xintela

INTERIM REPORT
JANUARY – SEPTEMBER 2023
XINTELA AB (PUBL)

Q3 2023

XSTEM judged safe at all dose levels in knee OA study

Four clinics recruit patients in the difficult-to-heal leg ulcers study

Targinta makes new important discovery

Summary of the interim report

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

Third quarter 2023 for the group

» Income amounted to TSEK 0 (0).
» Loss before tax totalled TSEK 11,953 (loss: 14,456).
» Loss per share* was SEK 0.02 (loss: 0.11).

First nine month 2023 for the group

» Income amounted to TSEK 0 (0).
» Loss before and tax totalled TSEK 46,192 (loss: 49,781).
» Loss per share* was SEK 0,11 (loss: 0,36)

Third quarter 2023 for the parent company

» Income amounted to TSEK 0 (0).
» Loss before tax totalled TSEK 8,916 (loss: 9,197).
» Loss per share* was SEK 0.02 (loss: 0.07).

First nine month 2023 for the parent company

» Income amounted to TSEK 0 (0).
» Loss before tax totalled TSEK 30,469 (loss: 31,786).
» Loss per share* was SEK 0,08 (loss: 0,23).
» At September 30, 2023, the equity/assets ratio** was 82 % (59).

** Earnings/loss per share: Profit/loss for the period divided by 375,919,624 shares, which was the average number of shares at September 30, 2023. In the year-earlier period, the number of average shares was 137,070,016.*
*** Equity/assets ratio: Equity divided by total capital.*

Significant events in the third quarter of 2023

» Xintela publishes the outcome of the rights issue. (July 4, 2023)
» Xintela gets product patent in USA for chondrocyte-based products. (August 15, 2023)

Significant events after the end of the period

» Xintela's stem cell product, XSTEM, has been assessed as safe at all dose levels in knee osteoarthritis clinical study. (October 10, 2023)

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

Progress in our clinical studies

Xintela's stem cell product XSTEM® has been judged safe at all three dose levels in the dose escalation study on knee osteoarthritis patients. Four clinics are now recruiting patients for the treatment of difficult-to-heal venous leg ulcers. Our subsidiary Targinta has made important new discoveries on the target molecule integrin α10β1, in the treatment of aggressive cancers.

A new milestone reached in the osteoarthritis study

In our Phase I/IIa clinical study in Australia, on patients with knee osteoarthritis, all three dose levels of XSTEM in a total of 24 patients have been judged safe after 3 months. We have previously reported that patients who have received the lowest dose level experience less pain and better function of the knee joint 6 months after treatment. We see the same trend with the second dose level after 6 months. We continue to follow all patients for 18 months with efficacy readings every six months. The main objective of the dose escalation study is to evaluate the safety of XSTEM and also preliminary efficacy signals as well as to investigate the optimal dose for the treatment. These results are important for further clinical development and add significant value to XSTEM.

There is a great need for a disease-modifying osteoarthritis treatment that can regenerate damaged articular cartilage, reduce pain and improve joint function and we are following with excitement the continued development of our osteoarthritis study.

Three additional clinics activated for treatment of difficult-to-heal leg ulcers

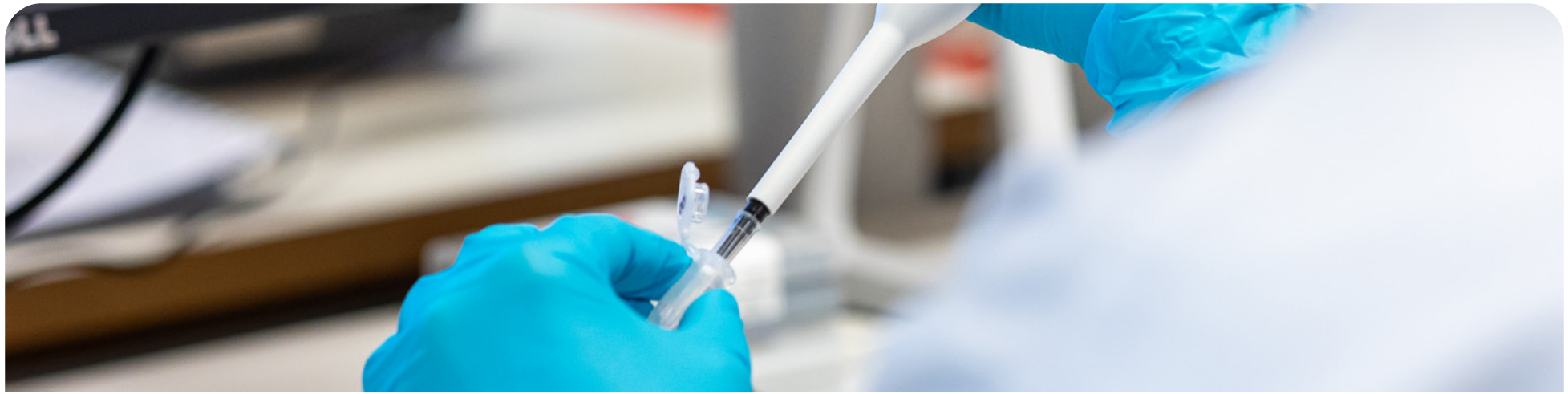
Clinical studies with XSTEM on patients with difficult-to-heal venous leg ulcers are now ongoing at four clinics in Sweden, in Lund, Gothenburg, Stockholm and Linköping. It is a difficult patient group to recruit to a safety study since the patients are elderly and often have other diseases and complications that prevent inclusions to the study. This means that we have to screen a large number of patients. We now hope that the additional clinics and larger recruitment areas will facilitate patient recruitment. During this week we added two potential patients to the study but they are not yet dosed. The clinical study is conducted on 12 patients with safety and efficacy readouts already at ten weeks after treatment. A major part of the study is funded by a grant from Vinnova.

EQSTEM shows disease-modifying effects

We have previously reported positive effects of the stem cell product EQSTEM in the treatment of horses in preclinical osteoarthritis studies. These results, generated in collaboration with the University of Copenhagen, have now been accepted for publication in the journal Cartilage. The results show that EQSTEM reduces lameness, i.e. the pain in horses with post-traumatic osteoarthritis, and reduces damage to the articular cartilage. The stem cell-treated horses showed significant improvement compared to horses that did not receive the treatment. In addition, we were able to identify specific immunomodulatory markers in the synovial fluid of treated horses which provides additional support for EQSTEM's therapeutic effect.

