
xintela
In 2022, Xintela established itself as a company in clinical development with two ongoing clinical studies.
Annual Report 2022

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**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 13–34 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

## XSTEM moving forward in clinical studies

*During the past year, Xintela became a clinical stage company. We now have two clinical studies ongoing with the goal of evaluating the safety and preliminary efficacy of our stem cell product XSTEM® for the treatment of knee osteoarthritis and difficult-to-heal venous leg ulcers. Our subsidiary Targinta has advanced the preclinical development of candidate drug TARG9, in the hot ADC field, for the treatment of aggressive cancers and is currently preparing for clinical Phase 0 microdosing studies.*

**Treatment of osteoarthritis with XSTEM**

We are conducting a clinical phase I/IIa study in patients with knee osteoarthritis in Australia. Dosing of the first two dose levels of XSTEM has been completed and judged safe by the Safety Review Committee. In the third and final dose level, three of eight patients have currently been dosed. A total of 24 patients will be treated in this dose escalation part of the study and we have the option to expand the study with additional 30 patients.

We expect to have safety readings from all three dose levels by mid-2023 and early efficacy signals by the end of 2023. The study will last for 18 months with efficacy readings every six months. Given the huge need for a disease-modifying osteoarthritis treatment that can regenerate damaged articular cartilage, reduce pain and improve joint function, we expect great interest from a number of potential partners.

**Treatment of difficult-to-heal venous leg ulcers with XSTEM**

In the clinical study of difficult-to-heal venous leg ulcers in Linköping, we have yet to include the first patient, but the clinical team continues to screen patients with leg ulcers to identify those who meet the criteria and can be included in the study. The Medical Products Agency has recently approved a protocol amendment that allows the inclusion of a broader patient group, which is expected to facilitate recruitment. It may also be necessary to activate additional clinics to speed up recruitment. We are eagerly looking forward to dosing the first patient. Since the study will include only 12 patients and an initial evaluation of safety and efficacy will take place already ten weeks after treatment, we expect to have results in 2023. The clinical study is largely financed by a grant from Vinnova that Xintela received in early 2022 together with Professor Folke Sjöberg and his team at Linköping University.

**The product is our pipeline**

Our unique stem cell product XSTEM has the potential to treat many different diseases that currently lack treatment options. We have chosen knee osteoarthritis and difficult-to-heal venous leg ulcers as the first treatment indications for XSTEM because these diseases affect a very large number of people and cause severe pain and severely reduced quality of life. Our preclinical studies have shown disease-modifying effects of XSTEM in both osteoarthritis and skin wounds in animal models. We now look forward to value-creating positive results from our clinical studies that will take us to partnerships and commercial agreements for further clinical development and commercialisation of XSTEM.

**Accelerating our EQSTEM program**

During the past year, we have continued to evaluate the mechanisms of action of our stem cell product for horses, EQSTEM, in an equine model for osteoarthritis. The results form a strong

basis for future clinical studies in horses and for commercialization of an effective stem cell product for the treatment of joint disease in horses. We are now looking forward to accelerating the development of EQSTEM and have recently hired a project manager to lead the continued development of our veterinary program.

**Our GMP facility is key to successful commercialisation**
An important component in the development and commercialisation of our stem cell-based products are our own GMP-classified production facility. In addition to producing XSTEM for development of our own therapy areas, it is our ambition to in collaboration with partners also manufacture and expand XSTEM to other medical indications and to develop and produce EQSTEM for veterinary use.

To secure increased production capacity for the future, we signed a framework agreement with NorthX Biologics at the end of 2022. This is a very exciting collaboration where Xintela and NorthX Biologics together can accelerate the development of advanced therapies by using complementary competencies and resources in process development, GMP manufacturing and business development. This gives Xintela opportunities to broaden the development and commercialisation of XSTEM and EQSTEM and also to commercialise our expertise for process development and GMP manufacturing of other cell-based therapies.

**TARG9 designated as candidate drug in the hot ADC field**
During the year, Targinta's Antibody-Drug Conjugate (ADC) TARG9 was selected as our candidate drug for the treatment of aggressive cancers with a focus on glioblastoma and triple-negative breast cancer (TNBC). TARG9, which is armed with a powerful toxin, has been shown in preclinical studies to effectively kill cancer cells from the highly aggressive brain tumor glioblastoma and prevent tumor growth. With a unique target in integrin α10β1, effective First-in-Class antibodies, and a strong patent portfolio, Targinta has a very exciting position in the ADC field, which is one of the hottest areas in cancer therapy (see article from BioStock). Targinta is also developing a function-blocking antibody, TARG10. TARG10 has been shown, in preclinical models, to effectively inhibits the growth of glioblastoma and TNBC and also metastasis of TNBC.

**Targinta's candidate drugs to be validated in Phase 0 clinical studies**
Based on very promising preclinical results with our candidates drugs TARG9 and TARG10, we have recently chosen to conduct clinical Phase 0 microdosing studies. In a Phase 0 clinical study, a very low dose of the antibody is administered to cancer patients to show that it finds and binds to the tumor. This is a very cost-effective way to validate Targinta's target molecule integrin α10β1 and treatment concept with our antibodies. This will reduce the risk in the continued clinical development and increases the value of the project. Upon completion of the Phase 0 studies in approximately two years, our goal is to enter into agreements with partners for the continued clinical and commercial development where we aim to achieve significant upfront and milestone payments. We have extensive business development initiatives underway now to achieve these goals.

**Our patent portfolio advances with several approvals and new patent applications**
Our patent portfolio grew in 2022 with approvals in several important markets. Our stem cell product XSTEM has recently received patent protection for all therapeutic uses also in Japan and the US in addition to Europe and several other countries. Furthermore, the patent family protecting antibody treatment targeting our target molecule on brain tumors has been expanded with approvals in several countries including Japan (see table page 38). During the year, we also applied for patents for two different antibody products for the treatment of cancer.

**Changes in the Board of Directors and management**
In May 2022, we expanded Xintela's Board of Directors with Achim Simons, who is an orthopedic surgeon with extensive experience from marketing and sales internationally and who is also engaged in Xintela's business development. When Flerie Invest became a major shareholder in Xintela, Flerie Invest's owner and President Thomas Eldered was elected to Xintela's Board of Directors in November. We are very much looking forward, together with Achim, Thomas and the team at Flerie Invest, to continue to develop Xintela and Targinta and build value in our companies for all our shareholders.

In October 2022, Per Norlén left his position as CEO of Targinta and Peter Ekolind, who is Xintela's part-time COO, was appointed acting CEO of Targinta.

**Financing**
In mid-2022, Xintela carried out a fully guaranteed rights issue and a directed share issue totaling approximately SEK 55 million before issue costs. Flerie Invest subscribed in both issues and thereby acquired approximately 34 percent ownership in Xintela. This led to a mandatory bid procedure with an offer to acquire shares from other shareholders, which is a legal requirement for ownership above 30 percent. In the mandatory bid process, Xintela's former major shareholder Bauerfeind sold its remaining shareholding of 4.7 percent to Flerie Invest. In addition, Flerie Invest acquired 2 percent of the shares from other shareholders and has thereby increased its ownership in Xintela to 40.7 percent.

We continue to evaluate the best financing solutions for both Xintela and Targinta that can either be implemented jointly or separately. To give us more time to evaluate different financing possibilities we have received short term bridge loans from Flerie Invest. With Flerie Invest as a committed long-term major shareholder, we are convinced that we will continue to find financing and partnering solutions that will accelerate Xintela's product development and ensure that our highly innovative and much needed products reach patients as quickly as possible.

We are now looking forward to a very exciting 2023 with results from clinical studies and advancement in partnering discussions.

