Science for high quality biosimilars

Year-end report 2021

Agreement with Biogen confirms Xbrane as a leading global biosimilar developer

Financial summary fourth quarter 2021

- Revenue amounted to SEK 0.0m (0.0).
- Other operating income was SEK 4.5m (3.2).
- EBITDA was SEK–28.2m (–61.6).
- R&D costs amounted to SEK 28.9m (–57.5) representing 79*% (87*) of total operating costs.
- The loss for the period was SEK 32.5m (–63.1).
- Earnings per share amounted to SEK –1.32 SEK (–3.01).
- Cash and cash equivalents at the end of the period amounted to SEK 295.2m (243.1).

Financial summary full year 2021

- Revenue amounted to SEK 0.0m (0,0).
- Other operating income was SEK 15.6m (17.6).
- EBITDA was SEK –168.4m (–213.1).
- R&D costs amounted to SEK 160.6 (–197.3) representing 82*% (84*) of total operating costs.
- The loss for the period was SEK 188.4m (–226.0).
- Earnings per share amounted to SEK –7.77 (–12.48).
- Cash and cash equivalents at the end of the period amounted to SEK 295.2 m (243.1).
- The Board of Directors proposes that no dividend be paid for the financial year 2021.

Figures in parentheses refer to the corresponding period last year.

Significant events during the fourth quarter 2021

- In October, Xbrane signed a cooperation agreement with AGC Biologics to upscale the existing manufacturing process of Xcimzane™ and manufacture the majority of commercial scale batches for the upcoming clinical Phase 1 and Phase 3 studies, and also comparative quality studies (CAA) to demonstrate biosimilarity, required for the marketing authorization application.
- In October, six new patents were granted by the Patent and Registration Office (PRV)
- In December, the company announced that it had started development of two new biosimilar candidates for the reference products Keytruda® and Darzalex®, respectively. Together with the development of Xdivane™, a biosimilar candidate for Opdivo®, this forms a biosimilar portfolio in oncology that corresponds to SEK 278bn** in sales of the reference products, in 2021.
- In December, it was announced that the company's shares are transfer to Nasdaq Stockholm's Mid Cap segment from January 3, 2022.

Significant events after the end of the quarter

- In February, an agreement was signed with Biogen Inc. to be a development and commercialization partner for Xcimzane™, a biosimilar candidate for Cimzia®. According to the agreement, Xbrane will be responsible for the preclinical development, after which Biogen will take over and run and finance the remaining development, including clinical studies. Biogen will pay an up-front fee of USD 8m and another USD 80m in milestone payments as well as royalties on future sales.
- In February, complete top-line data was also published from the Xplore clinical equivalence study for Xlucane™, a biosimilar candidate for Lucentis®. According to Xbranes assessment, Xlucane™ met the primary outcome measure and no clinically meaningful differences were observed regarding secondary efficacy and safety measures.
- Furthermore, the company announced in February that its subsidiary Primm Pharma had a positive cash flow through royalties from the outlicensing of IP and production equipment to its production partner ICI. Attempts to divest the subsidiary continue although the ongoing due diligence negotiations with the prospective buyer New FaDem have been paused.

*) See page 9 for more information on research and development costs.

**) See "Product candidate portfolio"

Financial summary for the Group

	2021 Oct – Dec	2020 Oct – Dec	2021 Jan – Dec	2020 Jan – Dec
Revenue (SEK 000)	–	–	–	–
Research and development expenses (SEK 000)	–28,890	–57,548	–160,619	–197,284
R&D expenses as percentage of total costs	79	87	82	84
Operating profit/loss (SEK 000)	–32,141	–62,728	–180,583	–217,436
EBITDA (SEK 000)	–28,249	–61,615	–168,366	–213,066
Profit/loss for the period (SEK 000)	–32,471	–63,052	–188,376	–226,026
Cash and cash equivalents (SEK 000)	295,180	243,139	295,180	243,139
Equity ratio (%)	63	56	63	56
Number of shares at the end of period	25,039,906	22,200,415	25,039,906	22,200,415
Number of shares at the end of period after dilution	25,039,906	22,200,415	25,039,906	22,200,415
Average number of shares	25,039,906	20,899,241	23,593,291	18,113,313
Average number of shares after dilution	25,039,906	20,899,241	23,593,291	18,113,313
Earnings per share before dilution (SEK)	–1,32	–3,01	–7,77	–12,48,
Earnings per share after dilution (SEK)	–1,32	–3,01	–7,77	–12,48
Number of employees on balance sheet date	58	42	58	42

About the operations

Xbrane Biopharma AB develops biological drugs based on a patented platform technology that provides significantly lower production costs compared to competing systems. Xbrane has a portfolio of biosimilar candidates that corresponds to SEK 332bn[1] in estimated annual sales of each reference drug. Our leading product Xlucane™ is in the registration phase. Xbrane's head office is in Solna just outside Stockholm. Xbrane is listed on Nasdaq Stockholm under the ticker XBRANE. For more information, go to: www.xbrane.com.

1) See "Product candidate portfolio"

CEO's letter

Dear shareholders,

2021 was an important year for Xbrane. When we sum up the year, we met several important milestones:

- Submitted a marketing authorization application with our partner STADA to EMA for our leading biosimilar candidate Xlucane™
- Established a pilot-scale process for our second biosimilar candidate Xcimzane™ and started upscaling with AGC Biologics and laid the foundations to establish Biogen as a commercialization partner
- Initiated the development of two new biosimilar candidates for Keytruda® and Darzalex® respectively which with Xdivane™ form an oncology portfolio that corresponds to SEK 278bn in sales of the reference products, in 2021.
- Established our new expanded development lab in Solna for biosimilar development
- Filed applications for 12 new patents and received approval for 8 patents.
- Certified as a "Great Place To Work"

Xlucane™ launch approaching

The marketing authorization application for Xlucane ™ was submitted to the EMA in September by our partner STADA and was validated shortly afterwards by the authority. The approval process thus formally began at the end of September and is expected, depending on the time needed to answer questions during the process, to take up to 12 months. The corresponding application to the US Food and Drug Administration (FDA) will be submitted in March and in agreement with our partners, we will announce when the application has been validated by the FDA and the review initiated, which is expected to occur about 30 days after the application is submitted. This application will be based on the clinical data from Xplore, which were communicated previously. In parallel with the registration process, we have secured production capacity with our subcontractors for the commercial production of Xlucane™ to achieve our ambition to generate revenue for Xbrane after annual costs of + EUR 100m, 3 years after launch. The market for VEGFa inhibitors for ophthalmic use in 2021 amounted to SEK119bn and grew by 14% during the year. We continue to see considerable demand for more cost-effective treatment options and look forward to being able to contribute to this soon with Xlucane™.

