Year-End Report 2017

BRANE BIOPHARMA

Health equality for a global population

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Annual general meeting	24 May 2018
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About Xbrane Biopharma

Xbrane is a commercial phase Swedish biopharmaceutical company specialized in biosimilars and long acting injectables. Xbrane has world leading expertise in developing generics for long acting injectable drugs and proprietary high-yield protein expression technology for the development of biosimilars. Xbranes's headquarter is located in Solna outside of Stockholm and the company's in-house research and development facilities are in Sweden and Italy. Xbrane is listed at Nasdaq First North since February 3rd, 2016 under the name XBRANE and Avanza Bank AB is Xbrane's Certified adviser.

For more information see www.xbrane.com.

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The year and quarter in summary

Financial summary fourth quarter 2017

» Revenue amounted to SEK 9,535 thousand (-).
» Gross margin amounted to 24% (-).
» EBITDA amounted to SEK -17,992 thousand (-8,106).
» R&D expenses amounted to SEK 17,531 thousand (9,843) representing 79% (91) of total operating expenses.
» Profit for the period amounted to SEK -19,157 thousand (-8,735).
» Earnings per share of SEK -3.22 (-1.85)

Financial summary full year 2017

» Revenue amounted to SEK 20,771 thousand (-).
» Gross margin amounted to 24% (-).
» EBITDA amounted to SEK -40,726 thousand (-25,497).
» R&D expenses amounted to SEK 37,982 thousand (23,858) representing 79% (79) of total operating expenses.
» Profit for the period amounted to SEK -44,935 thousand (-27,769).
» Earnings per share of SEK -8.28 (-6.16).
» Cash and cash equivalents by the end of year of SEK 7,903 thousand (31,338).
» The Board propose no dividend for the fiscal year 2017.

Significant events during the fourth quarter 2017

» Xbrane signed an agreement with BL&H for the sale and marketing of Spherotide in South Korea.
» Serendipity Ixora proposed distribution of its Xbrane shares to its shareholders after which Serendipity Group (in January 2018) became the largest shareholder in Xbrane.
» Xbrane's largest shareholder, Serendipity Group, issued a credit facility of SEK 50,000 thousand to the company.

Significant events after the period

» Xbrane entered into a licensing agreement with CR Pharma for the sale and marketing of Spherotide in China.

Letter from the CEO

As we put 2017 behind us, we can look back on an eventful year in which we moved our positions forward for both our leading product candidates – Xlucane and Spherotide. For 2018, we are aiming to initiate clinical trials for both Spherotide and Xlucane.

Dear shareholders,

Agreement with CR Pharma for commercialization of Spherotide in China signed
In begin February, Xbrane signed a license agreement with China Resources Pharmaceutical (CR Pharma) for commercialization of Spherotide in China. According to the agreement, CR Pharma gets exclusive sales and marketing rights for Spherotide for a high single digit USD million license fee payable at signing an along milestones up until market approval in China. The first milestone payment will be booked as revenue in the first quarter of 2018. Xbrane will then produce and sell the product to CR Pharma at an agreed transfer price. We are convinced that CR Pharma will do a great job in sales and marketing of Spherotide in China. CR Pharma has one of the largest distribution networks of pharmaceuticals in China, covering all provinces. Furthermore, CR Pharma with annual sales of over USD 20 billion[1] is one of the largest pharmaceutical companies in China with a broad product portfolio focusing on, among other things, gynaecology and ophthalmology. We therefore see CR Pharma as a good partner in China, also for other products we have under development, particularly Xlucane for which a Letter of Intent regarding potential licensing was signed in December 2017.

Sales of Spherotide in Iran is moving forward
The sales of Spherotide to our partner in Iran continues according to plan. In 2017, we had annual sales of SEK 20,771 thousand. Spherotide is sold locally by our partner under the brand name Microrelin® and has been well received by doctors and patients. It is too early to comment regarding the sales for 2018 but we plan for and expect sales exceeding 2017.

With target on marketing authorization for Spherotide in Europe and US
We are now completing the preparations to be able to initiate clinical studies with Spherotide with the target of Marketing Authorisation in Europe and the US. During 2018 we plan to initiate two separate pivotal Phase III studies with Spherotide 1-month formulation, one in prostate cancer patient and one in endometriosis patients. We have acceptance regarding the design of the studies from regulatory authorities in Europe and the US and the planned study in endometriosis patients will be able to support market authorization also for treatment of breast cancer and uterine fibroids. The studies are assessed to take about a year to complete after which a regulatory process will be initiated to achieve market approval. We have full confidence ahead of these clinical trials as we have demonstrated high similarity compared to the originator in a panel of relevant in-vitro analytical methods as well as in efficacy considering testosterone suppression in minipigs.

Scale up of Xlucane to commercial scale successfully completed
The scale up process with Xlucane has now been successfully concluded. Together with our contract manufacturer BiotechPharma in Lithuania, we have produced two commercial-scale batches and will produce another handful of batches during the year to generate the full analytical basis to initiate the pivotal Phase I / III clinical trial with Xlucane. We intend to initiate this study by the end of 2018, a study estimated to take approximately two years to complete, after which a regulatory process begins to achieve market authorization. We have full confidence also ahead of this clinical trial as we have been able to demonstrate very high similarity to the originator drug Lucentis® based on a panel of over 20 in-vitro analytical methods in accordance with EMA and FDA requirements.

Portfolio beyond Xlucane and Spherotide
Xbrane is continuing its research and development activities toward the advancement of the second wave products after Xlucane and Spherotide. The second wave products will be based on the most attractive biosimilars and microsphere products in the portfolio where Xbrane best can leverage its proprietary technologies and GMP experience. Xbrane will communicate more regarding these products as the development advances.

1) Source: China Resources Pharmaceutical's (CR Pharma) website

Financial position
During the Q4 2017 we increased the investments in particularly Xlucane related to commercial scale production resulting in R&D costs for the quarter of SEK 17,531 thousand. We expect higher research and development costs also for 2018, more in line with the fourth quarter of 2017 than in the previous quarter of 2017. By the end of 2017 Xbrane took a credit facility of SEK 50,000 thousand from its largest shareholder Serendipity Group. This, together with license payment from CR Pharma and the expected sale of Spherotide in Iran, provides us with capital for 2018. To beyond this fund the clinical trials for Xlucane and Spherotide our goal is to out-license the rights for marketing and sales in particular Europe and the US. We have high confidence in this as a number of companies are in advanced evaluations of the products. Should a financial gap arise for the clinical trials after out-licensing, Xbrane will turn to the capital markets for funding. In order to be able to target institutional investors to a larger extent going forward, we are going through the process of listing the share on Nasdaq's main market. We conducted preparatory work during last year and submitted the application in early 2018.