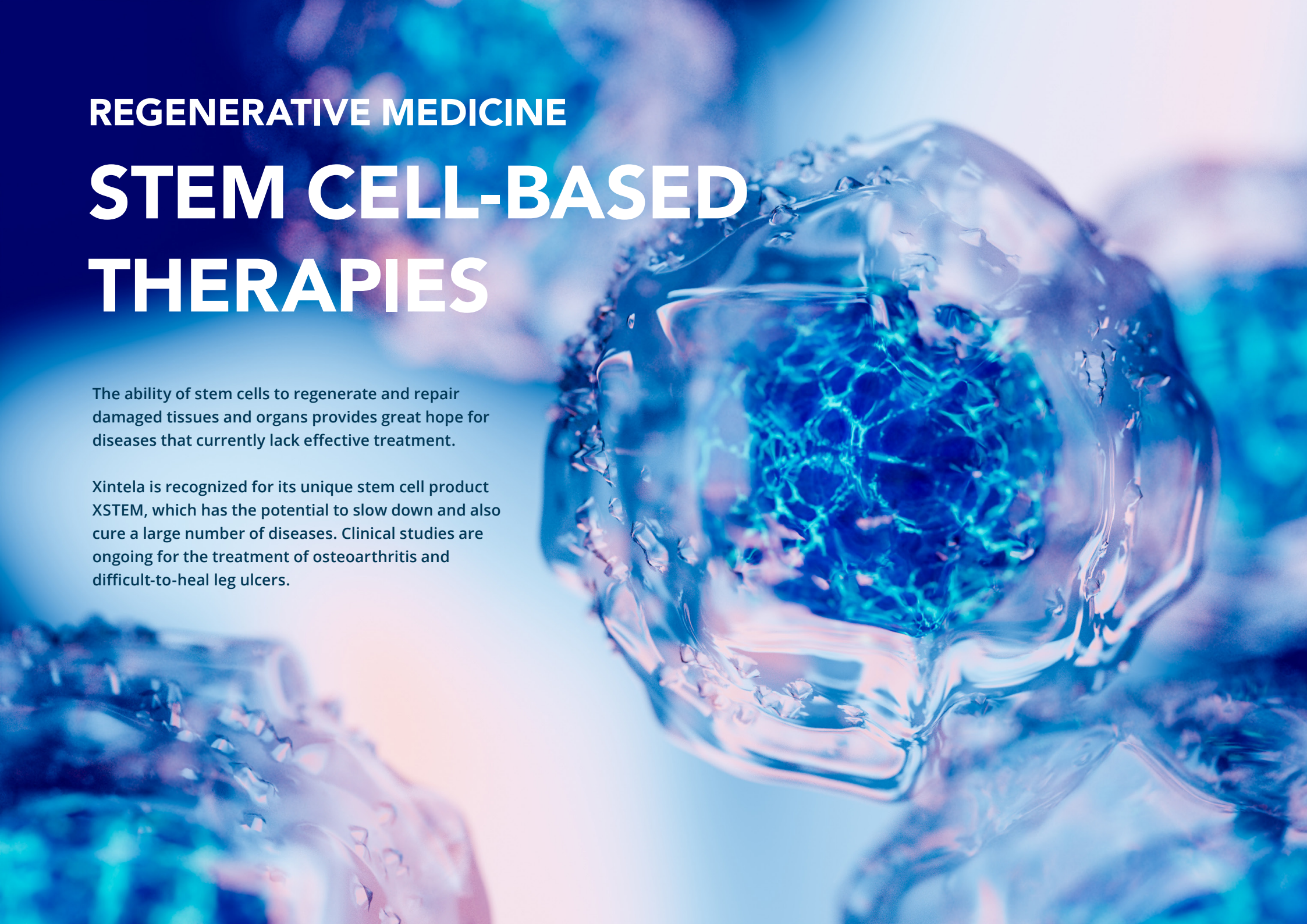
**Evy Lundgren-Åkerlund**
CEO, Xintela AB (publ)

## REGENERATIVE MEDICINE

# STEM CELL-BASED THERAPIES

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

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



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

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


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

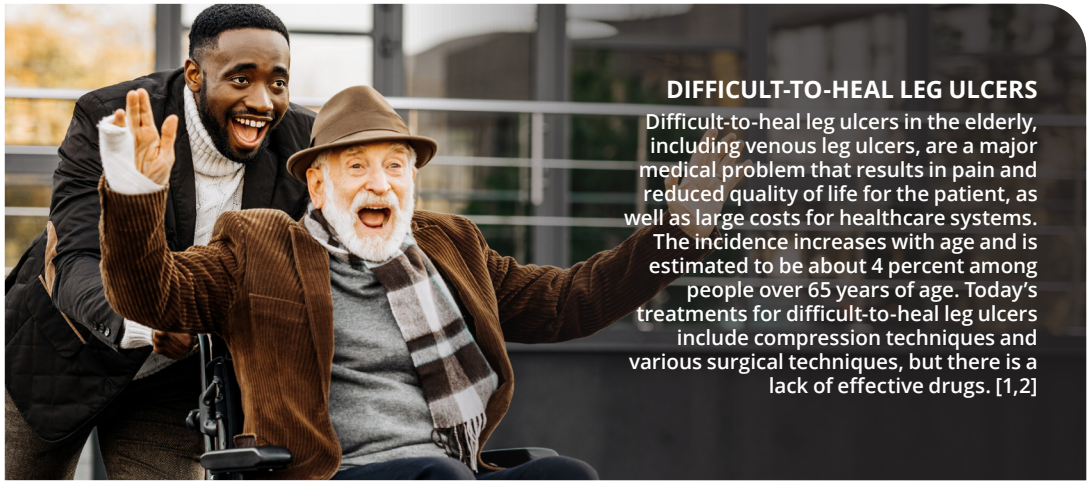
**Stem cell selection – a critical step in the production of XSTEM**
Stem cell preparations produced from tissues are heterogeneous, i.e. they contain contaminating cells that are not stem cells. When developing a stem cell product, this is both a regulatory and functional problem.

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

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

**OSTEOARTHRITIS**

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



**DIFFICULT-TO-HEAL LEG ULCERS**

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

# XSTEM advances in clinical studies

### XSTEM in clinical study for the treatment of knee osteoarthritis

Xintela is conducting a clinical study (Phase I/IIa) with XSTEM in Australia, in patients with moderate knee osteoarthritis (Kellgren-Lawrence grade II-III). Three different dose levels of XSTEM are being evaluated in up to 54 patients and each patient will be followed for 18 months with safety evaluation and preliminary efficacy evaluation every six months. The first two dose levels have been dosed on a total of 16 patients and judged safe by the study's Safety Review Committee. Dosing of the third and final dose level in an additional eight patients has started. Once completed, the study can be expanded with an additional 30 patients. The main goal is to show that XSTEM is safe, but also to obtain preliminary efficacy results that show that the product has DMOAD (Disease Modifying Osteoarthritis Drug) properties and can slow down cartilage and joint degradation as well as restore damaged articular cartilage and improve joint function.

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

In 2023, safety data from all three dose levels as well as early efficacy signals are expected. In parallel with the clinical study being conducted, discussions with potential partners and licensees continue.

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

Xintela's clinical study (Phase I/IIa), in patients with difficult-to-heal leg ulcers, is being conducted in collaboration with Linköping University Hospital. Twelve patients with difficult-to-heal venous leg ulcers will be treated with XSTEM or placebo. XSTEM/placebo will be applied to the wound and patients will then be followed for ten weeks to evaluate safety and wound healing efficacy. Currently, patients are being recruited to the study but the first patient has yet to be treated. The study is partly financed by Vinnova.

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

The company is now focusing on successfully recruiting patients to the study and generating both safety and efficacy data in 2023. In parallel with the clinical study being conducted, discussions with potential partners and licensees continue.

