YEAR-END REPORT

1 Jan 2018-31 Dec 2018

xintela

The aim is set for clinical studies

The final quarter of the year was very eventful, and successful in terms of both projects and financing.
We conducted a directed share issue of MSEK 50 to the German orthopaedic company Bauerfeind AG.
In the companies stem-cell project, our aim is to commence clinical trials in Australia.
In the oncology project, the collaboration with Catalent is in full swing and an evaluation of antibodies has now commenced.
We continued to prepare for the spin-out of the oncology business to the newly formed company Targinta and we are now evaluating various financing solutions. For more information, read the CEO-statement below.

- *Evy Lundgren Åkerlund, CEO*

Summary of the year-end report

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

Twelve months (1 Jan 2018-31 Dec 2018)

- Income amounted to TSEK 1,628 (2).
- Loss before tax totalled TSEK 26,274 (loss: 21,945)
- Loss per share* was SEK 0.67 (loss: 0,72).
- At 31 December 2018, the equity/assets ratio** was 90% (64).

Fourth quarter (1 Oct 2018-31 Dec 2018)

- Income amounted to TSEK 616 (0).
- Loss before tax totalled TSEK 8,693 (loss: 6,636).
- Loss per share* was SEK 0.22 (loss: 0.22).

** Earnings/loss per share: Profit/loss for the period divided by 39,470,708 shares, which was the registered number of shares at 31 Dec 2018. In the year-earlier period, the company had 30,367,904 registered shares.*
*** Equity/assets ratio: Equity divided by total capital.*

Amounts in parentheses: Comparative period of the preceding year.

Significant events in the fourth quarter of 2018

Xintela held an Extraordinary General Meeting on 15 October 2018. The Meeting resolved to adopt the Board's decision to annul the rights issue decision of 5 September, and to adopt the Board's proposal of a directed share issue. The directed share issue decision means that the share capital will be increased by a maximum of SEK 249,609.99 by issuing no more than 8,320,333 shares at a subscription price of SEK 6. The directed share issue will generate a maximum amount of MSEK 50 for the company.

On 25 October, Xintela announced that the company had signed a collaboration agreement with US company Redwood BioScience Inc., a wholly owned subsidiary of Catalent, Inc., a global leader in the development of antibody-drug conjugate (ADC) technology for cancer therapy. The parties intend to co-develop an ADC-based therapeutic product, initially focusing on the glioblastoma brain tumour.

Significant events after the end of the period

On 8 January 2019, Xintela announced that the company's international patent application (PCT application) for quality-assured chondrocytes, isolated using the company's integrin markers, had been published.

On 15 February 2019, Xintela announced that results from the characterisation of stem cells derived from horses and selected with Xintela's marker technology had now been published in the international scientific journal Annals of Stem Cell Research. The functional benefits of Xintela's selected stem cells are demonstrated and discussed in the publication.

Statement from the CEO, Evy Lundgren-Åkerlund

The final quarter of the year was very eventful, and successful in terms of both projects and financing. One important event was that we conducted a directed share issue to the German orthopaedic company Bauerfeind AG of MSEK 50, thereby achieving a stable cash position and a long-term owner with a major commitment to Xintela's future R&D activities.

Another significant event during the quarter was that we entered into a collaboration agreement with US company Catalent, a leader in ADC technology, regarding the joint financing and development of an ADC therapy for brain tumours. Collaboration with Catalent is in full swing and an evaluation of antibodies developed by Catalent has now commenced. This collaboration is building an excellent foundation for a continued and broader focus in oncology.

We continued to prepare for the spin-out of the oncology business to the newly formed company Targinta. We expect that registration and other formalities will soon be in place. After that, the plan is to complete the spin-out in conjunction with obtaining financing for Targinta and we are now evaluating various financing solutions.