Biogen as a commercialization partner for Xcimzane™

During the year, we established the production process for Xcimzane™ on a pilot scale and started scaling up the manufacturing process for equipment for planned clinical studies and future commercial use with AGC Biologics. During the year, we laid the foundations to enter into an agreement with Biogen as a commercialization partner, an agreement that was then signed in February 2022. We believe that Biogen is a perfect partner for the commercialization of Xcimzane™ as they have a highly complementary product portfolio and wide-ranging experience and knowledge of TNF-alpha inhibitors. In accordance with the agreement with Biogen, Xbrane will be responsible for running preclinical development, after which Biogen will take over and run and finance the remaining development, including the clinical studies. Biogen is paying USD 8m upfront and another USD 80m in milestone payments as well as royalties on future sales. As the investment in the preclinical phase is limited, the deal is particularly attractive

in terms of return on invested capital. Furthermore, the deal allows us to focus on what we are best at – applying our patented platform technology to develop cost-effective production processes for biosimilar candidates – and now frees up resources to do exactly that with new products. The deal involves a structure we will strive to replicate with future products.

Development of our platform technology and associated IP portfolio
During the year, we further developed our platform technology and increased the IP protection of our eight approved and twelve filed patent applications. Five of the approved patents are an expansion of our original platform technology, from the production of proteins in host cells of the *E.coli* form to mammalian cells. The patents protect new DNA sequences we have used as part of how we instruct the host cells to produce the desired protein and led to a significant increase in productivity and thus a reduction in the expected production cost of Xdivane™. This is incredibly important to us as a large part of our future portfolio of biosimilars will be manufactured in mammalian cells.

Portfolio of biosimilar candidates in oncology
During the year, we also worked on process development for Xdivane™ and began developing two new biosimilar candidates - Xtrudane™ (reference product Keytruda®) and Xdarzane™ (reference product Darzalex®). Together, these biosimilar candidates form an oncology portfolio targeting annual sales of the reference products in 2021 of SEK 278bn. This is an important investment for us and an opportunity to make a real difference in making these critical cancer treatments available to more patients and easing the financial burden of accumulated debt many surviving patients' experience.

Great Place to Work®
In addition, we are very pleased that Xbrane has been certified as a Great Place to Work®. We strive to be a purpose-driven organization with strong values, which is reflected in our high Trust Index™. This is an important foundation for the future success of the company, and to fulfil our goal – to become the most attractive employer within our field.

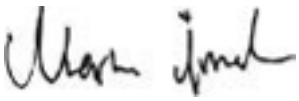
Key milestones in the coming 12-month period
We are in a very exciting position in the coming year with the potential marketing authorization of Xlucane™. Below are some of the most important milestones we look forward to reaching over the next 12 months:

- Apply for marketing authorization in the USA for Xlucane™
- Sign agreements with additional partners for the sales and marketing of Xlucane™
- Obtain marketing authorization and launch Xlucane in Europe
- Upscale the Xcimzane™ production process and prepare for the start of clinical trials

With this significant agreement with Biogen, Xbrane has received further external validation of our unique patented platform technology for the development of cost-effective biological drugs and we have established ourselves as one of the world's leading developers of biosimilars. It has also made it possible for us to increase our pipeline with two new biosimilar candidates for leading oncology drugs with total sales today of SEK 210bn.

2021 has been an important and significant year for Xbrane. I would especially like to thank all employees having worked tirelessly together to achieve our strategic goals during the year.

Thank you for your continued support.



Martin Åmark, CEO,

Solna, February 24, 2021

Product candidate portfolio

Xlucane™

Xlucane™ is a biosimilar candidate to ranibizumab (original drug Lucentis®), known as a VEGFa-inhibitor, and it is used to treat a number of serious eye diseases: wet age-related macular degeneration (AMD), diabetic macular edema (DME), diabetic retinopathy (DR) and retinal vein occlusion (RVO). The VEGFa inhibitors market saw sales of over SEK 119bn[1,2,3] in 2021 and grew with 14% in 2021[1,2,3].

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

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

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

Xbrane's partner STADA submitted the application for market approval to the EMA in September 2021 and Xbrane plans to submit the application to the FDA in March 2022.

Xcimzane™

Xcimzane™ is a biosimilar candidate to certolizumab pegol (original drug Cimzia®), a so-called TNF-alpha inhibitor particularly used in the treatment of rheumatoid arthritis, psoriasis and Crohn's disease. The TNF-alpha inhibitor market saw sales of about SEK 365bn[4] in 2021 and Cimzia® saw sales of SEK 18bn[5] in 2021.The patent protection of Cimzia® is expected to expire in 2024 in the US and 2025 in Europe. Xcimzane™ is undergoing preclinical development and a cost-effective production process has been established. As the next step in manufacturing and upscaling, an agreement has been signed with AGC Biologics for the manufacture of Xcimzane™ for future clinical studies. Xbrane has entered into a development and commercialization agreement with Biogen in which Biogen obtains global rights to the product.

Xdivane™

Xdivane™ is a biosimilar candidate to nivolumab (original drug Opdivo®), a PD-1-inhibitor for the treatment of different types of cancer with a turnover of around SEK 68bn[6] in 2021. Opdivo® is expected to lose its patent protection between 2026 and 2031, depending on the country. Xdivane™ is at the preclinical development stage, with a focus on developing a cost-effective production process and demonstrating a biochemical similarity to the original drug. Then, upscaling with a production partner will follow, after which the product can be taken into clinical trials.

1) Novartis Year end report 2021
2) Roche Annual report 2021
3) Regeneron Year end report 2021
4) TNF- Alpha Inhibitors Global Market Report 2021: COVID-19 Growth and Change to 2030
5) UCB half year report 2021 (extrapolation)
6) BMS Annual report 2020

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

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

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

Xoncane™
Xoncane™ is a biosimilar candidate to pegaspargase (original drug Oncaspar®), used in the treatment of acute lymphocytic leukemia. In 2021, sales of Oncaspar® were around SEK 3bn[8]. Xoncane™ is now undergoing preclinical development.

Spherotide
Spherotide is a long-acting formulation of triptorelin, a GnRH analogue used in the treatment of prostate cancer, endometriosis, fibroids and breast cancer. The rights to Spherotide are owned by Xbrane's subsidiary Primm Pharma.

Xbrane is continuing to work on divesting Primm Pharma. A final agreement with a previously identified buyer NewFaDem was not reached and discussions are therefore continuing with other parties. In the meantime, Primm Pharma has licensed the rights of IP and production equipment to its production partner ICI, which is expected to generate licenses to Primm Pharma going forward. Primm Pharma's cost base was sharply reduced, which means that the company is expected to only have very low costs in 2022.

