis and psoriasis, with annual sales of SEK 19 billion¹ in 2020. To our knowledge, Xcimzane® is the only biosimilar candidate to Cimzia® in development. This is mainly due to the fact that it is a product that is difficult to manufacture where high productivity is required to achieve a commercially viable production cost. We are well on our way to succeeding with this on a pilot scale thanks to our patented platform technology and will soon start scaling up with a commercial contract manufacturer. Furthermore, we have reached agreement with the EMA and are in discussions with the FDA regarding the clinical studies that will be required for regulatory approval of the product. In accordance with the regulatory framework for biosimilars, we plan to conduct a Phase I study with healthy volunteers and a Phase III study with patients. We plan to begin both of these clinical studies during 2022 in order to subsequently be able to apply for market approval and enable launch of the product after expiry of the patent for the original medicine in Europe. Before we begin the clinical studies, we plan to out-license the rights for at least Europe and/or the US, to share the financing costs of clinical development with a commercialization partner. This process is already underway, and a number of discussions are in progress. The fact that Xcimzane®, to our knowledge, is the only biosimilar candidate for Cimzia in development gives us a strong position in these negotiations.

Development of our biosimilars portfolio

In March 2021, we are moving into new premises on Campus Solna in close proximity to Karolinska Institutet. We will then greatly expand our development capacity and are now aiming, in addition to Xlucane® and Xcimzane®, to develop a portfolio of biosimilar candidates of products with later patent expiration. We have been developing Xdivane® (biosimilar candidate to Opdivo) for some time, and have completed an initial production process. In connection with this product, we extended our platform technology from the manufacture of E.coli-form bacterial cells to include mammalian cells. This development resulted in three patent applications as we were able to apply similar approaches successfully giving us up to 12x higher productivity and 80% cost reduction compared to standard systems for proteins expressed in E.coli. On the basis of this extended platform technology and our extended production capacity in our new lab, we will be able to begin the development of a new biosimilar candidate per year for the coming years.

Divestment of Primm Pharma

Xbrane's strategic goal is to become a world-leading company in the development of difficult-to-manufacture biosimilars based on our patented and unique technology. Our subsidiary Primm Pharma, which focuses on micro-

sphere-based long-acting pharmaceutical products, thus falls outside our strategic focus. To enable the continued development of Primm Pharma, we have entered into a non-binding term sheet with the Italian pharmaceutical company NewFaDem for the acquisition of Primm Pharma. The agreed purchase price will amount to €14.0m, to be paid in part upfront and on development and sales related milestones. The parties intend to complete the transaction during 2021.

Financing activities

In 2020, we carried out two directed new issues, providing the company with a total of SEK 346 M before transaction costs. Ownership was extended upon completion of capital raising with additional institutional investors such as Swedbank Robur Fonder, TIN fonder, AP2 and Lancelot Asset Management. We are actively working to meet investors globally who are interested in helping to build the company together with us.

Important milestones over the next 12-month period

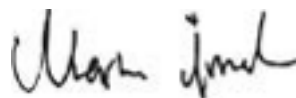
Xbrane has many important milestones to deliver over the coming 12 months, primarily:

- » Publication of 6-month data from the Xplore Phase III study
- » Applying for market approval for Xlucane® in Europe and the US
- » Sign agreements with additional partners for the sales and marketing of Xlucane®, primarily in China, Latin America and Japan.
- » Scale up the production process for Xcimzane® and prepare for initiation of clinical trials
- » Establish partners for the commercialization of Xcimzane® in Europe and/or the US

Finally, I would like to thank our employees who have made it possible for Xbrane to take these important steps in our development. We are all very enthusiastic about Xbrane's journey towards becoming a global leading biosimilar developer and, with our unique patented platform technology, being able to develop cost-effective biosimilars for the benefit of patients worldwide.

Thank you for your continued support.

Solna, February 26, 2021



Martin Åmark, CEO

Sources:

1) UCB Year-end report 2020

Product portfolio

Product	Original drug	Primary indication	Estimated sales of originator drug (SEK billion)	Patent expiry of original drug	Development phase
Xlucane®	Ranibizumab (Lucentis®)	Wet age-related macular degeneration, diabetes-related eye damage and retinal vein occlusion.	32 ^{1,2}	2022 (Europe) 2020 (USA)	Phase III
Xcimzane®	Certolizumab pegol (Cimzia®)	Rheumatoid arthritis, axial spondylarthritis, psoriatic arthritis, psoriasis and Crohn's disease.	19 ³	2024 (USA) 2025 ⁷⁾ (Europe)	Pre-clinical phase
Xdivane®	Nivolumab (Opdivo®)	Melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	64 ⁴	2026–2031 depending on country	Pre-clinical phase
Xoncane®	Pegaspargase (Oncaspar®)	Acute lymphocytic leukemia.	2 ⁵	Expired	Pre-clinical phase
Spherotide	Triptorelin (Decapeptyl®)	Prostate cancer, breast cancer, endometriosis and fibroids.	4 ⁶	Expired	Pre-clinical phase



Sources:

- 1) Novartis Year-end report 2020
- 2) Roche Year-end report 2020
- 3) UCB Year-end report 2020
- 4) BMS Year-end report 2020
- 5) EvaluatePharma 2018
- 6) IQVIA 2018

7) Includes six months patent extension due to pediatric indication.

Xlucane®

Xlucane is a biosimilar 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 had sales of more than EUR 10 billion in 2020, and has grown by over 10% annually in recent years.^{1,2,3} although a marginal decline was seen in 2020 due to covid-19.

A clinical registration-based phase III study, Xplore, is being carried out to demonstrate equivalence to Lucentis®. Xplore is continuing without any safety concerns to report. Full recruitment for the Xplore study was achieved in November. Xbrane will, in agreement with the EMA and FDA, apply for market approval for Xlucane® in Europe and the US, based on six months of Xplore treatment data.

Xbrane has a collaboration agreement with STADA for the development, sales and marketing of Xlucane®, which means that STADA and Xbrane are sharing the development costs and future profits of Xlucane® equally. During Q2 2020 the commercialization rights for the US and Canada were licensed to Bausch + Lomb.

Xcimzane®

Xcimzane® is a biosimilar to certolizumab pegol (original drug Cimzia®), a so-called TNF inhibitor used in the treatment of rheumatoid arthritis, psoriasis and Crohn's disease in particular.

The market for TNF inhibitors had a turnover of around SEK 240 billion in 2018⁴, and sales of Cimzia® in 2020 were SEK 19 billion. The patent protection of Cimzia® is expected to expire in 2024 in the US and 2025 in Europe.

Xcimzane® is at the pre-clinical development stage, with a focus on developing a cost-efficient production process and demonstrating biochemical similarity to the original drug. Then, upscaling along with a production partner will follow, after which the product can be taken into clinical trials.

Xdivane®

Xdivane® is a biosimilar to nivolumab (original drug Opdivo®), a PD1-inhibitor for the treatment of different types of cancer with a turnover of around SEK 64 billion in 2020⁵. Opdivo® is expected to lose its patent protection between 2026 and 2031, depending on the country.

Xdivane® is at the pre-clinical development stage, with a focus on developing a cost-efficient production process and demonstrating biochemical similarity to the original drug. Then, upscaling along with a production partner will follow, after which the product can be taken into clinical trials.

Xoncane®

Xoncane is a biosimilar to pegaspargase (original drug Oncaspar®), used in the treatment of acute lymphocytic leukemia. In 2018, sales of Oncaspar® were around SEK 2 billion. Xoncane is now undergoing pre-clinical development.

Spherotide

Spherotide is a long-acting injectable drug with the active substance triptorelin, used primarily in the treatment of prostate cancer, breast cancer, endometriosis and myoma.

In 2018, Triptorelin had annual sales of SEK 4 billion⁶, and despite the fact that patent protection lapsed a number of years ago, there are still no generics within long-acting formulations.

The product candidate is in the pre-clinical phase, where the next stage is to initiate a registration-based phase III study in endometriosis patients as a basis for market approval in Europe and China.