Targinta makes an important new discovery

Our subsidiary Targinta develops antibody-based cancer therapies targeting the proprietary target molecule integrin α10β1. During the past year, preclinical development of the drug candidates TARG9, an Antibody-Drug Conjugate (ADC), and TARG10, a function-blocking antibody, has been on a slow pace while awaiting new financing. In the meantime, we have been working to further characterize the cancer cells that express the target molecule integrin α10β1on their cell surface. The work has resulted in very exciting results indicating that integrin α10β1 is expressed on a specific type of aggressive and difficult-to-treat cancer cell. These findings provide additional



support for integrin α10β1 being a unique and important target molecule for the treatment and diagnosis of aggressive cancers. The results are now being prepared for publication in a scientific journal. TARG9 and TARG10 have shown positive preclinical results in the treatment of aggressive cancers such as glioblastoma and triple-negative breast cancer (TNBC) and have also been evaluated for treatment of other aggressive cancers. Importantly, TARG10 can also be further developed as an ADC.

Our patent portfolio, which protects antibody treatment and diagnostics targeting integrin α10β1 in various aggressive cancers, has been expanded with two product patents for both ADCs and function-blocking antibodies. The applications are in the so-called PCT phase and have received positive examination reports.

We continue to intensively prioritize various possibilities to further finance or partner the development of TARG9 and TARG10, including clinical Phase 0 studies, and we have several discussions ongoing. With First-in-Class antibodies, including ADCs, a new cancer target and a strong patent portfolio, Targinta has a very interesting position in the ADC field, where a number of large commercial deals have recently been done already at the preclinical phase. We therefore see an exciting opportunity for Targinta to enter into partnerships and/or to license its ADCs at an early stage.

Changes in Xintela's management team and Targinta's Board of Directors

We have expanded the management team with two of Xintela's key personnel, Liselotte Theorell, Director Quality Management and Lucienne Vonk, Director Musculoskeletal Diseases. I look forward to working together with Liselotte and Lucienne at the management level.

Due to the current lower activity in Targinta, we have decided to reduce the number of directors in the board. Karin Wingstrand and Jeff Abbey are therefore leaving the Board and we thank them for their valuable support and contributions to Targinta's development.

Financing of the operations

Xintela's clinical studies and Targinta's preclinical studies generate value in the companies prior to partnering and out-licensing and create value for our shareholders. This means that we have a continuing need to find resources to generate the value-adding clinical and preclinical results. To ensure the future financing needs of our operations, we work actively to evaluate financing opportunities such as partnerships with revenues from development milestones, capitalisations, grants or loans. The financing solutions for Xintela and Targinta can be implemented either jointly or separately.

I would like to take the opportunity to remind you that the first of four possibilities to subscribe for warrants linked to our rights issue earlier this year, occurs during November 25 to December 5, 2023. Additional information can be found on our website.

Strengthening our business development

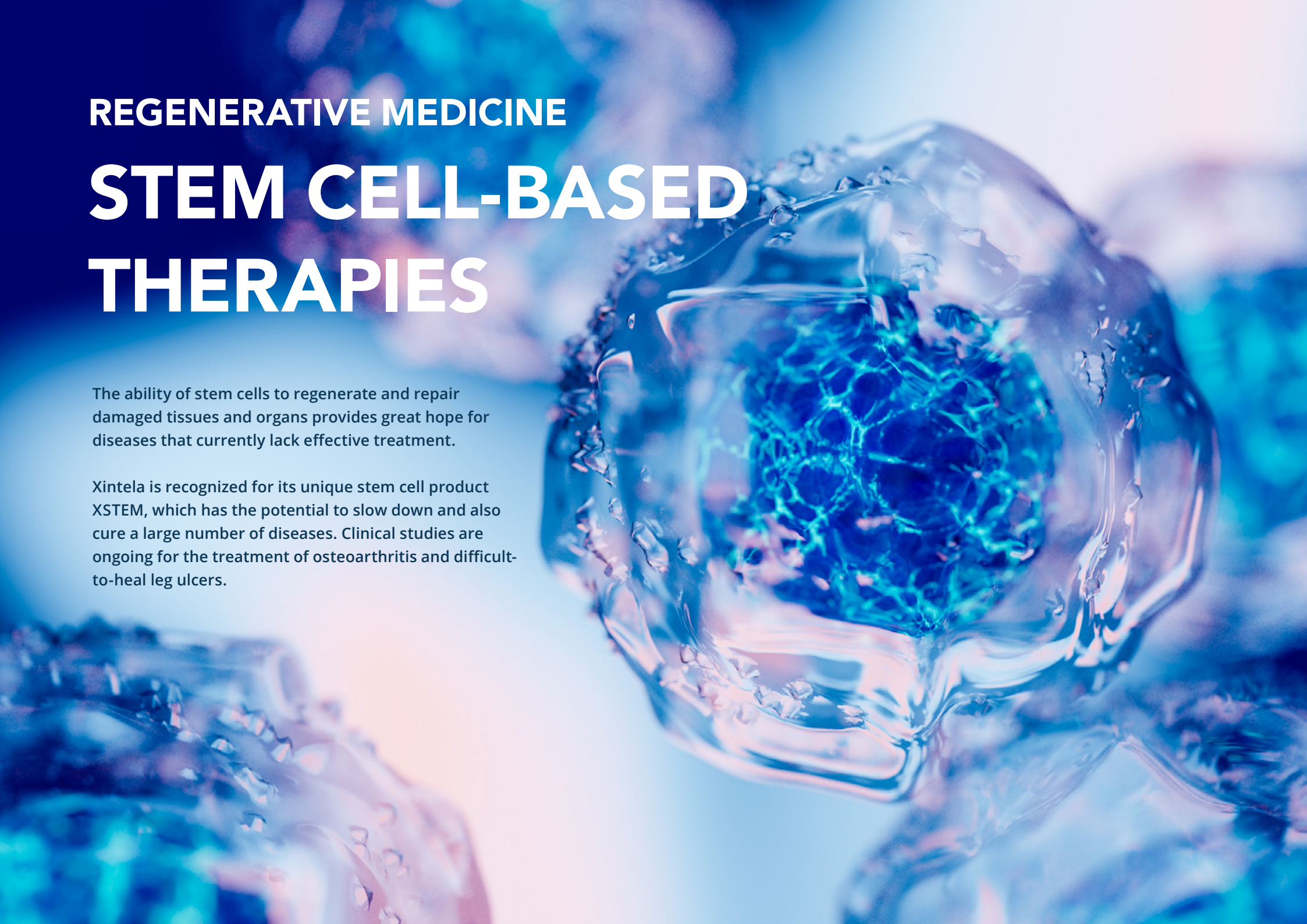
For a long time, we have conducted various business development (BD) initiatives to generate partnering interest in our novel stem cell-based therapies and antibody-based cancer therapies. This has led to numerous discussions with potential partners and licensees for the further development and commercialization of our products. Given the stage of our BD discussions, we have decided to strengthen the BD capabilities for both Xintela and Targinta going forward, and have engaged an experienced BD firm with a strong track record of advising Swedish Life Science companies in global transactions.

