XBRANE BIOPHARMA

Science for high quality biosimilars

Year-end report 2022

The approval of Ximluci® in Europe positions Xbrane as a leading global biosimilar developer

Financial overview fourth quarter 2022

- Revenue amounted to SEK 17.3 m (2.8).
- Other operating income was SEK 0.5 m (1.7).
- EBITDA amounted to SEK –50.7 m (–28.2).
- R&D costs amounted to SEK –59.5 m (–28.9), corresponding to 82 percent[1)] (79) of total operating costs.
- The loss for the period was SEK –60.7 m (–32.5).
- Earnings per share was SEK –2.25 (–1.32).
- Cash and cash equivalents at the end of the period amounted to SEK 194.0 m (295.2).

Financial overview full-year 2022

- Revenue amounted to SEK 57.6 m (10.7).
- Other operating income was SEK 20.9 m (4.8).
- EBITDA amounted to SEK –149.6 m (–168.4).
- R&D costs amounted to SEK –199.6 m (–160.6), corresponding to 82 percent1) (82) of total operating costs.
- The loss for the period was SEK –172.5 m (–188.4).
- Earnings per share was SEK –6.75 (–7.98).
- Cash and cash equivalents at the end of the period amounted to SEK 194.0 m (295.2).
- The Board of Directors proposes that no dividend be paid for the financial year 2022.

Figures in parentheses refer to the corresponding period last year.

Significant events during the fourth quarter 2022

- After authorization from the annual general meeting on May 5, 2022, the company announced and carried out a directed share issue of 2,363,112 new shares at a subscription price of SEK 72 per share. Through the directed new issue, net cash of around SEK 170 m before transaction costs was realized.
- The European Commission granted marketing authorization for Ximluci® (ranibizumab) in November, a biosimilar to the reference drug Lucentis®. The approval followed the positive opinion the company received in September 2022 from the European Medicines Agency's (EMA's) Committee for Medicinal Products for Human Use (CHMP). The marketing authorization for Ximluci® is held by Xbrane's partner STADA Arzneimittel AG (STADA) and is valid in all 27 EU member states, as well as Iceland, Norway and Liechtenstein.
- Xbrane reported in December plans to submit the Biologics License Application (BLA) to the FDA in Q1 2023.

Significant events after the end of the quarter

- In January, marketing authorization was obtained for Ximluci® in the UK. STADA is preparing to launch Ximluci® in the UK in 2023

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

Financial summary for the Group

	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Revenue (SEK 000)	17,313	2,752	57,618	10,709
Research and development expenses (SEK 000)	–59,546	–28,890	–199,648	–160,619
R&D expenses as percentage of total costs	82%	79%	82%	82%
Operating profit/loss (SEK 000)	–55,041	–32,141	–166,217	–180,583
EBITDA (SEK 000)	–50,736	–28,249	–149,640	–168,366
Profit/loss for the period (SEK 000)	–60,733	–32,471	–172,513	–188,376
Cash and cash equivalents (SEK 000)	193,994	295,180	193,994	295,180
Equity ratio (%)	62%	63%	62%	63%
Earnings per share before dilution (SEK)	–2.25	–1.32	–6.75	–7.98
Earnings per share after dilution (SEK)	–2.25	–1.32	–6.75	–7.98
Number of employees on balance sheet date	79	58	79	58

CEO's letter

Dear shareholders,
Xbrane's first biosimilar, Ximluci®, was approved in Europe in November 2022 and is now being launched in Europe by our partner STADA Arzneimittel AG (STADA). We are very much looking forward to being able to offer our product to patients with serious eye disease, such as age-related macular degeneration, as well as a great need for a more cost-effective treatment.

Launch of Ximluci® in Europe
Ximluci®, Xbrane's biosimilar to Lucentis® and developed for the treatment of serious eye diseases, is being launched by Xbrane's commercial partner STADA in Europe. The launch volume has been manufactured and participation in tenders in a number of countries has started. The work on the Biologic License Agreement (BLA) for Ximluci® in the US is progressing according to plan and Xbrane plans to submit the application to the FDA in Q1 2023. Marketing approval could be obtained in Q1 2024, after which launch in the US can take place. The marketing authorization application has been submitted to the regulatory authority in Saudi Arabia. STADA is also actively working to get Ximluci® approved in other regions such as Latin America, the Middle East and Southeast Asia. The production of Ximluci® will be intensified in 2023 partly to underpin demand in Europe and partly to meet demand before launching in other markets.

Development of the biosimilar portfolio
Work on the biosimilar portfolio is continuing. For BIIB801, (biosimilar candidate for Cimzia®), commercial upscaling of the production of clinical material is underway in close collaboration with Biogen Inc. (Biogen). For Xdivane™, the pilot form production process has been completed and preparatory work for transferring and upscaling to contract manufacturers is underway. The selection process of production partners is a long way off and we expect that an agreement can be signed in the first half of 2023. For Xdarzane™ and Xtrudane™, development of the production process is underway in a pilot form. We are in active discussions with potential partners for these biosimilar candidates in oncology, with the aim of agreeing a deal in 2023.

Aiming for positive operational cash flow during 2024
Provided that the sales of Ximluci® follows the forecast, and that we sign an agreement with a commercial partner that can share the development costs with us for our oncology portfolio, we expect to achieve a positive operating cash flow during 2024

Key milestones in the next 12 months
In summary, we are in an exciting position going into our first year with a product on the market. Some of the key milestones we look forward to delivering over the next 12 months are:

- Supporting STADA in establishing Ximluci® as a leading biosimilar to Lucentis® in Europe.
- Obtaining market approval for Ximluci® in the USA and supporting the launch of the product with our partner Bausch+Lomb
- Obtaining market approval for Ximluci® in Saudi Arabia and other countries in the Middle East and supporting the launch of the product with our partner STADA
- Scaling up the production process and preparing clinical studies for BIIB801 with our partner Biogen
- Establishing a commercial partner for the oncology portfolio

We confidently look forward to strengthening our position as a world-leading biosimilar developer in 2023, especially with sales of Ximluci® in Europe starting.

Thank you for your continued support.