### Market

*Osteoarthritis*

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

*Venous leg ulcers*

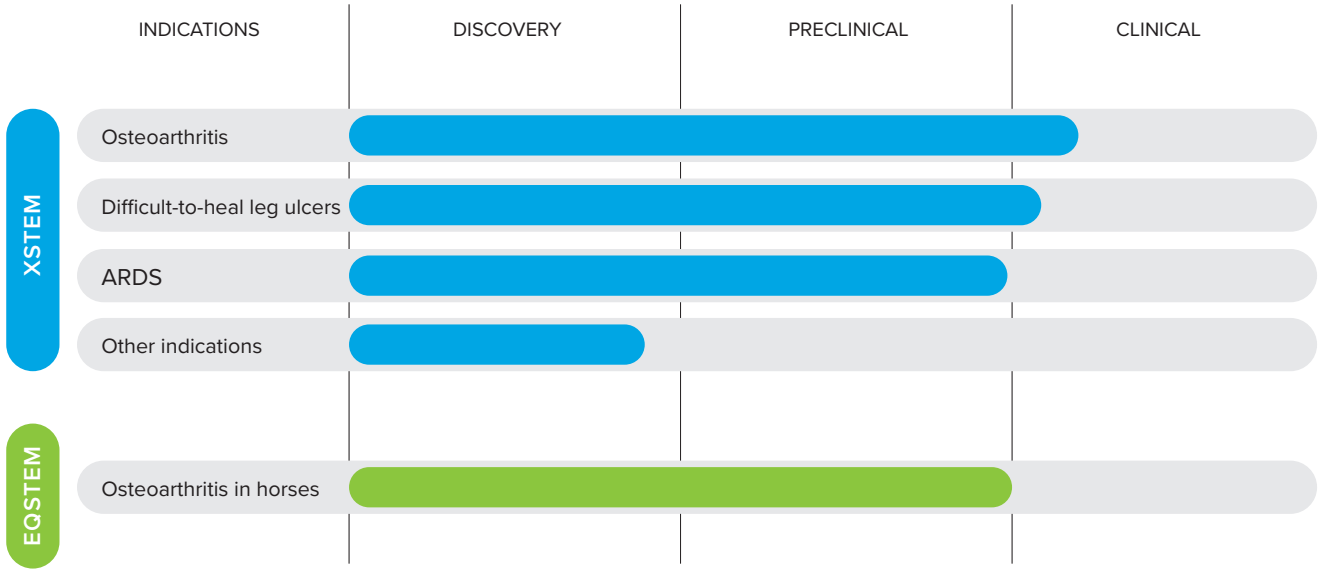
In 2018, the global market for the treatment of venous leg ulcers was estimated at USD 2.95 billion, a figure that is expected to increase to USD 4.84 billion by 2026 with an average annual growth rate of 6.4 percent. The increase is partly due to the expectation that the incidence of venous leg ulcers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

### Commercialization strategy for Xintela's stem cell project

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

# A stem cell product for the treatment of several diseases

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




**The knee osteoarthritis study in Australia has started dosing at the third and last dose level**

The clinical study (Phase I/IIa), conducted in Australia, is evaluating XSTEM for the treatment of patients with knee osteoarthritis. The first and second doses of XSTEM have been dosed on a total of 16 patients and judged safe by the Safety Review Committee. Dosing of the third and last dose level in an additional 8 patients has started. Safety and efficacy readings will be evaluated every six months up to 18 months after treatment of up to 54 patients.

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

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

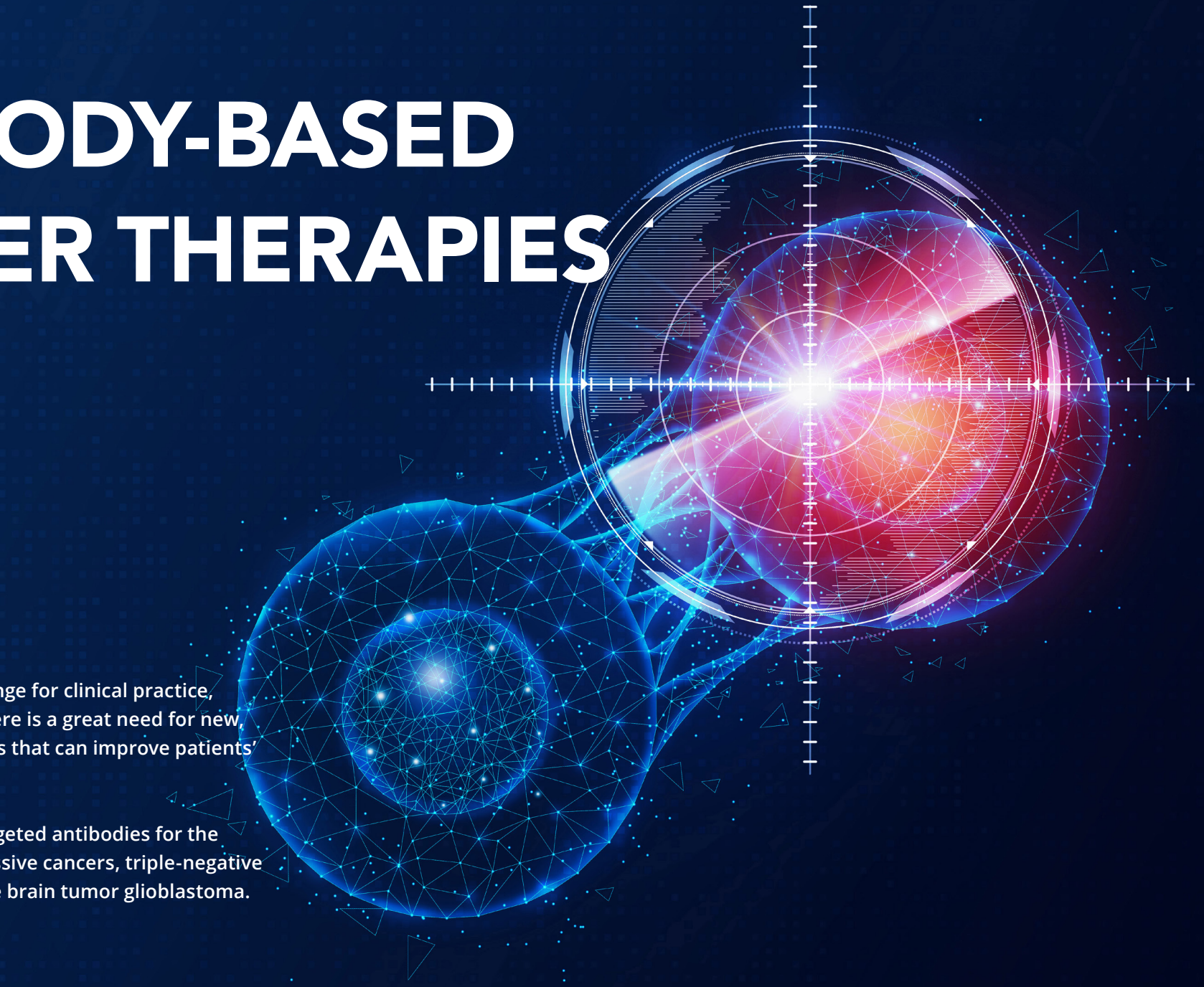
**Acute Respiratory Distress Syndrome (ARDS)**

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

**EQSTEM® for treatment of joint diseases in horses**

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

# ANTIBODY-BASED CANCER THERAPIES



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

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

### TRIPLE-NEGATIVE BREAST CANCER

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

### GLIOBLASTOMA

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

# New cancer target and effective First-in-Class antibodies

### Cancer target with unique properties

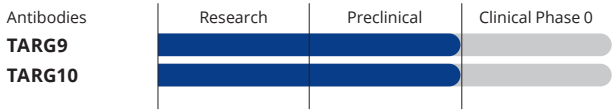
Xintela's subsidiary Targinta is developing new targeted antibody-based drugs (First-in-Class) for the treatment of aggressive cancer. The company has been founded on its own discovery that Xintela's stem cell marker, integrin α10β1, is also expressed in aggressive cancers such as triple-negative breast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

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

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

### Targinta's candidate drugs

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




### Targinta positions itselfs in the ADC field

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

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

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

### The market for triple-negative breast cancer and glioblastoma

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

### Targinta's commercialization strategy

Targinta's strategy is to enter into commercial agreements regarding the company's drug candidates during preclinical development and clinical Phase 0 studies to accelerate future clinical development and commercialization. Drug candidates against new target molecules on cancer cells, so-called First-in-Class products, are very attractive to drug development companies due to the great need for new and more effective cancer treatments.