In January 2020, Finchimica S.p.A., the parent company of International Chemical Industry S.p.A. (ICI), a contract manufacturer for Spherotide, was declared bankrupt by a Milan court. Primm Pharma is closely following the process and is taking appropriate measures to protect its interests in the future production of Spherotide.

Xbrane has entered into a non-binding term-sheet with New Fadem for a divestment of the subsidiary Primm Pharma. The purchase price amounts to €14.0m, to be paid in part upfront and on development and sales related milestones. The parties intend to complete the transaction during 2021.

Sources:

- 1) Novartis Year-end report 2020
- 2) Roche Year-end report 2020
- 3) Regeneron Year-end report 2020
- 4) Research and markets Global Tumor Necrosis Factor (TNF) Inhibitors Market 2018-2026: A \$181.13 Billion Market Opportunity by 2026
- 5) UCB Year-end report 2020
- 6) BMS Year-end report 2020
- 7) Evaluate Pharma for 2018
- 8) IQVIA

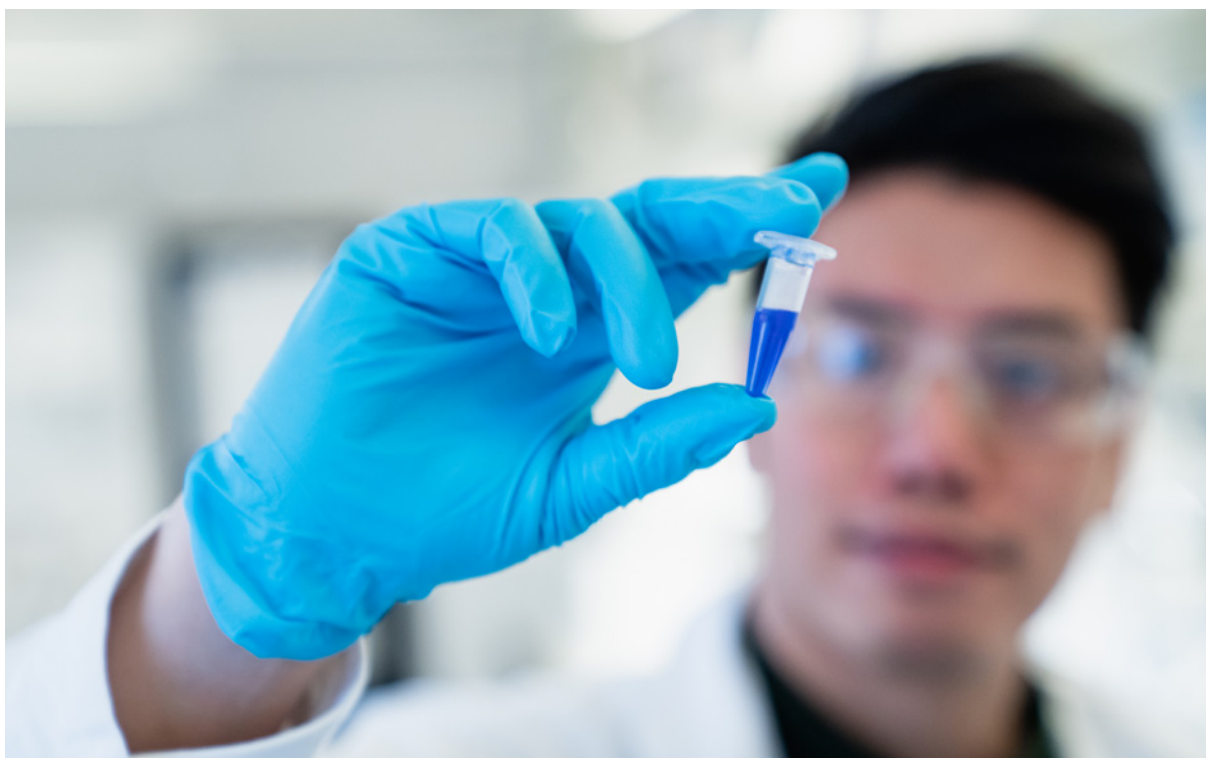
Shareholders

As of December 31, 2020, Xbrane had a total of around 5,000 shareholders. The number of outstanding shares totaled 22,200,415. The ten largest shareholders at the end of the period are shown in the table below¹.

Name	Number of shares	Ownership, %
Serendipity Group	2,819,967	12.7%
Swedbank Robur Fonder	2,146,190	9.7%
Bengt Göran Westman	1,715,329	7.7%
STADA Arzneimittel AG	1,570,989	7.1%
TIN Fonder	1,200,000	5.4%
Avanza Pension	935,169	4.2%
Futur Pension	726,825	3.3%
Nordnet Pensionsförsäkring	420,383	1.9%
Swedbank Försäkring	403,028	1.8%
Paolo Sarmientos	296,939	1.3%
Ten largest shareholders in total	12,234,819	55.1%
Other Swedish shareholders	7,700,372	34.7%
Other foreign shareholders	2,265,224	10.2%
Total outstanding shares	22,200,415	100.0%

Sources:

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



Financial overview

The Group's results for October – December 2020

(Figures in parentheses refer to the corresponding period last year)

In Q4, there were no sales (0.0), and thus no cost of goods sold was reported (18.3). The previous year's cost for goods sold mainly related to inventory write-downs and production equipment for Spherotide.

Other income amounted to SEK 5.3 M (2.0) and relates largely to income from the licensing of the American and Canadian rights for Xlucane to Bausch + Lomb and is accrued over two years. Other income also includes licensing income from non-core operations, and exchange rate gains on receivables and liabilities of an operating nature.

Administrative expenses amounted to SEK 7.3 M (8.3). Staff costs have increased due to a growing organization. However, the fourth quarter of the previous year included costs related to listing on Nasdaq Stockholm, which is why total administration costs decreased compared with Q4 last year.

Research and development costs amounted to SEK 58.6 M (36.3¹⁾), of which SEK 57.5 M (34.3¹⁾) relates to biosimilars, primarily Xlucane® and 1.1 M (2.0) relates to the long-acting injectable drug Spherotide. The majority of the R&D costs relates to the ongoing Xplore study for Xlucane®, the parallel regulatory work and the establishment of a production chain. The large increase is due to the project being in a more intensive phase now than last year. The ongoing Xplore study was fully-recruited in November and will continue for the next 12 months.

Other operating expenses amounted to SEK 2.2 M (5.2) primarily comprised of exchange rate losses on receivables and payables.

The operating loss was SEK -62.9 M (-66.3¹⁾).

The loss before tax totaled SEK -63.1 M (-66.7). During the quarter, no taxable profit arose and thus no tax expense (0.0).

The loss after tax for the quarter was SEK -63.1 M (-66.7¹⁾) and earnings per share were SEK -3.02 (-4.33¹⁾).

The Group's cash flow for October – December 2020

Cash flows from operating activities amounted to SEK -67.6 M (6.3). Changes in operating receivables and operating liabilities amounted to SEK -33.4 M (46.9) and 25.1 M (3.1¹⁾) respectively. The change of working capital can vary significantly as a result of the re-invoicing to STADA in relation to the development work for Xlucane® and costs for the clinical study Xplore.

Cash flow from investing activities amounted to SEK 0 (-0.2) and consisted of investments in property, plant and equipment.

Cash flow from financing activities amounted to SEK 189.0 M (-0.8), of which SEK 200.0 M (0.0) relates to issue

proceeds, and SEK -10.2 M (0.0) relates to transaction costs. In addition, there is amortization of lease liabilities of SEK -0.8 M (-0.8).

Group results for the entire year 2020

During the year, there were no sales (0.0), and thus no cost of goods sold was reported (18.3). The previous year's cost for goods sold mainly related to inventory write-downs and production equipment for Spherotide.

Other income amounted to SEK 20.7 M (6.4) and relates largely to income from the licensing of the American and Canadian rights for Xlucane to Bausch + Lomb and is accrued over two years. Other income also includes licensing income from non-core operations, and exchange rate gains on receivables and liabilities of an operating nature.

Selling and distribution expenses amounted to SEK 0.0 M (0.5). Administrative expenses amounted to SEK 31.2 M (26.4). This increase is mainly attributed to increased staff costs due to a growing organization.

