xintela

INTERIM REPORT
JANUARY-JUNE 2022
XINTELA AB (PUBL)

Q2 2022

Dosing of XSTEM for the treatment of knee osteoarthritis is ongoing

Dosing with the lowest dose of 3 different dose levels of XSTEM has been initiated in patients with knee osteoarthritis.

Approved clinical study with XSTEM for difficult-to-heal venous leg ulcers

The Swedish Medical Products Agency has approved a clinical Phase I/IIa study with XSTEM in patients with difficult-to-heal venous leg ulcers. The study starts as planned in September.

Agreement signed for manufacturing of TARG9 and TARG10

The subsidiary Targinta has signed an agreement with Abzena, for the initial manufacturing of the drug candidates TARG9 and TARG10 developed for treatment of aggressive cancer.

Summary of the interim report

The "Company" or "Xintela" refers to Xintela AB (publ), corporate registration number 556780-3480.

Second quarter 2022 for the group

» Income amounted to TSEK 0 (0).
» Loss before tax totalled TSEK 18,942 (loss: 15,020).
» Loss per share* was SEK 0.21 (loss: 0.17).
»

First half year 2022 for the group

» Income amounted to TSEK 0 (0).
» Loss before tax totalled TSEK 35,326 (loss: 26,699).
» Loss per share* was SEK 0.40 (loss: 0.30).
»

Second quarter 2022 for the parent company

» Income amounted to TSEK 0 (0).
» Loss before tax totalled TSEK 11,547 (loss: 11,797).
» Loss per share* was SEK 0.13 (loss: 0.13).
»

First half year 2022 for the parent company

» Income amounted to TSEK 0 (0).
» Loss before tax totalled TSEK 22,589 (loss: 20,842).
» Loss per share* was SEK 0.26 (loss: 0.24).
» At June 30, 2022, the equity/assets ratio** was -99 % (76).

** Earnings/loss per share: Profit/loss for the period divided by 89,134,021 shares, which was the number of registered shares at June 30, 2022. In the year-earlier period, the Company had 87,851,970 registered shares.*
*** Equity/assets ratio: Equity divided by total capital.*

Significant events in the second quarter of 2022

» Xintela starts clinical study of XSTEM® in knee osteoarthritis. (April 4, 2022)
» Targinta selects ADC-antibody TARG9 as drug candidate. (April 5, 2022)
» Targinta presents new preclinical data on TARG10 at the AACR Annual Meeting. (April 8, 2022)
» Xintela proposes Hans-Joachim Simons as new Board member. (May 3, 2022)
» Xintela publishes results showing that XSTEM repairs damaged joint cartilage in preclinical model. (May 9, 2022)
» Xintela is raising a capital raising that includes a fully guaranteed rights issue of SEK 44.6 million and an over-allotment option of approximately SEK 10 million. (May 20, 2022)
» Targinta engages Abzena for the production of TARG9 and TARG10. (June 2, 2022)
» Targinta obtains patent grant in Japan. (June 8, 2022)
» Xintela announces timeline for capital raising. (June, 15 2022)
» Xintela publishes a prospectus due to the upcoming rights issue. (June, 22 2022)

Significant events after the end of the period

» Xintela receives approval for clinical study with XSTEM® on difficult-to-heal venous leg ulcers. (July 5, 2022)
» Xintela publishes the outcome of the rights issue and decides on a directed new issue of SEK 10 million. (June, 18 2022)
» Notice of Extraordinary General Meeting in Xintela AB (publ). (July, 18 2022)
» Per Norlén to step down as Targinta CEO. (August 2, 2022)
» Bulletin from the Extraordinary General Meeting in Xintela AB (publ). (August 3, 2022)

Note to the reader
The "company" refers to Xintela AB (publ), corporate registration number 556780-3480. All figures are given in TSEK unless otherwise stated. Amounts in parentheses: Comparative period of the preceding year.

Trademarks
In addition to patents, the IP portfolio also currently includes seven trademarks - the company names XINTELA® and TARGINTA®, XINMARK® which is the name of Xintela's technology platform, and XSTEM® which is the name of Xintela's stem cell platform. EQSTEM® and CANISTEM® which are the company's brands for stem cell treatment for horses and dogs and XACT® which is the name of an analytical test for chondrocytes.

CEO comments

XSTEM advances in clinical development

Dosing of our stem cell product XSTEM in patients with knee osteoarthritis is ongoing and the clinical study for the treatment of difficult to heal leg ulcers with XSTEM have received approval and will start in September. Our subsidiary Targinta is advancing its preclinical development and has signed an agreement for manufacturing of its drug development candidate TARG9 och TARG10.

Treatment of osteoarthritis patients with XSTEM has started

In our clinical study (phase I/IIa), conducted in Australia, XSTEM is evaluated for treatment of patients with knee osteoarthritis. We have initiated dosing with the lowest dose of XSTEM to be given to 8 patients with subsequent safety evaluation and then additional 2 higher dose levels of XSTEM will be given to 8 new patients in each cohort, so a total of 24 patients are treated during the dose escalation. Thereafter we can expand the study up to 54 patients. The main goal of the study is to show that XSTEM is safe but also to obtain preliminary efficacy results. The patients, who receive an injection of XSTEM in the knee joint, will be followed for 18 months with continuous safety evaluation and with efficacy evaluation every six months.