In the stem-cell project, our aim is to commence clinical trials in Australia by the end of the year. The primary endpoint is to demonstrate that our stem cells are safe, but also to study efficacy on the articular cartilage of osteoarthritis patients. The GMP facility is a key component in Xintela's path to clinical trials, which is why so much has focused on getting the facility ready and approved for stem cell manufacturing. Our partnership discussions with CO.DON regarding the possible joint development of a stem-cell therapy for osteoarthritis are continued, and we extended our previous "Letter of Intent" until 30 June 2019. During this period, CO.DON will not hold exclusive rights.

We take an active role in international partnering meetings, which has led to a major interest in Xintela's marker technology and projects in both regenerative medicine and oncology. We have also forged connections with several veterinary companies with a major interest in cell therapy for osteoarthritis, especially for dogs.

2019 also began on a high note. We announced the publication of a patent application that protects chondrocyte preparations of high quality and purity and the method for culturing them, which is a further development of the XACT analytical test. We also published results from a characterisation of stem cells in an international scientific journal, which demonstrates and discusses the functional benefits of Xintela's selected stem cells.

With a successful 2018 behind us, we are now looking forward to a new and exciting year and I would like to welcome our shareholders to Xintela's Annual General Meeting on 27 May to hear more about our development plans.

Sincerely,
Evy Lundgren-Åkerlund
CEO, Xintela AB

Xintela AB

Xintela develops medical products in the fields of regenerative medicine and oncology based on the company's patented marker technology, XINMARK®. Xintela uses the technology to produce and assure the quality of stem cells for the treatment of osteoarthritis, a degenerative joint disease. Equine studies have shown that the stem cells are safe, and have a therapeutic effect on articular cartilage and the underlying bone following injury. Xintela has recently established its own GMP facility for the manufacture of stem cells for clinical trials. In the oncology project, XINMARK® is used to manufacture an antibody drug conjugate (ADC) for the treatment of tumours, initially focusing on the aggressive glioblastoma brain tumour. Positive preclinical data from cell studies and an animal model have shown that ADC treatment has a targeting and killing effect on specific tumour cells, which has laid the foundation for continued development of the company's oncology operations.

Performance figures

Income

The company reported net sales of TSEK 1,628 (2) for the 2018 financial year. The sales are derived from income from the Japanese company CellSeed, and an exclusivity fee from CO.DON in relation to the ongoing discussions to co-develop a stem cell product for the treatment of articular cartilage damage, including osteoarthritis, for European and North American markets. For the fourth quarter, the company reported net sales of TSEK 616 (0).

Earnings

The company's operating loss for the year totalled TSEK 24,204 (loss: 21,933). The corresponding figures for the fourth quarter were a loss of TSEK 8,104 (loss: 6,625)

Research and development costs, which account for the highest portion of the company's costs, amounted to TSEK 17,637 (16,216) for the January-December period. The corresponding figures for the fourth quarter were TSEK 6,376 (5,142).

Marketing and sales costs for the year amounted to TSEK 4,730 (3,401). The corresponding figures for the fourth quarter were TSEK 1,350 (837).

Administrative expenses for the year amounted to TSEK 3,465 (2,318). The corresponding expenses for the fourth quarter amounted to TSEK 994 (645).

For the January-December period of 2018, loss before tax was TSEK 26,274 (loss: 21,945)

Financial position

On 31 December 2018, Xintela's equity/assets ratio was 90% (64) and equity amounted to TSEK 44,945 (18,415). The company's cash and cash equivalents amounted to TSEK 31,397 (21,910). On the same date, the company's total assets amounted to TSEK 49,714 (28,585).

Cash flow and investments

Xintela's cash flow for the January-December period of 2018 was TSEK 9,487 (2,931). Investments amounted to TSEK 12,112 (2,074), of which tangible assets accounted for TSEK 12,246 (511). The investments are linked to the establishment of Xintela's own GMP facility for the manufacture of stem cells for clinical trials.

The share

Xintela AB (publ) was listed on Nasdaq First North in Stockholm on 22 March 2016 under the ticker symbol "XINT." 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. Xintela's Certified Adviser on Nasdaq First North is Erik Penser Bank AB, +46 (0)8-463 80 00, certifiedadviser@penser.se.