Research and development costs amounted to SEK 203.3 M (137.7¹⁾), of which SEK 197.3 M (125.7¹⁾) relates to biosimilars, primarily Xlucane® and 6.0 M (11.8) relates to the long-acting injectable drug Spherotide. The majority of the R&D costs relates to the ongoing Xplore study for Xlucane®, the parallel regulatory work and the establishment of a production chain. The increase is due to the project being in a more intensive phase now than last year. The ongoing Xplore study was fully-recruited in November and will continue for the next 12 months.

Other operating expenses amounting to SEK 11.4 M (10.1) primarily comprised of exchange rate losses on receivables and payables.

The Group's operating loss was SEK -225.3 M (-186.6¹⁾).

Net finance costs totaled -0.8 M (-1.4) and refer to interest rate expenses for leasing agreements.

The loss before tax totaled SEK -226.0 M (-188.0).

During the period, no taxable profit arose and thus no tax expense (0.0).

The loss after tax was SEK -226.0 M (-188.0¹⁾) and earnings per share were SEK -12.48 (-16.80¹⁾).

Group cash flow for the entire year 2020

Cash flows from operating activities amounted to SEK -238.4 M (-148.6). Changes in operating receivables and operating liabilities amounted to SEK -51.3 M (-28.3) and 32.7 M (43.0¹⁾) respectively. The change of working capital can vary significantly as a result of the re-invoicing to STADA in relation to the development work for Xlucane® and costs for the clinical study Xplore.

Cash flow from investing activities amounted to SEK -3.9 M (-1.2) and consisted of investments in property, plant and equipment.

1) This period has been recalculated due to a correction. See Appendix 1 for the effects of the recalculation.

Cash flow from financing activities amounted to SEK 322.7 M (216.0), of which SEK 346.4 M (252.5) relates to issue proceeds, and SEK -20.6 M (-33.4) to transaction costs. In addition, there is amortization of lease liabilities of SEK -3.1 M (-2.8).

Group financial position and continued operations

On the balance sheet date, cash and cash equivalents amounted to SEK 243.1 M (164.2).

In November the Company completed a new share issue, which raised SEK 189.8 M after transaction expenses. This raising of capital significantly strengthened the company's financial position and provides capital to complete the application for market approval for Xlucane[®], secure production capacity and start upscaling the production process for Xcimzane[®].

In addition to additional revenues that partnerships and transactions may bring in the near future, Xbrane is expected to need additional capital during the second half of 2021. In addition, it is estimated that further financing of the business will be needed until 2022, when the company is expected to be generated sales income from Xlucane[®]. The company continues to evaluate various financing alternatives together with its financial advisers and is conducting dialogs with investors.

Goodwill

On the balance sheet date, goodwill amounted to SEK 58.5 M (60.8). The decrease compared to the previous year is due to exchange rate changes.

Accounts receivable

Accounts receivable totaled 51.4 M (0.0) and relate to receivables from our partner STADA. The receivable was settled in its entirety immediately after the balance sheet date.

Prepaid expenses and accrued income

Prepaid expenses and accrued income amounted to SEK 73.0 M (77.8), of which SEK 17.8 M (51.5) relates to the purchase and packaging costs of reference medicines for the ongoing phase III study, which will be used on an ongoing basis, SEK 36.4 M (14.5) pertains to advance payment to CRO (Contract Research Organization) which is carrying out the clinical study and the remaining SEK 18.8 M (11.8) pertains to other prepaid expenses and accrued income.

Changes in equity

Equity amounted to SEK 5.0 M (3.5) on the balance sheet date. Other capital contributions amounted to SEK 773.7 M (448.1) and were affected during the year by SEK 324.3 M (262.0) in additions from new issues after transaction costs

and reserved share-based payments to employees of SEK 1.3 M (2.1). Total equity amounted to SEK 257.7 M (159.4¹⁾. The equity ratio was 56% (47¹⁾).

Accounts payable

Accounts payable amounted to SEK 29.5 M (21.1). The increase is due to a growing business.

Accrued expenses and prepaid income

Accrued expenses and prepaid income amounted to SEK 155.9 M (137.4¹⁾) and primarily relates to advance payments from STADA for Xlucane[®] of SEK 104.7 M (110.1¹⁾).

Impact of the cooperation agreement with STADA on the income statement and balance sheet

Since the cooperation agreement with STADA for Xlucane[®] was entered into in July 2018, Xbrane's net costs for the research and development of Xlucane[®] have been reported in the results, i.e. 50% of the total cost of the project. With regard to the balance sheet, assets and liabilities attributable to the development of Xlucane[®] are reported in their entirety, i.e. 100%, and then STADA's share of these, i.e. 50% is reported additionally as the receivable or liability arising between Xbrane and STADA. This applies to both the Group and parent company. On the balance sheet date, Xbrane had a non-current non-interest-bearing liability to STADA amounting to SEK 4.0 M (4.2) as well as deferred income/revenue from STADA amounting to SEK 104.7 M (110.1¹⁾).

Parent company

The core business of Xbrane, which is the development of biosimilars, is run by the parent company. As announced, the Group has begun the sale of its subsidiary Primm, which is expected to be completed shortly. As a result, shares in subsidiaries have been written down on the balance sheet date by SEK 38,4 M. The goodwill value of the Group has not been affected.

As the parent company constitutes the major part of the Group, a statement in text format of the parent company's earnings, financial position and cash flow would provide no further information than the description of the Group in the report. Therefore, this is only presented in reporting format on pages 17–19.

Dividend

The Board of Directors proposes that no dividend be paid for the financial year 2020. The Board of Directors proposes that the company's retained earnings be transferred to a new account.

1) This period has been recalculated due to a correction. See Appendix 1 for the effects of the recalculation.

Important events during the fourth quarter

XPLORE study fully enrolled

On November 11, the last patient was recruited for the ongoing registration-based phase III study Xplore.

Directed share issue carried out in November

In November, Xbrane carried out a directed new share issue of SEK 200 M. A number of Swedish and international institutional investors, including Swedbank Robur Fonder, TIN Fonder, Andra AP-fonden and Lancelot Asset Management, subscribed for shares in the directed new share issue.

Nina Ivers joins as Head of HR

At the start of December, Nina Ivers started work as Xbrane's Head of HR. Nina has extensive experience from different HR and business roles within Life Science companies such as Astra, Johnson & Johnson and Swedish Orphan Biovitrum. Nina joins the company's management team.

Important events after the end of the reporting period

Xbrane renegotiates an existing intellectual property license agreement with Vaxiion Therapeutics

At the start of January 2021, Xbrane renegotiated an existing intellectual property license agreement with Vaxiion Therapeutics. The renegotiated license agreement gives Xbrane full non-exclusive rights to the aforementioned intellectual property rights and entitles Vaxiion to a low single-digit M SEK payment upon signing and a low single-digit royalty on sales revenue generated by Xbrane from pharmaceutical products in which the intellectual property rights are used for production, until February 2024. After February 2024, Xbrane can continue to use Vaxiion's intellectual property rights for all its products without any additional royalty payments to Vaxiion.

Anette Lindqvist new CFO and Head of IR

Anette Lindqvist took over as Chief Financial Officer & Head of Investor Relations at the start of January 2021. Anette has extensive experience from Senior Finance & Business roles within the Life Science sector, with companies including AstraZeneca, Mölnlycke Healthcare and Getinge Infection Control. Her education includes studies at the Gothenburg School of Economics, tax & auditing as well as leadership and business development. Anette replaces Margareta Hagman, the interim CFO, who will be available for a transitional period.

Intention to sell Primm Pharma subsidiary

Xbrane has entered into a non-binding term-sheet with New Fadem for a divestment of the subsidiary Primm Pharma. The purchase price amounts to €14.0m, to be paid in part

upfront and on development and sales related milestones. The parties intend to complete the transaction during 2021.

Risks and uncertainties

Risks and uncertainties are described on pages 27–29 of the Annual Report of 2019, which is available on the company's website. At the time of publication of this interim report, these have not changed significantly other than as described below.

The 2019 Annual Report describes the risk of Xbrane and its partner STADA not succeeding in reaching agreements with third-party distributors for major markets, such as the US and Latin America. During 2020, this risk has changed, through Xbrane and STADA entering into an agreement with Basuch + Lomb, which has obtained the rights to distribute Xlucane® in the US and Canada.