Product	Original drug	Primary indication	Estimated sales of originator drug	Patent expiry of original drug	Development phase
Xlucane™	Ranibizumab (Lucentis®)	Wet age-related macular degeneration, diabetes-related eye damage and retinal vein occlusion.	SEK 33bn [1,2,3]	2022 (Europe) 2020 (USA)	Phase III
Xcimzane™	Certolizumab pegol (Cimzia®)	Rheumatoid arthritis, axial spondylarthrosis, psoriatic arthritis, psoriasis and Crohn's disease.	SEK 18bn [4]	2024 (USA) 2025[9] (Europe)	Preclinical phase
Xdivane™	Nivolumab (Opdivo®)	Melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	SEK 68 bn [5]	2026–2031 depending on country	Preclinical phase
Xtrudane™	Keytruda®	Hjärncancer, lungcancer, njurcellscancer, huvud- och halscancer samt urinblåse- och urinvägscancer.	SEK 155bn[6]	2029–2031 beroende på land	Preclinical phase
Xdarzane™	Darzalex®	Multipelt Meylom	SEK 55bn[7]	2029-2031 beroende på land	Preclinical phase
Xoncane™	Pegaspargase (Oncaspar®)	Acute lymphocytic leukemia.	SEK 3bn[8]	Expired	Preclinical phase
Product under divestment					
Spherotide	Triptorelin (Decepeptyl®)	Prostate cancer, breast cancer, endometriosis and fibroids.	SEK 5bn[9]	Expired	Preclinical phase

1) Novartis Year end report 2021
2) Roche Annual report 2021
3) Regeneron Year end report 2021
4) UCB half year report 2021 (extrapolation)
5) BMS annual report 2020
6) Merck year end report 2021
7) Johnson & Johnson year end report 2021
8) SERVIER Group financial year 2020 / 2021
9) Ipsen year end report 2021

Patent protection

An expanding patent portfolio provides possibilities for entering strategic partnerships and strengthens the Xbrane brand

Xbrane has a team of innovative scientists within biochemistry, molecular biology, fermentation, protein-purification, and analytics along with professionals with extensive experience from the pharmaceutical industry in regulatory affairs, clinical affairs, manufacturing and supply chains. Since Xbrane is an innovative drug development company, which invests heavily in R&D, Xbrane's goal is to file strategically important patent applications to protect its core technologies and products.

Growing patent portfolio

Xbrane's expanding patent portfolio will provide opportunities which will facilitate the implementation of Xbrane's business strategies. Such opportunities include licensing and various types of strategic business partnerships, or alliances in commercializing Xbrane's biosimilars and biosimilar production platforms.

It is important to note that Xbrane seeks to file patent applications protecting a broad spectrum of technologies covering everything from core protein production or purification technologies to novel formulations of biosimilars.

Although Xbrane's primary regions of patent focus are Europe and the USA, patent applications may also be filed in Canada, China, South Korea, India, Japan and Australia, if Xbrane's products and methods have a market in these jurisdictions. Moreover, Xbrane will make use of international patent applications to have further strategic options in creating patent protection in a large number of countries.

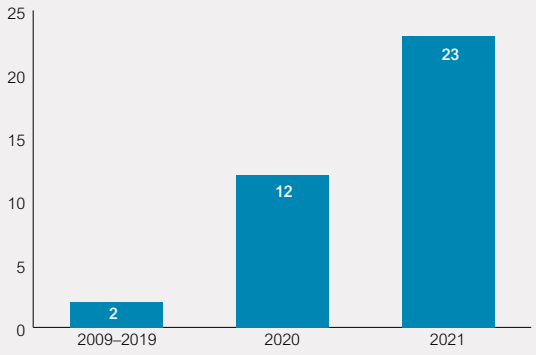
Xbrane's LEMO™ platform technology is patent protected in Europe and the USA until 2029. In 2020 and 2021, these two patents which had been filed in 2009 were complemented with a total of 23 pending patent applications "harvested" from five different development programs. Eleven of these patent applications were filed in 2020 and four of them were filed in 2021, each followed-up with an international patent application which provides provisional protection in 153 countries. The Swedish Intellectual Property Office (PRV) granted eight patents in 2021.

Strengthen Xbrane's brand

Two of the above-mentioned patents granted relate to DNA constructs for regulation protein production and were co-filed with CloneOpt AB. Three of the above-mentioned patents granted resulted from the development of Xdivane™ and form the foundation for the emerging high-yield expression platform in mammalian cells upon which Xbrane will base much of its upcoming development of biosimilar candidates. The patent applications protect certain novel sequences in the gene construct introduced in the host cells, instructing them to express the target protein. These DNA sequences have resulted in a significant increase in yield and can be applied for future biosimilar candidates expressed in mammalian cells. The rest of the patent applications relate primarily to DNA constructs, host cells and/or methods of producing Xlucane™ (2 patent applications) and Xcimzane™ (8 patent applications). The patent applications for the protection of Xlucane™ have been co-filed with STADA.

The expanding patent portfolio will strengthen the Xbrane brand, protect our own and our investors' products and enable more out-licensing of IP in the future.

Number of patents and patent applications:



Shareholders

As of December 31, 2021, Xbrane had around 6,200 shareholders. The number of outstanding shares totaled 25,039,906. The ten largest shareholders at the end of the period are shown in the table below[1].

Name	Number of shares	Ownership, %
Serendipity Group	3,177,367	12.7
Swedbank Robur Fonder	2,429,322	9.7
Bengt Göran Westman	2,020,531	8.1
Futur Pension	1,590,447	6.4
STADA Arzneimittel AG	1,570,989	6.3
TIN Fonder	1,435,000	5.7
Avanza Pension	895,719	3.6
Swedbank Försäkring	362,098	1.4
Nordnet Pensionsförsäkring	345,257	1.4
Lancelot Asset Management AB	340,000	1.4
Ten largest shareholders in total	**14,166,730**	**56.6**
Other Swedish shareholders	**8,386,575**	**33.5**
Other foreign shareholders	**2,486,601**	**9.9**
Total outstanding shareholders	**25,039,906**	**100.0**

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

Financial overview

The Group's results for October – December 2021
From Q1 2021, the subsidiary Primm Pharma has been reported as an "asset held for sale". This means that Primm Pharma's revenues and expenses have been reported net on a separate item - "Profit/loss from discontinued operations". This also has a minor effect on previous reporting periods, which means that all comparative figures and notes linked to the data have been adjusted, which is expected as Primm Pharma is a minor part of the Group.

The Group's net sales amounted to SEK 0.0m (0.0) and cost of goods sold amounted to SEK 0.0m (0.0).

Other operating income amounted to SEK 4.5m (3.2) and related mainly to the licensing of the American and Canadian rights for Xlucane™ to Bausch + Lomb, which will accrue over two years from June 2020 to May 2022. Other operating income also includes license income from non-core operations as well as exchange rate gains on operating receivables and liabilities.

Administrative expenses amounted to SEK -6.0m (-6.2).

Research and development costs amounted to SEK -28.9m (-57.5), and relate to biosimilars, primarily Xlucane™ and start-up costs for Xcimzane™. The biggest cost-drivers are the regulatory work and the establishment of a production chain for Xlucane™. The Xplore study was fully recruited at the end of 2020 and positive top-line data was presented at the interim read-out in June 2021, when Xlucane™ reached the primary endpoint for efficacy. As of that, the criteria for capitalizing research and development costs were met. From July 1, 2021, therefore, all development costs for Xlucane ™ have been capitalized as intangible fixed assets in the balance sheet, which amounted to SEK 22.7m for the quarter (0.0). The gross effect of research and development costs for the period amounted to SEK -51.6m (-57.5). The capitalization of development costs also had an effect on the comparative figures for R&D costs, which fell compared with previous periods.

Other operating expenses amounted to SEK 1.7 m (-2.2) and consisted of exchange rate losses on operating receivables and liabilities.

