



Interim report January–March 2019

Financial summary first quarter 2019

- » Revenue amounted to SEK 0 thousand (8,616).
- » Gross margin amounted to 0% (23).
- » Other income amounted to SEK 1,201 thousand (13,674).
- » EBITDA amounted to SEK -31,236 thousand (-7,344).
- » R&D expenses amounted to SEK 26,523 thousand (20,260) representing 82 percent (88) of total operating expenses.
- » Profit for the period amounted to SEK -33,313 thousand (-8,916).
- » Earnings per share of SEK -5.26 (-1.50).
- » Cash and cash equivalents by the end of the first quarter of SEK 44,317 thousand (18,930).

Significant events during the first quarter 2019

- » Approval was obtained from FDA (Food and Drug Administration) in US for the initiation of the pivotal phase I/III study with Xlucane. The study goes under the name Xplore.
- » Martin Åmark, CEO, was appointed Head of IR as the previous Head of IR, Susanna Helgesen, who is also CFO, will be on parental leave on a part-time basis. During the parental leave, Susanna will remain as CFO. The finance team has therefore been expanded with a Group Financial Controller.
- » Board members Alessandro Sidoli and Saeid Esmaeilzadeh have declined re-election as board members at the Annual General Meeting for 2019.

- » An oversubscribed preferential rights issue was conducted in March 2019 and generated SEK 59 million before transaction costs to the Company.

Significant events after the first quarter 2019.

- » In April, the first patient was recruited and dosed in the Xplore trial.
- » In the right issue, SEK 8 million of the outstanding loan from the credit facility issued by Serendipity Group, was converted to shares.
- » Sales targets for Xlucane, amounting to €350 million in annual net sales three years after the product launch, was presented. This renders to approximately €100 million in annual license income for Xbrane, after deduction of production and sales related expenses and profit sharing with STADA.
- » A mammalian cell-based technological platform has successfully been established and accelerated the development of Xdivane, a biosimilar of the PD-1 inhibitor Nivolumab (Opdivo®) as the first product of this platform.



Pioneering biosimilar development

Financial summary for the Group

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Q1-Q4
Net revenues	-	8,616	20,485
Research and development expenses (R&D)	-26,523	-20,260	-85,827
R&D expenses as percentage of total costs	82%	88%	78%
Operating profit	-32,932	-8,396	-11,415
EBITDA	-31,236	-7,344	-6,079
Profit for the period	-33,313	-8,916	-13,236
Cash and cash equivalents	44,317	18,930	100,972
Equity ratio, %	34 %	64%	33%
Number of shares end of period before dilution	6,329,239	5,956,770	6,329,239
Number of shares end of period after dilution	6,329,239	5,956,770	6,329,239
Average number of shares before dilution	6,329,239	5,956,770	6,213,927
Average number of shares after dilution	6,329,239	5,956,770	6,213,927
Earnings per share before dilution (SEK)	-5.26	-1.50	-2.13
Earnings per share after dilution (SEK)	-5.26	-1.50	-2.13





CEO statement

Dear shareholders,

During the first quarter of 2019, we received regulatory approval for the initiation of the Phase I/III study Xplore and in April we disclosed that the first patient had been recruited and dosed.

The Xplore study has been initiated

We have now received regulatory approval from a majority of the 16 countries included in the study. The activation of clinics and the recruitment of patients is proceeding according to plan with the goal of recruiting all patients in 2019 and reporting data on the primary efficacy measure for all patients during the second quarter of 2020.

In parallel with the clinical study, we are preparing together with STADA for the launch of Xlucane. The patent on the originator product Lucentis® expires the first quarter of 2022 in Europe, which coincides with the planned launch

of Xlucane. The market condition still looks very promising, with Xbrane as one of three companies that has a biosimilar of Lucentis® in the clinical phase for launch in Europe and in US. This is a very favorable situation given that Lucentis® has annual sales of SEK 35 billion^{1&2} and, according to our estimates, only 1.5 of 18 million individuals affected by these serious eye diseases receive treatment with approved drugs (Lucentis® or Eylea®).

Established platform for mammalian cell-based products

As of September 2018, when Xbrane established the new strategy with full focus on becoming a world leading biosimilar developer, we have worked intensively with the establishment of a technological platform for mammalian cell-based products. This is very important as most biological products as of today, are produced from mammalian cells. In April, we could announce

»During the first quarter of 2019, we received regulatory approval for the initiation of the Phase I/III study Xplore and in April we disclosed that the first patient had been recruited and dosed.«

that we have established such a platform, with critical recruitments and new co-operation partners. We thereby accelerate the development of our first biosimilar from the platform – Xdivane (nivolumab (Opdivo®) biosimilar).

Sales of Spherotide in the Middle East

In recent days, the geopolitical situation towards Iran has worsened and there is uncertainty about the future development. Until now, Xbrane has received payment for all deliveries of Spherotide to Iran, but if the EU were to impose sanctions on Iran, it would jeopardize Xbrane's ability to continue receiving payments. Xbrane's board has therefore decided, as a precautionary measure, not to deliver additional batches of Spherotide to Iran until we have gained further clarity in the situation and its implications for us. No deliveries will thus take place during the second quarter and we will continue to communicate how the impact will be during the rest of the year.

Preferential rights issue

During the first quarter of 2019, the Company completed a rights issue of SEK 59 million. We are pleased to see that there was such a great interest amongst both existing and new investors. Approximately 90 percent (SEK 53.6 million) of the issue was subscribed with the support of subscription rights and for the remaining part there was subscription interest corresponding to a total of SEK 45.4 million. The issue was thus oversubscribed to 67 percent. We thank all the former and new shareholders for their trust in us.