At 31 December 2018, the number of shares was 39,470,708. The company has only one class of shares. Each share carries identical rights to the company's assets and earnings, and one vote at General Meetings.

	Jan-Dec 2018	Jan-Dec 2017
No. of shares before full dilution	39,470,708	30,367,904
No. of shares after full dilution	39,470,708	30,367,904
Loss per share before full dilution	-0.67	-0.72
Average no. of shares before full dilution	31,819,832	27,615,677
Average no. of shares after full dilution	31,819,832	29,365,677

Financial statements in accordance with RFR2 (IFRS)

Xintela prepares its financial statements in accordance with RFR2 (IFRS). Historical financial information has been restated from 1 January 2014, which was the date of transition to IFRS.

Review by auditors

This year-end report has not been reviewed by the company's auditor.

Financial calendar

Interim report Jan-Mar 2019	23 May 2019
Six-monthly report Jan-Jun 2019	30 August 2019
Interim report Jan-Sep 2019	29 November 2019

Proposed allocation of Xintela's profits

The Board of Directors and CEO recommend that no dividend be paid for the 2018 financial year, 1 January 2018-31 December 2018.

Annual General Meeting and publication of Annual Report

The Annual General Meeting (AGM) will be held in Lund on 27 May 2019. The Annual Report will be available for download on the company's website (www.xintela.se) by the date on which the notice of the Annual General Meeting is published.

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. The Board works continuously to secure financing for the company's needs based on various scenarios, including revenue from licensing and partnerships to external funding.

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 interim report. The quantity of products sold may be lower, and the period required for market establishment may be longer, than the company currently has reason to believe.

Underwriting commission claim

The Extraordinary General Meeting (EGM) on 21 September approved a rights issue of approximately MSEK 24. When the rights issue was announced on 5 September, 60% of the issue had been underwritten in an underwriting agreement between the company and the following underwriters; Formue Nord Markedsneutral A/S, Modelio Equity AB, Oliver Molse and Råsunda Förvaltning AB. Shortly after the EGM, however, the Board decided not to go ahead with the rights issue because the company had received a very attractive financing option deemed considerably more advantageous for the company and its shareholders. This was communicated to the market on 24 September and on 15 October, and EGM approved the Board's decision. Although the rights issue was never implemented, the underwriters consider themselves entitled to a total underwriting commission of MSEK 1.5. Xintela disputes the payment of any underwriting commission and discussions are currently taking place between the parties.

Condensed statement of comprehensive income for the company

(TSEK)	Note	Q4 1 Oct 2018 31 Dec 2018	Q4 1 Oct 2017 31 Dec 2017	Full-year 1 Jan 2018 31 Dec 2018	Full-year 1 Jan 2017 31 Dec 2017
Operating income					
Net sales		616	-	1,628	2
Gross profit		**616**	**-**	**1,628**	**2**
Operating expenses					
Research and development costs		-6,376	-5,142	-17,637	-16,216
Selling costs		-1,350	-837	-4,730	-3,401
Administrative expenses		-994	-645	-3,465	-2,318
Other operating income		-	-	-	-
Other operating expenses		-	-	-	-
Operating loss		**-8,104**	**-6,625**	**-24,204**	**-21,933**
Profit/loss from financial items					
Financial income		-	-	-	-
Financial expenses		-589	-11	-2,070	-12
Loss before tax		**-8,693**	**-6,636**	**-26,274**	**-21,945**
Tax on profit/loss for the year		-	-	-	-
Loss for the period		**-8,693**	**-6,636**	**-26,274**	**-21,945**
Loss per share, SEK	**4**	**-0.22**	**-0.22**	**-0.67**	**-0.72**