The operating loss amounted to SEK 32.1m (-62,7). The loss before tax was SEK 32.9m (-62.9). During the quarter, there was no taxable profit and thus no tax expense (0.0). The loss after tax for the quarter was SEK 32.5m (-63.1) and earnings per share was SEK -1.32 (-3.01).

The Group's cash flow October – December 2021
Cash flow from operating activities amounted to SEK -60.4m (-67.6). Changes in operating receivables and operating liabilities amounted to SEK -55.7 million (-33.4), SEK 21.6m respectively (-25.1). Changes in working capital can vary greatly between the periods, mainly as a result of re-invoicing to STADA regarding development work for Xlucane™. The development work includes costs for the clinical study Xplore, establishing a production chain and regulatory work.

Cash flow from investing activities amounted to SEK -25.9m (-0) and consisted partly of investments in tangible fixed assets in research and development. From July 1, 2021, development costs for Xlucane ™ have been reported as intangible fixed assets, which for the period had an effect on cash flow of SEK -22.7 million (0.0). Cash flow from financing activities amounted to SEK -2.4m (189.0) as a new share issue was carried out during the comparison period which did not occur in Q4 2021.

The Group's results for the full year 2021
From Q1 2021, the subsidiary Primm Pharma has been reported as an "asset held for sale". This means that Primm Pharma's revenues and expenses have been reported net on a separate item – "Profit/loss from discontinued operations". This also has an minor effect on previous reporting periods, which means that all comparative figures and notes linked to the data have been adjusted. The effect that arises is not considered to be significant as Primm is a minor part of the Group.

The Group's net sales amounted to SEK 0.0m (0.0) and cost of goods sold amounted to SEK 0.0m (0.0).

Other operating income amounted to SEK 15.6m (17.6) and largely relates to license income from the licensing of the US and Canadian rights for Xlucane™ to Bausch + Lomb, which will accrue over two years, for the period June 2020 to May 2022. Other operating income also includes license income from non-core operations and exchange rate gains on operating receivables and liabilities.

Administrative expenses amounted to SEK -31.4m (-26.5). The change relates to a planned expansion of the organization and non-recurring costs in connection with moving to new premises.

Research and development costs amounted to SEK -160.6m (-197.3), which relate to biosimilars and mainly Xlucane™ as well as start-up costs for Xcimzane™. The biggest cost-drivers were the regulatory work and the establishment of a production chain for Xlucane™. The Xplore study was fully recruited at the end of 2020 and positive top-line data was announced at the interim read-out in June 2021, when Xlucane ™ reached the primary endpoint for efficacy. As of that, the criteria for capitalizing research and development costs were met. From July 1, 2021, therefore, all development costs for Xlucane ™ have been capitalized as intangible fixed assets in the balance sheet, which for the full year amounted to SEK 49.7 m (0.0). The gross effect of research and development costs for the full year amounted to SEK -210.4m (-197.3). The capitalization of development costs also has an effect on the comparative figures for research and development costs, decreased considerably compared to with previous periods.

Other operating expenses amounted to SEK -4.1m (-11.2) and consist of exchange rate losses on operating receivables and liabilities.

The operating loss amounted to SEK 180.6 m (-217.4). The loss before tax amounted to SEK183.2 m (-218.1). In 2021, there was no taxable profit and thus no tax expense (0.0). The loss after tax for the period was SEK 188.4m (-226.0) and earnings per share SEK -7.77 (-12.48).

The Board of Directors proposes that no dividend be paid for the financial year 2021.

The Group's cash flow for full year 2021
Cash flow from operating activities amounted to SEK -219.6m (-238.4). Changes in operating receivables and operating liabilities amounted respectively to SEK -61.1m (-51.3) and SEK 22.7m (32.7), Changes in working capital can vary greatly between periods, mainly as a result of re-invoicing to STADA for development work for Xlucane™. The development work includes costs for the clinical study Xplore, establishing a production chain and regulatory work.

Cash flow from investment activities amounted to SEK -77.4m (-3.9) and consisted partly of investments in tangible fixed assets in research and development. The company has invested SEK -6.8 million to begin the upscaling of drug substance. Furthermore, investments have been made in lab equipment, machinery and equipment for the new premises. From July 1, 2021, development costs for Xlucane ™ have been reported as intangible fixed assets, which for the full year had an effect on cash flow of SEK -49.7 m (0.0).

Cash flow from financing activities amounted to SEK 349.4m (322.7). This item mainly includes the net payment of the directed share issue in June, where the shares were registered and payment was not received until the beginning of July, as well as amortization of leasing liabilities.

The Group's financial position and continued operations
The Board and management continuously monitor the Group's current and forecasted cash flows to ensure that the company has the financial resources needed to run the business according to the decided plan, in a way that is optimal for the Group and the shareholders. As of the balance sheet date, the Group's cash and cash equivalents amounted to SEK 295.2m. Together with the up-front payment from Biogen of USD 8m and other liquidity-enhancing measures that are deemed possible if necessary, the Board considers that the Group has financing for at least 12 months ahead according to the current business plan.

Assets held for sale
Xbranes intention is continuing to work towards a divestment of the subsidary Primm Pharma. In the Q1 report, Primm Pharma's assets and liabilities were reclassified to *"Assets held for sale"* and *"Liabilities attributable to assets held for sale"* respectively, in the consolidated balance sheet. The reclassification created some minor effects from a number of items in the balance sheet and the significant change that was demonstrated related to the item "Goodwill" as described below. Other balance sheet items for the Group showed a minor effect from the reclassification, which is expected as Primm Pharma is a smaller part of the Group.

In the income statement, Primm Pharma's results are reported separately as *"Profit/loss from discontinued operations"*. The reclassification gives the effect that Primm Pharma's previous income and expenses have been reversed and reported net as *"Profit/loss from discontinued operations"*. This also has an effect on previously reported periods, which is why comparative figures no longer correspond to previous reports. A consequence of this is that notes have also been adjusted and the segment *"Long-acting injectable drugs*" (notes 2 and 3) no longer exists.

In the cash flow, Primm Pharma's share of each activity is reported in the item *"Of which from discontinued operations"*.

Fixed assets
Fixed assets amounted to SEK 127.4m (89.3), where the change is partly explained by capitalization of research and development costs during the year, amounting to SEK 49.7m. Further, a number of machines, lab equipment and equipment acquired for the new office, amounting to SEK 27.9m. Rights of use has has increased as well, through new machine to the labb, the new office and labb facilites, amounting to 45,4m SEK.Furthermore, goodwill on the balance sheet date amounted to SEK 0.0 m (58.5), where the decrease compared with the previous year is entirely attributable to the reclassification to *"Assets held for sale"* as described above.

Accounts receivable
Accounts receivable amounted to SEK 41.9m (51.4) and relate to receivables from our partner STADA.

Prepaid expenses and accrued income
Prepaid expenses and accrued income amounted to SEK 147.0m (73.0), of which SEK 0.0m (28.1) relates to the purchase and packaging costs of reference medicines for the ongoing phase III study, SEK 25.2m (36.4) relates to advance payment to the CRO (Contract Research Organization) performing the clinical study and SEK 76.5m relates to advance payment for consumables in the upscaling drug substances to ensure that materials are in place for future upscaling activities. This is because supplier lead times have increased with the suppliers and because advance payments are now common in the prevailing circumstances with COVID-19. SEK 25.4m relates to an advance payment regarding cooperation with AGC regarding the work of establishing a manufacturing process and upscaling batches. The remaining SEK 8.7m (8.5) relates to other prepaid expenses and accrued income.