# 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 2022, the company had 307,573,263 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 share
**Share capital:** 9,227,197.89 sek

## TEN LARGEST OWNERS, DECEMBER 31, 2022

| Name | No. of shares | Portion (%) |
|---|---|---|
| Flerie Invest AB | 125,246,876 | 40.72% |
| Avanza Pension | 21,732,427 | 7.07% |
| Evy Lundgren-Åkerlund | 5,658,000 | 1.84% |
| Ivar Nordqvist | 4,624,416 | 1.50% |
| Per-Åke Oldentoft | 4,435,480 | 1.44% |
| Nordnet Pensionsförsäkring AB | 4,284,618 | 1.39% |
| Fredrik Olsson | 4,000,000 | 1.30% |
| AB Svedala Finans | 3,600,000 | 1.17% |
| Inger Lundgren | 2,730,000 | 0.89% |
| Mats Hellström | 2,400,438 | 0.78% |
| Övriga aktieägare | 128,861,008 | 41.90% |
| **Totalt** | **307,573,263** | **100.00%** |

## 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 |
| 2022 | New share issue | 5,348,041.26 | 8,022,061.89 | 178,268,042.00 | 267,402,063.00 | 0.03 |
| 2022 | Private placement | 209,136.00 | 8,231,197.89 | 6,971,200.00 | 274,373,263.00 | 0.03 |
| 2022 | Issue of convertibles | 996,000.00 | 9,227,197.89 | 33,200,000.00 | 307,573,263.00 | 0.03 |

# 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.
**Shareholding:** 1,888,300

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

## Thomas Eldered
BOARD MEMBER SINCE 2022.
MASTER OF SCIENCE IN INDUSTRIAL ENGINEERING AND MANAGEMENT.

**Born:** 1960
**Experience:** Thomas has more than 35 years of experience in various positions in international pharmaceutical industry, mainly in pharmaceutical manufacturing, development, company building and management in private and public companies
**Current assignments:** Founder and main owner of Flerie Invest AB. Chairman of the board of Amarna Therapeutics BV, NorthX Biologics AB and Prokarium Ltd, and a board member of Buzzard Pharmaceuticals AB, Chromafora AB, Flerie Invest AB, Kahr Bio Ltd, Nanologica AB, Toleranzia AB and Sixera Pharma AB, among others.
**Previous assignments:** Co-founder of Recipharm AB, where he served as CEO from 2008 to 2021.
**Shareholding:** 125,246,876 (via related party)

*Independent in relation both to the Company and its management, but not independent to major shareholders.*

## Hans-Joachim Simons
BOARD MEMBER SINCE 2022.
MEDICAL DOCTOR, ORTHOPAEDIC SPECIALIST AND MBA.

**Born:** 1962
**Experience:** Significant experience in the medtech-, biotech- and pharmaceutical industry with focus on marketing and sales.
**Current assignments:** Founder and Managing Partner of Bluerock Healthcare Advisors. Board member of Arthromeda Inc.
**Previous assignments:** Senior positions at Gambro AB, Karl Storz Endoscopy, as General Manager for Ivy Sports Medicine and as a member of the Executive Board of Medical Park AG and for CO.DON AG.
**Shareholding:** -

*Independent in relation both to 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.
**Shareholding:** 2,282,051

*Independent in relation both to the Company and its management, as well as to 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, Vetiqure AB and Strominnate AB. Board member of Asgard Therapeutics AB, Chosa Oncology AB, Cell Invent AB, Vagnlyftaren AB and Ventac Partners AB.
**Previous assignments:** Chariman of IAmPatient AB. Board member of Hamlet Pharma AB. Deputy board member of CanImGuide Therapeutics AB and Immodulate Pharma AB. CEO of Idogen AB and Pharmiva AB.
**Shareholding:** 200,000

*Independent in relation both to the Company and its management, as well as to 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.
**Shareholding:** 5,658,000

# 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 2022 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 in clinical development. The first clinical study with XSTEM (Phase I/IIa), for the treatment of knee osteoarthritis, is onsgoing in Australia. The the clinical study with XSTEM for treatment of difficult-to-heal leg ulcers the patient recruitment ongoing. 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.

In cancer therapy, which is run by the wholly-owned subsidiary Targinta AB, therapeutic antibodies are developed that specifically bind to the target molecule integrin α10β1, which is expressed on certain aggressive cancer cells, including triple-negative breast cancer and the brain tumor glioblastoma. The subsidiary Targinta develops two types of antibodies, a function-blocking antibody, TARG10, which reduces the growth and spreading of cancer cells in preclinical models, and an antibody TARG9 that is armed with a powerful toxin (ADC, Antibody-Drug Conjugate) and which has a killing effect on cancer cells. Targinta candidate drugs are in preclinical development and being prepared for clinical Phase 0 studies.

In cancer therapy, which is run by the wholly-owned subsidiary Targinta AB, therapeutic antibodies are developed that specifically bind to the target molecule integrin α10β1, which is expressed on certain aggressive cancer cells, including in triple-negative breast cancer and the brain tumor glioblastoma. The subsidiary Targinta develops two types of antibodies, a function-blocking antibody, TARG10, which in preclinical models slows the growth and spread of cancer cells, and the antibody TARG9, which is armed with a powerful toxin (ADC, Antibody-Drug Conjugate) and which in preclinical models has shown killing effect on aggressive cancer cells. Targinta is now planning for phase 0 clinical studies with the company's drug candidates.

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

**Significant events in 2022**
*First quarter*
» Xintela granted 4.8 million SEK from Vinnova.

*Second quarter*
» Xintela starts clinical study of XSTEM® in knee osteoarthritis.
» Targinta selects ADC-antibody TARG9 as drug candidate.
» Targinta presents new preclinical data on TARG10 at the AACR Annual Meeting.
» Xintela proposes Hans-Joachim Simons as new Board member.
» Xintela publishes results showing that XSTEM repairs damaged joint cartilage in preclinical model.
» For precautionary reasons, the board has drawn up a control balance sheet which showed a substantial excess value in the company's assets and that the registered share capital with margin was intact.
» Xintela is raising a capital raising that includes a fully guaranteed rights issue of SEK 44.6 million and an over-allotment option of approximately SEK 10 million.
» Targinta engages Abzena for the production of TARG9 and TARG10.
» Targinta obtains patent grant in Japan.
» Xintela publishes a prospectus due to the upcoming rights issue.

*Third quarter*
» Xintela receives approval for clinical study with XSTEM® on difficult-to-heal venous leg ulcers.
» Xintela publishes the outcome of the rights issue and decides on a directed new issue of SEK 10 million.
» Per Norlén to step down as Targinta CEO.
» Statement from the board of Xintela on the occasion of Flerie Invest AB's mandatory cash take-over bid offer.
» Targinta presents positive preclinical data on the antibody-drug conjugate TARG9.
» Xintela starts clinical study with XSTEM for difficult-to-heal leg ulcers.
» Targinta appoints Peter Ekolind as acting CEO.
» Xintela completes dosing of XSTEM first dose level in knee osteoarthritis clinical study.

*Fourth quarter*
» Xintela secures financing of SEK 25 million and decides on a targeted issue of convertibles.
» Xintela proposes Thomas Eldered as new Board member.
» Xintela starts next dose level of XSTEM in knee osteoarthritis clinical study.
» Targinta plans Phase 0 clinical study.
» Xintela obtains US patent for stem cell treatment.
» Xintela and NorthX Biologics sign collaboration framework agreement.

**Significant events after the end of the period**
» Xintela completes dosing of XSTEM second dose level in knee osteoarthritis clinical study.
» Xintela has started last dose level of XSTEM in knee osteoarthritis clinical study.

**Continued financing of operations**
Xintela's focus on stem cell therapies and Targinta's focus on cancer therapies create great value for our shareholders but at the same time means that we have a continuing need to find resources to generate value-adding clinical and preclinical results.