In May, we published preclinical results in the scientific journal *Stem Cell Research and Therapy* showing that XSTEM, after injection into a joint with damaged articular cartilage, homes to the cartilage damage and is differentiated into cartilage cells and directly contributes to regenerating the cartilage and repairing the cartilage damage. We have shown in a horse model of osteoarthritis that an injection of EQSTEM (our stem cell product for horses) into the osteoarthritis joint, improves joint function and reduces lameness in treated horses. Our preclinical studies thus provide strong support that XSTEM has a DMOAD (Disease Modifying Osteoarthritis Drug) effect and the potential to be a breakthrough in the treatment of osteoarthritis.

Clinical study in patients with difficult-to-heal leg ulcers starts according to plan

In July we announced that the Swedish Medical Products Agency has approved our clinical study (Phase I/IIa) with XSTEM for the treatment of difficult-to-heal (chronic) venous leg ulcers. The study, which will start in September, will evaluate the safety and healing effect of XSTEM and placebo in 12 patients during 10 weeks. With the short study period, we can expect preliminary study results already this year. We have previously shown that XSTEM has excellent wound healing ability in a preclinical wound model and have high hopes that XSTEM will show a positive healing effect in the patients' difficult-to-heal leg wounds.

Own GMP manufacturing of XSTEM combined with contract manufacturing

Xintela has permission from the Swedish Medical Products Agency to manufacture XSTEM and other advanced therapies (ATMP, Advanced Therapy Medicinal Product) in the company's own GMP facility and has produced XSTEM that is tested in the clinical studies for both knee osteoarthritis and difficult-to-heal leg ulcers.

The GMP facility and our experienced production team also open up the opportunity to act as a contract manufacturer for process development and manufacturing of other ATMPs, which gives us new revenue opportunities.

GMP-approved production facility
Xintela has permission from the Swedish Medical Products Agency to manufacture XSTEM and other advanced therapies (ATMP, Advanced Therapeutic Medicinal Product) in the company's own GMP facility in Medicon Village. The production facility is in full operation and the team has successfully produced XSTEM which will now be tested in the clinical studies for both knee osteoarthritis and difficult-to-heal leg ulcers.

Targinta's drug candidates are advancing in preclinical development

Xintela's subsidiary Targinta develops two types of antibodies, function-blocking antibodies that slow down the growth and spread of cancer cells and antibodies that are armed with a powerful toxin, called Antibody-Drug Conjugate (ADC), which has a killing effect on cancer cells.

Our preclinical work has previously shown that both function-inhibiting antibodies and ADCs directed to the target molecule integrin α10β1 significantly reduce growth of the very aggressive brain tumor glioblastoma. The results have been published in two articles in the journal *Cancers*. In April, Targinta presented new results at the American Association for Cancer Research (AACR) international conference showing that out drug development candidate TARG10 significantly reduces the growth and metastasis of triple negative breast cancer (TNBC) in a preclinical animal model.

In April, the ADC antibody TARG9 was chosen as a new drug candidate for the treatment of aggressive cancer, and Targinta is now starting preclinical development of TARG9, which is primarily being developed for treatment of glioblastoma and triple-negative breast cancer. Our new results with TARG9 and TARG10 provide strong support for the drug candidates' continued development and show the antibodies' potential to become new future treatments for patients with glioblastoma, triple-negative breast cancer and other aggressive and metastatic cancers. In June, we announce that the Japanese Patent Office (JPO) has granted a patent covering the treatment of glioblastoma and other central nervous system (CNS) tumors with antibodies directed to integrin α10β1. The patent further strengthens Targinta's intellectual property coverage for the drug candidates TARG9 and TARG10.

Spin-off of Targinta and recruitment of a new CEO

Due to the turbulent financial market in the spring, Xintela's board decided to hold off on the spin-off of Targinta and the subsequent stock market listing and received a new mandate for the spin-off at the Annual General Meeting in May 2022. The goal is to carry out the spin-off as soon as possible, hopefully this can happen during the autumn. In the spin-off, Xintela's shareholders will receive shares in Targinta in proportion to their shareholding and thus have the opportunity to participate in Targinta's important development of new cancer therapies for aggressive and deadly cancers that currently lack effective treatment.

We recently informed that Per Norlén will leave his position as CEO of the company effective late January 2023 at the latest to take on the CEO role in another drug development company.

We have started the work of recruiting a new CEO for Targinta. In the meantime, Per will continue to support Targinta's development activities. We wish Per every success in his new position

Completed financing and a new major owner

Xintela's focus on clinical studies for the development of stem cell therapies and Targinta's focus on preclinical antibody drug development for cancer, generate value in the companies prior to partnerships and out-licensing. This means that we have a continuing need to find resources to generate value-adding clinical and preclinical results.

