
xintela
Annual Report 2021

Contents

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.

Auditor's review
The auditor has reviewed the Annual Report presented on pages 12–28 of this document.

This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

CEO comments

The stem cell product XSTEM is in clinical development for the treatment of osteoarthritis and difficult-to-heal leg ulcers, and our subsidiary Targinta has selected drug candidates for preclinical development of targeted cancer therapies.

It has been a very eventful year with several important steps forward in our activities in stem cell therapy and antibody-based cancer therapy. Xintela has developed into a clinical phase company and produces stem cell products for clinical studies in its own GMP (Good Manufacturing Practice) -approved facility. Our stem cell product XSTEM will now be evaluated in clinical studies for the treatment of knee osteoarthritis and difficult-to-heal leg ulcers. Our subsidiary Targinta has developed and selected antibody-based drug candidates and has started preclinical development of antibodies for the treatment of triple-negative breast cancer and glioblastoma.

Our stem cell product XSTEM, which consists of integrin α10β1-selected and quality-assured mesenchymal stem cells (MSC), received an approved product patent in Europe in March 2021. The patent protects the development and commercialization of our stem cell products for all therapeutic use until 2038 in numerous important markets. The patent continues to broaden its geographical position and has now also been approved in Israel, Mexico and South Africa and we expect more approvals from other countries in 2022.

We obtained permission from the Medical Products Agency to produce XSTEM and other advanced therapy drugs (ATMPs) in the company's own GMP facility in May 2021. We have now produced XSTEM both for the clinical study on patients with knee osteoarthritis in Australia that has recently started, and also for the clinical study on patients with difficult-to-heal leg ulcers that is planned to start after the summer. During the year, we have expanded both the production team and the clinical team to take on the clinical development with full force.

In the clinical study in Australia, XSTEM is being evaluated for the first time in humans in a phase I / IIa study for the treatment of knee osteoarthritis. The main goal of the study is to show that XSTEM is safe and also to obtain preliminary efficacy results. Patients that receive an injection of XSTEM in the knee joint will be monitored for 18 months with safety and efficacy evaluations every six months. We thus expect to be able to have safety data already this year and early efficacy data in 2023.

In collaboration with the University of Copenhagen, we conducted two preclinical animal studies during the year that have increased our understanding of XSTEM's mechanisms of action in the treatment of osteoarthritis. We have been able to show 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 of the cartilage damage. The results have been submitted for publication in a scientific journal. We have also shown in an osteoarthritis model in horses that an injection of EQSTEM (our stem cell product for horses) into the osteoarthritis joint, improves joint function and reduces the lameness of treated horses. Our preclinical studies thus provide strong support that XSTEM has a DMOAD (Disease Modifying Osteoarthritis Drug) effect and potential to be a breakthrough in the treatment of osteoarthritis, which we have the opportunity to show in the ongoing clinical study.

The positive results shown by our horse product EQSTEM in preclinical osteoarthritis studies in horses has led to our decision to also start a clinical study for the treatment of joint disease in horses. Our strate-

gy is to carry out the clinical development in collaboration with partners. In December, we signed a Letter of Intent with the Danish veterinary company ScanVet Animal Health and have ongoing activities regarding the clinical and commercial development of EQSTEM. A major advantage of a veterinary stem cell product is that it has shorter development times and can thus enter the market and generate revenue much earlier than the equivalent for humans.

During the year, we also laid the foundation for our second clinical study in patients, that will evaluate XSTEM for the treatment of difficult-to-heal (chronic) venous leg ulcers. We have shown that XSTEM has excellent wound healing ability in a preclinical wound healing model, and after a successful scientific advisory meeting with the Medical Products Agency in September 2021, we started to prepare an application for a clinical study for patients with difficult-to-heal leg ulcers. In January this year, we were happy to receive a grant from Vinnova of SEK 4.8 million to prepare and carry out the clinical study in collaboration with Professor Folke Sjöberg and his staff at the University Hospital in Linköping and an application has now been submitted to the Medical Products Agency for a study approval. In the clinical study, XSTEM will be applied to the wound and then evaluated for safety and healing effect for 10 weeks. Due to the short study time, we can expect preliminary study results already during this year.

During the year, we also evaluated XSTEM in a preclinical pig model for ARDS (Acute Respiratory Distress Syndrome), a life-threatening form of acute lung failure, which can occur as a result of, for example, blood poisoning and pneumonia and can also affect seriously ill covid-19 patients. ARDS is a very serious condition with high mortality where we currently lack effective treatment options. In April 2021, we reported that the Vinnova-supported ARDS study showed therapeutic effect of XSTEM, which was based both on measurements of clinical parameters and on histological analyzes that showed less damage to the lung tissue after treatment with XSTEM. At the same time, we received a new grant of SEK 2.3 million from Swelife / Vinnova to continue to investigate the mechanisms of action of XSTEM in the ARDS model and to prepare XSTEM for clinical studies. The study has now been completed and confirms the effect of XSTEM in the pig model and demonstrates through extensive analyzes of lung tissues, cells and immunomodulatory and anti-inflammatory factors the specific mechanisms behind the positive clinical effects of the treatment. XSTEM is thus ready to take the step towards clinical studies to treat ARDS patients. Our strategy is to continue the development of the ARDS project in collaboration with partners.

In 2021, our cancer project and subsidiary Targinta has taken major steps forward in the development of targeted antibodies for the treatment of aggressive cancer. Targinta develops two types of antibodies, function-blocking antibodies that slow down the growth and spreading of cancer cells and antibodies that are equipped with a powerful toxin, so-called Antibody Drug Conjugate (ADC), which has a killing effect on the cancer cells. The antibodies are targeted to the target molecule integrin $\alpha 10\beta 1$ which is expressed by certain aggressive cancers including glioblastoma and triple-negative breast cancer (TNBC).

At the beginning of the year, we were able to announce that integrin $\alpha 10\beta 1$-targeted antibodies for the treatment of brain tumors have received patent approval in the United States. We have previously received approvals also in Europe and Australia, which gives our antibodies and target molecule strong patent protection in several important markets.

In March 2021, Targinta published results from preclinical studies showing that inhibitory antibodies directed against the target molecule integrin a10b1 significantly reduce the growth of the highly aggressive brain tumor glioblastoma in an animal model. We have previously announced that our antibodies are also being evaluated for the treatment of TNBC and in October 2021, Targinta announced that the company has selected the antibody TARG10 as the drug candidate for TNBC. In April this year, Targinta presented new results at the International Conference of the American Association for Cancer Research (AACR) showing that TARG10 significantly reduces the growth and metastasis of TNBC in a preclinical animal model. Our new results with TARG10 provide strong support for the drug candidate's continued development and show its potential to become a new future treatment for patients with triple-negative breast cancer and other aggressive and metastatic cancers. TARG10 thus takes the step from preclinical research to preclinical development and preparation for clinical studies.

Targinta has also recently selected the ADC antibody TARG9 as the new drug candidate for the treatment of aggressive cancer. The successful project, which has evaluated several different ADCs, has been partly funded by a grant from Vinnova. Targinta is now starting preclinical development of TARG9, which is being developed primarily for glioblastoma and triple-negative breast cancer.

At an Extraordinary General Meeting in January 2022, Xintela's Board of Directors received a mandate to carry out the planned spin-off of our subsidiary Targinta before Xintela's Annual General Meeting in May 2022 and to list the Targinta shares shortly thereafter. Due to the current global situation and turbulent financial market, the Board has decided to wait with the spin-off and subsequent listing until the market situation has improved and will therefore request a new mandate to implement the spin-off at the Annual General Meeting in May. The goal is to carry out the spin-off as soon as the market allows, hopefully immediately after summer. 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. An important step for Targinta's spin-off and continued development was the recruitment of Per Norlén in May 2021 as the new CEO of the company.

Xintela's focus on clinical trials for the development of stem cell therapies and Targinta's focus on preclinical antibody development for cancer therapy generates value in the companies prior to partnerships and out-licensing and creates value for our shareholders. This means that we have a continuing need to find resources to generate value-adding clinical and preclinical results. At the beginning of 2021, we carried out a directed share issue of SEK 9.5 million to settle a previous loan and in June 2021 a directed share issue that provided Xintela with approximately SEK 28 million. To ensure the operations' future financing needs, we work actively to evaluate various financing options such as partnerships with income from development milestones, project financing, capital raising, grants and loans. In November 2021 and March 2022, we received loans totaling SEK 12 million to give us more time to evaluate various alternatives for long-term financing solutions. The financing work is progressing according to our expectations and we will announce the arrangement shortly. It is our opinion that our plan for continued financing will be successful and secure Xintela's continued operations for the coming 12-month period.