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

Condensed balance sheet for the company

(TSEK)	31 Dec 2018	31 Dec 2017
ASSETS		
Fixed assets		
Intangible assets	2,754	4,834
Tangible assets	12,871	828
Interest in subsidiary	50	-
Total fixed assets	**15,675**	**5,662**
Current assets		
Accounts receivable	-	-
Receivable subsidiary	1,013	-
Other receivables	1,208	728
Prepaid expenses	421	285
Cash and cash equivalents	31,397	21,910
Total current assets	**34,039**	**22,923**
TOTAL ASSETS	**49,714**	**28,585**

(TSEK)	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES		
Equity		
Share capital	1,184	911
Development expenses fund	485	1,775
Share premium reserve	133,020	80,489
Retained earnings	-63,470	-42,815
Loss for the period	-26,274	-21,945
Total equity	**44,945**	**18,415**
Current liabilities		
Accounts payable	2,738	1,891
Tax liability	313	217
Other liabilities	442	7,414
Accrued expenses and deferred income	1,277	648
Total current liabilities	**4,769**	**10,170**
Total liabilities	**4,769**	**10,170**
TOTAL EQUITY AND LIABILITIES	**49,714**	**28,585**

Condensed cash flow statement for the company

(TSEK)	Q4		Full-year	
	1 Oct 2018	1 Oct 2017	1 Jan 2018	1 Jan 2017
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Operating activities				
Operating loss	-8,104	-6,625	-24,204	-21,933
Depreciation/amortisation	953	223	2,100	673
Financial income	-	-	-	-
Financial expenses	-589	-11	-2,070	-12
Cash flow from operating activities before changes in working capital	**-7,740**	**-6,413**	**-24,175**	**-21,272**
Changes in working capital				
Increase/decrease in receivables	-1,276	-416	-1,629	-403
Increase/decrease in current liabilities	-13,602	7,936	-5,401	7,304
Changes in working capital	**-14,878**	**7,520**	**-7,030**	**6,901**
Cash flow from operating activities	**-22,618**	**1,107**	**-31,205**	**-14,371**
Investing activities				
Increase/decrease in tangible assets	-2,640	-	-12,246	-511
Increase/decrease in intangible assets	1,013	-454	184	-1,563
Increase/decrease in financial assets	-	-	-50	-
Cash flow from investing activities	**-1 627**	**-454**	**-12,112**	**-2,074**
Financing activities				
New share issue	52,804	9,338	52,804	19,400
Returned employee share option	-	-	-	-24
Increase/decrease in long-term liabilities	-	-	-	-
Cash flow from financing activities	**52,804**	**9,338**	**52,804**	**19,376**
Change in cash and cash equivalents	28,559	9,991	9,487	2,931
Cash and cash equivalents at the beginning of the period	2,838	11,919	21,910	18,979
Cash and cash equivalents at the end of the period	**31,397**	**21,910**	**31,397**	**21,910**

Statement of changes in equity for the company

(TSEK)	Share capital	Dev. expenses fund	Share prem. reserve	Retained earnings	Profit/loss for the	Total
Opening balance, 1 January 2017	**746**	**368**	**61,278**	**-23,349**	**-18,060**	**20,983**
Reversal of prior year's accruals	-	-	-	-18,060	18,060	-
Redemption of warrants	64	-	9,998	-	-	**10,062**
Returned employee share option	-	-	-24	-	-	-24
New share issue	96	-	8,728	-	-	8,824
New share issue, Employee share	5	-	509	-	-	514
Development expenses fund	-	1,407	-	-1,407	-	-
Profit/loss for the period	-	-	-	-	-21,945	-21,945
Equity, 31 December 2017	**911**	**1,775**	**80,489**	**-42,815**	**-21,945**	**18,415**
Opening balance, 1 January 2018	**911**	**1,775**	**80,489**	**-42,815**	**-21,945**	**18,415**
Reversal of prior year's accruals	**-**	**-**	**-**	**-21,945**	**21,945**	**-**
Development expenses fund	**-**	**-1,290**	**-**	**1,290**	**-**	**-**
Private placement	**250**	**-**	**47,554**	**-**	**-**	**47,804**
Conversion of loans	**23**	**-**	**4,977**	**-**	**-**	**5,000**
Loss for the period	**-**	**-**	**-**	**-**	**-26,274**	**-26,274**
Equity, 31 December 2018	**1,184**	**485**	**133,020**	**-63,470**	**-26,274**	**44,945**

NOTES

Note 1 General information

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

Xintela AB's year-end report for the January-December period of 2018 has been approved for publication according to a Board decision on 26 February 2019.

