Annual report 2020

BRANE BIOPHARMA

Science for high quality biosimilars

Financial calender

Annual General Meeting	6 May 2021
Interim report January–March	6 May 2021
Interim report January–June	13 August 2021
Interim report January–September	29 October 2021
Year-end report	16 February 2022

For further information

Martin Åmark, CEO
martin.amark@xbrane.com
+46 76-309 37 77

Anette Lindqvist, CFO / IR
anette.lindqvist@xbrane.com
+46 76-325 60 90

www.xbrane.com

About Xbrane Biopharma

Xbrane Biopharma AB develops biological drugs based on a patented platform technology that provides significantly lower production costs compared to competing systems. Xbrane's leading product candidate Xlucane™ is a biosimilar on the original drug Lucentis®, a VEGFa inhibitor used in the treatment of a number of severe eye diseases. A global pivotal phase III study is ongoing for Xlucane™ and launch of the product is expected second half of 2022. Xbrane's head office is in Solna, just outside Stockholm. Xbrane is listed on Nasdaq Stockholm under the ticker XBRANE.

For further information, please visit www.xbrane.com.

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This report is a translation of the original version in Swedish.

The year in brief

346 MSEK

In 2020, the Company raised approximately SEK 346 M in purpose to finance research and development of its biosimilar portfolio.

11

Xbrane applied for 11 patent applications during 2020. Xbrane has previously 2 approved patents.

5,000

The number of shareholders increased by 51 percent during the year and amounted to approximately 5,000 on the balance sheet date.

583

The Xplore study was fully recruted in November 2020 with 583 patients.

Financial summary for the Group

Amounts in SEK thousands	2020	2019*
Revenue	-	-
Research and development expenses (R&D)	-203,301	-137,665*
R&D expenses as a percentage of operating expenses	83%	79%*
EBITDA	-218,691	-162,439*
Operating result	-225,257	-186,572*
Profit or loss for the period	-226,026	-187,989*
Cash and cash equivalents	243,139	164,197
Equity ratio %	56%	47%*
Number of shares at the end of the period before dilution	22,200,415	15,415,199
Number of shares at the end of the period after dilution	22,200,415	15,415,199
Average number of shares before dilution	18,113,313	11,190,591
Average number of shares after dilution	18,113,313	11,190,591
Earnings per share basic (SEK)	-12.48	-16.80*
Earnings per share diluted (SEK)	-12.48	-16.80*

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

Q1

» Xbrane filed three patent applications for new inventions that reduce production costs for biosimilars.

» Xbrane made changes to the management structure to prepare the company for the commercialization of biosimilars; Maria Edebrink, Head of Regulatory Affairs, and Anders Wallström, Head of Manufacturing and Supply Chain joined the management team. At the same time, Paolo Sarmientos, head of long-acting injectable drugs and CEO of the subsidiary Primm Pharma, left the company. The company and the management team was strengthened with the addition of Xiaoli Hu, Head of Business Development, who started work in May 2020.

Q2

» Xbrane and STADA started a partnership with Bausch + Lomb for the commercialization of Xlucane™ in the US and Canada. Bausch + Lomb is one of the leading companies in eye products and ophthalmic drugs in North America. The agreement will initially cover license revenue, milestone payments and part of the gross profit from sales after launch.

» At the 2020 Annual General Meeting, Mats Thorén was elected to the Board as a new member. Maris Hartmanis declined re-election.

» The company carried out a directed share issue that brought in SEK 146 M to the company before transaction costs. Investors in the private placement consisted of a number of institutional investors such as TIN Fonder and Swedbank Robur Ny Teknik as well as existing owners, including Swedbank Robur Medica and STADA Arzneimittel.

» Xbrane signed an agreement with Akademiska Hus regarding new premises, including a new biotechnology laboratory for biosimilars, on Campus Solna. Occupancy will take place in March 2021.

»I am convinced that Bausch + Lomb will be able to establish a strong market position for Xlucane™ in the US and Canada and realize the commercial potential we see in the product.«

Siavash Bashiri, Chef för Biosimilarier

Q3

» The company announced that Susanna Helgesen (CFO) would be leaving the company and Margareta Hagman would take over as Interim CFO.

Q4

» The last patient was recruited to the registration-based phase III study Xplore. This completes the recruitment of all 583 patients for the study. An interim read-out will be taken after 6 months of treatment. Xbrane will, in agreement with both the European Medicines Agency ("EMA") and the US Food and Drug Administration ("FDA"), submit an application for market approval based on the interim read-out.

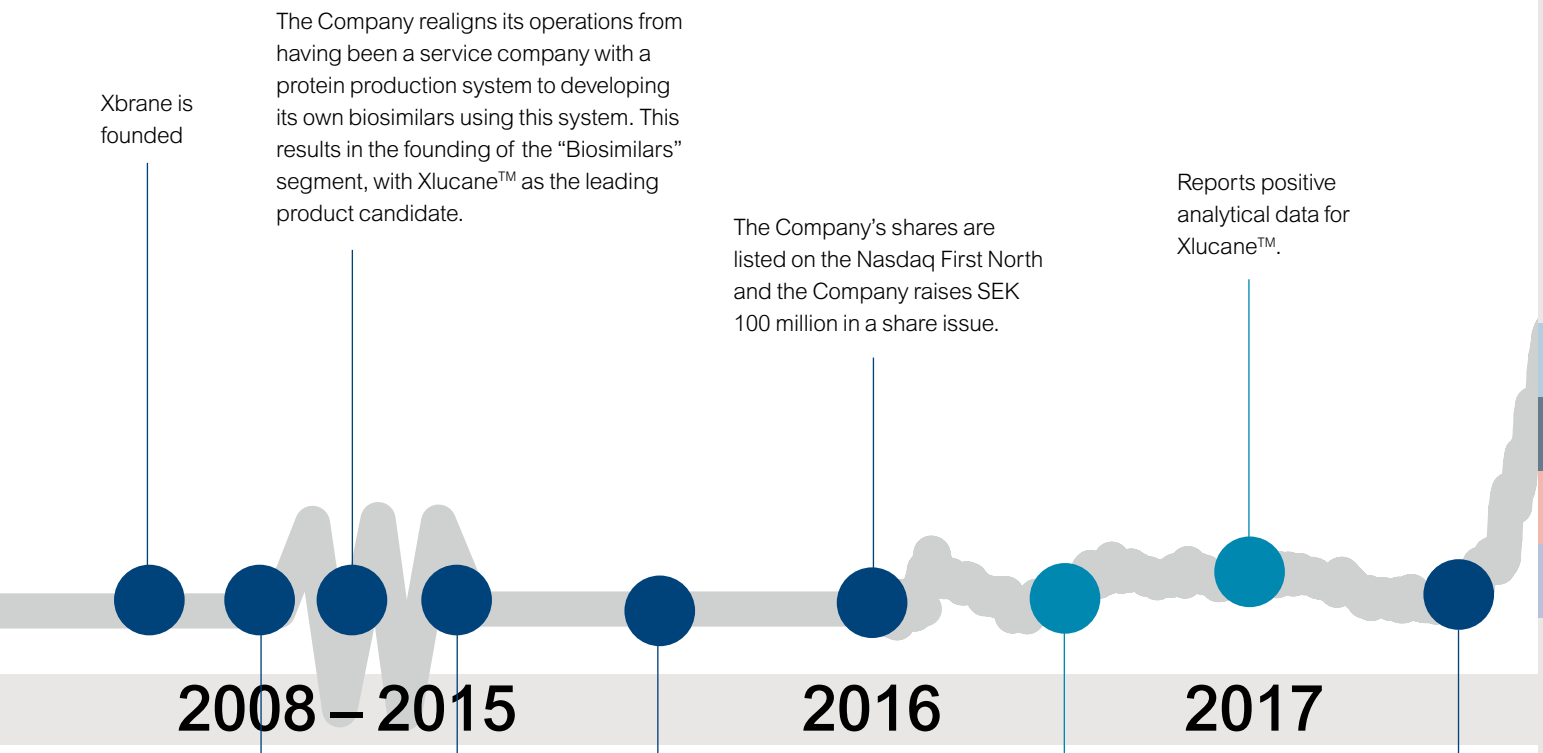
» The company carried out a directed share issue that brought in around SEK 200 M to the company before transaction costs. A number of Swedish and international investors, including Swedbank Robur Fonder, TIN Fonder, Andra AP-fonden and Lancelot Asset Management, subscribed for shares in the share issue.

» During December, Group Management was expanded with Nina Ivers coming in as HR Manager.

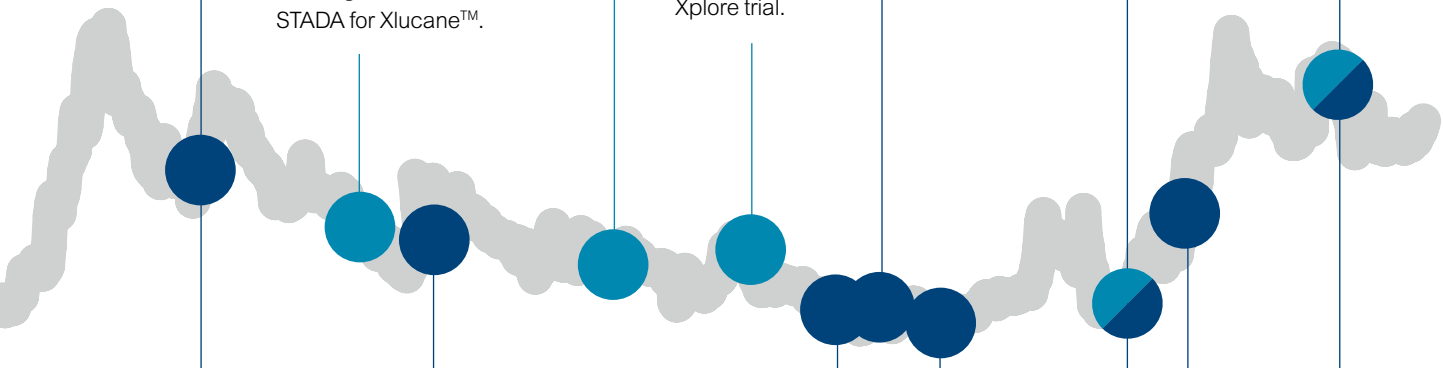
»We are pleased we have been able to complete patient recruitment for Xplore, despite the fact that the work has been affected by Covid-19, and we are grateful to all clinics and patients participating in the study. This event is an important milestone for the company.«

Dina Jurman, Head of Clinical Affairs

Xbrane – our history



Xbrane Xlucane™



2018

Received credit facility of SEK 50 million from Serendipity Group.

Serendipity Group becomes the largest shareholder in Xbrane after Serendipity Ixora's distribution of shares.

Signs co-development agreement with STADA for Xlucane™.

Product portfolio updated to focus more on biosimilars.

2019

FDA approval to initiate the Xplore trial (phase III) for Xlucane™.

First patient recruited to the Xplore trial.

Raising SEK 91 million in a preferential share issue before transaction costs.

Raising SEK 147 million in a directed share issue.

Change of trading venue from Nasdaq First North Growth Market to Nasdaq Stockholm.

2020

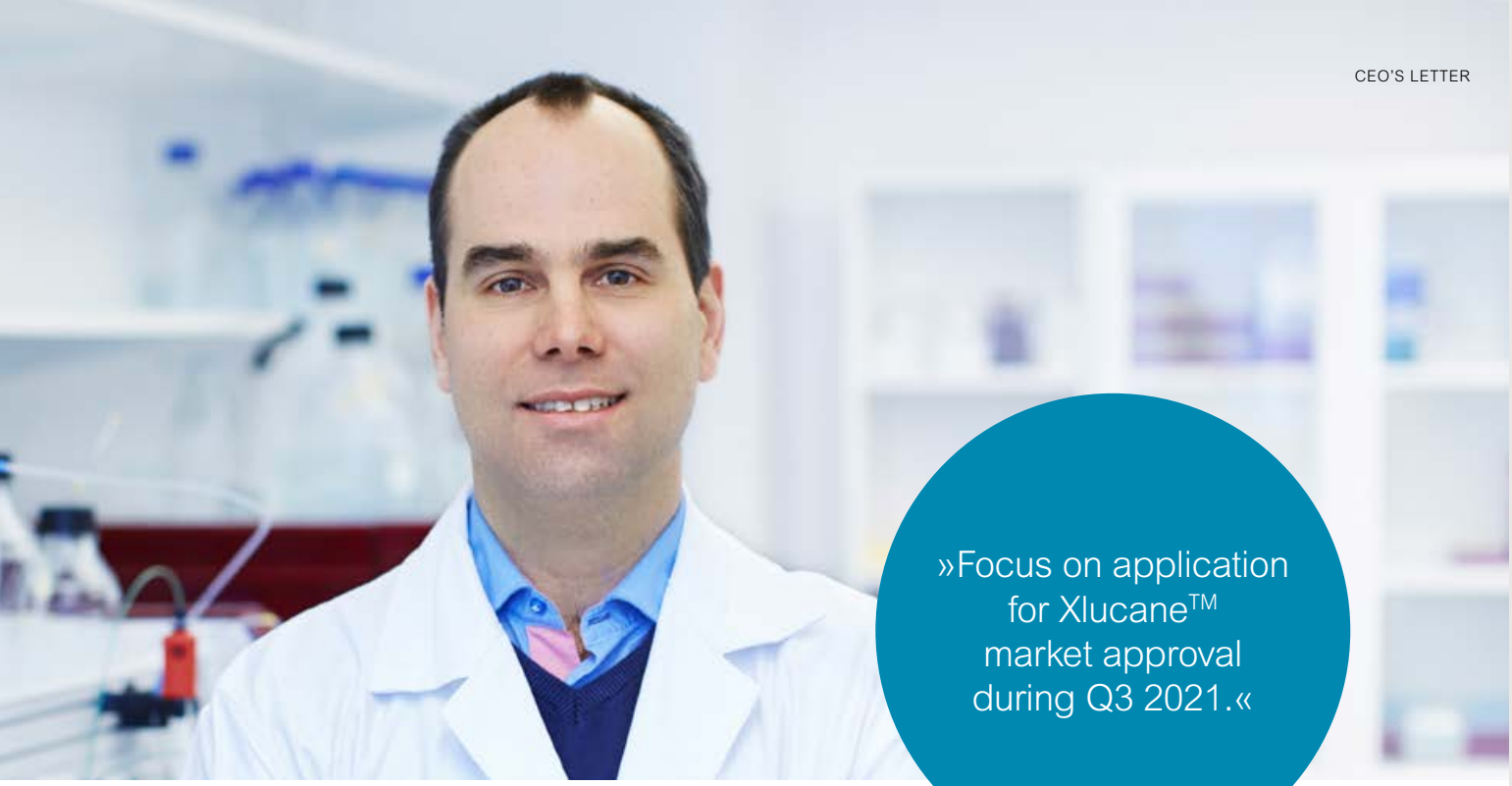
Outlicensing of the commercial rights for Xlucane™ in the US & Canada to Bausch & Lomb.

Established a new biotechnology lab on Campus Solna.

Carried out a directed new share issue bringing in SEK 146 M before transaction costs.

Last patient recruited to the Xplore study.

Carried out a directed share issue bringing in SEK 200 M before transaction costs.



CEO's letter

Dear shareholders
2020 was a 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 pivotal 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 share issues during the year, which provided the company with a total of SEK 346 M before transaction costs.

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 pivotal 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 read-out 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 marketing authorization application based on the interim read-out. 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] in 2020. 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 confident with our goal of generating annual net-income 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 billion[1] 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 moved into new premises on Campus Solna in close proximity to Karolinska Institute. We will 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 protein expression in E.coli to also encompaass 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 microsphere-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

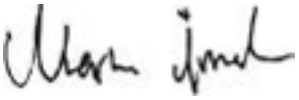
Xbrane has many important milestones to deliver over the coming 12 months, primarily:

- 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 world 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, March 31, 2021



Martin Åmark, CEO

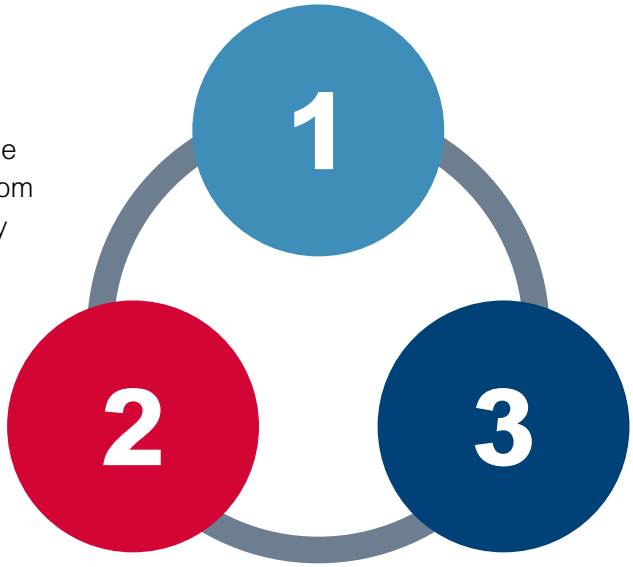
Sources:
1) UCB Year-end report 2020

Business concept and objectives

Xbrane develops and manufactures biosimilars of difficult-to-manufacture and often very expensive originator medicines. Xbrane uses its unique platform technology and in-depth knowledge to manufacture biosimilars where few other developers are successful. The patented platform technology delivers significant cost benefits, enabling Xbrane to offer its biosimilar products at a lower cost than the originator drug. For patients who do not have access to the originator drug for cost reasons, Xbrane's lower pricing can be crucial in terms of whether the patient can be offered a treatment. Our business is based on our belief that if a treatment exists, it should be available to everyone.

Strategy

Xbrane's strategy is to develop and manufacture high-quality, cost-effective biosimilars based on a unique technology platform and leading expertise. Xbrane focuses on difficult-to-manufacture and niche pharmaceutical products with limited competition from other biosimilar developers. Based on its technology platform, Xbrane will have a significant competitive advantage in relation to originator drugs and other biosimilar companies by having the lowest production cost within each market.



Xbrane's strategy is built on three cornerstones

1

Leading expertise and unique technology platforms

It is of the outmost importance for Xbrane's long-term success to develop leading expertise within the areas that are critical for development and production of difficult-to-manufacture biosimilars. Critical areas of expertise that Xbrane is establishing are primarily within fermentation, purification and analysis of proteins, development and GMP-production, as well as clinical and regulatory areas of expertise.

During the development of our products, we continuously strengthen our technological platform and we work actively with the IP portfolio around the platform. We are expanding our libraries of proprietary cell lines, fermentation and purification methods, and critical analytical methods. All this is the basis for the successful development of high-quality and cost-efficient biosimilars.

2

Developing high-quality and cost-effective biosimilars

Xbrane selects products to develop after a thorough analysis of the sales and profitability potential among different products and also of where the advantage of Xbrane's technology platforms can be fully utilized. The focus for the development is to develop products which meet the high level of regulatory requirements for quality at the lowest possible production cost. Xbrane's patented technology is the basis for cost-effective production, but the focus is also on other aspects that affect cost, such as fermentation and purification protocols, selection of contract manufacturer and administration systems.

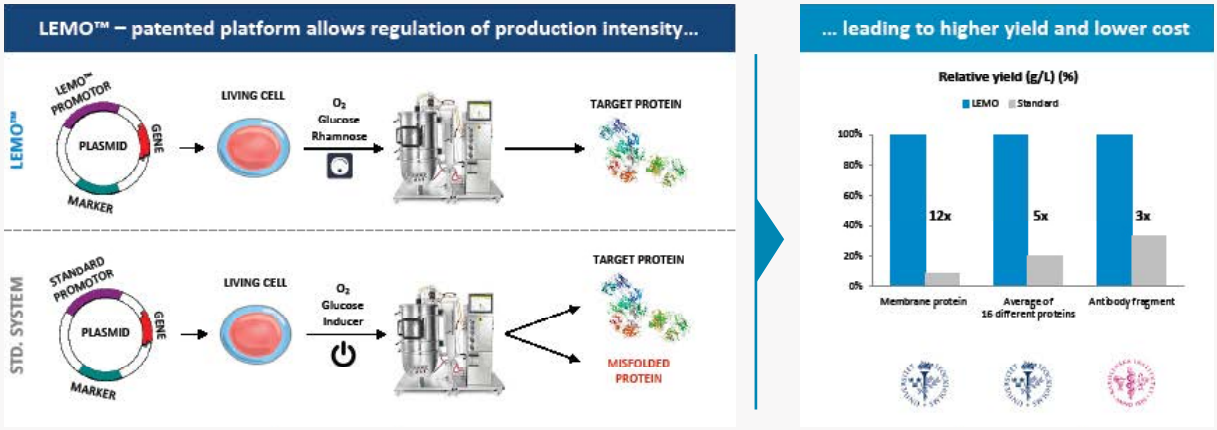
3

Establishing networks of locally strong sales and distribution partners

Xbrane is gradually developing a network of local and regional collaborative partners for sales and marketing of its products. The aim is to use this network to enable the launch of the leading product candidate Xlucane™ as well as additional products over time. It is critical for Xbrane to establish partners that have a strong local presence and that can realize the full sales potential of the respective products in their market.

Technological platform

Xbrane develops its biosimilars based on its patented technological platform LEMO™, which has shown up to 12 times higher yield compared to standard technologies in E. coli[1] in a number of academic studies. The technology is based on a patented "promoter system" called LEMO[2] (LEss is MOre) with which it is possible to regulate the production intensity in host cells by regulating the addition of a special sugar, rhamnose. This differs from standard systems, where the production intensity is pre-set to a very high level. Control of the intensity is advantageous as you can set the optimal level for each target protein and thus avoid the toxic effects that otherwise occur, such as misfolding of the target protein and termination of production in host cells due to excessive workloads. Xbrane's technology therefore leads to higher productivity, which in this context means a greater amount of qualitative target protein per liter of fermentation media.[3] Advances with Xlucane™ have enabled more research and development resources for Xbrane's technological platform, resulting in eleven new patent applications in 2020, in addition to the two patents already approved. A number of these patents relate to the extension of the platform for expression in mammalian host cells, where Xbrane has seen a significant improvement in yield compared to established cell line developers during the development of Xdivane™. The company also sees clear improvements in terms of productivity and quality for the future portfolio.



Allows for regulation of production intensity thereby maximizing the amount of target protein

Up to 80% cost reduction for drug substance

Sources
1) Wagner et.al. – Escherichia coli for membrane protein overexpression, September 2008.
2) Production takes place through the host cells expressing the target protein in a fermentation medium in which additives such as sugar and oxygen are introduced to stimulate production.
3) Wagner et.al. – Escherichia coli for membrane protein overexpression, September 2008.

Portfolio of product candidates

Xlucane™

Xlucane™ is a biosimilar to ranibizumab (original drug Lucentis®), 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 SEK 106 Bn[1,2,3] 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.

Xbrane has completed the development of the production process for Xlucane™ on a commercial scale and has been able to demonstrate high similarity compared to the originator drug Lucentis® based on a panel of over 30 analytical methods in accordance with guidelines from the EMA (European Medicines Agency) and the FDA. Xlucane™ has shown a tolerability and pharmacokinetic profile comparable with Lucentis® in vivo, in a study involving 16 rabbits. In April 2019, Xbrane started the pivotal phase III trial, Xplore, which includes 583 patients with the wet form of age-related macular degeneration. The primary objective of the trial is to evaluate the effect in terms of improved vision with Xlucane™ compared to the original drug 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 an interim read-out performed when last patient has reached month 6 in the treatment schedule.

Xbrane has signed a co-development agreement with STADA on the development and commercialization of Xlucane™ in Europe, the US and a number of markets in the Middle East and the Asia-Pacific region. Under the agreement, Xbrane and STADA will share equally (50/50) the future development costs for Xlucane™ as well as the earnings generated through sales. Xbrane is responsible for the development of the product until it achieves market authorization, while STADA is responsible for sales and marketing. Xbrane and STADA have also signed an agreement with Bausch + Lomb that will commercialize Xlucane™ in North America.

Xcimzane™

Xcimzane™ is a biosimilar to certolizumab pegol (original drug Cimzia®), a TNF inhibitor used in the treatment of rheumatoid arthritis, psoriasis and Crohn's disease in particular. The market for TNF inhibitors had sales of around SEK 240 Bn[4] in 20184 and Cimzia® SEK 19 Bn[5] in 2020. Cimzia® patent protection is expected to expire in 2024 in the US and 2025 in Europe.

Xcimzane™ is now undergoing pre-clinical development with a focus on developing a cost-efficient production process and demonstrating biochemical similarity to the original drug. When this step is completed, 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 various cancers with sales of around SEK 64 Bn in 2020[6]. Opdivo® patent protection is expected to expire during 2026–2031, depending on the country.

Xdivane™ is undergoing pre-clinical development with a focus on developing a cost-efficient production process and demonstrating biochemical similarity to the original drug. When this step is completed, upscaling 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 treatment for acute lymphatic leukemia. In 2018, Oncaspar® sold for about SEK 2 Bn[7]. Xoncane™ is now undergoing pre-clinical development.

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 €14.0 M, 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 Annual report 2020
2) Roche Annual report 2020
3) Regeneron Annual 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 Annual report 2020
6) BMS Annual report 2020
7) EvaluatePharma 2018
8) IQVIA

Product portfolio

Produkt	Original drug	Primary indication	Estimated sales of original drug(SEK Bn)	Patent expiry for original drug	Development phase
Xlucane™	Ranibizumab (Lucentis®)	Wet age-related macular degeneration, diabetic-related macular edema, and retinal vein occlusion.	32[1,2]	2022 (Europe) 2020 (USA)	Phase III
Xcimzane™	Certolizumab pegol (Cimzia®)	Rheumatoid arthritis, axial spondylarthrosis, psoriatic arthritis, psoriasis and Crohn disease.	19[3]	2024 (USA) 2025[7] (Europe)	Pre-clinical phase
Xdivane™	Nivolumab (Opdivo®)	Melanoma, lung cancer, renal cell carcinoma, head and throat cancer, bladder and urinary tract cancer.	64[4]	2026–2031 depending on country	Pre-clinical phase
Xoncane™	Pegaspargase (Oncaspar®)	Acute lymphatic leukemia	2[5]	Expired	Pre-clinical phase
Spherotide	Triptorelin (Decapeptyl®)	Prostate cancer, breast cancer, endometriosis, and myoma	4[6]	Expired	Pre-clinical phase

Sources:
1) Novartis Annual report 2020
2) Roche Annual report 2020
3) UCB Annual report 2020
4) BMS Annual report 2020
5) EvaluatePharma 2018
6) IQVIA 2018
7) Includes six months patent extension due to pediatric indication.

Market for biosimilars

What are Biological drugs?
Biological drugs are highly effective protein drugs produced in living organisms. With the advent of recombinant DNA technology in the late 1970s, biologics emerged as a new source of medicines. Since then biological drugs have revolutionized the treatment of serious disease such as diabetes, multiple sclerosis, cancer, and more recently, also arthritis, skin, and eye diseases. The proteins which constitute active pharmaceutical ingredients (APIs) in biological drugs are much larger in size and more sophisticated in complexity compared with ordinary small molecules which are produced through chemical synthesis. A small molecule, such as Aspirin, has a weight of 180 Daltons compared with ranibizumab, the active pharmaceutical ingredient in Lucentis®, which has a mass of 48,000 Daltons.

What are biosimilars?
Biosimilars are approved pharmaceuticals that are highly similar to a biological reference product in terms of quality, safety and efficacy. They are approved in highly regulated markets such as the EU and the US via stringent regulatory pathways following loss of exclusivity of their originator reference products. The development of biosimilars requires extensive expertise in protein expression, purification, analytics as well as clinical and regulatory aspects.

Why biosimilars?
Biosimilars create competition with the original manufacturers of biological drugs and are usually 20-40% cheaper than the original medicines. They help to reduce the costs for healthcare providers and thus make these drugs available to more patients.

Development and manufacturing of biosimilars
Because of their size, the structural complexity, and the living organism systems they are derived from, the development and production of biosimilars demands a great deal of time, effort and expertise. The reverse engineering of these drugs is made even more difficult because of the natural variations which occur in these biological molecules. The essential principle in the development of any biosimilar drug is similarity with the established reference drug. To achieve this threshold, the producer of the biosimilar must ensure that the drug quality, safety and efficacy are comparable to the biological reference product. A small molecule can be characterized and compared in-vitro with the original molecule and shown to be an exact copy. This is not the case for proteins where different analytical methods must be used to characterize the protein and demonstrate as high a likeness, or biosimilarity as possible, compared with the originator drug. The time it takes to complete the

development of a biosimilar is, on average, six to seven years. Because of the great challenges involved in developing and producing biosimilars, there are only a very limited number of companies in the world with the know-how and capabilities to develop and produce these new-generation drugs, particularly when it comes to meeting the strict regulatory standards in Europe and the US.

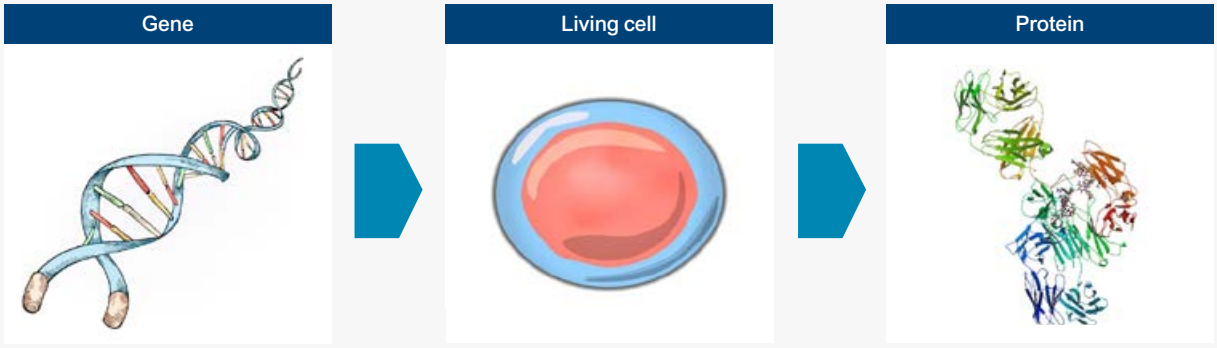
Regulatory approval of Biosimilars

While the EU had already begun to lay out the regulatory approval process for biosimilars already in 2004/2005, the governing framework in the US has only been in place since late 2010. The first biosimilar was approved in the EU in 2006, whereas it took nine more years until the US approved the first biosimilar in 2015. Biosimilar drugs require a far greater investment in terms of time and effort to gain regulatory approval than conventional generic drugs. To obtain regulatory approval, the sponsor of the biosimilar must demonstrate similar quality, safety, and efficacy of the biosimilar to the original biopharmaceutical. This is proven by intensive analytical assessment and clinical studies.