We now look forward to results from our clinical studies and advancing our business development activities to partnerships and commercial deals.

Evy Lundgren-Åkerlund
CEO, Xintela AB (publ)

REGENERATIVE MEDICINE

STEM CELL-BASED THERAPIES



The ability of stem cells to regenerate and repair damaged tissues and organs provides great hope for diseases that currently lack effective treatment.

Xintela is recognized for its unique stem cell product XSTEM, which has the potential to slow down and also cure a large number of diseases. Clinical studies are ongoing for the treatment of osteoarthritis and difficult-to-heal leg ulcers.

Xintela is strongly positioned to develop and commercialize safe and effective stem cell treatments

Xintela has developed the competitive stem cell product XSTEM, which consists of integrin α10β1-selected mesenchymal stem cells. Through the unique selection step in the production process, homogeneous stem cells of high and reproducible quality can be produced. XSTEM is manuafctured in Xintela's own GMP facility and is patented both as a product and for therapeutic uses in all indications.

Mesenchymal stem cells have therapeutic properties

Xintela develops stem cell-based treatments from allogeneic (donated) mesenchymal stem cells isolated from adipose tissue from healthy adult donors. Stem cells from a donor can treat a large number of patients, which not only significantly reduces the cost of XSTEM compared to autologous (patient's own) stem cells but will also give physicians an off-the-shelf therapy. An important property of mesenchymal stem cells is their ability to transform into different cell types to regenerate and repair damaged tissues and organs. They also have the ability to stimulate damaged cells to self-repair. Another important property is that stem cells secrete various substances that can regulate the immune system and thus have anti-inflammatory effects.

Stem cell selection – a critical step in the production of XSTEM

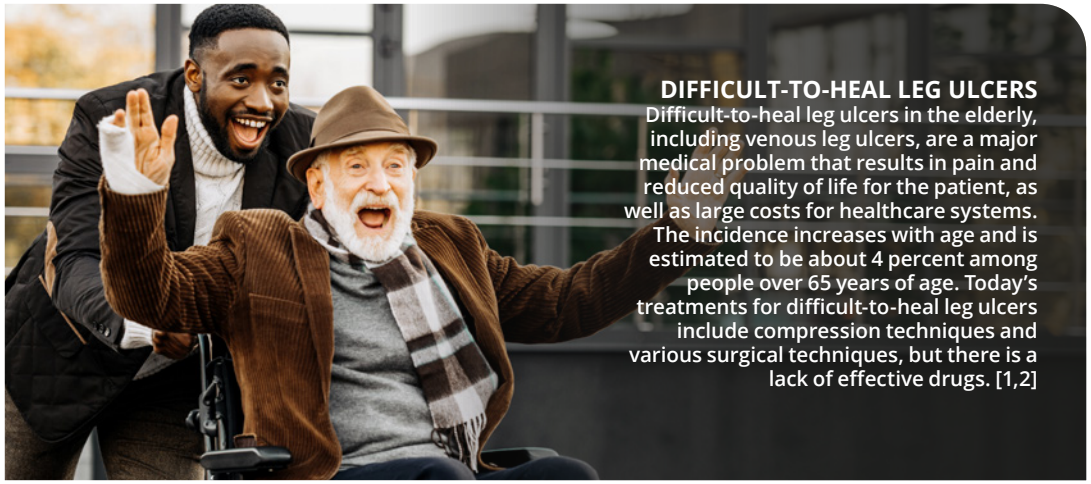
Stem cell preparations produced from tissues are heterogeneous, i.e. they contain contaminating cells that are not stem cells. When developing a stem cell product, this is both a regulatory and functional problem.

Xintela solves the problem by selecting (purifying) stem cells using an antibody that binds to the company's stem cell marker, integrin α10β1. In this way, homogeneous stem cell preparations of high quality can be produced that are reproducible between different donors.

Own GMP production of stem cells

Our stem cells are produced in bioreactors in the company's own GMP-approved facility and stored frozen until used in the treatment of patients. Through in-house production, production costs and risk of scheduling delays can be significantly reduced. The company's strategy is to establish Xintela as a manufacturer of stem cell products developed in collaboration with partners and to also offer development and production of other advanced therapy products (ATMP).

OSTEOARTHRITIS
Osteoarthritis is a joint disease characterized by degradation of the articular cartilage and impaired function of the cartilage cells. It is the most common chronic joint disease, especially in the knees, hips and hands, as well as the most common cause of disability in the elderly. The main symptoms are severe pain, inflammation, stiffness in the joint and reduced mobility. The disease affects about 25 percent of all individuals over the age of 60 and is increasing in extent due to an increasing elderly population. Drugs offered today are primarily pain-relieving and anti-inflammatory, which treat the symptoms but not the actual cause of the disease. [1,2]



DIFFICULT-TO-HEAL LEG ULCERS
Difficult-to-heal leg ulcers in the elderly, including venous leg ulcers, are a major medical problem that results in pain and reduced quality of life for the patient, as well as large costs for healthcare systems. The incidence increases with age and is estimated to be about 4 percent among people over 65 years of age. Today's treatments for difficult-to-heal leg ulcers include compression techniques and various surgical techniques, but there is a lack of effective drugs. [1,2]

XSTEM advances in clinical studies

XSTEM in clinical study for the treatment of knee osteoarthritis

Xintela is conducting a clinical study (Phase I/IIa) with XSTEM in Australia, in patients with moderate knee osteoarthritis (Kellgren-Lawrence grade II-III). Three different dose levels of XSTEM are being evaluated in up to 54 patients and each patient is followed for 18 months with safety evaluation and preliminary efficacy evaluation every six months. XSTEM have been dosed at all dose levels in a total of 24 patients and all dose levels have been judged safe by the study's Safety Review Committee after 3 months. The primary goal of the study is to show that XSTEM is safe, but also to obtain preliminary efficacy results that show that the product has DMOAD (Disease Modifying Osteoarthritis Drug) properties and can slow down cartilage and joint degradation as well as restore damaged articular cartilage and improve joint function. Xintela has the opportunity to expand the study with an additional 30 patients.

Xintela's earlier results from preclinical osteoarthritis models, support the possibility that XSTEM may have a positive disease-modifying effect.

The dose escalation part of the study will continue until the end of 2024. In parallel with the clinical study being conducted, discussions with potential partners and licensees continue for further clinical development and commercialistion.

XSTEM in clinical study for the treatment of difficult-to-heal venous leg ulcers

Xintela's clinical study (Phase I/IIa), in patients with difficult-to-heal leg ulcers, is being conducted in four clinics in Sweden. Twelve 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 ten weeks to evaluate safety and wound healing efficacy. Currently, the main focus is to successfully recruit patients to the study. A major part of the study is funded by a grant from Vinnova.