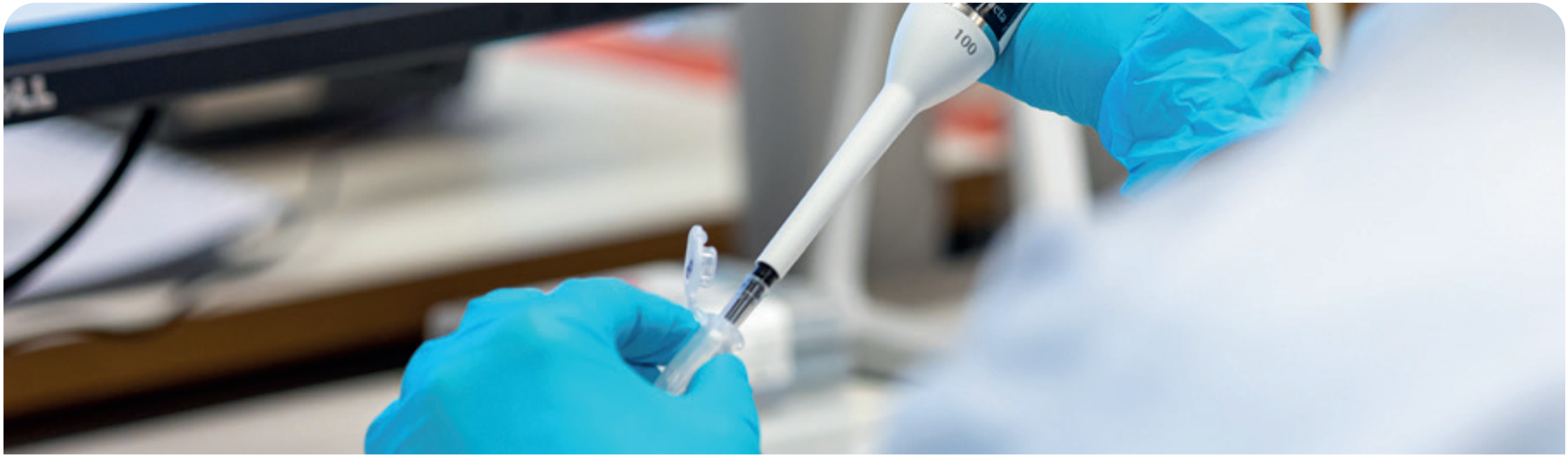
Evy Lundgren-Åkerlund
CEO Xintela AB (publ)

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 wounds in mid-2022. The goal is to show that stem cell treatment is safe, but also investigate XSTEM's ability to regenerate damaged articular cartilage and improve joint function and to heal 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 TARG10 and TARG9 have initiated preclinical development phase with the aim of building a strong regulatory data package for upcoming clinical studies in cancer patients.



Business concept, strategy, and technology platform

Xintela develops new stem cell therapies primarily for the joint disease osteoarthritis and for difficult-to-heal leg ulcers, and through the wholly owned subsidiary Targinta AB, targeted antibody therapies against aggressive cancers such as triple negative breast cancer and the brain tumor glioblastoma. The company's development project is based on an innovative and versatile marker technology that uses the cell surface protein integrin α10β1 as a stem cell marker for selection and quality assurance of mesenchymal stem cells and also as a target molecule on aggressive cancer cells for targeted antibody therapies.

Xintela operates at Medicon Village in Lund and is listed on Nasdaq First North Growth Market in Stockholm since March 22, 2016.

MISSION

Xintela's business concept is to develop and commercialise new treatments in stem cell therapy and targeted cancer therapy with a focus on diseases where the medical need is very high and effective treatments today are lacking.

STRATEGY

Xintela's strategy is to develop projects to a point where they can be attributed to a significant increase in value and then enter into partnerships and licensing agreements. For stem cell projects, this point is after safety and preliminary efficacy readouts in the upcoming clinical studies (phase I/IIa). For oncology projects, the strategy is to enter into commercial agreements already during the preclinical development of the company's drug candidates.

TECHNOLOGY PLATFORM

Xintela's drug development in both stem cell therapy and cancer therapy is based on a unique marker technology platform using specific cell surface markers (integrins). Integrins are a family of cell surface proteins that regulate the function of cells in different tissues in the body and have long been used as target molecules in the development of therapies for, for example, inflammatory diseases and cancer. The marker technology is primarily based on the use of integrin α10β1, which was discovered by Evy Lundgren-Åkerlund's research team at Lund University. Lundgren-Åkerlund and colleagues have previously shown that integrin α10β1 is present on cartilage cells and is important for the function of cartilage, and is also present on mesenchymal stem cells (MSC) that can develop into different cell types including cartilage cells. This discovery forms the basis for Xintela's selection of stem cells and the development of the proprietary stem cell product XSTEM. Xintela's research has discovered in recent years that integrin α10β1 is also found on some aggressive cancer cells such as in triple-negative breast cancer and the brain tumor glioblastoma, which is the reason why Xintela has developed therapeutic antibodies directed against integrin α10β1.

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 a strong position in the development of safe and effective stem cell-based treatments for a variety of diseases.

CLINICAL STUDY WITH XSTEM FOR THE TREATMENT OF 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 will be evaluated in up to 54 patients and each patient will be followed for 18 months with continuous safety and preliminary efficacy evaluation every six months. Xintela's preclinical results strongly support DMOAD effect of XSTEM.

CLINICAL STUDY WITH XSTEM FOR THE TREATMENT OF DIFFICULT-TO-HEAL LEG ULCERS

Xintela's second clinical study (Phase I/IIa), in patients with difficult-to-heal leg ulcers, is scheduled to start in mid-2022. The study will be conducted in collaboration with Professor Folke Sjöberg and his colleagues at Linköping University Hospital. XSTEM will be administrated to the wound and patients will then be followed for 10 weeks to evaluate safety and also preliminary efficacy.

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 take EQSTEM to market in collaboration with partner.

OWN PRODUCTION OF STEM CELLS

Xintela's stem cell products are produced in the company's own GMP-approved manufacturing facility, 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. In the long term, Xintela's GMP facility and production operations may 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 for EQSTEM after Proof-of-Concept 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 and armed cancer antibodies based on the discovery that the cell surface molecule integrin α10β1 is a marker for aggressive cancer. The drug candidates are being developed for the treatment of aggressive cancers such as triple negative breast cancer and the brain tumor glioblastoma.

Tumor-targeting antibodies for the treatment of aggressive cancers such as triple-negative breast cancer and the brain tumor glioblastoma

Targinta develops two different types of tumor-targeting antibodies: function-blocking antibodies that can inhibit important cancer cell functions such as prolifiration and migration, 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 aggressive cancers.

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 spreading of cancer cells in different cancer models and has begun preclinical development. Recently, 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'S COMMERCIALISATION STRATEGY

Targinta's strategy is to enter into commercial agreements regarding the company's drug candidates during preclinical development. Drug candidates directed to new targets on cancer cells, known as First-in-Class products, are very attractive to drug development companies due to the high need for new and more effective cancer treatments. Licensing deals with First-in-Class assets are frequently entered in at the preclinical phase.