The market for biosimilars

While biological drugs are remarkably effective at treating severe diseases, they are at the same time often very costly, posing a financial burden for the healthcare systems even to the wealthy developed countries. Because biosimilars provide competition to the brand products and are typically 20-40% less expensive than the original drugs, they help to reduce the cost to healthcare providers and thus to make these drugs available to more patients. Until 2026, the biosimilar market is expected to grow to EUR 85 Bn with an annual growth of approx. 25% per year[1)].

»Because biosimilars provide competition to the brand products and are typically 20-40% less expensive than the original drugs, they help to reduce the cost to healthcare providers and thus to make these drugs available to more patients.«



Biological originator drug:	• Gene introduced to cell instructing it to produce target protein	• Separation of the protein as active substance in drug, typically patent protected
Biosimilar:	• Gene instructing cell to produce identical protein as originator product	• Can be demonstrated as highly similar but not identical to originator product, sold at discount post patent expiry

Source:
1) Mordor Intelligence

Market for Xlucane™

Lucentis®, with the active pharmaceutical ingredient ranibizumab, is used to treat wet age-related macular degeneration (wAMD) and other eye diseases such as diabetic retinopathy, diabetic macular edema, myopic choroidal neovascularization and macular edema following retinal vein occlusion. These diseases affect the macula which is the central area of the retina, responsible for central, high-resolution, color vision. The degeneration of the macula results in a gradual loss of the central vision. The most common cause of macular degeneration is old age and thus, it is also known as age-related macular degeneration. It is, next to cataracts, the second most common cause of blurred or complete lack of vision in the center of the visual field among the elderly over 70 and is one of the leading causes of blindness. There are two different forms of age-related macular degeneration, dry and wet. The wet form results from abnormal blood vessel formation under the retina. These abnormal blood vessels may leak fluid or blood, which results in swelling, gradual loss of vision and vision distortion. If it is not treated in time, a scar develops under the macula, increasing the risk of the loss of the central vision.

The wet form of age-related macular degeneration and diabetes-related macular edema affect about 18 million individuals globally[1]. The Company estimates that about 2.5 million patients undergo treatment for these diseases with approved VEGF inhibitors for opthalmic use in Europe and the US, whilst the majority of individuals in the rest of the world go untreated. There is a high unmet medical need for these treatments, not only in developing countries but also in Europe and the US.

Treatments

The leading treatment for wet age-related macular degeneration is with VEGF inhibitors which are injected into the vitreous chamber where it binds to the growth factor, VEGF-a, and inhibits the growth of the abnormal blood vessels, thus preventing the loss of eyesight. The approved VEGF-a inhibitors used for the treatment of these eye diseases are Lucentis® and Eylea®. On average, patients are given 4–6 doses per year of Lucentis® and Eylea® which cost about SEK 7,000 and SEK 16,000 per dose on average in Europe and in the US respectively[3]. VEGF inhibitors for the treatment of eye diseases generated global sales of about SEK 106 Bn[4,5,6] in 2020, of which about SEK 32 Bn[4,5] came from the sales of Lucentis® whilst SEK 73 Bn[6] came from Eylea®. Apart from these, another drug, Avastin®, a VEGF-a inhibitor used for the treatment of certain cancers, is also used in some regions due to its cost advantage.

Xbrane expects that Xlucane™ will generate net income to Xbrane amounting to SEK 1 Bn, after deduction of production costs, sales and marketing cost at partners as well as split of revenue according to co-development agreements.

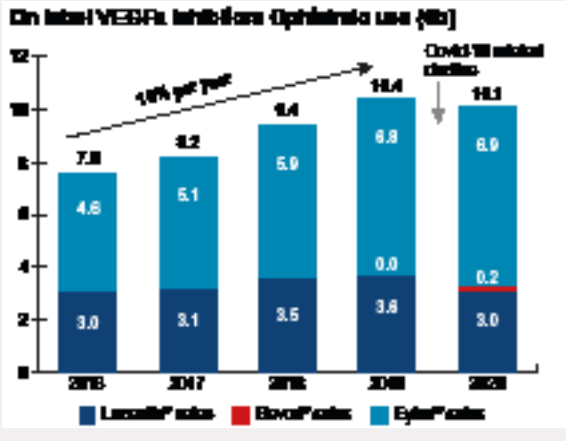
Facts:

Indications: Wet age-related macular degeneration (wet AMD), diabetic retinopathy (DR), diabetic macular edema (DME), myopic choroidal neovascularisation (mCNV), macular edema following retinal vein occlusion (RVO).

Prevalence: 18 million individuals (wet AMD, DME)[1]

Treated patients: 2.5 million patients[7]

Market 2020: SEK 106 billion[4,5,6]



Sources:
1) Epidemiology of age-related macular degeneration (AMD): associations with cardiovascular disease phenotypes and lipid factors Katie L. Pennington and Margaret M.DeAngelis. Antiangiogenic drugs in the management of ocular diseases: Focus on antivascular endothelial growth factor Yukio Sassa and Yasuaki Hata Epidemiology of diabetic retinopathy, diabetic macular edema and related vision loss Ryan Lee, Tien Y. Wong, and Charumathi Sabanayagam.
2) Annual report 2019, Svenska makularegistret.
3) IQVIA Interim report April-June 2019
4) Novartis Annual report 2020
5) Roche Annual report 2020
6) RegeneronAnnual report 2020
7) Xbrane's internal analysis based on production, sales, pricing at the market and number of treatments.

Market for Xcimzane™

Xcimzane™ is a biosimilar candidate for the drug Cimzia®, a TNF inhibitor used to treat rheumatoid arthritis, psoriasis, Crohn's disease and ankylosing spondylitis (AS). The common factor in these is that they are "autoimmune diseases", which means that they are caused by the body's own immune system running amok and attacking healthy tissue in the body. TNF is a signaling protein that the white blood cells send out when they detect an infection to notify and activate other cells that play important roles in the immune system. By binding to and inhibiting the signal protein TNF, TNF inhibitors can slow down the immune system and thus alleviate a number of autoimmune diseases.

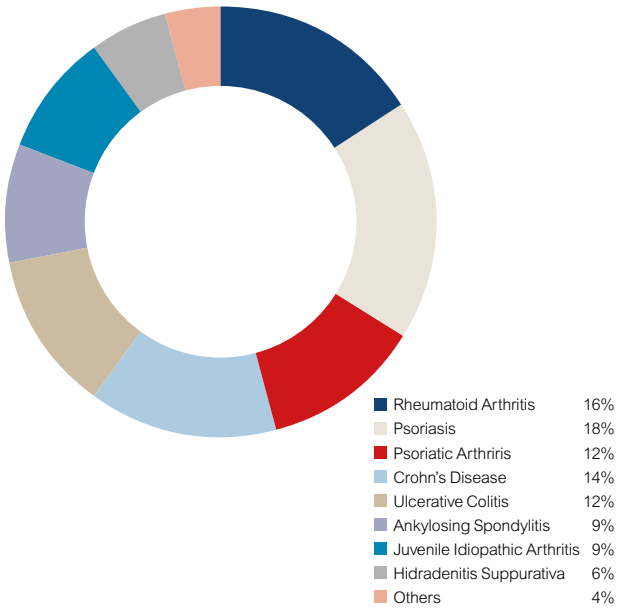
Autoimmune diseases are chronic diseases and there may therefore be a lifelong need for treatment. Treatment typically starts with drugs such as methotrexate which delays the inflammation, but when this is no longer sufficient, TNF inhibitors are used. There are five approved original drugs in the TNF inhibitors class: Cimzia®, Humira®, Enbrel®, Simponi® and Remicade®, of which patents have expired in Europe for Humira®, Enbrel® and Remicade® and 11 biosimilars have been launched as a result. In total, the TNF inhibitors pharmaceutical class have a turnover of around SEK 500 billion annually[1], of which Cimzia® accounts for SEK 19 billion[2]. Over the past 5 years, sales of Cimzia® have increased by around 12% per year despite increased competition from biosimilars on several of the other TNF inhibitors.

The main reason behind this is that Cimzia® is the only TNF inhibitor that is clinically proven to be safe for use by pregnant and breastfeading women as the drug does not enter the fetus. This is an important segment of the market, as about 10% of those developing rheumatoid arthritis and 20% of those developing psoriasis are women under the age of 40[3]. There is also a need for a number of different TNF inhibitors on the market because after about 2–3 years of treatment patients typically develop antibodies to the specific drug, which weakens the effect of treatment, meaning that patients must then be switched to another TNF inhibitor. Cimzia® thus has a clear place in the market and sales are expected to increase to over SEK 20 billion annually until the patent expires.

Biosimilars introduced in Europe on Humira®, Enbrel® and Remicade® have, for all these products over time, driven down the price by 22% and increased the number of treatment days per capita by 90% and thus had a major impact on both savings for the health and healthcare system and accessibility[4]. The biosimilars had a major impact as biosimilars on Humira® had attained a 35% market share in Europe 12 months after launch, while biosimilars of Remicade® and Enbrel® had reached 67% and 50% market share respectively a couple of years after launch. As the treatment cost per patient for Cimzia® is approximately SEK 100,000 per year in Europe and SEK 500,000 in the US, it is important to introduce biosimilars to generate savings and increase availability. The patents for Cimzia® expire in 2024 in the US and 2025 in Europe.

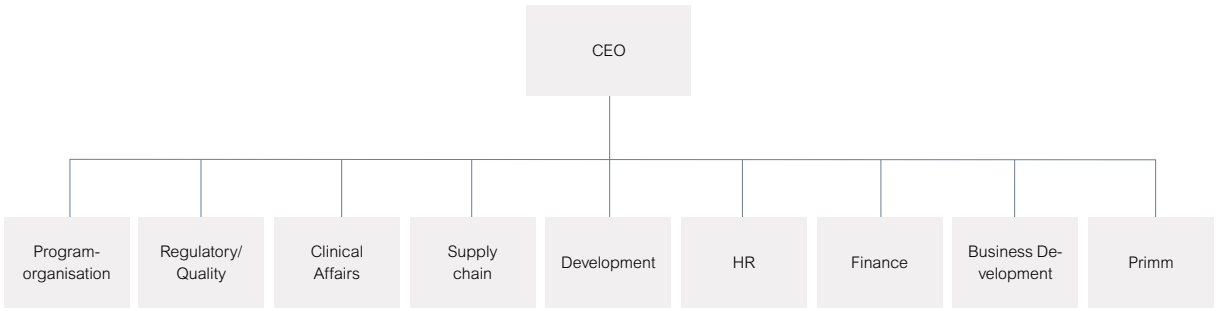
To our knowledge, Xcimzane™ is the only biosimilar candidate being developed globally for Cimzia®. The main reason for this is that it is a difficult-to-manufacture product where the productivity of the production system, i.e. number of grams per liter of fermentation media produced, is critical to achieve a commercially viable production cost and to be able to produce sufficient volumes on an existing production scale worldwide. Xbrane has succeeded in this thanks to its patented technological platform.

Global tumor necrosis factor inhibitor drugs market share, by application, 2018 (%)[1]



Sources:
1) Grand view research
2) UCB Annual report 2020
3) Vital Signs: Prevalence of Doctor-Diagnosed Arthritis and Arthritis-Attributable Activity Limitation — United States, 2013–2015, Incidence and Risk Factors for Psoriasis in the General Population
4) The Impact of Biosimilar Competition in Europé, IQVIA December 2020

Organization and employees



Xbrane is a knowledge-intensive company and its employees constitute its most important asset and the key to the Company's success. As a growth company within biotech, Xbrane is characterized by innovation and entrepreneurship. Xbrane had 42 employees on the balance sheet date. Xbrane has a diverse range of employees, with a number of nationalities and languages, cultures and skills which extend over a large number of areas within research and development and production engineering.

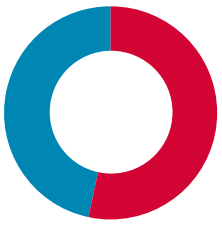
Although Xbrane is a small company in terms of number of employees, the company has built up a structure where the company-critical skills are found among its employees. In a number of areas, such as the implementation of clinical studies and commercial manufacturing, the company uses external consultants and partners with the aim of ensuring access to additional expertise, as well as minimizing costs and maintaining the desired level of flexibility. Such an organizational structure enables resources to be allocated as required and the right expertise to be brought in at the right time. In 2020, just over half of the company's employees were women, which also applied to Group management, where 55 percent were women during the 2020 financial year. Xbrane's working method is results-oriented with annual Group targets that the Group works towards. Individual targets are set in relation to the Group's overall targets and are reviewed annually. Through clear targets for both the company and employees, an environment is created where employees feel job satisfaction, commitment and that personal development is prioritized.

Every employee has a training plan, with the aim of continuing professional development to ensure that the company has the expertise required for each task. All employees undergo a company-wide training program. This program includes a general orientation in the company's operations and processes, rules and regulations, quality system and security-related issues.

Shareholding and share savings scheme

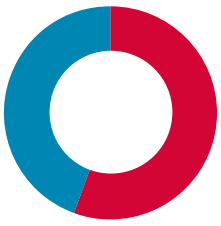
75 procent of the employees participated in the company's share savings scheme, LTIP 2020, which was launched in 2020. More information about the share savings scheme can be found in the administration report and in Note 5. A clear majority of the company's employees have a shareholding in Xbrane and in total the company's employees, management and board owned around 3.5 percent of the company's outstanding shares at the end of the year.

Gender distribution employees



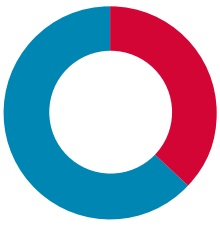
Women – 22
Men – 20

Gender distribution management



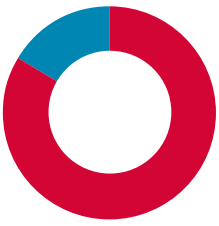
Women – 5
Men – 4

Educational level



Ph.D – 16
Master/ batchelor degree – 26

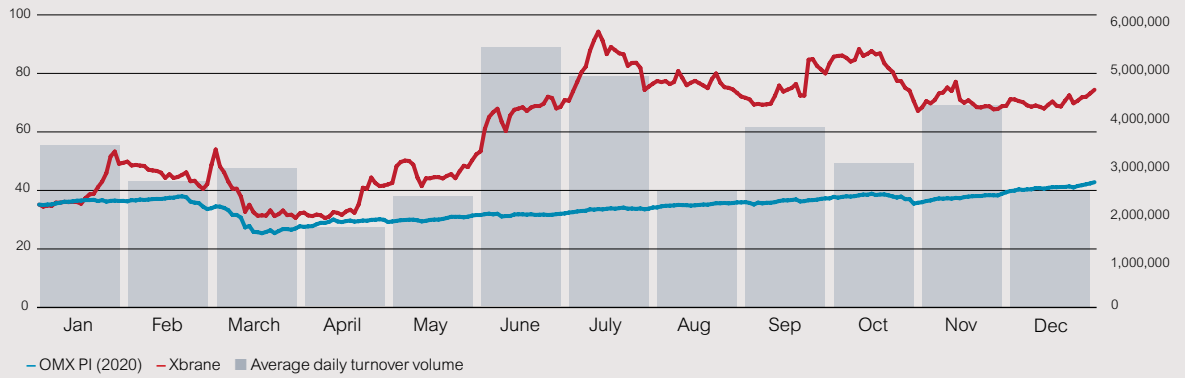
Personnel distribution



R&D – 35
Administration –7

The share and ownership structure

Share price development



Average value of daily turnover for the Xbrane share on Nasdaq Stockholm in 2020 amounted to SEK 3,256 thousand (746). The average turnover volume per day amounted to 55,000 shares.

General information

Xbrane's shares have been listed on Nasdaq Stockholm since September 23, 2019 under the XBRANE ticker. Xbrane's shares were previously listed on Nasdaq First North from February 2016.

The share price rose from SEK 34.90 to SEK 74.80 during 2020. Xbrane's market capitalization at the end of the year was SEK 1,661 M. In 2020, the highest closing price was SEK 94.00 on July 15 and the lowest was SEK 30.90 on April 3. The turnover of shares (excluding the new issues) amounted to 13.8 million shares worth SEK 820.5 M.

According to Xbrane's Articles of Association as of December 31, 2020, the share capital shall amount to a minimum SEK 4,322,465 and a maximum SEK 17,289,860 divided into a minimum 19,280,707 shares and a maximum 77,122,828 shares.

The company's shares have been issued in accordance with Swedish law and are listed in Swedish kronor. The shares are fully paid and freely transferable. The company's shares are registered in a CDS register in accordance with the Central Securities Depository and Financial Instruments Account Act (1998: 1479). The register is maintained by Euroclear Sweden AB. No share certificates have been issued for the company's shares.

Year	Event	Quota value	Change in number of shares	Total number of shares	Change in share capital	Total share capital
2020	New share issue	0.2242	2,919,708	22,200,415	654,558	4,977,023
2020	Share subscription	0.2242	11,709	19,280,707	2,625	4,322,465
2020	New share issue	0.2242	3,853,799	19,268,998	863,968	4,319,840
2019	New share issue	0.2242	2,720,326	15,415,199	609,860	3,455,872
2019	New share issue	0.2242	4,387,747	12,694,873	983,670	2,846,012
2019	New share issue	0.2242	1,977,887	8,307,126	443,415	1,862,342
2018	Conversion of convertible loan	0.2242	330,612	6,329,239	74,119	1,418,927
2018	New share issue	0.2242	41,857	5,998,627	9,384	1,344,808
2017	New share issue	0.2242	16,500	5,956,770	3,699	1,335,425
2017	Conversion of convertible loan	0.2242	528,986	5,940,270	118,591	1,331,725
2017	New share issue	0.2242	655,738	5,411,284	147,007	1,213,134
2016	Conversion of convertible loan	0.2242	132,232	4,755,546	29,644	1,066,127
2016	Share split 10:1	0.2242	2,393,024	4,623,314	536,483	1,036,483
2015	Bonus issue	-	-	2,230,290	399,100	500,000
2015	Share split 10:1	-	-	2,230,290	-	100,900
2015	New share issue	0.4524	1,989	223,029	900	100,900
2014	Share split 10:1	-	-	221,040	-	100,000
2014	New share issue	4.5241	11,052	22,104	50,000	100,000
2013	Reduction of share capital	-	-	11,052	-355,200	50,000
2013	Reduction of share capital	-	-	11,052	-700,000	405,200
2013	Company foundation	100	9,824	11,052	982,400	1,105,200

Share capital

At the end of the year, the total number of outstanding shares in Xbrane was 22,200,415 shares. The company has only one share class. Each ordinary share gives entitlement to one vote. The increase in the number of shares and votes during 2020 is mainly due to 2 new issues totaling 6,785,216 shares. At the end of the year, the share capital was SEK 4,977,023, divided into 22,200,415 shares, with a quota value of around SEK 0.2242 per share.

Shareholders

As of December 31, 2020, Xbrane had around 5,000 shareholders. The number of outstanding shares was 22,200,415. The ten largest owners at the end of the year are shown in the table below[1].

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 Samientos	296,939	1,3%
10 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**	**44,9%**

Source:

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

Dividend

The Board of Directors proposes that no dividend be paid for the financial year 2020.

Equity analysts

Pareto	Dan Akschuti
Vator Securities	Felicia Rittemar
Redeye	Filip Einarsson

About Xbrane's shares

Listing	Nasdaq Stockholm
Number of shares	22,200,415
Market cap on closing date	SEK 1,661 M
Ticker	XBRANE
ISIN code	SE0007789409

Investor relations contact

For more information about Xbrane please go to xbrane.com or contact Anette Lindqvist, CFO/IR +46 (0) 76 325 60 90.

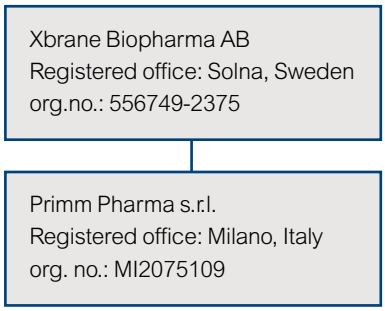
Administration report

The Board of Directors and CEO of Xbrane Biopharma AB (publ), company registration number 556749-2375, hereby submit the annual report for financial year 2020.

About the business

Xbrane Biopharma is a biotechnology company that develops biosimilars. The aim of the company is to make difficult-to-manufacture pharmaceuticals available to the global population based on unique technology platforms enabling cost-effective production. Xbrane has a patented protein production platform with up to 12 times[1] higher productivity compared with standard systems in E.coli production.

Xbrane's leading product candidate within the biosimilar segment is Xlucane™. Xlucane™ is a ranibizumab biosimilar (originator drug Lucentis®) which is used in the treatment of various eye diseases, principally the wet form of age-related macular degeneration. Xbrane also has a pre-clinical product portfolio with a total of four products in development.



Group structure

The Group's structure is described in the figure above, with information about the Group companies' names, registered offices and registration numbers, as well as Xbrane's ownership interest in the subsidiary. Xbrane owned 100% of Primm Pharma s.r.l on the balance sheet date. Xbrane has signed a non-binding agreement with New Fadem regarding the divestment of Primm Pharma. The purchase price amounts to EUR 14.0 M and must be paid upon signing and at various development and sales milestones. The parties intend to complete the transaction in 2021.

Significant events during the financial year

Xlucane™

Agreement with Bausch + Lomb regarding sales of Xlucane™ in the US and Canada

In June, Xbrane, together with its partner STADA, signed an exclusive licensing agreement with Bausch + Lomb regarding the commercialization of Xlucane™ in the US and Canada. STADA and Xbrane will be jointly responsible for completing the development of Xlucane™ for the US and Canada and Bausch + Lomb will be responsible for sales, marketing and all other commercialization after regulatory approval. Bausch + Lomb is a leading company in eye products and ophthalmic drugs in North America. The company has an established sales force with good relations with the approximately 2,500 clinics that currently buy and administer Lucentis®. Xbrane and STADA will share the revenue from the agreement equally.

Xplore study fully recruited

In November, the company was able to announce that all the planned patients in the ongoing registration-based phase III study Xplore had been recruited. The aim of Xplore is to demonstrate equivalent efficacy and safety for Xlucane™ compared to Lucentis®. Xplore includes 583 patients with wet age-related macular degeneration. Xbrane will conduct an interim read-out from Xplore when the last patient has passed month six of the treatment schedule and, in agreement with both the EMA and the FDA, will submit an application for market approval based on this interim read-out. The assessment is that the company will apply for market approval to both the EMA and the FDA during Q3 2021 and thereafter receives market approval and enables a launch of the product through partners.

Establishment of the production chain

During the year, Xbrane continued work on all the steps in the commercial production chain for Xlucane™. During the year, Xbrane also worked to establish supply agreements with its respective contract manufacturers and to scale up production to the relevant level for optimal production costs.

Market potential of Xlucane™

Xlucane™ is a biosimilar to ranibizumab (the original drug Lucentis®), a so-called VEGFa inhibitor used to treat a number of serious eye diseases. The market for VEGFa inhibitors for ophthalmic use in 2020 saw sales of around SEK 106 billion.[2,3,4]This was a marginal decline compared to 2019 driven by the Covid-19 pandemic. However, the company estimates that the long-term growth of around 10%[2,3,4] per year seen until 2020, will continue as the Covid-19 pandemic subsides. The company's assessment is that Xlucane™, after deductions for production and sales-related costs and profit sharing with STADA, will be able to generate around SEK 1 billion annually in revenue for the company three years after launch.

Sources:
1) Wagner et.al. Escherichia coli for membrane protein overexpression.
2) Novartis Annaul report 2020
3) Roche Annaul report 2020
4) Regeneron Annaul report 2020

Pre-clinical biosimilars

Continued development of the pre-clinical portfolio

Important steps were taken during 2020 in the development of the pre-clinical portfolio of biosimilars, in particular the biosimilar candidates Xcimzane™ (original drug Cimzia® and Xdivane™ (original drug Opdivo®).

Spherotide

Xbrane's strategic goal is to become a world-leading company in the development of difficult-to-manufacture biosimilars based on the company's unique, patented technology. The subsidiary Primm Pharma, which focuses on microsphere-based long-acting pharmaceutical products, therefore falls outside the company's strategic focus. To enable the continued positive development of Primm Pharma, 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.

Changes in Group management

To strengthen the management team for the upcoming commercialization of biosimilars, Group management was expanded in early 2020 with Maria Edebrink, Head of Regulatory Affairs and Anders Wallström, Head of Manufacturing and Supply Chain, both of whom have been employed since the beginning of 2019. In addition, Xiaoli Hu was recruited as Head of Business Development. As a result of Xbrane's strategic focus on biosimilars, Paolo Sarmientos, Head of Long-Acting Injectable Drugs, joined Group management.

In July, the company announced that the then CFO Susanna Helgesen was leaving the company. Anette Lindqvist took over as the new CFO at the beginning of 2021 (see below under Significant events after the end of the financial year). During the interim period, Margareta Hagman was interim CFO.

During December, Group management was further expanded with Nina Ivers, who took over as Head of HR.

Changes to the Board

At the 2020 Annual General Meeting, Mats Thorén was elected to the Board as a new member. Maris Hartmanis declined re-election.

New premises

In June 2020, Xbrane signed an agreement with Akademiska hus regarding a new premises on Campus Solna. The move, which was carried out in March 2021, means a new development laboratory for biosimlarers with a greatly increased capacity compared with before. The company will therefore be able to broaden its product portfolio further and initiate the development of more biosmilar candidates.

New issues during 2020

Xbrane carried out two directed new issues in 2020, raising a total of SEK 346.4 M before transaction costs

The first new share issue was completed in May 2020 and raised SEK 146.4 M before transaction costs. The subscription price was SEK 38.0 per share. Transaction costs amounted to SEK 10.3 M and include costs for financial and legal advisers. Investors in the private placement consisted of a number of institutional investors such as TIN Fonder and Swedbank Robur ny Teknik as well as existing owners, including Swedbank Robur Medica and STADA Arzneimittel. Through the private placement, the number of shares increased by 3,853,799 to 19,268,998 shares.

The second new share issue was completed in November 2020 and raised SEK 200.0 M before transaction costs. The subscription price was SEK 68.50 per share. Transaction costs amounted to SEK 10.2 M and include costs for financial and legal advisers. Investors in the private placement consisted of a number of institutional investors such as Swebank Robur Fonder, TIN Fonder, Andra AP-fonden and Lancelot Asset Management. Through the private placement, the number of shares increased by 2,919,708 to 22,200,415 shares.

Covid-19 pandemic

Xplore phase III study

Management followed the development of the Covid-19 pandemic in 2020 and in early April the company announced that Xbrane had taken all the necessary measures to comply with new guidance from local authorities with patients and clinical staff safety as the first priority. The company was therefore able to complete the recruitment to the study in November (for more information, see above), which was later than initially expected but still in time to be able to obtain market approval before the patent period for Lucentis® expires.

Long-term market outlook unaffected

Based on available information at the time of publication of this Annual Report, it is difficult to estimate how long the Covid-19 pandemic will affect the outside world. Xbrane estimates that the long-term market outlook for its product candidates is largely unchanged and Xbrane therefore expects to continue with its programs as planned.

Impact on operational work

Since mid-March 2020, a lot of the company's employees have worked from home. This has required certain tasks and trips to be re-planned and for the most part this has not had any material impact on the day-to-day operations.

Significant events after the end of the financial year

Xbrane renegotiates existing patent license agreement with Vaxiion Therapeutics

In early 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 said intellectual property rights and entitles Vaxiion to a low single-digit million SEK payment upon signing and a low single-digit royalty on sales revenue that Xbrane generates from pharmaceutical products where the intellectual property rights are used for production, until February 2024. After February 2024, Xbrane may continue to use Vaxiion's intellectual property rights for all of 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 in early January 2021.

She has extensive experience from Senior Finance & Business roles in the Life Science sector such as with 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.

Divestment of Primm

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 €14.0 M, to be paid in part upfront and on development and sales related milestones. The parties intend to complete the transaction during 2021.

Erik Domines appointed General Counsel

Erik brings significant experience from various Senior roles, most recently from Business development in Legal Operations. His education includes a bachelor's degree in law from Stockholm University & General Counsel mini-MBA. Erik is also a certified Board member and certified Secretary of the Board.

Financial performance 2020

Net sales and cost of goods sold

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

Other operating income

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

Operating expenses

Sales costs amounted to SEK 0.0 M (0.5). Administrative expenses amounted to SEK 31.2 M (26.4). The increase is mainly explained by higher staff costs due to an expanding organization.

Research and development costs amounted to SEK 203.3 M (137.7 *) of which SEK 197.3 M (125.7 *) relates to biosimilars – primarily Xlucane™ – and SEK 6.0 M (11.8) relates to the long-acting injectable drug Spherotide. The majority of the research and development costs relate 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 amounted to SEK 11.4 M (10.1) primarily comprising exchange rate losses on receivables and payables.

Operating loss

The operating loss was SEK 225.3 M (-186.6*)

Net financial items

Net financial items amounted to SEK -0.8 M (-1.4) and refer to interest expenses for leasing agreements.

Loss before and after tax

The loss before tax amounted to SEK 226.0 M (-188.0*). During the period, no taxable profit arose and therefore no tax cost, which was also the case last year.

The loss after tax amounted to SEK 226.0 M (-188.0 *).

Other comprehensive income

Other total comprehensive income for the year amounted to SEK -2.8 M (1.2) and refers to the translation difference of foreign operations. The total comprehensive income for the year amounted to SEK -228.8 M (-186.8 *).

The Group's cash flow

The cash flow 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 SEK 32.7 M (43.0 *), respectively. Changes in working capital can vary greatly between periods, primarily as a result of re-invoicing to STADA regarding the development work for Xlucane™ and costs for the clinical study Xplore.

The cash flow from investment activities amounted to SEK -3.9 M (-1.2) and consisted of investments in tangible assets.

The 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 was amortization of lease liabilities of SEK -3.1 M (-2.8).