Xintela has previously shown in a preclinical wound model that XSTEM has excellent wound healing capacity, which gives great hope that XSTEM will show effective healing on patients' difficult-to-heal leg ulcers.

Market

Osteoarthritis

The global market for osteoarthritis is mainly driven by an increase in an aging population, as well as a significant increase in obesity, but osteoarthritis can also affect young and middle-aged individuals. The market for drug treatment of osteoarthritis was estimated to be USD 7.3 billion in 2020 and is expected to grow by approximately 9 percent annually until 2025, when the market is estimated at USD 11.0 billion.[3]

Venous leg ulcers

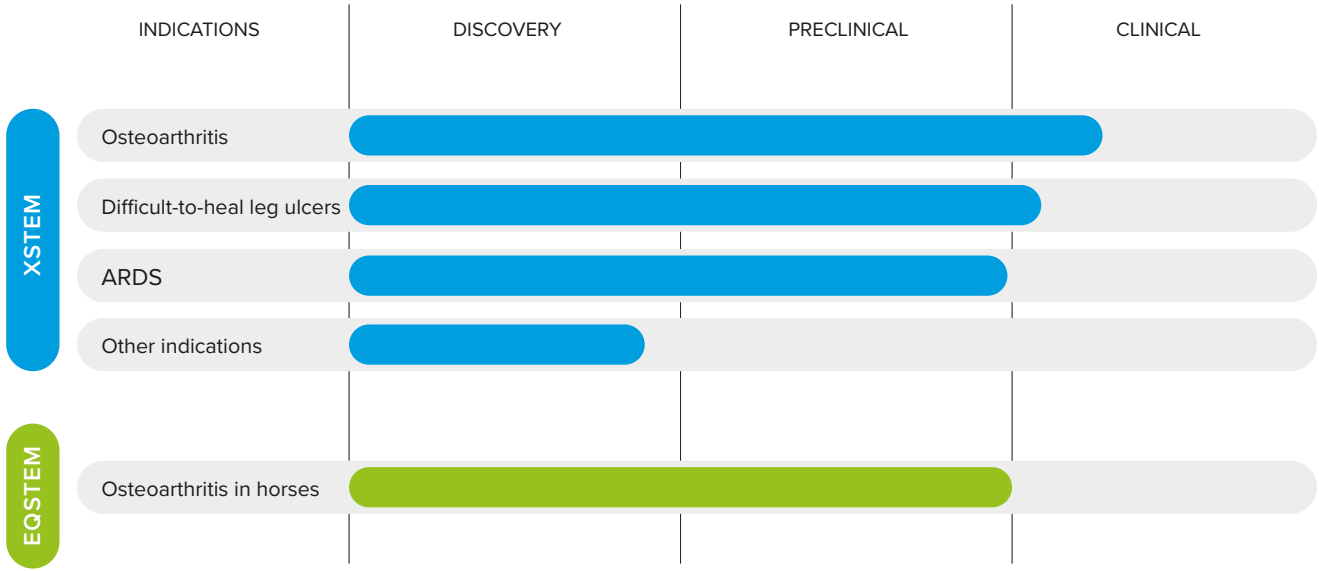
In 2018, the global market for the treatment of venous leg ulcers was estimated at USD 2.95 billion, a figure that is expected to increase to USD 4.84 billion by 2026 with an average annual growth rate of 6.4 percent. The increase is partly due to the expectation that the incidence of venous leg ulcers will increase in line with an aging population.[4]

Commercialization strategy for Xintela's stem cell project

Xintela is very active in partnering discussions and has established a large network of potential partners and licensees within the pharmaceutical industry. The company's overall strategy is to take the stem cell projects to Proof of Concept, i.e. to completion of clinical Phase I/IIa studies, and then enter into partnerships and commercial agreements for continued clinical development and global commercialization.

A stem cell product for the treatment of several diseases

Xintela currently has two clinical studies ongoing with the stem cell product XSTEM, one in osteoarthritis and one in difficult-to-heal leg ulcers, as well as a project for the treatment of ARDS in preclinical phase. In addition, Xintela has carried out preclinical development with the stem cell product EQSTEM for the treatment of joint disease in horses.



The knee osteoarthritis study in Australia has completed dosing at the third and final dose level

The clinical study (Phase I/IIa), conducted in Australia, is evaluating XSTEM for the treatment of patients with knee osteoarthritis. All three dose levels of XSTEM have been dosed on a total of 24 patientsand have been judged safe by the Safety Review Committee after 3 months. Safety and efficacy readings will be evaluated every six months up to 18 months after treatment of up to 54 patients.

Recruitment of patients with difficult-to-heal venous leg ulcers is ongoing

The clinical study (Phase I/IIa) is evaluating XSTEM for the treatment of difficult-to-heal venous leg ulcers. Recruitment of patients to the study is ongoing at four clinics in Sweden. A total of 12 patients will be recruited. Safety and efficacy readings will take place already ten weeks after treatment.