SPIN-OFF OF TARGINTA

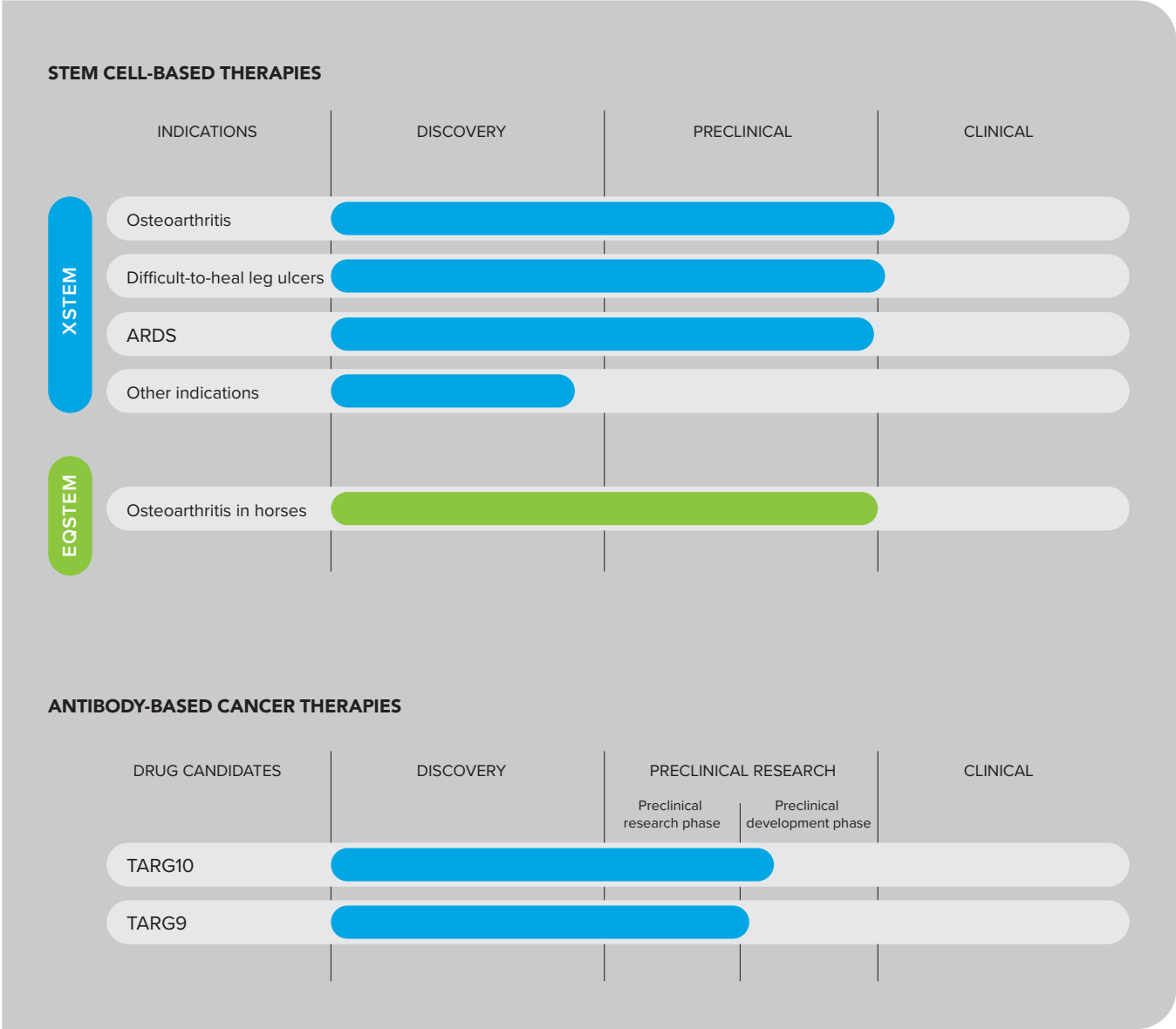
At an extraordinary general meeting in January 2022, Xintela's Board of Directors was authorized to carry out the planned spin-off of the subsidiary Targinta before Xintela's Annual General Meeting in May 2022 and to list the Targinta shares shortly thereafter. Due to the current global situation and turbulent financial market, the Board has decided to wait with the spin-off and subsequent listing until the financial market situation has improved and will therefore at the Annual General Meeting in May request a new mandate to carry out the spin-off.

Xintela's development projects

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 plans to start clinical studies for the treatment of difficult-to-heal leg ulcers in mid-2022. The strategy is that further development of ARDS (Acute Respiratory Distress Syndrome) takes place in collaboration with partner.

In cancer therapy, therapeutic antibodies that specifically bind to the target molecule integrin α10β1, which is expressed on certain aggressive cancer cells, including cancer cells in triple-negative breast cancer and the brain tumor glioblastoma.



Share capital and ownership structure

THE SHARE

Xintela AB (publ) was listed on Nasdaq First North in Stockholm on 22 March 2016. First North is an alternative marketplace, operated by an exchange within the NASDAQ OMX Group. Companies on First North 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 may therefore entail a higher investment risk than a company listed on the main market. All companies listed on First North have a Certified Adviser to oversee their compliance with the rules. The exchange assesses applications for admission to trading. At 31 December 2021, the company had 89,134,021 shares. 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.

Ticker symbol: XINT
ISIN code: SE0007756903
Number of shares outstanding: 89 134 021
Par value: 0,03 SEK
Standard trading unit: 1 aktie
Share capital: 2,674,020.63 sek

TEN LARGEST OWNERS, DECEMBER 31, 2021

Name	No. of shares	Portion (%)
DEUTSCHE BANK AG, W8IMY (Bauerfind Group)	14,022,708	15.73
Försäkringsbolaget, Avanza Pension	8,572,283	9.62
Evy Lundgren-Åkerlund	4,452,000	4.99
Jan Ivar Nordqvist	3,030,903	3.40
Nordnet Pensionsförsäkring AB	2,156,615	2.42
Per-Åke Oldentoft (privately and through companies)	2,054,678	2.31
Fredrik Olsson	1,500,000	1.68
Chateau Holding AB	1,282,051	1.44
AB Svedala Finans	1,150,000	1.29
Lars Robert Mikael Persson	1,118,489	1.25
Other shareholders	49,794,294	55.86
Total	**89,134,021**	**100**

SHARE CAPITAL PERFORMANCE

Year	Event	Increase in share capital (SEK)	Total share capital (SEK)	Change in no. of shares	Total no. of shares	Par value (SEK)
2009	Company formation	100,000.00	100,000.00	100,000	100,000	1
2009	New share issue	33,400.00	133,400.00	33,400	133,400	1
2011	New share issue	13,818.00	147,218.00	13,818	147,218	1
2013	New share issue	16,258.00	163,476.00	16,258	163,476	1
2013	New share issue	20,713.00	184,189.00	20,713	184,189	1
2013	New share issue	36,809.00	220,998.00	36,809	220,998	1
2014	New share issue	64,841.00	285,839.00	64,841	285,839	1
2015	New share issue	39,952.00	325,791.00	39,952	325,791	1
2015	New share issue	31,478.00	357,269.00	31,478	357,269	1
2015	Rights issue	178,634.50	535,903.50	-	357,269	1.5
2015	Stock split (1:50)	-	535,903.50	17,506,181	17,863,450	0.03
2016	IPO	210,000.00	745,903.50	7,000,000	24,863,450	0.03
2017	New share issue, TO	63,834.75	809,738.25	2,127,825	26,991,275	0.03
2017	New share issue	96,153.87	905,892.12	3,205,129	30,196,404	0.03
2017	New share issue, warrants	5,145.00	911,037.12	171,500	30,367,904	0.03
2018	Private placement	249,609.99	1,160,647.11	8,320,333	38,688,237	0.03
2018	Conversion of loans	23,474.13	1,184,121.24	782,471	39,470,708	0.03
2020	Conversion of loans	39,541.08	1,223,662.32	1,318,036	40,788,744	0.03
2020	New share issue	502,623.36	1,726,285.68	16,754,112	57,542,856	0.03
2020	New share issue, TO	492,711.24	2,218,996.92	16,423,708	73,966,564	0.03
2021	Conversion of loans	96,049.35	2,315,046.27	3,201,645	77,168,209	0.03
2021	New share issue	358,974.36	2,674,020.63	11,965,812	89,134,021	0.03

Directors' report

The Board and CEO of Xintela AB (publ) (publ), based in Lund, Sweden, corporate ID no. 556780-3480, hereby present the annual accounts for the 2021 financial year.

Directors' report

GENERAL ABOUT THE ACTIVITIES

Xintela develops medical products within stem cell therapy and targeted cancer therapy based on the Company's cell surface marker integrin α10β1, which is found on mesenchymal stem cells and on certain aggressive cancer cells.

In stem cell therapy, integrin α10β1 is used to select and quality-assure stem cells in the manufacturing of the patented stem cell product XSTEM®, which is now entering a clinical development phase. The first clinical study with XSTEM (Phase I/IIa), for the treatment of knee osteoarthritis, has started in Australia. The next clinical study with XSTEM for treatment of difficult-to-heal leg ulcers is scheduled to start in mid-2022. The primary goal with the clinical studies is safety but also to obtain preliminary results showing regenerative properties of XSTEM. The company produces XSTEM for the clinical studies in its GMP-approved manufacturing facility. In parallel, Xintela is preparing for clinical development of a veterinary stem cell product for osteoarthritis in horses and is evaluating other future indications for XSTEM, including the lung complication ARDS (Acute Respiratory Distress Syndrome). Xintela has conducted preclinical studies in relevant animal models which provide strong support for XSTEM as a safe and effective stem cell treatment.

Within oncology, which is run by the wholly owned subsidiary Targinta AB, tumor-targeting and armed antibodies are developed for treatment of 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 tumor growth and spreading of cancer cells. The first drug candidate, TARG10, has entered preclinical development phase with the aim of building a strong regulatory data package for future clinical studies in cancer patients.

