Xbrane has carried out a directed share issue and an issue of convertible bonds raising gross proceeds of approximately SEK 350 million

The Board of Directors of Xbrane Biopharma AB (publ) ("Xbrane" or the "Company") has, based on the authorization granted by the annual general meeting held on 4 May 2023, and in accordance with what the Company indicated in a press release on 22 May 2023, resolved on a directed share issue of approximately SEK 125 million at a subscription price of SEK 73.1 per share (the "Directed Share Issue"). The subscription price was determined through an accelerated book-building procedure. A number of Swedish and international institutional investors, including healthcare focused investors, have subscribed for shares in the Directed Share Issue. In connection with the Directed Share Issue, the Company has entered into a binding agreement with CVI Investments, Inc. for a convertible bond financing of SEK 250 million in aggregate principal amount, maturing in 2027 (the "Bonds" and together with the Directed Share Issue, the "Transaction"). The Company appointed Pareto Securities AB as sole manager and bookrunner (the "Sole Manager and Bookrunner") in connection with the Transaction.

"*We are grateful for the continued support from our existing shareholders and welcome the new investors participating. Through this financing we shall be able to take the company to our stated target of becoming cash-flow positive during 2024. We have this year, together with our commercialization partner STADA, launched Ximluci® in both Europe and UK. I am pleased to say that the launch has been successful, as reflected in the recently awarded NHS tender. Xbrane has now embarked on its journey as a commercial company and we look forward to increasing the uptake of Ximluci® – including in the US, once approved – as well as to continuing the development of our strong pipeline of biosimilar candidates.*" says Martin Åmark, CEO of Xbrane.

Use of proceeds

The net proceeds from the Transaction will primarily finance:

i. Scale-up of production capacity for Ximluci® to meet demand both in Europe and globally while also reducing production cost (c. 30%)
ii. Complete pre-clinical development including scale-up and production of clinical material for BIIB801 triggering milestone payments from commercialization partner Biogen (c. 30%)
iii. Scale-up and production of clinical material for Xdivane™ (c. 20%)
iv. Continued early-stage portfolio development, next generation candidate selection and general corporate purposes (c. 20%)

The Transaction is expected to take the Company successfully to its mid-term target of becoming cash-flow positive in 2024.

The Directed Share Issue

The Board of Directors of the Company have, pursuant to the authorization granted by the annual general meeting held on 4 May 2023, resolved on the Directed Share Issue of 1,709,986 new shares at a subscription price of SEK 73.1 per share. The subscription price corresponds to a discount of approximately 10 percent in relation to the closing price on Nasdaq Stockholm on 22 May 2023. Through the Directed Share Issue, the Company will receive gross proceeds of approximately SEK 125 million before transaction related costs. The Board of Directors deems, in light of the accelerated bookbuilding procedure completed by the Sole Manager and Bookrunner, that the Directed Share Issue, including the determination of the subscription price, has been determined on market terms. The Board of Directors has concluded that a rights issue, compared to the Directed Share Issue, (i) would take significantly longer time to execute and thereby entail increased market risk exposure, (ii) would require significant underwriting commitments from an underwriting syndicate given the current market volatility, which would entail additional costs and /or additional dilution depending on the type of consideration paid for such underwriting commitments, and (iii) likely would have had to be made at a lower subscription price given the discount levels in rights issues completed on the market in recent time. The subscription price has been determined in an accelerated book-building procedure, and it is the board of directors' assessment that the subscription price in will be in accordance with market conditions. The Directed Share Issue will, among other things, (i) provide the Company with a significant and reputable long-term shareholders, which diversifies and strengthens the Company's shareholder base, (ii) further strengthen the Company's financial position to enable the Company to continue executing on developing and commercialization of biosimilars, (iii) be conducted in a more time efficient way and at a lower cost and with less complexity than a rights issue, and (iv) ensure strong balance sheet in the current market situation, the board of directors' overall assessment is that the reasons for carrying out the Directed Share Issue overweigh the reasons that motivate the main rule that share issues are to be made with preferential rights for the shareholders.

The Directed Share Issue will entail a dilution of approximately 5.85 percent of the number of shares and votes in the Company. The number of shares and votes outstanding in the Company will increase by 1,709,986 from 27,506,018 to 29,216,004. The share capital will increase by SEK 383,355.03 from SEK 6,166,465.84 to approximately SEK 6,549,820.87.