The 2019 Annual Report describes the risk of the company not being able to sign an agreement with a European commercialization partner for Spherotide. This could have entailed Xbrane having to initiate new studies of Spherotide, which would have entailed a financing risk. As Xbrane has now announced that the sale of the Primm subsidiary is ongoing and is expected to be completed shortly, this risk has decreased significantly.

Impact of the COVID-19 pandemic

The 2019 Annual Report describes the risk that the ongoing COVID-19 pandemic means an increased risk of delays to the Xplore study. This risk has now been reduced as recruitment for the Xplore study was completed in November.

The Company also described a risk that the pandemic would make it more difficult to cover its capital needs in the immediate future as it has had a major impact on the economy and capital markets worldwide. This risk has decreased as the Company has completed two new share issues during the year.

Furthermore, Xbrane has changed its working methods to comply with local authorities' health guidelines. This has led to travel being canceled, digital meetings and the majority of employees working from home. The company continues to follow local health guidelines from the authorities in the places where Xbrane operates. For employees, the company has offered those who need access to the lab safe travel options and scheduled work so that guidelines regarding social distancing can be complied with. Absence due to illness has been relatively low. Overall, the company has found effective ways of working and an even stronger cohesion that allows the company to be sustainable in this situation and continue to put the health and safety of staff, partners and patients first.

Share information

Xbrane's share capital at the end of the year amounted to SEK 5.0 M (3.5) divided into 22,200,415 shares (15,415,199). The par 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 and Xbrane had 5,115 shareholders on the balance sheet date. The closing price for the share on the balance sheet date was SEK 74.80 generating a market capitalization of SEK 1,661 M.

Organization and employees

Xbrane is headquartered in Solna, outside of Stockholm, Sweden, where the Company also has a laboratory for research and development of biosimilars. Xbrane has one wholly-owned subsidiary, Primm Pharma, located in Milan, Italy. As mentioned above, the sale of the Primm subsidiary is ongoing. On the balance sheet date, the Group had 42 (38) employees, 36 (29) of whom were employed by the parent company and 6 (9) by the Primm subsidiary.

Nomination committee

In accordance with the principles for the Nomination Committee adopted at the AGM on May 14, 2020, a Nomination Committee has been appointed. The Nomination Committee consists of Xbrane's Chairman of the Board Anders Tullgren, and Saeid Esmailzadeh who represents the Serendipity Group, the company's largest shareholder, Ulrik Grönvall, representing the company's second largest shareholder Swedbank Robur Fonder and Bengt Göran Westman, the company's third largest shareholder.

Annual General Meeting

The 2020 Annual General Meeting will take place on May 6, 2021 in Baker McKenzie's premises at Vasagatan 7, Stockholm.

Shareholders wishing to discuss a matter at the Annual General Meeting must notify the Chairman of the Board, Anders Tullgren, at valberedning@xbrane.com no later than March 10, 2021.

Annual report

The annual report for the financial year 2020 will be published on March 31, 2021 on the company's website and through a press release.

Auditor's review

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

Consolidated income statement

Amounts in SEK thousand	Notes	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Revenues	2,3	-	-	-	-
Cost of goods sold		-	-18,271	-	-18,271
Gross profit		-	-18,271	-	-18,271
Other income	2,3	5,281	1,987	20,652	6,355
Selling and distribution expenses		-	-183	-	-454
Administrative expenses		-7,333	-8,301	-31,189	-26,415
Research and development expenses		-58,635	-36,347	-203,301	-137,665
Other expenses		-2,231	-5,208	-11,419	-10,122
Operating profit/loss	2	-62,918	-66,322	-225,257	-186,572
Financial income		-	-1	-	51
Financial costs		-135	-352	-769	-1,468
Net financial costs	2	-135	-353	-769	-1,417
Profit/loss before tax		-63,053	-66,675	-226,026	-187,989
Income tax expense		-	-	-	-
Profit/loss for the period		-63,053	-66,675	-226,026	-187,989
Profit/loss attributable to:					
- Owners of the Company		-63,053	-66,675	-226,026	-187,989
- Non-controlling interests		-	-	-	-
Total comprehensive income for the period		-63,053	-66,675	-226,026	-187,989
Earnings per share					
- Basic earnings per share (SEK)		-3,02	-4,33	-12,48	-16,80
- Diluted earnings per share (SEK)		-3,02	-4,33	-12,48	-16,80
Number of outstanding shares at the end of the reporting period					
- Before dilution		22,200,415	15,415,199	22,200,415	15,415,199
- After dilution		22,200,415	15,415,199	22,200,415	15,415,199
Average number of outstanding shares					
- Before dilution		20,899,241	15,415,199	18,113,313	11,190,591
- After dilution		20,899,241	15,415,199	18,113,313	11,190,591

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Total comprehensive income for the period	-63,053	-66,675	-226,026	-187,989
Other comprehensive income				
Items that have been transferred and can be transferred to profit/loss for the period to profit/loss for the period				
Reclassification of foreign currency translation differences	-3,250	-2,790	-2,774	1,171
Comprehensive income for the period	-3,250	-2,790	-2,774	1,171
Total comprehensive profit/loss attributable to:				
- Owners of the Company	-66,303	-69,465	-228,801	-186,818
- Non-controlling interests	-	-	-	-
Total comprehensive income for the period	-66,303	-69,465	-228,801	-186,818

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Consolidated statement of financial position

Amounts in SEK thousand	12-31-2020	12-31-2019 ¹⁾
ASSETS		
Goodwill	58,453	60,760
Intangible assets	4,083	5,053
Property, plant and equipment	8,166	7,004
Right of use assets	5,969	9,204
Trade and other receivables	12,610	8,982
Non-current assets	89,281	91,003
Trade receivables	51,384	-
Other receivables	6,981	5,889
Prepaid expenses and accrued income	72,978	77,850
Cash and cash equivalents	243,139	164,197
Current assets	374,482	247,937
TOTAL ASSETS TOTAL ASSETS	463,763	338,940
EQUITY		
Share capital	4,977	3,456
Share premium	773,724	448,089
Reserves	3,945	6,719
Retained earnings including the loss of the period	-524,938	-298,912
Equity attributable to owners of the Company	257,708	159,352
Non-controlling interests	-	-
Total equity	257,708	159,352
LIABILITIES		
Leasing liability	3,995	6,281
Non-current non-interest-bearing liabilities	8,257	4,173
Provisions	4,810	4,547
Non-current liabilities	17,062	15,001
Current interest-bearing liabilities	-	12
Trade and other payables	29,546	21,097
Other current liabilities	1,328	2,903
Leasing liability	2,265	3,144
Deferred income/revenue	155,853	137,431
Current liabilities	188,993	164,586
TOTAL LIABILITIES	206,055	179,588
TOTAL EQUITY AND LIABILITIES	463,763	338,940

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Consolidated cash flow statement

Amounts in SEK thousand	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Cash flow from operating activities				
Profit/loss before tax	-63,053	-66,675	-226,026	-187,989
Adjustments for items not included in cash flow	3,839	22,996	6,247	24,718
Paid income taxes	-	-	-	-
Total	-59,214	-43,680	-219,779	-163,271
Increase (-)/Decrease (+) of inventories	-	-	-	-
Increase (-)/Decrease (+) of trade and other receivables	-33,414	46,858	-51,325	-28,286
Increase (+)/Decrease (-) of trade and other payables	25,053	3,078	32,697	42,968
Cash flow from current operations	-67,575	6,257	-238,407	-148,589
Cash flow from investing activities				
Acquisition of property, plant and equipment	-	-170	-3,855	-1,187
Cash flow from investing activities	-	-170	-3,855	-1,187
Cash flow from financing activities				
Proceeds from exercise of share options	-	-	3	-
New share issue	200,000	-	346,444	252,457
Transaction expense	-10,247	-	-20,584	-33,430
Amortization of loan	-	-34	-12	-140
Amortization of lease liability	-777	-809	-3,127	-2,846
Cash flow from financing activities	188,976	-843	322,724	216,041
Cash flow for the period	121,401	5,244	80,461	66,265
Cash and cash equivalents at beginning of period	123,768	162,195	164,197	100,972
Exchange rate differences in cash and cash equivalents	-2,030	-3,241	-1,520	-3,039
Cash and cash equivalents at end of period	243,139	164,197	243,139	164,197