Financial position and going concern

By the end of the first quarter, Xbrane had a cash position of SEK 44 million, excluding proceeds from the above-mentioned rights issue, which was received after the end of the quarter. As previously communicated, the Company has, following the rights issue, a continued capital need of SEK 100-125 million for the clinical study Xplore. Furthermore, additional capital will be needed for the planned development of the Company's preclinical biosimilars and for Spherotide.

Xbrane works actively to meet institutional investors who are interested in the Company long term. During the quarter, Xbrane together with Vator Securities, organized two important events in Stockholm, one together with experts in the biosimilar market and specifically for ophthalmic use and one together with Xbrane's commercialization partner STADA. Video recordings from both events are available on the Xbrane's website. During the second quarter, Xbrane will be presenting at BioEquity in Barcelona and participating at BIO in Philadelphia and Jefferies Healthcare conference in New York.

Thank you for your continued support,



Martin Åmark
CEO

References:

- 1) Novartis, Annual Report 2018
- 2) Roche, Annual Report 2018
- 3) IMS Health 2016

Business description

Xbrane Biopharma is a biotechnology company that develops and manufactures biosimilars. Xbrane has a patented protein production platform in *E.coli* and world leading competence within development of biosimilars.

Xbrane's leading product candidate in the biosimilar segment is Xlucane. Xlucane is a ranibizumab biosimilar (originator drug Lucentis®) used in the treatment of various eye diseases, mainly wet form of age-related macular degeneration. Lucentis® has annual sales of approximately SEK 35 billion^{1,2}.

Organization

The Xbrane Group consists of the parent company, Xbrane Biopharma AB, and the Italian wholly-owned subsidiary, Primm Pharma s.r.l.,. The parent company is focused on research and development of biosimilars with Xlucane as a leading product candidate, while Primm Pharma is focused on long-term injectables with Spherotide as the leading product candidate.



References:

- 1) Novartis Annual Report 2018
- 2) Roche Annual Report 2018

Operational update

Xlucane

After finalizing the development of the production process of Xlucane during 2018, 2019 started with Xbrane receiving approval from FDA in the US to initiate the phase I/III pivotal clinical study that goes under the name “Xplore”.

The study involves approximately 600 patients with the wet form of age-related macular degeneration. The study includes 150 clinics in 16 different countries and regulatory approval has been obtained from a majority of the 16 countries. The primary end point of the study is to evaluate the effect in terms of visual acuity in Xlucane compared to the originator product Lucentis®. Xbrane has received acceptance for the study design from both EMA and FDA

and the study will be able to support Marketing Authorization for Xlucane even for the additional indications for which the originator product is approved: macular edema and diabetes retinopathy.

XLUCANE

Xlucane is a ranibizumab biosimilar (original drug Lucentis®) used in the treatment of age-related macular degeneration (AMD), diabetes related macular edema (DME) and retinal venous occlusion (RVO). original product generated 2017 annual sales of SEK 35 billion^{1,2} and will lose its patent protection 2020 in the United States and 2022 in Western Europe.



References:

- 1) Novartis, Annual Report 2018
- 2) Roche, Annual Report 2018

Product portfolio

Product	Biosimilar to	Primary indication	Sales originator drug, 2018 (SEK billion)	Patent expire date for originator drug	Phase of development
Xlucane	Ranibizumab (Lucentis®)	Wet age-related macular degeneration, Diabetic related eye injury, Retinal vein occlusion.	35 ^{1,2}	2022 (Europe) 2020 (US)	FDA and the central ethical committee in US accepted in January 2019 Xbrane's application to initiate the Xplore trial. Phase III trial initiated in April 2019.
Xcimzane	Certolizumab pegol (Cimzia®)	Rheumatoid arthritis, Axial spondyloarthritis, Psoriatic arthritis, Psoriasis Crohn disease.	14 ³	2024 (Europe and US)	Pre-clinical phase
Xoncane	Pegaspargase (Oncaspar®)	Acute lymphocytic leukemia.	2 ⁴	Expired	Pre-clinical phase
Spherotide	Triptorelin (Decapeptyl®)	Prostate cancer, Breast cancer, Endometriosis, Fibroids.	4 ⁵	Expired	Pre-clinical phase
Xdivane	Nivolumab (Opdivo®)	Skin cancer, Lung cancer, Renal cell carcinoma, Head and neck cancer, Bladder and urinary tract cancer.	54 ⁶	2026-2030 depending on country	Pre-clinical phase

References:

