FINANCIAL SUMMARY FOR THE GROUP

	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	Full year 2022
Revenue (SEK 000)	58,890	14,101	171,835	40,305	57,618
Research and development expenses (SEK 000)	–81,543	–51,239	–226,798	–140,101	–199,648
R&D expenses as percentage of total costs	84%	82%	82%	82%	82%
Operating profit/loss (SEK 000)	–89,718	–41,992	–235,638	–111,176	–166,217
EBITDA (SEK 000)	–81,596	–37,637	–211,062	–98,904	–149,640
Profit/loss for the period (SEK 000)	–81,230	–41,884	–230,638	–111,780	–172,513
Cash and cash equivalents (SEK 000)	167,284	165,235	167,284	165,235	193,994
Equity ratio (%)	37%	56%	37%	56%	62%
Earnings per share before dilution (SEK)	–2.78	–1.67	–8.14	–4.45	–6.75
Earnings per share after dilution (SEK)	–2.78	–1.67	–8.14	–4.45	–6.75
Number of employees on balance sheet date	92	74	92	74	79

Interim report January – September 2023

FINANCIAL OVERVIEW THIRD QUARTER 2023*

- Revenue amounted to SEK 58.9 m (14.1).
- Other operating income was SEK 2.7 m (6.2).
- EBITDA amounted to SEK –81.6 m (–37.6).
- R&D costs amounted to SEK –81.5 m (–51.2), corresponding to 84 percent (82) of total operating costs.
- The loss for the period was SEK 81.2 m (–41.9).
- Earnings per share was SEK –2.78 (–1.67).
- Cash and cash equivalents at the end of the period amounted to SEK 167.3 m (165.2).

FINANCIAL OVERVIEW FIRST NINE MONTHS 2023*

- Revenue amounted to SEK 171.8 m (40.3).
- Other operating income was SEK 10.0 m (20.4).
- EBITDA amounted to SEK –211.1 m (–98.9).
- R&D costs amounted to SEK –226.8 m (–140.1), corresponding to 82 percent (82) of total operating costs.
- The loss for the period was SEK 230.6 m (–111.8).
- Earnings per share was SEK –8.14 (–4.45).
- Cash and cash equivalents at the end of the period amounted to SEK 167.3 m (165.2).

SIGNIFICANT EVENTS DURING THE THIRD QUARTER 2023[1)]

- In July, it was announced that STADA and Xbrane had agreed to terminate the commercial license agreement for North America with their former partner, Bausch + Lomb. Bausch + Lomb will now focus on other strategic priorities.
- In August, Xbrane updated its goal to achieve a positive operating cash flow on a monthly basis before the end of Q1 2025.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER[1)]

- In November, the company announced that it was focusing the company's development portfolio and, consequently, terminating the development of Xtrudane™ (biosimilar candidate for Keytruda®). Furthermore, a cost saving scheme is being introduced which is expected to result in around SEK 50 m in annual savings when fully implemented.

1) See page 8 for more information.

*Figures in parentheses refer to the corresponding period of the previous year.

CEO's letter

Dear shareholders,

During Q3, we have fully focused on measures that will ensure long-term financial sustainability for the company and help us achieve a positive cash flow as soon as possible. By focusing our product portfolio and introducing a cost savings scheme, we expect annual savings of SEK 50 m when it is fully implemented, which is expected to take place in Q3 2024.

Ximluci® now available in twelve European countries

Ximluci® is sold and marketed by our commercialization partner STADA, which has now launched the product in twelve European countries* and plans to launch in other countries in 2024. The sale follows the revised sales plan from August 2023, which should bring us to a positive cash flow by Q1 2025. Ximluci® has received a positive reception by ophthalmologists and clinics that use the product and volume grew steadily by around 20 percent in Q3 compared to Q2. Comparing month-on- month, Ximluci® has taken market shares equivalent to the first Lucentis® biosimilar approved and has now taken second place among the three Lucentis® biosimilars in Europe.

The annual market for VEGF inhibitors in Europe for ophthalmic use is estimated at around EUR 5 bn, of which ranibizumab** corresponds to around EUR 1.4 bn. Ximluci® had a market share of 0.5% of the ranibizumab market in Q3 2023. STADA is working intensively with sales and marketing to increase the number of eye clinics using the product.

The marketing authorization application in the USA is progressing according to plan

Xbrane submitted a biologic license application (BLA) for Ximluci® to the FDA in April 2023. In October, Xbrane had a "mid-cycle review" meeting with the FDA. No issues in the application that could jeopardize approval have been identified so far, and the review process is continuing as planned. As part of the process, the FDA will conduct inspections of Xbrane's central contract manufacturers in early 2024. The date for a decision on potential market approval is expected in April 2024. Xbrane is simultaneously searching for a new commercialization partner with STADA for North America. The process is continuing with a handful of stakeholders and contract negotiations are planned to begin shortly with a final partner. We expect that agreements can be finalized and signed in the first part of 2024, provided that the market authorization (BLA) process proceeds according to plan.

Commercial focus

As a company we are getting an increasingly clear commercial focus, where we have had to make a strategic decision regarding our product portfolio: we are terminating the development of Xtrudane™ (Keytruda® biosimilar) and focusing instead on Xdivane (Opdivo® biosimilar), which is the first immuno-oncology product to go off patent and where the competitive position looks more favorable than for Xtrudane™. For Xdivane™, development is proceeding according to plan, and we have recently successfully scaled up the production process internally and thereby demonstrated scalability, which significantly reduces the risks for our future production of clinical material. With this as a background, we are actively conducting negotiations about out-licensing with several counterparties, and we are hopeful of closing a deal as soon as possible. The development of BIIB801 (Cimzia® biosimilar candidate) continues with a focus on manufacturing clinical material in 2024, which is expected to generate significant revenue in the form of milestone payments and sales of clinical material to Biogen. We are also continuing the program with Xdarzane™ (Darzalex's® biosimilar candidate) where we can see that our unique expertise in process development will contribute to moving forward with the development of another product that has great interest on the market.

Launch of cost savings scheme

In connection with focusing our development portfolio, we have introduced a cost savings scheme that will run for the next two years. This means we are dispensing with 38 positions of which 20 are consultants that we have phased out since the summer and four are vacant positions that will not be replaced. The remaining 14 positions apply to permanent employees. We will retain an organization of around 75 employees who we believe will be able to deliver on our current, focused development portfolio and, over time, be able to initiate development of new biosimilar candidates. The cost savings scheme is expected to generate annual savings of SEK 50 m from Q3 2024, when it is fully implemented.

Thank you for your continued support.

Solna, November 30, 2023

Martin Åmark,
CEO

*(UK, PT, ES, SE, DE, HR, LT, EE, CZ, PL, NO)
**Lucentis and Lucentis biosimilars

Biosimilar candidate portfolio

Xbrane has a portfolio of four biosimilar candidates for a range of treatment areas. This includes several serious eye diseases, several different types of cancer and, among others, rheumatoid arthritis, psoriasis and Crohn's disease.