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

As of the 2015 financial year, Xintela has prepared its accounts in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act.
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies, refer to Note 3.
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 periods presented, unless otherwise stated.

Accounting policies, changes in accounting policies and disclosures

Standards, amendments and interpretations of existing standards that are not yet effective and have not been applied in advance by the company

With reference to the Annual Accounts Act Chapter 1 §3 and Chapter 7 §3, there is no consolidation of the newly formed subsidiary in 2018.

During the preparation of this report, several standards and interpretations that apply to the company have been issued but are not yet effective. The standards considered relevant to the company are as follows:
IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. These will be applied subject to the exceptions stated in RFR 2 and provided the transition has no effect on the financial statements.
IFRS 15 Revenue from Contracts with Customers was issued in May 2014. IFRS 15 replaces all existing revenue recognition standards and interpretations (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Constructions of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue: Barter Transactions Involving Advertising Services). IFRS 15 will become effective on 1 January 2018. The standard is to be applied retroactively. The company intends to apply the new standard by the financial year beginning on 1 January 2018. However, this standard is not expected to have any effect on the financial statements.
IFRS 16 "Leases" establishes principles for the classification and recognition of leased assets and will become effective in 2019. The standard is not expected to have any effect, since Xintela does not prepare consolidated accounts at present. Xintela AB will therefore continue to recognise all operating leases as expenses.

No other amendments to the IFRS or IFRIC interpretations that are not yet effective are expected to have any significant impact on the company.

Translation of foreign currency

Functional and presentation currency
The company's functional currency is its local currency, since the local currency has been defined as the currency of the primary economic environment in which the company operates. The accounts are denominated in Swedish kronor (SEK), which is the company's functional currency and presentation 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 recognised in operating profit/loss in the income statement.

Intangible assets

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

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

Directly attributable costs that are capitalised 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 recognised as an asset in a subsequent period.
Development expenses for a medical product recognised as an asset are amortised over its estimated useful life, but only from when development is essentially considered complete and commercial production has started.

Patents
Expenses for patents are amortised over the validity period of the patent and charged to profit or loss in accordance with IFRS provisions. The useful life of the company's patents is 20 years from the date of filing the patent application in the first country. The remaining useful life of the capitalised patents ranges from 1-20 years.

Tangible assets
Tangible assets are recognised 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 recognised 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: 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 recognised in other operating income or expenses in the income statement.

Impairment of non-financial assets
Intangible assets with an indefinite useful life, or intangible assets that are not ready for use, are not depreciated but tested annually for impairment. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of sales and its value in use. When testing for impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Previously impaired assets should be tested for the reversal of an impairment loss at each balance-sheet date.

Financial Instruments – general
Classification
The company classifies it financial assets and liabilities in the following categories: loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for items with maturities of more than 12 months after the balance-sheet date, which are classified as fixed assets. The company's "loans and receivables" mainly consist of accounts receivable, and cash and cash equivalents.

Other financial liabilities
Accounts payable and the portion of other current liabilities that relates to financial instruments are classified as part of other current financial liabilities.

Recognition and measurement
The company's financial instruments are initially recognised at fair value plus transaction costs. Financial assets are derecognised 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 derecognised when contractual obligations are either discharged or extinguished.
The company has no instruments measured at fair value. The fair value of current receivables and liabilities corresponds to their carrying amount, since the discount effect is not material.