Solna, February 17, 2023

Martin Åmark

Martin Åmark, CEO

Product candidate portfolio

Xbrane has a portfolio of five product candidates in active development for a range of treatment areas. This includes several serious eye diseases, several different types of cancer and, among others, rheumatoid arthritis, psoriasis and Crohn's disease.

Ximluci®

Ximluci® is a biosimilar candidate to ranibizumab, the original drug Lucentis®, a VEGFa inhibitor used to treat a number of serious eye diseases. The original drug has sales of around EUR 3 bn[1)] per year.

The European Medicines Agency (EMA) supported the European Commission's (CHMP's) recommendation and approved Ximluci® in November 2022 for the treatment of wet age-related macular degeneration (AMD), diabetic macular edema (DME), proliferative diabetic retinopathy (PDR), retinal vein occlusion (RVO) and visual impairment due to choroidal neovascularization (CNV) in 27 member states in Europe. Ximluci® is launched by Xbrane's partner STADA Arzneimittel AG (STADA) during Q1 2023.

Xbrane plans to submit the Biologics License Application (BLA) to the Food and Drug Administration (FDA) in Q1 2023, which could lead to approval in Q1 2024 and will be launched by Xbrane and STADA's partner in North America, Bausch+Lomb. The marketing authorization application has been submitted to the regulatory authority in Saudi Arabia. STADA is also actively working to get Ximluci® approved in other regions such as Latin America, the Middle East and Southeast Asia. Ximluci® has initially been approved as an active substance filled in a vial from which the ophthalmologist extracts into a syringe for injecting into the eye. Xbrane is also developing Ximluci® as a prefilled syringe, for which additional approval will be sought at a future date.

BIIB801

BIIB801 is a biosimilar candidate to certolizumab pegol, original drug Cimzia®, a TNFalpha inhibitor particularly used in the treatment of rheumatoid arthritis and psoriasis. Cimizia® is estimated to realize EUR 2 bn[1)] in peak-year sales. Cimzia® will lose its patent protection in 2024 in the US and 2025 in Europe.

BIIB801is 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 BIIB801 for future clinical studies. Xbrane has signed a development and commercialization agreement with Biogen in which Biogen obtains global rights to the product. The agreement means that Biogen made an up-front payment of USD 8 m and an additional USD 80 m in development and sales-based payments as well as royalties on sales.

Xdivane™*

Xdivane™ is a biosimilar candidate to nivolumab, original drug Opdivo®, a PD1 inhibitor for the treatment of various types of cancer. Opdivo® is expected to generate sales of EUR 13 billion[1)] in peak-year sales and lose its patent protection during 2026–2031 depending on the country.

For XdivaneTM, the pilot form production process has been completed and preparatory work for transferring and upscaling to contract manufacturers is underway. The selection process of production partners is a long way off and we expect that an agreement can be signed in the first half of 2023.

Xtrudane™*

Xtrudane™ is a biosimilar candidate to pembrolizumab, original drug Keytruda®, a PD1 inhibitor for the treatment of various types of cancer. Keytruda® is estimated to reach peak-year sales of EUR 26 bn[1)] and is expected to lose its patent protection during 2029–2031 depending on the country. Xtrudane™ is undergoing 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 is expected to 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 melanomas (peak-year sales of EUR 9 bn[1)]). 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.

Product portfolio

Product	Original drug	Primary indication	Estimated annual peak year sales of original drug	Patent expiry of original drug	Development phase
Ximluci®	Ranibizumab (Lucentis®)	Wet age-related macular degeneration, diabetes-related eye damage and retinal vein occlusion.	EUR 3 bn[1)]	2022 (Europe) 2020 (USA)	Commercialization phase
BIIB801	Certolizumab pegol (Cimzia®)	Rheumatoid arthritis, axial spondylarthrosis, psoriatic arthritis, and psoriasis.	EUR 2 bn[1)]	2024 (USA) 2025 (Europe)	Preclinical phase
Xdivane™*	Nivolumab (Opdivo®)	Melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	EUR 13 bn[1)]	2026–2031 depending on country	Preclinical phase
Xtrudane™*	Keytruda®	Brain cancer, melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	EUR 26 bn[1)]	2029–2031 depending on country	Preclinical phase
Xdarzane™*	Darzalex®	Multiple melanoma.	EUR 9 bn[1)]	2029–2031 depending on country	Preclinical phase
			EUR53 bn [1)]		

Source:
1) Evaluate Pharma; "Originator Peak Sales Estimate 2026"
*) Xbrane has the ambition to close a deal with a commercial partner for the oncology portfolio during 2023.

Patent protection

Xbrane is an innovative company that invests significantly in research and development, which is why strategically important patents to protect our technologies and products are important. A growing patent portfolio strengthens the company's brand. Xbrane's most important regions for the protection of intellectual property rights (IP) are Europe and the USA, but applications may also be made in other countries.

Expanding patent portfolio

The expanding patent portfolio will facilitate the implementation of commercially important initiatives such as licensing and strategic business partnerships or alliances for commercializing biosimilars and biosimilar production platforms.

Xbrane plans to file patent applications that protect a wide range of technologies, from protein production and protein purification to novel formulations of biosimilars.

The most important regions for patents are Europe and the US, but patent applications may also be filed in Canada, China, South Korea, India, Japan and Australia if the company's products and methods are thought to have a market there. Other international patent applications may also be involved.

Xbrane's LEMO™ technology platform is patent-protected with two patents in Europe and the US until 2029. Between 2019 and 2022, these two patents, originally filed in 2009, have been complemented by 40 patent applications for a total of 42 applications "harvested" from five different development programs. In 2020, 11 patent applications were filed, 12 in 2021 and 15 in 2022.

