
xintela
Annual Report 2023

Content

Note to the reader
The "company" refers to Xintela AB (publ), corporate registration number 556780-3480. All figures are given in TSEK unless otherwise stated.

Auditor's review
The auditor has reviewed the Annual Report presented on pages 13–34 of this document.

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

From the CEO

Steady progress in XSTEM clinical trials

The past year has been dominated by clinical studies with our stem cell product XSTEM for osteoarthritis and difficult-to-heal leg ulcers, as well as a number of activities in the production team to prepare XSTEM for continued clinical development and future commercial production. In our subsidiary Targinta, we have continued the work of validating our cancer target and antibody-based drug candidates.

In the knee osteoarthritis study, the first dose cohort has reached the finish line

In our First-in-Human study in Australia in patients with knee osteoarthritis, all patients at the lowest dose level of XSTEM have completed the study 18 months after treatment. In the study, a total of 24 patients were dosed at three dose levels of XSTEM and judged safe three months after treatment. We have previously reported that patients who have been treated at the first and second dose levels experience less pain and improved function of the joint six months after treatment. We also see this trend with the third and highest dose of XSTEM after six months. Overall, the study is progressing very well and we are now looking forward to further efficacy data from the second and third dose levels in 2024.

We have recently started a collaboration with the Danish company Nordic Bioscience to investigate exploratory biomarkers in blood samples from the osteoarthritis patients in the study. We aim to use biomarkers for various degradation and rebuilding processes in cartilage and other joint tissues to learn more about the effect of XSTEM.

In the difficult-to-heal leg ulcer study, the first patient has completed the study

Clinical studies with XSTEM in patients with difficult-to-heal venous leg ulcers are ongoing at clinics in Sweden. By adding more clinics and a larger recruitment area, we have been able to increase the number of patients who are screened and improved the recruitment in this hard-to-recruit patient group. The study includes twelve patients who receive either XSTEM or placebo applied to the wound bed and thereafter safety and efficacy are evaluated weekly for ten weeks and at four months after treatment. The first patient has completed the study and additional patients have been dosed. Recruitment and screening of patients is ongoing.

Extended manufacturing permit in the GMP facility

We produce XSTEM for clinical studies in our own GMP facility and have had a manufacturing permit from the Swedish Medical Products Agency since May 2021. The production permit has now been extended to include Advanced Therapy Medicinal products (ATMPs) from other types of human cells. There is a great need for process development and GMP-classified production of advanced therapies (ATMPs) at other companies and academic groups. We therefore see contract manufacturing as an interesting complement to the development and production of our own products, and we have ongoing dialogues about possible assignments in the future. In parallel with the production in our facility, several activities are ongoing linked to quality management of all manufacturing processes and quality assurance of XSTEM for ongoing clinical studies and also to prepare XSTEM for phase III studies and eventually for commercial production. Our goal is for Xintela to produce XSTEM in collaboration with one or more partners for future clinical studies and commercialisation.

Several publications from our preclinical studies

During the year, we have published results from several preclinical studies with XSTEM and with the corresponding product for horses, EQSTEM.

As previously reported, in collaboration with Lund University and Region Skane, we have preclinically evaluated XSTEM for

the treatment of Acute Respiratory Distress Syndrome (ARDS), a very serious lung disease with a high mortality rate, which can affect patients with sepsis, pneumonia and Covid-19. The results of the study have been published in the scientific journal *Respiratory Research* (Edstrom et al, 2023). The results show that treated with XSTEM results in more stable blood circulation, less lung tissue damage and less blood coagulation compared to the placebo and that no negative side effects were noted during the treatment.

The results from our preclinical equine study, conducted in collaboration with the University of Copenhagen, have been published in the scientific journal *Cartilage* (Andersen et al, 2023). The results showed that our stem cell product EQSTEM has a disease-modifying effect by significantly reducing lameness and improving cartilage tissue structure and joint function in horses with post-traumatic osteoarthritis, compared to untreated horses, and no side effects of the treatment were observed. Also, two additional scientific articles linked to the study have been published in the scientific journal *Frontiers in Veterinary Science*, in which we have studied extracellular vesicles (Clarke et al, 2022) and microRNA (Andersen et al, 2024) in the synovial fluid of the horses after treatment with EQSTEM. The results from these studies provide additional information on the possible mechanisms of action of EQSTEM, and XSTEM, in the treatment of osteoarthritis.

Continued validation of Targinta's cancer target and antibodies

In our subsidiary Targinta, operations have been at a slow pace during the past year due to limited resources for the cancer project. Despite this, we have taken important steps forward in preclinical work to further validate our proprietary target molecule integrin α10β1 on aggressive cancer cells and our targeted drug candidates TARG9 and TARG10. TARG9 is a so-called Antibody-Drug Conjugate (ADC) in which the antibody is linked to a cytotoxic that kills cancer cells and inhibits tumor growth. Our function-blocking antibody TARG10, which inhibits the metastasis of cancer cells, can also act as an ADC. The new results give further weight to integrin α10β1 as a unique and important target for the development of both therapeutics and diagnostics for aggressive cancers such as glioblastoma and triple-negative breast cancer.

In parallel, work is ongoing to identify funding for continued development of the antibodies, including clinical Phase 0 studies. With its First-in-Class antibodies, a new cancer target and strong patent protection, Targinta has a very interesting position in the fast-growing ADC field where a number of large commercial agreements have been done already in the preclinical phase. We therefore also see an opportunity for Targinta to enter into partnerships and/or license its ADCs at an early stage.

New Chief Scientific Officer and Management Team

We announced in February 2024 that Lucienne Vonk has been appointed as the new Chief Scientific Officer (CSO) of Xintela. Lucienne has extensive experience in cell-based therapies in both preclinical and clinical development and she has a broad and valuable international network in the field of musculoskeletal diseases. I look forward to continuing to develop Xintela's project together with Lucienne while at the same time having the opportunity to spend more time with Targinta. Lucienne is part of Xintela's management team, which has also been expanded with Camilla Wennersten, Director Clinical Development and Liselotte Theorell, Director Quality Management.

Completed rights issue with warrants

In July 2023, we carried out a rights issue for continued development of primarily the stem cell operations. A total of approximately 58 percent of the rights Issue was subscribed, corresponding to an amount of approximately SEK 71.5 million, and we carried out the issue at very low costs, only approximately 1.5 percent of the total outcome. In connection with the subscription of shares in the rights issue, warrants were issued with the possibility to subscribe for new shares on four occasions over two years at the same price, SEK 0.30. On the first occasion in December 2023, shares were subscribed for approximately SEK 6.3 million.

The next opportunity to subscribe for options will occur during the period 26 May to 5 June 2024. Further information about the terms and conditions of the TO3 warrants can be found on our website.

Financing going forward

To give us more time to land long-term financing solutions, we have recently taken a loan of SEK 16.5 million from our main owner Flerie Invest. This gives us the opportunity to continue to generate and evaluate results from our clinical studies and at the same time move forward in ongoing discussions with potential partners and licensees. For a long time, we have been very active in various business development processes to generate interest from partners for our unique stem cell-based therapies and antibody-based cancer therapies. We are now seeing the results of that and are evaluating the exciting opportunities we have on the table. To optimize these activities, we work with business development advisors for both Xintela and Targinta and who have extensive experience of global transactions in Life Science. Our goal is that further financing of our development projects will largely come via revenues from development milestones from collaborations, partnerships and/or licensing. In parallel, we are working with other financing solutions for Xintela and Targinta, including capitalizations, grants and loans, which can be implemented either jointly or separately.

We are now looking forward to the results of our clinical studies and to advance our business development activities towards partnerships and commercial agreements.