Changes in equity
The share capital on the balance sheet date amounted to SEK 5.6m (5.0). Other capital contributions capital amounted to SEK 1,134.3m (773.7) and were affected during the period by the directed issue in June and share-based payments to employees of SEK 4.5m (1.3). Total equity amounted to SEK 431.7 m (257.7). The equity ratio was 63% (56).

Accounts payable
Accounts payable amounted to SEK 41.4m (29.5).

Accrued expenses and prepaid income
Accrued expenses and prepaid income amounted to SEK 159.4m (155.9) and mainly relates to advance payments from STADA for Xlucane™ of SEK 95.4m (104.7). Furthermore, SEK 43.2m (30.8) relates to work performed that has not yet been invoiced, regarding the Xlucane project. The remainder relates to other items, amounting to SEK 20.8m (20.4).

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

Since the cooperation agreement with STADA for Xlucane™ which started in July 2018 and ran until June 1, 2021, Xbrane's net costs for research and development of Xlucane™ have been reported in the results, i.e. 50% of the total cost of the project. After July 1, 2021, when the primary endpoint for efficacy was reached, Xlucane™ was deemed to meet the criteria for the capitalization of research and development costs as intangible fixed assets in the balance sheet.

In the continued balance sheet, receviables and liabilities attributable to the development of Xlucane™ have been reported in their entirety, i.e. 100%, and then STADA's share of these, i.e. 50% is reported additionally as the receivable or liability arising between Xbrane and STADA.

This applies to both the Group and parent company. On the balance sheet date, Xbrane had a non-current non-interest-bearing liability to STADA amounting to SEK 0.0m (4.2) as well as deferred income from STADA amounting to SEK 95.4m (104.7).

Parent company

Xbrane's core business, which is the development of biosimilars, is run by the parent company. As announced, the Group has begun the sale of the subsidiary Primm Pharma. As a result, shares in subsidiaries have been written down by SEK 49.0m.

As the parent company constitutes such a large part of the Group, an account in text format of the parent company's earnings, financial position and cash flow would not provide any further information to that described in the report on the Group. Therefore, this is only presented in report format on pages 18–20.

Significant events during the fourth quarter

Xcimzane™

In October, the company started a cooperation agreement with AGC Biologics, which is valid from September 30, 2021, for upscaling the established manufacturing process for Xcimzane™ and production of most upscaling batches on a commercial scale for future phase 1 and phase 3 studies and also comparative quality studies (CAA) to demonstrate biosimilarity, which is required for the marketing authorization application.

Patent protection

In October, Xbrane was granted six new patents by the Patent and Registration Office (PRV). Two of the patents relate to new methods of using signal peptides to increase the production yield and thereby reduce the production cost of recombinant proteins expressed in E. coli. The patents are jointly owned, in equal parts, by Xbrane Biopharma AB and CloneOpt AB, a spin-out from Stockholm University. Four of the patents came as a result of the development of Xdivane™ and form the basis for a broadening of the platform technology for high-yield antibody production in mammalian cells on which Xbrane will base much of its future development of biosimilar candidates. The patents are important additional components for Xbrane's platform technology that aim to enable the development of biosimilars at the lowest possible production cost.

Oncology portfolio

In December, it was announced that the company is initiating the development of two new biosimilar candidates for the reference products Keytruda® and Darzalex®, respectively. Together with the development of Xdivane™, a biosimilar candidate for Opdivo®, this forms a biosimilar portfolio in oncology that corresponds to SEK 278bn in annual sales of the reference products.

Nasdaq MidCap

In December, it was announced that the company's shares were transfer to Nasdaq Stockholm's Mid Cap segment from January 3, 2022.

Important events after the end of the reporting period

- In February, an agreement was concluded with Biogen as a commercialization partner for Xcimzane™ Biogen is a perfect partner for the commercialization of Xcimzane™ due to its complementary product portfolio, extensive experience and knowledge of TNF-alpha inhibitors. According to the agreement, Xbrane is responsible for the preclinical development, after which Biogen will run and finance the remaining development, including clinical studies. Biogen will pay an upfront fee of USD 8m and another USD 80m in milestone payments as well as royalties on future sales.
- In February, complete top-line data was published from the clinical equivalence study Xplore, about the Lucentis® biosimilar candidate Xlucane™.
- In February, a decision was made to put the due diligence activities with New FaDem on hold, relating to the sale of the subsidiary Primm Pharma. The company's intention remains to sell Primm Pharma in order to focus entirely on the development of biosimilars.

Risks and uncertainties

Risks and uncertainties are described on pages 26–28 of the Annual Report of 2020, which is available on the company's website, www.xbrane.com.

At the time of publication of this interim report, these have not changed significantly.

Impact of COVID-19

Xbrane has adapted its operations to comply with local government health guidelines. The inauguration of the new premises on Campus Solna has enabled a certain stabilization. The company continues to follow local health guidelines from authorities located where Xbrane's operates. Xbrane will continue to put the health and safety of staff, partners and patients first.

Share information
Xbrane's share capital at the end of the period was SEK 5.6m (5.0) divided into 25,039,906 shares (22,200,415). The quota value of all shares is SEK 0.224, and all the shares have equal rights to the company's assets and earnings. Since September 23, 2019, Xbrane's shares have been listed on the Nasdaq OMX main list under the XBRANE ticker. Xbrane had around 6,200 shareholders on the balance sheet date. The closing price of the share on the balance sheet date was SEK 104.8 generating a market capitalization of SEK 2,624m.

Organization and employees
Xbrane is headquartered at Campus Solna, outside of Stockholm, Sweden, where the company also has a laboratory for the research and development of biosimilars. Xbrane has one wholly-owned subsidiary, Primm Pharma, located in Milan, Italy. As mentioned above, the sale of the subsidiary is ongoing. On the balance sheet date, the Group had 58 (42) employees, 58 (54) of whom were employed by the parent company and 0 (2) by the subsidiary Primm Pharma.

Presentation of year-end report
Presentation of the year-end report for 2021 will take place digitally on February 24, at 10.00 CET, where CEO Martin Åmark and CFO Anette Lindqvist will present the Year-end report. The presentation will be held in English and is expected to last about 20 minutes, after which there will be an opportunity for questions. To take part in the presentation, follow the link below:

https://edge.media-server.com/mmc/p/43thqez6

Nomination Committee
According to the principles for the Nomination Committee that were adopted At the Annual General Meeting on May 6, 2021, the Nomination Committee shall consist of four members, three of whom shall be appointed by the Company's three largest shareholders by September 30 2021. The fourth member shall be the Chairman of the Board. Based on the above, it has been determined that the Nomination Committee prior to the 2022 Annual General Meeting shall consist of the following people who together represent around 30% of the number of shares and votes in the Company, as of September 30, 2021:

- Saeid Esmaeilzadeh appointed by Serendipity Group AB
- Ulrik Grönvall appointed by Swedbank Robur Fonder
- Bengt Göran Westman and
- Anders Tullgren, Xbrane's Chairman of the Board.