Strengthen the Xbrane brand

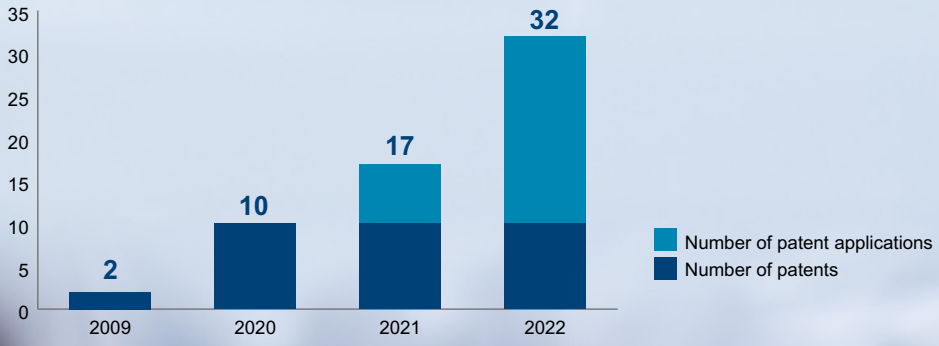
The Swedish Intellectual Property Office (PRV) granted eight patents in 2021. Three related to DNA constructs for the regulation of protein production and were co-filed with CloneOpt AB. Five of the patents resulted from the development of Xdivane™ and form the foundation for the emerging high-yield expression platform in mammalian cells. A large part of the upcoming development of the biosimilar candidates Xtrudane™ and Xdarzane™ is based on this platform. The five Swedish patents were followed up, via an international patent application, with applications in the US, Canada, India, China, Singapore and Japan in 2022.

The patent applications protect new DNA sequences in genes that are introduced into host cells and instruct the cells to express the protein of interest. These DNA sequences have resulted in a significant increase in yield and can also be applied to future biosimilar candidates to be expressed in mammalian cells. A large portion of the rest of the patent applications relate to DNA constructs, host cells and/or methods for producing Xlucane™ (three patent applications) and BIB801™ (eleven patent applications).

The patent applications to protect Xlucane™ have been filed together with STADA Arzneimittel AG.

The expanding patent portfolio will strengthen Xbrane's brand, protect our products and enable more outlicensing of IP in the future.

Number of patents and patent applications (accumulated)



Shareholders

As of December 31, 2022, Xbrane had around 6,600 shareholders. The number of outstanding shares amounted to 27,506,018. 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	11.6%
Bengt Göran Westman	2,152,686	7.8%
Swedbank Robur Fonder	1,808,479	6.6%
Nordnet Pensionsförsäkring	1,619,983	5.9%
STADA Arzneimittel AG	1,570,989	5.7%
Futur Pension	1,568,558	5.7%
TIN Fonder	1,553,055	5.7%
Avanza Pension	1,052,048	3.8%
Swedbank Försäkring	370,758	1.4%
Handelsbanken Fonder	344,713	1.3%
Ten largest shareholders in total	**15,218,636**	**55.3%**
Other Swedish shareholders	**8,188,901**	**30.0%**
Other foreign shareholders	**4,098,481**	**14.7%**
Total outstanding shares	**27,506,018**	**100%**

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 2022
The Group's revenue amounted to SEK 17.3 m (2.8) and consisted partly of income from the out-licensing of the American and Canadian rights for Ximluci® to Bausch + Lomb and the agreement signed with Biogen regarding BIIB801. The agreement with Biogen started in Q1 2022. Revenues attributable to the agreements are accrued until May 2022 and June 2023, respectively. Similar agreements were previously classified as "other operating income" for the Group. However, since January 1, 2022, this type of income has been deemed to form part of the Group's main business and is thus reported as revenue. Previous periods have therefore been reclassified, which means that comparative figures are no longer in line with previous reports. See also Note 1 for further information regarding this reclassification. The cost of goods sold amounted to SEK 0.0 m (0.0).

Other operating income amounted to SEK 0.5 m (1.7) and consisted mainly of exchange rate gains on operating receivables and liabilities as well as license income from sources other than the core business itself.

Research and development costs amounted to SEK –59.6 m (–28.9) and mainly relate to Ximluci®, where the main cost-driving processes are the regulatory work, preparatory commercial activities and development of pre-filled syringes for Ximluci® . Additional factors are the continuing work on BIIB801 which has intensified and the work on developing the oncologyportfolio. All development costs for Ximluci® have been recognized as intangible assets in the balance sheet and amounted to SEK 12.9 m (22.7) for the period. The gross effect of research and development costs for the period was SEK –25.8 m (–51.6), a reduction since Ximluci® moved into a more commercial phase. The capitalization of development costs also affects the comparative figures for research and development costs, which decreased compared with previous periods

Administrative expenses amounted to SEK –11.0 m (–6.0) and are due to work continuing to strengthen the organization prior to commercialization and continued growth.

Other operating expenses amounted to SEK –2.4 m (–1.7) and consisted of exchange rate losses on operating receivables and liabilities.

The operating loss was SEK 55.0 m (–32.1). The loss before tax was SEK 53.3 m (–32.9). During Q4, there was no taxable profit and thus no tax expense (0.0). The loss for the quarter after tax from remaining operations amounted to SEK 55.3 m (–32.9) and the loss for the quarter was SEK 60.7 m (–32.5). Earnings per share for remaining operations amounted to SEK –2.05 (–1.32) per share and earnings per share amounted to SEK –2.25 (–1.30).

The Group's cash flow for October – December 2022
Cash flow from operating activities amounted to SEK –115.1 m (–60.4). The change in the business's inventory was SEK –50.3 m (0.0) and the change in operating receivables and operating liabilities was SEK –18.0 m (–55.7) and SEK 12.1 m (21.6), respectively of which SEK –10.2 m (0.8) was from discontinued operations (Primm Pharma). Changes in working capital can vary greatly between periods, mainly due to the re-invoicing to STADA AG for the development work for Xlucane™, i.e. inventory build and ongoing regulatory work. The continuing work on BIIB801 and oncologyportfolio have also intensified and are part of these changes.

Cash flow from investment activities amounted to SEK –9.4 m (–25.9) and included investments in tangible assets for the internal laboratory and capitalization of research and development costs. Cash flow from financing activities amounted to SEK 155.0 m (–2.3) and refers mainly to the new issue of SEK 170 m balanced by transaction costs of SEK 13.4 million.

The Group's results for January – December 2022
The Group's revenue amounted to SEK 57.6 m (10.7) consisting partly of income from the out-licensing of the American and Canadian rights for Ximluci®, to Bausch + Lomb and the agreement signed with Biogen regarding BIIB801. The agreement with Biogen started in Q1 2022. Revenue attributable to the agreements is accrued until May 2022 and June 2023, respectively. Similar agreements were previously classified as "other operating income" for the Group. However since January 1, 2022, this type of income has been deemed to form part of the Group's main business and is thus reported as revenue. Previous periods have thus been reclassified, which means that comparative figures are no longer consistent with previous reports. See also Note 1 for further information regarding the reclassification.