Evy Lundgren-Åkerlund
CEO, Xintela AB (publ)

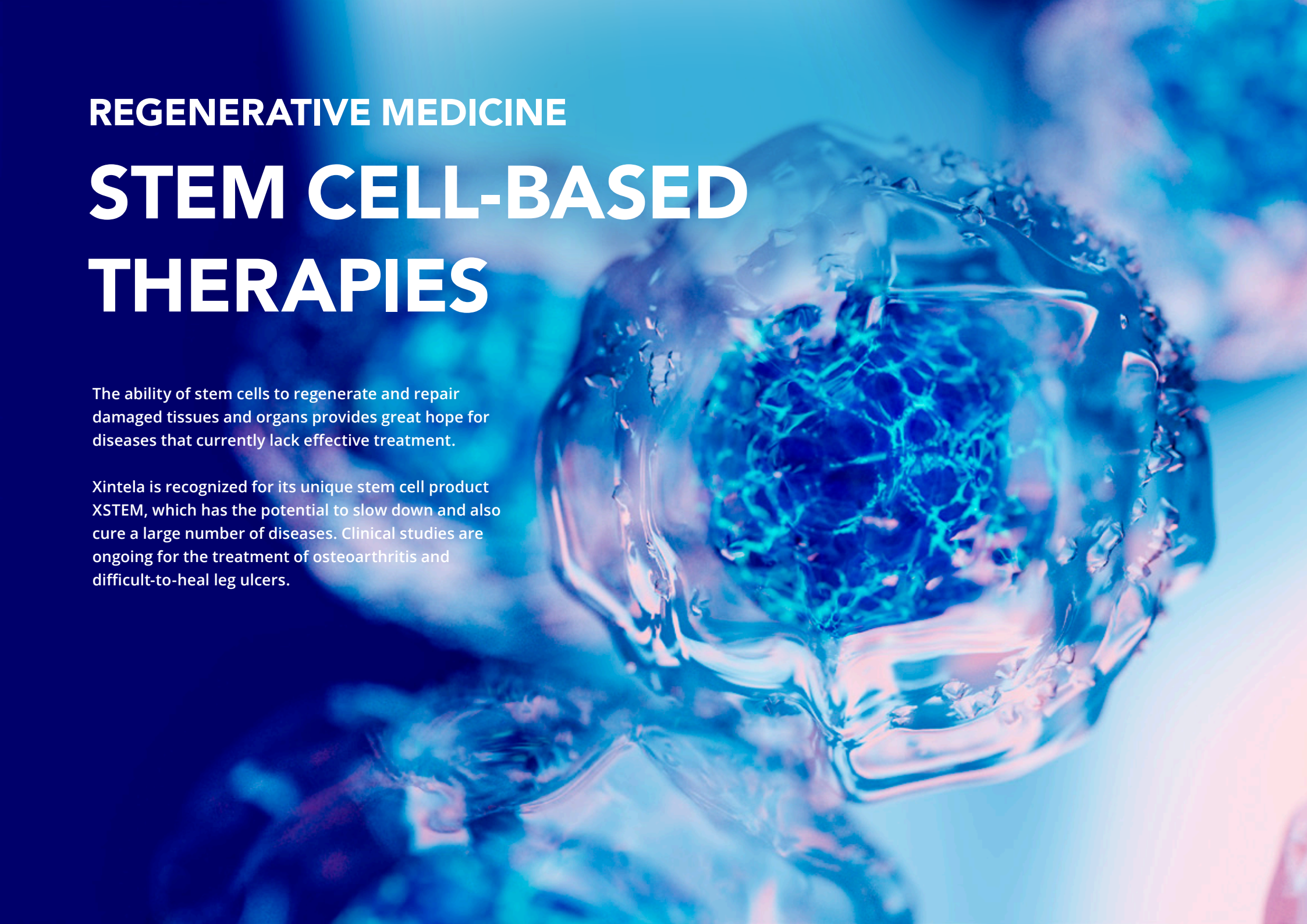
To read publications, visit Xintela's website:
https://www.xintela.se/en/research-and-development#publications

REGENERATIVE MEDICINE

STEM CELL-BASED THERAPIES

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

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



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

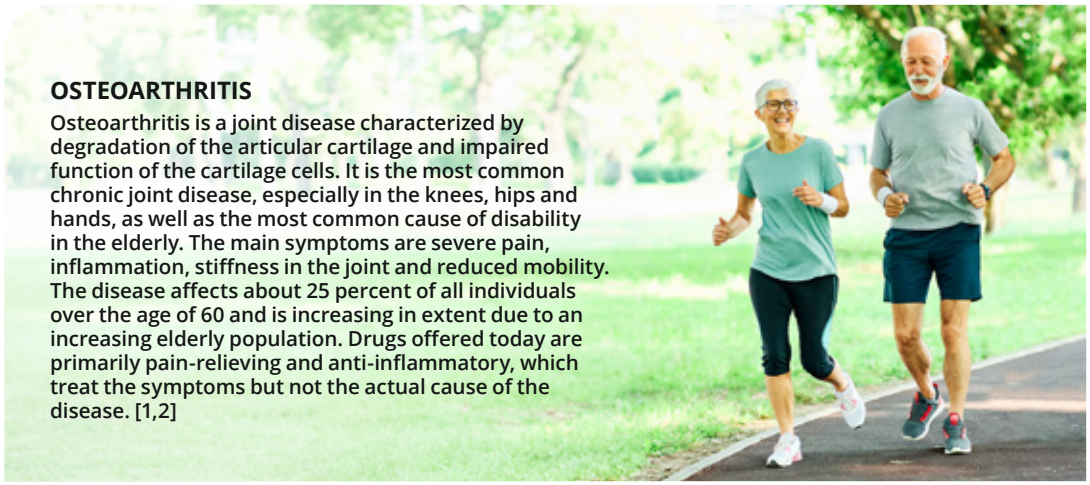
Xintela has developed the competitive stem cell product XSTEM, which consists of integrin α10β1-selected mesenchymal stem cells. Through the unique selection step in the production process, homogeneous stem cells of high and reproducible quality can be produced. XSTEM is manuafctured in Xintela's own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

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

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

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

Own GMP production of stem cells
Our stem cells are produced in bioreactors in the company's own GMP-approved facility and stored frozen until used in the treatment of patients. Through its in-house, production facility, Xintela has full control over the stem cell production which significantly reduces risks such as unexpected costs and delays. The company's strategy is to establish Xintela as a manufacturer of stem cell products developed in collaboration with partners and to also offer development and production of other advanced therapy products (ATMP).



OSTEOARTHRITIS

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

DIFFICULT-TO-HEAL LEG ULCERS

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

Steady progress in XSTEM clinical studies

XSTEM in clinical study for the treatment of knee osteoarthritis

Xintela is conducting a clinical study (Phase I/IIa) with XSTEM in Australia, in patients with moderate knee osteoarthritis (Kellgren-Lawrence grade II-III). Three different dose levels of XSTEM are being evaluated in up to 54 patients and each patient is followed for 18 months with safety evaluation and preliminary efficacy evaluation every six months. XSTEM have been dosed at all dose levels in a total of 24 patients and all dose levels have been judged safe by the study's Safety Review Committee after three months. All patients at the lowest dose level have completed the study 18 months after treatment. Xintela has the opportunity to expand the study with an additional 30 patients. The primary goal of the study is to show that XSTEM is safe, but also to obtain preliminary efficacy results that show that the product has DMOAD (Disease Modifying Osteoarthritis Drug) properties and can slow down cartilage and joint degradation as well as restore damaged articular cartilage and improve joint function. Xintela's earlier results from preclinical osteoarthritis models, support the possibility that XSTEM may have a positive disease-modifying effect.

The dose escalation part of the study will continue until the end of 2024. In parallel with the clinical study being conducted, discussions with potential partners and licensees for further clinical development and commercialization are ongoing.

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

Xintela's clinical study (Phase I/IIa), in patients with difficult-to-heal leg ulcers, is being conducted in Sweden. Twelve patients with difficult-to-heal venous leg ulcers will be treated with XSTEM or placebo. XSTEM/placebo will be applied to the wound and patients will then be followed for ten weeks to evaluate safety and wound healing efficacy. The first patient has completed the study and additional patients have been dosed. Recruitment and screening of patients is ongoing. A major part of the study is funded by a grant from Vinnova.