Xintela operates at Medicon Village in Lund, Sweden, and is listed on Nasdaq First North Growth Market Stockholm.

SIGNIFICANT EVENTS IN 2021

First quarter

- Xintela receives Notice of Allowance from the US Patent and Trademark Office for Xintela's patent application covering targeted antibody treatment of tumors of the central nervous system (CNS).
- Xintela announces that the results of the company's preclinical glioblastoma study with function-blocking antibodies have been published in the renowned international scientific journal Cancers.
- Xintela announces that the European Patent Office (EPO) has approved the patent application for the company's stem cell product XSTEM.
- Xintela announces that the company has received a tissue establishment license the Swedish Medical Products Agency for handling human tissues and cells for manufacturing medicinal products.

Second quarter

- Xintela announces positive results from the preclinical ARDS (Acute Respiratory Distress Syndrome) study and a new allocation of SEK 2.3 million.
- The company announces that Per Norlén has been recruited as CEO of Xintela's wholly owned oncology subsidiary Targinta. He will start on 1 September 2021. Per Norlén will also have the role of Xintela's Chief Medical Officer (CMO) from 1 July 2021.
- Xintela announces that the company will develop its stem cell product XSTEM® for the treatment of difficult-to-heal (chronic) wounds in collaboration with the Burn Center at Linköping University Hospital.
- Xintela announces that the company has received permission from the Swedish Medical Products Agency to produce cell therapy products, so-called advanced therapy drugs (ATMPs) in its own GMP facility.
- The company announces that two new board members, Lars Hedbys and Maarten de Chateau, have been elected at the Annual General Meeting.
- Xintela announces that it has completed a directed share issue that provided the company with SEK 28 million before deductions for costs related to the directed share issue.

Third quarter

- Xintela has formed a wholly owned subsidiary, Xindu Pty Ltd, in Australia, which will administer the company's upcoming clinical study in osteoarthritis patients.
- Xintela signs an agreement with Australian CRO for Xintela's First-in-Human study using the stem cell product XSTEM.
- Xintela announces that it will expand clinical development on its stem cell product XSTEM to the next chosen indication venous leg ulcers, the most common type of difficult-to-heal (chronic) wounds in humans.

Fourth quarter

- Targinta has selected its first drug candidate, TARG10, a therapeutic antibody targeting integrin α10β1, for the treatment of triple-negative breast cancer.
- Xintela is taking EQSTEM, a stem cell product for horses, towards the market.
- Xintela AB announces the appointment of new Board of Directors in Targinta AB.
- Xintela AB announces that the company receives a loan of SEK 9 million.
- Xintela and ScanVet Animal Health A/S sign Letter of Intent.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On 17 January 2022, an Extraordinary General Meeting was held in Xintela. At the meeting, it was resolved to distribute all shares in Targinta AB.
- Xintela informs that it has been granted SEK 4.8 million from Vinnova within the call "New and improved biological drugs in healthcare". The grant will support a clinical phase I/IIa study to evaluate the Company's stem cell product XSTEM® for the treatment of difficult-to-heal leg ulcers.
- Xintela AB announces that the company receives a loan of SEK 3 million.
- Xintela starts its first-in-human study (phase I/IIa) with XSTEM® for the treatment of knee osteoarthritis in Australia.
- Targinta selects drug candidate TARG9, a conjugated antibody, or ADC (antibody-drug conjugate), targeting the cancer marker integrin α10β1, and is being developed against triple-negative breast cancer and glioblastoma.

CONTINUED FINANCING OF OPERATIONS

Xintela's focus on stem cell therapies and Targinta's focus on cancer therapies creates great value for our shareholders, but at the same time means that we have a continued need to find resources to generate value-adding clinical and preclinical results.

To ensure the future financing needs of the operations, we work actively to evaluate various financing options such as partnerships with income from development milestones, project financing, capital raisings, grants or loans. In November 2021 and March 2022, we received loans totaling SEK 12 million to give us more time to evaluate various alternatives for long-term financing solutions. The financing work is progressing according to our expectations, and we consider it likely that our plan for continued financing will be successful and secure Xintela's continued operations for the next 12-month period.

RISKS AND UNCERTAINTIES

Limited resources
Xintela AB is a small company with limited resources in terms of management, administration and capital. The implementation of any major strategies requires optimisation 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.

Dependence on key individuals and employees
Xintela AB'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 AB may need to raise new capital. There is no guarantee that such capital can be obtained on terms that are favourable 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 annual 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.

Product development
Product development In view of the above, there is a risk that development of the Company's products is discontinued and that the products fail to reach the market.

Covid-19
The Board of Directors and management have thoroughly analysed the potential effects of the Covid-19 pandemic on the company. Xintela's operating activities to date have not been impacted to any great extent, but it cannot be ruled out that similar continued developments could have more far-reaching consequences on both the Company's operations and its possibilities for receiving critical deliveries. The Company is monitoring developments as regards the spread of Covid-19, and is doing its utmost to safeguard our employees' health and to minimise any negative effects on operations. The Company is implementing measures in accordance with the guidelines and directives issued from the relevant government authorities in order to minimise the spread of infection in its own operations as well as in contact with other collaboration partners.

Developments in Ukraine
At the beginning of 2022, relations between Russia and Ukraine deteriorated sharply and on February 24, 2022, Russia invaded Ukraine. The situation is characterized by great uncertainty and the course of events is unpredictable. Market reactions to the development have been strongly negative, which can be seen in significant price falls in the stock markets in the countries concerned, but also in other markets, including the Swedish market. In addition, the United States and Europe have imposed economic sanctions on Russia.

Xintela has no operations in Russia or Ukraine and the start-up and implementation of the company's planned clinical studies and the results of these are not expected to be affected by the war in Ukraine. Xintela will inform if such an impact on operations is expected to occur.

After the outbreak of war, the capital market has become very turbulent and both the short-term and the long-term consequences for the world economy are difficult to understand and predict. This uncertain situation may pose greater challenges in raising new capital for the Company.

THE BOARD PROPOSES THE FOLLOWING APPROPRIATION OF PROFITS

TSEK	
Non-restricted reserves	59,667
Loss for the year	-58,394
Total	**1,273**

The Board proposes that the available standing funds of TSEK 1,273 be carried forward. Accordingly, no dividend is proposed.

Financial summary

Income statement, TSEK	1/1/2021 12/31/2021	1/1/2020 12/31/2020	1/1/2019 12/31/2019	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Net sales	-	-	38	1,628	2
Capitalised development costs	-	-	-	-	-
Other operating income	11,433	14,947	5,641	-	-
Operating expenses	-51,563	-45,275	-39,596	-23,732	-21,260
Depreciation/amortisation	-3,425	-3,569	-4,130	-2,100	-673
Operating loss	-43,556	**-33,897**	**-38,047**	**-24,204**	**-21,933**
Net financial items	-538	-2,667	-18	-2,070	-12
Appropriations	-14,300	-13,693	-5,465	-	-
Loss before tax	-58,394	-50,257	-43,530	-26,274	-21,945
Loss for the year	-58,394	**-50,257**	**-43,530**	**-26,274**	**-21,945**

Balance sheet, TSEK	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Intangible assets	746	1,050	1,597	2,754	4,834
Tangible assets	7,012	8,877	11,517	12,871	828
Financial assets	18	71	125	-	-
Participations in subsidiaries	839	839	839	50	-
Other current assets	6,186	4,074	2,603	2,642	1,013
Cash and cash equivalents	9,941	33,601	412	31,397	21,910
Assets	24,742	**48,513**	**17,093**	**49,714**	**28,585**
Equity	3,947	27,607	9,323	44,945	18,415
Non-current liabilities	-	-	-	-	-
Current liabilities	20,795	20,907	7,770	4,769	10,170
Equity and liabilities	24,742	**48,513**	**17,093**	**49,714**	**28,585**

Cash flow statement, KSEK	1/1/2021 12/31/2021	1/1/2020 12/31/2020	1/1/2019 12/31/2019	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Cash flow from operating activities	-42,892	-21,330	-30,895	-31,205	-14,371
Cash flow from investing activities	-1,202	-329	-2,533	-12,112	-2,074
Cash flow from financing activities	20,434	54,848	2,443	52,804	19,376
Change in cash and cash equivalents	-23,660	33,189	-30,985	9,487	2,931
Cash and cash equivalents at the beginning of the year	33,601	412	31,397	21,910	18,979
Cash and cash equivalents at the end of the year	9,941	33,601	412	31,397	21,910

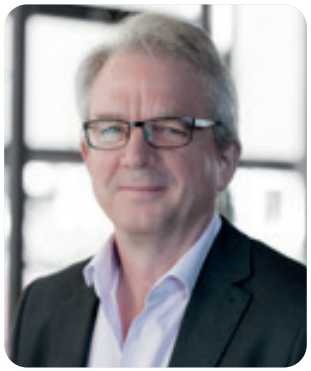
Key figures	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Quick ratio (%)	78	180	5	714	225
Equity/assets ratio (%)	16	57	55	90	64
Dividends (SEK)	-	-	-	-	-

Financial definitions

Quick ratio: Current assets (excl. inventories) divided by current liabilities

Equity/assets ratio: Equity as a percentage of total assets

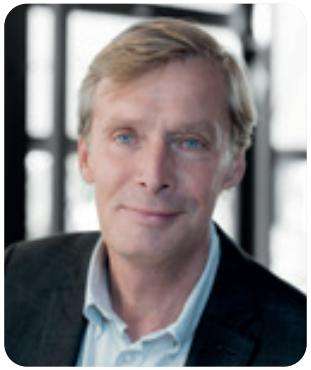
Board Members and CEO



Gregory Batcheller
CHAIRMAN OF THE BOARD SINCE 2011.
LL.M, J.D., B.SC. (ECON.)