Ximluci®

Ximluci® is a biosimilar candidate to ranibizumab, the original drug Lucentis®, a VEGFa inhibitor used to treat a number of serious eye diseases. Ximluci® addresses a market of around EUR 13 bn[1)] per year.

The European Medicines Agency (EMA) approved the European Commission's recommendation in November 2022 to approve Ximluci® for the treatment of wet age-related macular degeneration (AMD), diabetic macular edema (DME), proliferative diabetic retinopathy (PDR), retinal vein occlusion (RVO) and visual impairment due to choroidal neovascularization (CNV) in 27 member states in Europe. Ximluci® was launched by Xbrane's partner STADA Arzneimittel AG (STADA) in Europe during Q1 2023.

Xbrane submitted a Biologics License Application (BLA) to the Food and Drug Administration (FDA) and the date of decision on the approval, known as the BsUFA date, is set for April 21, 2024. A marketing application has also been submitted to the regulatory authority in Saudi Arabia. STADA is also actively working to take Ximluci® to other regions such as the Middle East, Latin America and Southeast Asia.

Ximluci® is approved in Europe with a vial containing the active substance, from which the ophthalmologist extracts the product into a syringe for injection into the eye. Xbrane is also developing Ximluci® as a prefilled syringe, for which additional approval will be sought in the future.

BIIB801

BIIB801 is a biosimilar candidate to certolizumab pegol, original drug Cimzia®, a TNFalpha inhibitor particularly used in the treatment of rheumatoid arthritis and psoriasis. Cimizia® has sales of EUR 2 bn1) and will lose its patent protection in 2024 in the US and 2025 in Europe.

BIIB801is undergoing preclinical development and a cost-effective production process has been established. An agreement has been signed with AGC Biologics for the manufacture of BIIB801 for future clinical studies.

In 2022, Xbrane signed a development and commercialization agreement with Biogen Inc., in which Biogen receives full global rights to the product. The agreement means that Biogen has made an up-front payment of USD 8 m and will pay an additional USD 80 m in development and sales-based payments as well as royalties on sales.

Xdivane™

Xdivane™ is a biosimilar candidate to nivolumab, original drug Opdivo®, a PD1 inhibitor for the treatment of various types of cancer. Opdivo® is expected to generate sales of EUR 13 bn and lose its patent protection during 2026–2031 depending on the country.

The pilot-scale production process for Xdivane™ is complete and work on transferring and upscaling for the contracted manufacturer is continuing.

Xdarzane™

Xdarzane™ is a biosimilar candidate to daratumumab, original drug Darzalex®, an antibody that binds to CD38 for the treatment of multiple melanomas (around EUR 9 bn[1)] in estimated sales). The patent protection of Darzalex® is expected to expire in 2029–2031 depending on the country.

Xdarzane™ is at the preclinical development stage with a focus on developing a cost-effective production process and demonstrating a biochemical similarity to the original drug.

Xtrudane™

Xtrudane™ is a biosimilar candidate to pembrolizumab, original drug Keytruda®, a PD1 inhibitor for the treatment of various types of cancer. Development of Xtrudane™ was terminated in November 2023 as a measure to improve the outlook for a positive cash flow.

Product portfolio

Product	Original drug	Primary indication	Estimated annual sales of original drug1	Patent expiry of original drug	Development phase
Ximluci®	Ranibizumab (Lucentis®)	Wet age-related macular degeneration, diabetes-related eye damage and retinal vein occlusion.	EUR 3 bn[1)]	2022 (Europe) 2020 (USA)	Launch phase
BIIB801	Certolizumab pegol (Cimzia®)	Rheumatoid arthritis, axial spondylarthrosis, psoriatic arthritis and psoriasis.	EUR 2 bn[1)]	2024 (USA) 2025 (Europe)	Preclinical phase
Xdivane™,	Nivolumab (Opdivo®)	Melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	EUR 13 bn[1)]	2026–2031 depending on country	Preclinical phase
Xdarzane™,	Daratumumab (Darzalex®)	Multiple melanoma.	EUR 9 bn[1)]	2029–2031 depending on country	Preclinical phase
			EUR 27 bn[1)]		

Source:
1)Evaluate Pharma: "Originator Peak Sales Estimate 2026".

Patent protection

Xbrane is an innovative company that invests significantly in research and development, which is why strategic patents to protect our technologies and products are essential. A growing patent portfolio strengthens the company's brand. Xbrane's most important regions for the protection of intellectual property rights (IP) are Europe and the USA, but applications may also be made in other countries.

Expanding patent portfolio

The expanding patent portfolio will facilitate the implementation of commercially important initiatives such as licensing and strategic business partnerships or alliances for commercializing biosimilars and biosimilar production platforms.

Xbrane plans to file patent applications that protect a wide range of technologies, from protein production and protein purification to novel formulations of biosimilars.

The most important regions for patents are Europe and the US, but patent applications may also be filed in Canada, China, South Korea, India, Japan and Australia if the company's products and methods are thought to have a market there. Other international patent applications may also be involved.

Xbrane's LEMO™ technology platform is patent protected in Europe and the US until 2029. Between 2019 and 2022, these two patents, originally filed in 2009, have been complemented by 40 patent applications for a total of 42 applications "harvested" from five different development programs. In 2020, 11 patent applications were filed, 12 in 2021 and 15 in 2022.

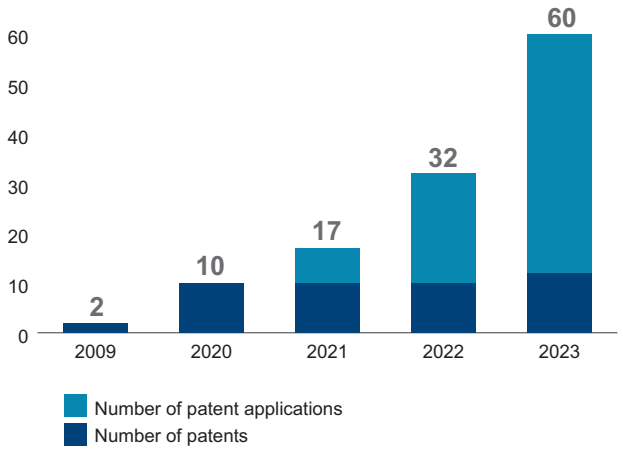
Strengthen the Xbrane brand

The Swedish Intellectual Property Office (PRV) granted eight patents in 2021. Three related to DNA constructs for the regulation of protein production and were co-filed with CloneOpt AB. Five of the patents resulted from the development of XdivaneTM and form the foundation for the emerging high-yield expression platform in mammalian cells. A large part of the upcoming development of the biosimilar candidate Xdarzane™ is based on this platform. The five Swedish patents were followed up, via an international patent application, with applications in the US, Canada, Europe, India, China, South Korea, Singapore, Australia and Japan in autumn 2022. Patents were granted in Australia in late 2022 and South Korea in March 2023.