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

Market

Osteoarthritis

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

Venous leg ulcers

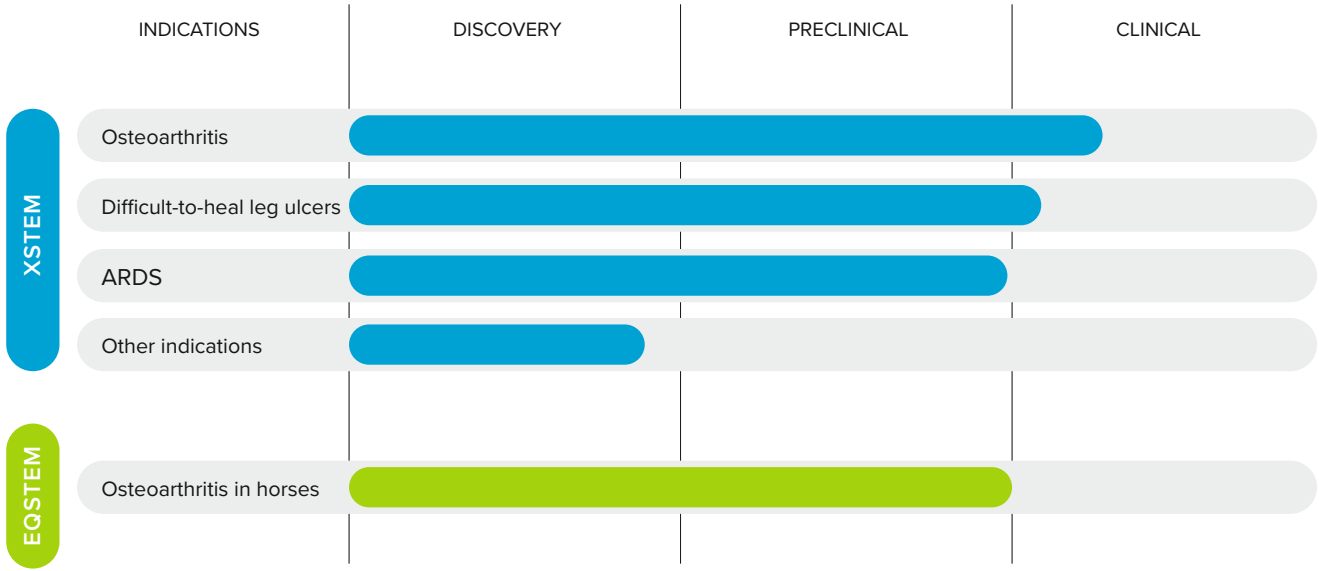
In 2018, the global market for the treatment of venous leg ulcers was estimated at USD 2.95 billion, a figure that is expected to increase to USD 4.84 billion by 2026 with an average annual growth rate of 6.4 percent. The increase is partly due to the expectation that the incidence of venous leg ulcers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

Commercialization strategy for XSTEM

The company's overall strategy is to take the stem cell projects to Proof of Concept, by clinical Phase I/IIa studies, and then enter into partnerships and commercial agreements for continued clinical development and global commercialization. Xintela is very active in business development and has ongoing dialogue with potential partners and licensees within the pharmaceutical industry.

A product platform for the treatment of several diseases

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



In the knee osteoarthritis study all patients in the dose escalation part have been dosed

The clinical study (Phase I/IIa), conducted in Australia, is evaluating XSTEM for the treatment of patients with knee osteoarthritis. All three dose levels of XSTEM have been dosed on a total of 24 patients. Safety and efficacy readings will be evaluated every six months up to 18 months after treatment. The patients at the lowest dose level have completed the study 18 months after treatment.

In the leg ulcers study, the first patient has completed the study

The clinical study (Phase I/IIa) is evaluating XSTEM and placebo for the treatment of difficult-to-heal venous leg ulcers. The first patients have been dosed and recruitment of additional patients is ongoing at clinics in Sweden. A total of twelve patients will be recruited. Safety and efficacy readings are performed weekly during ten weeks as well as four months after treatment.

Preclinical study on Acute Respiratory Distress Syndrome (ARDS) show therapeutic effect with XSTEM

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

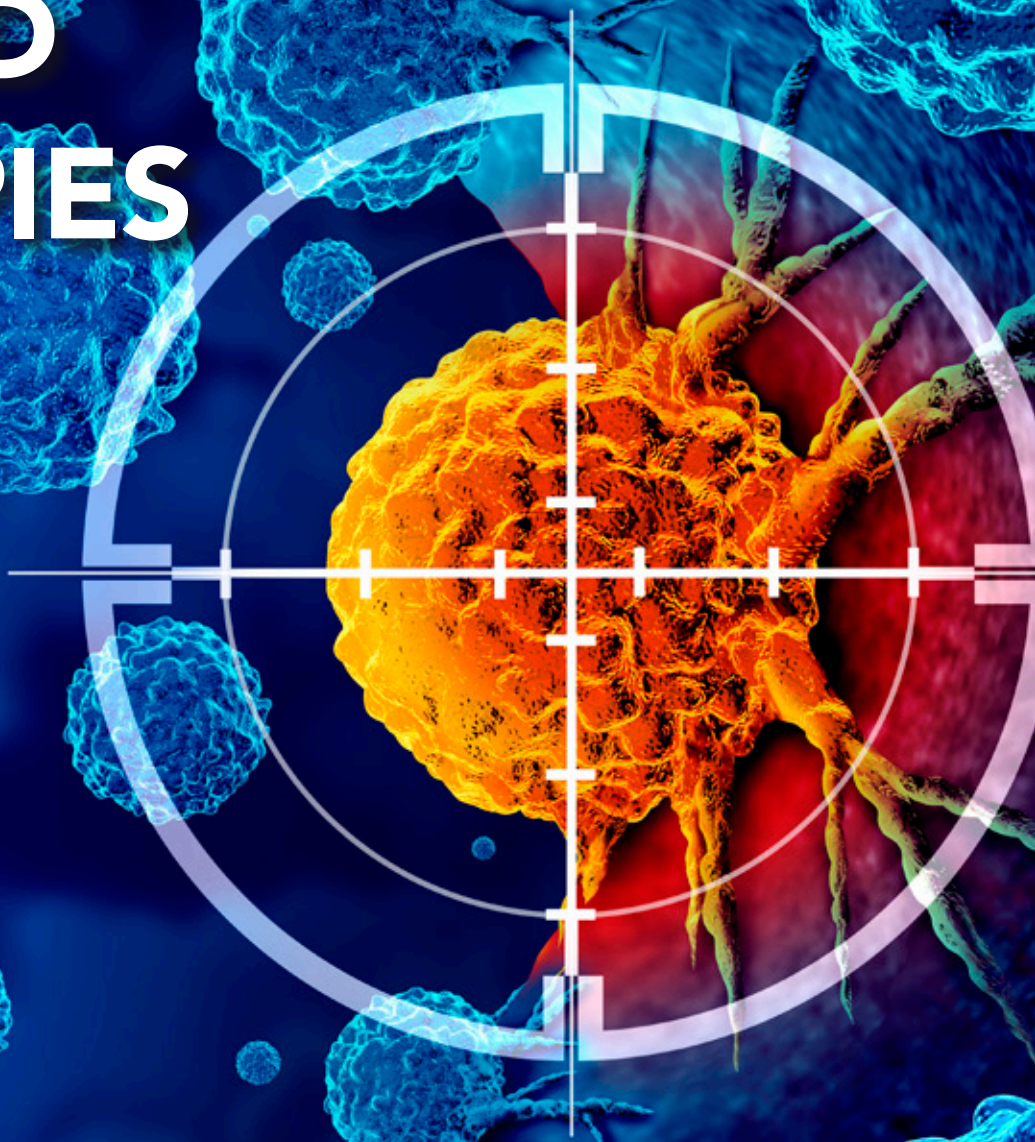
EQSTEM® show disease modifying effect in preclinical horse models for osteoarthritis

Xintela has developed the stem cell product EQSTEM for the treatment of joint diseases in horses. Results from two preclinical studies in horses with post-traumatic osteoarthritis show disease modifying effect with reduces lameness and improved cartilage and bone structure, Xintela plans to bring EQSTEM to the market in collaboration with partners.