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

Equity
Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares or options are recognised in equity as a deduction from the proceeds.
If the company has internally generated intangible assets as of 2016, the amount recapitalised from non-restricted equity to development expenses fund is recognised less amortised 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 recognised as long-term 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 recognised, 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 realised, or the deferred tax liability is adjusted.
The Board will not examine the issue of recognising 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 recognised as employee benefit expenses when they fall due for payment. Prepaid contributions are recognised 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 for its laboratory and office 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.

Presentation formats
The income statement and balance sheet are presented in accordance with the format prescribed in the Swedish Annual Accounts Act. The statement of changes in equity should also follows the company's format, with the addition of those columns specified in the Annual Accounts Act. In conjunction with the transition to IFRS and RFR 2, the presentation of items in the income statement was changed from nature of expenses to the function method.

Note 3 Key judgements and estimates

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

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

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

Xintela's IP portfolio currently consists of eight patent families that, in combination, protect various aspects of Xintela's technology platform. The titles of the eight patent families are "Alpha10-patent", "Alpha11-patent", "Stem Cell Marker-patent", "Antibody-patent", "Brain Tumour-patent", "Neural Stem Cells-patent", "XACT for Cartilage Cells-patent" and "OA Prevention-patent".

- The Alpha10-patent protects the bio marker integrin α10β1 biomarker as a product, and its use for medicinal purposes.
- The Alpha11-patent protects the bio marker integrin α11β1 biomarker as a product, and its use for medicinal purposes.
- The Stem Cell Marker-patent protects the use of integrin α10β1 for the identification and selection of mesenchymal stem cells.
- The Antibody-patent protects technologies related to the unique mAb365 antibody, which binds to integrin α10β1.
- The Brain Tumour-patent covers the use of Xintela's unique antibodies for the diagnosis and treatment of central nervous system tumours.
- The Neural Stem Cells-patent protects integrin α10β1 enriched stem cells as a product, and also covers methods for identifying, selecting and cultivating neural stem cells and for the treatment of brain damage.
- The XACT for Cartilage Cells-patent protects cartilage cells products with high expression of integrin α10β1 and low expression of α11β1 and for the therapeutic treatment using these cartilage cells.
- The OA Prevention-patent protects the use of Xintelas mesenchymal stem for prevention and treatment of degenerative joint diseases including osteoarthritis. The patent also protects the use to induce fracture healing.

The company has a highly active research and development programme 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 currently includes four trademarks: XINTELA® – the company name; XINMARK® – the name of Xintela's technology platform; XSTEM® – the name of Xintela's stem cell platform, and XACT – the product name for Xintela's analytical test for the quality assurance of cartilage cells and stem cells.

Capitalised product development costs
The Company capitalises expenses attributable to the development of medical products to the extent they are considered to meet the criteria of IAS 38 p. 57 (refer to intangible assets). Following the approval of Phase III, expenses related to the company's drug development are capitalised as internally generated intangible assets.

Note 4 Earnings/loss per share:

At 31 December 2018, the company had 39,470,708 registered shares. In the year-earlier period, the company had 30,367,904 issued shares.

At 31 December 2018, loss per share was SEK -0.67 (loss: 0.72)

Note 5 Significant events after the end of the period

On 8 January 2019, Xintela announced that the company's international patent application (PCT application) for quality-assured chondrocytes, isolated using the company's integrin markers, had been published.

On 15 February 2019, Xintela announced that results from the characterisation of stem cells derived from horses and selected with Xintela's marker technology had now been published in the international scientific journal Annals of Stem Cell Research and Therapy. The functional benefits of Xintela's selected stem cells are demonstrated and discussed in the publication.

Lund, 27 February 2019

Greg Batcheller
Chairman of the Board

Sven Kili
Board member

Claes Post
Board member

Karin Wingstrand
Board member

Evy Lundgren-Åkerlund
Chief Executive Officer

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Xintela has been listed on Nasdaq First North since 22 March 2016. Xintela's Certified Adviser on Nasdaq First North is Erik Penser AB:

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This information is such information that Xintela AB is required to publish under the EU Market Abuse Regulation. The information was issued for publication through the agency of the above contact person on 27 February 2018 at 16:00 CET.