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

The Group's financial position

Intangible assets

Intangible assets amounted to SEK 4.1 M (5.1) and refer to capitalized development costs. There were no capitalized development costs during 2020 and 2019. Goodwill amounted to SEK 58.5 M (60.8). Changes from the previous year are entirely due to exchange rate changes.

Tangible assets

Tangible assets amounted to SEK 8.2 M (7.0) on the balance sheet date. During the year, new acquisitions amounted to SEK 3.9 M (1.2), impairment to SEK 2.5 (3.9) million, write-downs to SEK 0.0 M (5.1) and translation differences to SEK -0.2 M (0.1). The impairment in 2019 related to a production facility for the subsidiary Primm Pharma.

Right-of-use assets

Right-of-use assets relate to leases and leasing of premises and laboratory equipment and amounted to SEK 6.0 M (9.2) on the balance sheet date.

Long-term receivables

Long-term receivables amounted to SEK 12.6 M (9.0) and largely consisted of an advance payment to the Contact Research Organization (CRO), which is conducting the clinical study for Xlucane™.

Other receivables

Other receivables amounted to SEK 7.0 M (5.9) and primarily relate to tax-related receivables.

Accounts receivable

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

Prepaid costs and accrued income

Prepaid costs and accrued income amounted to SEK 73.0 M (77.8), of which SEK 17.8 M (51.5) million 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) relates to the advance payment to the CRO which is carrying out the clinical study, and the remaining SEK 18.8 M (11.8) million relates to other prepaid costs and accrued income.

Cash and cash equivalents

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

In 2020, two new issues were carried out in May and November, respectively, which raised a total of SEK 346 M before transaction costs. The most recent raising of capital in November 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 partnershipsand transactions may bring in the near future, Xbrane is expected to need additional capital during the second half of 2021 to finance the next 12 months of operations. In addition, it is estimated that further financing ofthe business will be needed until 2023 as the company is expected to reach positive cash flow based on sales revenue from Xlucane™. The company continues to evaluate various financing alternatives together with its financial advisers and is conducting dialogs with investors.

Equity

The share capital on the balance sheet date amounted to SEK 5.0 M (3.5). Other contributed capital amounted to SEK 773.7 M (448.1) and during the year was affected by SEK 324.3 million in additions from new issues after transaction costs and reserved share-related remuneration to employees of SEK 1.3 M (2.1). Total equity amounted to SEK 257.7 M (159.4*).

The equity ratio was 56% (47 *).

Leasing liabilities

Long-term interest-bearing leasing liabilities amounted to SEK 4.0 M (6.3). Current interest-bearing leasing liabilities amounted to SEK 2.3 M (3.1), respectively.

Long-term non-interest-bearing liabilities

Long-term non-interest-bearing liabilities amounted to SEK 8.3 M (4.2) and refer to STADA's share of the long-term advance payment to CRO and the long-term part of the accrued income from Bausch + Lomb.

Other provisions

Other provisions amounted to SEK 4.8 M (4.5) and relate to one-time compensation upon termination of employment in the subsidiary Primm Pharma in accordance with Italian legislation. The period for outgoings is estimated at five years.

Accounts payable

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

Accrued expenses and prepaid income

Accrued expenses and prepaid income amounted to SEK 155.9 M (137.4 *) and primarily relate to advance payments from STADA regarding Xlucane™ of SEK 104.7 M (110.1 *).

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

Impact on the results and balance sheet of the collaboration agreement with STADA

Since the collaboration agreement with STADA for Xlucane™ was concluded in July 2018, Xbrane's net costs for research and development of Xlucane™ have been reported in the results, i.e. 50% of the total costs for 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 as the receivable or liability arising between Xbrane and STADA. This applies to both the Group and the parent company. On the balance sheet date, Xbrane had a long-term non-interest-bearing debt to STADA amounting to SEK 4.0 M (4.2) and accrued expenses and prepaid income from STADA amounting to SEK 104.7 M (110.1 *).

Parent company's results

The parent company's net sales amounted to SEK 0 M (0). The loss before and after tax amounted to SEK 256.4 M (154.8 *). The core business in Xbrane, which is the development of biosimilars, is conducted in the parent company. The parent company's financial development is essentially in line with that of the Group. As announced, the Group has begun the sale of the subsidiary Primm, which is expected to be completed shortly. Therefore, shares in subsidiaries were written down on the balance sheet date by SEK 38.4 M. The goodwill value in the Group has not been affected.

As the parent company constitutes such a large part of the Group, a report in text format on the parent company's earnings, financial position and cash flow would not lead to any further information than that described in the report on the Group. Therefore, this is only presented in report format with the income statement and balance sheet and cash flow report on pages 50–53.

Risks, uncertainties and risk management

If any of the risks described below were to materialize, this could have extensive adverse effects on the Group's operations, earnings, financial position and prospects. See also Note 24 Financial risks and risk management.

Xlucane™ does not succeed achieving similarity with the original drug in the Xplore Phase III study

Xbrane has an ongoing Phase III clinical trial for Xlucane™ under the name Xplore. The study aims to confirm similar efficacy and safety compared to the original Lucentis® drug. The risk with clinical trials for biosimilars is that similarity to the original drug cannot be demonstrated and thus market approval cannot be obtained, which would have a negative financial and operational impact on the Company if this occurred. In the preparatory work before Xplore was initiated, Xbrane has been actively working on risk minimization by ensuring as high a similarity as possible compared to the original drug Lucentis® through a large number of in-vitro analysis methods and in-vivo studies. In addition, Xbrane has been in close consultation with the regulatory authorities to ensure that the study includes all aspects required to obtain regulatory approval. Furthermore, Xbrane works actively to ensure the quality of its suppliers and to consult with involved clinics to ensure compliance with the regulatory measures.

• The company assesses the risk as low

Regulatory approval

To be able to sell and market products, approval must be obtained from the responsible authority in each country. Xbrane cannot guarantee that such regulatory approval will be obtained to the extent required to achieve future objectives. Xbrane's objective is to be able to submit applications for Xlucane's™ approval in Europe and the US by 2021. The assessment is that the company should be able to obtain final approval in connection with Lucentis® losing its patent protection in the EU. Xbrane works actively on risk mitigation by having close and continuous consultations with the most important authorities, e.g. FDA (US), EMA (Europe), CFDA (China) and PMDA (Japan). Furthermore, Xbrane works with prominent regulatory consultants to ensure development in accordance with current guidelines.

• The company assesses the risk as medium.

Partners

Dependence on distribution partner commitments

The Group is dependent on, and will continue to be dependent on, collaboration with various partners to sell and market its current product candidates and develop and finance future product candidates. The Group's operations are thus largely dependent on external partners, especially when the projects go from pre-clinical phase to clinical phase. If these partners do not fulfill their obligations under the agreement, do not meet expected deadlines, or if the quality or accuracy of work performed is insufficient, ongoing and planned sales activities as well as product development may be adversely affected. The company has, for example, a global collaboration agreement with STADA for marketing and distributing Xlucane™. The company is dependent on STADA fulfilling its obligations regarding, among others, financing linked to the collaboration agreement and of STADA being successful in the sale and marketing of Xlucane™ in the countries where STADA alone plans to sell and market the produ ct. In addition, Xbrane is dependent on STADA being successful in establishing partnerships with other distributors in other countries. For the US and Canada, the company is dependent on the partner Bausch + Lomb fulfilling its commitments in terms of the sales and marketing of Xlucane™.

• The company assesses the risk as low.

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

Third-party distributor for Xlucane™
Regarding Xlucane™, STADA is the commercialization partner for the largest markets outside China. Together with STADA, Xbrane is looking for a third-party distributor for, among others, the Japan and LATAM. If Xbrane, and in some cases Xbrane and STADA, do not succeed in attracting commercialization partners/third-party distributors in the relevant markets, this could mean that Xlucane™ cannot be sold in these markets as the company does not currently have an established commercialization and distribution function.
• The company assesses the risk as low.

Covid-19 impact on partner negotiations and partners' ability to meet their commitments
There is a risk that ongoing discussions and negotiations with potential partners will be delayed or come to a complete standstill due to the current Covid-19 pandemic and the financial consequences it entails. There is also a risk that existing partners' operational activities and financial position will be negatively affected and that this in turn will affect collaboration with Xbrane.
• The company assesses the risk as low

Divestment of Primm Pharma
In February 2021, Xbrane entered into a non-binding term-sheet with the Italian pharmaceutical company, NewFaDem, regarding the acquisition of Primm Pharma. Even if a non-binding term-sheet has been entered into with NewFaDem, there is no guarantee that the acquisition will take place. Aspects that could affect the outcome is partly the current turmoil in the world in terms of Covid-19 and the economic consequences it entails, the macroeconomic factors, etc.
• The company assesses the risk as medium

Suppliers, contract manufacturers and CROs ability to fulfill their obligations
The Group is dependent on, and will continue to depend on, suppliers, contract manufacturers and CROs to be able to develop and produce their product candidates and to conduct their operations. The risk exposure is greatest with parties who are time and cost-intensive to pay, such as contract manufacturers. Xbrane works actively with risk mitigation against these through close collaboration and active dialogue.

The players that are considered most critical for the company in the current phase are the contract manufacturers for Xlucane™, Northway BiotechPharma and Swissfillon, as well as Syneos the CRO conducting the clinical study for Xlucane™. If these or another supplier fail to fulfill its contractual obligations, do not meet expected deadlines, or if the quality or accuracy of the work performed is insufficient, ongoing and planned sales activities as well as product development may be adversely affected.
• The company assesses the risk as low

Covid-19 pandemic's impact on suppliers, contract manufacturers and CRO's ability to fulfill their obligations
There is a risk that Xbrane's suppliers, contract manufacturers and CROs will be adversely affected by the prevailing situation with the Covid-19 pandemic. This could have a negative impact on Xbrane if it leads to delays in the projects or if it has financial consequences that make it difficult for them to fulfill their commitment to Xbrane.
• The company assesses the risk as low

Product launch
Delay of product launch of Xlucane™ and pre-clinical product candidates
Research and development, both ongoing and in the future, form the basis of Xbrane's operations. The company intends to develop new products within its business area and further develop the current products. Xbrane's future success depends on the company's ability to develop current and new products that meet market requirements. Delays in development programs can lead to delays in the launch of product candidates, which in turn can negatively affect their sales potential as well as the ability to conclude sales and marketing agreements with potential partners. Currently, the development program for Xlucane™ and the pre-clinical biosimilars is running without critical delays resulting in delayed product launches compared to the original drug's patent expiration.
• The company assesses the risk as medium.

Covid-19 pandemic's impact on future product launches
There is a risk that the Covid-19 pandemic will cause delays due to the severe disruptions taking place in society and the economy other than those described in other risks.
• The company assesses the risk as medium.

Sales-related risk
Uncertain demand for the product
It is difficult to predict the market's reception of a new product. Even if market approval is obtained, a partner for sales and marketing is established and a competitive price is set, there is no guarantee of successful sales. Factors that may prevent sales from reaching set targets are that the competitive situation changes, that potential new drugs with a superior effect and/or safety profile are introduced on the market or that there are other changes in the treatment strategy for the diseases that the drugs are used to treat. There is a risk that sales revenues will be less than expected or not at all.
• The company assesses the risk as low.

Financing risk

Financing of the company in the short and medium term

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, to finance the next 12 months of operations. In addition, it is estimated that further financing of the business will be needed until 2023, when the company is expected to be generated sales income from Xlucane™. The company continues to evaluate various financing options together with its financial advisors and is in consultation with investors. Although the company feels comfortable that the capital requirement will be covered, there is a risk that the capital requirement is not available to the company under acceptable conditions or not available at all.

• The company assesses the risk as medium.

Financing risk related to Covid-19

There is a risk that the Covid-19 pandemic will make it more difficult for the Company to cover its capital needs in the near future as it has had a major impact on the economy and capital markets worldwide. See Note 24 for more information on financial risks and risk management.

• The company assesses the risk as low.

Credit risk

Credit risks from partners and customers

The Group is currently exposed to a limited credit risk. Credit risk arises primarily through exposure to customers and partners, i.e. the Group does not receive payments as agreed or makes a loss due to a counterparty's inability to meet its commitment to the Group. As Xbrane no longer sells Spherotide, the credit risk is currently reduced to whether the company's partners, currently STADA, would not be able to pay their share of the development costs.

• The company assesses the risk as low.

Covid-19's impact on credit risks

There is a risk that the Covid-19 pandemic could lead to increased credit risk for the Company if its customers and partners suffer from deteriorating finances. See Note 25 for more information on financial risks and risk management.

• The company assesses the risk as low.

Currency risk

Xbrane is exposed to an exchange rate risk as significant elements of production costs are in currencies other than SEK such as EUR and USD. Personnel costs, which also make up a large part of the costs, are mostly in SEK.

• The company assesses currency risk as medium.

Impact of the Covid-19 pandemic

During 2020, the Board of Directors and Group Management closely followed the development of the outbreak and impact of the Covid-19 pandemic on Xbrane's operations. The risks identified are described above under the relevant headings.

Organization and employees

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

Annual General Meeting

The Annual General Meeting will be held on May 6, 2021. Invitation to the meeting will be announced through a press release as well as in Svenska Dagbladet and on Xbrane's website, www.xbrane.com.

The Group's future development

Important milestones in the next 12 months

Xbrane has many important milestones to deliver over the next 12-month period, mainly to:

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

Xlucane™

The main focus in 2021 will be on completing the ongoing phase III study for Xlucane™. By November 2020, all 583 patients had been recruited. In agreement with both the EMA and the FDA, Xbrane will submit an application for market approval based on the interim reading. The company therefore expects to apply for market approval to both the EMA and the FDA during Q3 2021 and thereafter receive market approval and enable a launch of the product through our partners.

Pre-clinical products

Xbrane is actively working to develop its portfolio of preclinical biosimilars. With regard to Xcimzane™ (Cimzia® biosimilar), the focus is on establishing a pilot production process, developing an analytical biosimilar package and establishing a study design with the EMA and FDA. For Xdivane™ (Opdivo® biosimilar), the focus is on establishing a production process.

IP

Strengthening the technological platform

Xbrane continues to develop its IP portfolio around its technological platform. In 2020, the company filed eleven patent applications covering new innovative aspects of the technological platform that further strengthen Xbrane's competitive advantage in terms of the low production cost of recombinant proteins. Furthermore, Xbrane has established an IP department and expects to submit more patent applications in 2021 with the aim of building a strong IP portfolio around its platform technology.

Guidelines for remuneration of the CEO and other senior executives for 2020

Remuneration and terms of employment for senior executives, which refers to those who are part of the Group management as at December 31, 2020, will be determined in accordance with the company's policy for the remuneration of senior executives. According to this policy, the above will be structured in such a way as to secure the company's access to senior executives with the right expertise. The remuneration and benefits for senior executives are prepared by the Remuneration Committee and decided on by the Board of Directors.

Remuneration shall consist of a fixed salary, any variable remuneration in the form of a short-term incentive scheme, the opportunity to participate in a long-term share savings scheme plus other benefits, including eligible pension provision. Remuneration shall be at the market rate, competitive and commensurate with the respective senior executive's level of responsibility and authority. Any variable remuneration must be linked to well-defined objectives and to the fixed salary and must also be limited to a maximum amount equivalent to two months' salary (gross).

Guidelines for remuneration of the CEO and other senior executives 2021

In accordance with the Board's proposal to the Annual General Meeting (AGM) presented below is a proposal for guidelines for remuneration to the CEO and other senior executives for 2021 and up to the next AGM.

General

The guidelines shall apply to remuneration that has been agreed upon or to changes in already agreed remunerations after the guidelines have been adopted by the AGM. The guidelines do not apply to remunerations that has been resolved by the AGM and any remuneration through shares, warrants, convertibles or other share-related instruments such as synthetic options or employment stock options shall therefore be resolved by the AGM in the Group and all other remuneration to members of the Board except fees to the Board of Directors.

Regarding employment conditions that are governed by rules other than Swedish rules, appropriate adjustments may be made in order to comply with such mandatory rules or established local practice, whereby the general objectives of these guidelines shall, to the extent possible, be met.

Promotion of the Company's business strategy, long-term interest and sustainability through guidelines

Xbrane's strategy is to develop and manufacture high quality and cost-effective biosimilars based on a unique technology platform and leading expertise. Xbrane is focused on difficult-to-manufacture and niche pharmaceutical products with limited competition from other biosimilar developers. Based on its technology platform, Xbrane will have a significant competitive advantage in relation to originator drugs and other biosimilar companies by having the lowest production cost within each market.

For more information regarding the company's business strategy, please see www.xbrane.com/.

The guidelines shall contribute to the opportunity to create conditions for the company to retain and recruit skilled and committed employees in order to successfully implement the company's business strategy and meet the company's long-term interests, including sustainability. The guidelines shall further encourage an increased interest in the business and earnings development as a whole, and to increase the motivation for the senior executives and increase positive cohesion in the company. The guidelines shall also contribute to good ethics and corporate culture.

In order to achieve the company's business strategy, the total annual remuneration must be market-based and competitive in the employment market in which the senior executive operates, taking into account the individual's qualifications and experience and that exceptional performance must be reflected in the total remuneration, which these guidelines enable.

The company's ambition is that remuneration should be market-based in comparison with other biotech and Life Science companies listed on Nasdaq Stockholm, which are in a similar phase in terms of maturity and company size and have similar financial opportunities to Xbrane.

The company implemented long-term share-related incentive schemes in 2018, 2019 and 2020, in which all senior executives and some Board members, respectively, have had the opportunity to participate. These programs have been adopted by each AGM and are therefore excluded from these guidelines. The long-term share-related incentive scheme proposed by the Board of Directors to the 2021 AGM for adoption, or any other future share-related incentive scheme adopted by the AGM, are excluded for the same reason. For information regarding performance criteria, terms and conditions, and costs for these programs, see information on the company's website and in the company's annual report.

Variable cash payments covered by these guidelines are intended to promote the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration etc.

Remuneration may consist of fixed cash salary, possible variable cash compensation, other customary benefits and pension. The total annual cash remuneration, including pension benefits, must be market-based and competitive in the employment market and in the work area in which the employee operates, taking into account the individual's qualifications and experience and that outstanding achievements are to be reflected in the total remuneration. Fixed cash salary and variable cash remuneration shall be related to the executive's responsibility and authority. The fixed cash salary shall be revised annually.

The fulfillment of criteria for payment of variable cash compensation shall be measurable over a period of one year. The variable cash payment may amount to a maximum of 50 percent of the total fixed cash salary during the measurement period for such criteria.

Additional variable cash compensation may be payable in exceptional circumstances, provided that such arrangements are time-limited and made only at the individual level. The purpose of such arrangements must be to recruit or retain executives, or as compensation for extraordinary work in addition to the person's regular duties. Such compensation shall not exceed an amount corresponding to 50 percent of the fixed annual cash salary and shall not be paid more than once per year and per individual. A decision on such remuneration shall be made by the Board of Directors on proposal from the remuneration committee.

Pension benefits, including health insurance, must be defined in contribution schemes with respect to the CEO. Variable cash payments shall not entitle to pension. Pension premiums for defined contribution schemes shall amount to a maximum of 30 precent of the fixed annual cash salary.

For other senior executives, pension benefits, including health insurance, must be defined in contribution schemes unless the employee is covered by defined-benefit pensions under compulsory collective agreement provisions. Variable cash compensation must be pension-based insofar as this is compelled by compulsory collective agreement provisions applicable to the senior executive. Pension premiums for defined contribution schemes shall amount to a maximum of 30 procent of the fixed annual cash salary.

Other benefits may include life insurance, health insurance and car benefit. Such benefits may amount to a maximum of 10 percent of the fixed annual cash salary.

For executives who are stationed in a country other than their home country, additional remuneration and other benefits may be paid to a reasonable extent, taking into account the particular circumstances associated with such expatriation, whereby the overall purpose of these guidelines is to be met as far as possible. Such benefits may amount to a maximum of 30 percent of the fixed annual cash salary.

If a member of the Board of Directors performs work on behalf of the company, in addition to the work of the Board, consultancy fees and other remuneration for such work may be payable after special resolution by the Board of Directors, after preparation of the remuneration committee. Such compensation shall be calculated in accordance with these guidelines.

Termination of employment

Upon termination of employment, the notice period may not exceed six months. Fixed cash salary during the notice period and severance pay may not, in total, exceed an amount corresponding to the fixed cash salary for one year. In the event of resignation by a senior executive, the period of notice may not exceed six months.

In addition, compensation for any commitment to restrict competition may be paid. Such remuneration shall compensate for any loss of income and shall only be paid to the extent that the former executive has no right to severance pay. Remuneration shall amount to a maximum of 60 percent of the monthly income at the time of termination. and expire during the time limit for the restriction of competition, which shall not exceed 24 months after termination of employment.

Criteria for payment of variable cash compensation etc.

The variable cash remuneration shall be based on and be related to the outcome in relation to predetermined and measurable concrete defined objectives based on the company's business strategy and the long-term business plan approved by the Board of Directors. The objectives may include financial objectives, either at the group or unit level, operational objectives as well as objectives for sustainability and social responsibility, employee engagement or customer satisfaction, as well as individualized quantitative or qualitative goals. These objectives must be established and documented annually in order to promote the long-term development of executives. The company has established financial targets and KPI's based on strategic and business-critical initiatives and projects that ensure fulfillment in accordance with the business plan and business strategy for a sustainable continued business and safeguarding the company's long-term interests.

Conditions for variable cash compensation should be designed so that the Board of Directors, if particularly difficult economic conditions occur, has the option of limiting or neglecting to issue variable remuneration if such a resolution is deemed unreasonable and incompatible with the company's responsibility to the shareholders. For annual bonuses, there should be the option of limiting or neglecting to pay variable remuneration, if the board of directors deems it justified for other reasons. The company must be able to recover, in full or in part, variable cash compensation according to law or agreement subject to any restrictions that may follow.

When the measurable period for fulfillment of the criteria for payment of variable cash compensation has ended, the extent to which the criteria have been met shall be determined. The Board of Directors, after preparation from the

remuneration committee, is responsible for the assessment of variable cash remuneration to the CEO and the CEO is responsible for the assessment of variable cash remuneration to other executives. With respect to financial targets the evaluation shall be based on the Company's latest publicly available financial information.

Salary and terms of employment for employees
In preparing the Board of Directors' proposal for these guidelines, salary and terms of employment for the company's employees have been taken into account, with respect to information on the employees' total remuneration, the components of the remuneration and the rate of increase and increase over time, when the remuneration committees and the Board of Directors have decided on the evaluation of the reasonableness of these guidelines and the limitations that follows from these.

Preparation, decision-making etc.
Questions regarding cash salary and variable cash remuneration to the CEO and other senior executives are prepared by the remuneration committee and resolved by the Board of Directors and, where applicable, the CEO. The remuneration committee shall also prepare the Board of Directors' resolution on matters regarding remuneration principles for senior executives, including guidelines for remuneration to senior executives. The remuneration committee shall also monitor and evaluate ongoing and completed programs for variable remuneration for senior executives during the year, and follow and evaluate the application of these guidelines for remuneration to senior executives as well as current remuneration structures and remuneration levels in the Company. At the Board of Directors deliberations and resolutions on remuneration-related matters, the CEO or other members of the executive management are not present, insofar as they are affected by the resolutions.

The Board of Directors shall prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by the annual general meeting. The Board of Directors considers that the guidelines on remuneration to senior executives are proportionate in relation to salary levels, remuneration levels and conditions for other employees in the Group.

Deviations from the guidelines
The Board of Directors shall have the right to deviate from the above guidelines if the Board of Directors considers that, in a particular case, there are special reasons which justify it and an exception is necessary to meet the Company's long-term interests and sustainability, or to ensure the company's financial viability. Such deviation shall also be approved by the remuneration committee. An agreement that deviates from the guidelines may be renewed, but any such agreement should be limited in time and not exceed 24 months or an amount that is twice as high as the compensation that the person concerned would have received without any agreement.

Information on deviations from the remuneration guidelines adopted by the AGM for 2020
No deviations have occurred.

Employment contracts
In the event of notice of termination of CEO Martin Åmark, a mutual notice period of six months applies while the notice period for the rest of Group management is three months. The CEO or other members of Group management are not entitled to severance pay.

Incentive schemes and warrants
For more information on short-term incentive programs, the warrants program for senior executives and the share savings program, see Note 1 (x) Remuneration to employees and Note 5.

Short-term incentive scheme 2020
In 2020, the company had a short-term incentive scheme which included all employees and which provided the opportunity of up to approximately two months' salary in cash payment. The bonus was conditional on certain well-defined group targets being achieved as well as assessment of individual performances. For 2020, 50% of the targets for the parent company were achieved and 0% for the subsidiary. The cost of the cash bonus amounted to SEK 2.3 M excluding social security expenses.

Warrants program for senior executives
In 2018, the Company issued three warrant programs to senior executives and board members. The warrants have been acquired at fair value by participants and did not entail any cost to the company.

Share saving scheme for employees

LTIP 2020
At Xbrane's AGM on May 14, 2020, it was decided to adopt a long-term share-based incentive scheme ("LTIP 2020") for all employees running between 2020–2022. It was decided to issue 246,000 warrants with which the holder can subscribe for new shares at the end of the program. The maximum dilution for the scheme amounts to 1,57 % of the share capital and votes in the company. The cost of the program includes the estimated value of the shares as well as social security expenses for the amounts that the employees are estimated to be allocated, which will be expensed on an ongoing basis during the period 2020–2022. The warrants will be distributed to the employees who have invested in the share savings program without charge. All employees have had the opportunity to participate in the program under the same conditions and the subscription rate amounts to 67%.

LTIP 2019

At Xbrane's AGM on May 16, 2019, it was decided to adopt a long-term share-based incentive scheme ("LTIP 2019") for all employees running between 2019–2021. It was decided to issue 210,000 warrants with which the holder can subscribe for new shares at the end of the program. The maximum dilution for the scheme amounts to 2.47% of the share capital and votes in the company. The cost of the program includes the estimated value of the shares as well as social security expenses for the amounts that the employees are estimated to be allocated, which will be expensed on an ongoing basis during the period 2019–2021. The warrants will be distributed to the employees who have invested in the share savings program without charge. All employees have had the opportunity to participate in the program under the same conditions and the subscription rate amounts to 100%.

LTIP 2018

At Xbrane's AGM on May 24, 2018, it was decided to approve a long-term share savings program ("LTIP 2018") for all employees covering the period 2018–2020. It was decided to give the company mandate to issue 172,800 warrants with which the holder can subscribe for new shares at the end of the program. The maximum dilution for the program is 2.66% of the share capital and votes in the company. Based on the number of shares outstanding on the balance sheet date for this annual report, the maximum dilution of the program is 1.16%. The cost of the program includes the estimated value of the shares and social security expenses for the value of the warrants, which will be expensed on an ongoing basis during the period 2018–2020. The warrants will be distributed to the employees who have invested in the share savings program without charge. All employees have had the opportunity to participate in the program under the same conditions and 57% of the employees have chosen to participate in the program.

Proposed distribution of profits

The Board of Directors proposes that the following profit is available for distribution:

Proposed distribution of company profit or loss in SEK M.	
Share premium reserve	774.4
Profit/loss brought forward	- 252.5
Loss for the year	- 256.4
Total	265.5
Carried forward to new account	265.5

The Board of Directors proposes that no dividend be paid for the financial year 2020. The Board of Directors proposes that the company's accumulated loss be carried forward.

The Group's and the parent company's earnings and position in general are shown in the following income statements and balance sheets as well as cash flow statements and additional information.

Five year summary

Amounts in SEK thousands	2020	2019*	2018	2017	2016
Revenue	-	-	20,485	20,771	-
Operating result	-225,257	-186,572	-11,415	-44,718	-27,567
Profit/loss for the period	-226,026	-187,989	-13,236	-44,935	-27,769
Total assets	463,763	338,940	252,885	110,960	124,694
Equity ratio %	56%	47%	33%	80%	91%
Earnings per share	-12.48	-16.48	-2.13	-8.28	-6.16

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

Corporate Governance Report

Corporate Governance report 2020
Xbrane Biopharma AB (publ) ("Xbrane" or "The Company") is a public Swedish limited liability company with its registered office in Solna. The Company's shares are traded on Nasdaq Stockholm (Small Cap) and are traded under the ticker XBRANE. Corporate governance in Xbrane is based on current laws (mainly the Companies Act and the accounting regulations), the corporate structure, Nasdaq Stockholm's regulations for issuers, internal guidelines and policies and the Swedish Code of Corporate Governance. The purpose of corporate governance is to create a clear distribution of roles and responsibilities between owners, the board and management. This corporate governance report describes Xbrane's corporate governance, which includes Management and management of the Company's operations, as well as internal control over financial reporting.

Application of the Code and deviations
Xbrane applies the Swedish Code of Corporate Governance (the "Code"). Information about the code can be found at www.bolagsstyrning.se. Xbrane Biopharma applies the Code without deviations.

Information on the company's website
The Company has a special section on its website for corporate governance issues under the heading Corporate Governance.

Examples of external regulations that affect corporate governance:
- Swedish Public Limited Companies.
- Accounting legislation, including the Accounting Act and the Annual Accounts Act.
- Nasdaq Stockholm's regulations for issuers.
- Swedish Code of Corporate Governance (the code, www.bolagsstyrning.se).

Examples of internal regulations that are important for corporate governance:
- Articles of Association
- The Board's Rules of Procedure (including instructions for the Board's committees)
- CEO instructions
- Corporate Policy
- Guidelines for remuneration to senior executives
- Code of Conduct
- Finance Policy
- Information Policy
- Information Security Policy
- Insider Policy
- Privacy Policy
- IT Policy
- Employee Handbook
- Financial Hanbook
- Guidelines for transactions with related parties

Articles of Association
According to the Articles of Association, Xbrane is to conduct natural science research and development, conduct sales, own and manage movable and immovable property directly or indirectly through subsidiaries, and conduct compatible operations therewith. Xbrane's Articles of Association can be found in their entirety on Xbrane's website, www.xbrane.se. Changes to Xbrane's Articles of Association are made in accordance with the provisions of the Swedish Companies Act. According to the Articles of Association, the Board of Directors of Xbrane shall consist of a minimum of three and a maximum of ten members. The members of the Board are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. The Articles of Association do not contain any special provisions on the appointment and dismissal of board members, nor any special provisions on amendments to the Articles of Association.