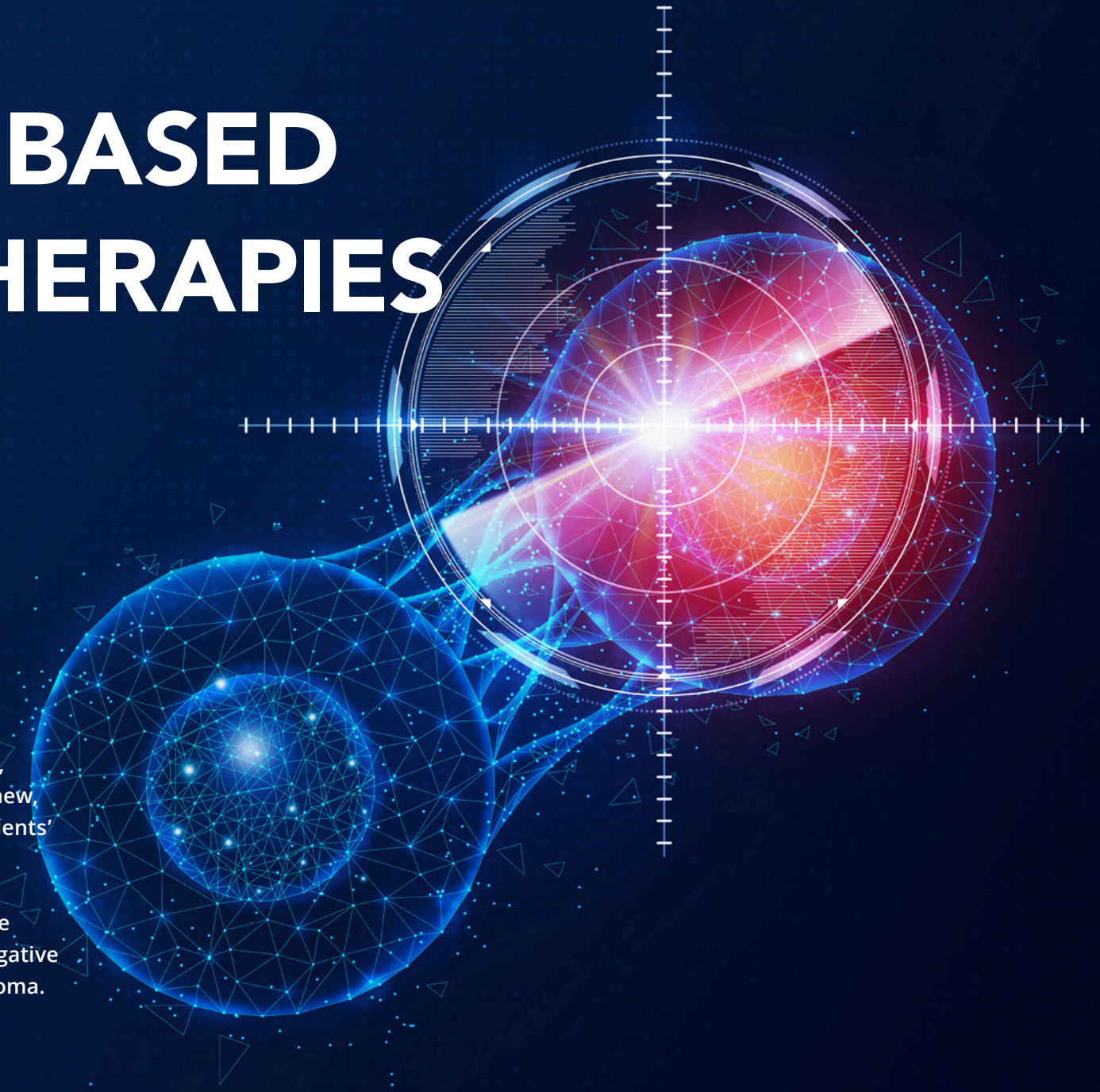
Acute Respiratory Distress Syndrome (ARDS)

ARDS, respiratory distress syndrome, is a form of acute severe lung failure that can occur as a result of, for example, pneumonia, trauma or blood poisoning. The condition means that the lung function collapses and mortality is high. There is currently no effective treatment for ARDS. Xintela has successfully conducted preclinical studies for the treatment of ARDS with XSTEM in collaboration with Skåne University Hospital and plans to carry out clinical development in collaboration with a partner.

EQSTEM® for treatment of joint diseases in horses

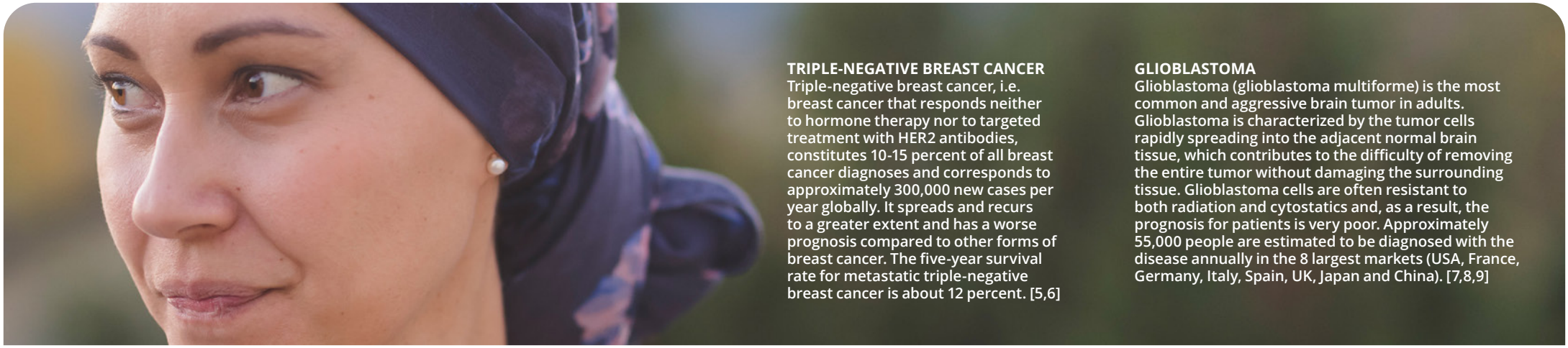
Xintela has developed the stem cell product EQSTEM for the treatment of horses. Positive results from two studies in horses have shown strong support for continued development of EQSTEM for osteoarthritis and other degenerative joint diseases in horses. Xintela plans to bring EQSTEM to the market in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

ANTIBODY-BASED CANCER THERAPIES



Aggressive cancer is a challenge for clinical practice, diagnosis and treatment. There is a great need for new, targeted treatment strategies that can improve patients' survival and quality of life.

Targinta develops cancer-targeted antibodies for the treatment of two very aggressive cancers, triple-negative breast cancer (TNBC) and the brain tumor glioblastoma.



TRIPLE-NEGATIVE BREAST CANCER
Triple-negative breast cancer, i.e. breast cancer that responds neither to hormone therapy nor to targeted treatment with HER2 antibodies, constitutes 10-15 percent of all breast cancer diagnoses and corresponds to approximately 300,000 new cases per year globally. It spreads and recurs to a greater extent and has a worse prognosis compared to other forms of breast cancer. The five-year survival rate for metastatic triple-negative breast cancer is about 12 percent. [5,6]

GLIOBLASTOMA
Glioblastoma (glioblastoma multiforme) is the most common and aggressive brain tumor in adults. Glioblastoma is characterized by the tumor cells rapidly spreading into the adjacent normal brain tissue, which contributes to the difficulty of removing the entire tumor without damaging the surrounding tissue. Glioblastoma cells are often resistant to both radiation and cytostatics and, as a result, the prognosis for patients is very poor. Approximately 55,000 people are estimated to be diagnosed with the disease annually in the 8 largest markets (USA, France, Germany, Italy, Spain, UK, Japan and China). [7,8,9]

New cancer target and effective First-in-Class antibodies

Cancer target with unique properties

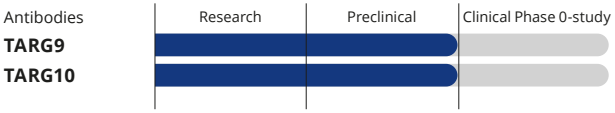
Xintela's subsidiary Targinta is developing new targeted antibody-based drugs (First-in-Class) for the treatment of aggressive cancer. The company has been founded on its own discovery that Xintela's stem cell marker, integrin α10β1, is also expressed in aggressive cancers such as triple-negative breast cancer (TNBC) and the brain tumor glioblastoma.