Born: 1957
Experience: Extensive experience in pharmaceuticals, biotech and medtech.
Current assignments: Chairman of the Board of Targinta AB, Saga Diagnostics AB, ImmuneBiotech Medical Sweden AB, CarryGenes Group and Lundoch Diagnostics AB. Board member of CanImGuide AB and Immodulate Pharma AB.
Previous assignments: Chairman of the Board of Monocl AB, Abliva AB och Guard Therapeutics AB.
No. of shares: 688,300

Not independent in relation to the Company and its management, but independent of major shareholders.



Lars Hedbys
BOARD MEMBER SINCE 2021.
PH.D.

Born: 1957
Experience: Has significant experience from leading positions and board roles in the pharmaceutical, biotech and MedTech industries with several senior positions in AstraZeneca.
Current assignments: Chariman of Scandinavian ChemoTech AB, IAmPatient AB, Asgard Therapeutics AB and Vetiqure AB. Board member of Vagnlyftaren AB, Ventac Partners AB, RhoVac AB, Hamlet Pharma AB and Cell Invent Sweden AB. Deputy board member i CanImGuide Therapeutics AB and Immodulate Pharma AB.
Previous assignments: CEO of Idogen AB and Pharmiva AB.
No. of shares: 0

Independent in relation to both the Company and its management as well as to major shareholders.

Karin Wingstrand
BOARD MEMBER SINCE 2014.
PHARMACIST.

Born: 1957
Experience: Advisor to the life sciences industry. Previously employed as Global head of AstraZeneca's Clinical Development, and Global head of AstraZeneca's Pharmaceutical and Analytical Research and Development.
Current assignments: Board member of Targinta AB, T-bolaget Aktiebolag, Xbrane Biopharma AB, Histolab Products AB, Winkon Holding AB and Integrum AB.
Previous assignments: Chairman of the Board of Mevia AB. Board member of Swecure AB, Adenovir Pharma AB and Aqilion AB.
No. of shares: 105,000

Independent in relation to both the Company and its management as well as to major shareholders.

Maarten de Château
BOARD MEMBER SINCE 2021.
MD, PH.D.

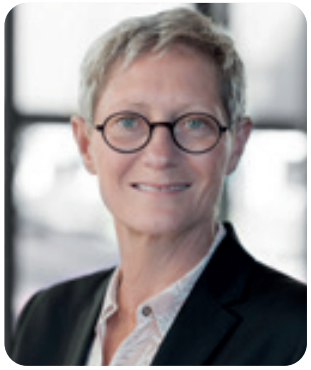
Born: 1963
Experience: More than 15 years of experience from roles in clinical drug development and business development at Sanofi, Sobi and Camurus. Prior to that, he worked as a stock analyst.
Current assignments: Chairman of the Board of Atrogi AB, Board member of Targinta AB, Beactica Therapeutics AB, Cavis Technologies AB, Cordivest AB, Chateau Holding AB, Buzzard Pharmaceuticals AB, MetaCurUm Biotech AB and Amarna Holding BV. CEO of Sixera Pharma AB, Cordivest AB, Buzzard Pharmaceuticals AB and MetaCurUm Biotech AB.
Previous assignments: Board member of OxTheraAB, Addbio AB, Gesynta Pharma AB, Evident Life Försäkring AB and styrelsesuppleant i Nylof Holding AB.
No. of shares: 1 282 051

Not independent in relation to the Company and its management, but independent of major shareholders.

Sven Kili
BOARD MEMBER SINCE 2014.
MEDICAL DOCTOR, ORTHOPAEDIC SPECIALIST.

Born: 1967
Experience: Extensive experience in cell therapy. Sven is a surgeon with orthopaedic specialist training with many years' experience of successful development and commercialisation of cell and gene therapy products from senior positions in the pharmaceutical industry, including Genzyme, Sanofi Biosurgery and GlaxoSmithKline. Sven was also responsible for medical and regulatory issues in cell therapy at Geistlich Pharma. He maintains his clinical expertise in the National Health Service (NHS) in the UK.
Current assignments: Board member of CCRM, CEO in Antion Biosciences SA, and Managing Director of Sven Kili Consulting Ltd.
Previous assignments: Board member of SCB. Vice-President and Head of Cell & Gene Therapy Development in GlaxoSmithKline.
No. of shares: 330,427

Not independent in relation to the Company and its management, but independent of major shareholders.



Evy Lundgren-Åkerlund
CHIEF EXECUTIVE OFFICER SINCE 2009.
DOCTOR OF MEDICAL SCIENCE, SENIOR LECTURER.

Born: 1957
Experience: Xintela's founder. Extensive experience in biomedical research and development. Has previously held senior positions in both academia and industry. Founded Cartela AB and was CEO and Head of Research from 2000-2007. Was Director of Operations/CEO of Ideon Bioincubator/Lund Life Science Incubator from 2008-2012.
Current assignments: Board member of Targinta AB.
Previous assignments: Board member of Xintela AB.
No. of shares: 4,452,000

Not independent in relation to the Company and its management or by major shareholders.

Financial statements

Income statement for the Company

(TSEK)	Note	1/1/2021 12/31/2021	1/1/2020 12/31/2020
Operating income			
Net sales		-	-
Cost of goods sold		-	-
Gross profit		-	-
Operating expenses	6-11		
Research and development costs		-44,120	-38,170
Selling costs		-4,095	-3,757
Administrative expenses		-6,773	-6,917
Other operating income		11,433	14,947
Other operating expenses		-	-
Operating loss		**-43,556**	**-33,897**
Profit/loss from financial items			
Financial income		-	-
Financial expenses		-538	-2,667
Loss before tax		**-44,094**	**-36,564**
Appropriations		-14,300	-13,693
Tax on loss for the year	12	-	-
Loss for the period	19	**-58,394**	**-50,257**
Loss per share, SEK	5	-0.65	-0.68

The company has no items of other comprehensive income, so comprehensive income is consistent with profit/loss for the year.

Earnings/loss per share, calculated on earnings attributable to each of the company's shareholders during the year (expressed as SEK per share).

The total number of shares registered at 31 December 2021 was 89,134,021. The corresponding figure for 31 December 2020 was 73,966,564. The weighted-average number of shares was 82,867,900 in 2021, and 48,542,340 in 2020.