The cost of goods sold amounted to SEK 0.0 million (0.0).

Other operating income amounted to SEK 20.9 m (4.8) and consisted mainly of exchange rate gains on operating receivables and liabilities as well as license income from sources other than the core business itself.

Research and development costs amounted to SEK –199.6 m (–160.6) and mainly relate to Ximluci®, where the main cost-drivers are the regulatory work, preparatory commercial activities and development of pre-filled syringes for Ximluci® . Additional factors are the continuing work on BIIB801 which has intensified, as well as work related to the oncologyportfolio. All development costs for Ximluci® were included as intangible fixed assets in the balance sheet and amounted to SEK 102.0 m (49.7) for the period. The gross

effect of research and development costs amounted to SEK–154.3 m (–210.4) for the period. The capitalization of development costs also affects the comparative figures for research and development costs, which decreased compared to previous periods.

Administration costs amounted to SEK –31.5 m (–31.4), which is in line with the comparison period.

Other operating expenses amounted to SEK –13.6 m (–4.1) and consist of exchange rate losses on operating receivables and liabilities.

The operating loss was SEK 166.2 m (–180.6). The loss before tax was SEK –168.5 m (–183.2). During the period, no taxable profit arose and thus no tax expense (0.0). The period's loss after tax from remaining operations was SEK 168.5 m (–183.2) and the period's loss amounted to SEK 172.5 million (–188.4). Earnings per share for remaining operations amounted to SEK –6.59 (–7.77) and earnings per share amounted to SEK –6.75 (–7.98).

The Group's cash flow for the full year 2022

Cash flow from operating activities amounted to SEK –93.9 m (–219.6). The change in inventory was SEK –50.3 (0.0) while the change in operating receivables and operating liabilities was SEK 1.7 m (– 61.1) and SEK 17.8 m (22.7) respectively, of which SEK –9.9 m (–10.4) was from discontinued operations (Primm Pharma). The change in working capital can vary greatly between periods, mainly due to the re-invoicing to STADA for the development work for Ximluci®, i.e. ensuring a production chain as well as the regulatory work. The ongoing work on BIIB801 has also intensified and is part of these changes.

The cash flow from investment activities amounted to SEK –60.1 m (–77.4) and included investments in tangible fixed assets for the internal laboratory and activation of research and development costs. All development costs for Ximluci® are reported as intangible fixed assets, which for the period affected the cash flow by SEK –11.6 m (–49.7). Cash flow from financing activities amounted to SEK 148.9 m (349.4) and refers mainly to the net proceeds from the directed new share issue of SEK 170 m in October as well as the leasing of machinery and premises.

The Group's financial position and continued operations

The capital acquisition carried out in October brought in around SEK 170 m before transaction costs and thereby strengthened the company's financial position.

However, the company's business plan for 2023 includes significant investments mainly in working capital for the commercial production of Ximluci®, upscaling the production processes with contract manufacturers for Ximluci®, BIIB801 and Xdivane™ and accelerated development of other programs. Provided that the sale of Ximluci® follows the forecast and that the company succeeds in out-licensing the oncology portfolio and shares future development costs with a partner, the company is expected to achieve a positive cash flow in 2024. The Board and management assess that full financing to carry out all planned investments in the business plan until positive cash flow is not currently in place. The company is in continuous dialogue with financiers including debt investors and looks forward with confidence to the prospect of securing full funding and completing the business plan

Fixed assets

Fixed assets amounted to SEK 177.0 m (127.4), where the change is largely explained by capitalization of research and development costs, amounting to SEK 102.0 m (0.0). Capitalization of research and development costs began on July 1, 2021. Remaining changes to the item consist of the acquisition of laboratory equipment, machinery, equipment for the office premises and customary monthly depreciation.

Other receivables

Other receivables amounted to SEK 46.1 m (50.3) which last year included a receivable from STADA of SEK 8.4 m. Customer invoices to STADA have been reclassified since January 1, 2022, as "other receivables", instead of "accounts receivable" as this is considered to reflect the business more accurately. Previous periods have therefore been reclassified, which means that comparative figures are no longer in line with previous reports. See also Note 1 for further information regarding the reclassification.

Prepaid expenses and accrued income

Prepaid expenses and accrued income amounted to SEK 151.8 m (147.0). The significant items relate in part to an ongoing advance payment SEK 31.1 m (25.2) to CRO (Contract Research Organization) who carried out the clinical study of Ximluci®. An advance payment was made to CMO (Contract Manufacturing Organization) of SEK 107.7 m (112.9), of which SEK 100.6 m (86.7) relates to future upscaling activities. The item includes SEK 62.7 m (0.0) which is an advance for the collaboration with AGC Biologics Inc. for continued work with the manufacturing process. The remaining part refers to customary and recurring items amounting to SEK 13.0 m (8.7).

Changes in equity

The share capital on the balance sheet date amounted to SEK 6.2 m (5.6). Other contributed capital amounted to SEK 1,294.2 m (1,134.3), the change in which mainly relates to share-related remuneration. Total equity amounted to SEK 424.9m (431.7) and the equity ratio was 62% (56).

Accounts payable

Accounts payable amounted to SEK 23.3 m (41.4). The change partly refers to stock build for Ximluci® and increased activities with BIIB801 and oncologyportfolio.

Accrued expenses and prepaid income

Accrued expenses and prepaid income amounted to SEK 200.2 m (159.4) and partly relate to advance payments from STADA for Ximluci® of SEK 86.9 m (95.4). Furthermore, SEK 32.0 m (43.2) relates to work carried out that has not yet been invoiced, regarding the Ximluci® project. Other items amounted to SEK 68.4 m (20.8), of which the up-front payment from Biogen, which has been accrued until the end of Q2 2023, was SEK 27.9 m (0.0).

Significant events during the fourth quarter

- After authorization from the annual general meeting on May 5, 2022, the company announced and carried out a directed new issue in October, carried out a directed new issue of 2,363,112 new shares at a subscription price of SEK 72 per share. Through the directed new issue, net

cash of around SEK 170 million before transaction costs was realized.