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Consolidated statement of changes in equity

Amounts in SEK thousand	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
Balance at January 1, 2020	3,456	448,089	6,719	-273,941	184,323
Recalculation ¹⁾	-	-	-	-24,970	-24,970
Balance at January 1, 2020 after recalculation	3,456	448,089	6,719	-298,911	159,352
Total comprehensive income for the period					
Profit/loss for the period	-	-	-	-226,026	-226,026
Other comprehensive income for the period	-	-	-2,774	-	-2,774
Total comprehensive income for the period	-	-	-2,774	-226,202	-228,801
Transactions with group shareholder					
New share issue	1,519	324,342	-	-	325,860
- <i>New share issue</i>	1,519	344,926	-	-	346,444
- <i>Transaction expenses</i>	-	-20,584	-	-	-20,584
Share savings program	3	1,293	-	-	1,296
Total contributions from and distributions to shareholders	1,521	325,635	-	-	327,156
Balance at December 31, 2020	4,997	773,724	3,945	-524,938	257,708

Amounts in SEK thousand	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
Balance at January 1, 2019	1,419	184,007	5,548	-107,903	83,070
Recalculation ¹⁾	-	-	-	-3,019	-3,019
Balance at January 1, 2019 after recalculation	1,419	184,007	5,548	-110,922	80,051
Total comprehensive income for the period					
Profit/loss for the period	-	-	-	-187,989	-187,989
Other comprehensive income for the period	-	-	1,171	-	1,171
Total comprehensive income for the period	-	-	1,171	-187,989	-186,818
Transactions with group shareholder					
New share issue	2,037	261,990	-	-	264,027
- <i>New share issue</i>	2,037	295,420	-	-	297,457
- <i>Transaction expenses</i>	-	-33,430	-	-	-33,430
Share savings program	-	2,092	-	-	2,092
Total contributions from and distributions to shareholders	2,037	264,082	-	-	266,119
Balance at December 31, 2019	3,456	448,089	6,719	-298,912	159,352

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Income statement, Parent company

Amounts in SEK thousand	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Revenues	-	-	-	-
Cost of goods sold	-	-	-	-
Gross profit	-	-	-	-
Other income	3,245	1,178	17,730	4,416
Administrative expenses	-6,216	-6,962	-26,567	-21,595
Research and development expenses	-62,653	-34,653	-197,690	-126,509
Other expenses	-2,177	-5,204	-11,203	-10,090
Operating profit/loss	-67,802	-45,642	-217,730	-153,777
Financial items				
Financial income	-	4	11	4
Impairment loss on shares in subsidiary	-38,400	-	-38,400	-
Financial expenses	-35	-115	-296	-995
Net finance costs	-38,435	-110	-38,435	-990
Profit/loss before tax	-106,236	-45,752	-256,415	-154,767
Income tax expense	-	-	-	-
Total comprehensive income for the period	-106,236	-45,752	-256,415	-154,767

Parent company statement of comprehensive income

Amounts in SEK thousand	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Profit/loss for the period	-106,263	-45,752	-256,415	-154,767
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-106,263	-45,752	-256,415	-154,767

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Balance Sheet, Parent company

Amounts in SEK thousand	12-31-2020	12-31-2019 ¹⁾
ASSETS		
Fixed assets		
Non-current assets Property, plant and equipment	5,212	3,697
Financial non-current assets		
Shares in group companies	74,0666	102,319
Other non-current receivables	12,610	8,982
Total financial non-current assets	86,676	111,301
Total non-current assets	91,888	114,998
Current assets		
Current receivables		
Trade receivables	51,384	-
Other receivables	5,148	2,962
Prepaid expenses and accrued income	72,935	77,752
Total current receivables	129,467	80,714
Cash and bank	242,247	163,601
Current assets	371,715	244,315
TOTAL ASSETS	463,603	359,313
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	4,977	3,456
Unrestricted equity		
Share premium	774,410	448,775
Retained earnings	-252,474	-97,707
Profit/loss for the period	-256,415	-154,767
Total equity	270,498	199,757
Non-current liabilities		
Non-current interest-bearing liabilities	8,257	4,173
Non-current non-interest-bearing liabilities	8,257	4,173
Current liabilities		
Liabilities to subsidiaries	285	-
Trade and other payables	29,421	20,377
Other current liabilities	1,192	2,708
Deferred income/revenue	153,949	132,298
Current liabilities	184,847	155,383
TOTAL LIABILITIES	193,104	159,556
TOTAL EQUITY AND LIABILITIES	463,603	359,313

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Cash flow statement, Parent company

Amounts in SEK thousand	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Cash flows from operating activities				
Earnings before income and tax	-106,236	-45,742	-256,415	-154,767
Adjustments for items not included in cash flow	41,110	3,756	39,601	6,706
Paid income taxes	-	-	-	-
Total	-65,126	-41,996	-216,814	-148,061
Increase (-)/Decrease (+) of trade and other receivables	-33,005	48,333	-52,381	-46,015
Increase (+)/Decrease (-) of trade and other payables	32,112	2,773	36,709	46,462
Cash flow from current operations	-66,020	9,110	-232,486	-147,614
Cash flow from investing activities				
Investments in subsidiaries	-2,075	-1,536	-10,148	-1,536
Acquisition of property, plant and equipment	-	-179	-3,503	-565
Cash flow from investing activities	-2,075	-1,715	-13,651	-2,101
Cash flow from financing activities				
Exercised share options by employees	-	-	3	-
New share issue	200,000	-	346,444	252,457
Transaction expense	-10,247	-	-20,584	-33,430
Amortization of loan	-	-	-	-3,042
Cash flow from financing activities	189,753	-	325,863	215,985
Cash flow for the period	121,659	7,395	79,726	66,270
Cash and cash equivalents at beginning of period	122,326	159,386	163,601	100,380
Exchange rate differences in cash and cash equivalents	-1,737	-3,180	-1,079	-3,049
Cash and cash equivalents at end of period	242,247	163,601	242,247	163,601

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

Notes

Note 1 Accounting principles

This interim report 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 Report. For the Group and the Parent company the same accounting principles and calculation bases as the previous annual report has been applied with the exception of the additional applications principles for accounting for license revenues described below on the new license agreements which is different in nature to licensing agreements previously reported. Information according to IAS 34.16A is included in these financial statements and related notes as well in other parts of this interim report.

License revenue

License revenue refers to the out-licensing of the parent company's patented platform for protein production, as well as licensing rights for sales and marketing of the Group's products. License agreements that contain more than one distinct performance obligation are divided and revenue reported separately. Other performance obligation in the agreement are aggregated into a common distinct performance obligation. When licensing

the Group's intellectual property (IP) to a customer, a distinction is made between two types of licensing with associated distinct performance obligation that affect whether revenue is to be reported at a certain time or accrued over time:

- a) Right to access IP – the agreement requires, or the customer can reasonably expect, that the Group will take measures that significantly affect the rights the customer is entitled to, that these measures directly affect the customer and that the measures do not involve the transfer of goods/services to the customer when the measures are carried out. The performance obligation and thus the income is reported over time, usually linearly.
- b) Right to use IP – the customer only has the right to use the IP in its existing state at the time when the right was granted to the customer. The performance obligation is fulfilled initially, in time.

License agreements often include an initial payment as well as payments when certain milestones have been reached. Accounting for the initial payment depends on the type of licensing available under a) or b) above.