The patent applications protect new DNA sequences in genes that are introduced into host cells and instruct the cells to express the protein of interest. These DNA sequences have resulted in a significant increase in yield and can also be applied to future biosimilar candidates to be expressed in mammalian cells. A large portion of the rest of the patent applications relate to DNA constructs, host cells and/or methods for producing Xlucane™ and BIB801.

The patent applications to protect Ximluci® were filed during March–May 2023 together with STADA Arzneimittel AG in thirty-two different countries and regions such as the United States, Europe, Canada, China, South Korea, India, Japan and Australia as well as MENA and some Latin American countries. The expanding patent portfolio will strengthen Xbrane's brand, protect the company's products and enables more out–licensing of IP in the future.

Number of patents and patent applications (accumulated)



Shareholders

As of September 30, 2023, Xbrane had around 7,200 shareholders. The number of outstanding shares was 29,731,112. The ten largest shareholders at the end of the period are shown in the table below[1].

Name	Number of shares	Shareholding, %
Serendipity Group	3,175,637	10.7
Bengt Göran Westman	2,326,454	7.8
STADA Arzneimittel AG	1,570,989	5.3
Nordnet Pensionsförsäkring	1,520,070	5.1
Swedbank Robur Fonder	1,421,892	4.8
Futur Pension	1,398,889	4.7
Avanza Pension	1,324,036	4.5
TIN Fonder	782,420	2.6
Håkan Stödberg	700,000	2.4
Handelsbanken Fonder	389,929	1.3
Total ten largest shareholders	**14,610,316**	**49.1**
Other Swedish shareholders	**11,872,372**	**39.9**
Other foreign shareholders	**3,248,424**	**10.9**
Total outstanding shares	**29,731,112**	**100**

1) Modular Finance. Based on complete list of owners including directly registered and nominee registered shareholders.

Why invest in Xbrane?

Xbrane: a world–leading developer of biosimilars

Platform–based developer of biosimilars with low production costs

- A patented development platform that ensures a low production cost.
- Commercial agreements with major global pharmaceutical companies.

The first product, Ximluci® was launched in Europe in Q1 2023

- Ximluci® (biosimilar to Lucentis®) was launched in Q1 2023 and reaches a market worth EUR 5 bn in Europe.
- The company submitted a Biologics License Application (BLA) in April 2023 for the US market with an expected launch in 2024.

Attractive portfolio with more candidates to be launched when the patent expires on the original drug.

- BIIB801, on which we are collaborating with Biogen, is, as far as we know, the only biosimilar candidate in development for the TNF inhibitor Cimizia® with annual sales of EUR 2 bn.
- Portfolio of two biosimilar candidates in oncology addressing a combined annual peak sales of the reference products totaling EUR 22 bn, for which we are in discussions about out–licensing.

Financial overview

Group's results for July – September 2023
The Group's revenue amounted to SEK 58.9 m (14.1) and mainly consists of income from product sales of Ximluci® of SEK 58.7 m (0.0). The previous year also included revenue from out-licensing, mainly through the agreement signed with Biogen Inc. regarding BIIB801. The agreement with Biogen was signed during Q1 2022. Revenue attributable to the agreement was accrued until June 2023.

For the comparative year, licensing income has been reclassified from other operating income to revenue, which means that comparative figures do not agree with the corresponding interim report in 2022. See Note 1 for further information regarding the reclassification.

The cost of goods sold amounted to SEK –54.7 m (0.0).

Other operating income amounted to SEK 2.7 m (6.2) and mainly consisted of exchange rate gains on operating receivables and liabilities.

Research and development costs amounted to SEK –81.5 m (–51.2). As in previous quarters, the increased cost is mainly driven by the work with BIIB801 and Xdivane™. In addition, no costs were capitalized for Ximluci®. Development costs for Ximluci® now mainly consist of development work on the pre-filled syringe.

Administration expenses amounted to SEK –8.2 m (–6.6), where the increase compared to the previous year is mainly due to increased administration in connection with commercialization.

Other operating expenses amounted to SEK –6.8 m (–4.4) and consisted of exchange rate losses on operating receivables and liabilities.

The operating loss was SEK 89.7 m (–42.0). The loss before tax amounted to SEK 80.9 m (–42.6). During the quarter, there was no taxable profit and thus no tax expense (0.0). The quarter's loss after tax from continuing operations amounted to SEK 80.9 m (–42.6) and the quarter's loss amounted to SEK 81.2 m (–41.9). Earnings per share for continuing operations amounted to SEK –2.77 (–1.69) and earnings per share amounted to SEK –2.78 (–1.67).

The Group's cash flow for July – September 2023
Cash flow from operating activities amounted to SEK –125.4 m (–74.9), of which SEK –0.1 m (–0.3) was from discontinued operations (Primm Pharma). The change in cash flow from operating activities is mainly due to continued building-up of inventory for Ximluci® as well as upscaling production processes with contract manufacturers for Ximluci®, BIIB801 and Xdivane™.

Cash flow from investment activities amounted to SEK –0.2 m (–11.5). In the comparative period, the cash flow from investment activities was affected by the acquisition of equipment for the laboratory and the capitalization of research and development costs.

Cash flow from financing activities amounted to SEK –23.3 m (–2.2). The outflow is explained by amortization of convertible loans of SEK –10.4 m, payment of loan costs, SEK –7.6 m, and amortization of leasing liabilities, SEK –5.3 m (–2.2).

The Group's results for January – September 2023
The Group's revenue amounted to SEK 171.8 m (40.3) and mainly consisted of revenue from product sales of Ximluci®, SEK 143.4 m (0.0). In addition, revenue from out-licensing of SEK 28.4 m (36.8) is included. For the comparative year, licensing revenue has been reclassified from other operating income to revenue, which means that the comparative year is no longer consistent with the corresponding interim report in 2022. See Note 1 for further information regarding the reclassification.

The cost of goods sold amounted to SEK –140.7 million (0.0).

Other operating income amounted to SEK 10.0 m (20.4) and mainly consisted of exchange rate gains on operating receivables and liabilities.

Research and development costs amounted to SEK –226.8 m (–140.1). The increase in costs was mainly driven by the work on BIIB801 intensifying during the year and that the upscaling of Xdivane™ has begun. In addition, no costs have been capitalized for Ximluci® after Q1 2023. In total, the capitalization for 2023 amounted to SEK 10.0 m (39.4). Development costs for Ximluci® now mainly consist of the work on developing the pre-filled syringe.

Administration expenses amounted to SEK –31.5 m (–20.6), where the increase is mainly due to increased administration in connection with commercialization.

Other operating expenses amounted to SEK –18.5 m (–11.2) and consisted of exchange rate losses on operating receivables and liabilities.

The Group's cash flow for January – September 2023
Cash flow from operating activities amounted to SEK –325.6 m (–78.9). The change in cash flow from operating activities is mainly due to building up inventory for Ximluci® as well as upscaling production processes with contract manufacturers for Ximluci®, BIIB801 and Xdivane™. In addition, a milestone payment of around SEK 74 million was received in February 2022 from Biogen Inc. regarding the out-licensing of BIIB801.