Shares and shareholders
Xbrane's shares are listed on Nasdaq Stockholm. At the end of 2020, the total number of shares was 22,200,415 and the number of shareholders was around 5,000. For information about the Company's major shareholders and ownership structure, see page 20 of this annual report.

Annual General Meeting
The Annual General Meeting, or, where applicable, Extraordinary General Meeting, is the Company's highest decision-making body where all shareholders who are registered in the share register and who have announced their participation in time are entitled to participate and vote. Shareholders may also be represented by representatives at the Annual General Meeting. An ordinary share gives the right to one vote at the Annual General Meeting. There are no restrictions on how many votes each shareholder can cast at a general meeting. Resolutions at the Meeting are made by a simple majority, except in cases where the Companies Act sets requirements for a higher proportion of shares represented at the Meeting and stated votes. At the Annual General Meeting, shareholders exercise their voting rights on key issues, such as the establishment of income statements and balance sheets, disposition of the Company's results, granting discharge from liability for the members of the Board and the CEO, principles for

appointment of the Nomination Committee, election of the Board members and auditors, remuneration and guidelines for remuneration to senior executives. The AGM will be held in Stockholm.

Annual General Meeting 2020
At the Annual General Meeting on May 14, 2020, 4 shareholders were represented with a holding of 3,290,553 shares, corresponding to 21.35 percent of the total number of shares and votes in the company. Attorney Joakim Falkner was elected chairman of the meeting. At the 2020 AGM, decisions were made, among other things, on:

- Determination of income statement and balance sheet.
- Distribution of profits.
- Determination of fees to the Board and auditor.
- Re-election of Giorgio Chirivi, Ivan Cohen-Tanugi, Peter Edman, Eva Nilsagård, Anders Tullgren and Karin Wingstrand as ordinary members.
- New election of Mats Thorén as an ordinary board member.
- Anders Tullgren was re-elected as Chairman of the Board.
- Re-election of KPMG AB as auditor with authorized auditor Duane Swanson as principal auditor.
- Decision on instructions and rules of procedure for the nomination committee.
- Establishing guidelines for remuneration to senior executives.
- Introduction of long-term incentive scheme (LTIP 2020) for employees including senior executives.
- Authorization for the Board to decide on one or more occasions until the next Annual General Meeting on the issue of shares, with or without deviation from shareholders' preferential rights, corresponding to a maximum 20 percent of the company's share capital after completed issuances based on the number of shares at the time of the general meeting.

Extraordinary General Meeting 2020
At the Extraordinary General Meeting September 22, 2020 seven shareholders were represented with a holding of 6,481,873 shares, corresponding to 33.62 percent of the total number of shares and votes in the company. Attorney Ian Gulan was elected as chairman of the meeting. At the Extraordinary General Meeting, decisions were made on, amongst others:

- Amendment to the Articles of Association of the company's limits for share capital.
- Authorization for the Board to decide on one or more occasions until the next Annual General Meeting on the issue of shares, with or without deviation from shareholders' preferential rights, corresponding to a maximum 20 percent of the company's share capital after completed issuances based on the number of shares at the time of the extra general meeting.

Annual General Meeting 2021
The Annual General Meeting 2021 will be held on Thursday, May 6, 2020, at 5:30 pm, at Baker McKenzie's office, Vasagatan 7, Stockholm. For further information about the Annual General Meeting, please refer to Xbrane's website.

Notice of meeting
The Annual General Meeting shall be held within six months from the end of the financial year. In addition to the Annual General Meeting, shareholders can be called to an Extraordinary General Meeting. According to the Articles of Association, notice of the Annual General Meeting is given by advertising in Post- och Inrikes Tidningar and by keeping the notice available on the company's website (www.xbrane.com). That summons issued shall be announced at the same time in Svenska Dagbladet. In order to participate in the Annual General Meeting, shareholders must be entered in the share register kept by Euroclear Sweden AB, no later than five working days before the meeting, and registered with the company no later than the day specified in the notice. This day may not be a Saturday, Sunday, public holiday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not fall earlier than the fifth weekday before the meeting.

Right to attend the Annual General Meeting
Shareholders whose shares are registered with a nominee at a bank or other nominee must, in order to be eligible to attend the AGM and in addition to informing the Company, request that their shares be temporarily registered in their own name in the share register kept by Euroclear Sweden. Shareholders should inform their nominees well in advance of the record date. Shareholders must also report any assistants in the manner stated above.

Initiatives from shareholders
Shareholders who wish to have a matter dealt with at the Annual General Meeting must submit a written request to this effect to the Board of Directors. The request should normally be submitted to the Board no later than seven weeks before the AGM.

Nomination Committee
At the 2020 Annual General Meeting, rules were set for the appointment of the Nomination Committee ahead of the 2021 Annual General Meeting. According to the established rules, the Nomination Committee shall consist of four members and be formed by the Chairman of the Board, based on ownership statistics as of September 30, contacting the three largest voting shareholders, each of whom has the right to appoint a member and together with the Chairman of the Board constitute the Nomination Committee.

Based on the above, the Nomination Committee prior to the 2021 Annual General Meeting has been determined

to consist of the following persons who together represent around 33 percent of the number of shares and votes in the company as of September 30, 2020:

- Saeid Esmaeilzadeh representing the Serendipity Group AB, the company's largest shareholder
- Ulrik Grönvall representing Swedbank Robur Fonder, the company's next largest shareholder
- Bengt Göran Westman, the company's third largest shareholder
- Anders Tullgren, Xbrane's Chairman of the Board.

Saeid Esmaeilzadeh has been appointed chairman of the nomination committee.

Board of Directors

After the AGM, the Board is the company's highest decision-making body. It is the Board of Directors who is responsible for the company's organization and the management of the company's affairs, for example by setting goals and strategies, securing routines and systems for monitoring the set objectives, continuously assessing the company's financial situation and evaluating the operational management. Furthermore, it is the Board's responsibility to ensure that correct information is provided to the company's stakeholders, that the company complies with laws and regulations and that the company develops and implements internal policies and ethical guidelines.

The Board also appoints the CEO of the Company and determines salary and other remuneration to him/her based on the guidelines adopted by the meeting.

The Board has its registered office in Stockholm. According to Xbrane's Articles of Association, the Board must consist of a minimum of three (3) and a maximum of ten (10) members. The Board currently consists of seven members elected by the AGM on May 14, 2020. At the end of the financial year, Xbrane's Board of Directors consisted of Chairman Anders Tullgren and the Board members Giorgio Chirivì, Peter Edman, Eva Nilsagård, Mats Thorén, Ivan Cohen-Tanugian and Karin Wingstrand.

Composition of the Board

According to the Swedish Code of Corporate Governance (the "Code"), the majority of the board members elected at the Annual General Meeting are independent in relation to the company and company management. In determining whether a member is independent or not, an overall assessment must be made of all the circumstances that may cause the member to question the independence of the member in relation to the Company or company management. Furthermore, according to the Code, at least two of the members who are independent in relation to the company and company management must also be independent in relation to major shareholders. Major shareholders are shareholders who directly or indirectly control ten (10) percent or more of all shares and votes in the Company. To determine a member's independence, the extent of the Board member's direct and indirect relationships with the majority owner must be considered in the assessment. A board member who is an employee or a board member of a company that is a majority owner is not considered to be independent.

The work of the Board

The Board follows a written work plan that is reviewed annually and determined at the statutory board meeting. The rules of procedure regulate, among other things, the Board's working methods, duties, decision-making within the Company, the Board's meeting order, the Chairman's duties and the division of work between the Board and the CEO. Instructions regarding financial reporting and instructions to the CEO are also determined in connection with the statutory board meeting.

The work of the Board is also conducted on the basis of an annual presentation plan, which meets the Board's need for information. In addition to board meetings, the Chairman of the Board and the CEO have ongoing dialogue about the management of the Company.

The Board meets according to a predetermined annual plan and shall, in addition to the consistent Board meeting,

			Attendance at meetings				Independent	
Member	**Position on the Board**	**Member since**	**Board**	**Audit committee**	**Transaction committee**	**Remuneration committee**	**Company**	**Owner**
Anders Tullgren	Chairman	2018	27/27		5/5	4/4	Yes	Yes
Giorgio Chirivi	Member	2016	27/27	6/6			Yes	Yes
Peter Edman	Member	2015	27/27		5/5		Yes	Yes
Eva Nilsagård	Member	2019	27/27	6/6			Yes	Yes
Ivan Cohen-Tanugi	Member	2019	27/27		5/5		Yes	Yes
Mats Thorén	Member	2020	19/19	3/3		2/2	Yes	Yes
Karin Wingstrand	Member	2015	27/27			4/4	Yes	Yes
Members who have resigned								
Maris Hartmanis	Member	2015–2020	8/8	3/3		2/2	Yes	Yes

hold at least six (6) regular board meetings between each Annual General Meeting. In addition to these meetings, extra meetings can be arranged to address issues that cannot be referred to any of the regular meetings.

Chairman of the Board
The task of the Chairman of the Board is to lead the work of the Board and to ensure that this work is conducted efficiently and that the Board fulfills its duties. The Chairman shall, through contacts with the CEO, monitor developments in the company and ensure that the members of the Board, through the CEOs care, continuously receive the information needed to be able to follow the company's position, financial planning and development. Furthermore, the Chairman shall consult with the CEO on strategic issues and ensure that the Board's decisions are executed effectively.

The Chairman of the Board is responsible for contacts with the owners regarding ownership issues and for conveying the views of the owners to the Board. The Chairman does not participate in the operational work of the company and is not included in Group management.

Remuneration to the Board
The 2020 Annual General Meeting determined that fees to the Board, for the period up to the end of the next Annual General Meeting, shall be paid in total SEK 2,800,000. The remuneration to the Chairman of the Board shall amount to SEK 400,000 and each of the other members shall receive SEK 300,000. The remuneration for the Chairman of the Remuneration Committee shall amount to SEK 100,000 and SEK 50,000 for other members. The remuneration for the Chairman of the Audit Committee shall amount to SEK 100,000 and SEK 50,000 for other members. Finally, the remuneration for the Chairman of the Transaction Committee shall amount to SEK 100,000 and SEK 50,000 for other members.

Board Committees
The Board of Directors has established three committees, the Audit Committee, the Remuneration Committee and the Transaction Committee. The Board has adopted rules of procedure for all committees.

Audit Committee
The Board has set up an internal Audit Committee. The current Audit Committee consists of Chairman Eva Nilsagård and committee members Giorgio Chirivì, and Mats Thorén.

The Audit Committee works in accordance with instructions adopted by the Board. Its main duties are, without any impact on the Board's responsibilities and duties in general:

- Monitor the company's financial reporting with respect to the financial reporting, monitor the effectiveness of the company's internal control and risk management;
- Keep informed about the audit of the annual accounts and the consolidated accounts;
- Inform the Board of Directors of the results of the audit and of the manner in which the audit contributed to the reliability of the financial reporting and of the function of the committee;
- Review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than auditing services;
- Approve the auditor's advisory services and establish a policy for the auditor's advisory services;
- Assist in the preparation of proposals for the Annual General Meeting's decision on the election of auditors, annually assess the need for an internal audit function; and quality-assured year-end report and interim reports before board decisions.

Remuneration committee
The Board has set up an internal Remuneration Committee. The committee includes chairman Anders Tullgren and committee members Mats Thorén and Karin Wingstrand.

The Remuneration Committee prepares proposals for the Board of Directors, which then either make decisions on the issues or, where appropriate, adopt proposals for resolutions to the Annual General Meeting. The Remuneration Committee works in accordance with instructions adopted by the Board. The main tasks of the Remuneration Committee are:

- Prepare the Board's decisions on matters relating to remuneration principles, remuneration and other terms of employment for company management.
- Follow and evaluate schemes for variable remuneration to company management.
- Follow and evaluate the application of the guidelines for remuneration to senior executives as decided by the AGM, as well as the applicable remuneration structures and remuneration levels in the Company.

Transaction committee
The Board has set up an internal Transaction Committee. The Committee includes chairman Anders Tullgren and committee members Peter Edman and Ivan Cohen-Tanugi.

The Transaction Committee prepares proposals to the Board of Directors, which then either makes decisions on the issues or, where appropriate, adopts proposals for resolutions to the Annual General Meeting. The main tasks of the Transaction Committee are to:

- Evaluate, assess and provide proposals for transactions, for example, out-licensing, mergers, acquisitions of companies, operations, assets and property.
- Evaluate, assess and propose equity-related transactions, which includes new issues.

Evaluation of the work of the Board/evaluation of the Board and the CEO

The work of the Board, as well as the CEO's, is evaluated annually in a systematic and structured process. The Nomination Committee is informed of the results of the evaluation.

Auditor

The company's auditor is appointed by the AGM for the period until the end of the next AGM. The auditor discusses the external audit plan and the management of risks with the Audit Committee. The auditor conducts a review of at least one interim report, audits the annual accounts and consolidated accounts, and reviews the administration of the board and the CEO. The auditor comments on whether the corporate governance report has been prepared and whether the information is consistent with the annual and consolidated accounts. The auditor reports the result of his audit of the annual report and the consolidated accounts and his review of the corporate governance report through the audit report and a special opinion on the corporate governance report, which they present to the annual general meeting. In addition, the auditor submits detailed reports on audits performed and his assessment of the Company's internal controls to the Audit Committee at least twice a year and to the Board as a whole once a year.

KPMG AB has been the company's auditor since 2015 with Duane Swanson (born 1959) as the main auditor since 2015. Duane Swanson is an authorized public accountant and member of FAR, the organization for auditors in Sweden. At the Annual General Meeting on May 14, 2020, KPMG AB was re-elected as the company's auditor with authorized public accountant Duane Swanson as the principal auditor. At the AGM, it was also decided that fees to the auditor should be paid in accordance with customary billing standards and approved the invoices. More information regarding the auditor's fees can be found in Note 6.

CEO and Group Management

The Chief Executive Officer (CEO) in his role is subordinate to the Board and has as his main task to manage Xbrane's day-to-day management and the day-to-day operations of the company. The Board's rules of procedure and instructions for the CEO indicate which issues the company's Board of Directors shall make decisions about and which decisions fall within the CEO's area of responsibility. The CEO is also responsible for the preparation of reports and the necessary decision minutes for board meetings and is the rapporteur for the material at board meetings.

Xbrane has a management team consisting of seven people who, in addition to the CEO/IR, consist of the CFO, COO/Head of Biosimilars, Head of Manufacturing and Supply Chain, CTO, Head of Clinical Affairs, Head of Regulatory Affairs, Head of HR and Head of Business Development. For a more detailed description of Group Management, see page 41.

Internal control report

In accordance with the Companies Act and the Code, the Board is responsible for internal control. The Board's report refers to the internal control of the Group's financial reporting. The purpose of Xbrane's systems and processes for internal control and risk management for financial reporting, is to ensure that shareholders can have good confidence in the financial operations and presented reports, including the information in this annual report and all interim reports. The Board's work on internal control is based on a control environment, risk assessment, control activities, information and communication and follow-up.

Internal control is a process that is influenced by the Board of Directors, the company's management and other employees, and designed to provide reasonable assurance that the company's goals are being met in terms of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations.

Control environment

The Board has overall responsibility for Xbrane's internal control over the financial reporting. In order to create and maintain a functioning control environment, the Board and the company have adopted a number of policies, guidelines and governance documents that regulate the financial reporting. These mainly consist of the Board's rules of procedure, instructions for the CEO, authorization arrangement and a financial manual containing principles, guidelines and process descriptions for accounting and financial reporting. Finally, the Board of Directors has established an Audit Committee whose main task is to monitor the company's financial position, to monitor the efficiency of the company's internal control and risk management, to stay informed about the audit of the annual accounts and the consolidated accounts. The responsibility for the ongoing work on financial control has been delegated to the company's CEO, who in turn has delegated to the company's CFO to have overall responsibility for maintaining sound internal control over the financial reporting.

Risk assessment

Xbrane regularly evaluates financial risks and other risks that may affect operational business and financial reporting. The risk assessment covers the entire Group and is done with the aim of ensuring risk mitigation of potential errors in the financial reporting. Furthermore, new and existing risks are identified, treated and controlled through discussions in the management group, the Board and the Audit Committee.

Control activities
Xbrane has established control activities aimed at preventing, detecting and correcting errors and deviations in financial reporting. The activities include analytical follow-up and comparison of earnings performance, account reconciliations and balance sheet specifications, approval and accounting of business transactions and cooperation agreements, proxy and authorization instructions, and accounting and valuation principles.
Information and communication
As a listed company on Nasdaq Stockholm, operating in one of the world's most regulated industries - health care, Xbrane is subject to strict regulations and monitoring authorities regarding its disclosure and its accuracy. In addition, Xbrane has internal control functions for information and communication that aim to ensure that correct financial and other company information is communicated to employees and other stakeholders. Financial developments, market developments, the status of Xbrane's development projects and other relevant information, are reported to the Board on a monthly basis. The security of all information that can affect the company's market value and that such information is communicated externally in a correct manner and at the right time, is of the utmost importance for Xbrane's commitment as a listed company. For this, Xbrane has strict procedures that ensure compliance with the EU Market Abuse Regulation (MAR). Xbrane's Board of Directors and management have established information and communication paths to ensure completeness and accuracy in financial reporting as well as established governing documents, such as internal policies, guidelines and instructions for information and communication.

Monitoring
Group management conducts monthly earnings and liquidity monitoring with analysis of deviations from the budget and forecast. Xbrane's controller function conducts monthly checks, evaluations and follow-ups of financial reporting. As a large part of the company's product development takes place in project form, continuous monitoring of these is done from an economic point of view. Reconciliation routines for cost accounting for the ongoing clinical trial Xplore are a key part of the control work. The Board of Directors and the Audit Committee review annual accounts and interim reports prior to publication. In particular, the Audit Committee discusses accounting principles, the structure of internal control, risks and other issues related to the reports. The company's external auditor also participates in these discussions.

Internal audit
Xbrane has no separate internal audit function. The Audit Committee and the Board evaluate the need for such a function, and given the size and structure of the company, there is not considered a need. The Board monitors internal control, regarding financial reporting, through regular follow-ups together with the Audit Committee.

Board of Directors

Anders Tullgren
Chairman of the Board since 2018.
Chairman of Remuneration Committee and Transactions Committee.
Born: 1961
Education: M. Sc. in Pharmaceutical Science, Uppsala University.
Professional experience: Over 30 years' experience of the global pharmaceutical industry in leadership roles in the US, Germany, France and the Nordic region. Most recently as President of the Intercontinental Region at Bristol Myers Squibb with responsibility for over 30 countries, 5,000 employees and a turnover of over SEK 20 billion. Founder and CEO of Tullgren Consulting Ltd.

Other current assignments: Board member of Branding Science Ltd, Dizlin Pharmaceuticals AB and Farmalisto.
Previous assignments (past five years): President of the Intercontinental Region, Bristol Myers Squibb. Board member of Trialbee AB, Biotoscana Investments S.A., and Symphogen AS.
Shares: 70,484
Warrants: 49,285
Independent in relation to the company, management and major shareholders.

Eva Nilsagård
Board member since 2019
Chairman of the Audit Committee.
Born: 1964
Education: B.Sc. in Business Administration and Executive MBA, School of Economics at Gothenburg University.
Professional experience: Over 30 years' of experience in senior positions in the automotive/industry and medtech/biotech sectors. Founder and CEO of Nilsagård Consulting where in recent years she has held several interim positions as CEO and CFO. Professional board career with involvement in both private and listed companies where she among other things has contributed with expertise in audit committees and corporate governance. For the past ten years, she has been a mentor to several young female business executives.
Other current assignments: Board member and Chairman of the Audit Committee at Addlife, Bufab, Hansa Biopharma, Nimbus Group and Irras and Board member of SEK (Svensk Exportkredit) as well as chairman of the baord in Spermossens AB.
Previous assignments (past five years): CFO at Plastal Industry, Board member at Imatech Marin & Industri AB as well as Senior Vice President strategy & business development at Volvo Group Sales & Marketing EMEA.
Shares: 4,000
Warrants: –
Independent in relation to the company, management and major shareholders.

Giorgio Chiriví
Board member since 2016. Member of Audit Committee.
Born: 1961
Education: M.Sc. in Economics and business administration, University Luigi Bocconi, Italy.
Professional experience: Background within audit but has worked in the finance industry as an investment banker for the last 30 years. Long career as a board member with directorships in over 15 companies during the past 20 years.

Other current assignment: Head of SMEs Strategic Coverage at UBI Banca Corporate & Investment Banking. Board member of Axxam SpA. Member of investing committee of Azimut Libera Impresa (private equity fund).
Previous assignments (past five years): Board member at Biocell Center Corporation. Head of M&A at UBI Banca.
Shares: 4,500
Warrants: 3,000
Independent in relation to the company, management and major shareholders.

Peter Edman
Board member since 2015.
Member of Transaction Committee.
Born: 1954
Education: Ph. D. in pharmaceutical science and associate professor in Bio- chemistry, Uppsala University.
Professional experience: Over 30 years of experience of drug development with senior research positions at Orexo, Sobi, Biovitrum, AstraZeneca, Astra and Pharmacia. Previously Associate professor at the Swedish Medical Products Agency, Professor of pharmaceutical formulation and adjunct professor of Drug Delivery at the Faculty of Pharmacy, Uppsala University.

Other current assignments: No other current positions
Previous assignments (past five years): Board member of Biolipox AB, Xintela AB and Mind the Byte.
Shares: 15,000
Warrants: 2,250
Independent in relation to the company, management and major shareholders.

Ivan Cohen-Tanugi
Board member since 2019. Member of Transaction Committee.
Born: 1961
Education: Medicine doctor, Grenoble School of Medicine. MBA, H.E.C Business School.
Professional experience: Over 25 years of experience from the pharmaceutical industry with senior management positions in global pharmaceutical companies such as Teva, Amgen, Roche Pharmaceuticals and Sanofi in the US and Switzerland. He led the development of Teva's biosimilar platform and portfolio from research and development and business development to commercialization.

Other current assignment: Founder and partner at his own consulting firm Minerva LifeScience Gmbh.
Previous assignments (past five years): CEO and board member at Kuros Bioscience AG.
Shares: –
Warrants: –
Independent in relation to the company, management and major shareholders

Karin Wingstrand
Board member since 2015.
Member of Remuneration Committee.
Born: 1957
Education: M. Sc. in Pharmaceutical Science, Uppsala University.
Professional experience: Long and solid experience of the international pharmaceuticals industry with senior positions and project leading within regulatory, pharmaceutical and analytical R&D, and clinical development. Previously Vice President and head of global clinical development at Astra Zeneca. Long experience as a senior industrial advisor in the Life Science industry.

Other current assignment: Board member of T-bolaget AB, Aqilion AB, Xintela AB, Histolab products AB and Integrum AB.
Previous assignments (past five years): Board member of Adenovir Pharma AB, Swecure AB and Aqilion AB. Chairman of Mevia AB.
Shares: 20,480
Warrants: 3,000
Independent in relation to the company, management and major shareholders.

Mats Thorén
Board member since 2020.
Member of the Remuneration Committee and the Audit Committee.
Born: 1971
Education: Studied at the Stockholm School of Economics focusing on Accounting and Financial Economics as well as studies in medicine at the Karolinska Institute in Stockholm.
Professional experience: Over 20 years of experience from the financial market, where he has primarily worked in the Life Science sector both as an analyst and in corporate finance. For the past twelve years, has been a professional investor and manages his own company, Vixco Capital, with a focus on investments. Has previous board experience from C-Rad AB, Cellartis AB and MIP Technologies AB.

Other assignments: Board member of Arcoma Aktiebolag and Arcoma Incentive AB, board member and CEO of Vixco Capital AB, deputy board member of Eggelbertus Holding AB and board member of Herantis Pharma Oy.
Previous assignments (last 5 years): Board member of Nalka Life Science AB and Pulsetten AB.
Shares: 4,000
Warrants: –
Independent in relation to the company, management and major shareholders.

Management

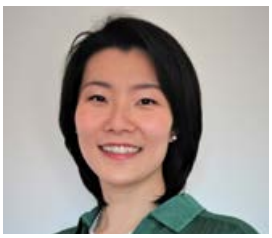
Martin Åmark
CEO since 2015.
Born: 1980
Education: M.Sc. in Industrial Economics, Linköpings Tekniska Högskola. MBA, INSEAD.
Professional experience: Background as management consultant at Bain & Co where he was involved for eight years with company acquisitions, strategy and organizational work within various industries including pharmaceuticals and life science.
Shares: 154,646
Warrants: 24,000
Independent in relation to major shareholders.

Siavash Bashiri
Head of Biosimilars and Deputy CEO since 2015
Born: 1983
Education: M.Sc. in Molecular Biotechnology, Uppsala University.
Professional experience: Experience within international sales of biotechnical products at Agilent Technologies as well as various roles within business development and sales at IBM and Oriflame. CEO of Xbrane between 2012 and 2015.
Shares: 110,970
Warrants: 7,000
Independent in relation to major shareholders.

Erik Domines
General counsel since 2021
Born: 1964
Education: Bachelor's degree in law from Stockholm University and a General Counsel mini-MBA.
Professional experience: Extensive experience as in-house counsel in the Life Science sector and various projects in legal operations. Previous position as General Counsel at Recipharm.
Shares: 900
Warrants: –
Independent in relation to major shareholders.

Maria Edebrink
Head of Regulatory Affairs since 2019. Member of management since 2020.
Born: 1969
Education: M. Sc. in Chemistry, Stockholm University.
Professional experience: 28 years of experience from Pharmaceutical Development and Regulatory Affairs from AstraZeneca, Galderma and Medivir. Experience from development, regulatory submissions and post-approval regulatory compliance for small molecular, biotechnological, medical device and cosmetic products.
Shares: 7,105
Warrants: –
Independent in relation to major shareholders.

ANETTE LINDQVIST
CFO/IR since 2021*)
Born: 1966
Education: Examen i företagsekonomi från Göteborgs Handelshögskola.
Professional experience: 25 years' experience from the Life Science sector having held a number of Senior Finance & Business roles such as Global Clinical Finance Director at AstraZeneca, Head of Business Control at Swedish Orphan Biovitrum, Global CFO, SVP Finance Getinge Infection Control & Global CFO Operations & Supply Chain Mölnlycke Healthcare.
Shares: 2 000
Warrants: –
Independent in relation to major shareholders.



Xiaoli Hu
Head of Business Development since 2020
Born: 1982
Education: Medical Doctor from Shanghai Jiao Tong University and a Ph.D. in Medical Science from Karolinska Institute.
Professional experience: Experience from business development in the pharmaceutical industry, most recently as Business Development Manager at Affibody, where she led the work towards the USD 650 M commercial partnership agreement with Alexion and the co-development agreement with GE Healthcare. Prior to that, spent almost four years at HealthCap, a leading Nordic investor in healthcare.
Shares: –
Warrants: –
Independent in relation to major shareholders..

*) Margareta Hagman was interim CFO from September 2020 to December 2020.

Nina Ivers
Head of IR since 2020
Born: 1970
Education: Utbildad Apotekare samt studerat Human Resources Management vid Uppsala och Stockholms universitet
Professional experience: 25 years of experience from different business roles and areas in life science companies like Astra, Johnson & Johnson and Swedish Orphan Biovitrum. She has experience from leading positions in marketing and sales as well as HR, most recently in a Global HR role at Sobi where she contributed to the growth of the company and development of the HR function.
Shares: 3 300
Warrants: –
Independent in relation to major shareholders.

Anders Wallström
Head of Manufacturing and Supply Chain since 2019. Member of management since 2020.
Born: 1976
Education: M.Sc. in Biotechnology, Royal Institute of Technology.
Professional experience: 20 years of experience from the pharmaceutical industry including process development, manufacturing and validation of biological products at Sobi and Biovitrum. Extensive experience from managing products through external manufacturing and supply chains. In his last role at Sobi he was end-to-end supply chain director for specialty care products including Kineret® and Orfadin®.
Shares: 4,503
Warrants: –
Independent in relation to major shareholder.

Dina Jurman
Head of Clinical Affairs since 2017
Born: 1982
Education: M. Sc. in Biomedicine, Uppsala University.
Professional experience: 15 years of experience within the pharmaceutical and biotechnology industries, most recently as Director Clinical Operations at a full service CRO. Possesses all-round experience of clinical trials from start-up companies to global pharmaceutical companies and has worked with protein drugs, small molecules as well as advanced therapies and medical technology.
Shares: 420
Warrants: -
Independent in relation to major shareholders.

David Vikström
CTO since 2014
Born: 1977
Education: Ph.D. Biochemistry. Stockholm University.
Professional experience: 15 years' experience of how to manufacture high quality proteins. Research within expression systems for proteins in E.coli and has published a number of articles in scientific journals. Has worked in research and development at Xbrane since 2010.
Shares: 32,518
Warrants: 24,000
Independent in relation to major shareholders.

Sustainability at Xbrane

Xbrane's work on sustainability goes hand in hand with Xbrane's vision and business concept – to develop and manufacture cost-efficient biosimilars of hard-to-manufacture medicines and make these treatments available to more patients with medical needs at a lower cost. This is the heart of our business and Xbrane's most important contribution to a sustainable future.

This is Xbrane's second sustainability report and describes how the company further developed its sustainability in 2020.

About Xbrane

Xbrane is a biotechnology company that develops, manufactures and produces commercial biosimilars. Our underlying belief, which drives us in our daily work, is that if there is a treatment, it should be available to everyone. Xbrane has a patented protein production platform and world-leading expertise in biosimilar development.

The pharmaceutical industry, in which Xbrane operates, is one of the world's most regulated industries, where very high demands are placed on operators both locally and globally based on ethical regulations and how research, development, production, marketing and distribution can be carried out. In addition, as a listed company on Nasdaq Stockholm, Xbrane follows its regulations in financial reporting, corporate governance, communications etc. Xbrane is therefore in a tightly regulated environment where the expectations of its stakeholders are high. In recent years, the bar has been gradually raised for what is considered sustainable business. We note that an increasing number of investors believe that clearly addressing and working on sustainability factors can reduce the risk and increase the value of a company. Xbrane follows developments and is determined to continuously establish, evaluate and challenge itself in working effectively in an integrated way with sustainability issues in the company.