We have recently completed a fully guaranteed rights issue of approximately SEK 44.6 million and a supplementary directed issue of SEK 10 million before issue costs. Through the capitalization, our continued operations are secured and all loans have been repaid. In connection with the financing, we have gained a new major owner, Flerie Invest, which now has approx. 34% of the company's shares. We are very happy to be able to work together with the experienced team at Flerie Invest going forward.

Evy Lundgren-Åkerlund
CEO, Xintela AB (publ)

Stem cell-based therapies

Xintela develops stem cell-based treatments with a focus on osteoarthritis and difficult-to-heal leg ulcers. The business is focused on diseases where there is a high medical need and effective treatments are lacking today.

Stem cell product XSTEM®

Xintela uses its proprietary stem cell marker, integrin α10β1, to select and quality assure stem cell products from donated adipose tissue from healthy individuals. XSTEM is patented both as a product and for therapeutic use in all indications. This gives Xintela the best conditions to develop safe and effective stem cell-based treatments for a variety of diseases.

Clinical study with XSTEM for the treatment of knee osteoarthritis

Xintela has started its first clinical study (Phase I/IIa), in Australia in patients with moderate (Grade II-III) knee osteoarthritis. The main goal is to show that XSTEM is safe, but also to obtain preliminary results showing that the product has DMOAD (Disease Modifying Osteoarthritis Drug) properties and can slow cartilage and joint breakdown as well as regenerate damaged articular cartilage and improve joint function. Three different doses of XSTEM will be evaluated and each patient will be followed for 18 months with continuous safety evaluation and preliminary efficacy evaluation every six months. Xintela's preclinical results strongly support the fact that XSTEM has a DMOAD effect.

Clinical study with XSTEM for the treatment of difficult-to-heal venous leg ulcers

Xintela's second clinical study (Phase I/IIa), in patients with severe leg ulcers, has been approved by the Medical Products Agency and start in September 2022. In this study, conducted in collaboration with Professor Folke Sjöberg and his colleagues at Linköping University Hospital and Clinical Trial Consultants in Uppsala, 12 patients with difficult-to-heal venous leg ulcers will be treated with XSTEM or placebo. XSTEM/placebo will be applied to the wound and patients will then be followed for 10 weeks to evaluate safety and wound healing efficacy. The study is partly financed Vinnova.

Stem cell product EQSTEM® for joint disease in horses

Xintela has developed the stem cell product EQSTEM for the treatment of horses. Positive results from two preclinical studies in horses have shown strong support for the continued development of EQSTEM for osteoarthritis and other degenerative joint diseases in horses. Xintela plans to bring EQSTEM to market in cooperation with partners.

Osteoarthritis (OA)
Osteoarthritis (OA) is a debilitating and painful joint disease characterised by cartilage and joint degradation and loss of chondrocyte function. It is the most common chronic disease of the joints, mainly in the knee, hip and hand, and the single most common cause of disability in older adults. It is estimated to affect about 25 percent of all individuals over 60 years of age and is on the rise due to an increasing ageing population. Pharmacological treatments offered today only provide symtomatic relief but do not treat the cause of the cartilage degradation.

Difficult-to-heal leg ulcers
Difficult-to-heal leg ulcers, including venous leg ulcers, represent a major clinical problem, both in terms of suffering and pain for the patient, as well as to healthcare due to the huge financial burden for treatment costs. It is estimated that between 0.18 and 1 percent of the population is affected by venous leg ulcers. The prevalence increases with age and is estimated to 4 percent in individuals above 65 years. Current treatments of difficult-to-heal leg ulcers include compression therapy and surgery, but there are no efficient pharmacological treatments available.

Own production of stem cells and contract manufacturing

Xintela's stem cell products are produced in the company's own GMP-approved plant, which significantly reduces both production costs and risks of delays. In addition to producing XSTEM for its own product development, Xintela's strategy is to become an established producer of the company's stem cell products that are developed together with partners. Xintela's GMP facility and production operations will also be used for contract manufacturing in the development and commercialization of other ATMP products.

Commercialisation strategy for stem cell products

The company's strategy is to develop the company's stem cell products to a point where they can be attributed to a clear increase in value, then enter into partnerships and licensing deals. For XSTEM, that point is after safety readout and Proof-of-Concept in humans, i.e., after clinical Phase I/IIa and after Proof-of-Concept for EQSTEM in horse patients. Xintela is active in partnering discussions and has built up a large network of potential licensees in the pharmaceutical industry.

Antibody-based cancer therapies

Xintela's subsidiary, Targinta, develops tumor-targeting antibodies and armed cancer antibodies (ADCs) based on the discovery that the cell surface molecule integrin α10β1 is highly expressed on some aggressive cancers. The drug candidates are being developed for the treatment of aggressive cancers such as triple negative breast cancer and the brain tumor glioblastoma.

Triple-negative breast cancer (TNBC)
TNBC is an aggressive form of breast cancer with high risk of recurrence and metastasis. It is diagnosed in about 300,000 patients globally per year, and the 5-year survival of TNBC is about 12 percent.