The nomination committee can be contacted at: valberedning@xbrane.com

Annual General Meeting
The Annual General Meeting for 2021 will be held on May 5, 2022 , 17.30 CET, in Baker McKenzie's premises at Vasagatan 7 in Stockholm. The Board of Directors proposes that no dividend be paid for the financial year 2021. Shareholders with matters for discussion at the Annual General Meeting must report these no later than March 10, 2022 to Anders Tullgren, Chairman of the Board, at valberedning@xbrane.com.

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

Consolidated income statement

Amounts in SEK thousand	Notes	2021 Oct – Dec	2020 Oct – Dec	2021 Jan – Dec	2020 Jan – Dec
Revenues	2,3	–	–	–	–
Cost of goods sold		–	–	–	–
Gross profit		–	**–**	–	**–**
Other income	2,3	4,466	3,197	15,557	17,557
Selling and distribution expenses		–	–	–	–
Administrative expenses		–6,034	–6,200	–31,395	–26,505
Research and development expenses		–28,890	–57,548	–160,619	–197,284
Other expenses		–1,684	–2,177	–4,126	–11,203
Operating profit/loss	2	**–32,141**	**–62,728**	**–180,583**	**–217,436**
Financial income		–	–	–	–
Financial costs		–788	–123	–2,643	–690
Net financial costs	2	**–788**	**–123**	**–2,643**	**–690**
Profit/loss before tax		**–32,929**	**–62,851**	**–183,226**	**–218,126**
Income tax expense		–	–	–	–
Profit/loss for the period from continuing operations		**–32,929**	**–62,851**	**–183,226**	**–218,126**
Profit/loss from discontinued operations		458	–202	–5,150	–7,900
Profit/loss for the period		**–32,471**	**–63,052**	**–188,376**	**–226,026**
Profit/loss attributable to:					
– Owners of the Company		–32,471	–63,052	–188,376	–226,026
– Non-controlling interests		–	–	–	–
Total comprehensive income for the period		**–32,471**	**–63,052**	**–188,376**	**–226,026**
Earnings per share					
– Basic earnings per share (SEK)		–1.32	–3.01	–7.77	–12.48
– Diluted earnings per share (SEK)		–1.32	–3.01	–7.77	–12.48
Number of outstanding shares at the end of the reporting period					
– Before dilution		25,039,906	22,200,415	25,039,906	22,200,415
– After dilution		25,039,906	22,200,415	25,039,906	22,200,415
Average number of outstanding shares					
– Before dilution		25,039,906	20,899,241	23,593,291	18,113,313
– After dilution		25,039,906	20,899,241	23,593,291	18,113,313

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	2021 Oct – Dec	2020 Oct – Dec	2021 Jan – Dec	2020 Jan – Dec
Total comprehensive income for the period	–32,471	–63,052	–188,376	–226,026
Other comprehensive income				
Items that have been transferred and can be transferred to profit/loss for the period				
Reclassification of foreign currency translation differences	184	–3,250	1,220	–2,774
Comprehensive income for the period	**184**	**–3,250**	**1,220**	**–2,774**
Total comprehensive profit/loss attributable to:				
– Owners of the Company	–32,287	–66,302	–187,156	–228,801
– Non-controlling interests	–	–	–	–
Total comprehensive income for the period	**–32,287**	**–66,302**	**–187,156**	**–228,801**

Consolidated statement of financial position

Amounts in SEK thousand	12-31-2021	12-31-2020
ASSETS		
Goodwill	–	58,453
Intangible assets	49,672	4,083
Property, plant and equipment	30,622	8,166
Right of use assets	43,180	5,969
Trade and other receivables	3,945	12,610
Non-current assets	**127,418**	**89,281**
Trade receivables	41,891	51,384
Other receivables	8,361	6,981
Prepaid expenses and accrued income	147,027	72,978
Cash and cash equivalents	295,180	243,139
Assets held for sale	68,548	–
Current assets	**561,008**	**374,482**
TOTAL ASSETS	**688,427**	**463,763**
EQUITY		
Share capital	5,614	4,977
Share premium	1,134,276	773,724
Reserves	5,165	3,945
Retained earnings including the loss of the period	–713,313,	–524,938
Equity attributable to owners of the Company	**431,741**	**257,708**
Non-controlling interests		**–**
Total equity	**431,741**	**257,708**
LIABILITIES		
Leasing liability	36,476	3,995
Non-current non-interest-bearing liabilities	543	8,257
Provisions	–	4,810
Non-current liabilities	**37,019**	**17,062**
Trade and other payables	41,393	29,546
Other current liabilities	9,757	1,328
Leasing liability	7,905	2,265
Deferred income/revenue	159,355	155,853
Assets held for sale	1,257	–
Current liabilities	**219,667**	**188,993**
TOTAL LIABILITIES	**256,686**	**206,055**
TOTAL EQUITY AND LIABILITIES	**688,427**	**463,763**

Consolidated cash flow statement

Amounts in SEK thousand	2021 Oct – Dec	2020 Oct – Dec	2021 Oct – Dec	2020 Oct – Dec
Cash flow from operating activities				
Profit/loss before tax	–32,471	–63,053	–188,376	–226,026
Adjustments for items not included in cash flow	6,219	3,839	7,180	6,247
Paid income taxes	–	–	–	–
Total	**–26,252**	**–59,214**	**–181,195**	**–219,779**
Increase (–)/Decrease (+) of trade and other receivables	-55,703	–33,414	-61,086	–51,325
Increase (+)/Decrease (–) of trade and other payables	21,586	25,053	22,671	32,697
Cash flow from current operations	**-60,368**	**–67,575**	**-219,610**	**–238,407**
Of which discontinued operations	*824*	*-1,992*	*–10,401*	*–8,020*
Cash flow from investing activities				
Acquisition of property, plant and equipment	–3,150	–	–27,678	–3,855
Acquisition of intangible assets	–22,750	–	–49,672	–
Cash flow from investing activities	**–25,900**	**–**	**–77,350**	**–3,855**
Of which discontinued operations	–	–	–	*–352*
Cash flow from financing activities				
Proceeds from exercise of share options	–	–	–	3
New share issue	–	200,000	*380,870*	346,444
Issue expenses	13	–10,247	–24,231	–20,584
Amortization of loan	–	–	–	–12
Amortization of lease liability	–2,353	–775	–7,273	–3,127
Cash flow from financing activities	**–2,340**	**188,978**	**349,365**	**322,724**
Of which discontinued operations	*–152*	*–99*	*–529*	*2,367*
Cash flow for the period	–88,607	121,403	52,405	80,461
Cash and cash equivalents in assets held for sale	–725	–	–1,758	–
Cash and cash equivalents at beginning of period	383,435	123,767	243,139	164,197
Exchange rate differences in cash and cash equivalents	1,078	–2,030	1,393	–1,520
Cash and cash equivalents at end of period	**295,180**	**243,139**	**295,180**	**243,139**