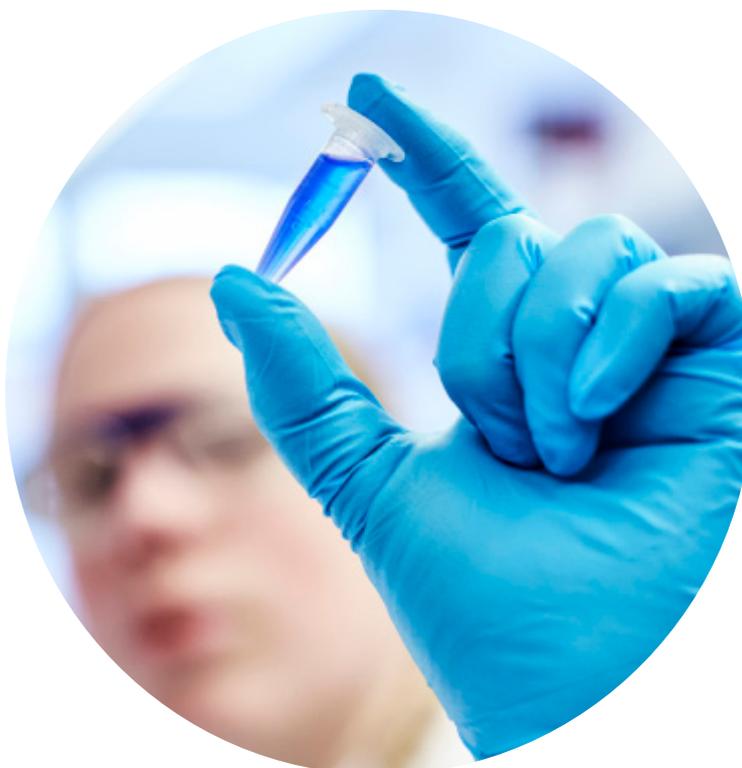
- 1) Novartis Year-end report 2018.
- 2) Roche Year-end report 2018.
- 3) UCB Year-end report 2018.
- 4) Shire Year-end report 2018.
- 5) <https://www.iqvia.com/en/institute/reports/advancing-biosimilar-sustainability-in-europe>
- 6) BMS Year-end report 2018

Shareholders

As per March 31, 2019, Xbrane had a total of approximately 2,800 shareholders distributed on 6,329,239 shares. The ten largest shareholders by the end of this report's period are shown in the table below¹.

After the end of the quarter, the rights issue of 1,977,887 shares increased the number of outstanding shares to 8,307,126. In the note below, number of shares and ownership for the shareholders with a close relation to the Company is presented.

Name	No. of shares	Ownership, %
Serendipity Group AB ²	683,329	10.8 %
Paolo Sarmientos ²	395,919	6.3 %
Avanza Pension	359,412	5.7 %
Nordnet Pensionsförsäkring AB	210,895	3.3 %
Swedbank försäkring	132,070	2.1 %
Martin Åmark ²	111,890	1.8 %
Christer Skogum	111,800	1.8 %
Siavash Bashiri ²	87,294	1.4 %
Magnus Tillberg	86,000	1.4 %
Jan-Willem De Gier	84,083	1.3 %
10 largest shareholders in total	2,262,692	35.7%
Summary others	4,066,547	64.3 %
Total outstanding shares	6,329,239	100.00%



References:

- 1) Modular Finance. Based on complete list of shareholders comprising directly registered and nominee registered shareholders.
- 2) Serendipity Group AB increased their number of shares to 950,322 and has therefore increased their ownership to 11.4 percent. Paolo Sarmientos has unchanged number of shares and therefore reduced the ownership to 4.8 percent. Martin Åmark increased the number of shares to 129,394 and has therefore reduced the ownership to 1.6 percent. Siavash Bashiri increased the number of shares to 100,330 and has therefore reduced the ownership to 1.2 percent.

Financial overview

The Group's result for the period January – March 2019

There has not been any sales (SEK 8,616 thousand for the same period in previous year) during the quarter and therefore there was no cost of goods either (-6,596). During the first quarter of 2019, there was no shipment sent to the company's partner due to a late shipment in December 2018. As a consequence of the geopolitical situation in Iran, the Company has decided to wait with further sale to Iran during the second quarter.

Other operating revenue amounted to SEK 1,201 thousand (13,674) and refers to license revenue from non-core business as well as exchange rate gains. A milestone payment for the out-licensing of Spherotide to the Chinese market of SEK 13,137 is included in the 2018 comparative period. Selling and distribution expenses amounted to SEK -232 thousand (-439). Administrative expenses amounted to SEK -2,883 thousand (-2,952).

Research and development expenses amounted to SEK -26,523 thousand (-20,260) of which SEK -23,077 thousand (-17,550) refers to Xlucane and SEK -3,446 thousand (-2,710) refers to Spherotide. The research and development expenses can significantly fluctuate between the quarters depending on the processes that currently are ongoing. The increase in cost during the quarter is mainly due to cost from initiating the Xplore study. Other operating expenses amounted to SEK -4,495 thousand (-438), primarily comprised of exchange rate losses on receivables and payables.

The number of employees increased during the quarter from 28 to 35.

The Groups operating result amounted to SEK -32,932 thousand (-8,396).

Net financial items amounted to SEK -381 thousand (-521) and consist of financial expenses primarily interest for credit facility as well as leases.

Loss before tax amounted to SEK -33,313 thousand (-8,916). During the quarter there was no income tax, nor for the comparative period.

Loss for the period amounted to SEK -33,313 thousand (-8,916).

The Group's cash flow for the period January – March 2019

Cash flows from operating activities amounted to SEK -53,200 thousand (-8,914). The change of operating receivable and payables can vary significantly, as a result of the re-invoicing to STADA related to the development expenses for Xlucane as well as expenses for the clinical trial. During this quarter the operating receivables were also affected by the preferential right issue, as the issue proceeds were booked as a receivable at the end of the quarter. The change in operating receivables and liabilities amounted to SEK -39,965 thousand (-4,812) and SEK 18,709 thousand (3,236) respectively.

Cash flows from investing activities amounted to SEK -357 thousand (-21) and consisted of investments in property, plant and equipment.

