

Xbrane announces a rights issue of units of approximately SEK 343 million

22 January 2024

The Board of Directors of Xbrane Biopharma AB (publ) ("Xbrane" or the "Company"), (NASDAQ Stockholm: XBRANE) today announces a rights issue of units of approximately SEK 343 million, consisting of shares and warrants of series TO1 (the "Rights Issue"). Upon full exercise of the warrants of series TO1, Xbrane will receive approximately up to an additional SEK 78 million. The Rights Issue is conditional upon approval by an Extraordinary General Meeting (the "EGM"). The EGM is planned to be held on 22 February 2024 and the notice will be announced through a separate press release today. The purpose of the Rights Issue is primarily to finance the launch activities of Ximluci® in the US, the launch of Ximluci® PFS, the production of clinical material for B1B801, the development and production of clinical material for Xdivane™, general corporate purposes as well as pre-payment in cash of the next six (6) amortizations of the convertible bonds to CVI, Investments Inc. ("CVI"). In total, approximately 83 percent of the Rights Issue is covered by subscription commitments and intentions, as well as guarantee commitments, corresponding to approximately SEK 285 million.

Summary

- The Board of Directors in Xbrane has today resolved on, subject to a subsequent approval from the EGM, the Rights Issue and proposed to the EGM to resolve on necessary amendments of the articles of association in regard to the limitations for the number of shares and amount of share capital. The EGM is planned to be held on 22 February 2024 and the notice will be announced through a separate press release today.
- All existing shareholders will receive one (1) unit right for each share held on the record date expected to be around 26 February 2024. One (1) unit right entitles the holder to subscribe for one (1) unit. One (1) unit consists of fifty (50) new shares, and nine (9) warrants of series TO1.
- The subscription price is SEK 11.5 per unit, corresponding to a subscription price of SEK 0.23 per share. The warrants are issued free of charge. The exercise price of the warrants of series TO1 will be SEK 0.29 per warrant, corresponding to an approximately 26.1 percent premium to the subscription price of the shares in the Rights Issue. The warrants will be available for trading on Nasdaq First North Growth Market.
- The subscription price of SEK 0.23 per share corresponds to a discount of approximately 39.0 percent compared to the theoretical price after separation of unit rights, based on the closing price of Xbrane's share on Nasdaq Stockholm on 19 January 2024, the last trading day before announcement of the Rights Issue.
- Upon full subscription of the Rights Issue, Xbrane will receive approximately SEK 343 million before deductions for costs related to the Rights Issue.
- Upon full exercise of the warrants of series TO1, lapsing 16 December 2024, the Company will receive additional proceeds of up to approximately SEK 78 million.

- The subscription period in the Rights Issue is expected to run from 28 February 2024, up to and including 13 March 2024.
- Existing shareholders including Systematic Group AB, as well as certain members of the Company's management and Board of Directors, including CEO Martin Åmark, CFO Anette Lindqvist and Chairman of the Board Anders Tullgren, have undertaken to, or expressed their intention to subscribe for units representing approximately 16.3 percent of the Rights Issue corresponding to approximately SEK 55.8 million.
- A number of investors including existing shareholder Systematic Group AB and the bridge financing providers, have undertaken to guarantee approximately 66.7 percent of the Rights Issue, corresponding to approximately SEK 229 million, at an underwriting commission of eleven (11) percent of the guaranteed amount in cash or shares.
- In total, approximately 83.0 percent of the Rights Issue is covered by subscription commitments, intentions and guarantee commitments, corresponding to approximately SEK 285 million.
- Existing shareholders, representing approximately 22.7 percent of the total votes in the Company, have undertaken, or expressed their intention to vote in favor of approval of the Rights Issue at the EGM, including the necessary amendment of the articles of association.
- In connection with the announcement of the Rights Issue, the Company has entered into a bridge financing agreement of approximately SEK 50 million at an interest rate of 1.0 percent per month. The Company expects to utilize this bridge financing until settlement of the Rights Issue.