We are looking forward to an exciting year and will work with full intensity and energy to achieve success with our products and towards our greater purpose of making available cost-effective pharmaceutical products to the world's population.

Thank you for your continued support,

Martin Åmark
CEO

Business description

Xbrane Biopharma is a biotechnology company that develops and manufactures biosimilars and long-acting injectable drugs. The goal is to make accessible difficult-to-manufacture pharmaceuticals to the global population based on unique technology platforms that allow cost efficient production. Xbrane has a patented protein production platform with up to 8 times higher yield compared to standard systems in *E.coli* and world leading competence within development and production of microsphere based pharmaceuticals with long acting effect in the body.

Xbrane's leading product candidate in the long-term injectable drug segment is Spherotide. Spherotide is a long-acting formulation with the active substance triptorelin, used mainly in the treatment of prostate cancer, endometriosis, breast cancer and myoma. The originator drug that Spherotide addresses has a total annual sales of approximately USD 500 million for all its formulations[2] .

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 USD 3.4 billion[3&4].

Organization
The Xbrane Group consists of the parent company, Xbrane Biopharma AB, and the Italian wholly-owned subsidiary, Primm Pharma s.r.l., acquired on September 30, 2015. 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 injectable with Spherotide as the leading product candidate. Primm Pharma owns production facilities for Spherotide outside Naples in Italy.

Highlights for the period
- Dina Jurman, Head of Clinical Affairs, was appointed a member of the management team.
- Carlo Colombo, production manager for long-term injectable drugs included in the management team, filed his resignation application. The recruitment process for the position is ongoing
- Xbrane signed an agreement with BL&H for the sale and marketing of Spherotide in South Korea.
- Serendipity Ixora proposed distribution of its Xbrane shares to its shareholders after which Serendipity Group (in January 2018) became the largest shareholder in Xbrane.
- Xbrane's largest shareholder, Serendipity Group, issued a credit facility of SEK 50,000 thousand to the company.

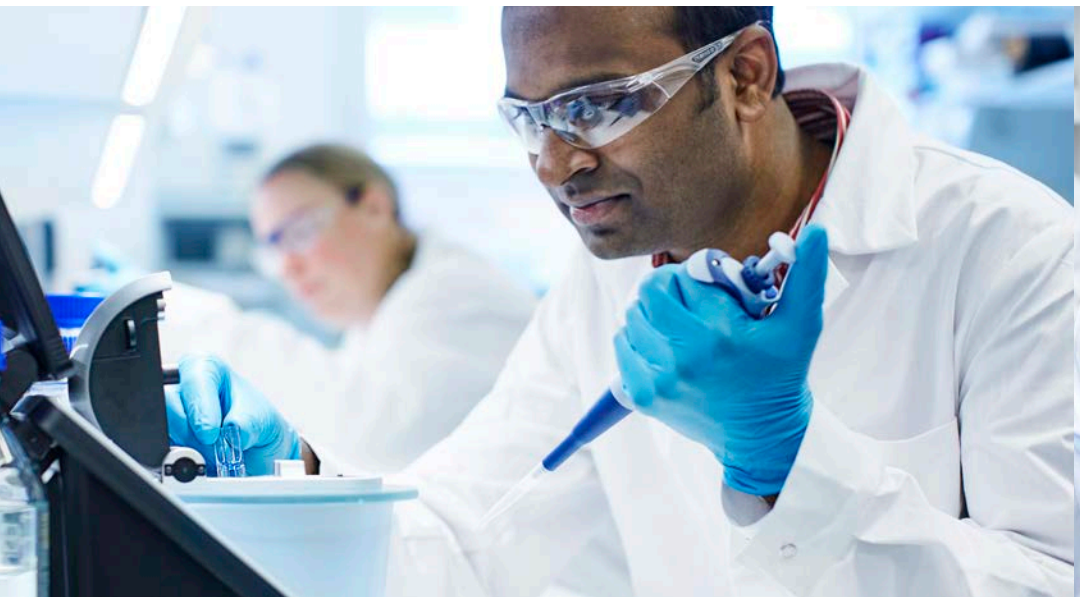
Significant events after the period
- Xbrane entered into a licensing agreement with CR Pharma for the sale and marketing of Spherotide in China.

2) Source: IMS Health
3) Source: Novartis Annual Report 2017
4) Source: Roche Annual Report 2017

Shareholders

As per December 31, 2017, Xbrane had a total of approximately 2,400 shareholders distributed on 5,956,770 shares. The ten largest shareholders by the end of this report's period are shown in the table below[5].

Name	No. of shares	Ownership, %
Serendipity Ixora AB	1,236,022	20.75%
Paolo Sarmientos	303,401	5.09%
Försäkringsaktiebolaget Avanza pension	296,615	4.98%
Nordnet Pensionsförsäkring AB	183,285	3.08%
Active Invest-Sweden AB	170,000	2.85%
Michael Löfman	111,890	1.88%
Martin Åmark	111,800	1.88%
Christer Skogum	110,000	1.85%
Swedbank försäkring	86,730	1.46%
Jan-Willem De Gier	84,083	1.41%
10 largest shareholders in total	**2,693,826**	**45.22%**
Summary others	**3,262,944**	**54.78%**
Total outstanding shares	**5,956,770**	**100.00%**



5) Source: Modular Finance. Based on complete list of shareholders directly registered and nominee registered.

Operational update

Xlucane
Xbrane has finalized the development of the production process of Xlucane and has been able to demonstrate very high similarity to the originator product on the basis of a panel of over 20 in vitro analytical methods in accordance with the guidelines from EMA and FDA. Xbrane has successfully completed the scale up of the production process to commercial scale together with its contract manufacturer BiotechPharma in Lithuania. Xbrane has so far produced two batches at a commercial scale and will produce several additional batches during 2018. These batches will provide the basis for an updated in-vitro biosimilarity analysis as well as material for the planned pivotal phase I / III study.

The registration-based pivotal Phase I / III study will involve approximately 500-600 patients with the wet form of age-related macular degeneration. The primary objective of the study is to evaluate the effect in terms of visual acuity in Xlucane compared to the originator product Lucentis®. Xbrane has 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.

Xbrane currently has commercialization partners for Xlucane in Iran (Helvetic Biopharma, sister company of Pooyesh Darou). A number of major pharmaceutical companies are conducting detailed evaluations of the product, including CR Pharma, with which a letter of intent was signed Q4 2017 for the Chinese market. Xbrane's goal is to conclude an agreement with at least one commercialization partner before the clinical study is initiated and through that fully or partially finance the study.