The problem with most target molecules expressed in cancer is that the expression in normal tissues is relatively high. Integrin α10β1 is unique in this respect as it expression is very limited in normal tissue, which reduces the risk of off-target side effects. Integrin α10β1 is thus a very promising target molecule for the development of new and more selective cancer therapies.

Targinta has an extensive patent portfolio with several approved patents that protect both the company's antibody-based drug candidates as well as antibody treatment and diagnostics directed against the target molecule integrin α10β1. The company can thus prevent competitors from developing integrin α10β1 targeted antibodies for the treatment of aggressive cancers.

Targinta's candidate drugs

Targinta is developing two types of antibodies, TARG9 and TARG10, for the treatment of aggressive cancer. TARG9 is a so-called Antibody-Drug Conjugate (ADC) and is armed with a powerful toxin that has a killing effect on cancer cells. TARG9 has shown significant inhibitory effect on the growth of glioblastoma tumors in preclinical models. TARG10 is a function-blocking antibody that slows down the growth and spread of cancer cells. TARG10 has in preclinical studies shown strong inhibitory effect on growth and metastasis of triple-negative breast cancer (TNBC). Targinta has a collaboration with Abzena Ltd for cell line development and initial production of TARG9 and TARG10 and is preparing for clinical Phase 0 microdosing studies in cancer patients.



Targinta positions itselfs in the ADC field

TARG9 was selected as the company's first candidate drug in the ADC area. This antibody has been developed with the latest ADC technology, which means a more powerful toxin that is well anchored to the antibodies as long as they circulate in the bloodstream, but which is released and activated when the antibody binds to and is taken up in cancer cells with integrin α10β1 on the surface. The interest in toxin-armed antibodies, ADCs, has increased significantly in recent years and the area is considered one of the hottest in oncology. A large number of commercial agreements have been made even at the early preclinical stage.

Phase 0 clinical studies to validate the new target molecule and treatment concept

The company's development strategy is to conduct clinical Phase 0 studies (microdosing) in cancer patients to show that the antibodies are able to reach and bind to the target molecule integrin α10β1 on tumors and thus validate our target molecule and our candidates drugs. Positive results from the Phase 0 study will significantly reduce risk in the continued clinical development and thereby increase the attractiveness to potential partners and licensees.

The market for triple-negative breast cancer and glioblastoma

The global market value for the treatment of triple-negative breast cancer is estimated to be approximately USD 2.1 billion by 2028 and for the treatment of glioblastoma to approximately USD 1.4 billion by 2026. [10,11]

Targinta's commercialization strategy

Targinta's strategy is to enter into commercial agreements regarding the company's drug candidates during preclinical development and clinical Phase 0 studies to accelerate future clinical development and commercialization. Drug candidates against 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.

Financial statements

Income statement in brief

Earnings

Operating loss for the third quarter amounted to TSEK -12,302 (-12,413) for the Group.

The costs for research and development account for the largest part of the Company's costs and for the period July to September amounted to TSEK -9,641 (-11,029) for the Group.

Market and sales costs for the quarter amounted to TSEK -1,333 (-1,027) for the Group.

Administrative expenses for the period amounted to TSEK -1,671 (-1,776) for the Group.

The financial costs are positive for the period, TSEK 349 (-2,043) due to a crediting of previously reported interest expense.

Loss before tax for the period July to September amounted to TSEK -11,953 (-14,456) for the Group.

Under the heading "Tax on the period's results", SEK 3,811,000 has been booked as an income. This refers to the assessed size of the tax refund that will be paid by the Australian Taxation Office to Xindu, for parts of the costs incurred by the subsidiary Xindu for the clinical studies during the period January to September 2023. In the previous year, only an estimated amount was booked for the full year 2022. A correct comparative figure for January to September 2022 would have been SEK 2,261,000. The company assesses that this does not cause a correction of previous periods in view of the size and nature of the item. This information is considered to be completed. Payments of the tax refund for the financial year take place during quarter 3 of the following year.

	Quarter 3		Quarter 1 to 3		Full year
	7/1/2023	7/1/2022	1/1/2023	1/1/2022	1/1/2022
(TSEK)	9/30/2023	9/30/2022	9/30/2023	9/30/2022	12/31/2022
Operating income					
Net sales	0	0	0	0	0
Cost of goods sold	0	0	0	0	0
Gross profit	**0**	**0**	**0**	**0**	**0**
Operating expenses					
Research and development costs	-9,641	-11,029	-36,102	-36,426	-55,792
Selling costs	-1,333	-1,027	-3,671	-3,714	-5,384
Administrative expenses	-1,671	-1,776	-6,286	-8,935	-11,261
Other operating income	367	1,419	1,024	3,239	3,375
Other operating expenses	-24	0	-24	0	0
Operating loss	**-12,302**	**-12,413**	**-45,059**	**-45,836**	**-69,062**
Profit/loss from financial items					
Financial income	0	0	5	0	6
Financial expenses	349	-2,043	-1,138	-3,945	-4,109
Loss before tax	**-11,953**	**-14,456**	**-46,192**	**-49,781**	**-73,165**
End of year dispositions	0	0	0	0	0
Tax on loss for the period	3,811	0	3,811	0	6,948
Loss for the period	**-8,142**	**-14,456**	**-42,381**	**-49,781**	**-66,217**
Loss per share, SEK	-0.02	-0.11	-0.11	-0.36	-0.37

The Group

Balance sheet in brief

Financial position

On September 30, 2023 the group's cash and cash equivalents amounted to TSEK 11,703 (878). Total assets amounted to TSEK 20,722 (12,268).

(TSEK)	9/30/2023	12/31/2022
ASSETS		
Fixed assets		
Intangible assets	306	640
Tangible assets	2,192	4,576
Total fixed assets	**2,498**	**5,216**
Current assets		
Tax assets	419	319
Tax receivable	3,625	0
Other receivables	1,612	9,502
Prepaid expenses	865	1,138
Cash and cash equivalents	11,703	8,343
Total current assets	**18,224**	**19,301**
TOTAL ASSETS	**20,722**	**24,517**

(TSEK)	9/30/2023	12/31/2022
EQUITY AND LIABILITIES		
Equity, the group		
Share capital	16,377	9,227
Other contributed capital	343,987	305,920
Reserve	185	393
Balanced result incl. Profit for the year	-352,144	-309,763
Total equity	**8,405**	**5,777**
Current liabilities		
Accounts payable	4,988	8,846
Tax liability	0	399
Other liabilities	5,531	4,332
Accrued expenses and deferred income	1,798	5,163
Total current liabilities	**12,317**	**18,740**
TOTAL EQUITY AND LIABILITIES	**20,722**	**24,517**

The Group

Cash flow statement in brief

Cash flow and investments

The group's cash flow for the period July to September 2023 was TSEK 11,064 (763). Investments for the period amounted to TSEK 104 (0) for the Group.