Balance sheet for the Company

(TSEK)	Note	12/31/2021	12/31/2020
ASSETS	15		
Fixed assets			
Intangible assets	13	746	1,050
Tangible assets	14	7,012	8,877
Financial assets		18	71
Participations in subsidiaries		839	839
Total fixed assets		**8,615**	**10,838**
Current assets			
Receivables from subsidiaries		3,081	3,476
Tax assets		706	-
Other receivables		1,449	-
Prepaid expenses		950	598
Cash and cash equivalents		9,941	33,601
Total current assets		**16,127**	**37,675**
TOTAL ASSETS		**24,742**	**48,513**
EQUITY AND LIABILITIES			
Equity	16		
Share capital		2,674	2,219
Development expenses fund		0	113
Share premium reserve		242,714	208,435
Retained earnings		-183,047	-132,903
Loss for the period		-58,394	-50,257
Total equity		**3,947**	**27,607**
Current liabilities	15		
Accounts payable		3,899	2,712
Tax liability		135	233
Other liabilities		13,019	13,646
Accrued expenses and deferred income	17	3,742	4,316
Total current liabilities		**20,795**	**20,907**
TOTAL EQUITY AND LIABILITIES		**24,742**	**48,513**

Cash flow statement for the Company

(TSEK)	1/1/2021 12/31/2021	1/1/2020 12/31/2020
Operating activities		
Operating loss	-43,556	-33,897
Depreciation/amortisation	3,425	3,569
Financial income		-
Financial expenses	-538	-2,667
Cash flow from operating activities before changes in working capital	**-40,669**	**-32,995**
Changes in working capital		
Increase/decrease in receivables	-2,111	-1,471
Increase/decrease in current liabilities	-112	13,137
Changes in working capital	**-2,223**	**11,666**
Cash flow from operating activities	**-42,892**	**-21,330**
Investing activities		
Increase/decrease of tangible assets	-1,255	-383
Increase/decrease of intangible assets		-
Increase/decrease of financial assets	53	54
Cash flow from investing activities	**-1,202**	**-329**
Financing activities		
New share issue	34,734	32,697
New share issue, warrants		35,844
Group contribution paid	-14,300	-13,693
Increase / decrease of long-term liabilities		-
Cash flow from financing activities	**20,434**	**54,848**
Change in cash and cash equivalents	-23,660	33,189
Cash and cash equivalents at the beginning of the period	33,601	412
Cash and cash equivalents at the end of the period	**9,941**	**33,601**

Statement of changes in equity for the Company

(TSEK)	Share capital	Development expenses	Share premium	Retained earnings	Loss for the period	Total
Opening balance, January 1, 2020	**1,224**	**245**	**140,889**	**-89,504**	**-43,530**	**9,323**
Reversal of prior year's accruals	-	-	-	-43,530	43,530	-
Development expenses fund	-	-132	-	132	-	-
New share issue	502		32,195	-	-	32,697
New share issue, warrants	493	-	35,351	-	-	35,844
Loss for the period	-	-	-	-	-50,257	-50,257
Equity, December 31, 2020	**2,219**	**113**	**208,435**	**-132,903**	**-50,257**	**27,607**
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**

Note 1 General information

Xintela AB, corp. reg. no. 556780-3480, is based in Lund, Sweden.

Xintela AB's Annual Report for the January–December 2021 period was approved for publication according to a Board decision on 22 April 2021.

All amounts are in thousands of Swedish kronor (TSEK) unless otherwise stated. The figures in parentheses refer to the preceding period.

Note 2 Summary of significant accounting policies

The most significant accounting policies applied in the preparation of this interim report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

BASIS OF PREPARATION

Xintela AB's annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012: 1 Annual report and consolidated accounts (K3). The accounting principles are unchanged compared with the previous year. According to exception rules in Chapter 7 of the Annual Accounts Act, Xintela has chosen not to prepare any consolidated accounts.

TRANSLATION OF FOREIGN CURRENCY

Transactions and balance-sheet items

Foreign currency items are translated into the company's functional currency using the exchange rate at the date of transaction. Exchange rate gains and losses arising from the payment of such transactions or the translation of monetary assets and liabilities in foreign currency using the closing rate on the balance-sheet date, are recognized in operating profit/loss in the income statement.

INTANGIBLE ASSETS

Capitalized patent costs

The company is engaged in researching and developing new products. Research costs are expensed when incurred. Development expenses directly attributable to the development of identifiable and unique products are recognized as intangible assets if the following criteria are met:

- it is technically feasible to complete the product so that it can be used,
- the company intends to complete the product and either use or sell it,
- the company is able to use or sell the product,
- it can be demonstrated that the product will probably generate future economic benefits,
- sufficient technical, financial, and other resources for completing the development and for using or selling the
- product are available, and
- expenses attributable to the product during its development can be measured reliably.

Directly attributable costs that are capitalized also include employee benefits and a fair share of indirect costs.

Other development expenses that do not satisfy these criteria are expensed when incurred.

Development costs previously expensed are not recognized as an asset in a subsequent period.

Directly attributable costs that are capitalized also include employee benefits and a fair share of indirect costs. Other development expenses that do not satisfy these criteria are expensed when incurred. Development costs previously expensed are not recognized as an asset in a subsequent period.

TANGIBLE ASSETS

Tangible assets are recognized at cost less depreciation and impairment. Cost includes expenses directly attributable to acquisition of the asset.

Additional expenses are added to the asset's carrying amount or recognized as a separate asset, whichever is appropriate, only when it is probable that future economic benefits embodied in the asset will flow to the company and the cost of the asset can be measured reliably.

The straight-line method of depreciation is applied as follows: Machinery and equipment: 2-5 years

The residual value and remaining useful life of the asset is tested at the end of every reporting period and adjusted accordingly. The carrying amount of an asset is immediately reduced to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on the disposal of a tangible fixed asset are determined by a comparison between the sale proceeds and the carrying amount and are recognized in other operating income or expenses in the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Whenever there is an indication that the value of an asset has diminished, a test of impairment is conducted. If the recoverable amount of the asset is lower than the carrying amount, it is written down to the recoverable amount. To test for impairment, the assets are grouped to the lowest levels at which there are separate identifiable cash flows

(cash-generating units). An impairment test is performed on every closing date on assets, other than goodwill, which have previously been written down, to determine whether or not the impairment should be reversed.

Impairment losses and reversals of impairment losses are recognized in the income statement according to the function in which the asset is used.

FINANCIAL INSTRUMENTS – GENERAL

Financial instruments are recognized in accordance with the rules in K3 Chapter 11, which means the estimate is based on cost.

Financial instruments reported in the balance sheet include securities, accounts receivable and other receivables, current investments, accounts payable, loan liabilities and derivative instruments. The instruments are recognized in the balance sheet when Xintela AB becomes a party to the contractual terms of the instrument.

Financial assets are derecognized when the rights to receive cash flows from the instrument have expired or been transferred, and the

company has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are derecognized from the balance sheet when the obligations specified in the contract are discharged, cancelled, or expire.

The fair value of current receivables and liabilities corresponds to their carrying amount, since the discount effect is not material.

ACCOUNTS RECEIVABLE
Accounts receivable are financial instruments comprising amounts to be paid by customers for goods and services sold in operating activities. If payment is expected within one year or earlier, they are classified as current assets. Otherwise they are recognized as fixed assets.

Accounts receivables are initially measured at fair value and subsequently at accrued cost using the effective interest method, less provision for impairment.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents are financial instruments. In the balance sheet, the item includes cash and bank balances. Cash flow includes the item cash, bank balances and the company's cash pool.

EQUITY
Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares or options are recognized in equity as a deduction from the proceeds.

Development expenses fund
If the company has internally generated intangible assets as of 2016, the amount recapitalized from non-restricted equity to development expenses fund is recognized less amortized capital costs since 2016.

ACCOUNTS PAYABLE
Accounts payable are financial instruments and relate to obligations to pay for goods and services acquired in operating activities from suppliers. Accounts payable are classified as current liabilities if they mature within one year. Otherwise they are recognized as non-current liabilities.

Accounts payable are initially measured at fair value and subsequently at accrued cost using the effective interest method.

CURRENT AND DEFERRED TAX
Deferred tax is recognized, using the balance-sheet method, on all temporary differences arising between the taxable value of assets and liabilities and their carrying amount in the accounts. Deferred income tax is calculated using tax rates determined or announced at the balance-sheet date and that are expected to apply when the actual deferred tax asset is realized, or the deferred tax liability is adjusted.

The Board will not examine the issue of recognizing deferred tax assets related to loss carryforwards until the company has demonstrated earning power.

EMPLOYEE BENEFITS
Pension obligations
The company has defined-contribution plans only.

A defined-contribution plan is a retirement plan for which the company contributes a fixed amount to a separate legal entity. The company has no legal or informal obligations to pay additional contributions unless this legal entity has sufficient assets to pay all employee benefits related to services rendered by employees during current or previous periods.

For defined-contribution plans, the company pays contributions to publicly or privately managed pension schemes on a mandatory, contractual, or voluntary basis. Other than these contributions, the company has no payment obligations. The contributions are recognized as employee benefit expenses when they fall due for payment. Prepaid contributions are recognized as an asset to the extent that the prepayment will lead to a cash refund or reduction in future payments.

LEASES
The company has operating lease arrangements only for its premises. Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made during the lease term are expensed in the income statement on a straight-line basis over the lease term.

CASH FLOW STATEMENT
The cash flow statement is prepared using the indirect method. This means that operating profit/loss is adjusted for transactions not included or paid during the period, and for any income and expenses attributable to cash flows stemming from investing or financing activities.

Note 3 Key judgements and estimates

Judgements and estimates are continuously reviewed and based on historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES
The company makes estimates and assumptions about the future. The subsequent accounting estimates, by definition, may not always correspond to the actual outcome. The estimates and assumptions with a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year are outlined below.