Spherotide
Focus during 2017 has been preparations for registration-based pivotal Phase III clinical studies for Europe and the US for the 1-month formulation. Xbrane intends to

LEADING PRODUCT CANDIDATES

SPHEROTIDE

Spherotide is a long-acting injectable drug with the active substance triptorelin and used primarily in the treatment of prostate cancer, breast cancer, endometriosis and myoma. The drug is based on encapsulation of the active substance in biodegradable microspheres that break into the body after injection and creates a long-term effect. Spherotide is the world's first genome of long-term triptorelin (original drug Decapeptyl® / Pamorelin® / Trelstar®) which sells approximately USD 500 million annually.

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 USD 3.4 billion and will lose its patent protection 2020 in the United States and 2022 in Western Europe.

initiate two phase III studies in 2018, one in prostate cancer patients and one in endometriosis patients. Both are pivotal and the one in endometriosis patients will also be able to support marketing authorizations for the additional indications for which the original drug is used in women; uterine fibroids and breast cancer. The studies will include approximately 200 and 150 patients, respectively, and the purpose is to study the effect, in terms of hormone levels in patients after treatment, compared to the originator product. Furthermore, Xbrane is in the final stage of the development of Spherotide 3-month formulation, after which a scale up of the production process will take place in the same production facility where the 1-month formulation is produced. Thereafter, a pivotal Phase III clinical trial in prostate cancer patients will be conducted. Xbrane is also planning to develop a 6-month formulation, but as a patent that can protect the originator product until 2028 is expected to be approved shortly, development will be initiated when the 3-month formulation is completed.

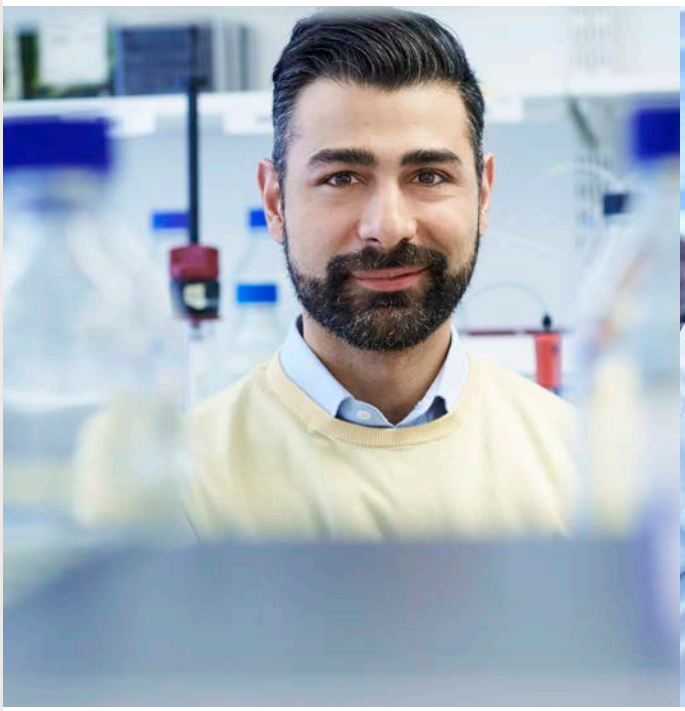
Xbrane currently has commercialization partners for Spherotide in China (CR Pharma), South Korea (BL&H), Israel (Bioavenir) and Iran (Pooyesh Darou). In July 2017, Spherotide received market approval in Iran under its trademark Microrelin® through its local partner. In 2017, Xbrane generated sales of SEK 20,771 thousand from its partner in Iran. Market approval in China and Israel will be based on the EU approved product, while market approval in South Korea may be obtained in parallel with the approval process in the EU. In order to achieve market approval for Spherotide in China, local clinical studies are also required, which will be implemented and funded by Xbranes partner in China.

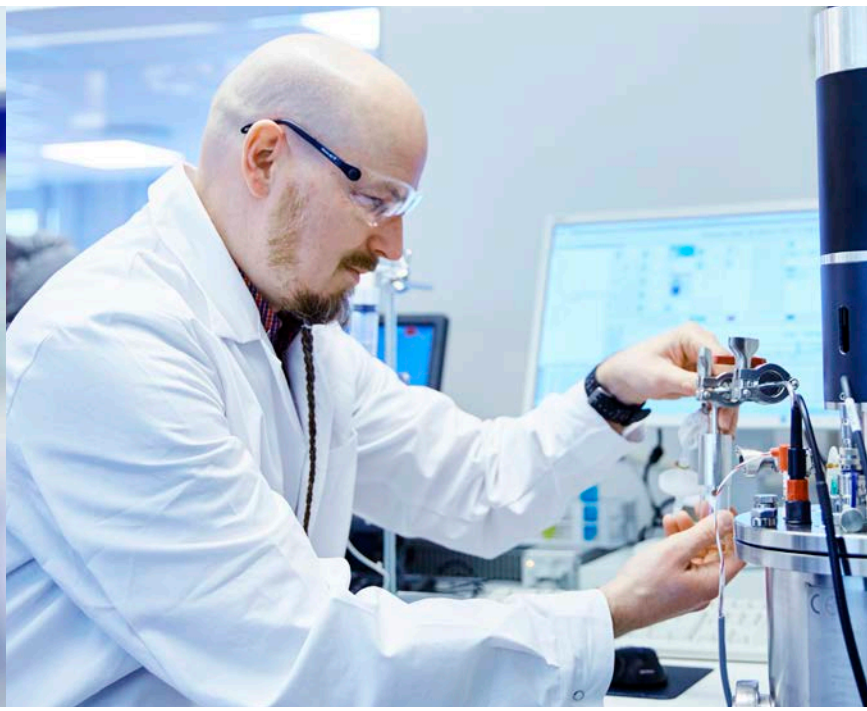
A couple of major pharmaceutical companies are currently conducting an evaluation of Spherotide, primarily for Europe, which is the largest potential market for the product. The goal is to finance the clinical program with licensing revenues from commercialization partners.

Xbrane produces Spherotide in a production line installed within the premises of the pharmaceutical company ICI in Italy. Xbrane owns the production line and all related equipment but production is carried out under an agreement with Finchimica, ICI's parent company, at an agreed unit cost. Xbrane has been informed that Finchimica's subsidiary ICI is subject to a reconstruction procedure due to financial difficulties. The reconstruction procedure is carried out under Italian law and decision on a reconstruction plan by ICI's creditors is expected to be taken in 2018. Xbrane has taken steps to ensure that the supply of Spherotide continues without any material interference including increasing the safety stock of the product.