Cash flow from investment activities amounted to SEK –16.6 m (–50.7) and consisted, among other things, of investments in tangible fixed assets for the internal laboratory and capitalization of research and development costs. The change is mainly explained by that from February 2023 the Group will no longer capitalize any development costs attributable to Ximluci®.

Cash flow from financing operations amounted to SEK 312.8 m (–6.1), which mainly refers to capital additions in the form of a new issue of SEK 119.0 m net, and convertible bonds issued, of SEK 204.0 m net after amortization.

The Group's financial position and continued operations
As of the end of September, the group's cash and cash equivalents amounted to SEK 167.3 million (165.2). The board and CEO assess that the company's current liquidity is not sufficient to finance operations for the next twelve months. The company continues to work according to the revised strategic plan which, in

addition to the cost-saving scheme that has been communicated, also contains several liquidity-enhancing activities such as securing the revised sales forecast for Ximluci®, entering into agreements with commercialization partners for North America and concluding agreements with partners regarding the out-licensing of Xdivane™. In addition to this, the board and CEO are constantly considering other alternatives to finance the operations. Should decisive conditions not be met, there could be however, a significant factor of uncertainty concerning the company's financing of the business going forward.

Fixed assets
Fixed assets amounted to SEK 200.8 m (166.7), where the change is largely explained by the capitalization of research and development costs for Ximluci®, which amounted to SEK 102.4 m (89.1). Capitalization of research and development costs began on July 1, 2021, and ended in connection with the commercialization in March 2023. Remaining changes to the item consist of the acquisition of, laboratory equipment, machinery, fixtures for office premises and customary monthly depreciation.

Inventory
Inventory amounted to SEK 133.7 m (0.0), which refers to the commercial inventory for Ximluci®.

Prepaid costs and accrued income
Prepaid costs and accrued income amounted to SEK 256.2 m (164.3). Essential items consisted of advance payments for production of SEK 65.3 m (27.6) and advance payments to contract manufacturers for development and upscaling amounting to SEK 156.1 m (105.7).

Changes in equity
Share capital on the balance sheet date amounted to SEK 6.7 m (5.6). Other capital contributions amounted to SEK 1,428.5 m (1,136.4). Total equity amounted to SEK 331.3 m (326.8) and the equity ratio was 37 percent (56).

Accrued expenses and prepaid income
Accrued expenses and prepaid income amounted to SEK 275.0 m (178.2) and consisted of advance payments from STADA amounting to SEK 112.1 m (57.0), of which SEK 42.7 m (0.0) is attributable to the commercialization. In addition, the item was mainly affected by accrued production costs of SEK 54.0 m (0) and accrued development costs for projects of SEK 89.4 m (59.2).

Significant events during the third quarter
- In July, it was announced that STADA and Xbrane had agreed with their former partner, Bausch + Lomb, to terminate the commercial license agreement for North America. Bausch + Lomb will now focus on other strategic priorities. STADA and Xbrane are actively working to secure regulatory approval and then bring the ranibizumab biosimilar candidate to the market in the US. The companies are considering various options, including out-licensing to another partner, to commercialize the biosimilar candidate in North America.
- In August, Xbrane updated its goal to achieve a positive operating cash flow on a monthly basis before the end of Q1 2025. Achieving a positive operating cash flow is an important objective for Xbrane. This is expected to be achieved partly through reduced development costs, because of completed upscaling and production of clinical material for Ximluci® and BIIB801, as well as through increased revenues from these two programs.

Significant events after the end of the quarter
In November, the company announced that it is focusing its development portfolio and, consequently, the development of Xtrudane™ (biosimilar candidate for Keytruda®) has been terminated. Furthermore, a cost-saving scheme is being introduced which is expected to result in around SEK 50 m in annual savings when fully implemented. Xbrane's main aim is to achieve a positive cash flow as soon as possible and, as previously announced, no later than Q1 2025. Therefore, Xbrane's board has decided to focus the development portfolio on biosimilar candidates with established commercialization partners: Ximluci® (Lucentis® biosimilar), BIIB801 (Cimzia® biosimilar candidate) and Xdivane™ (Opdivo biosimilar candidate), with the ambition of out-licensing them in the near future. Xdarzane™ (Darzalex® biosimilar candidate) is being retained in the portfolio while the development of Xtrudane™ (Keytruda® biosimilar candidate) has been terminated. Because of the focused development portfolio and that the in-house process development of BIIB801 and Xdivane™ is being finalized, Xbrane is implementing a cost-saving scheme which is expected to generate cost savings of around SEK 50 m annually when fully implemented. The savings will take place in all areas and include staff reductions totaling around 40 positions for both employees and consultants. The savings will be realized gradually and are expected to be fully implemented in Q3 2024.

Effects of the collaboration with STADA
The collaboration agreement which began in July 2018 with STADA AG regarding projects for research and development of Ximluci® meant that STADA AG and Xbrane would equally share (50/50) research and development costs attributable to the project. This meant that until June 1, 2021, Xbrane reported its share of 50 percent of the total costs for the project in the income statement. After June 1, 2021, when clinical trials showed that the primary endpoint for efficacy for Ximluci® had been reached, the project was judged to meet the criteria for capitalization of research and development costs and was reported as an intangible asset in the balance sheet and does not affect the income statement. In connection with the commercialization of Ximluci® in March 2023, no additional research and development costs will be capitalized for the project.

Receivables and liabilities attributable to the project are reported in full in Xbrane's balance sheet with a settlement of 50 percent for STADA AG's share. This applies to both the Group and the parent company.

In connection with the first delivery of Ximluci® in 2023, Xbrane also signed a supply agreement with STADA. The agreement means that Xbrane will provide the product for commercialization to STADA and will be reimbursed in accordance with the actual production cost. In accordance with the agreement, Xbrane also has the option of pre-invoicing STADA for future product deliveries.

On the balance sheet date, Xbrane had receivables from STADA amounting to SEK 21.1 m (0.0) as well as accrued expenses and prepaid income from STADA amounting to SEK 112.1 m (58.7), of which SEK 42.7 m (0.0) is pre-invoicing of upcoming product deliveries.

Effects of the planned sale of Primm Pharma
Assets held for sale
Xbrane's intention is to continue to work towards a divestment of the subsidiary Primm Pharma. Negotiations are in progress and the conditions for a sale are still considered to be good. In the Q1 interim report for 2021, Primm Pharma's assets and liabilities were reclassified to "Assets held for sale" and "Liabilities attributable to assets held for sale" respectively, in the consolidated balance sheet. The reclassification created some minor effects on several items in the balance sheet which is expected as Primm Pharma is a smaller part of the Group.

In the income statement, Primm Pharma's results are reported separately as "Profit/loss from discontinued operations." The reclassification has the effect that Primm Pharma's previous income and expenses have been reversed and reported net as "Profit/loss from discontinued operations." This also influences previously reported periods, which is why comparative figures no

longer correspond to previous reports. In the cash flow, Primm Pharma's share of each activity is reported in the item "Of which from discontinued operations."