Cash flows from financing activities amounted to SEK -342 thousand (19,865) and relates to transaction cost for the preferential rights issue of SEK -25 thousand (-), amortization of loans of SEK -35 thousand (-41) and leases of total SEK -282 thousand (-94).

The Group's financial position and going concern

Consolidated cash and cash equivalents at the end of the quarter amounted to SEK 44,317 thousand (18,930). There have been no new loans entered into during the quarter.

At the end of first quarter 2019, a preferential rights issue was initiated and was finalized at the beginning of the second quarter. After the preferential rights issue, there is a continued financing gap of approximately SEK 100-125 million for financing the ongoing Xplore study, funds needed for the ongoing operations as well as the development of other preclinical biosimilars and Spherotide.

In the preferential rights issue, a portion of the loan from Serendipity was converted to shares whereafter the utilized credit facility was reduced and amounted to SEK 37 million. The due date of the loan was extended to June 2020. At the end of the quarter, the credit facility was classified as non-current debt but at the end of next quarter and thereafter it will be classified as current unless further extension of the debt is negotiated. The Company is also assessing various financing options with their financial advisors and holding discussions with investors.

The equity ratio amounted to 34 percent (64).

Other receivables

Other receivables amounted to SEK 59,348 thousand (-) and the increase refers to the ongoing preferential rights issue which was finalized after the end of the quarter.

Prepaid expenses and accrued income

Prepaid expenses and accrued income amounted to SEK 79,546 thousand (1,697), the increase is mainly attributed to the acquisition of the originator drug and the ongoing phase I/III study, Xplore, which will be used throughout the course of the study.

Changes in equity

The changes in equity refer primarily to the preferential rights issue and the related transactions costs. The preferential rights issue increased the equity by SEK 49,851 thousand and is classified as unregistered share capital at the end of the quarter.

Non-current interest-bearing debt

Non-current interest-bearing debt had increased and amounted to SEK 45,000 thousand (21,031) and has since the previous quarter been reclassified as a non-current due to the extension of the maturity date to the 30 June 2020.

Accounts payable

Accounts payable amounted to SEK 36,227 thousand (14,441) and the increase refers primarily to the increased cost for the development of Xlucane and the ongoing Xplore study.

Accrued expenses and prepaid income

Accrued expenses and prepaid income amounted to SEK 97,564 thousand (6,765) and consist mainly of prepayments from STADA, concerning their part of the development cost from Xlucane.

Parent company

The core business at Xbrane, which is the development of biosimilars, is operated at the parent company. As the parent company constitutes the major part of the Group, further presentation in text format of the parent company's result, financial position, going concern and cash flow is deemed unnecessary. Therefore, the parent company is only presented in reporting format on the pages 17-19.

Risks and uncertainties

Risks and uncertainties are described in the Annual Report of 2018 which is available on the Company's website. The Annual Report 2018 describes the risks involved sanctions against Iran that could lead to aggravated opportunities to sell goods and receive payments from

Iran. Due to the difficult geopolitical situation, the Company has decided to wait with sales and deliveries towards Iran in the coming quarters.

Except from what is mention above, there have not been any new factors or changes in the assumptions during the quarter which could have a significant impact on risks and uncertainties from the Annual Report 2018.

Share Information

Xbrane's share capital at the end of the year amounted to SEK 1,419 thousand (1,335) divided among 6,329,239 shares (5,956,770). The par value of all shares is SEK 0.224, and all the shares have equal rights to the Company's assets and earnings. Since February 3, 2016, Xbrane's share has been listed on Nasdaq First North and Xbrane had approximately 2,800 shareholders as per the balance sheet date. The closing price for the share on the balance sheet date was SEK 38.95, generating a market capitalization of SEK 246 million.

Preferential rights issue

At the end of the first quarter a preferential rights issue was initiated, with mandate from the Annual General Meeting of 2018, which was recorded and finalized after the end of the first quarter. The preferential right issue amounted to SEK 59 million before transaction costs.

The subscription rate was SEK 30 per share which corresponds to a discount of 22,76 percent compared to the theoretical price after the separation of subscriptions rights, based on the closing price for the Xbrane share at the 28th of March 2019 at Nasdaq First North. The transaction costs amounted to SEK 9,486 thousand and includes costs for warranties, financial and legal advisors, marketing as well as administration.

Serendipity Group converted SEK 8 million of their loan to shares which reduced their total loan to SEK 37 million. The maturity of the loan was also re-negotiated and extended by one year to June 2020.

Through the preferential rights issue, Xbrane's share capital increased by approximately SEK 443,415 to SEK 1,862,342. The number of shares increased by 1,977,887 and the total number of shares after the registration of the preferential rights issue amounted to 8,307,126. The registration of the shares was made after the end of the quarter. Vator Securities acted as the financial advisor and Baker McKenzie acted as legal counsel to Xbrane for the preferential rights issue.

Organization and employees

Xbrane is headquartered in Solna, outside of Stockholm, Sweden, where the Company also has a laboratory for research and development of biosimilars. Xbrane has one wholly-owned subsidiary, Primm Pharma, located in Milan, Italy. By the end of the period the Company had 35 employees.

Annual General Meeting

The Annual General Meeting will be held on May 16, 2019. The notice has been made public through a press release, notification in the Svenska Dagbladet as well as the Xbrane's webpage: www.xbrane.com

Certified adviser

Xbrane's Certified Adviser at Nasdaq First North is Avanza Bank AB, with the following contact information: Email: corp@avanza.se
Phone: +46 8 409 421 20

Auditor's review

This interim report for the first quarter has been subject to review by the Company's auditor.

Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK thousand	Notes	2019 Q1	2018 Q1	2018 FY
Revenues	2	-	8,616	20,485
Cost of goods sold		-	-6,596	-15,907
Gross profit		-	2,020	4,578
Other income	2	1,201	13,674	99,742
Selling and distribution expenses		-232	-439	-933
Administrative expenses		-2,883	-2,952	-23,347
Research and development expenses		-26,523	-20,260	-85,827
Other expenses		-4,495	-438	-5,629
Operating profit	2	-32,932	-8,396	-11,415
Finance income		51	-	44
Finance costs		-432	-521	-1,744
Net finance costs	2	-381	-521	-1,700
Profit before tax		-33,313	-8,916	-13,115
Income tax expense		-	-	-121
Profit for the period		-33,313	-8,916	-13,236
Profit attributable to:				
Owners of the Company		-33,313	-8,916	-13,236
Non-controlling interest		-	-	
Total comprehensive income for the period		-33,313	-8,916	-13,236
Earnings per share				
- Basic earnings per share (SEK)		-5.26	-1.50	-2.13
- Diluted earnings per share (SEK)		-5.26	-1.50	-2.13
Number of outstanding shares at the end of the reporting period				
- Basic earnings per share		6,329,239	5,956,770	6,329,239
- Diluted earnings per share		6,329,239	5,956,770	6,329,239
Average number of outstanding shares				
- Basic earnings per share		6,329,239	5,956,770	6,213,927
- Diluted earnings per share		6,329,239	5,956,770	6,213,927

Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Q1-Q4
Profit for the period	-33,313	-8,916	-13,236
Other comprehensive income			
Items that have been transferred and can be transferred to profit for the period			
Reclassification of foreign currency translation differences	1,289	4,013	3,686
Comprehensive income for the period	1,289	4,013	3,686
Total comprehensive profit attributable to:			
- Owners of the Company	-32,024	-4,904	-9,551
- Non-controlling interest	-	-	-
Total comprehensive income for the period	-32,024	-4,904	-9,551

Consolidated statement of financial position

Amounts in SEK thousand	2019-03-31	2018-03-31	2018-12-31
ASSETS			
Goodwill	60,693	59,942	59,838
Intangible assets	5,653	6,381	5,773
Property, plant and equipment	20,266	18,162	16,744
Trade and other receivables	8,871	635	8,871
Non-current assets	95,482	85,119	91,226
Inventories	8,912	3,320	5,525
Currents tax assets	5,097	8,508	10,427
Trade and other receivables	1,463	12,558	10,489
Other receivables	59,348	-	5
Prepaid expenses and accrued income	79,546	1,697	34,240
Cash and cash equivalents	44,317	18,930	100,972
Current assets	198,683	45,012	161,659
TOTAL ASSETS	294,165	130,131	252,885
EQUITY			
Share capital	1,419	1,335	1,419
Unregistered shares	59,337	-	-
Share premium	174,742	180,004	184,007
Reserves	6,837	5,875	5,548
Retained earnings	-141,216	-103,583	-107,903
Equity attributable to owners of the Company	101,118	83,630	83,070
Non-controlling interests	-	-	-
TOTAL EQUITY	101,118	83,630	83,070
LIABILITIES			
Non-current interest-bearing liabilities	45,000	20,243	12
Leasing	2,512	343	29
Non-current non-interest-bearing liabilities	4,118	-	4,118
Provisions	4,475	3,797	4,275
Non-current liabilities	56,105	24,383	8,433
Current interest-bearing liabilities	119	-	45,139
Trade and other payables	36,227	14,441	30,908
Current tax liabilities	125	-	123
Other current liabilities	1,011	466	820
Leasing	1,896	445	422
Deferred income/revenue	97,564	6,765	83,970
Current liabilities	136,942	22,117	161,382
TOTAL LIABILITIES	193,047	46,501	169,816
TOTAL EQUITY AND LIABILITIES	294,165	130,131	252,885

Consolidated statement of cash flows

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Q1-Q4
Cash flows from operating activities			
Profit for the period before tax	-33,313	-8,916	-13,115
Adjustments for items not included in cash flow	4,654	1,693	4,953
Paid income taxes	-	-	-
	-28,659	-7,223	-8,162
Increase (-)/Decrease (+) of inventories	-3,285	-115	-2,280
Increase (-)/Decrease (+) of trade and other receivables	-39,965	-4,812	-46,360
Increase (-)/Decrease (+) of trade and other payables	18,709	3,236	103,509
Cash flows from current operations	-53,200	-8,914	46,707
Cash flow from investing activities			
Acquisition of property, plant and equipment	-357	-21	-1,598
Cash flows from investing activities	-357	-21	-1,598
Cash flow from financing activities			
New share issue	-	-	2,549
Transaction expense	-25	-	-12
Warrants issue	-	-	701
Loan and borrowings	-	20,000	45,000
Amortization of loan	-35	-41	-131
Amortization of lease liability	-282	-94	-377
Cash flows from financing activities	-342	19,865	47,730
Cash flows for the period	-53,899	10,930	92,839
Cash and cash equivalents at beginning of period	100,972	7,903	7,903
Exchange rate differences in cash and cash equivalents	-2,757	96	230
Cash and cash equivalents at end of period	44,317	18,930	100,972