Financial summary for the Group

Amounts in SEK thousand	2017 Q4	2016 Q4	2017 Full year	2016 Full year
Net revenue	9,535	-	20,771	-
Research and development expenses (R&D)	-17,531	-9,843	-37,982	-23,858
R&D expenses as % of total costs	79%	91%	79%	79%
Operating profit	-19,118	-8,710	-44,718	-27,567
Profit for the period	-19,157	-8,735	-44,935	-27,769
Cash and cash equivalents	7,903	31,338	7,903	31,338
Equity ratio, %	80%	91%	80%	91%
Number of shares end of period before dilution	5,956,770	4,755,546	5,956,770	4,755,546
Number of shares end of period after dilution*	5,956,770	4,755,546	5,956,770	4,755,546
Average number of shares before dilution	5,956,770	4,712,427	5,425,656	4,508,409
Average number of shares after dilution*	5,956,770	4,712,427	5,425,656	4,508,409
Earnings per share before dilution	-3.22	-1.85	-8.28	-6.16
Earnings per share after dilution*	-3.22	-1.85	-8.28	-6.16





** Dilution is not considered at negative earnings per shares. The outstanding convertible loan at 31 December 2017 represents 661,207 shares if it would be converted.*

Financial overview

The Group's result for the period January – December 2017

The Group's revenue for 2017 amounted to SEK 20,771 thousand (0) and refers to revenue from sales of Spherotide. Cost of goods sold amounted to SEK 15,829 thousand (0) and consists of raw materials, manufacturing costs from contract manufacturer, leasing costs for production equipment, personnel costs and depreciation. Both raw materials and manufacturing costs are affected by economies of scale, which means that the gross margin, which amounted to 24% during the period, is expected to increase with increased production.

Other operating income amounted to SEK 2,515 thousand (4,824) and refers to licenses income from protein expression technology as well as tax concession for Italian subsidiary. As the sales of Spherotide commenced during 2017, selling and distribution expenses amounted to SEK 1,381 thousand (0) and refers primarily to salaries. Administrative expenses amounted to SEK 11,567 thousand (8,398) and the increase compare to previous period primarily concerns an expanded administrative department as well as costs associated with the planned move to the main list. Research and development expenses amounted to SEK 37,982 thousand (23,858) of which SEK 27,326 thousand (16,572) refers to Xlucane and SEK 10,656 thousand (7,286) refers to Spherotide. The cost increase that occurred during the year and more specifically to the fourth quarter is due to the development of Xlucane is proceeding and has intensified. Particularly it is the production of test batches from the contract manufacturer in Lithuania, and preparations for clinical studies that contributed to the increased cost. All development costs are expensed. Other operating expenses amounted to SEK 1,245 thousand (135), primarily due to exchange rate losses on receivables and liabilities from operating activities.

The number of employees increased during the period from 16 to 20.

The Groups operating result amounted to SEK -44,718 thousand (-27,567).

Net financial items amounted to SEK -217 thousand (-202). Financial income was marginal and amounted to SEK 0 thousand (3). Financial expenses amounted to SEK -217 thousand (-205) and consist primarily of interest expenses for leases and credit facilities.

Profit for the year amounted to SEK -44,935 thousand (-27,769).

The Group's result for the period October – December 2017

The Group's revenue for the fourth quarter amounted to SEK 9,535 thousand (0) and refers to revenue from sales of Spherotide. Cost of goods sold amounted to SEK 7,257 thousand (0) and consists of raw materials, manufacturing costs from contract manufacturer, leasing costs for production equipment, personnel costs and depreciation. Both raw materials and manufacturing costs are affected by economies of scale, which means that the gross margin, which amounted to 24% during the period, is expected to increase with increased production.

Other operating income amounted to SEK 1,788 thousand (2,672) and refers to licenses income from protein expression technology as well as tax concession for Italian subsidiary. As the sales of Spherotide commenced during 2017, selling and distribution expenses amounted to SEK 310 thousand (0) and refers primarily to salaries. Administrative expenses amounted to SEK 4,358 thousand (1,478) and the increase compare to previous period primarily concerns an expanded administrative department as well as costs associated with the planned move to the main list. Research and development expenses amounted to SEK 17,531 thousand (9,843) of which SEK 12,739 thousand refers to Xlucane and SEK 4,792 thousand refers to Spherotide. The cost increase that occurred during the quarter is due to the development of Xlucane is proceeding and has intensified. Particularly it is the production of test batches from the contract manufacturer in Lithuania, and preparations for clinical studies that contributed to the increased cost. All development costs are expensed. Other operating expenses amounted to SEK 985 thousand (60), primarily due to exchange rate losses on receivables and liabilities from operating activities.

The number of employees remained unchanged at 20 during the quarter.

The Groups operating result amounted to SEK -19,118 thousand (-8,710).

Net financial items amounted to SEK -39 thousand (-25). Financial income was marginal and amounted to SEK 0 thousand (1). Financial expenses amounted to SEK -39 thousand (-26) and consist primarily of interest expenses for leases and credit facilities.

The result for the quarter amounted to SEK -19,157 thousand (-8,735).

The Group's cash flow for the period January – December 2017
Cash flow from operating activities amounted to SEK -36,848 thousand (-39,143).

Cash flow from investing activities amounted to SEK -3,347 thousand (-12,766) and consisted mainly of investments in property, plant and equipment amounting to SEK -3,347 thousand (-8,899).

Cash flow from financing activities amounted to SEK 16,728 thousand (80,529) and relates to issues of new shares that generated SEK 20,004 thousand before transaction costs and amortization of leasing debt of SEK -257 thousand (-305).

The Group's cash flow for the period October – December 2017
Cash flow from operating activities amounted to SEK -12,125 thousand (-12,243).

Cash flow from investing activities amounted to SEK -3,270 thousand (-152) and consisted mainly of investments in property, plant and equipment.

Cash flow from financing activities amounted to SEK -30 thousand (-171) and relates to transaction cost of SEK -9 thousand (-20) for share issues carried out earlier during the year and amortization of leasing debt of SEK -22 thousand (-133).

The Groups financial position
The Group's cash and cash equivalents by the end of the period amounted to SEK 7,903 thousand (31,338). Current cash position, working capital and estimated income together with the credit facility of SEK 50,000 thousand is expected to finance the Group's current costs for the next 12 months. For expanded and planned investments in the company's research and development projects, larger capital is required that can either be financed through milestone payments from outslicensing to partners, through loans or equity. The management actively evaluates different financing options.

The equity ratio was 80 percent (91).

Intangible assets
Intangible assets amount to SEK 6,297 thousand (6,869) and relates to capitalized development costs. No expenses has been capitalized during 2017.

The Group's chagnes in equity
During the second quarter, a targeted share issue was conducted to four investors in which Carnegie Investment Bank AB acted as financial adviser. The subscription price was SEK 30.50 per share, equivalent to a discount of 7.5 percent against the closing price of 23 May. The share issue brought in SEK 20,004 thousand and transaction costs amounted to SEK 3,019 thousand. Number of outstanding shares increased by 655,738.