- The European Commission granted marketing authorization (MAA) for Ximluci® (ranibizumab) in November, a biosimilar to the reference drug Lucentis®. The approval followed the positive opinion the company received in September 2022 from the European Medicines Agency's (EMA's) Committee for Medicinal Products for Human Use (CHMP). The marketing authorization for Ximluci® is held by Xbranes' partner STADA Arzneimittel AG (STADA) and is valid in all 27 EU member states, as well as Iceland, Norway and Liechtenstein. The marketing authorization for Ximluci® was based on a comprehensive comparative analytical study and a phase 3 clinical study that demonstrated equivalent efficacy and comparable safety to the reference product Lucentis®. The phase 3 clinical trial involved 580 patients with wet age-related macular degeneration. The study's primary endpoint was the change in visual acuity (BCVA) from baseline to week 8 of treatment. The efficacy measure was met, when the adjusted treatment differences between the two products were within the predefined equivalence margin.
- In December, Xbrane reported plans to submit the Biologics License Application (BLA) to the FDA in Q1 2023. Xbrane will update the application once it has been accepted by the FDA for review, which is expected to occur 60 days after it is submitted.

Significant events after the end of the quarter

- In January, the company announced that the UK equivalent of the Medicines Agency (MHRA) had granted marketing authorization in the UK for Ximluci® (ranibizumab), a biosimilar to the reference drug Lucentis®.

Effects of the cooperation agreement with STADA

The collaboration agreement started in July 2018 with STADA AG regarding projects for research and development of Ximluci® meant that STADA AG and Xbrane would equally share (50/50) research and development costs attributable to the project. This meant that until June 1, 2021, Xbrane reported its share of 50 percent of the total costs for the project in the income statement. After June 1, 2021, when clinical trials showed that the primary endpoint for efficacy for Xlucane™ had been reached, the project was judged to meet the criteria for capitalization of research and development costs and is subsequently reported as an intangible asset in the balance sheet and thus does not continue to be reported in the income statement.

Receivables and liabilities attributable to the project are reported in full in Xbrane's balance sheet with a settlement of 50 percent for STADA AG's share. This applies to both the Group and the Parent Company.

On the balance sheet date, Xbrane had accrued expenses and prepaid income from STADA AG amounting to SEK 58.7 m (95.4).

Effects of the planned sale of Primm Pharma

Assets held for sale

Xbrane's intention is to continue to work towards a divestment of the subsidiary Primm Pharma. In the 2021 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 of several items in the balance sheet 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 influences previously reported periods, which is why comparative figures no longer correspond to previous reports. In the cash flow, Primm Pharma's share of each activity is reported in the item "Of which from discontinued operations."

Parent company

The core business in Xbrane, which is developing biosimilars, is run by the parent company. The Group has continued working on divesting the subsidiary Primm Pharma. Xbrane has previously written down the shares in the subsidiary by SEK 49.0 m and the impairment assessment is not considered to have changed during Q4 2022.

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 15–17

Risks and uncertainties

Due to the ongoing conflict in Ukraine, the Board and management follow developments in the region closely. Currently, the company has no supplier or customer contacts in the affected areas but has seen an impact mainly due to the high cost situation.

Other risks and uncertainty factors are described in the annual report 2021 on pages 29–30, available on the company's website, www.xbrane.com. At the time of publication of this interim report, these have not changed significantly.

Share information

Xbrane's share capital at the end of the period was SEK 6.2 m (5.6) divided into 27,506,018 shares (25,039,906). 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 6,600 shareholders on the balance sheet date. The closing price of the share on the balance sheet date was SEK 82.1 generating a market capitalization of around SEK 2,258 m.

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. The wholly-owned subsidiary, Primm Pharma, is located in Milan, Italy. As mentioned above, the sale of the subsidiary is in progress. On the balance sheet date, the Group had 79 (58) employees, of which 79 (58) in the parent company and 0 (0) in the subsidiary Primm Pharma.

Nomination committee
According to the principles for the nomination committee adopted at the annual general meeting on May 5, 2022, the nomination committee shall consist of four members, three of whom shall be appointed by the Company's three largest shareholders, according to number of votes, as of September 30, 2022. The fourth member shall be the Chairman of the Board. Based on the above, the nomination committee for the 2023 annual general meeting has been determined to consist of the following people who together represent around 30 percent of the number of shares and votes in the Company as of September 30, 2022:

- Saeid Esmaeilzadeh appointed by Serendipity Group AB, the company's largest shareholder
- Bengt Göran Westman, the company's second largest shareholder
- Oscar Bergman appointed by Swedbank Robur Fonder, the company's third largest shareholder
- Anders Tullgren, Xbrane's Chairman of the Board.

Saeid Esmaeilzadeh has been appointed chairman of the nomination committee

Presentation of the year-end report
Presentation of the year-end report for 2022 will take place digitally on February 17, at 10.00 CET, where CEO Martin Åmark and CFO Anette Lindqvist will present the 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/syxw4qq6

Annual general meeting
The annual general meeting for 2023 will be held on May 4, 2023, at 5:30 p.m. in Inghesalen, Widerströmska Huset, 2nd floor, Karolinska Institutet, Tomtebodavägen 18a, 171 65 Solna. Shareholders who wish to have a matter dealt with at the annual general meeting must report it no later than March 10, 2023, to the Chairman of the Board Anders Tullgren at valberedning@xbrane.com.

Dividend
The Board of Directors proposes that no dividend be paid for the financial year 2022.

Auditor's review
This interim report has been subject to a review by the company's auditor.