Parent company

The core business of Xbrane, i.e. the development of biosimilars, is conducted in the parent company. The Group has continued to work on divesting the subsidiary Primm Pharma and the conditions are still considered to be good. Xbrane has previously written down the shares in the subsidiary by SEK 49.0 m and the impairment assessment is not considered to have changed thereafter.

As the parent company forms such a large part of the Group, an account of the parent company's results, financial position and cash flow would not provide any additional information to that described in the report on the Group. Therefore, this is only presented in report format on pages 15–16.

Risks and uncertainty factors

Risks and uncertainty factors are described in the Annual Report 2022 on pages 32–33, available on the company's website, www.xbrane.com. At the time of publication of this interim report, these have not changed significantly.

Share information

Xbrane's share capital at the end of the period was SEK 6.7 m (5.6) divided into 29,731,112 shares (25,144,906). The quota value of all shares is SEK 0.224, and all the shares have equal rights to the company's assets and earnings. Since September 23, 2019, Xbrane's shares have been listed on the Nasdaq Stockholm main list under the XBRANE ticker. Xbrane had around 7,200 shareholders on the balance sheet date. The closing price of the share on the balance sheet date was SEK 27.2 generating a market capitalization of around SEK 795 m.

Organization and employees

Xbrane is headquartered at Campus Solna, outside of Stockholm, Sweden, where the company also has a laboratory for the research and development of biosimilars. The wholly-owned subsidiary, Primm Pharma, is located in Milan, Italy. As mentioned above, the sale of the subsidiary is in progress. On the balance sheet date, the Group had 92 (74) employees, of which 92 (74) in the parent company and 0 (0) in the subsidiary Primm Pharma.

Nomination committee

During October, the nomination committee for the 2024 annual general meeting was decided and presented and consists of the following people who together represent around 30 percent of the number of shares and votes in the company as of September 30, 2023:

- Ashkan Pouya appointed by Serendipity Group AB, the company's largest shareholder
- Bengt Göran Westman, the company's second largest shareholder
- Oscar Bergman appointed by Swedbank Robur Fonder, the company's third largest shareholder
- Anders Tullgren, Xbrane's chairman of the board.

Shareholders can submit proposals to the nomination committee for the annual general meeting on May 2, 2024, until January 22, 2024. The proposals can be sent to the following address: Xbrane Biopharma AB Valberedning, c/o Xbrane Biopharma AB, Retzius väg 8, 171 65 Solna, Sweden, or via e-mail: valberedning@xbrane.com.

Annual General Meeting

The Annual General Meeting for 2023 was held on May 4, 2023. The minutes and statement from the Annual General Meeting are available on Xbrane's website www.xbrane.com

Auditor's review

This interim report has not been subject to review by the company's auditor.

Consolidated income statement

Amounts in SEK thousand	Notes	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	2022 Full year
Revenues	2	58,890	14,101	171,835	40,305	57,618
Cost of goods sold		–54,738	–	–140,684	–	–
Gross profit		**4,151**	**14,101**	**31,151**	**40,305**	**57,618**
Other operating income	2	2,725	6,151	9,993	20,367	20,914
Administrative expenses		–8,235	–6,558	–31,533	–20,563	–31,538
Research and development expenses		–81,543	–51,239	–226,798	–140,101	–199,648
Other operating expenses		–6,816	–4,447	–18,452	–11,183	–13,563
Operating profit/loss		**–89,718**	**–41,992**	**–235,638**	**–111,176**	**–166,217**
Net financial costs		**8,771**	**–623**	**6,251**	**–2,006**	**–2,296**
Profit/loss before tax		**–80,947**	**–42,614**	**–229,387**	**–113,181**	**–168,513**
Tax		–	–	–	–	–
Profit/loss for the period from continuing operations		**–80,947**	**–42,614**	**–229,387**	**–113,181**	**–168,513**
Profit/loss from discontinued operations		–283	730	–1,251	1,401	–4,001
Profit/loss for the period		**–81,230**	**–41,884**	**–230,638**	**–111,780**	**–172,513**
Profit/loss for the period attributable to:						
– Owners of the Company		–81,230	–41,884	–230,638	–111,780	–172,513
– Non-controlling interests		–	–	–	–	–
Total comprehensive income for the period		**–81,230**	**–41,884**	**–230,638**	**–111,780**	**–172,513**
Earnings per share from continuing operations						
– Before dilution (SEK)		–2.77	–1.69	–8.10	–4.51	–6.59
– After dilution (SEK)		–2.77	–1.69	–8.10	–4.51	–6.59

Amounts in SEK thousand	Notes	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	2022 Full year
Earnings per share						
– Before dilution (SEK)		–2.78	–1.67	–8.14	–4.45	–6.75
– After dilution (SEK)		–2.78	–1.67	–8.14	–4.45	–6.75
Number of outstanding shares at the end of the reporting period						
– Before dilution		29,731,112	25,144,906	29,731,112	25,144,906	27,506,018
– After dilution		29,731,112	25,144,906	29,731,112	25,144,906	27,506,018
Average number of outstanding shares						
– Before dilution		29,238,400	25,144,906	28,334,108	25,103,138	25,569,950
– After dilution		29,238,400	25,144,906	28,334,108	25,103,138	25,569,950

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	2022 Full year
Profit/loss for the period	–81,230	–41,884	–230,638	–111,780	–172,513
Other comprehensive income					
Items that have been transferred to, or can be transferred to the profit/loss for the year					
Reclassification of foreign currency translation differences	–1,939	1,614	2,272	4,650	5,157
Comprehensive income for the period	**–1,939**	**1,614**	**2,272**	**4,650**	**5,157**
Total comprehensive profit/loss attributable to:					
– Owners of the Company	–83,169	–40,270	–228,366	–107,130	–167,356
– Non-controlling interests	–	–	–	–	–
Total comprehensive income for the period	**–83,169**	**–40,270**	**–228,366**	**–107,130**	**–167,356**

Consolidated statement of financial position

Amounts in SEK thousand	Notes	09-30-2023	09-30-2022	12-31-2022
ASSETS				
Intangible assets		102,389	89,071	101,995
Property, plant and equipment		34,668	35,117	34,830
Right of use assets		59,778	38,568	36,220
Long-term receivables		3,945	3,945	3,945
Non-current assets		**200,780**	**166,702**	**176,990**
Inventory	4	133,662	–	50,260
Accounts receivables		–	4,283	1,335
Other receivables		62,235	7,778	46,121
Prepaid expenses and accrued income		256,178	164,254	151,827
Cash and cash equivalents		167,284	165,235	193,994
Assets held for sale		70,679	74,206	69,987
Current assets		**690,038**	**415,756**	**513,524**
TOTAL ASSETS		**890,818**	**582,458**	**690,515**
EQUITY				
Share capital		6,665	5,640	6,166
Other contributed capital		1,428,464	1,136,399	1,294,227
Reserves		12,594	9,815	10,322
Retained earnings including profit/loss for the year		–1,116,465	–825,094	–885,827
Equity attributable to parent company's owners		**331,258**	**326,759**	**424,888**
Non-controlling interests		–	**–**	**–**
TOTAL EQUITY		**331,258**	**326,759**	**424,888**