INTANGIBLE ASSETS
Xintela is to some extent dependent on being granted protection for its intangible assets. The company's intellectual property (IP) rights are mainly protected by patents and patent applications. A patent application provides protection corresponding to a patent provided that the patent is eventually granted. The contents of the patent portfolio are described clearly below. Research and development conducted both in-house by Xintela and in collaborations, continuously generates new patent opportunities for the company in existing projects, as well as totally new areas. These opportunities are carefully evaluated by Xintela and by patent agents consulted by the company. The decision to patent a certain discovery is made on a case-by-case basis.

Xintela's IP portfolio currently consists of eight published patent families that, in combination, protect various aspects of Xintela's technology platform. The simplified designations of these eight patent families are "Markers for stem cells", "Antibodies that bind to integrin α10β1", "Detection and treatment of malignant tumors in CNS", "Markers for neural stem cells", "XACT - quality assurance of

chondrocytes", "XSTEM/stem cell product", "Treatment of aggressive forms of cancer" and "Stem cells for treatment of respiratory disorders".

- The "Markers for stem cells" patent protects the use of integrin α10β1 for identifying and selecting mesenchymal stem cells.
- The "Antibodies that bind to integrin α10β1" patent protects technologies related to the unique mAb365 antibody, which binds to integrin α10β1.
- The "Detection and treatment of malignant tumors in CNS" patent covers the use of Xintela's unique antibodies for the diagnosis and treatment of central nervous system (CNS) tumors, including glioblastoma brain tumors.
- The "Markers for neural stem cells" patent protects integrin α10β1-enriched stem cells as a product, and also includes methods for identifying, selecting, and cultivating neural stem cells, as well as the treatment of brain damage.
- The "XACT - quality assurance of chondrocytes" patent protects chondrocyte products with high integrin α10β1 expression and low integrin α11β1 expression, and therapeutic applications of these chondrocytes.
- The "XSTEM/stem cell product" patent protects the application of Xintela's stem cell product XSTEM for all therapeutic use including the prevention and treatment of degenerative joint diseases, such as osteoarthritis. The patent also protects application for inducing fracture healing.
- "Treatment of aggressive forms of cancer" patent covers the use of Xintela's unique markers for the diagnosis and treatment of aggressive tumors, including triple-negative breast cancer.
- "Stem cells for treatment of respiratory disorders" includes the use of Xintela's stem cell product XSTEM for the treatment of respiratory disorders.

The company has a highly active research and development program, and new patent applications will be filed with the aim of obtaining market exclusivity for the continued development of products and methods based on Xintela's technology platform.

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.

Note 4 Financial risk management

A research company such as Xintela is characterized by high operational and financial risk, since the company's projects are in various stages of development in which a number of parameters can affect the likelihood of commercial success. In summary, the operations are associated with risks related to drug development, competition, technological advancement, patents, regulatory requirements, capital requirements, currencies, and interest rates. No major changes related to risks or uncertainties have occurred during the current period.

From an accounting perspective, there are four key risk areas – market risk, credit risk, currency risk and risk arising in connection with future financing. Xintela AB is not yet exposed to market risk or credit risk, but the company could face liquidity risk. The company monitors liquidity reserve forecasts carefully to ensure that the company has sufficient funds to meet the needs of its ongoing operations. Currency risk relates to the company's EUR exposure and the company regularly evaluates any needs for currency hedging. Other risks and uncertainties are described in the Directors' Report.

Note 5 Earnings/loss per share

On 31 December 2021, the company had 89,134,021 registered shares. On 31 December 2020, the company had 73,966,564 registered shares. The weighted-average number of shares was 82,867,900 in 2021, and 48,542,340 in 2020.

On 31 December 2021, loss per share was SEK 0.65 (loss: 0.68) based on the result for the period divided by the number of shares registered on 31 December 2021. Earnings per share after dilution are not affected since the company reported a loss.

Note 6 Operating expenses classified by function

Operating expenses are presented in comprehensive income and classified by their function "Research and development costs", "Selling costs" and "Administrative expenses". Total expenses divided by function are divided between the following types of costs.

TSEK	2021	2020
Employee benefit expenses	20,552	16,894
Premises/operating costs	2,510	2,121
Research collaboration/consultants	9,638	8,666
Depreciation and amortisation (Notes 13–14)	3,425	3,569
Other costs	18,863	17,594
Total costs for research and development, selling and administration	**54,988**	**48,844**

Note 7 Employees

Average no. of employees	2021	2020
No. of employees	16	17
of whom men	*2*	*2*

Note 8 Distribution of senior executives

	12/31/2021	12/31/2020
Board members	5	3
of whom men	*4*	*2*
Other employees in senior management incl. the CEO	1	1
of whom men	*0*	*0*
Total	**6**	**4**

Note 9 Remuneration and benefits

2021 KSEK	Board fees	Basic salary	Variable pay	Pension cost	Social security expenses	Total
Gregory Batcheller, Chairman of the Board	300				83	383
Maarten de Château, Board member	150				47	197
Lars Hedbys, Board member	150				47	197
Sven Kili, Board member	150				21	171
Karin Wingstrand, Board member	150				47	197
Evy Lundgren-Åkerlund, CEO		1,670	375	520	769	3,334
Total Board and CEO	**900**	**1,670**	**375**	**520**	**1,013**	**4,478**
Other employees		12,095		1,477	2,214	15,786
Capitalised salary costs						
Total	**900**	**13,765**	**375**	**1,997**	**3,227**	**20,264**

2020 KSEK	Board fees	Basic salary	Variable pay	Pension cost	Social security expenses	Total
Gregory Batcheller, Chairman of the Board	95				26	121
Peter Edman, Board member	47				15	62
Sven Kili, Board member	120				17	137
Karin Wingstrand, Board member	47				15	62
Evy Lundgren-Åkerlund, CEO		1,511	343	632	605	3,091
Total Board and CEO	**309**	**1,511**	**343**	**632**	**678**	**3,473**
Other employees		8,012		1,498	1,515	11,025
Capitalised salary costs						
Total	**309**	**9,523**	**343**	**2,130**	**2,193**	**14,498**

Variable pay

The variable pay is earned the year before the board's decision and payment. The variable pay for the financial year 2021 will be decided and paid out in 2022 and is not expected to deviate significantly from the previous year.

Severance pay

A notice period of six and three months, respectively, applies between the company and the CEO.

The CEO does not have a severance pay contract.

Note 10 Related-party transactions

Related-party transactions comprise consulting services, and these were conducted under normal market terms.

TSEK	2021	2020
Stanbridge BVBA (owned by Gregory Batcheller, Chairman of the Board)	832	487
Sven Kili, Board member	518	2,195
Total Board and CEO	**1,350**	**2,682**

Consulting agreement with Sven Kili

On 26 September 2014, the company entered into a con-sulting agreement with Board member Sven Kili, through company, on normal market terms. Under the agreement, Sven Kili is required to provide product development and marketing consulting services on behalf of the company. For these services, he is paid an hourly rate of GBP 200 ex VAT (GBP 300 from 2019). The company will have sole ownership rights to any inventions or other intellectual property rights arising as a result of, and during the term of, the agreement. The agreement will remain valid until further notice, with a mutual notice period of three months.

Consulting agreement with Gregory Batcheller

On 1 April 2016, the company entered into a consulting agreement with the Chairman of the Board, Gregory Batcheller, through company, on normal market terms. Under the agreement, Gregory Batcheller is required to provide consulting services in legal matters, negotiation and contract assignments, patents, Investor Relations strategies, business development and financing on behalf of the company. For these services, he will be paid an hourly rate of SEK 1,400 (ex VAT).

Note 11 Auditor's fees

TSEK	2021	2020
PricewaterhouseCoopers AB		
Audit assignment	147	190
Non-audit services	54	54
Tax consultancy		
Other services	61	137
Total	**262**	**382**

Note 12 Taxes

At 31 December 2021, the company's total deficit was a provisional TSEK 257,724 (198,912). Deferred tax on the deficit has not been taken into account.