Xbrane's CEO Martin Åmark comments: "With this Rights Issue, we are creating the right conditions to reach our most important upcoming milestones: launching Ximluci® in the US, launching Ximluci® as a pre-filled syringe to accelerate sales in Europe, and lastly manufacturing clinical material for BIB801 and Xdivane.™ It also means that we immediately resolve amortizations on the outstanding convertible loan until January 2025, after which we expect to be able to amortize in cash based on positive operational cash flow."

Background and motive

Xbrane is a Swedish, commercial stage biosimilar developer with a proprietary manufacturing platform ensuring high yield and low products costs, validated through development and commercialisation partnerships with STADA and Biogen.

The Company's lead product, Ximluci®, is a biosimilar to VEGf+Fa inhibitor Luncentis® targeting a USD 13bn global market. Ximluci® received European approval in November 2022, a marketing authorisation by MHRA in January 2023 and is currently being launched with biosimilar specialist STADA in Europe. On 24 April 2023, Xbrane announced submission of the BLA for Ximluci® to the FDA, with approval in the US envisaged for April 2024. As of July 2023, Xbrane and STADA are engaging in partnering discussions for commercialization in US which are expected to conclude in H1 2024, in time for US launch. In November 2023, Xbrane announced that it had introduced a cost-saving scheme that involved focusing the Company's development portfolio and reducing headcount, in order to achieve a positive cashflow as soon as possible, and no later than Q1 2025. The Company also develops the only known biosimilar candidate under development referencing TNF inhibitor Cimzia® together with Biogen and has a portfolio of two unpartnered oncology biosimilars that allow for near-term partnering.

Use of proceeds

The net proceeds from the Rights Issue, provided that the Rights Issue is subscribed to the amount intended to be covered by subscription commitments and intentions, as well as guaranteed commitments, will primarily finance:

- i. Launch of Ximluci® in US and launch of Ximluci® PFS (approx. 40 percent);
- ii. Production of clinical material for BII801 triggering milestone payments from commercialization partner Biogen (approx. 10 percent);
- iii. Development and production of clinical material for Xdivane™ (approx. 15 percent);
- iv. General corporate purposes (approx. 7 percent); and
- v. Pre-payment of the next six (6) amortizations to CVI, Inc. in cash of the convertible bonds (approx. 28 percent).

Provided successful execution of the business plan, including timely FDA approval for Ximluci® and a secured partnership for Xdivane™, the net proceeds from the Rights Issue are expected to fulfill the Company's working capital requirement until Q1 2025, at which time the Company expects to have achieved positive operating cash-flow on a monthly basis. Should the Rights Issue be subscribed for an amount higher than the amount covered by subscription commitments and intentions, as well as guarantee commitments, the additional proceeds will be used to finance activities (i), (ii) and (iii) proportionally.

Upon full exercise of the warrant series, the Company is expected to raise up to approximately SEK 78 million which the Company intends to use towards initiation of the development of a new biosimilar candidate.

Amendment to the convertible bonds agreement

In connection with the announcement of the Rights Issue, the Company has entered into an agreement with CVI to amend certain terms of the Company's outstanding convertible bonds with CVI, materially:

- CVI to waive its right to have the conversion price of the bonds into shares to be modified to 125 per cent. of the placing price of an equity raise by the Company until January 2025
- CVI to waive all its rights to accelerate scheduled amortization payments in respect of the convertible bonds until January 2025
- CVI to defer upcoming amortization on 26 January 2024 and on 26 March 2024 until completion of the Rights Issue
- Company to pay CVI for next six (6) amortization in cash from the proceeds of the envisaged Rights Issue
- Price at which convertible bonds may be converted to shares to remain at SEK 91.375 per share on the outstanding portion of the convertible bonds
- Convertible bonds to return to operating as originally signed from January 2025 and, provided that the Company successfully executes on existing business plan, amortizations should thereafter be done in cash

These amendments will cease to take effect and the convertible bonds will return to operating as originally signed if the Rights Issue does not close prior to 30 April 2024.