ANTIBODY-BASED CANCER THERAPIES

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

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



TRIPLE-NEGATIVE BREAST CANCER

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

GLIOBLASTOMA

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

New cancer target and effective First-in-Class antibodies

Cancer target with unique properties

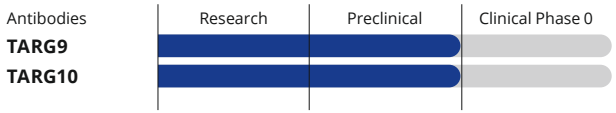
Xintela's subsidiary Targinta is developing new targeted antibody-based drugs (First-in-Class) for the treatment of aggressive cancer. The company has been founded on its own discovery that Xintela's stem cell marker, integrin α10β1, is also expressed in aggressive cancers such as triple-negative breast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

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

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

Targinta's candidate drugs

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



Targinta positions itselfs in the ADC field

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

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

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

The market for triple-negative breast cancer and glioblastoma

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

Commercialization strategy

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

Share capital and ownership structure

The share

Xintela AB (publ) was listed on Nasdaq First North in Stockholm on 22 March 2016. First North is an alternative marketplace, operated by an exchange within the NASDAQ OMX Group. Companies on First North are not subject to the same rules as companies on the regulated main market. They are subject to a less regulated framework, adapted for small growth companies. A company listed on First North may therefore entail a higher investment risk than a company listed on the main market. All companies listed on First North have a Certified Adviser to oversee their compliance with the rules. The exchange assesses applications for admission to trading. At 31 December 2023, the company had 567,006,473 shares. The company has only one class of shares. Each share carries identical rights to the company's assets and earnings, and one vote at General Meetings.

Ticker symbol:	XINT
ISIN code:	SE0007756903
Number of shares outstanding:	567,006,473
Par value:	0.03 SEK
Standard trading unit:	1 share
Share capital:	17,010,194.19 sek

TEN LARGEST OWNERS, DECEMBER 31, 2023

Name	No. of shares	Portion (%)
Flerie Invest AB	315,692,260	55.68%
Avanza Pension	28,144,848	4.96%
AB Svedala Finans	8,400,000	1.48%
Per Åke Oldentoft	7,479,972	1.32%
Evy Lundgren-Åkerlund	6,824,674	1.20%
Nordnet Pensionsförsäkring	5,275,583	0.93%
Ivar Nordqvist	4,624,416	0.82%
Derek Gregory Batcheller	4,572,699	0.81%
Mats Hellström	3,475,638	0.61%
Mikael Stensson	3,095,211	0.55%
Övriga aktieägare	179,421,172	31.64%
Total	**567,006,473**	**100.00%**

SHARE CAPITAL PERFORMANCE

Year	Event	Increase in share capital (SEK)	Total share capital (SEK)	Change in no. of shares	Total no. of shares	Par value (SEK)
2009	Company formation	100,000.00	100,000.00	100,000	100,000	1
2009	New share issue	33,400.00	133,400.00	33,400	133,400	1
2011	New share issue	13,818.00	147,218.00	13,818	147,218	1
2013	New share issue	16,258.00	163,476.00	16,258	163,476	1
2013	New share issue	20,713.00	184,189.00	20,713	184,189	1
2013	New share issue	36,809.00	220,998.00	36,809	220,998	1
2014	New share issue	64,841.00	285,839.00	64,841	285,839	1
2015	New share issue	39,952.00	325,791.00	39,952	325,791	1
2015	New share issue	31,478.00	357,269.00	31,478	357,269	1
2015	Rights issue	178,634.50	535,903.50	-	357,269	1.5
2015	Stock split (1:50)	-	535,903.50	17,506,181	17,863,450	0.03
2016	IPO	210,000.00	745,903.50	7,000,000	24,863,450	0.03
2017	New share issue, TO	63,834.75	809,738.25	2,127,825	26,991,275	0.03
2017	New share issue	96,153.87	905,892.12	3,205,129	30,196,404	0.03
2017	New share issue, warrants	5,145.00	911,037.12	171,500	30,367,904	0.03
2018	Private placement	249,609.99	1,160,647.11	8,320,333	38,688,237	0.03
2018	Conversion of loans	23,474.13	1,184,121.24	782,471	39,470,708	0.03
2020	Conversion of loans	39,541.08	1,223,662.32	1,318,036	40,788,744	0.03
2020	New share issue	502,623.36	1,726,285.68	16,754,112	57,542,856	0.03
2020	New share issue, TO	492,711.24	2,218,996.92	16,423,708	73,966,564	0.03
2021	Conversion of loans	96,049.35	2,315,046.27	3,201,645	77,168,209	0.03
2021	New share issue	358,974.36	2,674,020.63	11,965,812	89,134,021	0.03
2022	New share issue	5,348,041.26	8,022,061.89	178,268,042	267,402,063	0.03
2022	Private placement	209,136.00	8,231,197.89	6,971,200	274,373,263	0.03
2022	Issue of convertibles	996,000.00	9,227,197.89	33,200,000	307,573,263	0.03
2023	New share issue	7,150,080.87	16,377,278.76	238,336,029	545,909,292	0.03
2023	New share issue, TO	632,915.43	17,010,194.19	21,097,181	567,006,473	0.03

Board Members and CEO

Gregory Batcheller

CHAIRMAN OF THE BOARD SINCE 2011.

Born: 1957

Education: LL.M, Lund University, J.D., University of Toronto, and B.Sc. (Econ.) London School of Economics.

Experience: Extensive experience in pharmaceutical, biotech and medtech industries. Former Chairman of the Board of Abliva AB, Guard Therapeutics AB, and Monocl AB.

Current assignments: Chairman of the Board of Targinta AB, Edvince Aktiebolag, Intellego Technologies AB, Pharmacyl AB and CarryGenes Group. Board member of Saga Dx Inc, Canacyl AB and Business Research Life Sciences Ltd.

Shareholding: 4,572,699

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

Thomas Eldered

BOARD MEMBER SINCE 2022.

Born: 1960

Education: M.Sc. in Industrial Engineering and Management, Linköping University.

Experience: Thomas has more than 35 years of experience in various positions in international pharmaceutical industry, mainly in pharmaceutical manufacturing, development, company building and management in private and public companies. Co-founder of Recipharm AB, where he was CEO from 2008 to 2021.

Current assignments: Founder and main owner of Flerie Invest AB. Chairman of the board of Amarna Therapeutics BV, NorthX Biologics AB and Prokarium Ltd, and a board member of Buzzard Pharmaceuticals AB, Chromafora AB, Flerie Invest AB, Kahr Bio Ltd, Nanologica AB, Toleranzia AB and Sixera Pharma AB, among others.

Shareholding: 315,692,260 (via related party)

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

Hans-Joachim Simons

BOARD MEMBER SINCE 2022.

Born: 1962

Education: MD, Ph.D. Orthopaedic specialist and MBA.

Experience: Founder and Managing Partner of Bluerock Healthcare Advisors. Board member of Arthromeda Inc.

Current assignments: Grundare av och partner i Bluerock Healthcare Advisors. Styrelseledamot för Arthromeda Inc.

Shareholding: -

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

Maarten de Château

BOARD MEMBER SINCE 2021.

Born: 1963

Education: MD and Ph.D., Lund University.

Experience: More than 15 years of experience from roles in clinical drug development and business development at Sanofi, Sobi and Camurus. Has worked as a financial analyst in biotech and pharmaceuticals at Aragon Fondkommission and Swedbank Markets. Co-founder and CEO of Cormorant Pharmaceuticals. Former board member of OxTheraAB, Addbio AB, Gesynta Pharma AB, Evident Life Försäkring AB and deputy board member i Nylof Holding AB.

Current assignments: Chairman of the Board of Atrogi AB, Board member of Targinta AB, Beactica Therapeutics AB, Cavis Technologies AB, Cordivest AB, Chateau Holding AB, Buzzard Pharmaceuticals AB, MetaCurUm Biotech AB and Amarna Holding BV. CEO of Sixera Pharma AB, Cordivest AB, Buzzard Pharmaceuticals AB and MetaCurUm Biotech AB.

Shareholding: 2,452,829

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

Lars Hedbys

BOARD MEMBER SINCE 2021.

Born: 1957

Education: M.Sc. in Engineering, Chalmers University of Technology and Ph.D. in Applied Biochemistry, Lund University.