During the second quarter, SEK 22,482 thousand of the outstanding convertible loan was converted into shares, which increased the number of outstanding shares by 528,986. This did not affect equity or cash flow other than minor transaction costs.

During the third quarter, a targeted share issue was made to certain employees at par value as part of previous year's incentive programs. This increased number of outstanding shares of 16,500 and had a marginal negative impact on equity as transaction costs exceeded the payment for the shares that amounted to SEK 4 thousand.

The Parent company's result for the period January – December 2017
The Parent Company, whose business focuses on biosimilars with the leading product candidate Xlucane, has not reported any net sales or cost of goods sold during the period.

Other operating income amounted to SEK 838 thousand (3,270) and relates to license revenues for protein expression technology. The Parent company reports no sales and distribution expenses. Administrative expenses amounted to SEK 9,841 thousand (7,291) and the increase compared to the previous period was primarily related to an expanded administrative department and costs associated with the planned listing at the main market. Research and development expenses amounted to SEK 27,326 thousand (16,572), and the cost increase that occurred during the quarter is due to the development of Xlucane is proceeding and has intensified. Particularly it is the production of test batches from the contract manufacturer in Lithuania, and preparations for clinical studies that contributed to the increased cost. Other operating expenses amounted to SEK 1,169 thousand (135) and consist of exchange-rate losses on operating receivables and liabilities.

The number of employees increased during the period from 12 to 16.

The Parent company's operating result amounted to SEK -37,498 thousand (-20,727).

Net financial items amounted to SEK -56 thousand (-64). Financial income was marginal and amounted to SEK 0 thousand (1). Financial expenses amounted to SEK -56 thousand (-64) and primarily consist of interest expenses for the credit facility.

Profit for the year amounted to SEK -37,553 thousand (-20,791).

The Parent company's result for the period October – December 2017
The Parent Company, whose business focuses on biosimilars with the leading product candidate Xlucane, has not reported any net sales or cost of goods sold during the period.

Other operating income amounted to SEK 253 thousand (1,255) and relates to license revenues for protein expression technology. The Parent company reports no sales and distribution expenses. Administrative expenses amounted to SEK 4,091 thousand (2,353) and the increase compared to the previous period was primarily related to an expanded administrative department and costs associated with the planned listing at the main market. Research and development expenses amounted to SEK 12,739 thousand (6,008), and the cost increase that occurred during the quarter is due to the development of Xlucane is proceeding and has intensified. Particularly it is the production of test batches from the contract manufacturer in Lithuania, and preparations for clinical studies that contributed to the increased cost. Other operating expenses amounted to SEK 924 thousand (60) and consist of exchange-rate losses on operating receivables and liabilities.

During the period, the number of employees remained unchanged at 16.

The Parent company's operating result amounted to SEK -17,500 thousand (-7,166).

Net financial items amounted to -25 TSEK (0) and consisted entirely of financial expenses which consist of interest expenses primarily for the credit facility.

The result for the quarter amounted to SEK -17,526 thousand (-7,166).

The Parent company's cash flow for the period January – December 2017
Cash flow from operating activities amounted to SEK -33,273 thousand (-20,489).

Cash flow from investing activities amounted to SEK -7,742 thousand (-33,353) and relates to shareholdings contribution to subsidiaries of SEK -5,756 thousand (-25,560) and investment in tangible fixed assets of SEK -1,985 thousand (-7,159).

Cash flow from financing activities amounted to SEK 16,985 thousand (82,157), and relates to proceeds from share issue after transaction costs.

The Parent company's cash flow for the period October – December 2017
Cash flow from operating activities amounted to SEK -13,994 thousand (-6,593).

Cash flow from investing activities amounted to SEK -2,531 thousand (-5,390) and relates to investment in property, plant and equipment.

Cash flow from financing activities amounted to SEK -9 thousand (0) and relates to transaction costs for issues carried out in the previous quarter.

Parent company's financial position
The Parent company's cash and bank amounted to SEK 6,483 thousand (30,512) by the end of the period.

Parent company's changes in equity
The same changes as stated in the Group's changes in equity are valid for the Parent Company.

Share information
By the end of the period Xbrane's share capital amounted to SEK 1,335 thousand (1,066), divided on 5,956,770 shares (4,755,546). 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 are listed on Nasdaq First North. The number of shareholders as of December 31, 2017 was approximately 2,400 according to public share register and nominee list*. As of December 31, 2017, the share closed at SEK 65.75 equivalent to a market capitalization of SEK 391,658 thousand.

Share savings program for employees
The company has a long-term share saving program that includes all employees in Sweden and in Italy and run between 2017-2019. Employees are offered to until end of February 2018 invest up to SEK 150 thousand in Xbrane shares on the market, in so-called savings shares. By the end of the program in 2020, participants will be offered either, if approved by the Annual General Meeting 2020, to subscribe for shares to the par value, alternatively a cash amount corresponding to the value of such shares up to a certain amount. At the latter option, the program will be a form of synthetic option program linked to the savings shares acquired by each employee. The size of a cash payment incl. social security fees may not exceed SEK 10,000 thousand. More information about the share savings program is available on the company web page.

Risks and uncertainty factors
If any of the risks described below were to materialise, it could entail extensive negative effects to the group's operations, earnings, financial position and prospects.

Regulatory approvals
To be able to market and sell products, market approval must be obtained from the authority responsible in the respective country. Xbrane cannot guarantee that such market approval will be received to the extent required to be able to achieve the future objectives.

Clinical trials
Most countries where Xbrane intends to launch its products require implementation of clinical trials which demonstrate satisfactory similarity with the originator drug in terms of safety and effect in order to obtain market approval. Xbrane's intention is to conduct its own comparative clinical trials for both Spherotide and Xlucane, as well as in collaboration with partners. If these studies were to result in unforeseen or negative results, this could have a negative impact on the company.

Collaborative partners
The group is dependent on, and will continue to be dependent on, collaborations with a range of partners in order to produce, market and sell its current products and develop future ones. The group's business is thus largely dependent on outside partners. If these partners do not fulfil their obligations as agreed, do not meet expected deadlines, or if there is inadequate quality or precision in the work performed, planned marketing and sales activities, as well as product development, can be delayed or terminated. Further, unforeseen cancellations of agreements with existing partners can have a negative effect on Xbrane's operations, financial position or earnings.

The establishment of new sales and marketing partners
Xbrane's earning capacity is dependent on it succeeding in entering into further agreements for sales and marketing of its products. The potential to enter into such agreements is dependent, among other things, on the quality on Xbrane's products and Xbrane's credibility as a potential partner. There is a risk that Xbrane will not succeed in establishing such partnerships or that the company will be forced to enter into them on unfavourable terms.

