XBRANE BIOPHARMA

Science for high quality biosimilars

Q1

Interim report January – March 2023

"Ximluci® launched in Europe, framework agreement won with the NHS in England."

FINANCIAL OVERVIEW FIRST QUARTER 2023

- Revenue amounted to SEK 61.8 m (7.3).
- Other operating income was SEK 4.0 m (6.0).
- EBITDA amounted to SEK –48,4 m (–32,9).
- R&D costs amounted to SEK –57.9 m (–28.9), corresponding to 76 percent[1] (72) of total operating costs.
- The loss for the period was SEK –58.4 m (–36.1).
- Earnings per share was SEK –2.12 (–1.44).
- Cash and cash equivalents at the end of the period amounted to SEK 118.7 m (301.5).

SIGNIFICANT EVENTS DURING THE FIRST QUARTER 2023

- In February, the Medicines & Healthcare products Regulatory Agency (MHRA) granted marketing authorization for Ximluci® (ranibizumab) in the UK. STADA launched the product in the UK in Q1 2023.

Figures in parentheses refer to the corresponding period last year.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- At the beginning of April, it was announced that Ximluci® had been launched in the main European markets. Ximluci® is the first product launched through a strategic collaboration between STADA and Xbrane. With the introduction of ranibizumab, STADA and Xbrane offer a cost-effective alternative to European patients.
- In April, Xbrane submitted a biologics license application (BLA) for Ximluci® to the US Food & Drug Administration, FDA, (the US counterpart to the Swedish Medicines Agency). Within 60 days, the FDA is expected to validate and decide on reviewing the application. After that, Xbrane expects a review process of around 10 months and approval may therefore be obtained in the first half of 2024.
- At the end of April, the company announced that STADA and Xbrane had won a framework agreement with the English National Health Service (the NHS) in the UK regarding the supply of Ximluci®. The agreement covers a significant part of the clinical demand for ranimizumab in the UK. The nominal total value of this framework agreement, which runs from April 1, 2023, to March 31, 2024, is GBP 70 m (about SEK 900 m), which is to be divided between two suppliers, with volumes to be defined by ability to supply and gain market share.
- Biosimilar competition for ranibizumab has the potential to increase patient access and create significant savings for the NHS in England.
- With the support of the authorization from the Annual General Meeting on May 4, 2023, the company carried out a directed share issue in May of approximately SEK 125 m[2] at a subscription price of SEK 73.1 per share. In connection with the directed new issue, a binding agreement was entered into with CVI Investments Inc. regarding financing through convertible bonds of SEK 250 m[2]. The effects on the balance sheet and cash flow will only become visible in the upcoming interim report for April–June 2023.

FINANCIAL SUMMARY FOR THE GROUP

	2023 Jan – Mar	2022 Jan – Mar	Full year 2022
Revenue (SEK 000)	61,829	7,332	57,618
Research and development expenses (SEK 000)	–57,927	–35,949	–199,648
R&D expenses as percentage of total costs	76%	72%	82%
Operating profit/loss (SEK 000)	–57,274	–36,782	–166,217
EBITDA (SEK 000)	–48,414	–32,898	–149,640
Profit/loss for the period (SEK 000)	–58,397	–36,122	–172,513
Cash and cash equivalents (SEK 000)	118,746	301,459	193,994
Equity ratio (%)	56%	59%	62%
Earnings per share before dilution (SEK)	–2.12	–1.44	–6.75
Earnings per share after dilution (SEK)	–2.12	–1.44	–6.75
Number of employees on balance sheet date	90	64	79

1) See page 9 for more information on research and development costs.
2) Before transaction costs.

"We are proud that our partner STADA has been appointed as a supplier to the NHS under this important contract. Over the next 12 months, Ximluci® will generate significant savings for the UK healthcare system and increase accessibility for patients."

CEO's letter

Dear shareholders,

Xbrane's first biosimilar, Ximluci®, was launched during Q1 in Europe by our partner STADA and an important framework agreement was signed with NHS England to provide the product to patients in the UK.