Amounts in SEK thousand	Notes	09-30-2023	09-30-2022	12-31-2022
LIABILITIES				
Long-term interest-bearing liabilities	5	119,134	–	–
Leasing liabilities		46,149	31,399	29,058
Long-term non interest-bearing liabilities	5	752	–	–
Total long-term liabilities		**166,035**	**31,399**	**29,058**
Short-term interest- bearing liabilities	5	62,500	–	–
Accounts payable		36,497	30,615	23,297
Other liabilities		5,295	5,496	2,933
Leasing liabilities		13,618	9,028	9,162
Accrued expenses and prepaid income		274,973	178,236	200,239
Liabilities attributable to assets held for sale		642	925	937
Total short-term liabilities		**393,525**	**224,300**	**236,569**
TOTAL LIABILITIES		**559,560**	**255,699**	**265,626**
TOTAL LIABILITIES AND EQUITY		**890,818**	**582,458**	**690,515**

Consolidated statement of changes in equity

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2023	6,166	1,294,227	10,322	–885,827	424,888
Total comprehensive income for the period					
Profit/loss for the period				–230,638	–230,638
Other comprehensive income for the period			2,272		2,272
Total comprehensive income for the period	**–**	**–**	**2,272**	**–230,638**	**–228,366**
Transactions with group shareholder					
New share issue	499	132,331			132,830
Issue expenses		–962			–962
Share savings program		2,868			2,868
Total contributions from and distributions to shareholders	**499**	**134,237**	**–**	**–**	**134,736**
Closing balance September 30, 2023	**6,665**	**1,428,464**	**12,594**	**–1,116,465**	**331,258**

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2022	5,614	1,134,276	5,165	–713,313	431,741
Total comprehensive income for the period					
Profit/loss for the period				–172,513	–172,513
Other comprehensive income for the period			5,157		5,157
Total comprehensive income for the period	**–**	**–**	**5,157**	**–172,513**	**–167,356**
Transactions with group shareholder					
New share issue	551	170,000			170,551
Issue expenses		–13,350			–13,350
Share savings program		3,301			**3,301**
Total contributions from and distributions to shareholders	**551**	**159,951**	**–**	**–**	**160,502**
Closing balance December 31, 2022	**6 166**	**1 294 227**	**10 322**	**–885 827**	**424 888**

Consolidated cash flow statement

Amounts in SEK thousand	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	2022 Full year
Cash flow from operating activities					
Profit/loss for the period before tax	–81 230	–41 884	–230 638	–111 780	–172 513
Adjustments for items not included in cash flow	254	3 887	18 715	7 485	9 327
Paid income taxes	–	–	–	–	–
Total	**–80 977**	**–37 997**	**–211 923**	**–104 295**	**–163 186**
Increase (–)/Decrease (+) of inventory	–38 453	–	–83 402	–	–50 260
Increase (–)/Decrease (+) of trade and other receivables	13 063	23 227	–119 971	19 722	1 699
Increase (+)/Decrease (–) of trade and other payables	–19 044	–60 108	89 743	5 712	17 829
Cash flow from current operations	**–125 411**	**–74 878**	**–325 553**	**–78 861**	**–193 918**
Of which discontinued operations	*–108*	*–330*	*–597*	*367*	*–9 876*
Cash flow from investing activities					
Acquisition of property, plant and equipment	–187	–6 288	–6 615	–9 936	–11 616
Acquisition of intangible assets	–	–5 168	–9 978	–40 783	–48 509
Cash flow from investing activities	**–187**	**–11 455**	**–16 593**	**–50 719**	**–60 125**
Of which discontinued operations	–	–	–	–	–

*) Expenses for software amounting to SEK 1.4 m have been reclassified to operating receivables during the quarter and are accrued over the term of the agreement. The cash flow effect that arose during Q2 2023 has been retroactively adjusted from investment activities to current activities (increase/decrease in operating receivables).

Amounts in SEK thousand	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	2022 Full year
Cash flow from financing activities					
Stock options redeemed by staff	18	–	18	24	551
New share issue	–	–	120 000	–	170 000
Issue expenses	–	–	–962	–	–13 350
Loans taken out	–	–	225 000	–	–
Costs of loans taken out	–7 543	–	–10 617	–	–
Amortization of loans	–10 416	–	–10 416	–	–
Amortization of lease liability	–5 330	–2 175	–10 225	–6 130	–8 337
Cash flow from financing activities	**–23 271**	**–2 175**	**312 797**	**–6 106**	**148 864**
Of which discontinued operations	–	–	–	–	–
Cash flow for the period	**–148 869**	**–88 508**	**–29 350**	**–135 687**	**–105 179**
Cash and cash equivalents reported in assets held for sale	–1 264	–2 256	–1 264	–2 256	–53
Cash and cash equivalents at beginning of period	315 640	250 085	193 994	295 180	295 180
Cash and cash equivalents at beginning of period (reported in assets held for sale)	1 405	2 548	1 811	1 758	–
Exchange rate differences in cash and cash equivalents	372	3 364	2 093	6 239	4 046
Cash and cash equivalents at end of period	**167 284**	**165 235**	**167 284**	**165 235**	**193 994**

Income statement, Parent company

Amounts in SEK thousand	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	2022 Full year
Revenues	58,890	14,101	171,835	40,305	57,618
Cost of goods sold	–54,738	–	–140,684	–	–
Gross profit	**4,151**	**14,101**	**31,151**	**40,305**	**57,618**
Other operating income	2,725	6,151	9,993	20,367	20,914
Administrative expenses	–8,648	–6,886	–32,679	–21,557	–32,863
Research and development expenses	–81,664	–51,295	–227,146	–140,323	–199,976
Other operating expenses	–6,816	–4,447	–18,452	–11,183	–13,563
Operating profit/loss	**–90,252**	**–42,377**	**–237,132**	**–112,391**	**–167,870**
Financial items					
Impairment loss on shares in subsidiary	–	–	–	–	–
Financial expenses	9,444	–11	8,112	–133	156
Net finance costs	**9,444**	**–11**	**8,112**	**–133**	**156**
Profit/loss before tax	**–80,808**	**–42,388**	**–229,020**	**–112,523**	**–167,714**
Tax	–	–	–	–	–
Profit/loss for the period	**–80,808**	**–42,388**	**–229,020**	**–112,523**	**–167,714**

Income statement and other comprehensive income, Parent company

Amounts in SEK thousand	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	2022 Full year
Profit/loss for the period	–80,808	–42,388	–229,020	–112,523	–167,714
Other comprehensive income	–	–	–	–	–
Comprehensive income for the period	**–80,808**	**–42,388**	**–229,020**	**–112,523**	**–167,714**