Consolidated income statement

Amounts in SEK thousand	Notes	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Revenues	2, 3	17,313	2,752	57,618	10,709
Cost of goods sold		–	–		–
Gross profit		**17,313,**	**2,752**	**57,618,**	**10,709**
Other operating income	2, 3	547	1,714	20,914	4,848
Administrative expenses		–10,975	–6,034	–31,538	–31,395
Research and development expenses		–59,546	–28,890	–199,648	–160,619
Other operating expenses		–2,380	–1,684	–13,563	–4,126
Operating profit/loss	2	**–55,041**	**–32,141**	**–166,217**	**–180,583**
Financial income		296	–	296	–
Financial expenses		–586	–788	–2,591	–2,643
Net financial costs	2	**–290**	**–788**	**–2,296**	**–2,643**
Profit/loss before tax		**–55,331**	**–32,929**	**–168,513**	**–183,226**
Tax		–	–	–	–
Profit/loss for the period from continuing operations		**–55,331**	**–32,929**	**–168,513**	**–183,226**
Profit/loss from discontinued operations		–5,402	458	–4,001	–5,150
Profit/loss for the period		**–60,733**	**–32,471**	**–172,513**	**–188,376**
Profit/loss for the period attributable to:					
– Owners of the Company		–60,733	–32,471	–172,513	–188,376
– Non-controlling interests		–	–	–	–
Total comprehensive income for the period		**–60,733**	**–32,471**	**–172,513**	**–188,376**
Earnings per share from continuing operations					
– Before dilution (SEK)		–2.05	–1.32	–6.59	–7.77
– After dilution (SEK)		–2.05	–1.32	–6.59	–7.77
Earnings per share					
– Before dilution (SEK)		–2.25	–1.30	–6.75	–7.98
– After dilution (SEK)		–2.25	–1.30	–6.75	–7.98
Number of outstanding shares at the end of the reporting period					
– Before dilution		27,506,018	25,039,906	27,506,018	25,039,906
– After dilution		27,506,018	25,039,906	27,506,018	25,039,906
Average number of outstanding shares					
– Before dilution		27,018,397	25,039,906	25,569,950	23,593,291
– After dilution		27,018,397	25,039,906	25,569,950	23,593,291

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Profit/loss for the period	–60,733	–32,471	–172,513	–188,376
Other comprehensive income				
Items that have been transferred to, or can be transferred to the profit/loss for the year				
Reclassification of foreign currency translation differences	507	184	5,157	1,220
Comprehensive income for the period	**507**	**184**	**5,157**	**1,220**
Total comprehensive profit/loss attributable to:				
– Owners of the Company	–60,226	–32,287	–167,356	–187,156
– Non-controlling interests		–	–	–
Total comprehensive income for the period	**–60,226**	**–32,287**	**–167,356**	**–187,156**

Consolidated statement of financial position

Amounts in SEK thousand	12-31-2022	12-31-2021
ASSETS		
Intangible assets	101,995	49,672
Property, plant and equipment	34,830	30,622
Right of use assets	36,220	43,180
Long-term receivables	3,945	3,945
Non-current assets	**176,990**	**127,418**
Inventory	50,260	–
Accounts receivables	1,335	–
Other receivables	46,121	50,253
Prepaid expenses and accrued income	151,827	147,027
Cash and cash equivalents	193,994	295,180
Assets held for sale	69,987	68,548
Current assets	**513,524**	**561,008**
TOTAL ASSETS	**690,515**	**688,427**
EQUITY		
Share capital	6,166	5,614
Other contributed capital	1,294,227	1,134,276
Reserves	10,322	5,165
Retained earnings including profit/loss for the year	–885,827	–713,313
Equity attributable to parent company's owners	**424,888**	**431,741**
Non-controlling interests	–	**–**
Total equity	**424,888**	**431,741**
LIABILITIES		
Leasing liabilities	29,058	36,476
Long-term non-interest-bearing liabilities	–	543
Total long-term liabilities	**29,058**	**37,019**
Accounts payable	23,297	41,393
Other liabilities	2,933	9,757
Leasing liabilities	9,162	7,905
Accrued expenses and prepaid income	200,239	159,355
Liabilities attributable to assets held for sale	937	1,257
Total short-term liabilities	**236,569**	**219,667**
TOTAL LIABILITIES	**265,626**	**256,686**
TOTAL LIABILITIES AND EQUITY	**690,515**	**688,427**

Consolidated statement of changes in equity

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2022	5,614	1,134,276	5,165	–713,313	431,741
Total comprehensive income for the period					
Profit/loss for the period				–172,513	–172,513
Other comprehensive income for the period			5,157		5,157
Total comprehensive income for the period	**–**	**–**	**5,157**	**–172,513**	**–167,356**
Transactions with group shareholder					
New share issue	551	170,000			170,551
Issue expenses		–13,350			–13,350
Share savings program		3,301			3,301
Total contributions from and distributions to shareholders	**551**	**159,951**	**–**	**–**	**160,502**
Closing balance December 31, 2022	**6,166**	**1,294,227**	**10,322**	**–885,827**	**424,888**

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance 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**
Closing balance December 31, 2021	**5,614**	**1,134,276**	**5,165**	**–713,313**	**431,741**

Consolidated cash flow statement

Amounts in SEK thousand	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Cash flow from operating activities				
Profit/loss for the period before tax	–60 733	–32 471	–172 513	–188 376
Adjustments for items not included in cash flow	1 842	6 219	9 327	7 180
Paid income taxes	–	–	–	–
Total	**–58 891**	**–26 252**	**–163 186**	**–181 195**
Increase (–)/Decrease (+) of inventory	–50 260	0	–50 260	
Increase (–)/Decrease (+) of trade and other receivables	–18 023	–55 703	1 699	–61 086
Increase (+)/Decrease (–) of trade and other payables	12 117	21 586	17 829	22 671
Cash flow from current operations	**–115 057**	**–60 368**	**–193 918**	**–219 610**
Of which discontinued operations	*–10 243*	*824*	*–9 876*	*–10 401*
Cash flow from investing activities				
Acquisition of property, plant and equipment	–38 573	–3 150	–48 509	–27 678
Acquisition of intangible assets	29 167	–22 750	–11 616	–49 672
Cash flow from investing activities	**–9,406**	**–25 900**	**–60 125**	**–77 350**
Of which discontinued operations	–	**–**	–	**–**
Cash flow from financing activities				
Stock options redeemed by staff	527	–	551	–
New share issue	170 000	–	170 000	380 870
Issue expenses	–13 350	13	–13,350	–24 231
Amortization of lease liability	–2 207	–2 353	–8 337	–7 273
Cash flow from financing activities	**154 970**	**–2 340**	**148 864**	**349 365**
Of which discontinued operations	–	*–152*	–	*–529*
Cash flow for the period	**30 507**	**–88 607**	**–105 179**	**52 406**
Cash and cash equivalents reported in assets held for sale	2 203	–725	–53	–1 758
Cash and cash equivalents at beginning of period	165 235	383 435	295 180	243 247
Cash and cash equivalents at beginning of period (reported in assets held for sale)	–1 758	1 078	–	–
Exchange rate differences in cash and cash equivalents	–2 193	–	4 046	1 393
Cash and cash equivalents at end of period	**193 994**	**295 180**	**193 994**	**295 180**