To ensure the businesses' future financing needs we work actively to evaluate various financing possibilities such as partnerships with revenue from development milestones, project financing, capital acquisitions, grants or loan. In February and April 2023, we received loans for a total of SEK 18 million to give us more time to evaluate different options for long-term financing solutions. The financing work is progressing according to our expectation, and we assess it as likely that our plan for continued funding will be successful and secure Xintela's continued operations for it 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 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 | 64,479 |
| Loss for the year | -44,906 |
| **Total** | **19,573** |

The Board proposes that the available standing funds of TSEK 19,573 be carried forward. Accordingly, no dividend is proposed.

# Financial summary

| TSEK | 1/1/2022<br>12/31/2022 | 1/1/2021<br>12/31/2021 | 1/1/2020<br>12/31/2020 | 1/1/2019<br>12/31/2019 | 1/1/2018<br>12/31/2018 |
|---|---|---|---|---|---|
| Net sales | 0 | 0 | 0 | 38 | 1,628 |
| Operating loss | -35,007 | -43,556 | -33,897 | -38,047 | -24,204 |
| Loss for the year | -44,906 | -58,394 | -50,257 | -43,530 | -26,274 |
| Change in cash and cash equivalents | -2,452 | -23,660 | 33,189 | -30,985 | 9,487 |
| | | | | | |
| Quick ratio (%) | 74 | 78 | 180 | 5 | 714 |
| Equity/assets ratio (%) | 66 | 16 | 57 | 55 | 90 |
| Earnings per share | -0.25 | -0.65 | -0.68 | -1.1 | -0.67 |
| Dividends (SEK) | 0 | 0 | 0 | 0 | 0 |

**Financial definitions**

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

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

# Financial statements

The Group

# Income statement in brief

| (TSEK) | Note | 1/1/2022 12/31/2022 | 1/1/2021 12/31/2021 |
|---|---|---|---|
| **Operating income** | | | |
| Net sales | | - | - |
| Cost of goods sold | | - | - |
| **Gross profit** | | **-** | **-** |
| | | | |
| **Operating expenses** | 6, 7, 9, 11 | | |
| Research and development costs | | -55,792 | -50,461 |
| Selling costs | | -5,384 | -4,095 |
| Administrative expenses | | -11,261 | -7,841 |
| Other operating income | | 3,375 | 2,331 |
| Other operating expenses | | - | - |
| **Operating loss** | | **-69,062** | **-60,066** |
| | | | |
| Profit/loss from financial items | | | |
| Financial income | | 6 | - |
| Financial expenses | | -4,109 | -538 |
| **Loss before tax** | | **-73,165** | **-60,604** |
| | | | |
| Tax on loss for the period | 12 | 6,948 | 1,054 |
| **Loss for the period** | 19 | **-66,217** | **-59,550** |
| | | | |
| **Loss per share, SEK** | | **-0.37** | **-0.72** |

The Group

# Balance sheet in brief

| (TSEK) | Note | 12/31/2022 | 12/31/2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Intangible assets | 13 | 640 | 1,455 |
| Tangible assets | 14 | 4,576 | 8,123 |
| Financial assets | | - | 18 |
| **Total fixed assets** | | **5,216** | **9,596** |
| | | | |
| **Current assets** | 15 | | |
| Tax assets | | 319 | 706 |
| Other receivables | | 9,502 | 3,058 |
| Prepaid expenses | | 1,138 | 2,458 |
| Cash and cash equivalents | | 8,343 | 11,138 |
| **Total current assets** | | **19,301** | **17,360** |
| | | | |
| **TOTAL ASSETS** | | **24,517** | **26,956** |

| (TSEK) | Note | 12/31/2022 | 12/31/2021 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity, the group** | | | |
| Share capital | 16 | 9,227 | 2,674 |
| Other contributed capital | | 305,920 | 242,714 |
| Reserve | | 393 | -4 |
| Balanced result incl. Profit for the year | 19 | -309,763 | -242,878 |
| **Total equity** | | **5,777** | **2,506** |
| | | | |
| **Current liabilities** | | | |
| Accounts payable | | 8,846 | 6,883 |
| Tax liability | | 399 | 171 |
| Other liabilities | | 4,332 | 13,247 |
| Accrued expenses and deferred income | 17 | 5,163 | 4,149 |
| **Total current liabilities** | | **18,740** | **24,450** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **24,517** | **26,956** |

The Group

# Cash flow statement in brief

| (TSEK) | 1/1/2022 12/31/2022 | 1/1/2021 12/31/2021 |
|---|---|---|
| **Operating activities** | | |
| Operating loss | -69,062 | -60,066 |
| Depreciation/amortisation | 4,233 | 3,495 |
| Taxes paid | 1,054 | - |
| Received financial income | 6 | - |
| Paid financial costs | -4,109 | -538 |
| **Cash flow from operating activities before changes in working capital** | **-67,877** | **-57,109** |
| | | |
| **Changes in working capital** | | |
| Increase/decrease in receivables | 1,081 | -1,237 |
| Increase/decrease in current liabilities | -6,310 | 3,403 |
| **Changes in working capital** | **-5,229** | **2,166** |
| | | |
| **Cash flow from operating activities** | **-73,107** | **-54,943** |
| | | |
| **Investing activities** | | |
| Purchase/sales of tangible assets | 206 | -2,429 |
| Purchase/sales of intangible assets | - | - |
| Purchase/sales of financial assets | 18 | 53 |
| **Cash flow from investing activities** | **224** | **-2,376** |
| | | |
| **Financing activities** | | |
| New share issue | 45,359 | 34,734 |
| Issue of convertibles | 25,000 | - |
| **Cash flow from financing activities** | **70,359** | **34,734** |
| | | |
| Change in cash and cash equivalents | -2,524 | -22,585 |
| Cash and cash equivalents at the beginning of the period | 11,138 | 33,727 |
| Conversion difference in cash and cash equivalents | -272 | -4 |
| **Cash and cash equivalents at the end of the period** | **8,343** | **11,138** |

# Change in equity in brief

| (TSEK) | Share capital | Other contributed capital | Reserves | Loss for the period | Total |
|---|---|---|---|---|---|
| **Opening balance, January 1, 2021** | **2,219** | **208,435** | **0** | **-183,327** | **27,327** |
| New share issue | 96 | 8,500 | - | - | 8,596 |
| New share issue, warrants | 359 | 25,779 | - | - | 26,138 |
| Conversion difference | - | - | -4 | - | -4 |
| Loss for the period | - | - | - | -59,550 | -59,550 |
| **Equity, December 31, 2021** | **2,674** | **242,714** | **-4** | **-242,877** | **2,506** |
| | | | | | |
| **Opening balance, January 1, 2022** | **2,674** | **242,714** | **-4** | **-242,877** | **2,506** |
| Conversion difference/Other adjustments | - | - | 397 | -668 | -271 |
| Rights issue | 5,348 | 39,219 | - | - | 44,567 |
| Rights issue, costs | - | -9,851 | - | - | -9,851 |
| Directed share issue | 1,205 | 8,838 | - | - | 10,043 |
| Issue of convertibles * | - | 25,000 | - | - | 25,000 |
| Loss for the period** | - | - | - | -66,217 | -66,217 |
| **Equity, December 31, 2022** | **9,227** | **305,920** | **393** | **-309,763** | **5,777** |

* Issue of convertibles in accordance with the decision of the extra general meeting on 11/28/2022 (https://www.xintela.se/pressmeddelande?slug=kommunike-fran-extra-bolagsstamma-i-xintela-ab-publ-1)

** See note 19, Correction of periodization

The Parent Company

# Income statement in brief

| (TSEK) | Note | 1/1/2022 12/31/2022 | 1/1/2021 12/31/2021 |
|---|---|---|---|
| ***Operating income*** | | | |
| Net sales | | 6,288 | - |
| Cost of goods sold | | -6,288 | - |
| **Gross profit** | | 0 | - |
| | | | |
| ***Operating expenses*** | 6,7,9,10,11 | | |
| Research and development costs | | -25,683 | -44,120 |
| Selling costs | | -4,497 | -4,095 |
| Administrative expenses | | -8,196 | -6,773 |
| Other operating income | | 3,369 | 11,433 |
| Other operating expenses | | - | - |
| **Operating loss** | | **-35,007** | **-43,556** |
| | | | |
| ***Profit/loss from financial items*** | | | |
| Financial income | | - | - |
| Financial expenses | | -4,102 | -538 |
| **Loss before tax** | | **-39,109** | **-44,094** |
| | | | |
| Appropriations | | -5,797 | -14,300 |
| Tax on loss for the year | 12 | - | - |
| **Loss for the period** | | **-44,906** | **-58,394** |
| | | | |
| **Loss per share, SEK** | | **-0.25** | **-0.65** |