Sustainability strategy

Xbrane's vision and business concept is to create added value for patients and other stakeholders and improve access to effective and high-quality medicines. This vision is the company's main contribution to a more sustainable world, and a direct contribution to the UN's global sustainability goals. It is also important for Xbrane that this does not happen at the expense of mankind or the planet. Xbrane wants to be a positive force in society that contributes to a sustainable future.

Xbrane is in the construction phase of robust sustainability work and in 2020 worked to lay the foundations and produce a target. Through a materiality analysis and further risk analysis around the identified focus areas, a target has been developed to drive the work in 2021. It is important for Xbrane that sustainability is fully integrated with the business and the organization, and that activities and goals are followed up as part of business management.

Our focus areas

Contribute to Health equality	Seen as a credible operator	Be a responsible operator in society	Be an attractive employer
Ambition: With its innovations, Xbrane wants to contribute to more people receiving treatments, at a lower cost to patients and society.	**Ambition:** Xbrane wants to be a predictable and credible player for collaborations and investment.	**Ambition:** Xbrane wants to take responsibility for the imprint from the business and strives to minimize its negative effects on society.	**Ambition:** Xbrane wants to offer an attractive and developing workplace for the best key skills.
			

Activities in 2020
The focus during the year was on setting the underlying system and developing the sustainability goals that will guide the work in 2021 and the next few years.

Some activities carried out were:
- A review of the company's code of conduct began and the code has been developed with a policy of conflict of interests and exclusion (Code of conflict policy).
- Work on the working environment continued by implementing an incident reporting system.
- A dialogue with employees that improves the monitoring of working hours was initiated.
- Whistleblower function was implemented.
- Work on the design of a new office and laboratory continued focusing on the working environment and sustainability.
- The materiality analysis continued, with a risk analysis for Xbrane's four focus areas and activities and goals for each focus area being developed.
- Performance management and the remuneration structure have been reviewed and a new format for performance management has been launched. An updated remuneration structure has been implemented to meet Xbrane's employees' expectations.
- A follow-up of the employees' experience of the company and working conditions was done on a monthly basis through an established satisfaction survey. The survey identifies positive and negative factors that employees experience and the results are reported on an ongoing basis to management, the board and employees.
- To continue focusing on sustainability within the company, training all the employees has begun, and will continue in 2021.

Sustainability plan
Through a materiality analysis, Xbrane has developed four focus areas that are central to the company and where Xbrane can clearly contribute to global sustainable development. The focus areas are clearly linked to the UN's global sustainability goals and Agenda 2030 such as:
- **Goal 3** Good health and well-being,
- **Goal 8** Decent work and economic growth,
- **Goal 9** Industry, innovation and infrastructure,
- **Goal 12** Responsible consumption and production and
- **Goal 16** Peace, justice and strong institutions.

By working towards these goals, Xbrane contributes to the global work towards a more sustainable future. The focus areas are also clearly linked to the underlying factors of environment, social conditions, personnel, human rights and anti-corruption.

Through a risk analysis, a target has been developed for each focus area with goals and activities that show how Xbrane wants to work to live up to its ambition, and this constitutes Xbrane's sustainability plan. The work is managed and monitored by the management group and reported to the board. A head of sustainability has been appointed to run the work.

Planned activities in 2021
Management of Xbrane's sustainability work will be based on the goals and activities set out in the sustainability plan. Work will be followed up regularly. As sustainability is being built up at the company, work will also be done on making goals concrete and clarifying the follow-up. Goals and activities will also be continually evaluated relating to relevance and prioritization, so that the work focuses on what makes the best contribution to society. Emphasis will be placed on integrating sustainability goals with business operations and becoming a natural part of operations.

Other activities planned for 2021:
- Contribute to "Health equality"
  - Development of affordable products based on our patented technological platform.
  - Work purposefully towards the Xlucane™ application for market approval
- Seen as a credible player
- - Implement annual review of the Xbrane "Code of conduct" and analysis of potential improvement measures.
- - Implement an extended quality management system (EQMS) to continuously ensure compliance with requirements/standards relevant to Xbrane.
- Be a responsible player in society
  - Continuously evaluate suppliers and other partners based on sustainability criteria
  - Measure our greenhouse gas emissions and work towards becoming climate neutral
  - Work towards reducing waste and water use at the new office.
  - In-depth collaboration with the academic sector to enable the development of new biosimilar candidates.
- Be an attractive employer
  - Work on responding to the ENPS evaluations and improvement measures
  - Receive "Great Place to Work" certification including the promotion of gender equality and ethnicity
  - Promote skills development among employees.

Consolidated statement of profit or loss

Amounts in SEK thousands	Notes	2020	2019*)
Revenue	2,3	-	-
Cost of goods sold		-	-18,271
Gross profit		**-**	**-18,271**
Other income	2,3	20,652	6,355
Selling and distribution expenses	5,7	-	-454
Administrative expenses	5,6,7	-31,189	-26,415
Research and development expenses	5,7,13	-203,301	-137,665
Other expenses	4	-11,419	-10,122
Operating profit		**-225,257**	**-186,572**
Finance income	8	-	51
Finance cost	8	-769	-1,468
Net finance cost		**-769**	**-1,417**
Profit before tax		-226,026	-187,989
Income tax expense	9	-	-
Profit for the year		**-226,026**	**-187,989**
Profit attributable to:			
- Owner's of the Company		-226,026	-187,989
- Non-controlling interest		-	-
Profit for the year		**-226,026**	**-187,989**
Earnings per share			
- Basic earnings per share (SEK)	10	-12.48	-16.80
- Diluted earnings per share (SEK)	10	-12.48	-16.80
Number of outstanding shares by the end of the period			
- Before dilution		22,200,415	15,415,199
- After dilution		22,200,415	15,415,199
Average number of outstanding shares			
- Before dilution		18,113,313	11,190,591
- After dilution		18,113,313	11,190,591

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

Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK thousands	2020	2019*)
Profit for the year	-226,026	-187,989
Other comprehensive income		
Items that have been transferred or can be transferred to profit for the year		
Foreign currency translation differences for the year	-2,774	1,171
Other comprehensive income for the year	**-2,774**	**1,171**
Comprehensive income for the year	**-228,801**	**-186,818**
Comprehensive income for the year attributable to:		
- Parent Company's owners	-228,801	-186,818
- Non-controlling interest		-
Comprehensive income for the year	**-228,801**	**-186,818**

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

Consolidated statement of financial position

Amounts in SEK thousands	Notes	12-31-2020	12-31-2019*)
ASSETS			
Goodwill	11	58,453	60,760
Intangible assets	11	4,083	5,053
Property, plant and equipment	12	8,166	7,004
Right of use assets	26	5,969	9,204
Non-current receivable	14	12,610	8,982
Non-current assets		**89,281**	**91,003**
Trade and other receivables	15	51,384	-
Other receivables		6,981	5,889
Prepaid expenses and accrued income	13,16	72,978	77,850
Cash and cash equivalents	17	243,139	164,197
Current assets		**374,482**	**247,937**
TOTAL ASSETS		**463,763**	**338,940**
EQUITY	18		
Share capital		4,977	3,456
Share premium		773,724	448,089
Reserves		3,945	6,719
Retained earnings		-524,938	-298,912
Equity attributable to owners of the Company		**257,708**	**159,352**
Non-controlling interest		**-**	**-**
Total equity		**257,708**	**159,352**
LIABILITIES			
Leasing	19,26	3,995	6,281
Non-current non-interest-bearing liabilities		8,257	4,173
Provisions	21	4,810	4,547
Total non-current liabilities		**17,062**	**15,001**
Current interest-bearing liabilities	19	-	12
Accounts payables		29,546	21,097
Other liabilities	20	1,328	2,903
Leasing	19,26	2,265	3,144
Accrued expenses and prepaid income	13,23	155,853	137,431
Total current liabilities		**188,993**	**164,586**
TOTAL LIABILITIES		**206,055**	**179,588**
TOTAL EQUITY AND LIABILITIES		**463,763**	**338,940**

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

Consolidated statement of cash flows

Amounts in SEK thousands	Notes	2020	2019*)
Cash flows from operational activities	30		
Profit for the period before tax		-226,026	-187,989
Adjustment for items not included in cash flow Paid income tax		6,247	24,718
Paid income tax		-	-
		-219,779	**-163,271**
Increase(-)/Decrease (+) in operating receivables		-51,325	-28,286
Increase(-)/Decrease (+) in operating liabilities		32,697	42,968
Cash generated from operating activities		**-238,407**	**-148,589**
Cash flow from investing activities			
Acquisition of property, plant and equipment		-3,855	-1,187
Cash flow from investing activities		**-3,855**	**-1,187**
Cash flow from financing activities			
Proceeds from exercise of share options		3	-
New share issue		346,444	252,457
Transaction expense		-20,584	-33,430
Amortization of loan		-12	-140
Amortization of lease liability		-3,127	-2,846
Cash flow from financing activities		**322,724**	**216,041**
Cash flow for the period		80,461	66,265
Cash and cash equivalents at beginning of period		164,197	100,972
Exchange rate differences in cash and cash equivalents		-1,520	-3,039
Cash and cash equivalents at end of year		**243,139**	**164,197**

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

Consolidated statement of changes in equity

Amounts in SEK thousands	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*)	-	-	-	-24,970	-24,970
Balance at January 1, 2020 after recalculation	**3,456**	**448,089**	**6,719**	**-298,911**	**159,352**
Total comprehensive in-come for the period					
Profit for the period	-	-	-	-226,026	-226,026
Other comprehensive in-come for the period	-	-	-2,774	-	-2,774
Comprehensive income for the year	**-**	**-**	**-2,774**	**-226,026**	**-228,801**
Transactions with group shareholders					
New share issue	1,519	324,342	-	-	325,860
- Issue of ordinary shares	*1,519*	*344,926*	-	-	*346,444*
- Transaction expenses	-	*-20,584*	-	-	*-20,584*
Share savings program	3	1,293	-	-	1,296
Total contributions from and distributions to share-holders	1,521	325,635	-	-	327,156
Balance at December 31, 2020	**4,977**	**773,724**	**3,945**	**-524,938**	**257,708**

Amounts in SEK thousands	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*)	-	-	-	-3,019	-3,019
Balance at January 1, 2019 after recalculation	**1,419**	**184,007**	**5,548**	**-110,922**	**80,051**
Total comprehensive in-come for the period					
Profit for the period	-	-	-	-187,989	-187,989
Other comprehensive in-come for the period	-	-	1,171	-	1,171
Comprehensive income for the year	**-**	**-**	**1,171**	**-187,989**	**-186,818**
Transactions with group shareholders					
New share issue	2,037	261,990	-	-	264,027
- Issue of ordinary shares	*2,037*	*295,420*	-	-	*297,457*
- Transaction expenses	-	*-33,430*	-	-	*-33,430*
Share savings program	**-**	2,092	**-**	**-**	2,092
Total contributions from and distributions to share-holders	2,037	264,082	-	-	266,119
Balance at December 31, 2019	**3,456**	**448,089**	**6,719**	**-298,912**	**159,352**

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

Income statement for Parent Company

Amounts in SEK thousands	Notes	2020	2019*)
Revenue	2,3	-	-
Cost of goods sold		-	-
Gross profit		**-**	**-**
Other income	2,3	17,730	4,416
Administrative expenses	5,6,7	-26,567	-21,595
Research and development expenses	5,7,13	-197,690	-126,509
Other expenses	4	-11,203	-10,090
Operating profit		**-217,730**	**-153,777**
Financial items			
Finance income	8	11	4
Impairment loss of shares in subsidiary	8	-38,400	-
Finance expenses	8	-296	-995
Net finance costs		**-38,685**	**-990**
Loss before tax		**-256,415**	**-154,767**
Income tax expense	9	-	-
Loss for the period		**-256,415**	**-154,767**

Parent Company statement of comprehensive income

Amounts in SEK thousands	2020	2019
Profit for the period	-256,415	-154,767
Other comprehensive income for the period	-	-
Comprehensive income for the period	**-256,415**	**-154,767**

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

Balance sheet for Parent Company

Amounts in SEK thousands	Notes	12-31-2020	12-31-2019*)
ASSETS			
Fixed assets			
Property, plant and equipment	12	5,212	3,697
Financial fixed assets			
Shares in group companies	29	74,066	102,319
Other non-current receivables	14	12,610	8,982
Total financial fixed assets		**86,676**	**111,301**
Total fixed assets		**91,888**	**114,998**
Current assets			
Current receivables			
Trade and other receivables	15	51,384	-
Other receivables		5,148	2,962
Prepaid expenses and accrued income	13,16	72,935	77,752
Total current receivables		**129,467**	**80,714**
Cash and bank	17	242,247	163,601
Total current assets		**371,715**	**244,315**
TOTAL ASSETS		**463,603**	**359,313**
EQUITY AND LIABILITIES			
Equity	18		
Restricted equity			
Share capital		4,977	3,456
Unrestricted equity			
Share premium		774,410	448,775
Retained earnings		-252,474	-97,707
Profit for the period		-256,415	-154,767
Total equity		**270,498**	**199,757**
Non-current liabilities			
Non-current non-interest-bearing liabilities		8,257	4,173
Total non-current liabilities		**8,257**	**4,173**
Current liabilities			
Liabilities to group companies	22	285	-
Accounts payables		29,421	20,377
Other liabilities	20	1,192	2,708
Accrued expenses and prepaid income	13,23	153,949	132,298
Total current liabilities		**184,847**	**155,383**
TOTAL LIABILITIES		**193,104**	**159,556**
TOTAL LIABILITIES AND EQUITY		**463,603**	**359,313**

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

Statement of changes in equity for Parent Company

Amounts in SEK thousands	Share capital	Share premium	Retained earnings	Profit for the year	Total equity
Balance at January 1, 2020	**3,456**	**448,775**	**-**	**-227,503**	**224,728**
Recalculation*)	-	-	-	-24,971	-24,971
Balance at January 1, 2020 after recalculation	**3,456**	**448,089**	**-**	**-252,474**	**199,757**
Comprehensive income for the year					
Profit for the year	-	-	-	-256,415	-256,415
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	**-**	**-**	**-**	**-256,415**	**-256,415**
Contributions and distributions					
Issue of ordinary shares	1,519	324,342	-	-	325,860
- Issue of ordinary shares	*1,519*	*344,926*	-	-	*346,444*
- Transaction expenses	-	*-20,584*	-	-	*-20,584*
Share savings program	3	1,293	-	-	1,296
Balance at December 31, 2020	**4,977**	**774,411**	**-**	**-508,889**	**270,498**

Amounts in SEK thousands	Share capital	Share premium	Retained earnings	Profit for the year	Total equity
Balance at January 1, 2019	**1,419**	**184,693**	**-**	**-94,688**	**91,424**
Recalculation*)	-	-	-	-3,019	-3,019
Balance at January 1, 2019 after recalculation	**1,419**	**184,693**	**-**	**-97,707**	**88,405**
Comprehensive income for the year					
Profit for the year	-	-	-	-154,767	-154,767
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	**-**	**-**	**-**	**-154,767**	**199,757**
Contributions and distributions					
Issue of ordinary shares	2,037	261,990	-	-	264,027
- Issue of ordinary shares	*2,037*	*295,420*	-	-	*297,457*
- Transaction expenses	-	*-33,430*	-	-	*-33,430*
Share savings program	-	2,092	-	-	2,092
Balance at December 31, 2019	**3,456**	**448,775**	**-**	**-252,474**	**199,757**

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

Parent Company's cash flow statement

Amounts in SEK thousands	Notes	2020	2019*)
Cash flows from operating activities	30		
Profit for the period before tax		-256,415	-154,767
Adjustments for items not included in cash flow		39,601	6,706
Paid income tax		-	-
		-216,814	**-148,061**
Increase(-)/Decrease (+) of trade and other receivables		-52,381	-46,015
Increase(-)/Decrease (+) of trade and other payables		36,709	46,462
Cash flow from current operations		**-232,486**	**-147,614**
Investing activities			
Investments in subsidiaries		-10,148	-1,536
Acquisition of property, plant and equipment		-3,503	-565
Cash flow from investing activities		**-13,651**	**-2,101**
Financing activities			
Impairment loss on shares in subsidiary		3	-
New share issue		346,444	252,457
Transaction costs related to share issue		-20,584	-33,430
Amortization of loan		-	-3,042
Cash flow from financing activities		**325,863**	**215,985**
Cash flow for the year		79,726	66,270
Cash and cash equivalents at beginning of period		163,601	100,380
Exchange rate differences in cash and cash equivalents		-1,079	-3,049
Cash and cash equivalents at end of year		**242,247**	**163,601**

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

Notes

NOTE 1 Accounting principles

((a) Agreement with standards and legislation
The consolidated accounts of Xbrane Biopharma AB (publ) (hereinafter "Xbrane" or "the Group" have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, Financial Accounting Standards Council recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. Xbrane has applied IFRS since July 1, 2017. The 2015 financial year was the first year in which Xbrane prepared consolidated accounts.

The Parent Company applies the same accounting policies as the Group, except in the cases listed below in the section "The Parent Company's accounting policies".

The annual accounts and consolidated accounts were approved for issue by the Board and Chief Executive Officer on March 31, 2021. The consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of financial position and the Parent Company's income statement and balance sheet will be the object of adoption by the Annual General Meeting to be held on May 6, 2021.

(b) Basis of measurement applied in preparing the financial statements
Assets and liabilities are recognized at historical acquisition values, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value are derivative instruments, which are measured at fair value through profit or loss. Liabilities relating to social security contributions attributable to share-based remuneration are initially measured at fair value at the allocation date.

(c) Functional currency and reporting currency
The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish kronor. All amounts in tables are, unless otherwise stated, rounded to the nearest thousand and in the text the amounts are, unless otherwise stated, rounded to the nearest million.

(d) Assessments and estimates in the financial statements
Preparing financial statements in accordance with IFRS requires the Board of Directors and the management to make accounting assessments and estimates and make assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates and assessments. Estimates and assumptions are regularly revised. Changes in estimates are recognized in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects both the current period and future periods. Assessments made by the Management in application of IFRS which have a significant impact on the financial statements and estimates made which may lead to material adjustments to the financial statements for the subsequent year are described more fully in Note 33.

(e) Material accounting policies applied
The accounting policies indicated below, with the exception of those described more closely, have been applied consistently to all periods presented in the consolidated financial statements. The Group accounting policies have also been consistently applied by the consolidated entities.

(f) Amended accounting policies
The IFRS standards which has changed with implementation from 1 January 2020 has not have any effect on the group´s financial reporting. The accounting policies for 2020 is unchanged compared with 2019.

(g) New IFRS standards not yet applied
New and amended IFRS standards with future applications are not expected to have a material effect on the Company's financial reports.

(h) Classification etc.
Non-current assets essentially consist of amounts expected to be recovered or paid after more than twelve months counting from the balance-sheet date, while current assets essentially consist of amounts expected to be recovered or paid within twelve months counting from the balance-sheet date. Long-term liabilities essentially consist of amounts which the Group at the end of the reporting period has an unconditional right to choose to pay later in time than twelve months after the end of the reporting period. If the Group does not have such a right at the end of the reporting period, or a liability is held for trading or a liability is expected to be settled within the normal business cycle, the amount of the liability is recognized as a current liability.

(i) Business segment reporting
A business segment is a part of the Group which undertakes business operations from which it can generate income and incur costs and for which independent financial information is available. The profit or loss of an operating segment is further followed up by the Company's senior executive decision-makers to evaluate the profit or loss and to be able to allocate resources to the operating segment. See Note 3 for a further description of the classification and presentation of operating segments.

(j) Principles of consolidation and business combinations
(i) Subsidiaries
Subsidiaries are entities over which Xbrane Biopharma AB (publ) has a controlling influence. A controlling influence exists if the Parent Company has influence over the object of investment, is exposed to or is entitled to variable return from its investment and can use its influence over the investment to affect the return. In assessing whether a controlling influence exists, account is taken of potential shares carrying entitlement to vote and whether de facto control exists.

Subsidiaries are recognized using the purchase method. This method means that an acquisition of a subsidiary is regarded as a transaction through which the Group indirectly acquires the subsidiary's assets and takes over its liabilities. The acquisition analysis establishes the fair value on the day of acquisition of acquired identifiable assets and taken-over liabilities as well as any non-controlling interests. Transaction expenditure, with the exception of transaction expenditure attributable to the issuing of capital instruments or debt instruments which arises is recognized directly in the profit or loss for the year.

In business combinations where transferred remuneration, any non-controlling interests and fair value of a previously owned participation (in the case of acquisitions with different milestone payments) exceed the fair value of acquired assets and taken over liabilities which are recognized separately, the difference is recognized as goodwill. When the difference is negative, 'acquisition at low price', this is recognized directly in the profit or loss for the year.

Transferred remuneration in connection with the acquisition does not include payments relating to settlement of previous business relationships. Settlements of this type are usually recognized in the profit or loss.

Contingent purchase considerations are valued at fair value at the date of acquisition. In cases where the contingent purchase consideration is classified as an equity instrument, no revaluation is made and settlement is made within equity. For other contingent purchase considerations, these are revalued at fair value at each time of reporting and the change is recognized in profit or loss for the year.

Acquisition of non-controlling interests
The Parent Company has only one subsidiary which is 100 percent owned in terms of the shares and votes. No subsidiaries with non-controlling interests are therefore recognized.

(ii) Transactions eliminated upon consolidation
Intra-group receivables and liabilities, income and expenses, as well as unrealized gains or losses arising from intra-group transactions between group companies, are eliminated in their entirety when preparing the consolidated accounts.

(iii) Joint operations
Joint operations are cooperation agreements where Xbrane and STADA have the same right to all of the economic benefits related to the operations' assets. Further, the adjustment of liabilities from the joint operation depending on the parties' costs from the operation or capital injection, is the same. Joint operations are accounted for according to the "proportionate consolidation", which means that the parties accounts for, in their own financial statement, their share of the assets, liabilities, revenues and costs from the operations.

(k) Foreign currency
(i) Functional currency and reporting currency
The Parent Company's functional currency is SEK and the subsidiary's functional currency is EUR. Upon Group consolidation, the subsidiary's functional currency is converted into the Group reporting currency, SEK.

(ii) Transactions in foreign currency
Foreign currency transactions are converted into the functional currency using the exchange rate applicable on the transaction date. The functional currency is the currency of the primary economic environment in which the companies operate. Monetary assets and liabilities in foreign currencies are converted into the functional currency using the exchange rate applicable on the balance-sheet date. Gains and losses on exchange arising in conversion

are recognized in net profit for the year. Non-monetary assets and liabilities which are reported at historical cost are converted at the exchange rate applicable at the time of the transaction. Non-monetary assets and liabilities which are recognized at fair value are converted to the functional currency at the rate prevailing at the time of measurement of fair value.

(iii) Financial statements of foreign operations
Assets and liabilities in foreign operations, including goodwill and other Group surpluses and deficits, are converted from the functional currency of the foreign operations, the Euro, to the Group's reporting currency, Swedish kronor, at the exchange rate applicable on the balance-sheet date. Income and expenses from foreign operations are converted into Swedish kronor at an average rate which represents an approximation of the exchange rates which existed at the time of the transaction concerned. Exchange differences arising in currency conversion of foreign operations are recognized in other comprehensive income and accumulated in a separate component of equity, known as translation reserve.

(l) Income
Performance commitments and revenue recognition principles
Revenue is valued based on the compensation specified in the agreement with the customer. The Group recognizes revenue when control of a product or service is transferred to the customer. Information about the nature and timing of fulfillment of performance commitments in agreements with customers, including significant payment terms, and related revenue recognition principles, are summarized below.

(i) Sales of goods
Revenue from the sale of goods is recognized in the profit and loss for the period when control over the goods passes to the purchaser. Revenue is not recognized where it is likely that the economic benefits will not accrue to the Group. There is no revenue recognition where there is significant uncertainty with regard to payment, associated costs or risk of returns and where the seller remains involved in the day-to-day management usually associated with ownership. Revenue is recognized at the fair value of what has been received or is expected to be received, less discounts provided.

(ii) License revenue
License agreements that contain more than one distinct performance obligation are divided and the revenue reported separately. Other performance obligations 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 obligations that affect whether revenue is to be reported at a time or accrued over time:

a) Right to access IP – this agreement requires, or the customer can reasonably expect, that the Group will undertake activities that significantly affect the rights the customer is entitled to, that these activities directly affect the customer and that the activities do not involve the transfer of goods/services to the customer when the activities are carried out. The performance obligation and thus the income is reported over time, usually on a straight-line basis.

b) Right to use IP – the customer only has the right to use the IP in its existing condition at the time when the right was granted to the customer. The performance obligation is fulfilled initially, at one point.

License agreements often include an initial payment as well as payments when certain milestones have been achieved. Reporting of the initial payment depends on the type of licensing applicable according to a) or b) above.

For sales-based royalty income from license agreements that constitute a distinct performance obligation, the Group applies an exception in IFRS 15, which means that royalties are reported as revenue at the later time between the underlying sale taking place and the fulfillment of the associated performance obligation. Revenue is reported as the amount of royalties that the Group is entitled to receive at this time based on actual sales.

Milestone payments for license agreements issued based on sales are reported according to the exception rule at the time when the target has been reached. Other milestone payments are based on obtaining approval for sales in a certain market, and are reported in accordance with the main rule, taking into account the risk of revenue reversal. Therefore, income from such milestones is only reported when approval has been obtained.

(iii) Income from government subsidies/grants
Government subsidies and grants without any conditions are accounted for as revenue when the claim from the government has been received. Other government subsidies, and grants are accounted for in the report of financial statement as an accrued income until there is no reasonable doubt that the Group will receive the subsidies/ grants and that the Group will fulfill the terms connected to the subsides/ grants. These are then accrued systematically over the profit and loss for the year, in the same periods as the cost arises, for which the subsidies/grants are made to compensate for.

(m) Leasing
When an agreement is entered into, the Group assesses whether the agreement is, or contains, a lease agreement. An agreement is, or contains, a leasing agreement if the agreement assigns the right to decide over a certain period of use over an identified asset in exchange for compensation. At the beginning of the lease or when reviewing a lease containing several components - leasing and non-leasing components - the Group distributes the compensation according to the agreement to each component based on the stand-alone price. However, for leasing of buildings and land where the Group is the lessee, the Group has chosen not to distinguish between non-leasing components and recognizes leasing and non-leasing components paid in fixed amounts as a single leasing component.

Leasing agreements where the Group is the lessee
The Group reports a right-of-use asset and a leasing debt on the date of the lease agreement. The right-of-use is initially valued at acquisition value, which consists of the original value of the lease liability with addition for lease payments paid at or before the start date plus any initial direct expenses. The right-of-use asset is written off linearly from the start date to the earliest of the end of the asset's useful life and the end of the lease term, which for the Group is normally the end of the lease term. In rarer cases, when the acquisition value of the right-of-use asset reflects the fact that the Group will utilize an option to purchase the underlying asset, the asset is impaired at the end of the right-of-use period.

The lease liability – which is divided into a non-current and current part – is valued initially at the current value of the remaining lease charges during the assessed lease period. The lease period comprises the non-terminable period with the addition of further periods in the agreement if, on the commencement date, it is considered to be reasonably certain that this option will be utilized.

The lease charges are normally discounted at the Group's average marginal rate of interest on borrowings, which, in addition to the Group's/ Company's credit risk, reflects the respective lease period, currency and quality of the underlying asset as intended security. In those cases where the implicit rate of interest in the lease agreement can be easily set, this interest rate is used instead.

The lease liability covers the present value of the following charges during an assessed lease period:

- fixed charges, including what are in substance fixed charges
- variable lease charges, index-linked or price-linked ("rate-linked"), initially valued using the index or price ("rate") that applied on the commencement date
- any residual value guarantees that are expected to be paid
- the exercise price for a purchase option that the Group is reasonably sure to exercise, and
- penalty fees that are payable upon termination of the lease agreement for an estimated lease period reflect the fact that such termination will occur.

The value of the liability will increase with the interest cost for each period and is reduced by the lease payments made. The interest cost is calculated as the value of the liability multiplied by the discount rate.
The lease liability for the Group's commercial premises with index-linked rent is calculated on the rent payable at the end of each reporting period. At this point in time, the liability is adjusted to the same extent as the recognized value of the right-of-use asset. The liability and the value of the asset are adjusted correspondingly in conjunction with a reassessment of the lease period. This is done upon expiry of the notice period within the previously assessed leasing period for local leases, or when significant events occur or circumstances change in a significant way that is within the Group's control and affects the current assessment of the leasing period.

The Group presents right-of-use assets which are not classified as investment properties and lease liabilities as separate items in the financial statements.

For lease agreements where the lease term is 12 months or less, or which have an underlying low-value asset, i.e. below SEK 50 thousand, no right-of-use asset and lease liability are recognized. Lease charges for these lease agreements are recognized as a cost on a straight-line basis over the term of the lease.

(n) Financial income and expenses
Financial income and expenses consist of interest income on bank funds, receivables, interest expenses on loans, other interest expenses that include interest rates on accounts payable, interest expenses on taxes and fees and changes in the fair value of derivative instruments used in financial operations. Interest income or interest expense is reported using the effective interest rate method on the reported gross value of the asset (when the asset is not credit impaired). The effective interest rate is the interest rate that exactly discounts the estimated future payments received and made during the expected term of the financial instrument to:

- reported gross value of the financial asset, or
- the accrued acquisition value of the financial debt.

(o) Other income and expenses
Other operating income and expenses essentially consist of exchange rate gains and losses on operating receivables from operating activities. Other operating income and expenses arise from payments made or received of items in currencies other than the functional currency of the companies.

(p) Taxes
Income tax consists of current tax and deferred tax. Income tax is reported in the income statement apart from when the underlying transaction has been reported under Other Comprehensive Income or under Equity, whereupon the associated tax effect is reported under Other Comprehensive Income or Equity. Current tax is the tax to be paid or received for the year in question, using the tax rates that are decided or in practice decided on the balance sheet date. Adjustments of tax paid attributable to previous periods are also included in current tax.

Deferred tax is calculated according to the balance sheet method, based on temporary differences between carrying amounts and tax values of assets and liabilities as a starting point. Temporary differences are not considered in Group goodwill, nor for difference arising on initial recognition of assets and liabilities that are not business combinations which at the time of the transaction do not affect either reported or taxable profit. Furthermore, neither are such temporary differences as are attributable to participations in subsidiaries or associated companies that are not expected to be reversed in the foreseeable future taken into account. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated in accordance with the tax rates and tax rules that have been established or have been established in practice as of the balance sheet date

Deferred tax assets in respect of deductible temporary differences and a carry forward of unused tax losses are only reported to the extent it is likely that these will entail lower tax payments in the future. The value of deferred tax assets is reduced when it is no longer considered likely that they can be used.