Consolidated statement of changes in equity

Amounts in SEK thousand	Share capital	Non-registered shares	Share premium	Translation reserve	Retained earnings	Total	Total equity
Balance at 1 January 2019	1,419	-	184,007	5,548	-107,903	83,070	83,070
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-33,313	-33,313	-33,313
Other comprehensive income for the period	-	-	-	1,289	-	1,289	1,289
Comprehensive income for the year	-	-	-	1,289	-33,313	-32,024	-32,024
Transactions with group shareholder							
New share issue	-	59,337	-9,486	-	-	49,851	49,851
- Non-registered shares	-	443	-	-	-	443	443
- Unregistered rights issue	-	58,893	-	-	-	58,893	58,893
- Transaction expenses	-	-	-9,486	-	-	-9,486	-9,486
Conversion of debentures	-	-	-	-	-	-	-
Share savings program	-	-	221	-	-	221	221
Total contributions from and distributions to shareholders	-	59,337	-9,265	-	-	50,072	50,072
Balance at 31 March 2019	1,419	59,337	174,742	6,837	-141,216	101,118	101,118

Amounts in SEK thousand	Share capital	Share premium	Translation reserve	Retained earnings	Total	Total equity
Balance at 1 January 2019	1,335	179,874	1,862	-94,667	88,405	88,405
Total comprehensive income for the period						
Profit for the period	-	-	-	-8,916	-8,916	-8,916
Other comprehensive income for the period	-	-	4,013	-	4,013	4,013
Comprehensive income for the year	-	-	4,013	-8,916	-4,904	-4,904
Transactions with group shareholder						
Share savings program	-	129	-	-	129	129
Total contributions from and distributions to shareholders	-	129	-	-	129	129
Balance at 31 March 2018	1,335	180,004	5,875	-103,583	83,630	83,630

Consolidated statement of changes in equity, cont.

Amounts in SEK thousand	Share capital	Share premium	Translation reserve	Retained earnings	Total	Total equity
Balance at 1 January 2018	1,335	179,874	1,862	-94,667	88,405	88,405
Total comprehensive income for the period						
Profit for the period	-	-	-	-13,236	-13,236	-13,236
Other comprehensive income for the period	-	-	3,686	-	3,686	3,686
Comprehensive income for the year	-	-	3,686	-13,236	-9,551	-9,551
Transactions with group shareholder						
New share issue	9	2,528	-	-	2,537	2,537
- <i>Issue of ordinary shares</i>	9	2,540	-	-	2,549	2,549
- <i>Transaction expenses</i>	-	-12	-	-	-12	-12
Conversion of debentures	74	-74	-	-	-	-
Warrants issue	-	701	-	-	701	701
Share savings program	-	978	-	-	978	978
Total contributions from and distributions to shareholders	84	4,132	-	-	4,216	4,216
Balance at 31 December 2018	1,419	184,007	5,548	-107,903	83,070	83,070

Income statement, Parent company

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Full year
Revenues	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other income	839	13,681	97,149
Selling expenses	-7	-	-
Administrative expenses	-1,750	-2,091	-19,074
Research and development expenses	-23,082	-17,550	-75,257
Other expenses	-4,470	-13,481	-18,192
Operating profit	-28,470	-19,441	-15,375
Financial items			
Financial income	-	-	-
Financial expenses	-414	-504	-1,690
Net finance costs	-414	-504	-1,690
Profit before tax	-28,884	-19,945	-17,065
Income tax expense	-	-	-
Profit for the period	-28,884	-19,945	-17,065

Parent company statement of comprehensive income

Amounts in SEK thousand	2018 Q1	2018 Q1	2018 Full year
Profit for the period	-28,884	-19,945	-17,065
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-28,884	-19,945	-17,065

Balance Sheet, Parent company

Amounts in SEK thousand	2019-03-31	2018-03-31	2018-12-31
ASSETS			
Fixed assets			
Property, plant and equipment	4,631	6,272	5,014
Financial fixed assets			
Shares in group companies	100,783	100,783	100,783
Other non-current receivables	8,871	635	8,871
Total financial fixed assets	109,654	101,418	109,654
Total fixed assets	114,285	107,690	114,667
Current assets			
Current receivables			
Trade and other receivables	5	-	196
Receivables from group company	20	-	-
Subscribed unpaid capital	59,337	-	-
Other receivables	1,613	898	1,018
Prepayments	79,473	1,427	33,596
Total current receivables	140,448	2,326	34,810
Cash and bank	36,887	17,950	100,380
Total current assets	177,335	20,276	135,190
TOTAL ASSETS	291,620	127,966	249,857
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1,419	1,335	1,419
Unregistered shares	59,337	-	-
Unrestricted equity			
Share premium	175,428	180,690	184,693
Retained earnings	-94,688	-77,623	-77,623
Profit for the period	-28,884	-19,945	-17,065
Total equity	112,612	84,457	91,424
Non-current liabilities			
Non-current interest bearing liabilities	45,000	20,000	-
Non-current non-interest-bearing liabilities	4,118	-	4,118
Total non-current liabilities	49,118	20,000	4,118
Current liabilities			
Current interest-bearing liabilities	-	-	45,000
Liabilities to subsidiaries	-	-	3,042
Trade and other payables	34,724	4,739	23,709
Other current liabilities	859	378	630
Deferred income/revenue	94,307	18,391	81,934
Total current liabilities	129,890	23,509	154,316
TOTAL LIABILITIES AND EQUITY	291,620	127,966	249,857