Glioblastoma
Glioblastoma is the most common and most aggressive form of brain tumor in adults. About 30,000 individuals are diagnosed with glioblastoma in the US and EU each year, and the 5-year survival is only about 3 percent.

Targinta develops two different types of tumor-targeting antibodies: function-blocking antibodies that can inhibit important cancer cell functions such as cell division and proliferation, and, armed antibodies, so-called ADCs (antibody-drug conjugates) that have a powerful toxin linked to the antibody that selectively kills the cancer cells.

Targinta has an extensive patent portfolio that protects both the target molecule integrin α10β1 and the drug candidates, and the company can thus prevent competitors from developing integrin α10β1 antibodies for the treatment of cancer.

Drug candidates

In the autumn of 2021, Targinta selected its first drug candidate, the function-blocking antibody TARG10, which is being developed for the treatment of triple negative breast cancer. TARG10 has shown inhibitory effects on both tumor growth and tumor proliferation in different cancer models and has begun preclinical development. During the spring 2022, another antibody, TARG9, was selected as the company's first drug candidate in the ADC field. This antibody has been developed with the latest ADC technology, which means more powerful toxins that are tightly anchored to the antibodies as long as they circulate in the bloodstream, but which are activated and released when the product binds to cancer cells. TARG9 is being developed for the treatment of triple-negative breast cancer and glioblastoma. Targinta has partnered with Abzena Ltd. for initial production of its drug candidates. Abzena will perform initial chemistry manufacturing and control (CMC) activities and cell line development for both Targinta's ADC antibody TARG9 and for the function-blocking antibody TARG10.

Targinta's commercialization strategy

Targinta's strategy is to enter into commercial agreements regarding the company's drug candidates during preclinical development. Drug candidates towards new target molecules on cancer cells, so-called First-in-Class products, are very attractive to drug development companies due to the great need for new and more effective cancer treatments. Licensing deals with First-in-Class products are therefore often made already in the preclinical phase.

Spin-off of Targinta

At the Annual General Meeting in May 2022, Xintela's Board of Directors was authorized to carry out the planned spin-off of the subsidiary Targinta, with the aim of implementing the spin-off and public listing as soon as the market allows.

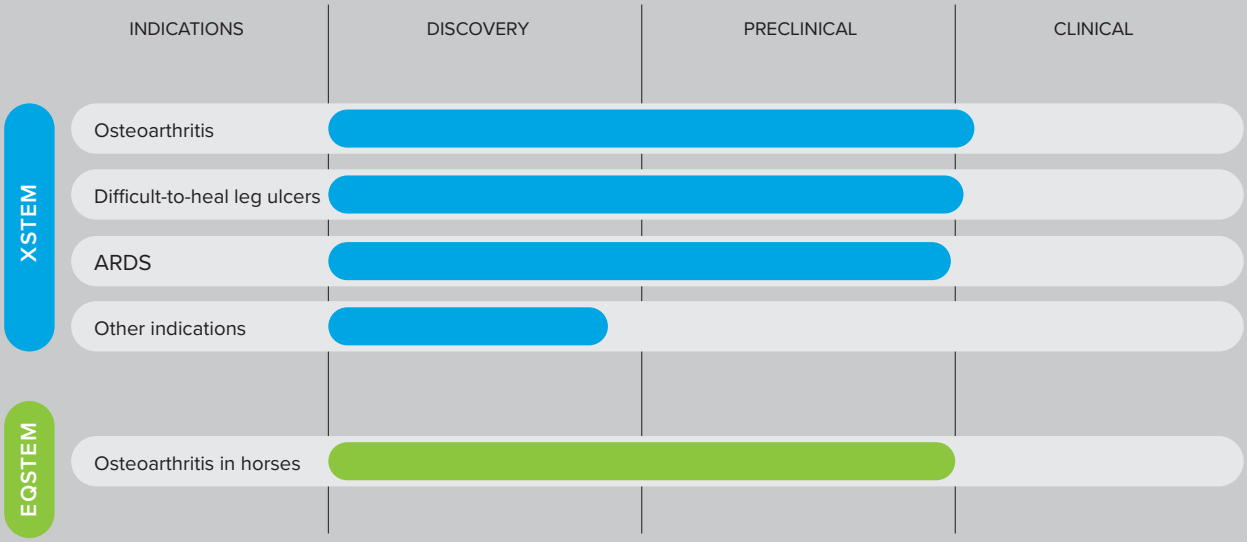
Xintela's development project

Xintela develops medical products in stem cell therapy and targeted cancer therapy based on the company's cell surface marker integrin α10β1 found on mesenchymal stem cells and on aggressive cancer cells.