Launching of Ximluci® in Europe

Ximluci®, Xbrane's Lucentis biosimilar for the treatment of serious eye diseases, was launched in Europe by Xbrane's commercialization partner STADA during Q1 2023 and at the end of March 2023 the first products were sold to customers. During the autumn, STADA did thorough preparatory work for the launch, which has resulted in a number of procurements won and agreements on deliveries. For example, Xbrane and STADA will provide Ximluci® to patients in the UK under a framework agreement with NHS England, with a nominal value of GBP 70 m over a 12 month period. STADA is one of two awarded suppliers, with volumes to be defined by ability to supply and gain market share. We also submitted a biologics license application (BLA) for Ximluci® to the FDA in April 2023. We expect the application to be validated and the review process to begin in June, after which an approval could be granted after ten months. We will continue to work closely with our partner Bausch + Lomb to prepare for a launch in the US during Q2 2024. STADA is also actively working to bring Ximluci® to other regions of the world, primarily Latin America and Southeast Asia. The marketing authorization application has already been submitted to the regulatory authority in Saudi Arabia, and will shortly be submitted to other countries in the Middle East.

Financing secured

In May, we secured funding of around SEK 350 m, before transaction costs, which provides funding until getting to positive cashflow first half of 2024.. The financing took place via a combination of a convertible bond and a directed issue. We saw the convertible as an attractive financing solution. We are very grateful for the continued confidence of our existing shareholders and welcome the new investors participating.

Development of the biosimilar portfolio

Work on the biosimilar portfolio continues and preparations for upscaling to a commercial scale for the manufacture of clinical material regarding BIIB801 (biosimilar candidate for Cimzia®) are in progress in close collaboration with Biogen Inc. For Xdivane™, the pilot scale production process has been completed and preparatory work for transfer and upscaling to a selected contract manufacturer is underway. We are in active discussions with potential commercialization partners, with the ambition of closing a deal in 2023 for Xdivane™.

Key milestones in the next 12 months

In summary, we are in a very exciting position going into our first year with a product on the market. Some of the key milestones we look forward to delivering over the next 12 months are:

- Supporting STADA in establishing Ximluci® as a leading biosimilar to Lucentis® in Europe
- Obtaining market approval for Ximluci® in the US and supporting the launch of the product with our partner Bausch+Lomb Inc.
- Obtaining market approval for Ximluci® in Saudi Arabia and other countries in the Middle East and supporting the launch of the product with our partner STADA
- Upscaling the production process and preparing clinical studies for BIIB801 with our partner Biogen
- Establishing a commercial partner for Xdivane™
- Generating a positive cash flow in the first half of 2024.

Having secured financing, we look forward to achieving our goal of becoming cash flow positive in 2024. The launch of Ximluci® has been successful, as reflected by the recent NHS procurement win. Xbrane has now started its journey as a commercial company and we look forward to increasing the uptake of Ximluci® – eventually in the US as well, once approved – as well as continuing the development of our strong pipeline of biosimilar candidates.

Thank you for your continued support.

Solna, May 31, 2023

Martin Åmark
CEO

Biosimilar candidate portfolio

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

Ximluci®

Ximluci® is a biosimilar candidate to ranibizumab, the original drug Lucentis®, a VEGFa inhibitor used to treat a number of serious eye diseases. The original drug has sales of around EUR 3 bn[1)] per year.

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

Xbrane submitted a biologics license application to the Food and Drug Administration (FDA) in April 2023, which is expected to lead to approval in Q2 2024 and will be launched by Xbrane and STADA's partner in North America, Bausch+Lomb. A marketing authorization application has also been submitted to the regulatory authority in Saudi Arabia. STADA is also actively working to take Ximluci® to other regions such as the Middle East, Latin America and Southeast Asia.

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

BIIB801

BIIB801 is a biosimilar candidate to certolizumab pegol, original drug Cimzia®, a TNFalpha inhibitor particularly used in the treatment of rheumatoid arthritis and psoriasis. Cimizia® is estimated to realize EUR 2 bn[1)] in peak-year sales. Cimzia® will lose its patent protection in 2024 in the US and 2025 in Europe.

BIIB801is undergoing preclinical development and a cost-effective production process has been established. As the next step in manufacturing and upscaling, an agreement has been signed with AGC Biologics for the manufacture of BIIB801 for future clinical studies.

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

Xdivane™*

Xdivane™ is a biosimilar candidate to nivolumab, original drug Opdivo®, a PD1 inhibitor for the treatment of various types of cancer. Opdivo® is expected to generate sales of EUR 13 billion[1)] in peak-year sales and lose its patent protection during 2026–2031 depending on the country.

The pilot-scale production process for Xdivane™ has been completed and work on transferring and upscaling for the selected contract manufacturer is continuing. The selection process of production partners is long overdue and an agreement is expected to be signed in Q2 2023.