Competition
The market for follow-ups to biological drugs, so called biosimilars, has produced major interest in several companies, both large pharmaceuticals companies and smaller niche companies. The field of generic pharmaceuticals with controlled release has also garnered interest, primarily from small, niche companies. Besides existing competition, there is a risk that Xbrane will have new competition, including from companies which do not currently operate in the Company's market. It is possible that some of Xbrane's competitors will have access to one, or all, of the following: greater financial resources, better purchasing economy and/or lower cost base – which can give them a competitive advantage and have a negative effect on Xbrane's sales, profit and margins. Xbrane's competitors may take aggressive measures to obtain or increase their market share. Increased competition from existing and / or future competitors can lead to lower sales, profits and margins, which could adversely affect the Group's operations, financial position or profit.

Sales-related risk
It is difficult to foresee the market's reception of a new product. Even if market approval is obtained, a partner for sales and marketing is established and a competitive price set, there is no guarantee of successful sales.

Development of pharmaceutical candidates
Research and development, both present and future, constitute the basis of Xbrane's operations. The company's intention is to develop new products within its area of operations, and also to further develop its existing products. Xbrane's future success is dependent on the Company's ability to develop existing products and produce new ones which meet the requirements the market sets. In the event that the results of product development are delayed or fail to materialise, or that the commercialization of the products fails, it can have a negative impact on the Company's operations, financial position or earnings.

Key individuals
The group is dependent on a number of key employees, including the senior management and other employees with specialist expertise within the Group's field of business. The group's future development and success is dependent on its ability to recruit and retain such key employees.

Financing risk
The group has needed and will also continue to need extensive capital to pursue research, development and commercialization of the Group's existing and future products. The group is in an expansive phase and it might be necessary to look for additional external capital in the future in order to continue to operate the business. However, there is a risk of such additional financing not being available for the Group on acceptable terms, or at all.

Credit risk
The group is exposed to credit risks The credit risk for the group principally arises through credit exposure to customers, i.e. that the Group does not receive payments as agreed or makes a loss as a result of a counterparty's inability to meet its undertaking in relation to the group.

Liquidity risk
Liquidity risk is the risk that the group cannot meet its payment liabilities on the due date. If it transpires that the Group's liquidity sources are insufficient, the risk exists that the Group can only meet its payment liabilities through raising capital with terms which significantly increase the financing cost or that the group cannot meet its payment liabilities at all, and as a result, default on payments in agreements made.

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. The company has modern equipment for small scale fermentation, purification and simpler characterization of proteins. In 2015, Xbrane acquired the Italian company Primm Pharma s.r.l., located in Milan, which develops and manufactures microspheres. By the end of the period the company had 20 employees, of which 16 were located in Sweden and 4 in Italy.

Transactions with closely related stakeholders
Closely related stakeholders are defined as management and directors of the Board of Xbrane as well as their related parties as well as companies where the above mentioned has a leading position or has an ownership connection.

Since 31 December 2015, a provision for severance pay, in accordance with Italian legislation, is booked in the Italian subsidiary, Primm Pharma for its CEO/Head of long-acting injectable drugs Paolo Sarmientos. At the balance sheet date, 31 December 2017, the provision amounted to SEK 3,157 thousand. The provision is regarded as a non-interest-bearing debt which accrues to Sarmientos when his employment at Primm Pharma expires.

During 2017, Xbrane acquired consulting services amounting to SEK 48 thousand from Edman Life Science, owned by Peter Edman, a member of Xbrane's board.

During 2017, Xbrane acquired legal services from S. Legal AB amounting to SEK 154 thousand, accounting and administration services from Juno Ekonomi AB for a value of SEK 135 thousand as well as communication services from Serendipity Communication AB for a value of SEK 11 thousand. All the companies are 100 percent owned by Sdiptech AB, which in turn is owned to 76 percent by Serendipity Group AB. Saeid Esmaeilzadeh, Chairman of Xbrane owns 50 percent of Serendipity Group AB.

During 2017, Primm Pharma s.r.l. has acquired administration and accounting services and rented premises from Primm s.r.l. for an amount of SEK 582 thousand. Primm s.r.l. is owned by 56 percent of Paolo Sarmientos, CEO/Head of long-acting injectable drugs of Primm Pharma , and 10 percent by Alessandro Sidoli, member of Xbrane's Board.

On December 22, 2017, Serendipity Group AB issued a credit facility to Xbrane Biopharma AB of SEK 50,000 thousand with a maturity of 18 months. Interest rate is 3% of the total credit facility regardless of its utilization and is paid upon the repayment of the loan. The credit facility should be considered as a bridge financing for the Company that can be utilized until a long-term financing solution replaces the credit facility.

Annual general meeting
Annual general meeting will be held on May 24, 2018. Notice will be made public by a press release and will be announced in Svenska Dagbladet and published on Xbrane's website www.xbrane.com.

Certified adviser
Xbrane's Certified adviser at Nasdaq First North is Avanza Bank AB.

Dividend
The Board propose that no dividend is given for the fiscal year 2017-01-01-2017-12-31. The Board propose that the company's accumulated loss is transferred on a new account.

Annual report
The annual report for the 2017 will be will be published on April 27, 2018 on the company's website as well through press release.

Audit
This report has not been reviewed by Company's auditors.

Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK thousand	Notes	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Revenue	2	9,535	-	20,771	-
Cost of goods sold		-7,257	-	-15,829	-
Gross profit		**2,278**	-	**4,942**	-
Other income		1,788	2,672	2,515	4,824
Selling and distribution expenses		-310	-	-1,381	-
Administrative expenses		-4,358	-1,478	-11,567	-8,398
Research and development expenses		-17,531	-9,843	-37,982	-23,858
Other expenses		-985	-60	-1,245	-135
Operating profit	2	**-19,118**	**-8,710**	**-44,718**	**-27,567**
Finance income		0	1	0	3
Finance costs		-39	-26	-217	-205
Net finance costs	2	**-39**	**-25**	**-217**	**-202**
Profit before tax		**-19,157**	**-8,735**	**-44,935**	**-27,769**
Income tax expense		-	-	-	-
Profit for the period		**-19,157**	**-8,735**	**-44,935**	**-27,769**
Profit attributable to:					
Owners of the Company		-19,157	-8,735	-44,935	-27,769
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		**-19,157**	**-8,735**	**-44,935**	**-27,769**
Earnings per share					
- Basic earnings per share (SEK)		-3.22	-1.85	-8.28	-6.16
- Diluted earnings per share (SEK)*		-3.22	-1.85	-8.28	-6.16
Number of outstanding shares at the end of the reporting period					
- Basic earnings per share		5,956,770	4,755,546	5,956,770	4,755,546
- Diluted earnings per share*		5,956,770	4,755,546	5,956,770	4,755,546
Average number of outstanding shares					
- Basic earnings per share		5,956,770	4,712,427	5,425,656	4,508,409
- Diluted earnings per share*		5,956,770	4,712,427	5,425,656	4,508,409