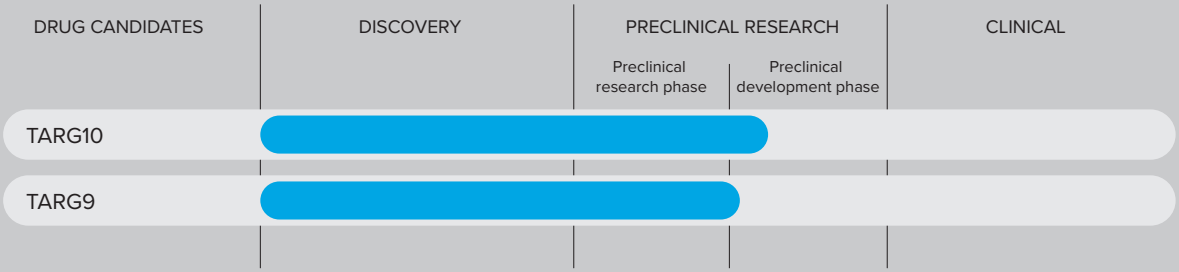
In stem cell therapy, integrin α10β1 is used to select and quality assure stem cells in the proprietary stem cell products XSTEM®, for the treatment of humans, and EQSTEM®, for the treatment of horses. Xintela has initiated clinical studies with the stem cell product XSTEM for the treatment of knee osteoarthritis and will start clinical studies for the treatment of difficult-to-heal venous leg ulcers in September 2022. The strategy is that further development of ARDS (Acute Respiratory Distress Syndrome) takes place in collaboration with partners.

In cancer therapy, therapeutic antibodies that specifically bind to the target molecule integrin α10β1 are developed, which is expressed on certain aggressive cancer cells, including in triple negative breast cancer and the brain tumor glioblastoma. Xintela's subsidiary Targinta develops two types of antibodies a function-blocking antibody, TARG10, that slow down the growth and spread of cancer cells and an antibody, TARG9, that are armed with a powerful toxin (ADC, Antibody-Drug Conjugate), which has a killing effect on cancer cells.

Stem cell-based therapies



Antibody-based cancer therapies



Financial reports

The Group

Income statement

Earnings

Loss for the second quarter amounted to TSEK -17,434 (-14,920) for the Group.

The costs for research and development account for the largest part of the Company's costs and for the period January to March amounted to TSEK -13,786 (-12,033) for the Group.

Market and sales costs for the quarter amounted to TSEK -1,504 (-1,067) for the Group.

Administrative expenses for the period amounted to TSEK 3,451 (-2,029) for the Group.

Loss before tax for the period April to June 2022 amounted to TSEK -18,942 (-15,020) for the Group.

	Quarter 2		Half year		Full year
	4/1/2022	4/1/2021	1/1/2022	1/1/2021	1/1/2021
(TSEK)	6/30/2022	6/30/2021	6/30/2022	6/30/2021	12/31/2021
Operating income					
Net sales	-	-	-	-	-
Cost of goods sold	-	-	-	-	-
Gross profit	**-**	-	**-**	-	-
Operating expenses					
Research and development costs	-13,786	-12,033	-25,397	-22,665	-50,045
Selling costs	-1,504	-1,067	-2,687	-1,871	-4,095
Administrative expenses	-3,451	-2,029	-7,159	-3,951	-7,841
Other operating income	1,307	209	1,820	2,005	2,331
Other operating expenses	-	-	-	-	-
Operating loss	**-17,434**	-14,920	**-33,423**	-26,482	-59,650
Profit/loss from financial items					
Financial income	-	-	-	-	-
Financial expenses	-1,508	-100	-1,903	-217	-538
Loss before tax	**-18,942**	-15,020	**-35,326**	-26,699	-60,189
Appropriations	-	-	-	-	-
Tax on loss for the year	-	-	-	-	-
Loss for the period	**-18,942**	-15,020	**-35,326**	-26,699	-60,189
Loss per share, SEK	**-0.21**	-0.17	**-0.40**	-0.30	-0.68

Balance sheet

Financial position

On June 30 2022, the group's cash and cash equivalents amounted to TSEK 142 (8,849). On June 30 2022, group's total assets amounted to TSEK 11,750 (45,134).

(TSEK)	6/30/2022	12/31/2021
ASSETS		
Fixed assets		
Intangible assets	1,243	1,445
Tangible assets	6,144	8,123
Financial assets	0	18
Participations in subsidiaries	0	0
Total fixed assets	**7,387**	**9,586**
Current assets		
Receivables from subsidiaries	-	-
Tax assets	705	706
Other receivables	3,418	3,784
Prepaid expenses	97	1,094
Cash and cash equivalents	142	11,138
Total current assets	**4,362**	**16,722**
TOTAL ASSETS	**11,750**	26,308

(TSEK)	6/30/2022	12/31/2021
EQUITY AND LIABILITIES		
Equity, the group		
Share capital	2,674	2,674
Other contributed capital	242,714	242,714
Reserve	397	-4
Balanced result incl. Profit for the year	-279,094	-243,516
Total equity	**-33,309**	**1,868**
Current liabilities		
Accounts payable	14,057	6,883
Tax liability	343	171
Other liabilities	27,696	13,247
Accrued expenses and deferred income	2,965	4,149
Total current liabilities	**45,059**	**24,450**
TOTAL EQUITY AND LIABILITIES	**11,750**	**26,318**

The Group

Cash flow statement

Cash flow and investments

The group's cash flow for the period April to June 2022 was SEK -2,467 (-9,996). Investments for the period amounted to TSEK -59 (742) for the Group.