Note 2 Segment reporting**Report of revenue, operating profit/loss and profit/loss before tax per segment**

Amounts in SEK thousand	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Other revenues per segment				
Biosimilars	2,545	-	6,787	-
Long-acting injectable drugs	-	696	-	-
Unallocated revenue	2,736	1,290	13,865	6,355
Total	5,281	1,987	20,652	6,355
Operating profit or loss per segment				
Biosimilars	-55,003	-34,334	-190,497	-125,675
Long-acting injectable drugs	-1,087	-2,013	-6,017	-30,261
Unallocated revenue	-6,829	-29,975	-28,743	-30,637
Operating profit/loss	-62,918	-66,322	-225,257	-186,572
Net finance costs				
Biosimilars	-89	-133	-406	-354
Long-acting injectable drugs	-12	-114	-90	-71
Unallocated revenue	-35	-106	-274	-993
Total	-135	-353	-769	-1417
Profit/loss before tax	-63,053	-66,675	-226,026	-187,989
Depreciation, amortization and write downs				
Biosimilars	1,106	1,101	4,337	3,624
Long-acting injectable drugs	418	17,275	1,799	20,068 ²⁾
Unallocated revenue	99	99	430	441
Total	1,622	18,475	6,566	24,134

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

2) Whereof SEK 16,808 thousand relates to write down of inventory and production facilities for Spherotide.

Note 3 Distribution of Income

Amounts in SEK thousand	Q4 2020			
Note 3 Distribution of Income	Biosimilars	Long-acting injectable drugs	Unallocated/ administration	Group
Middle East	-	-	-	-
Asia	-	-	-	-
Europe	-	-	2,683	2,683
United States	2,545	-	53	2,598
Total	2,545	-	2,736	5,281
Income per category				
Pharmaceuticals	-	-	-	-
Milestone payments from partners	2,545	-	-	2,545
Services and other	-	-	2,736	2,736
Total	2,545	-	2,736	5,281

Amounts in SEK thousand	Q4 2019			
Income per region	Biosimilars	Long-acting injectable drugs	Unallocated/ administration	Group
Middle East	-	-	-	-
Asia	-	-	-39	-39
Europe	-	-1,324	3,158	1,833
United States	-	-	192	192
Total	-	-1,324	3,311	1,987
Income per category				
Pharmaceuticals	-	-	-	-
Milestone payments from partners	-	-	-	-
Services and other	-	-1,324	3,311	1,987
Total	-	-1,324	3,311	1,987

Note 3 Distribution of Income, cont.

Amounts in SEK thousand	Full year 2020			
	Biosimilars	Long-acting injectable drugs	Unallocated/ administration	Group
Income per region				
Middle East	-	-	-	-
Asia	-	-	-	-
Europe	-	-	13,693	13,693
United States	6,787	-	171	6,958
Total	6,787	-	13,865	20,652
Income per category				
Pharmaceuticals	-	-	-	-
Milestone payments from partners	6,787	-	-	6,787
Services and other	-	-	13,865	13,865
Total	6,787	-	13,865	20,652

Amounts in SEK thousand	Full year 2019			
	Biosimilars	Long-acting injectable drugs	Unallocated/ administration	Group
Income per region				
Middle East	-	-	-	-
Asia	-	-	-39	-39
Europe	-	-	6,132	6,132
United States	-	-	262	262
Total	-	-	6,355	6,355
Income per category				
Pharmaceuticals	-	-	-	-
Milestone payments from partners	-	-	-	-
Services and other	-	-	6,355	6,355
Total	-	-	6,355	6,355

Not 4 Transactions with related parties

Since 2019, STADA Arzneimittel AG has been a shareholder in Xbrane (see the list of owners on page 7). Transactions with STADA relate to shared costs for the collaboration agreement with Xlucane.

During the fourth quarter a target issue was carried out and no related parties was part of the transaction.

During the second quarter a targeted issue was carried out and related parties participated on market conditions. The following related transaction was carried out: .

- Serendipity Group participated in the issue and signed for 563,991 shares.
- Stada Arzneimittel AG also participated in the issue and signed for 314,197 shares.

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 February 26, 2021

Anders Tullgren
Chairman of the Board

Ivan Cohen-Tanugi
Board member

Peter Edman
Board member

Eva Nilsagård
Board member

Karin Wingstrand
Board member

Mats Thorén
Board member

Giorgio Chirivi
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

Gross profit in relation to sales

Amounts in SEK thousand	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Gross profit	-	-18,271		-18,271
Net sales	-	-		-
Gross margin	-	-		-

EBITDA

Shows the business's earning ability from current operations 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	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Operating profit or loss	-62,918	-66,322	-225,257	-186,572
Depreciation, amortization and write downs	-1,622	-18,475	-6,566	-24,134
EBITDA	-61,296	-47,847	-218,691	-162,439

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	2020 Q 4	2019 Q 4 ¹⁾	2020 Full year	2019 Full year ¹⁾
Research and development expenses	-58,635	-36,347	-203,301	-137,665
Total operating expenses	-68,199	-50,038	-245,909	-174,657
R&D expenses as a percentage of operating expenses	86%	73%	83%	79%

Equity ratio

Equity ratio is the proportion of assets funded by equity to show the company's long-term ability to pay, i.e. equity through total assets.

Amounts in SEK thousand	12-31-2020	12-31-2109 ¹⁾
Total equity	257,708	159,352
Total assets	463,763	338,940
Equity ratio	56%	47%

1) This period has been recalculated due to restatement, see Appendix 1 for the effects.

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Financial calendar

Annual report 2020	March 31, 2021
Interim report January–March 2021	May 6, 2021
Annual General Meeting 2021	May 6, 2021
Interim report January–June 2021	August 20, 2021
Interim report January–September 2021	October 29, 2021
Year end report 2021	February 16, 2022



Appendix 1 Adjustment

Retroactive adjustment of revenue recognition of STADA's share of research and development costs

In 2018, Xbrane signed a cooperation agreement with STADA for Xlucane where both parties share costs equally for the development of Xlucane. Prior to the registration-based phase III study Xplore, the original drug Lucentis® was purchased for use in the study and for research and development purposes. The costs for Lucentis® will be charged to the results as it is used in the ongoing Xplore-studie. The recognition of STADA's share of the cost has been done too early, which has resulted in lower research and development expenses, due to the recognition of STADA's share, and advance payments from STADA, which are reported under accrued costs and prepaid income, have also been deducted too early. The correction is an adjustment of when in time the revenues are to be recognized. All advances from STADA are estimated to be recognized as revenues within twelve months.

In connection with the interim report for January-June 2020, a correction has been made for this, which runs from the third quarter of 2018 to the first quarter of 2020. The correction leads to an increase in research and development expenses for the last seven quarters, a reduction in equity and an increase in accrued income and prepaid expenses.

Advance payments from STADA will be recognized as revenue against research and development expenses for the remainder of the Xplore study and thus the advance will not be refunded to STADA.

The reports listed below are shown in following order to demonstrate the quantifiable effects:

- The consolidated income statement and report on comprehensive income for Q1 2020, Q 1–4 2019 and full year 2019.
- The consolidated balance sheet on the balance sheet date for March 31, 2020, December 31, 2019, September 30, 2019, June 30, 2019, and March 31, 2019.
- The parent company's income statement for Q1 2020, Q 1–4 2019 and full year 2019.
- The parent company's balance sheet on the balance sheet date for March 31, 2020, December 31, 2019, September 30, 2019, June 30, 2019, and March 31, 2019.