Terms of the Rights Issue and bridge financing

Shareholders who are registered in the share register in Xbrane on the record date, expected to be around 26 February 2024, will receive one (1) unit right for each share held in the Company. The unit right entitles the holder to subscribe for new units with preferential rights. One (1) unit right entitles the holder to subscribe for one (1) unit. One (1) unit consists of fifty (50) newly issued shares, and nine (9) warrant of series TO1. The subscription price is SEK 11.5 per unit, corresponding to SEK 0.23 per share (the warrants are issued free of charge), which means that Xbrane will receive gross proceeds of approximately SEK 343 million before deduction of transaction costs, provided that the Rights Issue is fully subscribed. Upon full exercise of the warrants of series TO1, lapsing 16 December 2024, the Company will receive additional proceeds of up to approximately SEK 78 million. In addition, investors are offered the opportunity to subscribe for units without the support of unit rights.

Each warrant of series TO1 entitles the holder to subscribe for one (1) new share in the Company during the period starting 2 December 2024 up to and including 16 December 2024. The exercise price of the warrants of series TO1 will be SEK 0.29. The warrants will be available for trading on Nasdaq First North Growth Market.

Provided that the Rights Issue is fully subscribed, the number of shares in Xbrane will increase by a maximum of 1,490,518,200 shares, from 29,810,364 shares to a maximum of 1,520,328,564 shares. The share capital will increase by a maximum of approximately SEK 334,153,404.64, from approximately SEK 6,683,068.09 to a maximum of approximately SEK 340,836,472.73.

Shareholders who choose not to participate in the Rights Issue will have their ownership diluted by up to 98.0 percent through the Rights Issue (based on the total maximum outstanding shares after the Rights Issue). These shareholders have the opportunity to compensate themselves financially for the dilution effect by selling their unit rights received.

Upon full exercise of the warrants of series TO1 covered by the Rights Issue, the number of shares will increase by 268,293,276 and the share capital will increase by approximately SEK 60,147,612.84 which, provided that the Rights Issue is fully subscribed, will correspond to a dilution effect of approximately 15.0 percent of the total number of shares and votes in the Company.

The complete terms and conditions of the Rights Issue and information about the Company will be presented in a prospectus that is expected to be published on the Company's website around 27 February 2024.

In connection with the announcement of the Rights Issue, the Company has entered into a bridge financing agreement of approximately SEK 50 million at an interest rate of 1.0 percent per month. The Company expects to utilize this bridge financing until settlement of the Rights Issue.

Subscription undertakings and guarantee commitments

Existing shareholders including Systematic Group AB have undertaken or expressed their intention to subscribe for units representing approximately 15.8 percent of the Rights Issue corresponding to approximately SEK 54.1 million. In addition, certain members of the Board of Directors and Senior Management, including CEO Martin Åmark, CFO Anette Lindqvist and Chairman of the Board Anders Tullgren, have undertaken to subscribe for units representing approximately 0.5 percent of the Rights Issue corresponding to approximately SEK 1.7 million. In total, these subscription commitments represent approximately 16.3 percent of the Rights Issue corresponding to approximately SEK 55.8 million.

A number of investors, including existing shareholder Systematic Group AB and the bridge

financing providers, have undertaken to guarantee approximately 66.7 percent of the Rights Issue, corresponding to approximately SEK 229 million, at an underwriting commission of eleven (11) percent of the guaranteed amount in cash or by receiving newly issued shares in the Company where the subscription price for these newly issued shares shall be equivalent to the subscription price per share in the Rights Issue. Information regarding a potential new share issue to investors who have chosen to receive their underwriting commission in shares will be published after the expiry of the subscription period.

In total, approximately 83.0 percent of the Rights Issue is covered by subscription commitments and guarantee commitments, corresponding to approximately SEK 285 million.