	Quarter 2		Half year		Full year
	4/1/2022	4/1/2021	1/1/2022	1/1/2021	1/1/2021
(TSEK)	6/30/2022	6/30/2021	6/30/2022	6/30/2021	12/31/2021
Operating activities					
Operating loss	-17,435	-14,920	-33,423	-26,482	-59,650
Depreciation/amortisation	931	902	1,885	1,734	3,495
Financial income	-	-	-	-	-
Financial expenses	-1,508	-100	-1,903	-217	-538
Cash flow from operating activities before changes in working capital	**-18,012**	**-14,118**	**-33,441**	**-24,965**	**-56,693**
Changes in working capital					
Increase/decrease in receivables	869	-23,134	1,364	-22,084	-1,653
Increase/decrease in current liabilities	14,617	4,860	20,609	-8,520	3,403
Changes in working capital	**15,486**	**-18,274**	**21,973**	**-30,604**	**1,750**
Cash flow from operating activities	**-2,526**	**-32,392**	**-11,468**	**-55,569**	**-54,943**
Investing activities					
Increase/decrease of tangible assets	54	-729	54	-1,042	-2,429
Increase/decrease of intangible assets	-	-	-	-	-
Increase/decrease of financial assets	5	-13	18	26	53
Cash flow from investing activities	**59**	**-742**	**72**	**-1,016**	**-2,376**
Financing activities					
New share issue	-	23,138	-	31,707	34,734
New share issue, warrants	-	-	-	-	-
Increase / decrease of long-term liabilities	-	-	-	-	-
Cash flow from financing activities	**0**	**23,138**	**0**	**31,707**	**34,734**
Change in cash and cash equivalents	-2,467	-9,996	-11,396	-24,878	-22,585
Cash and cash equivalents at the beginning of the period	2,304	18,845	11,138	33,727	33,727
Conversion difference	306	0	401	0	-4
Cash and cash equivalents at the end of the period	**143**	**8,849**	**143**	**8,849**	**11,138**

The Group

Change in equity

(TSEK)	Share capital	Other contributed capital	Reserves	Loss for the period	Total
Opening balance, January 1, 2021	**2,219**	**208,435**	**0**	**-183,327**	**27,327**
New share issue	96	8,500	-	-	8,596
New share issue, warrants	359	25,779	-	-	26,138
Conversion difference	-	-	-4	-	-4
Loss for the period	-	-	-	-60,189	-60,189
Equity, December 31, 2021	**2,674**	**242,714**	**-4**	**-243,516**	**1,868**
Opening balance, January 1, 2022	**2,674**	**242,714**	**-4**	**-243,516**	**1,868**
Conversion difference	-	-	401	-252	149
Loss for the period	-	-	-	-35,326	-35,326
Equity, June 30, 2022	**2,674**	**242,714**	**397**	**-279,094**	**-33,309**

The Parent Company

Income statement

Income

The Parent Company reports net sales of TSEK 0 (0) for the first quarter of the year, which is the same figures as for the Group. Other income amounted to TSEK 1,307 (2,369) and this year's figures refer to grants from Vinnova and the previous year's income also includes costs for the oncology operations that have been re-invoiced to the subsidiary Targinta.

Earnings

Loss for the second quarter amounted to TSEK -10,082 (-11,697) for the Parent Company .

The costs for research and development account for the largest part of the Company's costs and for the period January to March amounted to TSEK -7,327 (-11,812) for the Parent Company.

Market and sales costs for the quarter amounted to TSEK -1,206 (-1,067) for the Parent Company.

Administrative expenses for the period amounted to TSEK -2,856 (-1,186) for the Parent Company.

Loss before tax for the period April to June 2022 amounted to TSEK -11,547 (-11,797) for the Parent Company.

	Quarter 2		Half year		Full year
	4/1/2022	4/1/2021	1/1/2022	1/1/2021	1/1/2021
(TSEK)	6/30/2022	6/30/2021	6/30/2022	6/30/2021	12/31/2021
Operating income					
Net sales	-	-	-	-	-
Cost of goods sold	-	-	-	-	-
Gross profit	**-**	-	**-**	-	-
Operating expenses					
Research and development costs	-7,327	-11,812	-14,711	-22,175	-44,120
Selling costs	-1,206	-1,067	-2,159	-1,871	-4,095
Administrative expenses	-2,856	-1,186	-5,673	-3,108	-6,773
Other operating income	1,307	2,369	1,814	6,528	11,433
Other operating expenses	-	-	-	-	-
Operating loss	**-10,082**	-11,697	**-20,729**	-20,626	-43,555
Profit/loss from financial items					
Financial income	-	-	-	-	-
Financial expenses	-1,465	-99	-1,860	-217	-538
Loss before tax	**-11,547**	-11,797	**-22,589**	-20,842	-44,093
Appropriations	-	-	-	-	-14,300
Tax on loss for the year	-	-	-	-	-
Loss for the period	**-11,547**	-11,797	**-22,589**	-20,842	-58,393
Loss per share, SEK	**-0.13**	-0.13	**-0.26**	-0.24	-0.65

The Parent Company

Balance sheet

Financial position

On June 30 2022, the parent company's equity/assets ratio was -99 per cent (76) and equity amounted to TSEK -18,642 (38,497). The Parent company's cash and cash equivalents amounted to TSEK 8 (6,426). On June 30 2022, the parent company's total assets amounted to TSEK 18,896 (50,512).