Any additional income tax arising on payment of dividend is recognized at the same time as when the dividend is recognized as a liability.

(q) Financial instruments
(i) Accounting and first valuation
Accounts receivable and issued debt instruments are reported when they are issued. Other financial assets and liabilities are accounted for when the Group becomes part of the instrument's contractual terms.

On initial recognition, a financial asset (except for accounts receivable that do not have a significant financing component) or financial liability is measured at fair value plus, in the case of financial instruments that are not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue. Accounts receivable without a significant financing component are valued at transaction price.

(ii) Classification and subsequent valuation
Financial assets
On initial recognition, a financial asset is classified as valued at: accrued acquisition value; fair value through other comprehensive income – debt instrument investment; fair value through other comprehensive income – equity investment; or fair value through profit or loss.

Financial assets are not reclassified after the first reporting date except if the Group changes its business model for management of financial assets, in which case all the financial assets concerned are reclassified as of the first day of the first reporting period following the change in business model.

A financial asset should be valued at accrued cost if it meets both of the following conditions and has not been identified as valued at fair value through profit or loss:

- It is held within the framework of a business model whose objective is to hold financial assets in order to maintain contractual cash flows, and
- The agreed terms for the financial asset give rise at specific times to cash flows which are only payments of capital amounts and interest on the outstanding capital amount.

A debt instrument should be valued at fair value through other comprehensive income if it meets both of the following conditions and has not been identified as valued at fair value through profit or loss:

- It is held in accordance with a business model whose objectives can be achieved both by maintaining contractual cash flows and by selling financial assets, and
- Its agreed terms give rise at specific times to cash flows which are only payments of capital amounts and interest on the outstanding capital amount.

Upon initial recognition, the Group may make an irrevocable choice to report as other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. This choice is made on an investment-by-investment basis.

All financial assets that are not classified as measured at accrued cost or fair value through other comprehensive income are valued at fair value through profit or loss. This includes all derivatives, see Note 25. On initial recognition, the Group may irrevocably identify a financial asset that otherwise meets the conditions for being measured at accrued cost or fair value through other comprehensive income, which is measured at fair value through profit or loss if it eliminates or significantly reduces inconsistencies in accounting.

Financial liabilities
Financial liabilities are classified at the accrued acquisition value or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as a holding for trading purposes, as a derivative or has been identified as such at the initial recognition date. Financial liabilities measured at fair value through profit or loss are measured at fair value and net gains and losses, including interest expenses, are recognized in profit or loss. Subsequent valuation of other financial liabilities is made at accrued cost using the effective interest rate method. Interest expenses and exchange rate gains and losses are recognized in the income statement. Profits or losses upon removal from the accounts are also recognized in the income statement.

(iii) Removal from financial statements (derecognition)
Financial assets
The Group removes a financial asset from the financial reports when the contractual rights to the cash flows from the financial asset cease or if it transfers the right to receive the contractual cash flows through a transaction in which substantially all the risks and rewards of ownership have been transferred or in which the Group does not substantially transfer or retain all the risks and rewards of ownership and it does not retain control over the financial asset.

The Group enters into transactions in which it transfers assets reported in the financial reports, but retains all or substantially all of the risks and rewards associated with the transferred assets. In these instances, the transferred assets are removed from the accounts.

Financial liabilities
The Group will remove a financial liability from the financial reports when the commitments specified in the agreement are fulfilled, canceled or terminated. The Group will also remove a financial liability when the contractual terms are modified and the cash flows from the modified debt are significantly different. In that case, a new financial liability is recognized at fair value based on the modified terms.

When a financial liability is derecognized, the difference between the carrying amount that has been removed and the compensation paid (including transferred non-monetary assets or assumed liabilities) is recognized in profit or loss.

(iv) Offsetting
Financial assets and liabilities are to be offset and reported with a net amount in the financial statements, only when the Group has a legal right to offset the reported amounts and has the intention to settle these posts with a net amount or to simultaneously realize the asset and settle the debt.

(v) Financial derivative instruments and hedging
The derivative instruments aim is to hedge the groups exposure to risk in terms of foreign currency and interest rates. Hedge accounting is not applied. Derivatives are initially recognized at fair value. After the first accounting period, derivatives are measured at fair value and changes in this are recognized in profit or loss.

(r) Issued convertible debentures
Convertible debentures can be converted to shares if the counterpart exercises the option to convert the convertible loan to shares. The conversion can only occur if the targets agreed upon have been reached within the predetermined timetable. The Group's convertible debentures hold no repayment obligation for the Group. The holder of the instrument only has the right to convert to newly-issued shares if the targets have been met within the predetermined timetable. Therefore, the issued capital is accounted for in full within the equity of the Group.
The conversion will be carried out to a predetermined rate. If the targets are not achieved within the agreed upon timetable, the conversion right will be lost as well as the associated part of the convertible loan. The amount that will be added if the targets are not achieved will remain within the Group's equity without any new shared issued.

(s) Property, plant and equipment
(i) Owned assets
Property, plant and equipment is reported in the Group at cost less accumulated amortization and potential write-downs. The acquisition value includes the purchase price and expenses directly attributable to the asset to put it in place and in order to be utilized in accordance with the purpose of the acquisition.

Borrowing costs directly attributable to the purchase, construction or production of assets that take a considerable amount of time in order to complete the intended use or sale are included in the acquisition value. Accounting policies for impairment are described below.

Tangible fixed assets consisting of parts with different useful lives are treated as separate components of property, plant and equipment.

The recognized value of a tangible fixed asset is derecognized in the financial reports on disposal or divestment or when no future economic benefits are expected from use or disposal/divestment of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's book value amount less direct selling expenses. Profits and losses are recognized as other income/expenses.

(ii) Additional expenses
Additional expenses are added to the acquisition value only if it is likely that the future economic benefits associated with the asset will be allocated to the Group and the acquisition value can be calculated reliably. All other additional expenses are recognized as an expense in the period they arise. An additional expense is added to the acquisition value if the expenditure relates to exchanges of identified components or parts thereof. The cost is also added to the acquisition value if new components are added. Any non-depreciated recognized values of exchanged components, or parts of components, are eliminated and expensed in connection with the exchange. Repairs are expensed on an ongoing basis.

(vi) Depreciation principles
Depreciation occurs on a straight-line basis over the estimated useful life of the asset. Leased assets are also written off over their estimated useful life or, if shorter, over their agreed lease term. The Group applies component depreciation, which means that the estimated useful life of the components is the basis for the depreciation.

Estimated useful lives;	
- machinery and other technical facilities	5–10 years
- fixtures, tools and installations	3–5 years

(t) Intangible assets
(i) Goodwill
Goodwill is valued at acquisition cost minus any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested for impairment at least annually, or if there is an indication of a need for impairment.

(ii) Research and development
Expenses for research aimed at obtaining new scientific or technical knowledge are recognized as costs when they arise. Expenditure on development, where research results or other knowledge is applied to create new or improved products or processes, is reported as an asset in the financial reports. If the product or process is technically and commercially useful and the Company has sufficient resources to complete the development and then use or sell the intangible asset. The recognized amount includes all directly attributable expenses, for example for materials and services, employee remuneration, registration of a legal right, depreciation of patents and licenses. Borrowing costs directly attributable to the product or process are part of the assets acquisition value. Other development expenses are reported in profit or loss as an expense when incurred. In the financial reports, reported development costs are stated at cost less accumulated amortization and any write-downs.

(iii) Additional expenses
Additional expenses for capitalized intangible assets are recognized as an asset in the statement of financial position only as they increase the future economic benefits of the specific asset to which they relate. All other expenses are expensed when they arise.

(vi) Depreciation principles
Depreciation is recognized in profit or loss for the year on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are indeterminate. The useful lives are reassessed at least annually. Goodwill and other intangible assets with an indefinite useful life or which are not yet ready to be used are tested for impairment annually, and as soon as indications arise that the asset in question has decreased in value. Intangible assets with determinable useful lives are depreciated from the time they are available for use. The estimated useful lives are:

- capitalized development expenses	5–7 years

(u) Inventories
Inventories are valued at the lower of cost and net realizable value. The cost of inventories is calculated using the first-in, first-out method (FIFO) and includes expenses incurred in the acquisition of inventory assets and transportation of these to their current location and condition. For manufactured goods and ongoing work, the acquisition value includes a reasonable proportion of indirect costs based on normal capacity.

Net realizable value is the estimated selling price in current operations, after deduction of estimated costs of completion and to achieve a sale.

(v) Impairments
The Group's reported assets are assessed at each balance-sheet date to determine if there is an indication of impairment.

(i) Impairment of financial assets
The Group recognize reserves for expected credit losses from financial assets, at accured acquisition value. Expected credit losses are made up of an estimation of credit losses weighted for probability. Credit losses are valued as the present value of all deficits in cash flows (i.e. the difference between the Company's cash flow in accordance with the agreement and the cash flow that the Group is expecting to receive). Expected credit losses are discounted using the effective interest rate on the financial asset. See also Note 24.

(ii) Impairment of intangible assets
Intangible assets that have an indefinite useful life, such as goodwill or capitalized development costs where depreciation has not yet begun, are tested at least annually for any impairment requirements and when there is an indication of impairment. Assets written off are to be assessed for impairment whenever events or changes in conditions indicate that the carrying amount is not recoverable. An impairment loss is made in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its value in use. An impairment loss is immediately recognized in the income statement.

To test the value of intangible fixed assets, the Group uses a probability-adjusted cash flow model.

Valuation of ongoing development projects is calculated by estimating the net present value of estimated future cash flows and adjusting for probability to take developmental risks into account.

(iii) Reversal of impairments
An impairment of assets included in the scope of IAS 36 is reversed if there is both an indication that the need for impairment no longer exists and that there has been a change in the assumptions that formed the basis for calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reverse is only made to the extent that the recorded value of the asset after reversal does not exceed the accounted value the assets would have had, with the deduction of amortization if applicable, if no impairment had been carried out.

Previously-reported impairment will be reversed if the recoverable value exceeds the booked value. A reversal could not be made with an amount that would exceed the booked amount if an impairment had not been conducted in previous periods

(w) Earnings per share
The calculation of earnings per share before dilution are based on the profit or loss for the year at the Group, attributable to the Parent Company's owners and of the weighted average amount of shares at year end. When calculating the earnings per share after dilution, adjustment is made to the profit and loss and the weighted average share in regards to effects from potential common stocks.

Potential common stocks during the covered period of this report consist of rights to shares (matching and performance shares from the Groups share saving programs), convertibles and warrants. Potential common stocks are only viewed as diluted at periods when it results in a lower profit or increased loss per share. If it leads to a lower earnings per share, the dilution are based on the warrants as a calculation of, the hypothetical quantity of shares that could have been bought during the time period with the specific exercise price. Shares that could not have been bought will lead to dilution. Matching shares held by employees on the date of the report also form part of the dilution. Performance shares are also eligible for dilution to the extent that employees have reached performance targets on the date of the report. In order to calculate the effect of the dilution, an exercise price is used, corresponding to the value of the future services as per outstanding share rights, calculated as a remaining cost to be accounted for according to IFRS 2. A potential dilution from the convertible loans is calculated by increasing the number of shares by the total amount of shares that the convertible loan corresponds to. As the Group's convertible loans consist entirely of equity, no interest costs are reported in the income statement that could influence the balance sheet.

(x) Employee remuneration
For more information about short-term incentive program, warrants program for executive directors as well as share savings program see page 31–32 in the Administration report as well as Note 5.

(i) Short-term remuneration
Short-term employee remuneration is calculated without discounting and reported as costs when the related services are supplied. A provision is reported for the expected cost of bonus payments when the Group has a current legal or informal obligation to make such payments as a result of receiving services from employees and the obligation can be calculated reliably.

(ii) Share-related remuneration
Share savings program
A share savings program enables employees to acquire shares in Xbrane, known as savings shares, and for each invested savings share the employee has the opportunity to acquire one matching share and potentially up to three performance shares at quote value at the end of the program. The fair value of matching and performance shares is recognized as a personnel expense with a corresponding increase in equity. The fair value is calculated at the date of allocation and is distributed over the vesting period. The fair value of the matching and performance shares is calculated using a method that takes into account earnings conditions (fulfillment of predetermined targets) and terms of service (the participants are still employees of the Group).

The cost recognized corresponds to the fair value of an estimate of the number of matching and performance shares expected to be earned, taking into account the aspects mentioned above. Social security charges attributable to equity-related instruments to employees as compensation for purchased services are expensed over the periods during which the services are performed. The provision for social security contributions is based on the fair value of matching and performance shares at the reporting date.

Warrants program
Regarding the warrants directed towards board members and Group management, the warrants have been acquired by the participants themselves and there has been no cost for the Group.

(y) Provisions
A provision differs from other liabilities because of the uncertainty about the payment date or amount to adjust. A provision is reported in the statement of financial position when there is an existing legal or informal obligation as a result of an event occurring and it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made at an amount that is a best estimate of what is required to settle the existing obligation on the balance sheet date. Where the effect of current payment is significant, provisions are calculated by discounting the expected future cash flow to an interest rate before tax reflecting current market assessments of the money's time value and, if applicable, the risks associated with the debt.

Non-recurring compensation for employees on termination of employment
The provisions accounted for in the subsidiary, Primm Pharma concern one-off compensation to all employees upon future termination of employment.

Parent Company accounting principles
The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board also apply. RFR 2 means that the parent company in the annual report of the legal entity applies all IFRS and statements adopted by the EU, as far as possible within the framework of the Annual Accounts Act, the Insurance Act and the relationship between accounting and taxation. The recommendation specifies which exceptions and additions to IFRS are to be made.

Differences between the Group's and the Parent Company's accounting policies
The differences between the Group and the Parent Company's accounting policies are shown below. The following accounting policies for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial reports.

Amended accounting principles
Unless otherwise specified below, the Parent Company's accounting policies have been amended in 2020 as stated above for the Group. The same policies apply to the Parent Company as to the Group regarding the disclosure of changes in accounting policies (IAS 8.28–31); see above under the Group's amended accounting principles. However, note that this section of the Parent Company report lists only differences for the Group, which means that the changes listed here are only those that concern the Parent Company.

Classification and presenting format
The Parent Company uses the terms balance sheet and cash flow analysis for the reports that in the Group have the titles financial statement and statement of cash flow. Income statement and balance sheet are prepared for the Parent Company in accordance with the Annual Accounts Act, while the statement of income and other comprehensive income and the statement of changes in equity are based on IAS 1 Presentation of Financial Statements. The differences between the Group's reports that are relevant in the Parent Company's income statement and balance sheet are accounted for by investments in subsidiaries as non-current assets.

Subsidiaries
Shares in subsidiaries are recognized in the Parent Company in accordance with the acquisition value method. This means that transaction costs are included in the recognized value of holdings in subsidiaries. In the consolidated accounts, transaction costs attributable to subsidiaries are reported directly in the income statement when these arise.

Leases
The Parent Company does not apply IFRS 16 Leasing Agreements in accordance with the exception found in RFR 2. Leasing fees are reported as a linear cost over the lease period and thus, rights of use and lease liabilities are not reported in balance sheet.

Shareholder contributions
Conducted shareholder contributions is reported within the giving company as an increase of the balance sheet post "Shares in Group companies". Annual impairment testing are conducted, if necessary during the fiscal year as well to ensure that the value of the shares is reasonable. Shareholders contributions is reported directly against unrestricted equity, at the recipient company.

NOTE 2 Distribution of income

Income per significant category	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Revenue	-	-	-	-
Sales of goods	-	-	-	-
Total	**-**	**-**	**-**	**-**
Other income				
Sales from licensing revenues and royalties[1]	6,821	600	7,265	957
Government grants	1,305	2,021	-	-
Exchange rate gains	10,413	3,461	10,413	3,459
Other	2,112	274	51	-
Total	**20,652**	**6,355**	**17,730**	**4,416**
Total income	**20,652**	**6,355**	**17,730**	**4,416**

1) License revenue of SEK 123,3 thousand (600) from the protein production platform, which refers to a specific period, are accrued over the contract period. License revenue of SEK 6,787 thousand (0) from the fulfilment of milestones are recognized as revenue when the milestone has been achieved

The Groups revenues from Biosimilars are from one counter party with their seat in Europe. The Group's revenue from long-acting injectables derives from one client in the Middle East as well as one client in Asia.

NOTE 3 Operating segment

An operating segment is a part of a group which conducts operations, from which it can generate revenues and incur expenses, and for which separate financial information is available. An operating segment's results are reviewed by the company's chief operating decision makers, who make decisions on the allocation of resources to the segment and assess its long- and short-term financial results. The operating segment reports in a way that corre-sponds with the internal reporting that is submitted to the operation's chief decision makers. CEO who are responsible for allocating resources and evaluating the operating segment's results, are the chief operating decision makers who make strategic decisions.

The division into operating segments is based on the different pharma-ceutical products that Xbrane develops and sells. The following operating seg-ments have been identified:
- "Biosimilars"
- "Long-acting injectibles".
- "Administration and unallocated"

The segment "Biosimliars" include the operations of Xlucane™ as well as the pre-clinical biosimilars portfolio. The second segment "Long-acting injec-ta-bles" includes the operations of Spherotide and the last segment "Admin-istration and unallocated" includes the remaining parts of the business and thereby mostly administration related such as expenses related to finance function, Board of Directors, market listing of shares as well as investor rela-tions among others. The revenues from protein expression system which is a non-core business is included in Administration and unallocated.

Group	Full year 2020			
Amounts in SEK thousand	Biosimilars	Long-acting injectable drugs	Unalloca-ted/ administra-tion	**Group**
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**

	Full year 2019			
Amounts in SEK thousand	Biosimilars	Long-acting injectable drugs	Unalloca-ted/ administra-tion	**Group**
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**

The Parent Company did not report any net revenues for 2020 nor for 2019.

	Group	
Amounts in SEK thousands	**2020**	**2019*)**
Income per segment		
Biosimilars		-
Long-acting injectables		-
Administration and unallocated	20,652	6,355
Total income	**20,652**	**6,355**
Result per segment		
Biosimilars	-196,839	-125,674
Long-acting injectables	-6,461	-30,261
Administration and unallocated	-21,956	-30,637
Operating profit	**-225,257**	**-186,572**
Finance income		
Biosimilars	-	-
Long-acting injectables	-	-
Administration and unallocated	-	51
Total financial income	**-**	**51**
Finance expenses		
Biosimilars	-406	-354
Long-acting injectables	-70	-71
Administration and unallocated	-294	-1,044
Total Financial cost	**-769**	**-1,468**
Net financial items	**-769**	**-1,417**
Profit before tax	**-226,026**	**-187,989**

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Investments[1]				
Biosimilars	3,503	565	3,503	565
Long-acting injectables	351	621	10,148	1,536
Administration and unallocated	-	-	-	-
Total	**3,855**	**1,187**	**13,651**	**2,101**
Depreciation and write downs				
Biosimilars	4,337	3,624	1,955	1,840
Long-acting injectibles	1,799	20,068		-
Administration and unallocated	430	441	33	42
Total	**6,566**	**24,134**	**1,987**	**1,882**

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Fixed assets[1]	18,218	21,261	5,212	3,697
Total	**18,218**	**21,261**	**5,212**	**3,697**

1) Includes tangible and intangible assets as well as right-to-use assets.
*) This period has been recalculated due to restatement, see Appendix 1 for the effects

NOTE 4 Other expenses

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Outlicening fee to subsidiary	-	-	-	-
Exchange losses on trade receivables and payables	-11,205	-10,120	-11,203	-10,110
Impairment of receivables	-	20	-	20
Other	-214	-22	-	-
Total other expenses	**-11,419**	**-10,122**	**-11,203**	**-10,090**

NOTE 5 Employees, salaries and senior executive's remuneration

Expenses for employee remuneration

Group

Amounts in SEK thousands	**2020**	**2019**
Salaries and remuneration	36,530	29,695
Payments on termination of employment[1]	481	517
Social security expenses	7,678	6,688
Other personnel expenses	1,565	806
Total	**46,255**	**37,707**

1) Statutory non-recuring payment to employees in Italy which is paid when employment is terminated.

	12-31-2020	**12-31-2019**
Gender distribution in Board of Directors and Management	**Proportion of women**	**Proportion of women**
Parent Company		
Board of Directors	29%	29%
Management	56%	40%
Group		
Board of Directors	29%	29%
Management	56%	33%

Average number of employees	**2019**	**of which men**	**2018**	**of which men**
Parent Company	32	55%	27	52%
Subsidiaries	7	29%	9	32%
Group	**39**	**49%**	**36**	**47%**

Salaries and other payments distributed between senior executives and other employees, as well as social security expenses

Parent Company	**2020**		
Amounts in SEK thousands	**Senior executives (9 persons)**	**Other employees**	**Total**
Salaries and other payments[1]	10,367	19,840	30,207
- Of which bonus payments similar.	542	1,435	1,977
- Of which pension expenses	1,777	2,307	4,083
Social security expenses[1]	1,823	3,727	5,549

1) Does not include fees for Board of Directors paid as salaries amounted to SEK 2,133 thousand (800) as well as social security expenses for those of SEK 606 thousand (253).

Salaries and other payments distributed between senior executives and other employees, as well as social security expenses

Parent Company	**2019**		
Amounts in SEK thousands	**Senior executives (5 persons)**	**Other employees**	**Total**
Salaries and other payments[1]	6,192	15,646	21,838
- Of which bonus payments similar.	587	1,131	1,717
- Of which pension expenses	713	2,510	3,223
Social security expenses[1]	1,616	3,611	5,227

1) Does not include fees for Board of Directors paid as salaries amounted to SEK 2,133 thousand (800) as well as social security expenses for those of SEK 606 thousand (253).

Group	**2020**	**2019**
Amounts in SEK thousands	**Senior executives (9 persons)**	**Senior executives (6 persons)**
Salaries and other payments[1]	12,190	10,036
- Of which bonus payments	542	638
- Of which pension expenses	1,777	716

1) Does not include fees for Board of Directors paid as salaries amounted to SEK 2,133 thousand (800) as well as social security expenses for those of SEK 606 thousand (253).

NOTE 5 Employees, salaries and senior executive's remuneration, cont.

Salaries and other remuneration to senior executives, Group, 2020

Amounts in SEK thousands	Basic salary, directors' fees[1]	Variable remuneration	Pension expenses	Share related remuneration[2)]	Total
Chairman of the Board of Directors Anders Tullgren	600	-	-	-	600
Board member Maris Hartmanis (until May 14, 2020)	200	-	-	-	200
Board member Peter Edman	350	-	-	-	350
Board member Karin Wingstrand	350	-	-	-	350
Board member Giorgio Chirivi	350	-	-	-	350
Board member Eva Nilsagård	400	-	-	-	400
Board member Ivan Cohen-Tanugi	350	-	-	-	350
Board member Mats Thorén (från till 14 maj 2020)	200	-	-	-	200
CEO Martin Åmark	1 481	102	324	0	1,906
Deputy CEO Siavash Bashiri	1 182	86	232	184	1,684
Other senior executives (7)	5 583	354	1 221	219	**7,377**
Total	**11 046**	**542**	**1 777**	**403**	**13,768**

1) Committee fees is included in the Board fees and consist of the following amounts:
SEK 50 thousand (-) for each of the non-employed members of the remuneration committee and SEK 100 thousand (-) to the chairman of the committee who is not also an employee; and
SEK 50 thousand (-) for each of the non-employed members of the audit committee and SEK 100 thousand (-) to the chairman of the committee who is not also an employee; and
SEK 50 thousand (-) for each of the non-employed members of the transaction committee and SEK 100 thousand (-) to the chairman of the committee who is not also an employee.

2) Applies to amounts that expire at the end of the year and are paid out in 2021. LTIP value is calculated using the closing price on December 30, 2020 of SEK 74.8. The final value of those earned the shares depend on the share price on the vesting date of 6 may 2021. The figures includes social security contributions.

Salaries and other remuneration to senior executives, Group, 2019

Amounts in SEK thousands	Basic salary, directors' fees[1]	Variable remuneration	Pension expenses	Share related remuneration[2]	Total
Chairman of the Board of Directors Anders Tullgren	450	-	-	-	450
Board member Maris Hartmanis	275	-	-	-	275
Board member Peter Edman	250	-	-	-	250
Board member Karin Wingstrand	250	-	-	-	250
Board member Giorgio Chiviri	250	-	-	-	250
Board member Eva Nilsagård (as of May 16, 2019)	200	-	-	-	200
Board member Ivan Cohen-Tanugi (as of May 16, 2019)	175	-	-	-	175
Board member Alessandro Sidoli (until May 16, 2019)	75	-	-	-	75
Board member Saeid Esmaeilzadeh (until May 16, 2019)	75	-	-	-	75
CEO Martin Åmark	1,205	145	260	80	1,690
Deputy CEO Siavash Bashiri	1,188	135	233	30	1,586
Other senior executives (4)	4,272	358	223	134	4,988
Total	**8,666**	**638**	**716**	**243**	**10,264**

1) Committee fees is included in the Board fees and consist of the following amounts:
SEK 50 thousand (-) for each of the non-employed members of the remuneration committee and SEK 100 thousand (-) to the chairman of the committee who is not also an employee; and
SEK 50 thousand (-) for each of the non-employed members of the audit committee and SEK 100 thousand (-) to the chairman of the committee who is not also an employee; and
SEK 50 thousand (-) for each of the non-employed members of the transaction committee and SEK 100 thousand (-) to the chairman of the committee who is not also an employee.

2) Applies to amounts that expire at the end of the year and are paid out in 2020. LTIP value is calculated using the closing price on December 30, 2019 of SEK 34.8. The final value of those earned the shares depend on the share price on the vesting date of 14 may 2020. The figures includes social security contributions.

NOT 5 Employees, salaries and senior executive's remuneration, cont.

Remuneration of senior executives and conditions for termination and severance pay
The Annual General Meeting in May 2020 decided on the following guidelines for determining remuneration and other terms of employment for senior executives. Remuneration to senior executives shall consist of fixed salary, variable remuneration, the possibility of pension provision and other customary benefits, as well as the opportunity to participate in long-term incentive programs. The fixed salary must be market-based and revised annually. The variable remuneration for senior executives in the Parent Company is maximized to 50 percent of the basic salary. The Board of Directors shall have the right to deviate from the above guidelines if the Board of Directors considers that in a particular case there are special reasons that justify it. During 2020, no deviation from the principles adopted by the Annual General Meeting regarding variable remuneration to senior executives in the Group took place. Senior executives are covered by defined contribution pension plans that is design to be similar to an ITP1 plan. The defined contribution pension plans may not exceed 30 percent of the fixed annual salary, which is not the case in 2020. For employees of the Italian subsidiary, the defined contribution pension plans are not covered, but have a provision made annually until termination of employment, in accordance with Italian legislation.

According to the employment contract, the CEO of the Parent Company has a mutual notice period of six months. If the employment is terminated by the Company, the CEO is entitled to compensation during the period of notice. Other senior executives employed by the Parent Company have mutual notice periods of three months. The exception is for David Vikström, CTO, where the notice period is one month for the Company but three months for the employee. For executives of the Italian subsidiary there is no termination period.

Warrant program for senior executives
Three warrant programs are issued to executive directors and board members. For more information see page 31 in the Administration report as well as Note 1 (x) Employee remuneration.

Warrants Serie I 2018/2021
The elected chairman Anders Tullgren was offered to subscribe for up to a maximum of 49,285 warrants. All warrants were subscribed by Anders Tullgren at a price corresponding to the market value of the options calculated in accordance with the Black & Scholes valuation model. At the time of allocation, the valuation was SEK 5.91 / option. When calculating the warrants market value, the following factors has been used; share price of 60.8672 SEK/share; exercise price 91 SEK/ share, volatility 33.52 percent, expected dividend of 0 SEK/ share, risk free interest of -0.44 percent as well as a duration of three years. Each warrant entitles the holder to subscribe for one new share during the period from April 1, 2021 to May 31, 2021. In the event that all outstanding warrants are exercised, the number of shares in the Company will increase by 49,285 shares and the share capital by approximately SEK 11,049 thousand. If all outstanding warrants in the warrants program serie I 2018/2021 are used, it will result in a dilution of approximately 0.77 percent of the share capital and votes in the Company. If the warrant holder leave the Board before the program ends, the Company has the right to re-purchase warrants that have not been earned.

Warrants Serie II 2018/2021
Issue of a maximum of 15,000 warrants to the five Board members who were registered in Xbrane at the time of the AGM (excluding Saeid Esmaeilzadeh), which gave the Board members the right to subscribe for a maximum of 3,000 warrants each. A total of 13,500 warrants were subscribed by the subscribers at a price corresponding to the market value of the options calculated in accordance with the Black & Scholes valuation model. At the time of allocation, the valuation was SEK 5.8797 / option. When calculating the warrants market value, the following factors has been used; share price of 60,8672 SEK/share; exercise 91 SEK/share, volatility 33.52 percent, expected dividend of 0 SEK/ share, risk free interest of -0.44 percent as well as a duration of three years. Each warrant entitles the holder to subscribe for one new share during the period from April 1, 2021 to May 31, 2021. In the event that all outstanding warrants are exercised, the number of shares in the Company will increase by 13,500 shares and the share capital by approximately SEK 3,027 thousand. If all outstanding warrants in the warrants program serie II 2018/2021 are used, it will result in a dilution of approximately 0.21 percent of the share capital and votes in the Company. If the warrant holder leave the Board before the program ends, the Company has the right to re-purchase warrants that have not been earned.