The Board of Directors' resolution on the Rights Issue is conditional upon approval at the EGM. Existing shareholders, representing approximately 22.7 percent of the total votes in the Company, have undertaken, or expressed their intention to vote in favor of approval of the Rights Issue and the necessary amendments of the articles of association at the EGM.

Lock-up undertakings

Prior to the announcement of the Rights Issue, shareholding members of the Board of Directors and Senior Management of the Company have entered into lock-up undertakings, which, among other things and with customary exceptions, mean that they have undertaken not to sell shares in the Company. Existing shareholders Systematic Group AB and STADA Arzneimittel AG have also undertaken customary lock-up undertakings. All lock-up undertakings expire on the day that falls 180 days after the announcement date of the outcome in the Rights Issue.

Furthermore, the Company has undertaken towards the Sole Manager and Bookrunner, subject to customary exceptions, not to issue additional shares or other share-related instruments for a period of 180 days after the end of the subscription period.

Preliminary timetable of the Rights Issue

The below timetable for the Rights Issue is preliminary and may be adjusted.

22 February 2024	Last day of trading including the right to receive unit rights
22 February 2024	Extraordinary general meeting for approval of the Rights Issue
23 February 2024	First day of trading without the right to receive unit rights
26 February 2024	Record date for participation in the Rights Issue with preferential rights
27 February 2024	Publication of the prospectus
28 February – 8 March 2024	Trading in unit rights
28 February – 13 March 2024	Subscription period

28 February – 20 March 2024	Trading in BTUs (paid subscription units)
14 March 2024	Expected announcement of the outcome of the Rights Issue
27 March 2024	Expected first day of trading in warrants of series TO1 on Nasdaq First North Growth Market
2 December – 16 December 2024	Exercise period for warrants of series TO1

Advisors

Pareto Securities has been appointed Sole Manager and Bookrunner. Baker & McKenzie Advokatbyrå KB is acting as legal adviser to the Company. Advokatfirman Delphi KB is acting as legal adviser to Pareto Securities in connection with the Rights Issue. Nordic Issuing acts as issuing agent in connection with the Rights Issue.

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This information constitutes inside 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 2024-01-22 [!:] CET.

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 53 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 the first quarter 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 <http://www.xbrane.com>.

Important information

The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such restrictions. The recipient of this press release is responsible for using this press release, and the information contained herein, in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in Xbrane

in any jurisdiction, neither from Xbrane nor from someone else.

This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Company. Any investment decision in connection with the Rights Issue must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Sole Manager and Bookrunner. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. The Sole Manager and Bookrunner is acting for the Company in connection with the Rights Issue and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Rights Issue or any other matter referred to herein.

This announcement does not constitute a recommendation concerning any investor's option with respect to the Rights Issue. Each investor or prospective investor should conduct his, her or its own investigation, analysis and evaluation of the business and data described in this announcement and publicly available information. The price and value of securities can go down as well as up. Past performance is not a guide to future performance.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The securities described herein have also not been, and will not be, registered under the applicable securities laws of Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Singapore, South Africa, South Korea or Switzerland. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Singapore, South Africa, South Korea, Switzerland, the United States or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus regarding the Rights Issue described in this press release will be prepared and published by the Company prior to the commencing of the subscription period.

In all EEA Member States ("**EEA**"), other than Sweden, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation, i.e., only those investors to whom an offer may be made without an approved prospectus in the relevant EEA Member State.

In the United Kingdom, this document and any other materials in relation to the securities

described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) any other person to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Stockholm's rule book for issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Xbrane have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties,

each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Xbrane may decline and investors could lose all or part of their investment; the shares in Xbrane offer no guaranteed income and no capital protection; and an investment in the shares in Xbrane is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Rights Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Sole Manager and Bookrunner will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Xbrane.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Xbrane and determining appropriate distribution channels.

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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 27 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 the first quarter 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 Financial Instruments Trading Act. The information was submitted for publication at 2024-01-22 08:00 CET.

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Attachments

[Xbrane announces a rights issue of units of approximately SEK 343 million](#)