Cash flow statement, Parent company

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Full year
Cash flows from operating activities			
Earnings before income and tax	-28,884	-19,945	-17,065
Adjustments for items not included in cash flow	4,104	450	6,927
Paid income taxes	-	-	-
	-24,780	-19,495	-10,138
Increase (-)/Decrease (+) of trade and other receivables	-55,794	2,945	-38,319
Increase (-)/Decrease (+) of trade and other payables	23,267	14,577	99,962
Cash flow from current operations	-57,307	-1,973	51,505
Investing activities			
Investments in subsidiaries	-	-6,691	-6,691
Acquisition of property, plant and equipment	-73	-	-110
Cash flow from investing activities	-73	-6,691	-6,801
Financing activities			
New share issue	-	-	2,549
Transaction expense	-25	-	-12
Warrants issue	-	-	701
Loans raised	-	20,000	55,000
Amortization	3,042	-	-6,958
Cash flow from financing activities	-3,067	20,000	51,280
Cash flow for the period	-60,447	11,336	95,984
Cash and cash equivalents at beginning of period	100,380	6,483	6,483
Effect of movements in exchange rates on cash held	-3,046	131	-2,087
Cash and cash equivalents at end of period	36,887	17,950	100,380

Notes

Note 1 Accounting principles

This interim financial reporting has been prepared in accordance with IAS 34, Interim Financial Reporting, as well as applicable regulations from the annual accounts act. The interim report for the parent company has been prepared according to the Annual accounts act, chapter 9, Interim Report. For the Group and the parent company the same accounting principles and calculation bases as the previous annual report have been used, with the exception from the below described changed accounting principles. Information according to IAS 34.16A are presented, except for within the financial reports and the associated notes, in other parts or the interim report as well.

The Group adopted IFRS 16 Leasing contracts from the first of January 2019. The parent company are not applying IFRS 16 according to the exception rules within the RFR 2. Description of IFRS 16 and the effects from the transition to the standard are presented in brief below.

IFRS 16 Leasing agreements

IFRS 16 Leasing agreements replaced the previous IAS 17 Leasing agreements and IFRIC 4 determining whether an arrangement contains a Lease and related agreements. The standard is mandatory from 1 January 2019. The new standard requires that all contracts which fulfill the definition of a leasing agreement, except contracts of less than 12 months duration and those with low values, as an asset and liability in the financial statements. The accounting according to IFRS 16 are based upon the approach that the lessee has the right to use the assets under a specific time period and simultaneously have an obligation to pay for the rights. The assets and liabilities are accounted for as a discounted present value of the future leasing payments.

The cost regarding the leased assets consist of amortization of the assets and interest cost towards the leasing liability. Contracts that earlier have been classified as operating leases will thereby be accounted for in the balance sheet with the effect that the current operating costs, leasing cost for the period, will be replaced with amortization of the right-to-use asset and interest expense in the income statement. It is only the leasing component within

a contract that should be accounted for in the balance sheet, the service component should be accounted for as an operating cost.

Transitional method

The implementation of IFRS 16 at Xbrane has been made by using the simplified transitional method, which means that the prior periods have not been restated.

Transition effects

As an operational lessee, the effect relates primarily to office premises and car rental contracts with the effect that total assets, operating profit and financial costs increases as well as the related cash flows move from the operational activities to financing activities. The opening effect on the Group's balance sheet as of 1 January 2019 is estimated to SEK 4,495 thousand, consisting of a leasing asset as well as a leasing liability, within the balance sheet. The equity has not been affected. At the closing date for the first quarter 2019 the total leasing asset amounted to SEK 6,000 thousand as well as a leasing liability. Which also includes a lease previously reported as a finance lease at the subsidiary.

The effect on the Groups income statement under the first quarter of 2019 amounted to SEK 23 thousand and SEK 444 thousand for interest cost and depreciation respectively. The average marginal interest rate of 3 percent has been used as a discounting rate when calculating the transitional effects. For the Groups alternative KPI, there were no significant effects after the implementation of IFRS 16.

Effect from IFRS 16, TSEK	2019 Q1 (IFRS 16)	Effect from IFRS 16	2019 Q1 (IAS 17)
Operating result	-32,932	-14	-32,946
Net finance cost	-381	23	-357
Loss for the period	-33,313	-9	-33,304

Note 2 Segment reporting**Report of revenue, operating profit and profit before tax per segment**

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Q1-Q4
Revenues per segment			
Biosimilars	-	-	77,860
Long-acting injectible drugs	352	22,150	36,023
Non-allocated	849	140	6,344
Total revenue	1,201	22,290	120,227
Operating profit of loss per segment			
Biosimilars	-23,082	-17,509	3,497
Long-acting injectible drugs	-3,084	11,849	-27,462
Administration and non-allocated profit	-6,766	-2,736	12,550
Operating profit or loss	-32,932	-8,396	-11,415
Net finance costs			
Biosimilars	-	-	-
Long-acting injectible drugs	-	-14	-
Administration and non-allocated profit	-381	-507	-1,700
Total	-381	-521	-1,700
Profit before tax	-33,313	-8,916	-13,115
Depreciation			
Biosimilars	680	439	1,788
Long-acting injectible drugs	910	566	3,482
Administration and non-allocated profit	105	48	66
Total	1,696	1,052	5,336

Note 3 Distribution of Income

Amounts in SEK thousand		Q1 2019		
Income per region	Biosimilars	Long-acting injectable drugs	Unallocated/ administration	Group
Middle East	-	302	-	302
Asia	-	-	-	-
Europe	-	50	40	90
US	-	-	809	809
Total	-	352	848	1,201
Income per category				
Pharmaceuticals	-	302	-	302
Milestone payments from partners	-	-	-	-
Services and other	-	50	848	899
Total	-	352	848	1,201