Income statement, Parent company

Amounts in SEK thousand	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Revenues	17,313	2,752	57,618	10,709
Cost of goods sold	–	–	0	–
Gross profit	**17,313**	2,752	**57,618**	**10,709**
Other operating income	547	1,714	20,914	4,848
Administrative expenses	–11,306	–6,365	–32,863	–32,525
Research and development expenses	–59,653	–29,000	–199,976	–160,916
Other operating expenses	–2,380	–1,684	–13,563	–4,126
Operating profit/loss	**–55,479**	**–32,582**	**–167,870**	**–182,011**
Financial items				
Financial income	–	–	–	–
Impairment loss on shares in subsidiary	–	–	–	–10,631
Financial expenses	289	–67	156	–276
Net finance costs	**289**	**–67**	**156**	**–10,908**
Profit/loss before tax	**–55,190**	**–32,649**	**–167,714**	**–192,918**
Tax	–	–	–	–
Profit/loss for the period	**–55,190**	**–32,649**	**–167,714**	**–192,918**

Income statement and other comprehensive income, Parent company

Amounts in SEK thousand	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Profit/loss for the period	–55,190	–32,649	–167,714	–192,918
Other comprehensive income	–	–	–	–
Comprehensive income for the period	**–55,190**	**–32,649**	**–167,714**	**–192,918**

Balance sheet, Parent company

Amounts in SEK thousand	12-31-2022	12-31-2021
ASSETS		
Fixed assets		
Intangible assets	101,995	49,672
Property, plant and equipment	34,830	30,622
Financial assets		
Shares in group companies	74,066	74,066
Other non-current receivables	3,945	3,945
Total financial assets	**78,011**	**78,011**
Total non-current assets	**214,836**	**158,304**
Current assets		
Current receivables		
Inventory	50,260	–
Accounts receivables	1,335	41,891
Other receivables	46,121	8,631
Prepaid expenses and accrued income	151,827	147,027
Total current receivables	**249,543**	**197,280**
Cash and bank	193,994	295,180
Current assets	**443,537**	**492,460**
TOTAL ASSETS	**658,373**	**650,764**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	6,166	5,614
Reserve for development expenditure	101,995	49,672
Unrestricted equity		
Share premium	1,294,227	1,134,962
Retained earnings	–803,802	–558,560
Profit/loss for the period	–167,714	–192,918
Total equity	**430,872**	**438,769**
Long-term liabilities		
Long-term non-interest-bearing liabilities	–	543
Total long-term liabilities	**–**	**543**
Current liabilities		
Liabilities to subsidiaries	1,031	948
Accounts payables	23,297	41,393
Other current liabilities	2,933	9,757
Deferred income and prepaid revenue	200,239	159,355
Current liabilities	**227,501**	**211,453**
TOTAL LIABILITIES	**227,501**	**211,996**
TOTAL EQUITY AND LIABILITIES	**658,373**	**650,764**

Cash flow statement, Parent company

Amounts in SEK thousand	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Cash flows from operating activities				
Profit/loss for the period before tax	–55,190	–32,649	–167,714	–192,918
Adjustments for items not included in cash flow	–3,321	3,386	–565	12,968
Paid income taxes	–	–	–	–
Total	**–58,511**	**–29,263**	**–168,279**	**–179,950**
Increase (–)/Decrease (+) of inventory	–50,260	–	–50,260	–
Increase (–)/Decrease (+) of trade and other receivables	–19,901	–55,334	-2,004	–59,147
Increase (+)/Decrease (–) of trade and other payables	13,604	21,832	18,776	24,275
Cash flow from current operations	**–115,068**	**–62,765**	**–201,767**	**–214,822**
Cash flow from investing activities				
Investments in subsidiaries	–	–	–	–10,631
Acquisition of property, plant and equipment	–42,344	–3,807	–52,323	–29,939
Acquisition of intangible assets	27,750	–22,750	–11,649	–49,672
Cash flow from investing activities	**–14,594**	**–26,557**	**–63,972**	**–90,242**
Cash flow from financing activities				
Stock options redeemed by staff	527	–	551	–
New share issue	170,000	–	170,000	380,870
Issue expenses	–13,350	13	–13,350	–24,231
Cash flow from financing activities	**157,178**	**13**	**157,201**	**356,639**
Cash flow for the period	**27,515**	**–89,310**	**–108,538**	**51,573**
Cash and cash equivalents at beginning of period	165,235	383,435	295,180	242,247
Exchange rate differences in cash and cash equivalents	1,243	1,056	7,351	1,360
Cash and cash equivalents at end of period	**193,994**	**295,180**	**193,994**	**295,180**

Notes

NOTE 1 Accounting principles

This consolidated interim report for the Group 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 Reports. For the Group and the parent company the same accounting principles and calculation bases as the previous annual report have been applied except for the changed or additional accounting principles described below. Information according to IAS 34.16A is included in these financial statements and related notes as well in other parts of this interim report.

Licensing income
To present relevant information that more accurately reflects Xbrane's core business, licensing revenue attributable to activities within biosimilars is reported as operating income in the income statement. Income from the concluded licensing agreement with Bausch + Lomb is thereby reclassified as revenue and a part of ordinary activities. In previous periods, Xbrane has reported licensing income attributable to activities within biosimilars as other operating income in the income statement. The change to this accounting principle has been applied retroactively and the comparison periods for 2021 have been recalculated for the Group. This means that comparative figures no longer align with previously published financial reports.

STADA Arzneimittel AG
To present relevant information that more accurately reflects Xbrane's core business, receivables related to our partner STADA have been reclassified as other receivables in the balance sheet. STADA receivables relate primarily to ongoing research and development costs for Ximluci™ In previous periods, receivables related to STADA were classified as accounts receivable in the balance sheet. The change to this accounting principle has been applied retroactively and the comparison periods for 2021 have been recalculated for the Group. This means that comparative figures no longer align with previously published financial reports.