Experience: Has significant experience from leading positions and board assignments in the pharmaceutical, biotech and medtech industries with several senior positions in AstraZeneca. Former Chairman of the Board of IAmPatient AB, Scandinavian ChemoTech AB and Veticure AB. Board member of Hamlet Pharma AB, deputy board member of CanImGuide Therapeutics AB and Immodulate Pharma AB. CEO of RhoVac AB, Idogen AB and Pharmiva AB.

Current assignments: Chariman of Chosa Oncology AB and Strominnate AB. Board member of Asgard Therapeutics AB, Cell Invent AB, Vagnlyftaren AB and Ventac Partners AB.

Shareholding: 365,000

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

Evy Lundgren-Åkerlund

CHIEF EXECUTIVE OFFICER SINCE 2009.

Born: 1957

Education: PhD in Medical Science, Uppsala University, Associate Professor of Medical and Physiological Chemistry, Lund University.

Experience: Xintela's founder. Extensive experience in biomedical research and development. Has previously held senior positions in both academia and industry. Founded Cartela AB and was CEO and Head of Research from 2000-2007. Was Director of Operations/CEO of Ideon Bioincubator/Lund Life Science Incubator from 2008-2012.

Current assignments: Board member of Targinta AB.

Shareholding: 6,824,674

DIRECTORS' REPORT

The Board and CEO of Xintela AB (publ) (publ), based in Lund, Sweden, corporate ID no. 556780-3480, hereby present the annual accounts for the 2023 financial year.

Directors' report

General about the activities

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

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

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

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

Significant events in 2023

First quarter

» Xintela completes dosing of XSTEM second dose level in knee osteoarthritis clinical study.

Second quarter

» Xintela has started last dose level of XSTEM in knee osteoarthritis clinical study.

» Xintela is carrying out a Rights issue of units up to maximum SEK 123 million.

» Xintela's clinical study with XSTEM for knee osteoarthritis makes good progress.

» Xintela publishes positive preclinical results from XSTEM treatment of ARDS.

» Xintela completes XSTEM dosing at third and final dose level in knee osteoarthritis clinical study.

Third quarter

» Xintela publishes the outcome of the rights issue.

» Xintela gets product patent in USA for chondrocyte-based products.

Fourth quarter

» Xintela's stem cell product, XSTEM, has been assessed as safe at all dose levels in knee osteoarthritis clinical study.

» Xintela publishes results for the exercise of warrants of series TO3, whereby Xintela receives around SEK 6.3 million.

» Xintela publishes efficacy results with EQSTEM from preclinical equine OA study.

» First patient dosed in Xintela's clinical study on difficult-to-heal leg ulcers.

Significant events after the end of the period

Xintela appoints Lucienne Vonk as Chief Scientific Officer.

Continued financing of operations

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

To ensure the businesses' future financing needs we work actively to evaluate various financing possibilities such as partnerships with revenue from development milestones, project financing, capital acquisitions, grants or loan. In March 2024, we received loans for a total of SEK 16.5 million to give us more time to evaluate different options for long-term financing solutions. The financing work is progressing according to our expectation, and we assess it as likely that our plan for continued funding will be successful and secure Xintela's continued operations for it next 12-month period.

Risks and uncertainties

Limited resources

Xintela AB is a small company with limited resources in terms of management, administration and capital. The implementation of any major strategies requires optimisation of the Company's resource appropriation. There is a risk that the Company's resources could be insufficient, and lead to financial and operational problems.

Dep endence on key individuals and employees

Xintela AB's success is based on the knowledge, experience and creativity of a few specific individuals. The Company's future is dependent on being able to recruit qualified employees. The Company works hard to reduce this dependency by maintaining proper documentation of procedures and working methods.

Earning capacity and capital requirements

Drug development is both expensive and time-consuming. It may take longer than expected before the Company can generate a positive cash flow. To cover these costs, Xintela AB may need to raise new capital. There is no guarantee that such capital can be obtained on terms that are favourable to shareholders. Failure to generate sufficient profits may impact the Company's market value.

Sales risk
There is no certainty that the products developed by the Company will gain the market acceptance reflected in this annual report. The quantity of products sold may be lower, and the period required for market establishment may be longer, than the Company currently has reason to believe.

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

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

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

After the outbreak of war, the capital market has become much more turbulent and may pose greater challenges in raising new capital for the Company.

The Board proposes the following appropriation of profits
TSEK

Non-restricted reserves	63,580
Loss for the year	-42,684
Total	**20,896**

The Board proposes that the available standing funds of TSEK 20,896 be carried forward. Accordingly, no dividend is proposed.

Financial summary

TSEK	1/1/2023 12/31/2023	1/1/2022 12/31/2022	1/1/2021 12/31/2021	1/1/2020 12/31/2020	1/1/2019 12/31/2019
Net sales	78	0	0	0	38
Operating loss	-40,350	-35,007	-43,556	-33,897	-38,047
Loss for the year	-42,684	-44,906	-58,394	-50,257	-43,530
Change in cash and cash equivalents	-397	-2,452	-23,660	33,189	-30,985
Quick ratio (%)	88	74	78	180	5
Equity/assets ratio (%)	78	66	16	57	55
Earnings per share	-0.10	-0.25	-0.65	-0.68	-1.10
Dividends (SEK)	0	0	0	0	0

Financial definitions

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

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

FINANCIAL STATEMENTS

The Group

Income statement in brief

(TSEK)	Note	1/1/2023 12/31/2023	1/1/2022 12/31/2022
Operating income			
Net sales		78	0
Cost of goods sold		0	0
Gross profit		**78**	**0**
Operating expenses	6, 7, 9, 11		
Research and development costs		-46,239	-55,792
Selling costs		-4,871	-5,384
Administrative expenses		-7,919	-11,261
Other operating income		1,729	3,375
Other operating expenses		-15	0
Operating loss		**-57,238**	**-69,062**
Profit/loss from financial items			
Financial income		6	6
Financial expenses		-1,135	-4,109
Loss before tax		**-58,367**	**-73,165**
Tax on loss for the period	12	4,284	6,948
Loss for the period		**-54,083**	**-66,217**
Loss per share, before and after dilution, SEK		**-0.13**	**-0.37**

The Group

Balance sheet in brief

(TSEK)	Note	12/31/2023	12/31/2022
ASSETS			
Fixed assets			
Intangible assets	13	195	640
Tangible assets	14	1,358	4,576
Financial assets		0	0
Total fixed assets		**1,553**	**5,216**
Current assets	16		
Tax assets		398	319
Accounts receivable		97	0
Tax receiveble		4,347	0
Other receivables		3,066	9,502
Prepaid expenses		1,126	1,138
Cash and cash equivalents		7,809	8,343
Total current assets		**16,843**	**19,301**
TOTAL ASSETS		**18,395**	**24,517**

(TSEK)		12/31/2023	12/31/2022
EQUITY AND LIABILITIES			
Equity, the group			
Share capital	17	17,010	9,227
Other contributed capital		349,927	305,920
Reserve		1,289	393
Balanced result incl. Profit for the year	20	-363,846	-309,763
Total equity		**4,380**	**5,777**
Current liabilities			
Accounts payable		7,483	8,846
Tax liability		84	399
Other liabilities		4,214	4,332
Accrued expenses and deferred income	18	2,234	5,163
Total current liabilities		**14,015**	**18,740**
TOTAL EQUITY AND LIABILITIES		**18,395**	**24,517**

The Group

Cash flow statement in brief

(TSEK)	1/1/2023 12/31/2023	1/1/2022 12/31/2022
Operating activities		
Operating loss	-57,238	-69,062
Depreciation/amortisation	3,766	4,233
Taxes	6,948	1,054
Financial income	6	6
Financial expenses	-1,135	-4,109
Cash flow from operating activities before changes in working capital	**-47,652**	**-67,877**
Changes in working capital		
Increase/decrease in receivables	-739	1,081
Increase/decrease in current liabilities	-4,725	-6,310
Changes in working capital	**-5,464**	**-5,229**
Cash flow from operating activities	**-53,116**	**-73,107**
Investing activities		
Increase/decrease of tangible assets	-104	206
Increase/decrease of intangible assets	0	0
Increase/decrease of financial assets	0	18
Cash flow from investing activities	**-104**	**224**
Financing activities		
New share issue	45,216	45,359
New share issue, TO3	6,290	0
Warrants, personnel	284	0
Convertible	0	25,000
Cash flow from financing activities	**51,790**	**70,359**
Change in cash and cash equivalents	-1,430	-2,524
Cash and cash equivalents at the beginning of the period	8,343	11,138
Conversion difference	896	-272
Cash and cash equivalents at the end of the period	**7,809**	**8,343**