** Dilution is not considered at negative earnings per shares. The outstanding convertible loan at 31 December 2017 represents 661,207 shares if it would be converted.*

Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK thousand	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Profit for the period	-19,157	-8,735	-44,935	-27,769
Other comprehensive income				
Items that have been transferred and can be transferred to profit for the period				
Reclassification of foreign currency translation differences	3,860	2,770	2,218	2,786
Comprehensive income for the period	**3,860**	**2,770**	**2,218**	**2,786**
Total comprehensive profit attributable to:				
- Owners of the Company	-15,297	-5,966	-42,716	-24,983
- Non-controlling interest	-	-	-	-
Total comprehensive income for the period	**-15,297**	**-5,966**	**-42,716**	**-24,983**

Consolidated statement of financial position

Amounts in SEK thousand	2017-12-31	2016-12-31
ASSETS		
Goodwill	57,360	55,713
Intangible assets	6,297	6,945
Property, plant and equipment	18,569	17,875
Trade and other receivables	635	635
Non-current assets	**82,860**	**81,167**
Inventories	3,065	2,497
Currents tax assets	8,043	4,868
Trade and other receivables	8,072	1,499
Prepayments	1,018	2,977
Other recievables	–	347
Cash and cash equivalents	7,903	31,338
Current assets	**28,100**	**43,526**
TOTAL ASSETS	**110,960**	**124,694**
EQUITY		
Share capital	1,335	1,066
Share premium	179,874	162,924
Reserves	1,862	-357
Retained earnings	-94,667	-49,733
Equity attributable to owners of the Company	**88,405**	**113,901**
Non-controlling interests	**–**	**–**
TOTAL EQUITY	**88,405**	**113,901**
LIABILITES		
Loans and borrowings	1,119	1,726
Provisions	3,545	3,182
Non-current liabilities	**4,664**	**4,909**
Trade and other payables	10,541	2,364
Current tax liabilities	–	94
Other current liabilities	863	362
Deferred income/revenue	6,488	3,065
Current liabilities	**17,892**	**5,884**
TOTAL LIABILITIES	**22,555**	**10,793**
TOTAL EQUITY AND LIABILITIES	**110,960**	**124,694**

Consolidated statement of cash flows

Amounts in SEK thousand	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Cash flows from operating activities				
Profit for the period before tax	-19,157	-8,735	-44,935	-27,769
Adjustments for items not included in cash flow	676	338	3,803	741
Paid income taxes	-	-	-	-
	-18,481	**-8,397**	**-41,131**	**-27,028**
Increase (-)/Decrease (+) of inventories	-1,793	372	-568	-2,336
Increase (-)/Decrease (+) of trade and other receivables	-2,788	-2,573	-7,441	-5,106
Increase (-)/Decrease (+) of trade and other payables	10,938	-1,645	12,292	-4,672
Cash flows from current operations	**-12,125**	**-12,243**	**-36,848**	**-39,143**
Cash flow from investing activities				
Acquisition of property, plant and equipment	-3,270	-257	-3,347,	-8,899
Development expenditure	-	105	-	-3,232
Changes of non-current receivables	-	-	-	-635
Cash flows from investing activities	**-3,270**	**-152**	**-3,347**	**-12,766**
Cash flow from financing activities				
Proceeds from issue of share capital	-	-	20,004	101,770
Transaction costs related to share issue	-9	-20	-3,019	-11,463
Proceeds from loan and borrowings	-	-	-	527
Repayment of borrowings	-	-18	-	-10,000
Payment of finance lease liability	-22	-133	-257	-305
Cash flows from financing activities	**-30**	**-171**	**16,728**	**80,529**
Cash flows for the period	-15,426	-12,565	-23,468	28,621
Cash and cash equivalents at January 1	23,297	43,923	31,338	2,688
Effect of movements in exchange rates on cash held	33	-20	33	30
Cash and cash equivalents at 31 December	**7,903**	**31,338**	**7,903**	**31,338**

Consolidated statement of changes in equity

Amounts in SEK thousand	Share capital	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2016	500	18,632	-3,143	-21,964	-5,975	-	-5,975
Total comprehensive income for the period							
Profit for the period	-	-	-	-27,769	-27,769	-	-27,769
Other comprehensive income for the period	-	-	2,786	-	2,786	-	2,786
Total comprehensive income for the period	**-**	**-**	**2,786**	**-27,769**	**-24,982**	**-**	**-24,982**
Transactions with owners of the Company							
Contributions and distributions							
Issue of ordinary shares	536	89,771	-	-	90,308	-	90,308
- Issue of shares	*536*	*101,234*	-	-	*101,771*	-	*101,771*
- Transaction costs	-	*-11,463*	-	-	*-11,463*	-	*-11,463*
Issue of convertible notes	30	54,521	-	-	54,550	-	54,550
Total contributions and distributions	566	144,292	-	-	144,858	-	144,858
Balance at 31 December 2016	1,066	162,924	-357	-49,733	113,901		113,901

Amounts in kronor (SEK)	Share capital	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2017	1,066	162,924	-357	-49,733	113,901	-	113,901
Total comprehensive income for the period							
Profit for the period	-	-	-	-44,935	-44,935	-	-44,935
Other comprehensive income for the period	-	-	2,219	-	2,219	-	2,219
Total comprehensive income for the period	**-**	**-**	**2,219**	**-44,935**	**-42,716**	**-**	**-42,716**
Transactions with owners of the Company							
Contributions and distributions							
Issue of ordinary shares	151	16,835	-	-	16,985	-	16,985
- Issue of shares	*151*	*19,853*	-	-	*20,004*	-	*20,004*
- Transaction costs	-	*-3,019*	-	-	*-3,019*	-	*-3,019*
Equity-settled share-based payment	-	235	-	-	235	-	235
Issue of convertible notes	118	-118	-	-	-	-	-
Total transactions with owners of the Company	269	16,951	-	-	17,220	-	17,220
Balance at 31 December 2017	1,335	179,874	1,862	-94,667	88,405	-	88,405