Warrants Serie III 2018/2022
Issue of a maximum of 96,000 warrants to Group Management consisting of up to four executives to subscribe between 6,000 and 24,000 warrants, whereby the CEO was offered to subscribe for a maximum of 24,000 warrants and the others a maximum of 24,000 warrants, totaling a maximum of 96,000 warrants. A total of 79,000 warrants were subscribed for by the subscribers at a price corresponding to the market value of the options calculated in accordance with the Black & Scholes valuation model. At the time of allocation, the valuation was SEK 4.18 / option. When calculating the warrants mar-ket value, the following factors has been used; share price of 60.8672 SEK/share; exercise price 121.73 SEK/ share, volatility 33.52 percent, expected dividend of 0 SEK/ share, risk free interest of -0.44 percent as well as a duration of four years. Each warrant entitles the holder to subscribe for one new share during the period from April 1, 2022 to May 31, 2022. In the event that all outstanding warrants are exercised, the number of shares in the Company will increase by 79,000 shares and the share capital by SEK 17,712 thousand. If all outstanding warrants in the warrants program serie III 2018/2022 are used, it will result in a dilution of approximately 1.23 percent of the share capital and votes in the Company. As of December 31, 2018, 141,785 warrants had been allocated and acquired on market terms. If the warrant holder leave his or her employement in the Company before the program ends, the Company has the right to re-purchase warrants that have not been earned.

Share savings program
As of December 31, 2020, the Company has three ongoing long-term equity savings programs. For more information, see page 31–32 in the Administration report as well as Note 1 (x) Employee remuneration.

LTIP 2018
LTIP 2018 is a long-term share savings program that runs during the period 2018-2020. The program means that the employee's participation requires an investment in Xbrane's shares, the so-called savings shares, up to a total of 2,200 shares for senior executives and up to a total of 1,500 shares for other employees, before the end of February 2019. For each savings share (1) the employees have acquired, the employee may acquire one (1) so-called matching share and up to three (3) so-called performance shares. The performance of performance shares is based on the fulfillment of the targets set by LTIP 2018 and which are related to total return on shares, fulfillment of certain milestones for the Company, and fulfillment of certain milestones for the subsidiary. In addition, eligibility for shares is conditional on the participant being employed by the Group and all his or her savings shares being allocated to the program during the vesting period. At the initiation of the program, each share right at the share price was valued at SEK 34.0 and no dividends are expected to be paid during the vesting period. Opening number of share rights for the financial year 2019 amounted to 73,244 (18,311 matching shares and 54,933 performance shares) and the closing number of financial year 2019 amounted to 72,844 (18,211 matching shares and 54,633 performance shares). The change relates to terminated employment during the year. Costs for the program include the value of the shares and social costs for the amounts that the employees are expected to be allocated, which are expensed on an ongoing basis during the period 2018–2020.

LTIP 2019
LTIP 2019 is a long-term share savings program that runs during the period 2019-2021. The program means that the employee's participation requires an investment in Xbrane's shares, the so-called savings shares, up to a total of 1,500 shares, acquired before January 31, 2020. For each savings share (1) the employee has acquired, the employee may acquire one (1) matching share and up to three (3) performance shares. The performance of performance shares is based on the fulfillment of the targets set by LTIP 2019 and which are related to the total return on Xbrane's share. In addition, eligibility for shares is conditional on the participant being employed by the Group and all his or her savings shares being allocated to the program during the vesting period.

At the initiation of the program, the matching share was valued at SEK 38.4, performance share no. 1 to SEK 12.7, performance share no. 2 to SEK 9.6, performance share no. 3 to SEK 7.8. No dividends are expected to be paid during the vesting period. The value of the performance shares considers the probability that the stock return conditions will be met, as calculated by Monte Carlo simulation. Opening number of share rights at financial year 2019 amounted to 228,000 (57,000 matching shares and 171,000 performance shares) and closing number at financial year 2019 amounted to 228,000 (57,000 matching shares and 171,000 performance shares). The costs for the program include the value of the shares and social costs for the amounts that the employees are expected to be allocated, which are expensed continuously during the period 2019–2021.

NOTE 5 Employees, salaries and senior executive's remuneration, cont.

LTIP 2020
LTIP 2020 is a long-term share savings program that runs during the period 2020-2022. The program means that the employee's participation requires an investment in Xbrane's shares, the so-called savings shares, up to a total of 1,500 shares, acquired before January 31, 2021. For each savings share (1) the employee has acquired, the employee may acquire one (1) matching share and up to three (3) performance shares. The performance of performance shares is based on the fulfillment of the targets set by LTIP 2020 and which are related to the total return on Xbrane's share. In addition, eligibility for shares is conditional on the participant being employed by the Group and all his or her savings shares being allocated to the program during the vesting period.

At the initiation of the program, the matching share was valued at SEK 41.9, performance share no. 1 to SEK 14.4, performance share no. 2 to SEK 11.0, performance share no. 3 to SEK 9.1. No dividends are expected to be paid during the vesting period. The value of the performance shares considers the probability that the stock return conditions will be met, as calculated by Monte Carlo simulation. Opening number of share rights at financial year 2020 amounted to 246,000 (61,500 matching shares and 184,000 performance shares) and closing number at financial year 2020 amounted to 164,300 (41,075 matching shares and 123,225 performance shares). The costs for the program include the value of the shares and social costs for the amounts that the employees are expected to be allocated, which are expensed continuously during the period 2020–2022.

	2018 – 2020
Vesting period	**Jan 2018 – Dec 2020**
Performance targets	**Operating milestones**
Fair value per share rights	**34.0**

	2019 – 2021
Vesting period	**Jan 2019 – Dec 2021**
Performance targets	**Percentage increase of share price**
Fair value per share rights	**38.4 and performance shares[1)]**

	2020 – 2022
Vesting period	**Jan 2020 – Dec 2022**
Performance targets	**Percentage increase of share price**
Fair value per share rights	**41.9 and performance shares[2)]**

1) Performance share no. 1 is valued to SEK 12.7 per share; Performance share no. 2 is valued to SEK 9.7 per share; Performance share no. 3 is valued toSEK 7.8 per share.
2) Performance share no. 1 12.7; Performance share no. 2 9.7; Performance share no. 3 9.1

The costs of the Performance Share plan are presented in the table below:

	Accumulated		
	IFRS 2	Social security cost	Total
2018 – 2020	-1,020	22	-998
2019 – 2021	-2,416	-651	-3,066
2020 – 2022	-747	-224	-972
Total	**-4,183**	**-853**	**-5,036**

The costs of the Performance Share plan are presented in the table below:

	2019		
	IFRS 2	Social security cost	Total
2017 – 2019	77	18	94
2018 – 2020	-867	-60	-926
2019 – 2021	-1,303	-275	-1,578
Total	**-2,092**	**-317**	**-2,410**

The costs of the Performance Share plan are presented in the table below:

	2020		
	IFRS 2	Social security cost	Total
2017 – 2019	-	107	107
2018 – 2020	567	22	589
2019 – 2021	-1,113	-651	-1,764
2020 – 2022	-747	-224	-972
Total	**-1,293**	**-746**	**-2,040**

Personnel expenses for share-related remuneration

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Expenses attributable to share savings program	2,040	2,410	2,040	2,410
Total	**2,040**	**2,410**	**2,040**	**2,410**

NOTE 6 Fees and reimbursement of expenses to auditors

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
KPMG AB				
Audit assignment	859	1 466	859	1 466
Audit work in addition to the audit assignment	112	886	112	886
Tax advice	-	-	-	-
Other services	181	272	181	272
Other auditors				
KPMG s.r.l. (Italy)				
Audit assignment	184	228	-	-
Audit work in addition to the audit assignment	-	-	--	-
Total	**1,336**	**2,851**	**1,152**	**2,623**

NOTE 7 Operating costs by category

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019[1)]**	**2020**	**2019[1)]**
Raw materials and consumables	13	394	-	-
Change in inventory of finished goods and products in progress	-	30	-	-
Other external expenses	178,787	117,804	179,179	113,181
Personnel expenses	49,338	40,446	43,090	33,020
Depreciation	6,566	5,863	1,987	1,882
Exchange rate losses	11,204	10,120	11,203	10,110
Total	**245,909**	**174,657**	**235,460**	**158,193**

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

NOTE 8 Net financial items

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Interest income	-	51	11	4
Financial income	**-**	**51**	**11**	**4**
Interest charges for leasing	-460	-473	-	-
Interest charges for non-current liabilities	-	-687	-	-687
Interest charges for current liabilities	-306	-297	-293	-297
Other financial expenses	-	-	-38,400	-
Financial expenses	-2	-11	-2	-11
Net financial income/ expense	**-769**	**-1,468**	**-38,696**	**-995**
Finansnetto	**-769**	**-1,417**	**-38,685**	**-990**

Interest income and costs deriving from financial assets and liabilities are valued to amortized cost.

NOTE 9 Taxes

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Current tax expense (-)[/ Tax revenue (+)]	-	-	-	-
Tax expense [/tax revenue] for the year	-	-	-	-
Deferred tax expense (-)[/ Tax revenue (+)]	-	-	-	-
Total tax expense reported in the Group	**-**	**-**	**-**	**-**

Reconciliation of effective tax

Group

Amounts in SEK thousands	**2020**	**2019[1)]**
Profit before tax	-226,026	-187,989
Tax at the current rate for the Parent Company	48,370	40,230
Effect of other tax rates for foreign subsidiaries	514	2,150
Non-deductible expenses	-63	-322
Non-taxable income	131	259
Increase of loss carryforwards without corresponding activation of deferred tax	-48,951	-42,316
Tax attributable to prior years	-	-
Reported effective tax	**-**	**-**

Parent Company

Amounts in SEK thousands	**2020**	**2019**
Profit/loss before tax	-256,415	-154,767
Tax at the current rate for the Parent Company	54,873	33,120
Non-deductible expenses	-8,242	-23
Non-taxable income	-	-
Increase of loss carryforwards without corresponding activation of deferred	-46,631	33,097
tax activation of deferred tax	-	-
Tax attributable to prior years	**-**	**-**
Reported effective tax		

As of 31/12/2019, accumulated loss carry-forward for the Parent Company amounted to SEK 469,228 thousand (251,326).

As of 31/12/2019, accumulated loss carry-forward for the subsidiary Primm Pharma amounted to SEK 52,554 thousandK (43,288).

No tax has been charged to other comprehensive income. None of the above accumulated loss has any time limitation regarding right-to-use period.

1) Depreciation of intangible assets is reported as research and development costs in the Consolidated statement of profit and loss.

NOTE 10 Earnings per share

Earnings per share	**Before dilution**		**After dilution**	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Earnings per share	-12.48	-16.80	-12.48	-16.80

The amounts used in numerators and denominators are presented below.

Earnings per share before dilution

Earnings for the year attributable to the Parent Company's shareholders, before and after dilution

Amounts in SEK thousands	**2020**	**2019**
Earnings for the year attributable to the Parent Company's shareholders	**-226,026**	**-187,989**
Earnings for the year attributable to the Parent Company's ordinary shareholders, before dilution	**-226,026**	**-187,989**

Weighted average number of shares amounted to 18,113,313 (11,190,591), which has been affected by three share issues in 2020. The number of outstanding shares at the end of the year was 22,200,415 (15,415,199).

Weighted average number of ordinary shares, before and after dilution

	2020	**2019**
Weighted average number of ordinary shares during the year, before dilution	18,113,313	11,190,591
Weighted average number of ordinary shares during the year, after dilution	18,113,313	11,190,591

Instruments which can produce future dilution effect and changes after the balance sheet date

The warrants from the share saving programs for the employees as well as warrants program for executives, if fully issued, would lead to 770,585 new shares. The dilution effect would depend on the difference between the exercise price and the market share price at the exercise date.

NOTE 11 Intangible assets

Group	Internally developed intangible assets	Acquired intangible assets	
Amounts in SEK thousands	**Development expenses**	**Goodwill**	**Total**
Accumulated historical cost			
Opening balance January 1, 2019	**7,964**	**59,838**	**67,801**
Exchange rate differences for the year	123	922	1,045
Closing balance December 31, 2019	**8,086**	**60,760**	**68,846**
Opening balance January 1, 2020	**8,086**	**60,760**	**68,846**
Exchange rate differences for the year	-307	-2,307	-2,614
Closing balance December 31, 2020	**7,779**	**58,453**	**66,232**
Accumulated depreciation and impairment	**Development expenses**	**Goodwill**	**Total**
Opening balance January 1, 2019	**-2,191**	**-**	**-2,191**
Depreciation for the year[1)]	-802	-	-802
Exchange rate differences	-40	-	-40
Closing balance December 31, 2019	**-3,033**	**-**	**-3,033**
Opening balance January 1, 2020	**-3,033**	**0**	**-3,033**
Depreciation for the year[1]	-793	0	-793
Exchange rate differences	131	0	131
Closing balance December 31, 2020	**-3,696**	**0**	**-3,696**
Reported values			
As of 2019-01-01	5,773	59,838	65,610
As of 2019-12-31	5,053	60,760	65,812
As of 2020-01-01	5,053	60,760	65,812
As of 2020-12-31	4,083	58,453	62,536

1) Depreciation of intangible assets is reported as research and development costs in the Consolidated statement of profit and loss.

Impairment tests for cash generated units containing goodwill

Group	Carrying amount	Carrying amount
Amounts in SEK thousands	**12-31-2020**	**12-31-2019**
Primm Pharma s.r.l.	58,453	60,760
Total Goodwill	58,453	**60,760**

Goodwill consists in its entirety of the subsidiary Primm Pharma s.r.l.

Impairment testing 2020

In the impairment test of goodwill attributable to Primm Pharma s.r.l. the recoverable amount has been calculated on the basis of fair value less selling costs since the subsidiary was sold after the balance sheet date. In previous years, the recoverable amount has been calculated on the basis of value in use. The fair value has been calculated based on the present value of expected payments on the sale of the subsidiary through a combination of fixed and contingent variable remuneration components. Assumptions regarding costs and revenues in the event of a potential divestment of the subsidiary are based on a non-binding agreement with an external party. The non-binding agreement includes compensation that is paid upon signing, AIFA approval and as annual variable compensation based on sales and milestone payments after achieving the sales target.

In 2021, the signing of a binding agreement related to milestone payments is expected and sales of the product will resume. Sales are forecast to increase rapidly at the re-launch and then increase by an average of 5% per year until 2029. The sales forecast is based on previous experience of sales of the product in corresponding markets and expected geographical expansion of the product carried out by the new owner. The annual sales-based remuneration is not time-limited, but the total remuneration is maximized. The last milestone payment for achieving the total sales target is expected to be met in 2035.

The forecast fixed and contingent variable remuneration has been discounted at a rate that takes into account risk-free interest, market risk and credit risk for the main relevant markets for the company's products. The discount rate used was 11.1 percent after tax. Last year, a discount rate was calculated based on the value in use of the company's future net cash flows. The change in the discount rate compared with the previous year is largely explained by the fact that the required rate of return has become lower as the risk has decreased and is now limited mainly to dependence on the subsidiary's future income, not future results.

Data and basis for assumptions made are considered to fall under valuation category 3.

Impairment testing 2019

The impairment test for Primm Pharma was based on a calculation of value in use. This value was based on cash flow calculations based on the business forecast up to 2035 established by the company's management. Cash flows were calculated taking into account what the forecast world market for the original drug looks like and how large a degree of penetration the company can achieve with its generics of the original drug. The estimated cash flows have been calculated using a discount rate of 20.8 percent after tax.

NOTE 12 Tangible assets

Group

Amounts in SEK thousands	Machinery and other technical plant	Equipment, tools, fixtures and fittings	Under construction	Total
Accumulated historical cost				
Opening balance January 1, 2019	**23,705**	**3,092**	**-**	**26,796**
Adjustments from previous year	3,083		-	3,083
Adjustments of opening balance	**20,622**	**3,092**	**-**	**23,714**
Other acquisitions	723	359	105	1,187
Exchange rate differences	209	13	1	223
Closing balance December 31, 2019	**21,554**	**3,464**	**106**	**25,124**
Opening balance January 1, 2020	**21,554**	**3,464**	**106**	**25,124**
Other acquisitions	3,685	168	-	3,853
Reclassification of Under construction	106	-	-106	106
Exchange rate differences	-542	-34	-	-575
Closing balance December 31, 2020	**24,803**	**3,598**	**-**	**28,402**
Accumulated depreciation and impairment				
Opening balance January 1, 2019	**-8,899**	**-1,152**	**-**	**-10,052**
Adjustments from previous year	1,060	-	-	1,060
Adjustments of opening balance	**-7,840**	**-1,152**	**-**	**-8,992**
Impairment	-5,131	-	-	-5,131
Depreciation for the year	-3,225	-687	-	-3,912
Exchange rate differences	-77	-8	-	-85
Closing balance December 31, 2019	**-16,273**	**-1,847**	**-**	**-18,120**
Opening balance January 1, 2020	**-16,273**	**-1,847**	**-**	**-18,120**
Depreciation for the year	-1,804	-672	-	-2,475
Exchange rate differences	335	24	-	359
Closing balance December 31, 2020	**-17,741**	**-2,495**	**-**	**-20,236**

Reported values

Amounts in SEK thousands	Machinery and other technical plant	Equipment, tools, fixtures and fittings	Under construction	Total
As of 01-01-2019	14,805	1,939	-	16,744
As of 12-31-2019	5,281	1,617	106	7,004
As of 01-01-2020	5,281	1,617	106	7,004
As of 12-31-2020	7,062	1,103	-	8,166

NOTE 12 Tangible assets, cont.

Parent Company

Amounts in SEK thousands	Machinery and other technical plant	Equipment, tools, fixtures and fittings	Total
Accumulated historical cost			
Opening balance January 1, 2019	**7,295**	**2,232**	**9,527**
Acquisition	218	347	565
Closing balance December 31, 2019	**7,514**	**2,579**	**10,092**
Opening balance January 1, 2020	**7,514**	**2,579**	**10,092**
Acquisition	3,344	159	3,503
Closing balance December 31, 2020	**10,858**	**2,737**	**13,595**
Depreciation			
Opening balance January 1, 2019	**-3,782**	**-732**	**-4,514**
Depreciation for the year	-1,346	-536	-1,882
Closing balance December 31, 2019	**-5,127**	**-1,268**	**-6,395**
Opening balance January 1, 2020	**-5,127**	**-1,268**	**-6,395**
Depreciation for the year	-1,418	-570	-1,987
Closing balance December 31, 2020	**-6,545**	**-1,838**	**-8,383**

Reported values

Amounts in SEK thousands	Machinery and other technical plant	Equipment, tools, fixtures and fittings	Total
As of 01-01-2019	3,513	1,500	5,013
As of 12-31-2019	2,386	1,311	3,697
As of 01-01-2020	2,386	1,311	3,697
As of 12-31-2020	4,313	899	5,212

NOTE 13 Co-development

Amounts in SEK thousands	Xbrane's share
Revenues	-
Expenses	130,802
Assets	31,495
Liabilities	54,377

Since the co-development agreement with STADA was entered in July 2018, research and development expenses for Xlucane™ are accounted for as net expenses in the profit and loss statement, which means 50 percent of the expenses for the total project. At the balance sheet, the assets and liabilities attributable to the project are accounted for in full (i.e. 100 percent) and then STADA's share of these (i.e. 50 percent) are accounted for as an asset or liability between Xbrane and STADA. This means that the balance sheet has expanded as a result of the STADA agreement while research and development expenses in the profit and loss statement has decreased with 50 percent. This concerns both the Consolidated Group financials and the Parent Company.

NOTE 14 Non-current receivables

	Group		Parent Company	
Amounts in SEK thousands	**12-31-2020**	**12-31-2019**	**12-31-2020**	**12-31-2019**
Non-current receivables				
Rental deposit	4,580	635	4,580	635
Deposit to CRO concerning clinical trial	8,030	8,347	8,030	8,347
Total	**12,610**	**8,982**	**12,610**	**8,982**

NOTE 15 Receivables

	Group		Parent Company	
Amounts in SEK thousands	**12-31-2020**	**12-31-2019**	**12-31-2020**	**12-31-2019**
Receivables	51,384	-	51,384	-
Provisions for doubtful trade receivables	-	-	-	-
Total	**51,384**	**-**	**51,384**	**-**

NOTE 16 Prepaid expenses and accrued income

	Group		Parent Company	
Amounts in SEK thousands	**12-31-2020**	**12-31-2019**	**12-31-2020**	**12-31-2019**
Rent for premises	1,211	636	1,211	636
CRO for clinical trial	54,960	66,033	54,960	66,033
Other[1)]	16,807	11,182	16,764	11,084
Total prepaid expenses and accrued income	**72,978**	**77,850**	**72,935**	**77,752**

1) Primarily refers to research and development expenses regarding Xlucane™.

NOTE 17 Cash and cash equivalents

	Group		Parent Company	
Amounts in SEK thousands	**12-31-2020**	**12-31-2019**	**12-31-2020**	**12-31-2019**
Cash and cash equivalents				
Cash and bank	243,139	164,197	242,247	163,601
Carrying amount	**243,139**	**164,197**	**242,247**	**163,601**

Deposits at the bank are placed at banks with credit rating A or higher and are available at demand. Taken in account, the short duration and the counter parties high credit rating, the credit risk at the deposits are low and the expected credit loses is deemed to be insignificant.

NOTE 18 Equity

Type of shares	Ordinary shares	
	2020	**2019**
Issued as of January 1	15,415,199	6,329,239
Issue of shares paid in cash	6,785,216	9,085,960
Conversion of convertible loan to shares	-	-
Issued as of December 31	**22,200,415**	**15,415,199**

The Group only has one type of share, so-called ordinary shares. As of December 31 2019, the registered share capital comprised of 22,200,415 ordinary shares (15,415,199).

The owners of the common shares are entitled to dividend which are established continuously, and the holding of share entitles to a right of vote at the general meeting with one vote per share. All shares have the same rights to the entities remaining net assets.

In 2015, Xbrane acquired Primm Pharma. The acquisition was financed through issuing a convertible loan, which are classified as equity, see Note 1, chapter *(r) Issued convertible debentures*. The ciisued convertible expired during 2020 without the predetermend milestones was fullfiled. Becasue of that, no further milestone was converted so shares.

Dividends

At the Annual General Meeting at May 6, 2021, the Board will propose that there should not be any dividend paid. There have been no dividends at the financial year of 2020 and none under the previous financial years.

Group

Translation reserve

The translation reserve includes all exchange rate differences that arise when converting financial statements from foreign operations that have prepared their financial statements in a currency other than that in which the Group's financial statements are presented. The Parent Company and the Group present their financial statements in Swedish kronor. Further, the translation reserve consists of exchange rate differences which arise when revaluing goodwill.

Parent Company

Restricted funds

Restricted funds must not be reduced through distribution of profits.

Unrestricted equity

Together with profit for the year, the following funds constitute unrestricted equity, i.e. the amount that is available for dividends to the shareholders.

Share premium reserve

When shares are issued at a premium, i.e. more is to be paid for the shares than their quote value, an amount equivalent to the amount received in excess of the shares' quote value is transferred to the share premium reserve. From January 1, 2006, amounts transferred to the share premium reserve are included in unrestricted equity.

Retained earnings

Retained earnings comprise previous years' retained earnings and earnings after deduction for dividends made during the year.

NOTE 19 Interest-bearing liabilities

The following provides information about the Company's contractual terms in relation to interest-bearing liabilities. For further information about the Company's exposure to interest rate risk and risk of exchange rate fluctuations, refer to Note 24.

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Non-current liabilities				
Bank loans	-	-	-	-
Financial leasing debts	3,995	6,281	-	-
Total	**3,995**	**6,281**	**-**	**-**
Current liabilities				
Bank loans	-	12	-	-
Financial leasing debts	2,265	3,144	-	-
Total	**2,265**	**3,156**	**-**	**-**

Terms and repayment periods

Terms and repayment periods for the Group's interest-bearing liabilities are presented in the table below. No securities have been pledged for financial leasing and bank loans. No canceled payments or breach of contract occurred in 2020.

NOTE 19 Interest-bearing liabilities cont.

				2020		2019	
Amounts in SEK thousands	Currency	Nominal interest, %	Maturity	Nominal value	Reported value	Nominal value	Reported value
Bank loan	EUR	4.55	Januariy 31, 2020			12	12
Leasing liabilities	SEK	6.00	Within 5 years	5,741	5,741	8,012	8,012
Leasing liabilities	EUR	6.00	Within 5 years	520	520	1,412	1,412
Total				**6,260**	**6,260**	**9,436**	**9,436**

NOTE 20 Other liabilities

	Group		Parent Company	
Amounts in SEK thousands	2020	2019	2020	2019
Other current liabilities				
Liabilities to employees	7	57	7	57
Liabilties related to VAT, taxes and social security for employees	1,321	1,117	1,185	922
Current liabilities, derivatives	-	1,729	-	1,729
Total	**1,328**	**2,903**	**1,192**	**2,708**

NOTE 21 Provisions

Group

Amounts in SEK thousands	2020	2019
One-off payment on termination of employment	4,810	4,547
Total	**4,810**	**4,547**

As of December 31 2020, the Parent Company had no provisions.

Group, one-off payment on termination of employment

Amounts in SEK thousands	2020	2019
Opening balance January 1	4,547	4,275
Provisions made during the period	283	368
Amounts off-set during the period	161	-163
Exchange rate differences	-181	67
Change in discounted amount during the period	-	-
Closing balance December 31	**4,810**	**4,547**

One-off payment on termination of employment refers to employees in Primm Pharma. in accordance with Italian legislation. The expected period for outflow is estimated at five years.

NOTE 22 Liabilities to subsidiary

Parent Company

Amounts in SEK thousands	12-31-2020	12-31-2019
Opening balance January 1	-	3,042
Re-invoiced expenses to subsidiary	285	-
Repayment of debt	-	-3,042
Closing balance December 31	**285**	**-**

NOTE 23 Accrued expenses and prepaid income

	Group		Parent Company	
Amounts in SEK thousands	12-31-2020	12-31-2019	12-31-2020	12-31-2019[1)]
Salaries	5,714	4,045	5,417	3,523
Vacation salary	2,666	2,402	2,502	2,011
Interest expenses	-	-	-	-
Prepaid income	11,221	1,445	10,181	182
Prepaid income from co-development partner[2)]	104,739	110,148	104,739	110,148
Other accrued expenses	31,513	19,391	31,110	16,434
Total	**155,853**	**137,431**	**153,949**	**132,298**

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

2) Prepayments from the co-development partner STADA, regarding their part of the joint costs from the development of Xlucane™.

NOTE 24 Financial risks and risk management

Through its operations, the Group is exposed to various types of financial risks.
- Liquidity and financing risk
- Credit risk
- Market risk

Framework for financial risk management
The Group's financial policy for managing financial risks has been designed by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for financial activities. Responsibility for the Group's financial transactions and risks is handled centrally by the Group's financial function within the Parent Company. The overall objective of the financial function is to provide cost-effective funding and to minimize negative effects on the Group's earnings resulting from market risks. The head of the central finance function is the CFO, who reports to the CEO and Board of Directors on an ongoing basis.

Capital Management
According to the Finance policy, the Group's financial objective is to have a good financial position, which contributes to maintaining the confidence of investors, creditors and the market, as well as providing a basis for continued development of business operations and at the same time provide a long-term return generated to shareholders. The Group has no sales of its drug candidates yet and the financing of the Group's operations is mainly through partnerships and capital from the owners. Until the Group has reached long-term and sustainable profitability, the policy is to maintain a low debt and high equity ratio.

Liquidity risk and going concern
Liquidity risk is the risk that the Group may have problems fulfilling its obligations associated with financial liabilities. The Group has rolling 12-month liquidity planning covering all Group entities. The schedule is updated every month. Liquidity planning is used to manage the liquidity risk and the costs of financing the Group. The goal is that the Group will be able to meet its financial commitments both in terms of gains and losses, without significant unforeseen costs and without risking the Group's reputation. In order to minimize borrowing requirements the Group is using surplus liquidity through cash pools set up by the central finance function. Liquidity risks are handled centrally for the Group by the Parent Company's finance function.

The ambition is to have sufficient cash and cash and equivalents as well as guarantied credits in order to cover the need of the upcoming 12 months cash requirements. 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 2023, as the company is expected to achieve positive cash flow based on sales revenue from Xlucane™. When publishing the annual report 2020, there is still a need for capital for the next 12 months and thus there is uncertainty for continued operations. The company continues to evaluate various financing alternatives together with its financial advisors and for dialogues with investors. See page 25 in the administration report for more information.

Group

Credit facility	**12-31-2020**
Amounts in SEK thousands	Nominal value
Available cash and cash equivalents	243,139
Liquidity reserve	**243,139**

Credit Risk
The Group's financial operations entail exposure to credit risks. It is primarily counterparty risks in connection with receivables from counterparties arising from the sale of goods and licenses as well as from co-development partners. At the balance sheet date, there were no over due or written down receivables (SEK 0.0 M as of December 31, 2019).

Credit risks for receivables from customers and co-development partners
The risk that the Group's customers and partners do not fulfill their obligations, ie that receivables are not received, constitutes a customer credit risk. In accordance with IFRS 9, a credit loss provision is made at the first accounting date. Individual assessments are then made, which are based on a number of factors, estimates, assumptions about future conditions and macroeconomic aspects. A change in these estimates and assumptions could have a significant effect on the valuation of existing accounts receivable. For more information see page 26 in Administration report.

Credit risks for cash and cash equivalents
Balances with banks are placed at banks with a credit rating of A or higher and are available on request. Considering the short term and the high credit-worthiness of the counterparties, the credit risk in these balances is considered to be low and the expected credit losses are deemed negligible.

Credit risk in other receivables
Other receivables mainly relate to receivables from the tax authorities in Sweden and Italy, thus the credit risk in these balances is considered to be low and expected credit losses are considered negligible.

Market risk
According to IFRS, market risk is divided into three different types, currency risk, interest rate risk and other price risks. The market risk that mainly affects the Group consists of currency risks. during the first half of 2020, the existing contracts regarding currency derivatives expired. Contracts were not renewed and no other similar currency contracts were added during 2020. The Board, the CEO and CFO continuously review changes in the risk picture and the need for price hedging instruments.