(TSEK)	6/30/2022	12/31/2021
ASSETS		
Fixed assets		
Intangible assets	594	746
Tangible assets	5,425	7,012
Financial assets	0	18
Participations in subsidiaries	9,839	839
Total fixed assets	**15,859**	**8,615**
Current assets		
Receivables from subsidiaries	1,088	3,081
Tax assets	705	706
Other receivables	1,140	1,449
Prepaid expenses	97	950
Cash and cash equivalents	8	9,941
Total current assets	**3,038**	**16,127**
TOTAL ASSETS	**18,896**	**24,742**

(TSEK)	6/30/2022	12/31/2021
EQUITY AND LIABILITIES		
Equity, parent company		
Share capital	2,674	2,674
Development expenses fund	0	0
Share premium reserve	242,714	242,714
Retained earnings	-241,441	-183,047
Loss for the period	-22,589	-58,394
Total equity	**-18,642**	**3,947**
Current liabilities		
Accounts payable	7,943	3,899
Tax liability	205	135
Other liabilities	26,847	13,019
Accrued expenses and deferred income	2,544	3,742
Total current liabilities	**37,538**	**20,795**
TOTAL EQUITY AND LIABILITIES	**18,896**	**24,742**

The Parent Company

Cash flow statement

Cash flow and investments

The parent company's cash flow for the period April to June 2022 was TSEK -1,993 (-9,077). Investments for the period amounted to TSEK 8,995 (580).

	Quarter 2		Half year		Full year
	4/1/2022	4/1/2021	1/1/2022	1/1/2021	1/1/2021
(TSEK)	6/30/2022	6/30/2021	6/30/2022	6/30/2021	12/31/2021
Operating activities					
Operating loss	-10,082	-11,697	-20,729	-20,626	-43,556
Depreciation/amortisation	869	886	1,739	1,713	3,425
Financial income	-1	-1	-1	-1	-
Financial expenses	-1,465	-99	-1,860	-217	-538
Cash flow from operating activities before changes in working capital	**-10,677**	**-10,911**	**-20,849**	**-19,130**	**-40,669**
Changes in working capital					
Increase/decrease in receivables	6,785	-25,152	3,156	-30,185	-2,111
Increase/decrease in current liabilities	10,895	4,427	16,743	-8,892	-112
Changes in working capital	**17,680**	**-20,725**	**19,899**	**-39,077**	**-2,223**
Cash flow from operating activities	**7,002**	**-31,635**	**-951**	**-58,207**	**-42,892**
Investing activities					
Increase/decrease of tangible assets	-	-593	-	-730	-1,255
Increase/decrease of intangible assets	-	-	-	-	-
Increase/decrease of financial assets	5	13	18	26	53
Increase/decrease of shares in subsidiaries	-9,000	-1	-9,000	-1	
Cash flow from investing activities	**-8,995**	**-580**	**-8,982**	**-704**	**-1,202**
Financing activities					
New share issue	-	-	-	8,596	34,734
New share issue, warrants	-	-	-	-	-
New share issue, ongoing	-	23,138	-	23,138	-
Group contribution paid	-	-	-	-	-14,300
Increase / decrease of long-term liabilities	-	-	-	-	-
Cash flow from financing activities	**0**	**23,138**	**0**	**31,734**	**20,434**
Change in cash and cash equivalents	-1,993	-9,077	-9,933	-27,175	-23,660
Cash and cash equivalents at the beginning of the period	2,001	15,503	9,941	33,601	33,601
Conversion difference	-	-	-	-	-
Cash and cash equivalents at the end of the period	**8**	**6,426**	**8**	**6,426**	**9,941**

The Parent Company

Change in equity

(TSEK)	Share capital	Development expenses	Share premium	Retained earnings	Loss for the period	Total
Opening balance, January 1, 2021	**2,219**	**113**	**208,435**	**-132,903**	**-50,257**	**27,607**
Reversal of prior year's accruals	-	-	-	-50,257	50,257	0
Development expenses fund	-	-113	-	113	-	0
New share issue, offset	96	-	8,500	-	-	8,596
New share issue	359	-	25,779	-	-	26,138
Loss for the period	-	-	-	-	-58,394	-58,394
Equity, December 31, 2021	**2,674**	**0**	**242,714**	**-183,047**	**-58,394**	**3,947**
Opening balance, January 1, 2022	**2,674**	**0**	**242,714**	**-183,047**	**-58,394**	**3,947**
Reversal of prior year's accruals	-	-	-	-58,394	58,394	0
Development expenses fund	-	-	-	-	-	-
Loss for the period	-	-	-	-	-22,589	-22,589
Equity, June 30, 2022	**2,674**	**0**	**242,714**	**-241,441**	**-22,589**	**-18,642**

Declaration by the Board of Directors and the CEO


Gregory Batcheller


Maarten de Château


Lars Hedbys


Hans-Joachim Simons


Evy Lundgren-Åkerlund

The Board of Directors and the Chief Executive Officer certify that the interim report provides a true and fair view of the company's business, financial position, performance and describes material risks and uncertainties, to which the company is exposed.