Balance sheet, Parent company

Amounts in SEK thousand	09-30-2023	09-30-2022	12-31-2022
ASSETS			
Fixed assets			
Intangible assets	102,389	89,071	101,995
Property, plant and equipment	34,668	35,117	34,830
Financial assets			
Shares in group companies	74,066	74,066	74,066
Other non-current receivables	3,945	3,945	3,945
Total financial assets	**78,011**	**78,011**	**78,011**
Total non-current assets	**215,068**	**202,200**	**214,836**
Current assets			
Current receivables			
Inventory	133,662	–	50,260
Accounts receivables	–	4,283	1,335
Other receivables	62,235	7,778	46,121
Prepaid expenses and accrued income	258,556	164,254	151,827
Total current receivables	**454,453**	**176,315**	**249,543**
Cash and bank	167,284	165,235	193,994
Current assets	**621,737**	**341,551**	**443,537**
TOTAL ASSETS	**836,805**	**543,750**	**658,373**

Amounts in SEK thousand	09-30-2023	09-30-2022	12-31-2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	6,665	5,637	6,166
Reserve for development expenditure	102,389	89,071	101,995
Unrestricted equity			
Share premium	1,428,464	1,137,085	1,294,227
Retained earnings	–971,910	–790,879	–803,802
Profit/loss for the period	–229,020	–112,523	–167,714
Total equity	**336,588**	**328,391**	**430,872**
Long-term liabilities			
Long-term interest-bearing liabilities	119,134	–	–
Long-term non interest-bearing liabilities	752	–	–
Total long-term liabilities	**119,887**	**–**	**–**
Current liabilities			
Short-term interest-bearing liabilities	62,500	–	–
Liabilities to subsidiaries	1,070	1,012	1,031
Accounts payables	36,497	30,615	23,297
Other current liabilities	5,291	5,496	2,933
Deferred income and prepaid revenue	274,973	178,236	200,239
Current liabilities	**380,330**	**215,359**	**227,501**
TOTAL LIABILITIES	**500,217**	**215,359**	**227,501**
TOTAL EQUITY AND LIABILITIES	**836,805**	**543,750**	**658,373**

Notes

NOTE 1 Accounting principles

This consolidated interim report for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting, as well as applicable regulations from the Annual Accounts Act. The interim report for the parent company has been prepared according to the Annual Accounts Act, chapter 9, Interim Reports. For the Group and the parent company the same accounting principles and calculation bases as the previous annual report have been applied except for the changed or additional accounting principles described below. Information according to IAS 34.16A is included in these financial statements and related notes as well in other parts of this interim report.

Licensing income
During Q4 2022, Xbrane carried out a strategic review of the revenue reporting, which led to license income attributable to the business for biosimilars being considered included in Xbrane's core business. Income from the licensing agreement with Bausch + Lomb last year was thereby reclassified from other operating income to revenue and a part of ordinary activities. The change to this accounting principle has been applied retroactively and the comparison periods for 2022 have been recalculated for the Group. This means that comparative figures no longer align with previously published financial reports for 2022.

Revenue from customers
Xbrane's income from contracts with customers includes the revenue categories "Product licensing, Product sales, Contract manufacturing and Other". The revenue reporting has been identified based on the internal reporting that is presented to the company's top executive decision maker.

The different types of revenue are defined as follows:
- **Out–licensed products:** Milestone payments for biosimilars before market approval. Examples of this are milestone payments from Bausch + Lomb & Biogen.
- **Product sales:** Products with obtained market approval. Currently, sales of the product Ximluci® are included within this type of revenue.
- **Contract manufacturing:** This revenue type includes other activities within the company that cannot be considered covered by the above-mentioned revenue type.

Ximluci® consists of the agreement with STADA for Europe. Revenue for out-licensing is recognized at a time that occurs when control of the intangible asset is transferred to the counterparty, which is at the time when the agreement with both parties is signed. Variable remuneration (for example attributable to future regulatory milestones) is recognized when there is no longer any significant risk of uncertainty as to whether these will occur. Remuneration attributable to sales–based milestones or royalties is not recognized until the sales that result in the right to milestones or royalties occur.

Revenue attributable to product sales
Revenue from product sales consists entirely of sales of Ximluci® in accordance with two agreements with STADA, one a supply agreement and the other a cooperation agreement. Revenue from product sales is reported when the company's performance obligations have been met, which occurs when control of the product has passed to the buyer in connection with delivery. The transaction price consists of the price the end customer pays with deductions of certain costs in each country in accordance with the cooperation agreement with STADA. As the transaction price cannot be determined with certainty upon delivery, a calculation is made of the estimated revenue. The calculation is based, among other things, on the size of the costs according to the cooperation agreement with STADA. Any deviations between the estimated transaction price and the actual price are reported on an ongoing basis in subsequent periods.

Inventory
Inventory is reported at the lower of the acquisition value and the net sales value. The acquisition value of finished goods and goods in progress consists of raw materials and other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). The net sales value is the estimated sales price in the current business. Through continuous monitoring of the inventory, it is ensured that it is dispatched based on its durability. Inventory impairments take place, if necessary, within the framework of normal business operations and are reported in cost of goods sold.

Convertible debentures
The Group's convertible debentures that can be converted into shares by the counterparty exercising its option to convert the debt into shares, are divided into a debt part and an option part. The option right is deemed to constitute an embedded derivative and is valued at fair value over the income statement. The option's initial fair value has been calculated using Black & Scholes and is included in level 2 of the fair value hierarchy. The remaining part of the issue proceeds is allocated to the debt. After the initial accounting period, the liability is reported at accrued acquisition value until it is converted or matures

Transaction costs for the convertible obligation have been allocated to the debt.

NOTE 2 Revenue from contracts with customers

Amount in SEKm	2023 Jul – Sep	2022 Jul – Sep	2023 Jan – Sep	2022 Jan – Sep	2022 Full year
Net sales					
Outlicensed products	0.1	13.9	28.4	36.8	50.9
Product sales	58.7	–	143.4	–	–
Contract manufacturing	–	–	–	–	3.2
Other	0	0.2	0.1	3.5	3.6
Total	**58.9**	**14.1**	**171.8**	**40.3**	**57.6**
Of which North America	*0.1*	*13.9*	*28.4*	*36.8*	*50.9*

The Group's revenue for 2023 consisted primarily of income from product sales from Ximluci®.

NOTE 3 Transactions with related parties

STADA Arzneimittel AG has been a shareholder in Xbrane since 2019 (see list of owners on page 6). Related party transactions with STADA refer to cost sharing for the cooperation agreement with Ximluci®.

NOT 4 Inventory

Amount in SEKm	09-30-2023	09-30-2022	12-31-2022
Goods in progress	133,662	–	50,260
Finished goods	–	–	–
Total inventory	**133,662**	**–**	**50,260**

Determination of acquisition value of inventory
The acquisition value of assets in inventory is determined, among other things, by using contract prices. Volume discounts or other discounts are included in the cost of inventory when it is probable that they have been earned and will accrue to the Company.