The Parent Company

# Balance sheet in brief

| (TSEK) | Note | 12/31/2022 | 12/31/2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Intangible assets | 13 | 442 | 746 |
| Tangible assets | 14 | 3,943 | 7,012 |
| Receivables from subsidiaries | | 18,432 | - |
| Other receivables | | - | 18 |
| Participations in subsidiaries | 15 | 9,839 | 839 |
| **Total fixed assets** | | **32,657** | **8,615** |
| | | | |
| **Current assets** | 16 | | |
| Receivables from subsidiaries | | - | 3,081 |
| Tax assets | | 319 | 706 |
| Other receivables | | 2,163 | 1,449 |
| Prepaid expenses | | 928 | 950 |
| Cash and cash equivalents | | 7,489 | 9,941 |
| **Total current assets** | | **10,898** | **16,127** |
| | | | |
| **TOTAL ASSETS** | | **43,554** | **24,742** |

| (TSEK) | Note | 12/31/2022 | 12/31/2021 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity, parent company** | | | |
| Share capital | 17 | 9,227 | 2,674 |
| Development expenses fund | | - | - |
| Share premium reserve | | 280,920 | 242,714 |
| Retained earnings | | -216,441 | -183,047 |
| Loss for the period | | -44,906 | -58,394 |
| **Total equity** | | **28,800** | **3,947** |
| | | | |
| **Current liabilities** | | | |
| Accounts payable | | 7,432 | 3,899 |
| Tax liability | | 184 | 135 |
| Other liabilities | | 3,681 | 13,019 |
| Accrued expenses and deferred income | 18 | 3,457 | 3,742 |
| **Total current liabilities** | | **14,754** | **20,795** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **43,554** | **24,742** |

The Parent Company

# Cash flow statement in brief

| (TSEK) | 1/1/2022 12/31/2022 | 1/1/2021 12/31/2021 |
|---|---|---|
| **Operating activities** | | |
| Operating loss | -35,007 | -43,556 |
| Depreciation/amortisation | 3,484 | 3,425 |
| Received financial income | - | - |
| Paid financial costs | -4,102 | -538 |
| **Cash flow from operating activities before changes in working capital** | **-35,624** | **-40,669** |
| | | |
| **Changes in working capital** | | |
| Increase/decrease in receivables | 2,777 | -2,111 |
| Increase/decrease in current liabilities | -6,641 | -112 |
| **Changes in working capital** | **-3,864** | **-2,223** |
| | | |
| **Cash flow from operating activities** | **-39,489** | **-42,892** |
| | | |
| **Investing activities** | | |
| Purchase/sales of tangible assets | -111 | -1,255 |
| Purchase/sales of intangible assets | - | - |
| Increase/decrease of receivables from subsidiaries | -18,432 | - |
| Increase/decrease of other assets | 18 | 53 |
| Increase/decrease of shares in subsidiaries | -9,000 | - |
| **Cash flow from investing activities** | **-27,525** | **-1,202** |
| | | |
| **Financing activities** | | |
| New share issue | 45,359 | 34,734 |
| Issue of convertibles | 25,000 | - |
| Group contribution paid | -5,797 | -14,300 |
| Increase / decrease of long-term liabilities | - | - |
| **Cash flow from financing activities** | **64,562** | **20,434** |
| | | |
| Change in cash and cash equivalents | -2,452 | -23,660 |
| Cash and cash equivalents at the beginning of the period | 9,941 | 33,601 |
| **Cash and cash equivalents at the end of the period** | **7,489** | **9,941** |

The Parent Company

# Change in equity in brief

| (TSEK) | Share capital | Development expenses | Share premium | Retained earnings | Loss for the period | Total |
|---|---|---|---|---|---|---|
| **Opening balance, January 1, 2021** | **2,219** | **113** | **208,435** | **-132,903** | **-50,257** | **27,607** |
| Reversal of prior year's accruals | - | - | - | -50,257 | 50,257 | 0 |
| Development expenses fund | - | -113 | - | 113 | - | 0 |
| New share issue, offset | 96 | - | 8,500 | - | - | 8,596 |
| New share issue | 359 | - | 25,779 | - | - | 26,138 |
| Loss for the period | - | - | - | - | -58,394 | -58,394 |
| **Equity, December 31, 2021** | **2,674** | **0** | **242,714** | **-183,047** | **-58,394** | **3,947** |
| | | | | | | |
| **Opening balance, January 1, 2022** | **2,674** | **0** | **242,714** | **-183,047** | **-58,394** | **3,947** |
| Reversal of prior year's accruals | - | - | - | -58,394 | 58,394 | 0 |
| Rights issue | 5,348 | - | 39,219 | - | - | 44,567 |
| Rights issue, costs | - | - | -9,851 | - | - | -9,851 |
| Directed share issue | 1,205 | - | 8,838 | - | - | 10,043 |
| Issue of convertibles * | - | - | - | 25000 | - | 25,000 |
| Loss for the period | - | - | - | - | -44,906 | -44,906 |
| **Equity, December 31, 2022** | **9,227** | **0** | **280,920** | **-216,441** | **-44,906** | **28,800** |

* Issue of convertibles in accordance with the decision of the extra general meeting on 11/28/2022 (https://www.xintela.se/pressmeddelande?slug=kommunike-fran-extra-bolagsstamma-i-xintela-ab-publ-1)

## 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 2022 period was approved for publication according to a Board decision on 28 April 2022.

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 annual 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.

The group´s accounting principles

Xintela AB prepares consolidated accounts. Companies where Xintela holds the majority of the votes at the general meeting and companies where Xintela has a controlling influence by agreement are classified as subsidiaries and consolidated in the consolidated accounts. Information on group companies can be found in the note on financial fixed assets. The subsidiaries are included in the consolidated accounts from and including the day when the controlling influence is transferred to the group. They are excluded from the consolidated accounts from and including the day when the controlling influence ceases.

The group's financial statements are prepared according to the acquisition method. The time of acquisition is the time when the controlling influence is obtained. Identifiable assets and liabilities are initially valued at fair value at the time of acquisition. The minority's share of the acquired net assets is valued at fair value. Goodwill consists of the difference between the acquired identifiable net assets at the time of acquisition and the acquisition value including the value of the minority interest and is initially valued at the acquisition value.

Associated companies are all companies in which the group has a significant but not controlling influence, which generally applies to shareholdings comprising between 20% and 50% of the votes. Holdings in associated companies are reported according to the equity method. When applying the equity method, the investment is initially valued at acquisition value and the reported value is subsequently increased or decreased to take into account the group's share of the associated company's profit or loss after the acquisition date. The group's reported value of holdings in associated companies includes goodwill identified at the time of acquisition.

Intermediate operations between group companies are eliminated in their entirety.

Subsidiaries in other countries prepare their annual report in foreign currency. During the consolidation, the items in these companies' balance sheets and income statements are recalculated to the balance sheet exchange rate and the spot exchange rate for the day and business event took place, respectively. The exchange rate differences that arise are reported in accumulated exchange rate differences in the group's equity.

### 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 can 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
- products 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 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.

**Government support and grants**
Xintela has received government support and grants. In the vast majority of cases, the grant requires co-financing of the project. The company reports the contribution as income at the rate that the corresponding costs have been consumed in the project at any given time.

**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.
Issued convertibles that would normally be reported as debt, have been reported as equity because the board unilaterally decides on repayment of the convertibles.

*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.

*The parent company's accounting principles*
The parent company applies different accounting principles than the group in the cases specified below.

*Shares in subsidiaries*
Shares in subsidiaries are reported at acquisition value after deduction of any write-downs. Acquisition-related costs and any additional purchase price are included in the acquisition value.