Group – January–March 2020**Consolidated income statement**

Amounts in SEK thousand	After correction Q1 2020	Correction	Before correction Q1 2020
Research and development expenses	-47,543	-2,947	-44,597
Operating profit/loss	-51,628	-2,947	-48,681
Profit/loss before tax	-51,833	-2,947	-48,887
Total comprehensive income for the period	-51,833	-2,947	-48,887
Earnings per share			
- Basic earnings per share (SEK)	-3.36	-0.19	-3.17
- Diluted earnings per share (SEK)	-3.36	-0.19	-3.17

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	After correction Q1 2020	Correction	Before correction Q1 2020
Total comprehensive income for the period	-51,833	-2,947	-48,887
Other comprehensive income	3,820	-	3,820
Total comprehensive income for the period	-48,013	-2,947	-45,067

Consolidated statement of financial position

Amounts in SEK thousand	After correction 03-31-2020	Correction	Before correction 03-31-2020
TOTAL ASSETS	311,354	-	311,354
Retained earnings	-350,744	-27,917	-322,827
Equity attributable to owners of the Company	111,582	-27,917	139,499
Deferred income/revenue	136,641	27,917	108,724
Current liabilities	184,675	27,917	156,758
Total liabilities	199,773	27,917	171,856
TOTAL EQUITY AND LIABILITIES	311,354	-	311,354

In the Group's cash flow for Q1 2020, profit before tax has decreased by SEK 2,947 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Group – January–December 2019**Consolidated income statement**

Amounts in SEK thousand	After correction 2019	Correction	Before correction 2019
Research and development expenses	-137,665	-21,952	-115,713
Operating profit/loss	-186,572	-21,952	-164,620
Profit/loss before tax	-187,989	-21,952	-166,037
Total comprehensive income for the period	-187,989	-21,952	-166,037
Earnings per share			
- Basic earnings per share (SEK)	-16,80	-1,96	-14,84
- Diluted earnings per share (SEK)	-16,80	-1,96	-14,84

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	After correction 2019	Correction	Before correction 2019
Total comprehensive income for the period	-187,989	-21,952	-166,037
Other comprehensive income	1,171	-	1,171
Total comprehensive income for the period	-186,818	-21,952	-164,866

Consolidated statement of financial position

Amounts in SEK thousand	After correction 12-31-2019	Correction	Before correction 12-31-2019
TOTAL ASSETS	338,940	-	338,940
Retained earnings	-298,912	-24,971	-273,941
Equity attributable to owners of the Company	159,352	-24,971	184,323
Deferred income/revenue	137,431	24,971	112,460
Current liabilities	164,587	24,971	139,616
Total liabilities	179,588	24,971	154,617
TOTAL EQUITY AND LIABILITIES	338,940	-	338,940

In the Group's cash flow for the full year 2019, profit before tax has decreased by SEK 21,952 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Group – October–December 2019**Consolidated income statement**

Amounts in SEK thousand	After correction Q4 2019	Correction	Before correction Q4 2019
Research and development expenses	-36,347	-10,749	-25,598
Operating profit/loss	-66,322	-10,749	-55,573
Profit/loss before tax	-66,675	-10,749	-55,926
Total comprehensive income for the period	-66,675	-10,749	-55,926
Earnings per share			
- Basic earnings per share (SEK)	-5.96	-0.96	-5.00
- Diluted earnings per share (SEK)	-5.96	-0.96	-5.00

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	After correction Q4 2019	Correction	Before correction Q4 2019
Total comprehensive income for the period	-66,675	-10,749	-55,926
Other comprehensive income	-2,790		-2,790
Total comprehensive income for the period	-69,465	-10,749	-58,716

In the Group's cash flow for Q4 2019, profit before tax has decreased by SEK 10,749 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Group – January–September 2019**Consolidated income statement**

Amounts in SEK thousand	After correction Q1–3 2019	Correction	Before correction Q1–3 2019
Research and development expenses	-101,318	-11,203	-90,115
Operating profit/loss	-120,249	-11,203	-109,046
Profit/loss before tax	-121,314	-11,203	-110,111
Total comprehensive income for the period	-121,314	-11,203	-110,111
Earnings per share			
- Basic earnings per share (SEK)	-12.42	-1.15	-11.27
- Diluted earnings per share (SEK)	-12.42	-1.15	-11.27

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	After correction Q1–3 2019	Correction	Before correction Q1–3 2019
Total comprehensive income for the period	-121,314	-11,203	-110,111
Other comprehensive income	3,815	-	3,815
Total comprehensive income for the period	-117,499	-11,203	-106,296

Consolidated statement of financial position

Amounts in SEK thousand	After correction 09-30-2019	Correction	Before correction 09-30-2019
TOTAL ASSETS	406,410	-	406,410
Retained earnings	-232,235	-14,221	-218,014
Equity attributable to owners of the Company	227,499	-14,221	241,720
Deferred income/revenue	139,617	14,221	125,396
Current liabilities	162,804	14,221	148,583
Total liabilities	178,911	14,221	164,690
TOTAL EQUITY AND LIABILITIES	406,410	-	406,410

In the Group's cash flow for Q1–3 2019, profit before tax has decreased by SEK 11,203 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Group – July–September 2019**Consolidated income statement**

Amounts in SEK thousand	After correction Q3 2019	Correction	Before correction Q3 2019
Research and development expenses	-31,354	-5,604	-25,750
Operating profit/loss	-37,731	-5,604	-32,127
Profit/loss before tax	-38,002	-5,604	-32,398
Total comprehensive income for the period	-38,002	-5,604	-32,398
Earnings per share			
- Basic earnings per share (SEK)	-2.63	-0.39	-2.24
- Diluted earnings per share (SEK)	-2.63	-0.39	-2.24

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	After correction Q3 2019	Correction	Before correction Q3 2019
Total comprehensive income for the period	-38,002	-5,604	-32,398
Other comprehensive income	1,382	-	1,382
Total comprehensive income for the period	-36,620	-5,604	-31,016

In the Group's cash flow for Q3 2019, profit before tax has decreased by SEK 5,604 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Group – January–June 2019**Consolidated income statement**

Amounts in SEK thousand	After correction Q1–2 2019	Correction	Before correction Q1–2 2019
Research and development expenses	-69,964	-5,599	-64,365
Operating profit/loss	-82,518	-5,599	-76,919
Profit/loss before tax	-83,311	-5,599	-77,712
Total comprehensive income for the period	-83,311	-5,599	-77,712
Earnings per share			
- Basic earnings per share (SEK)	-9.90	-0.67	-9.24
- Diluted earnings per share (SEK)	-9.90	-0.67	-9.24

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	After correction Q1–2 2019	Correction	Before correction Q1–2 2019
Total comprehensive income for the period	-83,311	-5,599	-77,712
Other comprehensive income	2,433	-	2,433
Total comprehensive income for the period	-80,878	-5,599	-75,279

Consolidated statement of financial position

Amounts in SEK thousand	After correction 06-30-2019	Correction	Before correction 06-30-2019
TOTAL ASSETS	455,189	-	455,189
Retained earnings	-194,232	-8,617	-185,615
Equity attributable to owners of the Company	279,075	-8,617	287,692
Deferred income/revenue	123,788	8,617	115,171
Current liabilities	163,794	8,617	155,177
Total liabilities	176,114	8,617	167,497
TOTAL EQUITY AND LIABILITIES	455,189	-	455,189

In the Group's cash flow for Q1–2 2019, profit before tax has decreased by SEK 5,599 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Group – April–June 2019**Consolidated income statement**

Amounts in SEK thousand	After correction Q2 2019	Correction	Before correction Q2 2019
Research and development expenses	-40,804	-2,962	-37,842
Operating profit/loss	-46,949	-2,962	-43,987
Profit/loss before tax	-47,361	-2,962	-44,399
Total comprehensive income for the period	-47,361	-2,962	-44,399
Earnings per share			
- Basic earnings per share (SEK)	-5.63	-0.35	-5.28
- Diluted earnings per share (SEK)	-5.63	-0.35	-5.28

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	After correction Q2 2019	Correction	Before correction Q2 2019
Total comprehensive income for the period	-47,361	-2,962	-44,399
Other comprehensive income	1,144	-	1,144
Total comprehensive income for the period	-46,217	-2,962	-43,255

In the Group's cash flow for Q2 2019, profit before tax has decreased by SEK 1,502 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Group – January–March 2019**Consolidated income statement**

Amounts in SEK thousand	After correction Q1 2019	Correction	Before correction Q1 2019
Research and development expenses	-29,160	-2,637	-26,523
Operating profit/loss	-35,569	-2,637	-32,932
Profit/loss before tax	-35,950	-2,637	-33,313
Total comprehensive income for the period	-35,950	-2,637	-33,313
Earnings per share			
- Basic earnings per share (SEK)	-5.68	-0.42	-5.26
- Diluted earnings per share (SEK)	-5.68	-0.42	-5.26

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	After correction Q1 2019	Correction	Before correction Q1 2019
Total comprehensive income for the period	-35,950	-2,637	-33,313
Other comprehensive income	1,289	-	1,289
Total comprehensive income for the period	-34,661	-2,637	-32,024

Consolidated statement of financial position

Amounts in SEK thousand	After correction 03-31-2019	Correction	Before correction 03-31-2019
TOTAL ASSETS	294,165	-	294,165
Retained earnings	-146,871	-5,655	-141,216
Equity attributable to owners of the Company	95,463	-5,655	101,118
Deferred income/revenue	103,219	5,655	97,564
Current liabilities	142,597	5,655	136,942
Total liabilities	198,702	5,655	193,047
TOTAL EQUITY AND LIABILITIES	294,165	-	294,165

In the Group's cash flow for Q1 2019, profit before tax has decreased by SEK 2,637 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Parent company – January–March 2020**Income statement, parent company**

Amounts in SEK thousand	After correction Q1 2020	Correction	Before correction Q1 2020
Research and development expenses	-45,804	-2,947	-42,857
Operating profit/loss	-48,588	-2,947	-45,641
Profit/loss before tax	-48,647	-2,947	-45,700
Total comprehensive income for the period	-48,647	-2,947	-45,700

The Parent Company has no transactions in other comprehensive income, which is why the profit for the year corresponds to the profit for the year above.