	Quarter 3		Quarter 1 to 3		Full year
	7/1/2023	7/1/2022	1/1/2023	1/1/2022	1/1/2022
(TSEK)	9/30/2023	9/30/2022	9/30/2023	9/30/2022	12/31/2022
Operating activities					
Operating loss	-12,302	-12,413	-45,059	-45,836	-69,062
Depreciation/amortisation	952	948	2,821	2,833	4,233
Taxes	6,948	0	6,948	0	1,054
Financial income	5	0	5	0	6
Financial expenses	0	-2,042	-907	-3,945	-4,109
Cash flow from operating activities before changes in working capital	**-4,397**	**-13,508**	**-36,192**	**-46,949**	**-67,877**
Changes in working capital					
Increase/decrease in receivables	640	-911	1,071	453	1,081
Increase/decrease in current liabilities	-30,291	-30,177	-6,423	-9,568	-6,310
Changes in working capital	**-29,651**	**-31,088**	**-5,352**	**-9,115**	**-5,229**
Cash flow from operating activities	**-34,048**	**-44,596**	**-41,544**	**-56,064**	**-73,107**
Investing activities					
Increase/decrease of tangible assets	-104	0	-104	55	206
Increase/decrease of intangible assets	0	0	0	0	0
Increase/decrease of financial assets	0	0	0	18	18
Cash flow from investing activities	**-104**	**0**	**-104**	**73**	**224**
Financing activities					
New share issue	45,216	45,359	45,216	45,359	45,359
Convertible	0	0	0	0	25,000
Cash flow from financing activities	**45,216**	**45,359**	**45,216**	**45,359**	**70,359**
Change in cash and cash equivalents	11,064	763	3,568	-10,632	-2,524
Cash and cash equivalents at the beginning of the period	697	143	8,343	11,138	11,138
Conversion difference	-58	-28	-208	373	-272
Cash and cash equivalents at the end of the period	**11,703**	**878**	**11,703**	**878**	**8,343**

The Group

Change in equity in brief

(TSEK)	Share capital	Other contributed capital	Reserves	Loss for the period	Total
Opening balance, January 1, 2022	**2,674**	**242,714**	**-4**	**-242,877**	**2,506**
Conversion difference	0	0	397	-668	-271
New share issue	5,348	39,219	0	0	44,567
New share issue, costs	0	-9,851	0	0	-9,851
New share issue	1,205	8,838	0	0	10,043
Convertible	0	25,000	0	0	25,000
Loss for the period	0	0	0	-66,217	-66,217
Equity, December 31, 2022	**9,227**	**305,920**	**393**	**-309,763**	**5,777**
Opening balance, January 1, 2023	**9,227**	**305,920**	**393**	**-309,763**	**5,777**
New share issue	7,150	39,241	0	0	46,391
New share issue, costs	0	-1,175	0	0	-1,175
New share issue	0	0	-208	0	-208
New share issue, warrants	0	0	0	-42,381	-42,381
Equity, September 30, 2023	**16,377**	**343,987**	**185**	**-352,144**	**8,405**

The Parent Company

Income statement in brief

Income

The parent company reports a net turnover of TSEK 0 (0) for the third quarter of the year. Other income amounted to TSEK 306 (1,419) and refer to contributions from Vinnova.

Earnings

Loss for the third quarter amounted to TSEK -9,892 (-7,195) for the Parent Company .

The costs for research and development account for the largest part of the Company's costs and amounted to TSEK -7,726 (-6,751) for the period July to September.

Market and sales costs for the quarter amounted to TSEK -1,254 (-816) for the Parent Company.

Administrative expenses for the period amounted to TSEK -1,218 (-1,047) for the Parent Company.

The financial income amounts to 982 (0) KSEK and refers to internal interest between Xintela and Xindu for the period January to September 2023. The entire interest amount has been booked in the third quarter.

Loss before tax for the period July to September amounted to TSEK -8,916 (-9,197) for the Parent Company.

	Quarter 3		Quarter 1 to 3		Full year
	7/1/2023	7/1/2022	1/1/2023	1/1/2022	1/1/2022
(TSEK)	9/30/2023	9/30/2022	9/30/2023	9/30/2022	12/31/2022
Operating income					
Net sales	0	0	0	0	6,288
Cost of goods sold	0	0	0	0	-6,288
Gross profit	**0**	**0**	**0**	**0**	**0**
Operating expenses					
Research and development costs	-7,726	-6,751	-23,777	-21,462	-25,683
Selling costs	-1,254	-816	-3,375	-2,975	-4,497
Administrative expenses	-1,218	-1,047	-4,340	-6,720	-8,196
Other operating income	306	1,419	949	3,233	3,369
Other operating expenses	0	0	0	0	0
Operating loss	**-9,892**	**-7,195**	**-30,543**	**-27,924**	**-35,007**
Profit/loss from financial items					
Financial income	982	0	982	0	0
Financial expenses	-5	-2,002	-907	-3,862	-4,102
Loss before tax	**-8,916**	**-9,197**	**-30,469**	**-31,786**	**-39,109**
Appropriations	0	0	0	0	-5,797
Tax on loss for the year	0	0	0	0	0
Loss for the period	**-8,916**	**-9,197**	**-30,469**	**-31,786**	**-44,906**
Loss per share, SEK	-0.02	-0.07	-0.08	-0.23	-0.25

The Parent Company

Balance sheet in brief

Financial position

On September 30, 2023 the parent company's equity/assets ratio was 82 per cent (59) and equity amounted to TSEK 43,548 (17,520). The Parent company's cash and cash equivalents amounted to TSEK 11,156 (182). Total assets amounted to TSEK 52,812 (29,849).

(TSEK)	9/30/2023	12/31/2022
ASSETS		
Fixed assets		
Intangible assets	214	442
Tangible assets	1,688	3,943
Receivables from subsidiaries	23,454	18,432
Participations in subsidiaries	13,926	9,839
Total fixed assets	**39,282**	**32,657**
Current assets		
Tax assets	419	319
Tax receivable		
Other receivables	1,100	2,163
Prepaid expenses	850	928
Cash and cash equivalents	11,156	7,489
Total current assets	**13,530**	**10,898**
TOTAL ASSETS	**52,812**	**43,554**

(TSEK)	9/30/2023	12/31/2022
EQUITY AND LIABILITIES		
Equity, parent company		
Share capital	16,377	9,227
Share premium reserve	343,987	280,920
Retained earnings	-286,347	-216,441
Loss for the period	-30,469	-44,906
Total equity	**43,548**	**28,800**
Current liabilities		
Accounts payable	3,838	7,432
Tax liability	0	184
Other liabilities	3,672	3,681
Accrued expenses and deferred income	1,754	3,457
Total current liabilities	**9,264**	**14,754**
TOTAL EQUITY AND LIABILITIES	**52,812**	**43,554**

The Parent Company

Cash flow statement in brief

Cash flow and investments

The parent company's cash flow for the period July to September was TSEK 10,766 (174) thousand. The investments for the period amounted to TSEK 104 (0) thousand.