The Group

Change in equity in brief

(TSEK)	Share capital	Other contributed capital	Reserves	Loss for the period	Total
Opening balance, January 1, 2022	**2,674**	**242,714**	**-4**	**-242,877**	**2,506**
Conversion difference/Other adjustments	-	-	397	-668	-271
Rights issue	5,348	39,219	-	-	44,567
Rights issue, costs	-	-9,851	-	-	-9,851
Directed share issue	1,205	8,838	-	-	10,043
Issue of convertibles *	-	25,000	-	-	25,000
Loss for the period	-	-	-	-66,217	-66,217
Equity, December 31, 2022	**9,227**	**305,920**	**393**	**-309,763**	**5,777**
Opening balance, January 1, 2023	**9,227**	**305,920**	**393**	**-309,763**	**5,777**
New share issue	7,150	39,241	0	0	46,391
New share issue, costs	0	-1,175	0	0	-1,175
New share issue, TO3	633	5,657	0	0	6,290
Warrants, personnel	0	284	0	0	284
Conversion difference	0	0	896	0	896
Loss for the period	0	0	0	-54,083	-54,083
Equity, December 31, 2023	**17,010**	**349,927**	**1,289**	**-363,846**	**4,380**

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

The Parent Company

Income statement in brief

(TSEK)	Note	1/1/2023 12/31/2023	1/1/2022 12/31/2022
Operating income			
Net sales		78	6,288
Cost of goods sold		0	-6,288
Gross profit		78	0
Operating expenses	6,7,9,10,11		
Research and development costs		-31,769	-25,683
Selling costs		-4,518	-4,497
Administrative expenses		-5,797	-8,196
Other operating income		1,656	3,369
Other operating expenses		0	0
Operating loss		**-40,350**	**-35,007**
Profit/loss from financial items			
Financial income		1,324	0
Financial expenses		-908	-4,102
Loss before tax		**-39,935**	**-39,109**
Appropriations		-2,749	-5,797
Tax on loss for the year	12	0	0
Loss for the period		**-42,684**	**-44,906**
Loss per share, SEK		**-0.10**	**-0.25**

The Parent Company

Balance sheet in brief

(TSEK)	Note	12/31/2023	12/31/2022
ASSETS			
Fixed assets			
Intangible assets	13	138	442
Tangible assets	14	897	3,943
Receivables from subsidiaries		23,852	18,432
Participations in subsidiaries	15	13,926	9,839
Total fixed assets		**38,812**	**32,657**
Current assets	16		
Tax assets		398	319
Accounts receivable		97	0
Tax receivable		63	0
Other receivables		879	2,163
Prepaid expenses		1,126	928
Cash and cash equivalents		7,092	7,489
Total current assets		**9,655**	**10,898**
TOTAL ASSETS		**48,468**	**43,554**

(TSEK)		12/31/2023	12/31/2022
EQUITY AND LIABILITIES			
Equity, parent company			
Share capital	17	17,010	9,227
Share premium reserve		349,927	280,920
Retained earnings		-286,347	-216,441
Loss for the period		-42,684	-44,906
Total equity		**37,907**	**28,800**
Current liabilities			
Accounts payable		4,640	7,432
Tax liability		0	184
Other liabilities		3,687	3,681
Accrued expenses and deferred income	18	2,234	3,457
Total current liabilities		**10,561**	**14,754**
TOTAL EQUITY AND LIABILITIES		**48,468**	**43,554**

The Parent Company

Cash flow statement in brief

(TSEK)	1/1/2023 12/31/2023	1/1/2022 12/31/2022
Operating activities		
Operating loss	-40,350	-35,007
Depreciation/amortisation	3,454	3,484
Financial income	1,324	0
Financial expenses	-908	-4,102
Cash flow from operating activities before changes in working capital	**-36,480**	**-35,624**
Changes in working capital		
Increase/decrease in receivables	845	2,777
Increase/decrease in current liabilities	-4,194	-6,641
Changes in working capital	**-3,349**	**-3,864**
Cash flow from operating activities	**-39,829**	**-39,489**
Investing activities		
Increase/decrease of tangible assets	-104	-111
Increase/decrease of intangible assets	0	0
Increase/decrease of receivables from subsidiaries	-5,419	-18,432
Increase/decrease of other assets	0	18
Shareholder contributions to subsidiaries	-4,087	-9,000
Cash flow from investing activities	**-9,609**	**-27,525**
Financing activities		
New share issue	45,216	45,359
New share issue, TO3	6,290	0
Warrants, personnel	284	0
New share issue, ongoing	0	25,000
Group contribution paid	-2,749	-5,797
Increase / decrease of long-term liabilities	0	0
Cash flow from financing activities	**49,041**	**64,562**
Change in cash and cash equivalents	-397	-2,452
Cash and cash equivalents at the beginning of the period	7,489	9,941
Cash and cash equivalents at the end of the period	**7,092**	**7,489**

The Parent Company

Change in equity in brief

(TSEK)	Share-capital	Development expenses	Share premium	Retained earnings	Total
Opening balance, January 1, 2022	**2,674**	**242,714**	**-183,047**	**-58,394**	**3,947**
Reversal of prior year's accruals	0	0	-58,394	58,394	0
New share issue	5,348	39,219	0	0	44,567
New share issue, costs	0	-9,851	0	0	-9,851
New share issue	1,205	8,838	0	0	10,043
Convertible	0	0	25,000	0	25,000
Loss for the period	0	0	0	-44,906	-44,906
Equity, December 31, 2022	**9,227**	**280,920**	**-216,441**	**-44,906**	**28,800**
Opening balance, January 1, 2023	**9,227**	**280,920**	**-216,441**	**-44,906**	**28,800**
Reversal of prior year's accruals	0	0	-44,906	44,906	0
Convertible	0	25,000	-25,000	0	0
New share issue	7,150	39,241	0	0	46,391
New share issue, costs	0	-1,175	0	0	-1,175
New share issue, TO3	633	5,657	0	0	6,290
Warrants, personnel	0	284	0	0	284
Loss for the period	0	0	0	-42,684	-42,684
Equity, December 31, 2023	**17,010**	**349,927**	**-286,347**	**-42,684**	**37,907**

Note 1 General information

Xintela AB, corp. reg. no. 556780-3480, is based in Lund, Sweden. Xintela AB's Annual Report and consolidated accounts for the January–December 2023 period was approved for publication according to a Board decision on 15 April 2024. All amounts are in thousands of Swedish kronor (TSEK) unless otherwise stated. The figures in parentheses refer to the preceding period.

Note 2 Summary of significant accounting policies

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

Basis of preparation

Xintela AB's annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012: 1 Annual report and consolidated accounts (K3). The accounting principles are unchanged compared with the previous year.

The group's accounting principles

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

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

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

Intermediate operations between group companies are eliminated in their entirety.

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

Translation of foreign currency

Transactions and balance-sheet items

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

Intangible assets

Capitalized patent costs

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

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

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

Tangible assets

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

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

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

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

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

Impairment of non-financial assets
Whenever there is an indication that the value of an asset has diminished, a test of impairment is conducted. If the recoverable amount of the asset is lower than the carrying amount, it is written down to the recoverable amount. To test for impairment, the assets are grouped to the lowest levels at which there are separate identifiable cash flows (Cash-generating units). An impairment test is performed on every closing date on assets, other than goodwill, which have previously been written down, to determine whether the impairment should be reversed.

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

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

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

Financial assets are derecognized when the rights to receive cash flows from the instrument have expired or been transferred, and the company has transferred substantially all of the risks and rewards of ownership.

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

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

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

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

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

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

Equity
Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares or options are recognized in equity as a deduction from the proceeds.
Issued convertibles that would normally be reported as debt, have been reported as equity because the board unilaterally decides on repayment of the convertibles.