Tax effects for the year		
TSEK	**2021**	**2020**
Tax effect on profit/loss for the year	12,029	10,755
Tax effect on ESA items	-0.06	-0.05
Tax effect on unrecognised loss carryforwards	-12,029	-10,755
Tax in the income statement	**0**	**0**

Note 13 Patents

TSEK	2021	2020
Opening costs	6,542	6,542
Patents sold to subsidiaries		
Capitalised patent costs for the year		
Closing acc. costs	**6,542**	**6,542**
Opening amortisation	-5,492	-4,945
Amortisation of patents sold		
Amortisation for the year	-304	-547
Closing acc. amortisation	**-5,796**	**-5,492**
Closing carrying amount	**746**	**1,050**

Note 14 Equipment

TSEK	2021	2020
Opening costs	15,516	15,133
Acquisitions for the year	1,255	383
Closing acc. costs	**16,771**	**15,516**
Opening depreciation and amortisation	-6,639	-3,617
Depreciation and impairment for the year	-3,120	-3,022
Closing acc. depreciation	**-9,759**	**-6,639**
Closing carrying amount	**7,012**	**8,877**

Note 15 Financial instruments by category

Assets in the balance sheet		
TSEK	**12/31/2021**	**12/31/2020**
Loans and receivables		
Accounts receivable		
Receivables from subsidiaries	3,081	3,476
Other receivables	3,105	598
Cash and cash equivalents	9,941	33,601
Total	**16,127**	**37,675**

Liabilities in the balance sheet		
TSEK	**12/31/2021**	**12/31/2020**
Other financial liabilities		
Accounts payable	3,899	2,712
Other current liabilities	16,896	18,195
Total	**20,795**	**20,907**

Note 16 Share capital and other contributed capital

	No. of shares	Share capital	Other paid-in	Total
At 1 January 2020	39,470,708	1,224	140,889	142,112
New share issue, conversion of loans	1,318,036		0	0
New share issue	16,754,112	502	32,195	32,697
New share issue, TO	16,423,708	493	35,351	35,844
Equity, 31 December 2020	**73,966,564**	**2,219**	**208,435**	**210,653**
At 1 January 2021	73,966,564	2,219	208,435	210,653
New share issue, conversion of loans	3,201,645	96	8,500	8,596
New share issue	11,965,812	359	25,779	26,138
Equity, 31 December 2021	**89,134,021**	**2,674**	**242,714**	**245,387**

The share

Xintela AB (publ) was listed on Nasdaq First North in Stockholm on 22 March 2016.

At 31 December 2021, the company had 89,134,021 shares. 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. The nominal value of the share is SEK 0.03 and the registered share capital is SEK 2,674,020.63

Note 17 Accrued expenses

TSEK	12/31/2021	12/31/2020
Accrued salary, including social security contributions		446
Accrued holiday pay liability, including social security contributions	1,238	709
Other accrued expenses	2,504	3,161
Total	**3,742**	**4,316**

Note 18 Contingent liabilities

Neither the Parent Company nor the Group had any pledged assets or other contingent liabilities on 31 December 2021.

Note 19 Appropriation of profits

The Board proposes the following appropriation of profits:

TSEK	
Non-restricted reserves	59,667
Loss for the year	-58,394
Total	**1,273**

The Board proposes that the funds available for distribution, TSEK 1,273, be carried forward. Accordingly, no dividend is proposed.

Note 20 Significant events after the end of the period

- On January 17, 2022, an Extraordinary General Meeting was held in Xintela. At the meeting, a decision was made spin out all shares in Targinta AB to Xintelas owners.
- On January 18, 2022, Xintela informs that SEK 4.8 million has been granted by Vinnova within the project "New and improved biological drugs in healthcare". The grant relates to the financing of a clinical phase I/IIa study that will evaluate the Company's stem cell product XSTEM® for the treatment of difficult-to-heal leg ulcers.
- Xintela AB announced that the company received a loan of SEK 3 million.
- On March 21, Xintela announces that the company received a loan of SEK 3 million
- On April 4, Xintela announces starts its first-in-human study (Phase I/IIa) with XSTEM® for the treatment of knee osteoarthritis in Australia.
- On April 5, announces Targinta the selection of the drug candidate TARG9, a conjugated antibody, or ADC (antibody-drug conjugate), targeting the cancer marker integrin $\alpha 10\beta 1$, being developed against triple-negative breast cancer and glioblastoma.

Approval of financial reports

The annual report and consolidated financial statements were approved by the Board of Directors and approved for publication. The annual report and consolidated financial statements will be subject to approval at the Annual General Meeting on May 6, 2022.

The Board of Directors and the CEO hereby certify that the Annual Report has been prepared in accordance with BFNAR 2012:1 and give a true and fair view of the company's position and results and that the annual report provides a true and fair view of the development of the company's operations, position and results and describes the significant risks and uncertainties that the company faces.

Lund April 22, 2022

Gregory Batcheller
Chairman of the Board

Maarten de Château
Board member

Lars Hedbys
Board member

Sven Kili
Board member

Karin Wingstrand
Board member

Evy Lundgren-Åkerlund
CEO

Our audit report was submitted on April 22, 2022.
Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Xintela AB, corporate identity number 556780-3480

REPORT ON THE ANNUAL ACCOUNTS

OPINIONS

We have audited the annual accounts of Xintela AB for the year 2021. The annual accounts of the company are included on pages 12-28 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Xintela AB as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Xintela AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS

This document also contains other information than the annual accounts and can be found on pages 1-11 and 31-34. The Board of Directors and the Chief Executive Officer are responsible for the other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the section in the administration report that informs about that the ability to continue as a going concern is dependent on the success of the described and ongoing work related to financing.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS CHIED EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors Chief Executive Officer are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer o Xintela AB for the year 2021 financial year, and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Xintela AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Stockholm 22 april 2022
Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant

Other information

Patents

Patent family number	Patent family	Status	Territories	Estimated patent expiry
Xintela				
WO 03/106492 (Method)	Stem cell marker	Granted	AU, CA, EP, JP, US	2023
WO 2004/089990 (Product + method)	Antibody capable of binding integrin α10β1	Granted	AU, CA, EP, JP, US	2024
WO 2018/033596 (Product + method)	Marker for neural stem cells	Pending in national phase. Granted in Europa (EP), AU and Sydafrika Notice of allowance in MX.	AU, BR, CA, CN, EP, IN, IL, JP, MX, SG, KR, US, ZA	2037
WO 2018/138322 (Product + method)	XSTEM/Stem cell product	Pending in national phase. Granted in Europa (EP), ZA. Notice of allowance in IL, MX.	AU, BR, CA, CN, EP, IN, IL, JP, KR, MX, SG, ZA, US	2038
WO 2019/002547 (Product + method)	XACT – quality assurance of chondrocytes	Pending in national phase. Granted in USA.	AU, BR, CA, CN, EP, IL, IN, JP, KR, MX, SG, TW, US (DIV), ZA	2038
WO 2021/224449 (Method)	Stem cells for treatment of respiratory disorders	PCT[1)]	-	2041
Targinta				
WO 2016/133449 (Method)	Detection and treatment of malignant tumors in the CNS	Pending in national phase. Granted in Europa (EP), USA and AU. Notice of allowance in IL, JP	AU, CA, CN, EP, IL, JP, KR, US, ZA	2036
WO 2020/212416 (Method)	Treatment of aggressive forms of cancers	Pending in national phase	AU, BR, CA, CN, EP, IL, JP, KR, MX, SG, ZA, US	2039

1) Patent Cooperation Treaty, PCT, is an international treaty that provides the possibility, through a single application in one language, to receive a review and preliminary patentability assessment carried out by an authority for approximately 150 countries.

INTELLECTUAL PROPERTY

Xintela is to some extent dependent on being granted protection for its intangible assets. The company's intellectual property (IP) rights are mainly protected by patents and patent applications. A patent application provides protection corresponding to a patent provided that the patent is eventually granted. The contents of the patent portfolio are described clearly below. Research and development conducted both in-house by Xintela and in collaborations, continuously generates new patent opportunities for the company in existing projects, as well as totally new areas. These opportunities are carefully evaluated by Xintela and by patent agents consulted by the company. The decision to patent a certain discovery is made on a case-by-case basis.

Xintela's IP portfolio currently consists of eight published patent families that, in combination, protect various aspects of Xintela's technology platform.

The company has a highly active research and development program, and new patent applications will be filed with the aim of obtaining market exclusivity for the continued development of products and methods based on Xintela's technology platform.

Other

COMPANY INFORMATION
Company name: Xintela AB (publ)
Corporate registration number: 556780-3480
Legal form: Public limited company
Registered office: Lund
Trading venue: Nasdaq First North
Address: Medicon Village, 223 81 Lund
Phone: +46 46 275 65 00
Website: www.xintela.se

FINANCIAL CALENDAR
Interim report Q1, 2022: Maj 20, 2022
Interim report Q2, 2022: August 26, 2022
Interim report Q3, 2022: November 25, 2022
Interim report Q4, 2022: February 24, 2023

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.

xintela

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