When there is an indication that shares in subsidiaries have decreased in value, a calculation of the recovery value is made. If this is lower than the reported value, a write-down is made.

### Group contribution
Given group contribution are reported as an end-of-year appropriation.

## 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 nine published patent families (two of these patent families belongs to Targinta)that, in combination, protect various aspects of Xintela's technology platform. The simplified designations of these nine 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", "Stem cells for treatment of respiratory disorders" and "Stem cells for the treatment of chronic wounds".

- 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 and the use of 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.
» “Stem cells for the treatment of chronic wounds” includes the use of Xintela’s stem cell product XSTEM for the treatment of wounds and other skin complications.

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 2022, the company had 307,573,263 registered shares. On 31 December 2021, the company had 89,134,021 registered shares. The weighted-average number of shares was 179,570,643 in 2022, and 82,867,900 in 2021.

On 31 December 2022, loss per share was SEK 0.25 (loss: 0.65) based on the result for the period divided by the number of shares registered on 31 December 2022.

## 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.

| | Parent company | | Group | |
|---|---|---|---|---|
| TSEK | 2022 | 2021 | 2022 | 2021 |
| Employee benefit expenses | 18,275 | 20,552 | 24,708 | 21,766 |
| Premises/operating costs | 2,372 | 2,510 | 4,547 | 4,718 |
| Research collaboration/consultants | 11,949 | 9,638 | 36,745 | 13,545 |
| Depreciation and amortisation (Notes 13–14) | 3,484 | 3,425 | 3,786 | 3,495 |
| Other costs | 2,296 | 18,863 | 2,651 | 18,873 |
| **Total costs for research and development, selling and administration** | **38,376** | **54,988** | **72,437** | **62,397** |

## Note 7 Employees

| | Parent company | | Group | |
|---|---|---|---|---|
| Average no. of employees | 2022 | 2021 | 2022 | 2021 |
| No. of employees | 18.0 | 16.0 | 25.0 | 21.0 |
| *of whom men* | *2.0* | *2.0* | *3.0* | *2.5* |

## Note 8 Distribution of senior executives

| | Parent company | | Group | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Board members | *5* | 5 | 8 | 8 |
| *of whom men* | *5* | *4* | *6* | *6* |
| Other employees in senior management incl. the CEO | 1 | 1 | 2 | 2 |
| *of whom men* | *0* | *0* | *1* | *1* |
| **Total** | **6** | **6** | **10** | **10** |

## Note 9 Remuneration and benefits

| 2022 Parent Company | Board fees | Basic salary | Variable pay | Pension cost | Social security expenses | Total |
|---|---|---|---|---|---|---|
| Gregory Batcheller, Chairman of the Board | 300 | 0 | 0 | 0 | 83 | 383 |
| Lars Hedbys, Board member | 150 | 0 | 0 | 0 | 47 | 197 |
| Maarten de Château, Board member | 150 | 0 | 0 | 0 | 47 | 197 |
| Hans-Joachim Simons, Board member | 75 | 0 | 0 | 0 | 24 | 99 |
| Thomas Eldered, Board member | 13 | 0 | 0 | 0 | 4 | 17 |
| Evy Lundgren-Åkerlund, CEO | 0 | 1,817 | 478 | 514 | 846 | 3,655 |
| **Total Board and CEO** | **688** | **1,817** | **478** | **514** | **1,051** | **4,548** |
| | | | | | | |
| Other employees | 0 | 10,313 | 0 | 1,709 | 1,768 | 13,790 |
| **Total Parent Company** | **688** | **12,130** | **478** | **2,223** | **2,819** | **18,338** |

| Group | | | | | | |
|---|---|---|---|---|---|---|
| Board of Targinta AB | 0 | 0 | 0 | 0 | 0 | 0 |
| CEO, Per Norlén | 0 | 1,401 | 0 | 483 | 557 | 2,441 |
| Other employees | 0 | 2,639 | 0 | 236 | 905 | 3,780 |
| **Total Group** | **688** | **16,170** | **478** | **2,942** | **4,281** | **24,559** |

| 2021 Parent Company | Board fees | Basic salary | Variable pay | Pension cost | Social security expenses | Total |
|---|---|---|---|---|---|---|
| Gregory Batcheller, Chairman of the Board | 300 | 0 | 0 | 0 | 83 | 383 |
| Maarten de Château, Board member | 150 | 0 | 0 | 0 | 47 | 197 |
| Lars Hedbys, Board member | 150 | 0 | 0 | 0 | 47 | 197 |
| Sven Kili, Board member | 150 | 0 | 0 | 0 | 21 | 171 |
| Karin Wingstrand, Board member | 150 | 0 | 0 | 0 | 47 | 197 |
| Evy Lundgren-Åkerlund, CEO | 0 | 1,670 | 375 | 520 | 769 | 3,334 |
| **Total Board and CEO** | **900** | **1,670** | **375** | **520** | **1,013** | **4,478** |
| | | | | | | |
| Other employees | 0 | 12,095 | 0 | 1,477 | 2,214 | 15,786 |
| **Total Parent Company** | **900** | **13,765** | **375** | **1,997** | **3,227** | **20,264** |

| Group | | | | | | |
|---|---|---|---|---|---|---|
| Board of Targinta AB | 0 | 0 | 0 | 0 | 0 | 0 |
| CEO, Per Norlén | 0 | 272 | 0 | 226 | 140 | 638 |
| Other employees | 0 | 422 | 0 | 309 | 200 | 931 |
| **Total Group** | **900** | **14,459** | **375** | **2,532** | **3,568** | **21,834** |

**Variable pay**

The variable pay is earned the year before the board's decision and payment. The variable pay for the financial year 2022 will be decided and paid out in 2023 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.

| | Parent company | | Group | |
|---|---|---|---|---|
| TSEK | 2022 | 2021 | 2022 | 2021 |
| Stanbridge BVBA (owned by Gregory Batcheller, Chairman of the Board) | 726 | 832 | 726 | 832 |
| Sven Kili, Board member | 0 | 518 | 0 | 518 |
| Bluerock Healthcare Consultants GmbH (owned by Hans-Joachim Simons) | 316 | 0 | 316 | 0 |
| **Total Board and CEO** | **1,042** | **1,350** | **1,042** | **1,350** |

**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

| | Parent company | | Group | |
|---|---|---|---|---|
| TSEK | 2022 | 2021 | 2022 | 2021 |
| PricewaterhouseCoopers AB | | | | |
| Audit assignment | 304 | 147 | 404 | 206 |
| Non-audit services | 135 | 54 | 135 | 54 |
| Tax consultancy | 0 | - | 0 | - |
| Other services | 61 | 61 | 61 | 61 |
| **Total** | **500** | **262** | **600** | **321** |

## Note 12 Taxes

At 31 December 2022, the company's total deficit was a provisional TSEK 313,047 (257,724). Deferred tax on the deficit has not been taken into account.

| **Tax effects for the year** | | |
|---|---|---|
| TSEK | 2022 | 2021 |
| Tax effect on profit/loss for the year | 9,251 | 12,029 |
| Tax effect on ESA items | -12 | -0.06 |
| Tax effect on unrecognised loss carryforwards | 9,251 | -12,029 |
| Tax effect on XINDU | 0 | 0 |
| **Tax in the income statement** | **0** | **0** |

## Note 13 Patents

| | Parent company | | Group | |
|---|---|---|---|---|
| TSEK | 2022 | 2021 | 2022 | 2021 |
| Opening costs | 6,542 | 6,542 | 7,948 | 7,948 |
| Capitalised patent costs for the year | 0 | 0 | 0 | 0 |
| **Closing acc. costs** | **6,542** | **6,542** | **7,948** | **7,948** |
| | | | | |
| Opening amortisation | -5,796 | -5,492 | -6,493 | -5,908 |
| Amortisation for the year | -304 | -304 | -815 | -585 |
| **Closing acc. amortisation** | **-6,100** | **-5,796** | **-7,308** | **-6,493** |
| | | | | |
| **Closing carrying amount** | **442** | **746** | **640** | **1,455** |