	Quarter 3		Quarter 1 to 3		Full year
(TSEK)	7/1/2023 9/30/2023	7/1/2022 9/30/2022	1/1/2023 9/30/2023	1/1/2022 9/30/2022	1/1/2022 12/31/2022
Operating activities					
Operating loss	-9,892	-7,196	-30,543	-27,925	-35,007
Depreciation/amortisation	874	870	2,587	2,609	3,484
Financial income	982	0	982	0	0
Financial expenses	-5	-2,002	-907	-3,862	-4,102
Cash flow from operating activities before changes in working capital	**-8,042**	**-8,328**	**-27,882**	**-29,178**	**-35,624**
Changes in working capital					
Increase/decrease in receivables	-394	-11,649	1,035	-8,493	2,777
Increase/decrease in current liabilities	-25,911	-25,209	-5,490	-8,466	-6,641
Changes in working capital	**-26,305**	**-36,858**	**-4,455**	**-16,959**	**-3,864**
Cash flow from operating activities	**-34,347**	**-45,185**	**-32,337**	**-46,136**	**-39,489**
Investing activities					
Increase/decrease of tangible assets	-104	0	-104	0	-111
Increase/decrease of intangible assets	0	0	0	0	0
Increase/decrease of receivables from subsidiaries	-0	0	-5,021	0	-18,432
Increase/decrease of other assets	0	0	0	18	18
Shareholder contributions to subsidiaries	0	0	-4,087	-9,000	-9,000
Cash flow from investing activities	**-104**	**0**	**-9,212**	**-8,982**	**-27,525**
Financing activities					
New share issue	45,216	45,359	45,216	45,359	45,359
New share issue, ongoing	0	0	0	0	25,000
Group contribution paid	0	0	0	0	-5,797
Increase / decrease of long-term liabilities	0	0	0	0	0
Cash flow from financing activities	**45,216**	**45,359**	**45,216**	**45,359**	**64,562**
Change in cash and cash equivalents	10,766	174	3,668	-9,759	-2,452
Cash and cash equivalents at the beginning of the period	391	8	7,489	9,941	9,941
Cash and cash equivalents at the end of the period	**11,157**	**182**	**11,157**	**182**	**7,489**

The Parent Company

Change in equity in brief

(TSEK)	Share capital	Share premium	Retained earnings	Loss for the period	Total
Opening balance, January 1, 2022	**2,674**	**242,714**	**-183,047**	**-58,394**	**3,947**
Reversal of prior year's accruals	0	0	-58,394	58,394	0
New share issue	5,348	39,219	0	0	44,567
New share issue, costs	0	-9,851	0	0	-9,851
New share issue	1,205	8,838	0	0	10,043
Convertible	0	0	25,000	0	25,000
Loss for the period	0	0	0	-44,906	-44,906
Equity, December 31, 2022	**9,227**	**280,920**	**-216,441**	**-44,906**	**28,800**
Opening balance, January 1, 2023	**9,227**	**280,920**	**-216,441**	**-44,906**	**28,800**
Reversal of prior year's accruals	0	0	-44,906	44,906	0
Convertible	0	25,000	-25,000	0	0
New share issue	7,150	39,241	0	0	46,391
New share issue, costs	0	-1,175	0	0	-1,175
Loss for the period	0	0	0	-30,469	-30,469
Equity, September 30, 2023	**16,377**	**343,987**	**-286,347**	**-30,469**	**43,548**

Declaration by the Board of Directors and the CEO


Gregory Batcheller


Maarten de Château


Thomas Eldered


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 November 24, 2023

Gregory Batcheller
Chairman

Maarten de Château
Board member

Thomas Eldered
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.

On September 30, 2023, the number of shares was 545,909,292 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. On July 4, the company made a press release about the outcome of the rights issue, where the new number of shares would amount to 545,922,948 shares. Of these, 13,656 shares (4,552 units) were withdrawn due to double subscription and were not registered.

	Jan - Sep 2023	Jan - Sep 2022	Jan - Dec 2022
No. of shares before full dilution	545,909,292	307,573,263	307,573,263
No. of shares after full dilution	704,809,082	307,573,263	307,573,263
Loss per share before full dilution	-0,08	-0,23	-0,25
Average no. of shares before full dilution	375,919,624	137,070,016	179,670,643
Average no. of shares after full dilution	534,819,414	137,070,016	179,670,643

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 2022. For complete accounting principles, see the Annual Report 2022.

Group accounts

The consolidated accounts include the companies in which the parent company directly or indirectly holds more than half of the votes for all shares, or otherwise has a controlling influence according to ÅRL 1:4. The company's earnings are included in the group's earnings from and including the acquisition date until it is divested. The financial statements of foreign subsidiaries have been recalculated according to the current rate method. All items in the balance sheet have been converted to the balance sheet exchange rate. All items in the income statement have been converted to average exchange rates during the financial year. Differences that arise are reported directly in equity.

Review by auditors

This interim report has not been reviewed by the Company's auditor.

Financial calendar

Interim report Q4 2023: February 28, 2024

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.

Sources:

[1] Global Data 2018
[2] Markets and Markets 2020
[3] Markets and Markets: https://www.marketsandmarkets.com/Market-Reports/osteoarthritis-therapeutics-market-209565994.html
[4] Fortune Business Insights: https://www.fortunebusinessinsights.com/venous-leg-ulcer-vlu-treatment-market-102370
[5] https://www.cancer.org/cancer/breast-cancer/understanding-a-breast-cancer-diagnosis/types-of-breast-cancer/triple-negative.html#:~:text=Triple%2Dnegative%20breast%20cancer%20(TNBC,of%20the%20protein%20called%20HER2
[6] American Cancer Society https://www.cancer.org/cancer/breast-cancer/understanding-a-breast-cancer-diagnosis/types-of-breast-cancer/triple-negative.html
[7] WebMD: https://www.webmd.com/cancer/brain-cancer/what-is-glioblastoma#1
[8] American Association of Neurological Surgeons: https://www.aans.org/en/Patients/Neurosurgical-Conditions-and-Treatments/Glioblastoma-Multiforme
[9] Global Data: Epidemiology and Market size Database
[10] American Cancer Society https://www.cancer.org/cancer/breast-cancer/understanding-a-breast-cancer-diagnosis/types-of-breast-cancer/triple-negative.html
[11] GlobalData: Glioblastoma Multiforme (GBM) Opportunity Analysis and Forecast to 2027

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 ongoing clinical studies with the stem cell product XSTEM for the treatment of knee osteoarthritis and difficult-to-heal venous leg ulcers. 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 and being prepared for clinical Phase 0 studies.