Balance sheet, Parent company

Amounts in SEK thousand	After correction 03-31-2020	Correction	Before correction 03-31-2020
TOTAL ASSETS	332,570	-	332,570
Retained earnings	-252,474	-24,971	-227,503
Profit/loss for the period	-48,647	-2,947	-45,700
Total equity	151,353	-27,917	179,270
Deferred income/revenue	132,449	27,917	104,532
Current liabilities	176,784	27,917	148,867
TOTAL LIABILITIES	181,217	27,917	153,300
TOTAL EQUITY AND LIABILITIES	332,570	-	332,570

In the parent company's cash flow for Q1 2020, profit before tax has decreased by SEK 2,947 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Parent company – January–December 2019**Income statement, parent company**

Amounts in SEK thousand	After correction 2019	Correction	Before correction 2019
Research and development expenses	-126,509	-21,952	-104,557
Operating profit/loss	-153,777	-21,952	-131,825
Profit/loss before tax	-154,767	-21,952	-132,815
Total comprehensive income for the period	-154,767	-21,952	-132,815

The Parent Company has no transactions in other comprehensive income, which is why the profit for the year corresponds to the profit for the year above.

Balance sheet, Parent company

Amounts in SEK thousand	After correction 12-31-2019	Correction	Before correction 12-31-2019
TOTAL ASSETS	359,313	-	359,313
Retained earnings	-97,707	-3,019	-94,688
Profit/loss for the period	-154,767	-21,952	-132,815
Total equity	199,757	-24,971	224,728
Deferred income/revenue	132,298	24,971	107,327
Current liabilities	155,383	24,971	130,412
TOTAL LIABILITIES	159,556	24,971	134,585
TOTAL EQUITY AND LIABILITIES	359,313	-	359,313

In the parent company's cash flow for full year 2019, profit before tax has decreased by SEK 21,952 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Parent company – October–December 2019**Income statement, parent company**

Amounts in SEK thousand	After correction Q4 2019	Correction	Before correction Q4 2019
Research and development expenses	-34,653	-10,749	-23,904
Operating profit/loss	-45,642	-10,749	-34,893
Profit/loss before tax	-45,752	-10,749	-35,003
Total comprehensive income for the period	-45,752	-10,749	-35,003

The Parent Company has no transactions in other comprehensive income, which is why the profit for the year corresponds to the profit for the year above.

In the Parent company's cash flow for Q4 2019, profit before tax has decreased by SEK 10,749 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Parent company – January–September 2019**Income statement, parent company**

Amounts in SEK thousand	After correction Q1–3 2019	Correction	Before correction Q1–3 2019
Research and development expenses	-91,856	-11,203	-80,653
Operating profit/loss	-108,135	-11,203	-96,932
Profit/loss before tax	-109,015	-11,203	-97,812
Total comprehensive income for the period	-109,015	-11,203	-97,812

The Parent Company has no transactions in other comprehensive income, which is why the profit for the year corresponds to the profit for the year above.

Balance sheet, Parent company

Amounts in SEK thousand	After correction 09-30-2019	Correction	Before correction 09-30-2019
TOTAL ASSETS	402,192	-	402,192
Retained earnings	-97,707	-3,019	-94,688
Profit/loss for the period	-109,015	-11,203	-97,812
Total equity	244,336	-14,221	258,557
Deferred income/revenue	135,395	14,221	121,174
Current liabilities	153,565	14,221	139,344
TOTAL LIABILITIES	157,856	14,221	143,635
TOTAL EQUITY AND LIABILITIES	402,192	-	402,192

In the parent company's cash flow for Q1–3 2019, profit before tax has decreased by SEK 11,203 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Parent company – July–December 2019**Income statement, parent company**

Amounts in SEK thousand	After correction Q3 2019	Correction	Before correction Q3 2019
Research and development expenses	-27,903	-5,604	-22,299
Operating profit/loss	-33,668	-5,604	-28,064
Profit/loss before tax	-33,778	-5,604	-28,174
Total comprehensive income for the period	-33,778	-5,604	-28,174

The Parent Company has no transactions in other comprehensive income, which is why the profit for the year corresponds to the profit for the year above.

In the Parent company's cash flow for Q3 2019, profit before tax has decreased by SEK 5,604 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Parent company – January–June 2019**Income statement, parent company**

Amounts in SEK thousand	After correction Q1-2 2019	Correction	Before correction Q1-2 2019
Research and development expenses	-63,953	-5,599	-58,354
Operating profit/loss	-74,467	-5,599	-68,868
Profit/loss before tax	-75,237	-5,599	-69,638
Total comprehensive income for the period	-75,237	-5,599	-69,638

The Parent Company has no transactions in other comprehensive income, which is why the profit for the year corresponds to the profit for the year above.

Balance sheet, Parent company

Amounts in SEK thousand	After correction 06-30-2019	Correction	Before correction 06-30-2019
TOTAL ASSETS	453,394	-	453,394
Retained earnings	-97,707	-3,019	-94,688
Profit/loss for the period	-75,237	-5,599	-69,638
Total equity	293,068	-8,617	301,686
Deferred income/revenue	119,472	8,617	110,854
Current liabilities	156,104	8,617	147,486
TOTAL LIABILITIES	160,328	8,617	151,709
TOTAL EQUITY AND LIABILITIES	453,394	-	453,394

In the Parent company's cash flow for Q1-2 2019, profit before tax has decreased by SEK 5,599 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Parent company – April–June 2019**Income statement, parent company**

Amounts in SEK thousand	After correction Q2 2019	Correction	Before correction Q2 2019
Research and development expenses	-38,234	-2,962	-35,272
Operating profit/loss	-43,367	-2,962	-40,405
Profit/loss before tax	-43,724	-2,962	-40,762
Total comprehensive income for the period	-43,724	-2,962	-40,762

In the Parent company's cash flow for Q2 2019, profit before tax has decreased by SEK 2,962 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.

Parent company – January–March 2019**Income statement, parent company**

Amounts in SEK thousand	After correction Q1 2019	Correction	Before correction Q1 2019
Research and development expenses	-25,719	-2,637	-23,082
Operating profit/loss	-31,107	-2,637	-28,470
Profit/loss before tax	-31,521	-2,637	-28,884
Total comprehensive income for the period	-31,521	-2,637	-28,884

The Parent Company has no transactions in other comprehensive income, which is why the profit for the year corresponds to the profit for the year above.

Balance sheet, Parent company

Amounts in SEK thousand	After correction 03-31-2019	Correction	Before correction 03-31-2019
TOTAL ASSETS	291,620	-	291,620
Retained earnings	-97,707	-3,019	-94,688
Profit/loss for the period	-31,521	-2,637	-28,884
Total equity	106,957	-5,655	112,612
Deferred income/revenue	99,962	5,655	94,307
Current liabilities	135,545	5,655	129,890
TOTAL LIABILITIES	184,663	5,655	179,008
TOTAL EQUITY AND LIABILITIES	291,620	-	291,620

In the Parent company's cash flow for Q1 2019, profit before tax has decreased by SEK 2,637 thousand and changes in operating liabilities have increased by the corresponding amount. The total cash flow has thus not been affected.