## Note 14 Equipment

| | Parent company | | Group | |
|---|---|---|---|---|
| TSEK | 2022 | 2021 | 2022 | 2021 |
| Opening costs | 16,771 | 15,516 | 17,945 | 15,516 |
| Acquisitions for the year | 111 | 1,255 | -206 | 2,429 |
| **Closing acc. costs** | **16,882** | **16,771** | **17,739** | **17,945** |
| | | | | |
| Opening depreciation and amortisation | -9,759 | -6,639 | -9,823 | -6,639 |
| Depreciation and impairment for the year | -3,180 | -3,120 | -3,341 | -3,184 |
| **Closing acc. depreciation** | **-12,939** | **-9,759** | **-13,164** | **-9,823** |
| | | | | |
| **Closing carrying amount** | **3,943** | **7,012** | **4,576** | **8,123** |

## Note 15 Shares in group companies

| | 2022 | 2021 |
|---|---|---|
| Initial acquisition value | 839 | 839 |
| Acquisition | 9,000 | 0 |
| **Closing reported value** | **9,839** | **839** |

Holdings of shares in subsidiaries consist of the following:

| The group | Org no | Residence | Equity | Result |
|---|---|---|---|---|
| Targinta AB | 559157-6698 | Lund | 789 | -9,044 |
| Xindu PTY LTD | ACN 651 371 970 | Melbourne | -13,635 | -11,802 |

| The group | Share of owner-ship | Number of shares | Book value 2022 |
|---|---|---|---|
| Targinta AB | 100% | 39,470,708 | 9,839 |
| Xindu PTY LTD | 100% | 100 | 0 |
| **Total** | | | **9,839** |

## Note 16 Financial instruments by category

| Assets in the balance sheet | Parent company | | Group | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Loans and receivables | | | | |
| Accounts receivable | 0 | 0 | 0 | 0 |
| Receivables from subsidiaries | 18,432 | 3,081 | 0 | 0 |
| Other receivables | 3,409 | 3,105 | 10,958 | 6,222 |
| Cash and cash equivalents | 7,489 | 9,941 | 8,343 | 11,138 |
| Total | **29,330** | **16,127** | **19,301** | **17,360** |

| Liabilities in the balance sheet | | | | |
|---|---|---|---|---|
| **Other financial liabilities** | | | | |
| Accounts payable | 7,432 | 3,899 | 8,846 | 6,883 |
| Other current liabilities | 7,322 | 16,896 | 9,894 | 17,567 |
| **Total** | **14,754** | **20,795** | **18,740** | **24,450** |

## Note 17 Share capital and other contributed capital

| | No. of shares | Share capital | Other paid-in | Total |
|---|---|---|---|---|
| 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 |
| At 1 January 2020 | 89,134,021 | 2,674 | 242,714 | 245,387 |
| New share issue, conversion of loans | 178,268,042 | 5,348 | 39,219 | 44,567 |
| New share issue | 6,971,200 | 1,205 | 8,838 | 10,043 |
| Issue of convertibles | 33,200,000 | 0 | 25,000 | 25,000 |
| **Equity, 31 December 2020** | 307,573,263 | 9,227 | 315,771 | 324,997 |

**The share**

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

At 31 December 2022, the company had 307,573,263 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 9,227,197.89

In October 2022, a convertible issue of SEK 25 million was decided and at the same time a bridging loan was taken for the corresponding amount. The loan must be settled against convertibles no later than September 30, 2023, which will increase the number of shares and increase the share capital in the company.

The company does not have any outstanding warrant programs.

## Note 18 Accrued expenses

| TSEK | Parent company | | Group | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Accrued holiday pay liability, including social security contributions | 1,220 | 1,238 | 1,415 | 1,556 |
| Other accrued expenses | 2,237 | 2,504 | 3,748 | 2,593 |
| **Total** | **3,457** | **3,742** | **5,163** | **4,149** |

## Note 19 Correction of periodization

An incorrect periodization has been noticed for the group in 2021. This correction causes the following change on 31-12-2021:

| Fiscal year 2021 | Previous | adjustment | Correct amount |
|---|---|---|---|
| The group's income statement | | | |
| Research and development costs | -50,045 | -416 | -50,461 |
| Tax on the year's result | - | 1,054 | 1,054 |
| The result of the period | -60,189 | 638 | -59,550 |

| Fiscal year 2021 | Previous | adjustment | Correct amount |
|---|---|---|---|
| The group's balance sheet | | | |
| Other receivables | 3,784 | -726 | 3,058 |
| Prepaid costs | 1,094 | 1,364 | 2,458 |
| Balanced profit including profit for the year | -243,516 | 638 | -242,878 |

## Note 20 Contingent liabilities

» Neither the Parent Company nor the Group had any pledged assets or other contingent liabilities on 31 December 2022.

## Note 21 Appropriation of profits

The Board proposes the following appropriation of profits:

| TSEK | |
|---|---|
| Non-restricted reserves | 64,479 |
| Loss for the year | -44,906 |
| **Total** | **19,573** |

The Board proposes that the funds available for distribution, TSEK 19,573 be carried forward. Accordingly, no dividend is proposed.

## Note 22 Events after the end of the period

» In Xintela's first-in-human study (phase I/IIa) for the treatment of knee osteoarthritis conducted in Australia, three different dose levels of the stem cell product XSTEM® are being tested. On March 3, Xintela announces that all patients on the second dose level have been dosed, and on April 13, Xintela announces that dosing on the last dose level has begun. XSTEM, which consists of allogeneic (donated) integrin α10β1-selected mesenchymal stem cells, is developed and manufactured by Xintela.

# 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 12, 2023.

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 28, 2023

**Gregory Batcheller**
Chairman of the Board

**Maarten de Château**
Board member

**Thomas Eldered**
Board member

**Lars Hedbys**
Board member

**Hans-Joachim Simons**
Board member

**Evy Lundgren-Åkerlund**
CEO

Our audit report was submitted on April 28, 2023.
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
*This is an unofficial translation of the Swedish auditors report. In case of any deviations – the Swedish version superseeds this unofficial translation*

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Xintela AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 13-36 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and their 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 and consolidated accounts.

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

### 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 the parent company and the group 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.

### Material Uncertainty Related to Going Concern

We would like to draw attention to the administration report where it is described that there is ongoing work related to the continued financing of the operations of Xintela. The ongoing work means that the company does not, at the time of issuing our audit report, have a secured funding. This condition indicate that there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-12 and 37-40. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated 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 and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated 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.

### Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group'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 Managing Director 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 and consolidated 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 and consolidated 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 and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Xintela AB for the year 2022 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 Managing Director 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 the parent company and the group 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 Managing Director

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 and the group's type of operations, size and risks place on the size of the parent company's and the group'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 and the group'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 Managing Director 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 Managing Director 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 websitewww.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm, April 28, 2023

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll.
Authorized Public Accountant

# Other information

# Patent

| 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.<br>Granted in Europe (EP), AU, JP, KR and ZA.<br>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.<br>Granted in Europe (EP), AU, JP, IL, MX, US and ZA. | 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.<br>Granted in US, JP and MX. | AU, BR, CA, CN, EP, IL, IN, JP, KR, MX, SG, TW, US , ZA | 2038 |
| WO 2021/224449 (Method) | Stem cells for treatment of respiratory disorders | Pending in national phase. | AU, BR, CA, CN, EP, IL, JP, KR, MX, SG, US, ZA | 2041 |
| WO 2022/243517 (Method) | Stem cells for wound healing | PCT | - | 2042 |
| | | | | |
| **Targinta** | | | | |
| WO 2016/133449 (Method) | Detection and treatment of malignant tumors in the CNS | Pending in national phase.<br>Granted in Europe (EP), US, AU, IL, JP and ZA. | 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, HK, IL, JP, KR, MX, SG, ZA, US | 2040 |

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 nine 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, 2023: May 25, 2023
Interim report Q2, 2023: August 30, 2023
Interim report Q3, 2023: November 24, 2023
Year-end report 2023: February 28, 2024

**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.

**Sources:**

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

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