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

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

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

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

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

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

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

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

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

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

Shares in subsidiaries
Shares in subsidiaries are reported at acquisition value after deduction of any write-downs. Acquisition-related costs and any additional purchase price are included in the acquisition value. When there is an indication that shares in subsidiaries have decreased in value, a calculation of the recovery value is made. If this is lower than the reported value, a write-down is made.

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

Note 3 Key judgements and estimates

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

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

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

Xintela's IP portfolio currently consists of nine published patent families (four of these patent families belongs to Targinta) that, in combination, protect various aspects of Xintela's technology platform. The simplified designations of these nine patent families are "Detection and treatment of malignant tumors in the CNS", "Markers for neural stem cells", "XSTEM/stem cell product", "XACT - quality assurance of chondrocytes", "Treatment of aggressive forms of cancer", "Stem cells for treatment of respiratory disorders", "Stem cells for the treatment of chronic wounds", "Antibody I for cancer therapy and diagnostics" and "Antibody II for cancer therapy and diagnostics".

Summary of patent families:

- The "Detection and treatment of malignant tumors in CNS" patent covers the use of Xintela's unique antibodies for the diagnosis and treatment of central nervous system (CNS) tumors, including glioblastoma brain tumors.
- The "Markers for neural stem cells" patent protects integrin α10β1-enriched neural stem cells as a product, and also includes methods for identifying, selecting, and cultivating neural stem cells, as well as their use for treatment of neural diseases and damages.
- The "XSTEM/stem cell product" protects Xintela's stem cell product XSTEM and its therapeutic use including prevention and treatment of degenerative joint diseases and fracture healing.
- The "XACT - quality assurance of chondrocytes" protects chondrocyte products with high integrin α10β1 expression and low integrin α11β1 expression, therapeutic applications of these chondrocytes as well we methods for ensuring quality of an in vitro chondrocyte preparations.
- "Treatment of aggressive forms of cancer" covers the use of Xintela's unique markers for the diagnosis and treatment of aggressive tumors, including triple-negative breast cancer.
- "Stem cells for treatment of respiratory disorders" includes the use of Xintela's stem cell product XSTEM for the treatment of respiratory disorders.
- "Stem cells for the treatment of chronic wounds" includes the use of Xintela's stem cell product XSTEM for the treatment of wounds and other skin complications.
- "Antibody I for cancer therapy and diagnostics" protects a novel humanized monoclonal antibody, which binds to integrin α10β1, and its uses in therapy and diagnostics. Its use as antibody drug conjugate (ADC) is also covered.
- "Antibody II for cancer therapy and diagnostics" protects a novel humanized monoclonal antibody, which binds to integrin α10β1, and its uses in therapy and diagnostics. Its use as antibody drug conjugate (ADC) is also covered.

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

In addition to patents, the IP portfolio also currently includes seven trademarks - the company names XINTELA® and TARGINTA®, XINMARK® which is the name of Xintela›s technology platform, and XSTEM® which is the name of Xintela›s stem cell platform. EQSTEM® and CANISTEM® which are the company›s brands for stem cell treatment for horses and dogs and XACT® which is the name of an analytical test for chondrocytes.

Note 4 Financial risk management

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

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

Note 5 Earnings/loss per share

On 31 December 2023, the company had 567,006,473 registered shares. On 31 December 2022, the company had 307,573,263 registered shares. The weighted-average number of shares was 419,869,354 in 2023, and 179,570,643 in 2022.

On 31 December 2023, loss per share was SEK 0.10 (loss: 0.25) based on the result for the period divided by the number of shares registered on 31 December 2023.

Note 6 Operating expenses classified by function

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

	Parent company		Group	
TSEK	**2023**	**2022**	**2023**	**2022**
Employee benefit expenses	18,902	18,275	21,657	24,708
Premises/operating costs	3,003	2,372	3,198	4,547
Research collaboration/consultants	9,512	11,949	21,581	36,745
Depreciation and amortisation (Notes 13–14)	3,454	3,484	3,766	3,786
Other costs	7,213	2,296	8,818	2,651
Total costs for research and development, selling and administration	**42,084**	**38,376**	**59,020**	**72,437**

Note 7 Employees

	Parent company		Group	
Average no. of employees	**2023**	**2022**	**2023**	**2022**
No. of employees	18	18	21	25
of whom men	*1*	*2*	*2*	*3*

Note 8 Distribution of senior executives

	Parent company		Group	
	2023	**2022**	**2023**	**2022**
Board members	*5*	5	8	8
of whom men	*5*	*5*	*6*	*6*
Other employees in senior management incl. the CEO	1	1	2	2
of whom men	*0*	*0*	*1*	*1*
Total	**6**	**6**	**10**	**10**

Note 9 Remuneration and benefits

2023 Parent Company	Board fees	Basic salary	Variable pay	Pension cost	Social security expenses	Total
Gregory Batcheller, Chairman of the Board	300	0	0	0	83	383
Maarten de Château, Board member	150	0	0	0	47	197
Lars Hedbys, Board member	150	0	0	0	47	197
Sven Kili, Board member	150	0	0	0	47	197
Karin Wingstrand, Board member	150	0	0	0	47	197
Evy Lundgren-Åkerlund, CEO	0	1,883	1,090	549	1,067	4,589
Total Board and CEO	**900**	**1,883**	**1,090**	**549**	**1,338**	**5,760**
Other employees	0	9,555	427	1,416	3,480	14,878
Total Parent Company	**900**	**11,438**	**1,517**	**1,965**	**4,818**	**20,638**

Group						
Board of Targinta AB	150	0	0	0	47	197
CEO, Per Norlén	0	0	0	0	0	0
Other employees	0	2,006	0	189	676	2,871
Total Group	**1,050**	**13,444**	**1,517**	**2,154**	**5,541**	**23,706**

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

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

Variable pay

The variable compensation is earned in the year before the board's decision and payment. The variable remuneration for the financial year 2023 will thus be decided and paid out in 2024 and is expected to be at the same level as in 2022, i.e. approximately SEK 500,000.

Severance pay

A notice period of six and three months, respectively, applies between the company and the CEO. The CEO does not have a severance pay contract.

Note 10 Related-party transactions

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

	Parent company		Group	
TSEK	2023	2022	2023	2022
Stanbridge BVBA (owned by Gregory Batcheller, Chairman of the Board)	823	726	823	726
Bluerock Healthcare Consultants GmbH (owned by Hans-Joachim Simons)	805	316	805	316
Total Board and CEO	**1,628**	**1,042**	**1,628**	**1,042**

Consulting agreement with Gregory Batcheller

On 1 April 2016, the company entered into a consulting agreement with the Chairman of the Board, Gregory Batcheller, through company, on normal market terms. Under the agreement, Gregory Batcheller is required to provide consulting services in legal matters, negotiation and contract assignments, patents, Investor Relations strategies, business development and financing on behalf of the company. For these services, he will be paid an hourly rate of EUR 195 (ex VAT).

Note 11 Auditor's fees

	Parent company		Group	
TSEK	2023	2022	2023	2022
Öhrlings PricewaterhouseCoopers AB				
Audit assignment	356	304	405	404
Non-audit services	47	135	47	135
Tax consultancy	4	0	4	0
Other services	107	61	107	61
Total	**514**	**500**	**563**	**600**

Note 12 Taxes

At 31 December 2023, the company's total deficit was a provisional TSEK 356,871 (313,047). Deferred tax on the deficit has not been taken into account.