Amounts in SEK thousand		Q1 2018		
Income per region	Biosimilars	Long-acting injectable drugs	Unallocated/ administration	Group
Middle East	-	8,616	-	8,616
Asia	-	13,137	-	13,137
Europe	-	397	-	397
US	-	-	140	140
Total	-	22,150	140	22,290
Income per category				
Pharmaceuticals	-	8,616	-	8,616
Milestone payments from partners	-	13,137	-	13,137
Services and other	-	397	140	537
Total	-	22,150	140	22,290

Amounts in SEK thousand		Full year 2018		
Income per region	Biosimilarer	Long-acting injectable drugs	Unallocated/ administration	Group
Middle East	-	20,485	-	20,485
Asia	-	13,076	-	13,076
Europe	77,860	2,463	5,918	86,241
US	-	-	425	425
Total	77,860	36,023	6,344	120,227
Income per category				
Pharmaceuticals	-	20,485	-	20,485
Milestone payments from partners	77,325	13,076	-	90,401
Services and other	535	2,463	6,344	9,341
Total	77,860	36,023	6,344	120,227

Note 4 Transactions with related parties

During and after the quarter, a share rights issue was conducted (see page 10) where several related parties participated and subscribed for shares at market conditions. Also, a part of the credit facility issued by Serendipity Group was converted into shares. The following related transactions were carried out:

- Serendipity Group converted SEK 8 million of the issued loan to 267,017 shares. The maturity of the remaining debt was extended by one year to June 2020.
- The following persons from the Board of directors and Group Management participated in the issue and subscribed shares: Anders Tullgren (12,838 shares), Maris Hartmanis (2,500 shares), Peter Edman (3 000 shares), Karin Wingstrand (8,968 shares), Giorgio Chirivi (2,500 shares), Martin Åmark (17 504 shares), Siavash Bashiri (10,850 shares), Susanna Helgesen (5,640 shares) and David Vikström (4,493 shares).

The shares were registered and distributed to the above mentioned persons and company after the end of the quarter. The loan was also converted into shares after the end of the quarter.

Note 5 Financial instruments

The reported value of accounts receivable, other receivables, cash and cash equivalents, accounts payable and other liabilities represent a reasonable approximation of fair value.

Certification

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

Stockholm, 14 May 2018

Anders Tullgren
Chairman of the Board

Saeid Esmailzadeh
Board member

Peter Edman
Board member

Maris Hartmanis
Board member

Karin Wingstrand
Board member

Alessandro Sidoli
Board member

Giorgio Chirivi
Board member

Martin Åmark
CEO

Review report

To the Board of Directors of Xbrane Biopharma AB (publ)
Corp. id. 556749-2375

Introduction

We have reviewed the condensed interim financial information (interim report) of Xbrane Biopharma AB (publ) as of 31 March 2019 and the three-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Material uncertainty related to going concern

Without affecting our conclusion above, we bring to your attention to the company's disclosures in the quarterly report on page 9 which describes that the company is evaluating various financing options to ensure continued operations over the next 12 months. No financing agreement is in place at the date of signing this report. This indicates that there are uncertainties about the company's ability to continue as a going concern.

Stockholm 14 May 2019

KPMG AB

Duane Swanson
Authorized Public Accountant



Alternative performance measures

The Company presents certain financial measures in the interim report that are not defined in accordance with IFRS. The Company believes that these measures provide valuable supplementary information to investors and the company's management as they enable evaluation of the company's performance. Since not all companies calculate financial measurements in the same way,

these are not always comparable to measurements used by other companies. These financial measures should therefore not be seen as replacement for measures that are defined in accordance with IFRS. The tables below show measurements that are not defined in accordance with IFRS.

Gross margin

Gross margin is calculated as gross result divided by revenues. Gross result is calculated as revenues minus cost of goods sold.

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Full year
Gross result	-	2,020	4,578
Divided by revenues	-	8,616	20,485
Gross margin	N/A	23%	22%

EBITDA

Shows the business's earning ability from current operations without regard to capital structure and tax situation and is intended to facilitate comparisons with other companies in the same industry.

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Full year
Operating profit or loss	-32,932	-8,396	-11,415
Depreciation and amortization	-1,696	-1,052	-5,336
EBITDA	-31,236	-7,344	-6,079

Research and development expenses as a percentage of operating expenses

Research and development expenses as a percentage of operating expenses show how much of the operating expenses that relates to research and development. This is calculated by dividing research and development expenses with total operating expenses excluding depreciation and amortization. Total operating expenses comprise of selling and distribution expenses, administrative expenses, research and development expenses and other operating expenses.

Amounts in SEK thousand	2019 Q1	2018 Q1	2018 Full year
Research and development expenses	-26,523	-20,260	-85,827
Divided by total operating expenses minus depreciation and amortization	-32,437	-23,037	-110,400
Research and development expenses as a percentage of operating expenses	82%	88%	78%

Equity ratio

Equity ratio is the proportion of assets funded by equity to show the company's long-term ability to pay, ie equity through total assets.

Amounts in SEK thousand	2019-03-31	2018-03-31	2018-12-31
Total equity	101,118	83,630	83,070
Divided by total assets	294,165	130,131	252,885
Equity ratio	34%	64%	33%