See Note 1 for the Group's other accounting principles regarding inventories

Reported amounts in the income statement
During the financial year 2023, cost of goods sold has been reported in the income statement at SEK -140,684 thousand (2022 SEK 0 thousand). The inventory includes a reserve for obsolete goods of SEK –1,868 thousand (2022 SEK 0,000). No write down of the inventory has been made.

NOTE 5 Convertible Bond

On May 26, 2023, Xbrane issued convertible bonds with a nominal value of SEK 250 m. The debentures mature on May 26, 2027, if they have not been amortized or converted to shares at the holder's request before then. The debt is amortized in twenty-four equal instalments during the term of the debenture. Xbrane can choose to settle the amortization with cash payments or in shares at 90% of the market price (lowest VWAP during the six trading days before the payment date). The holder of the debenture has the right to advance up to two amortization payments per interest period. The interest rate amounts to 6% until formal approval by the United States Food and Drug Administration (FDA) of the Company's application in connection with its biosimilar candidate for trial to Lucentis® (ranibizumab), thereafter the interest rate is 0%. The conversion rate amounts to 125 percent of the offer price at the time of the issue. The conversion rate may be adjusted in the event of capital restructuring. In the balance sheet as of September 30 2023, the convertible bonds are reported as interest-bearing liabilities amounting to SEK 181.6 m and SEK 0.8 m as derivatives in non interest-bearing liabilities.

Certification

The Board of Directors and the CEO hereby certify that this Interim report provides a true and fair view of the Parent Company and the Group's operations, position and results and describes significant risks and uncertainties faced by the Company and the companies that are part of the Group.

Stockholm November 30, 2023

Anders Tullgren
Chairman of the Board

Eva Nilsagård
Board member

Peter Edman
Board member

Mats Thorén
Board member

Karin Wingstrand
Board member

Kirsti Gjellan
Board member

Ivan Cohen-Tanugi
Board member

Martin Åmark
CEO

Auditor's report

Xbrane Biopharma AB (publ) Corp. id. 556749-2375

Introduction

We have reviewed the condensed interim financial information (interim report) of Xbrane Biopharma AB (publ as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of matter

We would like to draw attention to The Group's financial position and continued operations section on page 8, where it's stated that the company's financing for the next 12-month period is not ensured. This indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our statement is not modified in this regard.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm November 30, 2023

PricewaterhouseCoopers AB

Magnus Lagerberg
Authorized Public Accountant

Alternative performance measures

The Company presents certain financial measures in the interim report that are not defined in accordance with IFRS. The Company believes that these measures provide valuable supplementary information to investors and the Company's management as they enable evaluation of the Company's performance. Since not all companies calculate financial measurements in the same way, these are not always comparable to measurements used by other companies. These financial measures should therefore not be seen as replacement for measures that are defined in accordance with IFRS. The tables below show measurements that are not defined in accordance with IFRS.

Gross margin
The gross margin is a measure that the Group considers important for understanding the products' profitability. The gross margin is calculated as gross profit in relation to the Revenue. The gross profit is revenue minus cost of goods sold.

Amount in SEKm	2023 Jul – Sep	2022 Jul – Sep	2023 Jan –Sep	2022 Jan – Sep	2022 Full year
Gross profit	4,151	14,101	31,151	40,305	57,618
Gross margin	**7%**	**100%**	**18%**	**100%**	**100%**

EBITDA
EBITDA is a measure that the Group considers relevant for an investor who wants to understand profit generation before investing in fixed assets. EBITDA shows the business's earning capacity from cash flow from operating activities without regard to capital structure and tax situation and is intended to facilitate comparisons with other companies in the same industry.

Amount in SEKm	2023 Jul – Sep	2022 Jul – Sep	2023 Jan –Sep	2022 Jan – Sep	2022 Full year
Operating profit / loss	–89,718	–41,992	–235,638	–111,176	–166,217
Depreciation and impairment	8,122	4,354	24,576	12,272	16,576
EBITDA	**–81,596**	**–37,637**	**–211,062**	**–98,904**	**–149,640**

Research and development expenses as a percentage of operating expenses
The company's direct costs for research and development relate to personnel, materials and external services costs. Research and development expenses as a percentage of operating expenses show the proportion of operating expenses relating to research and development. This is calculated by dividing research and development expenses by total operating expenses. Total operating expenses comprise of selling and distribution expenses, administrative expenses, research and development expenses and other operating expenses.

Amount in SEKm	2023 Jul – Sep	2022 Jul – Sep	2023 Jan –Sep	2022 Jan – Sep	2022 Full year
Research and development expenses	–81,543	–51,239	–226,798	–140,101	–199,648
Operating expenses	–96,594	–62,244	–276,782	–171,847	–244,749
Research and development expenses as a percentage of operating expenses	**84%**	**82%**	**82%**	**82%**	**82%**

Equity ratio
The equity ratio is a measure that the Group considers relevant for an investor who wants to understand the distribution between equity and liabilities. The equity ratio consists of the proportion of assets that are financed with equity to show the company's long-term ability to pay, i.e., equity through total assets.

Amount in SEKm	09-30-2023	09-30-2022	12-31-2022
Total equity	331,258	326,759	424,888
Divided by total assets	890,818	582,458	690,515
Equity ratio	**37%**	**56%**	**62%**

Our objective - to contribute to health equality for everyone

Xbrane is a purpose-driven organization and our objective – to promote access to cost-effective drugs – is part of everything we do. Biological drugs are very effective in treating a number of serious medical conditions that affect many people. At the same time, biological drugs are expensive and only a fraction of the world's population has access to them.

Our purpose is clear – to be able to contribute to health equality for everyone. If there is a treatment, it should be available to everyone who needs it. By applying the latest science, Xbrane can develop cost-effective biological drugs at a lower price. This makes the treatment available to more people.

FINANCIAL CALENDAR

Year–end report 2023	February 29, 2024
Annual report 2023	March 27, 2024
Annual General Meeting	May 2, 2024
Interim report January–March 2024	May 16. 2024
Interim report January–June 2024	July 17, 2024

FOR FURTHER INFORMATION

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Xbrane in brief

Xbrane: a world-leading developer of biosimilars
Xbrane Biopharma AB is a biotechnology company that develops biosimilars, i.e. follow-up drugs on already approved biological drugs that can be introduced at a lower price after the patent expires on the original drug.

Xbrane has a patented platform technology that leads to a lower production cost of biological drugs compared to competing systems.

Xbrane has a team with expertise in taking biosimilars from cell-line to approval with long collective experience in drug development.

Xbrane has its headquarters and development lab at Campus Solna, just outside Stockholm. Since September 2019, Xbrane has been listed on Nasdaq Stockholm, with the ticker XBRANE.

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This information is information that Xbrane Biopharma is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the CEO, at 11-30-2023 08.00 CET.