Income statement, Parent company

Amounts in SEK thousand	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Revenue	-	-	-	-
Cost of Sales	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**
Other income	253	1,255	838	3,270
Administrative expenses	-4,091	-2,353	-9,841	-7,291
Research and development expenses	-12,739	-6,008	-27,326	-16,572
Other expenses	-924	-60	-1,169	-135
Operating Profit	**-17,500**	**-7,166**	**-37,498**	**-20,727**
Financial items				
Financial income	-	0	0	1
Financial expenses	-25	0	-56	-64
Net finance costs	**-25**	**0**	**-56**	**-64**
Profit before tax	**-17,526**	**-7,166**	**-37,553**	**-20,791**
Income tax expense	-	-	-	-
Profit for the period	**-17,526**	**-7,166**	**-37,553**	**-20,791**

Parent company statement of comprehensive income

Amounts in SEK thousand	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Profit for the period	-17,526	-7,166	-37,553	-20,791
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**-17,526**	**-7,166**	**-37,553**	**-20,791**

Balance Sheet, Parent company

Amounts in SEK thousand	2017-12-31	2016-12-31
ASSETS		
Fixed assets		
Property, plant and equipment	6,725	6,112
Financial fixed assets		
Shares in group comapnies	94,092	88,335
Other non-current receivables	635	635
Total financial fixed assets	94,727	88,970
Total fixed assets	**101,451**	**95,082**
Current assets		
Current receivables		
Trade and other receivables	-	1,499
Receivables from group company	4,178	-
Other recievables	278	295
Prepayments	814	759
Total current receivables	5,269	2,554
Cash and bank	6,483	30,512
Total current assets	**11,752**	**33,066**
TOTAL ASSETS	**113,204**	**128,148**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1,335	1,066
Unrestricted equity		
Share premium	180,560	163,610
Retained earnings	-40,070	-19,278
Profit for the period	-37,553	-20,791
Total equity	**104,273**	**124,606**
Current liabilities		
Trade and other payables	3,359	1,923
Other current liabilities	760	270
Deferred income/revenue	4,812	1,348
Total current liabilities	**8,931**	**3,541**
TOTAL LIABILITIES AND EQUITY	**113,204**	**128,148**

Cash flow statement, Parent company

Amounts in SEK thousand	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Cash flows from operating activities				
Earnings before income and tax	-17,526	-7,166	-37,553	-20,791
Adjustments for items not included in cash flow	565	382	1,685	1,206
Paid income taxes	-	-	-	-
	-16,960	-6,784	-35,869	-19,585
Increase (-)/Decrease (+) of trade and other receivables	-2,628	257	-2,716	-981
Increase (-)/Decrease (+) of trade and other payables	5,594	-66	5,312	77
Cash flow from current operations	**-13,994**	**-6,593**	**-33,273**	**-20,489**
Investing activities				
Investments in subsidiaries	-	-5,194	-5,756	-25,560
Acquisition of property, plant and equipment	-2,531	-196	-1,985	-7,159
Paid rental depositions	-	-	-	-635
Cash flow from investing activities	**-2,531**	**-5,390**	**-7,742**	**-33,353**
Financing activities				
New share issue	-	-	20,004	101,771
Transaction costs related to share issue	-9	-	-3,019	-9,614
Repayment of loan	-	-	-	-10,000
Cash flow from financing activities	**-9**	**-**	**16,985**	**82,157**
Cash flow for the period	-16,533	-11,984	-24,029	28,315
Cash and cash equivalents at beginning of period	23,016	42,496	30,512	2,197
Effect of movements in exchange rates on cash held	-	-	-	-
Cash and cash equivalents at end of period	**6,483**	**30,512**	**6,483**	**30,512**

Notes

Note 1 Accounting principles

This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Annual Accounts Act. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The Group applies IFRS as from July 1, 2017 and the comparative figures for 2016 have been recalculated. Bridges for the IFRS conversion are available on the company's website. The year-end report for the parent company has been prepared in accordance with the Annual Accounts Act, the General Board of Accounting Board and the Council for Financial Reporting Recommendations. Accounting principles for the Parent Company has been converted to IFRS and bridges for the conversion are available on the company's website.

The accounting and valuation principles that apply to the company are available on the company's website.

Not 2 Segmentsrapportering

An operating segment is part of a group that operates, from which it can generate revenue and incur costs and for which there is independent financial information available. The operating profit or loss of a business segment is monitored by the company's highest executive decision maker who decides on resources to be allocated to the segment and assesses its long and short-term financial results. The operating segments are reported in a manner that complies with the internal reporting provided to the business's highest decision makers. The Chief Executive Officer and CEO, who is responsible for all allocating resources and evaluating the performance of the operating segments, is the highest executive decision maker who makes strategic decisions.

The Group has two operating segments – "Biosimilars" whose operations are carried out in the parent company, Xbrane Biopharma AB, and "Long-acting injectable drugs", conducted in the Italian subsidiary, Primm Pharma s.r.l.

Report of revenue, operating profit and profit before tax per segment

Amounts in SEK thousand	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Revenue per segment				
Biosimilars	-	-	-	-
Long-acting injectible drugs	9,535	-	20,771	-
Total revenue	**9,535**	**-**	**20,771**	**-**
Operating profit of loss per segment				
Biosimilars	-17,500	-5,817	-37,498	-18,421
Long-acting injectible drugs	-1,558	-2,893	-7,220	-9,146
Operating profit or loss	**-19,058**	**-8,710**	**-44,718**	**-27,567**
Net finance costs				
Biosimilars	-25	0	-56	-64
Long-acting injectible drugs	-13	-25	-161	-138
Profit before tax	**-19,157**	**-8,735**	**-44,935**	**-27,769**

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 revenue. Gross result is calculated as revenue minus cost of goods sold.

Amounts in SEK thousand	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Gross result	2,278	-	4,942	-
Divided by revenue	9,535	-	20,771	-
Gross margin	24%	-	24%	-

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	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Operating profit or loss	-19,118	-8,710	-44,718	-27,567
Depreciation, depletion and amortization	-1,126	-604	-3,992	-2,069
EBITDA	-17,992	-8,106	-40,726	-25,497

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, depletion 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	2017 Q4	2016 Q4	2017 Q1-Q4	2016 Q1-Q4
Research and development expenses	-17,531	-9,843	-37,982	-23,858
Divided by total operating expenses minus depreciation, depletion and amortization	-22,058	-10,778	-48,182	-30,321
Research and development expenses as a percentage of operating expenses	79%	91%	79%	79%

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	2017-12-31	2016-12-31
Total equity	88,405	113,901
Divided by total assets	110,960	124,694
Equity ratio	80%	91%

Assurance

The Board of Directors and the CEO hereby certify that this year-end 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, 28 February 2018

Saeid Esmaeilzadeh
Chairman of the Board

Alessandro Sidoli
Board member

Peter Edman
Board member

Maris Hartmanis
Board member

Karin Wingstrand
Board member

Martin Åmark
CEO

Giorgio Chirivì
Board member

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