Group

Amounts in SEK thousands	**2020**	**2019**
Opening balance January 1	-	-866
Provisions for doubtful trade receivables	-	-
Receivables written off during the period non-recoverable	-	-
Reversed unused amount	-	866
Resolution of discounting effect	-	-
Closing balance December 31	**-**	**-**

Group Account reciviables

Amounts in SEK thousands	**12-31-2020**	**12-31-2019**
SEK	-	-
EUR	51,384	-
USD	-	-
Total	**51 ,384**	**-**

Maturity structure financial liabilities – undiscounted cash flows

Amounts in SEK thousands	Currency	2020 Total	< 1 m	1–3m	3 m – 1 y	1–5 y	>5 y
Bank loan	SEK	3,525	3,525	-	-	-	-
Loan from owner	SEK	25,092	20,506	4,332	254	-	-
Account payables	EUR	466	466	-	-	-	-
Account payables	USD	463	463	-	-	-	-
Account payables	SEK	5,741	195	394	1,263	3,888	-
Leases liability	EUR	520	13	27	121	359	-
Leases liability	SEK	1,192	1192	-	-	-	-
Other liabilities	EUR	136	136	-	-	-	-
Total		**37,135**	**26,498**	**4,753**	**1,638**	**4,247**	**-**

Maturity structure financial liabilities – undiscounted cash flows

Amounts in SEK thousands	Currency	2019 Total	< 1 m	1–3m	3 m – 1 y	1–5 y	>5 y
Bank loan	EUR	12	12	-	-	-	-
Loan from owner	SEK	-	-	-	-	-	-
Account payables	SEK	2,430	2,424	6			
Account payables	EUR	18,479	13,164	5,315	-	-	-
Account payables	USD	188	188	-	-	-	-
Leases liability	SEK	8,725	214	428	1,926	6,157	-
Leases liability	EUR	2,008	104	150	674	1,080	-
Other liabilities	SEK	2,708	980	1,729	-	-	-
Other liabilities	EUR	195	195	-	-	-	-
Total		**34,745**	**17,281**	**7,628**	**2,600**	**7,237**	**-**

NOTE 24 Financial risks and risk management, cont.

Exchange risk
The Group is exposed for an exchange rate risk due the subsidiary are using another currency then the reporting currency as well as the Group has large part of their income and expenses in other currencies than the reporting currency. Exchange rate fluctuation could create both positive and negative effect at the entities profit and loss, equity as well as competitiveness. During the first half of the year, the Group used currency price hedges for EUR / SEK, the contracts then expired during the same period. During the second half of 2020, no new currency price hedges were entered into. The translation differences that have arisen during 2020 regarding the foreign subsidiary are presented in other comprehensive income for the Group.The currency risk is divided into two different categories, conversion exposure and transaction exposure.

Conversion exposure exists when recalculating the subsidiaries balance sheet and the profit and loss to the Groups functional currency. When per-forming a simulated fluctuation of the EUR with +/- 10 percent compared to SEK, it should then have an effect on the Groups balance sheet of SEK 3,393 thousand (254) respectively SEK 790 thousand (3,307) in the profit and loss for the subsidiary.

The transaction exposure derives from fluctuations at the exchange rate in the net cash flow from operating transactions from other currencies then the accounting currency. Such changes do have an affect the profit and loss as well as the balance sheet continuously during the year. Xbrane is mostly ex-posed towards exchange rates at transactions where there is a mix of currencies in which the sales, purchase, receivables and liabilities are accounted for and the different accounting currency. The accounting currency is primarily SEK and EUR. The transactions are primarily conducted in the currency of SEK, EUR and some part in USD. The costs that Xbrane has continuously during the financial year, is mostly in EUR and a minor part in USD. When performing a simulated fluctuation of the EUR and USD with +/- 10 percent compared to SEK, it should then have an effect on the Groups operating profit of SEK 28,048 thousand (28,711) respectively SEK 861 thousand (880).

Group[1]	12-31-2020		12-31-2019	
Amounts in SEK thousands	**USD**	**EUR**	**USD**	**EUR**
Cash and cash equivalents	637	261	38	6,482
Receivables	-	51,384	-	-
Bank loan	-	-	-	1
Payables	47	2,509	19	1,847
Total	**684**	**54,154**	**57**	**8,330**

1) All the amount is presented in SEK

NOTE 25 Valuation of financial assets and liabilities

Group financial instruments are valued either at accrued acquisition value or fair value depending on how the instrument is classified according to IFRS 9. Items which have been the object of valuation at fair value are derivative instruments. Other items have been valued at accrued acquisition value. The recognized value of non-interest-bearing asset and liability items such as accounts receivable, other receivalbes, cash and cash equivalents, non-current interest-bearing liabilities, current interest-bearing liabilities, accounts payable, other liabilities and accrued expenses and prepaid income with a re-maining maturity of less than six months is assumed to reflect a fair approximation of fair value. The tables below show the recognized values compared with the estimated fair value per type of financial asset and liability.

Group	2020				
Amounts in SEK thousands	**Valued at fair value through profit and loss**	**Accrued acquisition value**	**Other financial liabilities**	**Total statement of financial position**	**Fair value**
Accounts reciviable		51,384	-	51,384	51,384
Other receivables	-	6,981	-	6,981	6,981
Cash and cash equivalents	-	243,139	-	243,139	243,139
Total	**-**	**301,504**	**-**	**301,504**	**301,504**
Non-current interest-bearing liabilities	-	-	8,257	8,257	8,257
Accounts payables	-	-	29,546	29,546	29,546
Other liabilities	-	-	1,328	1,328	1,328
Accrued expenses and prepaid income	-	-	51,114	51,114	51,114
Total	**-**	**-**	**90,245**	**90,245**	**90,245**

Group	2019				
Amounts in SEK thousands	**Valued at fair value through profit and loss**	**Accrued acquisition value**	**Other financial liabilities**	**Total statement of financial position**	**Fair value**
Other receivables	24	5,865	-	5,889	5,889
Cash and cash equivalents	-	164,197	-	164,197	164,197
Total	**24**	**170,062**	**-**	**170,086**	**170,086**
Non-current interest-bearing liabilities	-	-	4,173	4,173	4,173
Current interest-bearing liabilities	-	-	12	12	12
Accounts payables	-	-	21,097	21,097	21,097
Other liabilities	1,729	-	1,174	2,903	2,903
Accrued expenses and prepaid income	-	-	27,282	27,282	27,282
Total	**1,729**	**-**	**53,739**	**55,468**	**55,468**

NOTE 25 Valuation of financial assets and liabilities, cont.

Parent Company	2020				
Amounts in SEK thousands	Valued at fair value through profit and loss	Accrued acquisition value	Other financial liabilities	Total statement of financial position	Fair value
Shares in subsidaries	74,066	-	-	74,066	74,066
Accounts reciviable	-	51,384	-	51,384	51,384
Other receivables	-	5,148	-	5,148	5,148
Cash and cash equivalents	-	242,247	-	242,247	242,247
Total	**74,066**	**298,780**	**-**	**372,846**	**372,846**
Non-current liabilities	-	-	8,257	8,257	8,257
Accunts payables	-	-	29,421	29,421	29,421
Liabilities to group companies	-	-	285	285	285
Other liabilities	-	-	1,192	1,192	1,192
Accrued expenses and prepaid income	-	-	49,210	49,210	49,210
Total	**-**	**-**	**88,365**	**88,365**	**88,365**

Parent Company	2019				
Amounts in SEK thousands	Valued at fair value through profit and loss	Accrued acquisition value	Other financial liabilities	Total statement of financial position	Fair value
Other receivables	24	2,937	-	2,962	2,962
Cash and cash equivalents	-	163,601	-	163,601	163,601
Total	**24**	**166,538**	**-**	**166,563**	**166,563**
Non-current liabilities	-	4,173	-	4,173	4,173
Accunts payables	-	20,377	-	20,377	20,377
Other liabilities	1,729	980	-	2,708	2,708
Accrued expenses and prepaid income	-	22,150	-	22,150	22,150
Total	**1,729**	**47,679**	**-**	**49,408**	**49,408**

Fair value

The Group's financial instruments subject to fair value measurement are its currency derivative holdings. The fair value of the Group's currency deriva-tives is based on the observable market value of the exchange rate of SEK against EUR and market price volatility with respect to SEK against EUR. The valuation is thus considered to fall under level 2 in the valuation hierarchy below. The valuation of the shares in subsidaries falls under level 3, according to the valuation hierarchy below. For further information about the shares i subsidaries, see note 11.The tabell shows the different valuation levels for the financial assets and financial liabilities that are reported at fair value in the consolidated balance sheet. The division of the determination of fair value is based on the three levels below.

Level 1: Listed prices in an active market for identical assets or liabilities.

Level 2: Observable data for the asset or liability other than quoted prices included in Level 1, either directly, i.e. as price quotes or indirectly, i.e. obtained from price quotes.

Level 3: Data for the asset or liability that is not entirely based on observ-able market data.

The total value of the currency derivatives held shows a negative value on the balance sheet date. During 2020, no transfers were made between the dif-ferent valuation levels.

Group	2020	2019	2020	2019
Amounts in SEK thousands	**Level 2**	**Level 2**	**Level 3**	**Level 3**
Financial assets				
Shares in subsidaries	-	-	74,066	-
Other current receivables	-	24	-	-
Whereof currency derivatives	-	24	-	-
Total financial assets	**-**	**24**	**74,066**	**-**
Financial liabilities				
Other current payables	-	1,729	-	-
Whereof currency derivatives	-	1,729	-	-
Total financial liabilites	**-**	**1,729**	**-**	**-**

NOTE 26 Leasing

The Group leases several types of assets including premises, machinery/equipment. No leasing agreements contain covenants or other restrictions in addition to the security of the leased asset.

Leasing liabilites

Amounts in SEK thousands	2020	2019
Current leasing liabilities	2,265	6,281
Non-current leasing liabilities	3,995	3,144
Leasing liabilities included in the Consolidated financial statement	6,260	9,424

For maturity analysis of leasing liabilities, see Note 24 in the section on liquidity risk.

Right-of-use asset 2020

Amounts in SEK thousands	Premises	Machinery	Total
Right-of-use assets	2,544	6,660	9,204
Depreciation and write downs during the year	1,685	1,515	3,200
Exchange rate differences	-49	14	-35
Closing balance December 31, 2020	809	5,159	5,969

Right-of-use asset 2019

Amounts in SEK thousands	Premises	Machinery	Total
Right-of-use assets	4,229	9,615	13,844
Depreciation and write downs during the year	1,694	2,954	4,648
Exchange rate differences	9	2	8
Closing balance December 31, 2019	2,541	6,663	9,204

Extension and termination options

Certain lease agreements contain extension options or termination options which the Group can exercise or not exercise for up to a year before the end of the non-terminable lease period. Wherever possible, the Group seeks to include such options in new leasing agreements as it contributes to operational flexibility. The options can only be exercised by the Group, not by the lessor. Whether it is reasonably certain that an extension option will be exercised is determined on the commencement date of the lease agreement. The Group examines whether it is reasonably certain that an extension option will be exercised if an important event occurs or there are material changes in circumstances that are within the control of the Group.

The Group's agreements for premises consist of mainly non-terminable terms of two respectivly five years, which are extended by a further period of one respectivly three years if the Group or the lessor does not terminate the agreement by giving three or nine-months' notice. Regarding offices, the Group's assessment is that in the majority of cases it is not reasonably certain that the agreements will be extended beyond the first term, i.e. the lease period is normally assessed to be just one term. The reported leasing liability for these agreements sums up to SEK 0.9 M.

The Group's leasing agreement for machinery consists mainly of non-cancelable periods of five years, which after the end of the period fall to the Group. The reported leasing liability for these agreements sums up to SEK 5.4 M.

During the year, lease liabilities/assets did not utilize any options or similar that were not previously included in the lease liability. Significant changes may occur in the future if a reassessment of the lease period regarding any of the Group's significant property agreements should occur.

Amounts stated in the profit or loss, IFRS 16	Group	
Amounts in SEK thousands	**2020**	**2019**
Depreciation of right-of-use assets	3,200	4,648
Interest expenses on leases	460	458
Variable leasing expenses excluding from the valuation of the leasing liability	-	-+
Short-term leases	475	356
Leases of low value, not short-term leases of low value	54	246
	4,189	**5,708**
Amount presented in the Consolidated cash flows statement		
Total cash flow related to leases	**3,656**	**3,448**

The above cash flow includes both amounts for leasing contracts that are reported as leasing liabilities, as well as amounts paid for variable leasing fees, short-term leases and leases of low value.

NOTE 27 Distribution of the Company's profit or loss

Proposed distribution of the Company's profit or loss

Amounts in SEK thousands	
Share premium reserve	774,410
Profit/loss brought forward	-252,474
Profit/loss for the year	-256,415
Total	**265,521**
To be carried forward:	265,521

NOTE 28 Transactions with closely related parties

Group

Amounts in SEK thousands	Year	Purchase of goods/services from affiliates	Interest costs	Interest income	Liabilities as of Dec. 31
Relationship					
Subsidiary	2020	443	-	-	285
Other closely related parties	2020	-	-	-	-
Subsidiary	2019	694	4	4	-
Other closely related parties	2019	-	687	-	-

The Parent Company has a relationship with its subsidiary, see Note 34.

Parent Company

Amounts in SEK thousands	År	Inköp av varor/ tjänster	Försäljning av varor/ tjänster	Interest costs	Interest income	Liabilities as of Dec. 31
Relationship						
Subsidiary	2020	270	173	-	-	285
Other closely related parties	2020	-		-	-	-
Subsidiary	2019	358	336	4	4	-
Other closely related parties	2019	-	-	687	-	-

Transactions with related parties are priced on market terms. Remuneration to senior executives and board members is presented in Note 5.

Transactions with closely related parties

Closely related parties include the Group's management, board members and their relatives, as well as companies where the above mentioned have a leading position or have an ownership connection. Since December 31, 2015 there is a provision for the Italian subsidiary Primm Pharma's CEO/ Head of Long-acting injectables which on the balance sheet date of December 31, 2020 amounted to SEK 4,026 thousand. The provision relates to a one-off payment on termination of employment in accordance with Italian legislation and is not interest-bearing.

During 2020, Primm Pharma s.r.l. purchased administration and services, and rented premises from Primm s.r.l. at a cost of SEK 1,084 thousand. Primm s.r.l. is 56 percent owned by Paolo Sarmientos, CEO/ Head of Long-acting injectables for Primm Pharma. During 2020, the Parent Company invoiced the subsidiary Primm Pharma SEK 0.2M for administration services and re-invoicing expenses. Primm Pharma, invoiced Xbrane Biopharma SEK 0.3 M for external costs relating to the Parent Company.

During 2020, Xbrane conducted two share issues in which several related parties participated and subscribed for shares on market terms. The following related transactions were carried out:

- Serendipity Group subscribed for a total of 563,993 shares.
- STADA Arnzeimittel AG deltog också i nyemissionen och tecknade 314 197 aktier.

All shares were registered and distributed to the above-mentioned persons and companies in 2020.

NOTE 29 Group companies

Holdings in subsidiaries	Subsidiary's registered, office, country	Equity interest in %
Primm Pharma s.r.l.	Italien	100

Parent Company

Amounts in SEK thousands	2020	2019
Accumulated historical cost		
Opening balance January 1	102,319	100,783
Shareholder equity contribution	10,147	1,536
Closing balance December 31	**112,466**	**102,319**
Accumulated revaluations		
Opening balance January 1	-	-
Closing balance December 31	**-**	**-**
Accumulated impairment		
Opening balance January 1	-	-
Impairment	**-38,400**	
Closing balance December 31	**-38,400**	**-**
Reported value December 31	**74,066**	**102,319**

NOTE 30 Specifications for cash flow statements

Cash and cash equivalents

	Group		Parent Company	
Amounts in SEK thousands	**12-31-2020**	**12-31-2019**	**12-31-2020**	**12-31-2019**
Following items included in cash flow				
Cash and cash equivalents	243,139	164,197	242,247	163,601
Carrying amount balance sheet	243,139	164,197	242,247	163,601
Carrying amount cash flow	**243,139**	**164,197**	**242,247**	**163,601**

Paid interest and dividends received

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Interest received	0	51	11	4
Interest paid	-769	-1,468	-38,696	-995
Total	**-769**	**-1,417**	**-38,685**	**-990**

Adjustments for items not included in cash flow

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Depreciation	6,566	7,326	1,987	1,882
Expenses related to share savings program	1,293	2,092	1,293	2,092
Impairment of inventories and inventory	0	12,351	38,400	-
Other	-1,612	2,949	-2,080	2,731
Total	**6,247**	**24,718**	**39,600**	**6,706**

Transactions non-cash items

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Conversion of loan and convetible loan into shares	-	45,000	-	45,000

Cash flows in operational activities divided according to operating segment[1]

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Biosimilars	-173,316	-118,875	-173,761	-119,356
Long-acting injectables	-42,841	1,916	-	-
Administration and unallocated	-22,250	-31,629	-58,726	-28,259
Total cash flows in operating activities	**-238,407**	**-148,589**	**-232,486**	**-147,614**

Cash flows in investing activities divided according to operating segment[1]

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Biosimilars	-3,503	-565	-3,503	-565
Long-acting injectables	-351	-621	-10,148	-1,536
Administration and unallocated	-	-	-	-
Total cash flows in investing activities	**-3,855**	**-1,187**	**-13,651**	**-2,101**

Cash flows in financing activities divided according to operating segment[1]

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Biosimilars	-2,271	-		-
Long-acting injectables	-868	56		-
Administration and unallocated	325,863	215,985	325,863	215,985
Total cash flows in financing activities	**322,724**	**216,041**	**325,863**	**215,985**

Unutilized credits

	Group		Parent Company	
Amounts in SEK thousands	**2020**	**2019**	**2020**	**2019**
Unutilized credits	-	-	-	-

1) See also Note 3 regarding cash flow as per operating segment.

NOTE 30 Specifications for cash flow statements, cont.

Changes in liabilities attributable to financing activities in 2020

Group		Changes in non-cash items					
Amounts in SEK thousands	Opening balance 2020	Changes in cash items	Re-classification	Translation gains/losses	Conversion of credit facility into shares	New leases	Closing balance 2020
Non-current liabilities	-	-	-	-	-	-	-
Current liabilities	12	-12	-	-	-	-	-
Leasing liabilities	9,425	-3,127	-	-38	-	-	6,260
Liabilities attributable to financing activities	**9,437**	**-3,139**	**-**	**-38**	**-**	**-**	**6,260**

Changes in liabilities attributable to financing activities in 2019

Group		Changes in non-cash items					
Amounts in SEK thousands	Opening balance 2019	Changes in cash items	Re-classification	Translation gains/losses	Conversion of credit facility into shares	New leases	Closing balance 2019
Non-current liabilities	12	-12	-	-	-	-	-
Current liabilities	45,561	-127	-422	-	-45,000	-	12
Leasing liabilities	29	-2,846	422	16	-	11,805	9,425
Liabilities attributable to financing activities	**45,602**	**-2,986**	**-**	**16**	**-45,000**	**11,805**	**9,437**

NOTE 31 Events after the balance sheet date

Significant events after the end of the quarter

Licensagreement with Vaxxion
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 new CFO and Head of IR
Anette Lindqvist took over as Chief Financial Officer & Head of Investor Relations at the start of January 2021.

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

NOTE 32 Significant estimates and assessments

The management has discussed with the Audit Committee the development, selection and information in relation to the Group's important accounting principles and estimates, as well as the application of these principles and estimates.

Important sources of uncertainty in the estimates
The sources of uncertainty in the estimates indicated below refer to aspects which entail a significant risk that assets' or liabilities' value might need to be adjusted significantly during the forthcoming financial year.

Impairment testing of goodwill and shares in subsidaries
When calculating cash generative units' recovery value for assessment of any impairment of goodwill and shares in subsidaries, several assumptions regarding future circumstances and estimates of parameters have been made. A presentation of these can be found in Note 11. As stated in the description in note, changes in the conditions for these assumptions and estimates during 2020 could have a material effect on the value of goodwill and shares in subsidaries, related to the subsidiary Primm Pharma.

NOTE 33 Information about the Parent Company

Xbrane Biopharma AB (publ), Corp ID no. 556749-2375, is a Swedish-registered limited company with registered office in Solna. The Parent Company's shares are registered on Nasdaq Stockholm. The address of the head quarter is Retzius väg 8, 171 65 Solna, Sweden. The consolidated financial statements for 2020 consist of the Parent Company and its subsidiary, together with the named Group. The Group also includes Primm Pharma s.r.l., Corp ID no. MI - 2075109 with registered office in Milan, Italy.

Signatures

The income statement and balance sheet will be presented to the AGM on May 6, 2021 for adoption. The Board of Directors and the CEO certify that the consolidated accounts have been prepared in accordance with IFRS and give a true and fair view of the Group's financial position and results. The annual financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Parent Company's financial position and results. The Ad-ministration Report for the Group and Parent Company provides a fair review of the development of the Group and the Parent Company's operations, position and results and describes significant risks and uncertainty factors that the Parent Company and the companies included in the Group face.

Stockholm March 31, 2021

Anders Tullgren
Chairman

Eva Nilsagård
Director

Peter Edman
Director

Mats Thorén
Director

Karin Wingstrand
Director

Giorgio Chivirí
Director

Ivan Cohen-Tanugi
Director

Martin Åmark
CEO

Our audit report was presented on March 31, 2021
KPMG AB

Duane Swanson
Authorised Public Accountant

Auditor's report

This report is a translation of the original version in Swedish.

To the general meeting of the shareholders of
Xbrane Biopharma AB (publ), corp. ID no. 556749-2375.

Report on the annual accounts and consolidated accounts
Opinions
We have audited the annual accounts and consolidated accounts of Xbrane Biopharma AB (publ) for the year 2020, except for the corporate governance statement on pages 33–42 and the sustainability report on pages 43–44. The annual accounts and consolidated accounts of the company are included on pages 22–75 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 33–42 and sustainability report on pages 43–44. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Materialy uncertainty related to going concern
Without qualifying our opinion above, we bring to your attention the information on page 28 of the administration report and in note 24 on page 70 which states that the company will need additional financing during the second half of 2021 and also that further financing may be required until 2022. As described, the company is evaluating various forms of financing and as of the date of the issuance of the annual accounts the company requires additional capital for the coming 12 months and consequently a uncertainty as to to company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty as to the company's ability to continue as a going concern.

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Goodwill and shares in group companies
See disclosure 11 and 29 and accounting principles on pages 57 and 58 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter
The consolidated carrying value at 31 December 2020 of 58 MSEK of goodwill and are subject to impairment tests.

The impairment tests are dependent management's estimates and judgments in determining the future cash flows.

Another important assumption is which discount rate to be used in order to reflect the time value of money as well as the specific risks the operations face.

The parent company investment in subsidiaries as of 31 December 2020 totaled 74 MSEK. A impairment test is required if the investment in the subsidiaries is in excess of the values in the consolidated accounts and is based on the same method and assumptions as used in the impairment test of goodwill.

Response in the audit
We have assessed whether the impairment tests have been prepared in accordance with the prescribed method in IAS 36 Impairment using fair value less costs of disposal based on the contingent sales proceeds and based on the risks in future revenues.

Moreover, we have evaluated the assumptions used in the calculating future cash flows including future growth rates and discount rates. We have examined the written documentation and reviewed the assumptions used in the tests.

We have also reviewed the disclosures related to impairment tests as stated in the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–21, 33–44 and and 81–83. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements
Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Xbrane Biopharma AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are

material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 33–42 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Xbrane Biopharma AB (publ) by the general meeting of the shareholders on the 14 May 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2015.

Stockholm 31 March 2021
KPMG AB

Duane Swanson
Authorised Public Accountant

Annual General Meeting

2021 Annual General Meeting
Annual General Meeting in Xbrane Biopharma AB (publ) will be held on Thursday 6 May 2021 at 17.30 in Baker & McKenzie Advokatbyrå's premises, Vasagatan 7, 101 23 Stockholm.

Information with respect to the Corona virus
Due to the development of the Corona virus the goal is that the annual general meeting shall be swift and effective to minimize spread of disease. Shareholders who are sick, recently travelled in a risk zone or are part of a risk group are kindly asked not to participate in person, but can vote via proxy. The Board of Directors of the Company has resolved on the following measures to minimize the risk of the spread of the Corona virus at the annual general meeting:

- Registration for the annual general meeting will commence at 17.15.
- External guests will not be invited.
- No food or refreshments will be served.
- The presentations by the chairman of the Board, the CEO, and member of the nomination committee respectively, will be shortened.

The Company follows the development and the recommendations of the authorities and will, if necessary, update the information about the annual general meeting on the Company's website, www.xbrane.com.

To participate
Shareholders who want to participate in the meeting must be registered in the share register kept by Euroclear Sweden AB on 28 April 2021. Registration is to be made no later than 28 April 2021 in one of the following ways:

- at the website, www.xbrane.com
- by telephone: +46 708 27 86 36
- by post: Xbrane Biopharma AB (publ), "Annual General Meeting", Retzius väg 8, 171 65 Solna

When registering, shareholders must state:

- name
- social security number/corporate identity number
- daytime address and telephone number
- number of shares
- where appropriate details of any agent/assistant

Nominee registered shares
Shareholders who have their shares registered in the name of a nominee at a bank or other manager must, to be entitled to participate in the general meeting of shareholders, register heir shares in their own name, so that the person in question is registered in the share register kept by Euroclear Sweden AB on 28 April 2021. Shareholders who wish to register their shares in their own name should notify the nominee in good time before this date. Such registration can be temporary.

Agents
Shareholders who are to be represented through an agent must issue written and dated power of attorney for the agent. If the power of attorney is issued by a legal entity, a certified copy of a registration certificate or corresponding "certificate" for such legal entity must be attached. Power of attorney applies for one year from issuance or the longer period of validity set out on the power of attorney, though a maximum of five years. Certificate of registration shall indicate the circumstances which apply on the date of the general meeting of shareholders and should in any event not be older than one year at the time of the annual general meeting. The original power of attorney plus any certificate of registration should be submitted by letter to the Company to the address indicated above in good time before the meeting. Form for power of attorney is available on the Company's website www.xbrane.com and can also be sent to shareholders who so request.

Contact information
Xbrane Biopharma AB (publ)
171 48 Stockholm, Sweden
Visitors: Retzius väg 8, 171 65 Solna
Tel: +46 708 27 86 36
E-mail: info@xbrane.com
Website: www.xbrane.com

Alternative key indicators

The Company presents certain financial key indicators in the Annual Report that are not defined according to IFRS. The Company considers that these key indicators provide valuable supplementary information to investors and the Company's management as they enable evaluation of the Company's performance. As not all companies calculate financial key indicators in the same way, they are not always comparable with key indicators that are used by other companies. These financial key indicators should therefore not be viewed as a replacement for key indicators that are defined according to IFRS. The tables below present key indicators that are not defined according to IFRS.

Gross margin

The gross margin is calculated as gross result in relation to the net sales. The gross margin is net sales minus cost of goods sold.

Amounts in SEK thousands	2020	2019*)
Gross profit	-	-18,271
Divided by net sales	-	-
Gross margin	**-**	**-**

EBITDA

Shows the operation's earning power from operational activities without taking into account capital structure and tax situation, with the aim of facilitating comparisons with other companies in the same industry.

Amounts in SEK thousands	2020	2019*)
Operating profit	-225 257	-186 572
Depreciation	-6 566	-24 134
EBITDA	**-218 691**	**-162 439**

Research and development expenses as a percentage of operating expenses

The Company's direct expenses for research and development relate to expenses for personnel, materials and external services. Research and development expenses as a percentage of business expenditure show how great a proportion of the business expenditure relates to research and development. This is calculated by dividing research and development expenses by total business expenditure minus depreciation and write-downs. Total business expenditure comprises selling expenses, administrative expenses, research and development expenses and other business expenses.

Amounts in SEK thousands	2020	2019*)
Research and development expenses	-203 301	-137 665
Divided by operating expenses minus depreciation and write-downs	-245 909	-174 657
Research and development expenses as a percentage of operating expenses	**83%**	**79%**

Equity Ratio

The equity ratio is a measure the Group considers relevant to investors seeking to understand the distribution between equity and liabilities. The equity ratio represents the proportion of assets funded by equity to show the Company's long-term payment capacity, that is equity divided by total assets.

Amounts in SEK thousands	12-31-2020	12-31-2019*)
Research and development expenses	257 708	159 352
Divided by operating expenses minus depreciation and write-downs	463 763	338 940
Research and development expenses as a percentage of operating expenses	**56%**	**47%**

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

Glossary

Biosimilar – The term biosimilar was introduced in law in 2004 and is a biologic drug that is similar to an approved biologic drug (the biological reference drug). In order for a biosimilar drug to be approved, it must be comparable with the reference drug in terms of chemical properties (e g molecular structure and impurities), biologic activity, and it must also have similar properties in terms of pharmacokinetics and pharmacodynamics as well as equal safety and efficacy.

CRO – Contract Research Organization

Diabetes-related macular edema (DME) – Macular edema results in fluid collecting in the outer layer of the macula in the middle of the retina. Cyst-like blisters are formed, which can cause macular depression or holes. The edema may be associated with background illnesses, but often appears in patients with diabetes.

EMA – European medicines Agency.

Endometriosis – Endometriosis involves the endometrium growing outside of the uterus. Roughly one in ten people who menstruate have this disease.

FDA – US Food and Drug Administration.

Generic – Generic drugs are medically interchangeable drugs with the same function, quality and safety as an original drug. A generic drug can be sold at a lower price since the production has limited costs for research and development.

In-vitro – A term that refers to studying a living microorganism, cell or biomolecule outside of its normal biological context.

Myoma – Myoma are muscle nodules that can develop inside or outside of the uterus.

PMDA – Japanese Pharmaceuticals and Medical Devices Agency.

Prevalence – Percentage of individuals in a population who have a given disease or condition.

Proliferative diabetic retinopathy (PDR) - A vessel change in the retina of the eye, for example, bleeding, which occurs in diabetes.

Retinal vein occlusion (RVO) – RVO is a blood clot (thrombosis) in one of the blood vessels of the eye (a vein). It is a common vascular disease that can cause blindness untreated.

VEGF-A – Vascular endothelial growth factor which, among other things, stimulates the growth of abnormal blood vessels in patients with AMD, DME and RVO.

VEGF-inhibitors – Drugs that act by binding to VEGF-A and thereby inhibit its ability to stimulate growth of e g abnormal blood vessels in the eye.

Age-related macular degeneration (AMD) – Changes in the macula due to aging, also called age-related macular degeneration (AMD), is condition that results in permanent damage to the macula. The first changes that a person notices is that the vision becomes blurred, straight lines become crooked and some letters disappear when you try reading. Colors often become less clear than normal. The central field of vision is weakened, but the peripheral vision is retained. Macular degeneration is the most common cause of blindness or serious vision impairment in the developed world. If the disease is allowed to continue, the patient loses central vision, but maintains a certain amount of peripheral vision.

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.

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Xbrane Biopharma AB | Retzius väg 8, 171 65 Solna, Sweden | www.xbrane.com