Revenue from customers
Revenues from product sales is reported at the transaction price for goods sold excluding value added tax, any discounts and returns. At the time of delivery, when control of the goods passes to the specialist drug pharmacy, the revenue is reported in its entirety, as this represents the only performance commitment in the transaction. The final price is related to the discount paid to the end customer, thus the transaction price is not known at the time of delivery. Apart from this, there are no other performance commitments.

Revenue attributable to product sales
During Q4 2022, Xbrane carried out a strategic review, which led to revenue reporting being updated and will continue to include the revenue categories "Product licensing, Product sales, Contract manufacturing and Other". The revenue reporting has been identified based on the internal reporting that is presented to the company's top executive decision maker.

The different types of revenue are defined as follows:
- **Out-licensed products:** Milestone payments for biosimilars before market approval. Examples of this are milestone payments from Bausch + Lomb & Biogen.
- **Product sales:** Products with obtained market approval. Currently, sales of the product Ximluci are included within this type of revenue.
- **Contract manufacturing:** This revenue type includes other activities within the company that cannot be considered covered by the above-mentioned revenue type.

Revenue attributable to the out-licensing of Ximluci consists of the agreement with STADA for Europe. Revenue for out-licensing is recognized at a time that occurs when control of the intangible asset is transferred to the counterparty, which is at the time when the agreement with both parties is signed. Variable remuneration (for example attributable to future regulatory milestones) is recognized when there is no longer any significant risk of uncertainty as to whether these will occur. Remuneration attributable to sales-based milestones or royalties is not recognized until the sales that result in the right to milestones or royalties occur.

Xbrane has identified three performance obligations under the agreement with STADA[1)] Out-licensing the product candidate Ximluci as it is at the time of signing,[2)] Contractual obligation to perform the regulatory process with EMA to obtain conditional regulatory approval and 3) The obligation to deliver Ximluci. Xbrane has fulfilled all performance obligations within the agreement, with STADA.

Inventory
Inventory is reported at the lower of the acquisition value and the net sales value. The acquisition value of finished goods and goods in progress consists of raw materials and other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). The net sales value is the estimated sales price in the current business. Through continuous monitoring of the inventory, it is ensured that it is dispatched based on its durability. Inventory impairments take place, if necessary, within the framework of normal business operations and are reported in cost of goods sold.

NOTE 2 Revenue from contracts with customers

Amount in SEKm	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Net sales				
Outlicensed products	14.1	2.5	50.9	10.5
Product sales	0.0	0.0	0.0	0.0
Contract manufacturing	3.2	0.0	3.2	0.0
Other	0.0	0.2	3.6	1.1
Total	**17.3**	**2.8**	**57.6**	**11.6**
Of which North America	*14.1*	*2.5*	*50.9*	*10.5*

The Group's revenue for Q4 2022 and full-year 2022 consisted primarily of milestone payments from Biogen in the US and Bausch & Lomb.

NOTE 3 Transactions with related parties

STADA Arnzeimittel AG has been a shareholder in Xbrane since 2019 (see list of owners on page 6). Related party transactions with STADA refer to cost sharing for the cooperation agreement with Ximluci.

NOTE 4 Inventory

Amount in SEKm	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Goods in progress	50,260	0	50,260	0
Finished goods	0	0	0	0
Total inventory	**50,260**	**0**	**50,260**	**0**

Determination of acquisition value of inventory
The acquisition value of assets in inventory is determined, among other things, by using contract prices. Volume discounts or other discounts are included in the cost of inventory when it is probable that they have been earned and will accrue to the Company.

See note 1 for the Group's other accounting principles regarding inventories.

Reported amounts in the income statement
During the financial year 2022, cost of goods sold has been reported in the income statement at SEK 0 thousand (2021 SEK 0 thousand). The inventory includes a reserve for obsolete goods of SEK 0,000 (2021 SEK 0,000), and the inventory has been written down and expensed at a value of SEK 0,000 (2021 SEK 0,000).

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 16 February, 2023

Anders Tullgren
Chairman of the Board

Eva Nilsagård
Board member

Peter Edman
Board member

Mats Thorén
Board member

Karin Wingstrand
Board member

Kirsti Gjellan
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 a measure that the Group considers important for understanding the products' profitability. The gross margin is calculated as gross profit in relation to the Revenue. The gross profit is revenue minus cost of goods sold.

Amounts in SEK thousand	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Gross profit	17,313	2,752	57,618	11,608
Gross margin	**100%**	**100%**	**100%**	**100%**

EBITDA
EBITDA is a measure that the Group considers relevant for an investor who wants to understand profit generation before investing in fixed assets. EBITDA shows the business's earning capacity from cash flow from operating activities 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	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Operating profit / loss	–55,041	–32,141	–166,217	–180,583
Depreciation and impairment	4,305	3,892	16,756	12,217
EBITDA	**–50,736**	**–28,249**	**–149,640**	**–168,366**

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

Amounts in SEK thousand	2022 Oct – Dec	2021 Oct – Dec	2022 Jan – Dec	2021 Jan – Dec
Research and development expenses	–59,565	–28,890	–199,648	–160,619
Operating expenses	–72,901	–36,607	–244,749	–196,140
Research and development expenses as a percentage of operating expenses	82%	79%	82%	82%

Equity ratio
The equity ratio is a measure that the Group considers relevant for an investor who wants to understand the distribution between equity and liabilities. The equity ratio consists of the proportion of assets that are financed with equity to show the company's long-term ability to pay, i.e., equity through total assets.

Amounts in SEK thousand	12-31-2022	12-31-2021
Total equity	424,888	431,741
Divided by total assets	690,515	688,427
Equity ratio	**62%**	**63%**

This is 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 has a portfolio of biosimilar candidates that targets EUR 53 bn in the estimated annual peak sales of the respective reference products.[1)] The leading product Ximluci® is in the registration phase with a planned launch in Q1 2023.

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 "Portfolio of product candidates" on page 3

Financial calendar

Year-end report 2022	February 17, 2023
Annual report 2022	March 31, 2023
Annual General Meeting	May 4, 2023
Interim report January–March 2023	May 31, 2023
Interim report January–June 2023	August 31, 2023

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