Consolidated statement of changes in equity

Amounts in SEK thousand	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
Balance at January 1, 2021	4,977	773,724	3,945	–524,938	257,708
Total comprehensive income for the period					
Profit/loss for the period				–188,376	–188,376
Other comprehensive income for the period			1,220		1,220
Total comprehensive income for the period			**1,220**	**–188,376**	**–187,156**
Transactions with group shareholder					
New share issue	633	380,237			380,870
Issue expenses		–24,231			–24,231
Share savings program	4	4,547			4,551
Total contributions from and distributions to shareholders	**637**	**360,552**			**361,189**
Balance at December 31, 2021	**5,614**	**1,134,276**	**5,165**	**–713,313**	**431,741**

Amounts in SEK thousand	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
Balance at January 1, 2020	3,456	448,089	6,719	–273,941	184,323
Recalculation*	–	–	–	–24,970	–24,970
Balance at January 1, 2020 after recalculation	3,456	448,089	6,719	–298,91	159,352
Total comprehensive income for the period					
Profit/loss for the period	–	–	–	–226,026	–226,026
Other comprehensive income for the period	–	–	–2,774	–	–2,774
Total comprehensive income for the period	**–**	**–**	**–2,774**	**–226,202**	**–228,801**
Transactions with group shareholder					
New share issue	1,519	344,926	–	–	346,444
Issue expenses	–	–20,584	–	–	–20,584
Share savings program	3	1,293	–	–	1,296
Total contributions from and distributions to shareholders	**1,521**	**325,635**	**–**	**–**	**327,156**
Balance at December 31, 2020	**4,997**	**773,724**	**3,945**	**–524,938**	**257,708**

*) This period has been recalculated due to restatement, see Year-end report 2020, Appendix 1 for the effects.

Income statement, Parent company

Amounts in SEK thousand	2021 Oct – Dec	2020 Oct – Dec	2021 Jan – Dec	2020 Jan – Dec
Revenues	–	–	–	–
Cost of goods sold	–	–	–	–
Gross profit	–	**–**	–	**–**
Other income	4,467	3,245	15,557	17,730
Administrative expenses	–6,365	–6,216	–32,525	–26,567
Research and development expenses	–29,000	–62,653	–160,916	–197,690
Other expenses	–1,684	–2,177	–4,126	–11,203
Operating profit/loss	**–32,582**	**–67,802**	**–182,011**	**–217,730**
Financial items				
Financial income	–	–	–	11
Impairment loss on shares in subsidiary	–	–38,400	–10,631	–38,400
Financial expenses	–67	–35	–276	–296
Net finance costs	**–67**	**–38,435**	**–10,908**	**–38,685**
Profit/loss before tax	**–32,649**	**–106,236**	**–192,918**	**–256,415**
Income tax expense	–	–	–	–
Total comprehensive income for the period	**–32,649**	**–106,236**	**–192,918**	**–256,415**

Parent company statement of comprehensive income

Amounts in SEK thousand	2021 Oct – Dec	2020 Oct – Dec	2021 Jan – Dec	2020 Jan – Dec
Profit/loss for the period	**–32,649**	–106,236	–192 918	–256,415
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	**–32,649**	**–106,236**	**–192 918**	**–256,415**

Balance Sheet, Parent company

Amounts in SEK thousand	12-31-2021	12-31-2020
ASSETS		
Fixed assets		
Intangible assets	49,672	–
Property, plant and equipment	30,622	5,212
Financial assets		
Shares in group companies	74,066	74,066
Other non-current receivables	3,945	12,610
Total financial assets	**78,011**	**86,676**
Total non-current assets	**158,304**	**91,888**
Current assets		
Current receivables		
Trade receivables	41,891	51,384
Other receivables	8,631	5,148
Prepaid expenses and accrued income	147,027	72,935
Total current receivables	**197,280**	**129,467**
Cash and bank	295,180	242,247
Current assets	**492,051**	**371,715**
TOTAL ASSETS	**650,764**	**463,603**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	5,614	4,977
Reserve for development expenditure	49,672	–
Unrestricted equity		
Share premium	1,134,962	774,410
Retained earnings	–558,560	–252,474
Profit/loss for the period	–192,918	–256,415
Total equity	**438,769**	**270,498**
Non-current liabilities		
Non-current interest-bearing liabilities	543	8,257
Non-current non-interest-bearing liabilities	**543**	**8,257**
Current liabilities		
Liabilities to subsidiaries	948	285
Trade and other payables	41,393	29,421
Other current liabilities	9,757	1,192
Deferred income/revenue	159,355	153,949
Current liabilities	**211,453**	**184,847**
TOTAL LIABILITIES	**211,996**	**193,104**
TOTAL EQUITY AND LIABILITIES	**650,764**	**463,603**

Cash flow statement, Parent company

Amounts in SEK thousand	2021 Oct – Dec	2020 Oct – Dec	2021 Jan – Dec	2020 Jan – Dec
Cash flows from operating activities				
Earnings before income and tax	–32,649	–106,236	–192,918	–256,415
Adjustments for items not included in cash flow	3,386	41,110	12,968	39,601
Paid income taxes	–	–	–	–
Total	**–29,263**	**–65,126**	**–179,950**	**–216,814**
Increase (–)/Decrease (+) of trade and other receivables	-55,334	–33,005	-59,147	–52,381
Increase (+)/Decrease (–) of trade and other payables	21,832	32,112	24,275	36,709
Cash flow from current operations	**-62,765**	**–66,019**	**-214,822**	**–232,486**
Cash flow from investing activities				
Investments in subsidiaries	–	–2,075	–10,631	–10,148
Acquisition of property, plant and equipment	–3,807	–	–29,939	–3,503
Acquisition of intangible assets	–22,750	–	–49,672	–
Cash flow from investing activities	**–26,557**	**–2,075**	**–90,242**	**–13,651**
Cash flow from financing activities				
Exercised share options by employees	–	–	–	3
New share issue	–	200,000	380,870	346,444
Issue expenses	13	–10,247	–24,231	–20,584
Cash flow from financing activities	**13**	**189,753**	**356,638**	**325,863**
Cash flow for the period	–89,310	121,658	51,573	79,726
Cash and cash equivalents at beginning of period	383,435	122,326	242,247	163,601
Exchange rate differences in cash and cash equivalents	1,056	–1,737	1,360	–1,079
Cash and cash equivalents at end of period	**295,180**	**242,247**	**295,180**	**242,247**

Notes

NOTE 1 Accounting principles

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as well as applicable regulations from the annual accounts act. The interim report for the parent company has been prepared according to the Annual Accounts Act, chapter 9, Interim Report. For the Group and the parent company the same accounting principles and calculation bases as the previous annual report has been applied with the exception of the additional applications principles for accounting for license revenues described below on the new license agreements which is different in nature to licensing agreements previously reported. Information according to IAS 34.16A is included in these financial statements and related notes as well in other parts of this interim report.

Assets and liabilities held for sale and discontinued operations
Assets are classified as held for sale if their value, within one year, will be recovered through sale and not through continued use in the business. At the time of reclassification, assets and liabilities are valued at the lower of fair value, after deduction of selling expenses and the carrying amount. The assets are no longer depreciated after reclassification. The profit is limited to an amount corresponding to previously made write-downs. Gains and losses reported on revaluation and divestment are reported in the profit for the period.