Tax effects for the year		
TSEK	2023	2022
Tax effect on profit/loss for the year	8,485	9,251
Tax effect on ESA items	-8	-12
Tax effect on unrecognised loss carryforwards	8,485	9,251
Tax effect on XINDU	4,284	6,948
Tax in the income statement	**0**	**0**

Note 13 Patents

	Parent company		Group	
TSEK	2023	2022	2023	2022
Opening costs	6,542	6,542	7,948	7,948
Capitalised patent costs for the year	0	0	0	0
Closing acc. costs	**6,542**	**6,542**	**7,948**	**7,948**
Opening amortisation	-6,100	-5,796	-7,308	-6,493
Amortisation for the year	-304	-304	-445	-815
Closing acc. amortisation	**-6,404**	**-6,100**	**-7,753**	**-7,308**
Closing carrying amount	**138**	**442**	**195**	**640**

Note 14 Equipment

	Parent company		Group	
TSEK	2023	2022	2023	2022
Opening costs	16,882	16,771	17,739	17,945
Acquisitions for the year	104	111	104	-206
Closing acc. costs	**16,986**	**16,882**	**17,843**	**17,739**
Opening depreciation and amortisation	-12,939	-9,759	-13,164	-9,823
Depreciation and impairment for the year	-3,150	-3,180	-3,322	-3,341
Closing acc. depreciation	**-16,089**	**-12,939**	**-16,486**	**-13,164**
Closing carrying amount	**897**	**3,943**	**1,358**	**4,576**

Note 15 Shares in group companies

	2023	2022
Initial acquisition value	9,839	839
Acquisition	4,087	9,000
Closing reported value	**13,926**	**9,839**

Holdings of shares in subsidiaries consist of the following:

The group	Org no	Residence	Equity	Result
Targinta AB	559157-6698	Lund	789	-4,086
Xindu PTY LTD	ACN 651 371 970	Melbourne	-19,451	-6,943

The group	Share of ownership	Number of shares	Book value 2022
Targinta AB	100%	39,470,708	13,926
Xindu PTY LTD	100%	100	0
Total			**13,926**

Note 16 Financial instruments by category

Assets in the balance sheet	Parent company		Group	
	2023	2022	2023	2021
Accounts receivable	97	0	97	0
Receivables from subsidiaries	23,852	18,432	0	0
Other receivables	2,466	3,409	8,937	10,958
Cash and cash equivalents	7,092	7,489	7,809	8,343
Total	**33,507**	**29,330**	**16,843**	**19,301**

Liabilities in the balance sheet				
Other financial liabilities				
Accounts payable	4,640	7,432	7,483	8,846
Other current liabilities	5,921	7,322	6,532	9,894
Total	**10,561**	**14,754**	**14,015**	**18,740**

Note 17 Share capital and other contributed capital

	No. of shares	Share capital	Other paid-in	Total
At 1 January 2022	89,134,021	2,674	242,714	245,387
New share issue, conversion of loans	178,268,042	5,348	39,219	44,567
New share issue	6,971,200	1,205	8,838	10,043
Issue of convertibles	33,200,000	0	25,000	25,000
Equity, 31 December 2022	307,573,263	9,227	315,771	324,997
At 1 January 2023	307,573,263	9,227	315,771	324,997
New share issue, conversion of loans	238,336,029	7,150	39,241	46,391
Redemption warrants, TO3	21,097,181	633	5,657	6,290
Payment of warrants, personnel	0	0	284	284
Equity, 31 December 2023	567,006,473	17,010	360,953	377,962

The share

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

At 31 December 2023, the company had 567,006,473 shares. The company has only one class of shares. Each share carries identical rights to the company's assets and earnings, and one vote at General Meetings. The nominal value of the share is SEK 0.03 and the registered share capital is SEK 17,010,194.19

Warrants, TO3

The company has an outstanding warrant program. During the second quarter of 2023, the company issued a total of 158,899,790 warrants of series TO3 within the framework of a rights issue. A TO3 gives the right to subscribe for a new share in the Company at a subscription price of SEK 0.30 per share. The first redemption period began on November 25, 2023 and continued through December 5, 2023. Subsequent redemption periods are May 26 through June 5, 2024, November 25 through December 5, 2024, and May 26 through June 5, 2025.

Note 18 Accrued expenses

TSEK	Parent company		Group	
	2023	2022	2023	2022
Accrued holiday pay liability, including social security contributions	992	1,220	992	1,415
Other accrued expenses	1,242	2,237	1,242	3,748
Total	**2,234**	**3,457**	**2,234**	**5,163**

Note 19 Contingent liabilities

Neither the Parent Company nor the Group had any pledged assets or other contingent liabilities on 31 December 2023.

Note 20 Appropriation of profits

The Board proposes the following appropriation of profits:

TSEK	
Non-restricted reserves	63,580
Loss for the year	-42,684
Total	**20,896**

The Board proposes that the funds available for distribution, TSEK 20,896 be carried forward. Accordingly, no dividend is proposed.

Note 21 Events after the end of the period

2024-02-19 Xintela appoints Lucienne Vonk as Chief Scientific Officer.

Approval of financial reports

The annual report and consolidated accounts were adopted by the Board and approved for publication. The Group's income statement and balance sheet together with the Parent company's income statement and balance sheet will be subject to approval at the Annual General Meeting on May 8, 2024.

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

Lund, April 16, 2024

Gregory Batcheller Chairman of the Board	**Maarten de Château** Board member
Thomas Eldered Board member	**Lars Hedbys** Board member
Hans-Joachim Simons Board member	**Evy Lundgren-Åkerlund** CEO

Our audit report was submitted on April 17, 2024.
Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant

Auditor's report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Xintela AB for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 14-34 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Material Uncertainty Related to Going Concern

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-13 and 37-40. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Xintela AB for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

Stockholm, April 17, 2024

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll

Authorized Public Accountant

OTHER INFORMATION

Patent

Patent family number	Patent family	Status	Territories	Estimated patent expiry
Xintela				
WO 2018/033596 (Product + method)	Marker for neural stem cells	Pending in national phase in CA and US. Granted in EP, AU, CN, IL, IN, JP, KR, SG and ZA.	AU, CA, CN, EP, IN, IL, JP, SG, KR, US, ZA	2037
WO 2018/138322 (Product + method)	XSTEM/Stem cell product	Pending in national phase in BR, CA, CN, IN, SG and US (DIV). Granted in EP, AU, IL, JP, KR, MX, US and ZA.	AU, BR, CA, CN, EP, IN, IL, JP, KR, MX, SG, ZA, US	2038
WO 2019/002547 (Product + method)	XACT – quality assurance of chondrocytes	Pending in national phase in EP, AU, BR, CA, IN, IL, JP (DIV), KR, SG, US (DIV) and ZA. Granted in US (x2), CN, JP,MX and TW.	AU, BR, CA, CN, EP, IL, IN, JP, KR, MX, SG, TW, US, ZA	2038
WO 2021/224449 (Method)	Stem cells for treatment of respiratory disorders	Pending in national phase in AU, BR, CA, CN, EP, IL, JP, KR, MX, SG, US and ZA.	AU, BR, CA, CN, EP, IL, JP, KR, MX, SG, US, ZA	2041
WO 2022/243517 (Method)	Stem cells for wound healing	Pending in national phase in AU, BR, CA, CN, EP, IL, JP, KR, MX, SG, US and ZA.	AU, BR, CA, CN, EP, IL, JP, KR, MX, SG, US, ZA	2042
Targinta				
WO 2016/133449 (Method)	Detection and treatment of malignant tumors in the CNS	Pending in national phase in CA, CN and US (DIV). Granted in Europe (EP), US, AU, IL, JP, KR and ZA.	AU, CA, CN, EP, IL, JP, KR, US, ZA	2036
WO 2020/212416 (Method)	Treatment of aggressive forms of cancers	Pending in national phase in AU, BR, CA, CN, EP, HK, IL, JP, KR, MX, SG, ZA and US.	AU, BR, CA, CN, EP, HK, IL, JP, KR, MX, SG, ZA, US	2040
WO 2023/166170 (Product + method)	Antibody I for cancer therapy and diagnostics	PCT	-	2043
WO 2024/047172 (Product + method)	Antibody II for cancer therapy and diagnostics	PCT	-	2043

Intellectual property

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

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

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

Other

COMPANY INFORMATION

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

FINANCIAL CALENDAR

Interim report Q1, 2024: May 24, 2024
Interim report Q2, 2024: August 30, 2024
Interim report Q3, 2024: November 22, 2024
Year-end report 20234: February 28, 2025

TRADEMARKS

In addition to patents, the IP portfolio also currently includes seven trademarks - the company names XINTELA® and TARGINTA®, XINMARK® which is the name of Xintela's technology platform, and XSTEM® which is the name of Xintela's stem cell platform. EQSTEM® and CANISTEM® which are the company's brands for stem cell treatment for horses and dogs and XACT® which is the name of an analytical test for chondrocytes.

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

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Xintela AB (publ)
Medicon Village
SE-223 81 Lund, Sweden
+46 46 275 65 00
www.xintela.se