The interim report has not been reviewed by the company's auditors.

Lund August 26, 2022

Gregory Batcheller
Chairman

Maarten de Château
Board member

Lars Hedbys
Board member

Hans-Joachim Simons
Board member

Evy Lundgren-Åkerlund
CEO

Other information

The share

Xintela AB (publ) was listed on Nasdaq First North Growth Market in Stockholm on 22 March 2016 under the ticker symbol "XINT." First North Growth Market is an alternative marketplace, operated by an exchange within the NASDAQ OMX Group. Companies on First North Growth Market are not subject to the same rules as companies on the regulated main market. They are subject to a less regulated framework, adapted for small growth companies. A company listed on First North Growth Market may therefore entail a higher investment risk than a company listed on the main market. All companies listed on First North Growth Market have a Certified Adviser to oversee their compliance with the rules. The exchange assesses applications for admission to trading. Xintela's Certified Adviser on Nasdaq First North Growth Market is Erik Penser Bank AB, +46 (0)8 463 80 00, certifiedadviser@penser.se.

On June 30, 2022, the number of shares was 89,134,021. The Company has only one class of shares. Each share carries identical rights to the Company's assets and earnings, and one vote at General Meetings.

	Jan - Jun 2022	Jan - Jun 2021	Jan - Dec 2021
No. of shares before full dilution	89,134,021	87,851,970	89,134,021
No. of shares after full dilution	89,134,021	87,851,970	89,134,021
Loss per share before full dilution	-0.12	-0.12	-0.65
Average no. of shares before full dilution	89,134,021	76,996,720	82,867,900
Average no. of shares after full dilution	89,134,021	76,996,720	82,867,900

Financial statements in accordance with K3

This report has been prepared in accordance with BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (Q3) and the accounting principles are unchanged compared with those applied in the Annual Report for 2021. For complete accounting principles, see the Annual Report 2021.

Review by auditors

This half-year report has not been reviewed by the Company's auditor.

Financial calendar

Interim report Q3 2022: November 25, 2022
Interim report Q4 2022: February 24, 2023

Risks and uncertainties

Limited resources

Xintela is a small company with limited resources in terms of management, administration, and capital. The implementation of any major strategies requires optimization of the Company's resource appropriation. There is a risk that the Company's resources could be insufficient, and lead to financial and operational problems. The company's ability to continue its operations depends on the ongoing work with the company's financing being successful. Focused work is underway to secure the company's future financing and the Board's assessment is that we will successfully secure future financing needs.

Dependence on key individuals and employees

Xintela's success is based on the knowledge, experience, and creativity of a few specific individuals. The Company's future is dependent on being able to recruit qualified employees. The Company works hard to reduce this dependency by maintaining proper documentation of procedures and working methods.

Earning capacity and capital requirements

Drug development is both expensive and time-consuming. It may take longer than expected before the Company can generate a positive cash flow. To cover these costs, Xintela may need to raise new capital. There is no guarantee that such capital can be obtained on terms that are favorable to shareholders. Failure to generate sufficient profits may impact the Company's market value.

Sales risk

There is no certainty that the products developed by the Company will gain the market acceptance reflected in this interim report. The quantity of products sold may be lower, and the period required for market establishment may be longer, than the Company currently has reason to believe.

Xintela – for life in motion

Xintela develops stem cell-based treatments focusing on osteoarthritis and difficult-to-heal leg ulcers and, through its wholly owned subsidiary Targinta, targeted antibody-based treatments for aggressive cancer. The focus is on diseases that cause great suffering and lack effective medical treatment options.

Xintela has started clinical studies with the stem cell product XSTEM for the treatment of knee osteoarthritis and plans to start clinical studies for the treatment of difficult-to-heal venous leg ulcers in September 2022. The goal is to show that stem cell treatment is safe, but also investigate XSTEM's ability to repair damaged articular cartilage and improve joint function and to heal venous leg ulcers, thereby reducing pain and suffering for patients. Preclinical studies have shown that XSTEM has regenerative properties.

Within oncology, tumor-targeting and armed antibodies are developed for aggressive cancers such as triple negative breast cancer and the brain tumor glioblastoma. Results from preclinical models have shown that the antibodies have an inhibitory effect on both the growth and metastasis of cancer cells. The drug candidates TARG9 and TARG10 are in preclinical development with the aim of building a strong regulatory data package for upcoming clinical studies in cancer patients.