When an independent line of business or a significant activity within a geographical area is divested, it is classified as a discontinued operation. The sale, or the time when the business meets the criteria for being classified as held for sale, determines when the business is to be classified as a discontinued business. The profit/loss after tax from discontinued operations is reported as a separate item in the income statement.

Intangible assets
Intangible assets with a limited useful life are reported at acquisition value less depreciation and any impairment. Intangible fixed assets are depreciated systematically over the asset's estimated useful life. The useful life is reconsidered at each balance sheet date and adjusted if necessary. Depreciation begins upon completion, when the product is launched on the market. When the depreciable amount of the asset is determined, the residual value of the asset is taken into account where applicable. Development expenses are capitalized when they meet the criteria in accordance with IAS 38 "Intangible assets". In other respects, development expenses are expensed on an ongoing basis as operating expenses.

The criteria for capitalizing are:
- it is technically possible to complete a useful product
- the company's intention is to complete the product and to sell it
- there are conditions to sell the product
- it can be shown how the product generates probable future financial benefits
- adequate technical, financial and other resources to complete the development and to use the product are available
- the expenses attributable to the product during its development can be calculated reliably

Directly attributable expenses that are capitalized as part of capitalized development expenses include, in addition to direct development costs, expenses for employees, external consultants, depreciation of right-of-use assets in the form of used premises and interest.

NOTE 2 Segment reporting

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

Amounts in SEK thousand	2021 Oct – Dec	2020 Oct – Dec	2021 Jan – Dec	2020 Jan – Dec
Other revenues per segment				
Biosimilars	2,546	2,545	10,181	6,787
Unallocated revenue	1,921	653	5,376	10,770
Total	**4,467**	**3,198**	**15,557**	**17,557**
Operating profit or loss per segment				
Biosimilars	–26,344	–55,003	–150,438	–190,497
Unallocated revenue	–5,796	–7,725	–30,145	–26,939
Operating profit/loss	**–32,141**	**–62,728**	**–180,583**	**–217,436**
Net finance costs				
Biosimilars	–722	–89	–2,367	–406
Unallocated revenue	–66	–35	–276	–285
Total	**–788**	**–123**	**–2,643**	**–690**
Profit/loss before tax	**–32,929**	**–62,851**	**–183,226**	**–218,126**
Depreciation, amortization and write downs				
Biosimilars	3,866	1,106	11,840	4,337
Unallocated revenue	25	7	376	33
Total	**3,829**	**1,113**	**11,944**	**4,370**

As of Q1 2021, the subsidiary Primm Pharma is reported as an asset held for sale, see page 8. This means that the segment "Long-acting injectable drugs" is no longer included in the segment reporting. This also has an effect on previously reported periods.

NOTE 3 Distribution of income

	Oct – Dec 2021		
Amounts in SEK thousand	Biosimilars	Unallocated/ administration	Group
Income per region			
Middle East	–	–	–
Asia	–	–	–
Europe	–	1,725	1,725
United States	2,546	196	2,741
Total	**2,546**	**1,921**	**4,467**
Income per category			
Pharmaceuticals	–	–	–
Milestone payments from partners	2,546	–	2,546
Services and other	–	1,921	1,921
Total	**2,546**	**1,921**	**4,467**

As of Q1 2021, the subsidiary Primm Pharma is reported as an asset held for sale, see page 9. This means that the segment "Long-acting injectable drugs" is no longer included in the distribution of income. This also has an effect on previously reported periods.

NOTE 3 Distribution of income cont.

Amounts in SEK thousand	Oct – Dec 2020 Biosimilars	Unallocated/ administration	Group
Income per region			
Middle East	–	–	–
Asia	–	–	–
Europe	–	600	600
United States	2,545	53	2,598
Total	**2,545**	**653**	**3,197**
Income per category			
Pharmaceuticals	–	–	–
Milestone payments from partners	2,545	–	2,545
Services and other	–	652	652
Total	**2,545**	**652**	**3,197**

Amounts in SEK thousand	Full year 2021 Biosimilars	Unallocated/ administration	Group
Income per region			
Middle East	–	–	–
Asia	–	–	–
Europe	–	4,848	4,848
United States	10,181	528	10,708
Total	**10,181**	**5,376**	**15,557**
Income per category			
Pharmaceuticals	–	–	–
Milestone payments from partners	10,181	–	10,181
Services and other	–	5,376	5,376
Total	**10,181**	**5,376**	**15,557**

As of Q1 2021, the subsidiary Primm Pharma is reported as an asset held for sale, see page 9. This means that the segment "Long-acting injectable drugs" is no longer included in the distribution of income. This also has an effect on previously reported periods.

Amounts in SEK thousand	Full year 2020 Biosimilars	Unallocated/ administration	Group
Income per region			
Middle East	–	–	–
Asia	–	–	–
Europe	–	10,598	10,598
United States	6,787	171	6,958
Total	**6,787**	**10,770**	**17,557**
Income per category			
Pharmaceuticals	–	–	–
Milestone payments from partners	6,787	–	6,787
Services and other	–	10,770	10,770
Total	**6,787**	**10,770**	**17,557**

NOTE 4 Transactions with related parties

Since 2019, STADA Arnzeimittel AG has been a shareholder in Xbrane (see the list of owners on page 8). Transactions with STADA relate to shared costs for the collaboration agreement with Xlucane™.

Certification

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

Stockholm, February 24, 2022

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

Alternative performance measures

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

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

Amounts in SEK thousand	2021 Oct– Dec	2020 Oct– Dec	2021 Jan – Dec	2020 Jan – Dec
Gross profit	–	–	–	–
Net sales	–	–	–	–
Gross margin	**–**	**–**	**–**	**–**

EBITDA
Shows the business's earning ability from current operations without regard to capital structure and tax situation and is intended to facilitate comparisons with other companies in the same industry.

Amounts in SEK thousand	2021 Oct– Dec	2020 Oct– Dec	2021 Jan – Dec	2020 Jan – Dec
Operating profit or loss	–32,141	–62,728	–180,583	–217,436
Depreciation, amortization and write downs	–3,892	–1,113	–12,217	–4,370
EBITDA	**–28,249**	**–61,615**	**–168,366**	**–213,066**

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

Amounts in SEK thousand	2021 Oct– Dec	2020 Oct– Dec	2021 Jan – Dec	2020 Jan – Dec
Research and development expenses	–28,890*	-57,548	–160,619*	-197,284
Total operating expenses	-36,607	-65,925	–196,140	–234,992
R&D expenses as a percentage of operating expenses	**79%**	**87%**	**85%**	**84%**

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

Amounts in SEK thousand	12-31-2021	12-31-2020
Total equity	431,741	257,708
Total assets	686,427	463,763
Equity ratio	**63%**	**56%**

*) See page 9 for more information regarding Research and development expenses

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Financial calendar

Annual report 2021	March 31, 2022
Interim report January – March 2022	May 5, 2022
Annual General Meeting 2022	May 5, 2022
Interim report January – June 2022	July 22, 2022
Interim report January – September 2022	October 28, 2022
Year-end report 2022	February 17, 2023