The Bonds

In connection with the Directed Share Issue, the Company has entered into a binding agreement with CVI Investments, Inc., an affiliate of Susquehanna International Group, LLP (the "**Investor**") for a convertible bond financing of SEK 250 million in aggregate principal amount, issued at an original issue discount, implying net proceeds of SEK 225 million. Key terms of the intended convertible bond financing include:

- Final maturity date four (4) years from closing.

- Interest rate of 6% per annum on the outstanding principal amount, payable every two-months. Upon formal approval by the United States Food and Drug Administration (FDA) of the Company's application in connection with its investigational biosimilar candidate to LUCENTIS® (ranibizumab), the interest rate shall be reduced to 0% per annum.
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- Amortization in twenty-four (24) equal instalments, payable every two (2) months after issuance. At the full discretion of the Company instalment payments can be made in cash at
- 100% of the applicable instalment amount or in shares at 90% of the market price (lowest VWAP during the six trading-day period immediately preceding the applicable date), with cash payments being the default payment option.
- The Investor has the right, on any number of occasions, to give notice to bring forward the payment date of up to two (2) amortization payments per interest period to any date at least three business days after delivery of such notice.
- The Investor may elect to convert the Bonds at any time during the term of the Bonds at a conversion price equal to 125% of the Offer Price.

Lock-up

In connection with the Transaction, the Company has, subject to customary exceptions, agreed to a lock-up undertaking on future share issuances for a period of 90 days following completion of the Directed Share Issue. Members of the Company's Board of Directors and management, have, subject to customary exceptions, agreed to not sell their shares in the Company for a period of 90 days after the date of registration of the shares issued in connection with the Directed Share Issue with the Swedish Companies Registration Office. Existing shareholders Serendipity Group AB and STADA Arzneimittel AG have, subject to customary exceptions, agreed to not sell their shares in the Company for a period of 90 calendar days after the date of registration of the shares issued in connection with the Directed Share Issue with the Swedish Companies Registration Office.

Advisers

Pareto Securities has been appointed Sole Manager and Bookrunner in connection with the Transaction. Baker & McKenzie Advokatbyrå KB is acting as legal adviser to the Company in connection with the Transaction. White & Case is acting as legal adviser to Pareto Securities in connection with the Directed Share Issue. Conv-Ex has been appointed to act as Calculation Agent in respect of the Bonds.

Important information

The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such restrictions. The

recipient of this press release is responsible for using this press release, and the information contained herein, in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in Xbrane in any jurisdiction, neither from Xbrane nor from someone else.

This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision in connection with the Transaction must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Sole Manager and Bookrunner. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. The Sole Manager and Bookrunner is acting for the Company in connection with the Transaction and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Transaction or any other matter referred to herein.

This announcement does not constitute a recommendation concerning any investor's option with respect to the Transaction. Each investor or prospective investor should conduct his, her or its own investigation, analysis and evaluation of the business and data described in this announcement and publicly available information. The price and value of securities can go down as well as up. Past performance is not a guide to future performance.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into Australia, Hong Kong, Japan, Canada, New Zeeland, Singapore, South Africa, the United States or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. Xbrane has not authorized any offer to the public of shares or rights in any member state of the EEA and no prospectus for an offering has been or will be prepared in connection with the Transaction. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) any other person to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Stockholm's rule book for issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Xbrane have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Xbrane may decline and investors could lose all or part of their investment; the shares in Xbrane offer no guaranteed income and no capital protection; and an investment in the shares in Xbrane is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Transaction. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Sole Manager and Bookrunner will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Xbrane.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Xbrane and determining appropriate distribution channels.

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About Us

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 targeting EUR 53 billion in estimated annual peak sales of the respective reference product. The lead candidate Ximluci® is granted market authorization approval in Europe and was launched during the first quarter 2023. Xbrane's head office is in Solna, just outside Stockholm. Xbrane is listed on Nasdaq Stockholm under the ticker XBRANE. For more information, visit www.xbrane.com

This information is information that Xbrane Biopharma is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-05-23 01:05 CEST.

Attachments

Xbrane has carried out a directed share issue and an issue of convertible bonds raising gross proceeds of approximately SEK 350 million