Xtrudane™*

Xtrudane™ is a biosimilar candidate to pembrolizumab, original drug Keytruda®, a PD1 inhibitor for the treatment of various types of cancer. Keytruda® is estimated to reach peak-year sales of EUR 26 bn[1)] and is expected to lose its patent protection during 2029–2031 depending on the country. Xtrudane™ is undergoing preclinical development with a focus on developing a cost-effective production process and demonstrating a biochemical similarity to the original drug.

Xdarzane™*

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

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

Product portfolio

Product	Original drug	Primary indication	Estimated annual peak year sales of original drug	Patent expiry of original drug	Development phase
Ximluci®	Ranibizumab (Lucentis®)	Wet age-related macular degeneration, diabetes-related eye damage and retinal vein occlusion.	EUR 3 bn[1)]	2022 (Europe) 2020 (USA)	Launch phase
BIIB801	Certolizumab pegol (Cimzia®)	Rheumatoid arthritis, axial spondylarthrosis, psoriatic arthritis and psoriasis	EUR 2 bn[1)]	2024 (USA) 2025 (Europe)	Preclinical phase
Xdivane™,*	Nivolumab (Opdivo®)	Melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	EUR 13 bn[1)]	2026–2031 depending on country	Preclinical phase
Xtrudane™,*	Keytruda®	Brain cancer, melanoma, lung cancer, kidney cell cancer, head and neck cancer and bladder and urinary tract cancer.	EUR 26 bn[1)]	2029–2031 depending on country	Preclinical phase
Xdarzane™,*	Darzalex®	Multiple melanoma	EUR 9 bn[1)]	2029–2031 depending on country	Preclinical phase
			EUR 53 bn[1)]		

Source:
1) Evaluate Pharma; Originator Peak Sales Estimate 2026
* Xbrane has the aim of concluding an agreement with a commercial partner for the oncology portfolio in 2023.

Patent protection

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

Expanding patent portfolio

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

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

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

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

Strengthen the Xbrane brand

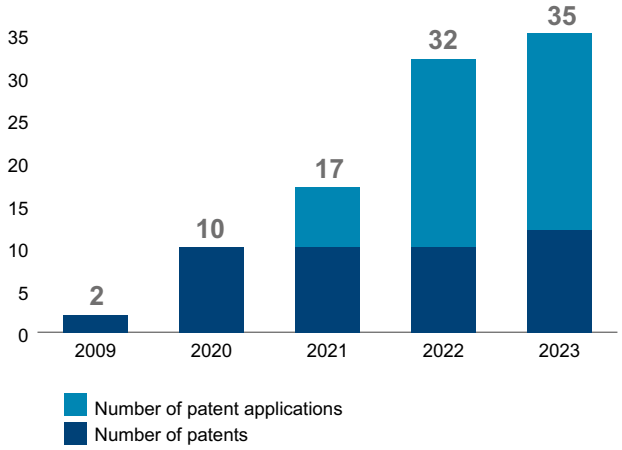
The Swedish Intellectual Property Office (PRV) granted eight patents in 2021. Three related to DNA constructs for the regulation of protein production and were co-filed with CloneOpt AB. Five of the patents resulted from the development of Xdivane™ and form the foundation for the emerging high-yield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

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

The patent applications to protect Ximluci® were filed with STADA Arzneimittel AG in Australia, Canada and New Zealand during March 2023 and will be supplemented by a large number of patent applications in other countries during April and May 2023.

The expanding patent portfolio will strengthen Xbrane's brand, protect the company's products and enable more outlicensing of IP in the future.

Number of patents and patent applications (accumulated)



Shareholders

As of March 31, 2023, Xbrane had around 6,600 shareholders. The number of outstanding shares amounted to 27,506,018. The ten largest shareholders at the end of the period are shown in the table below[1].

Name	Number of shares	Ownership, %
Serendipity Group	3,175,637	11.6
Bengt Göran Westman	2,203,280	8.0
Swedbank Robur Fonder	1,716,392	6.2
Nordnet Pensionsförsäkring	1,600,293	5.8
STADA Arzneimittel AG	1,570,989	5.7
TIN Fonder	1,553,055	5.7
Futur Pension	1,401,368	5.1
Avanza Pension	1,079,713	4.0
Håkan Stödberg	380,000	1.4
Swedbank Försäkring	375,293	1.4
Ten largest shareholders in total	15,056,020	54.7
Other Swedish shareholders	8,236,076	30.0
Other foreign shareholders	4,213,922	15.3
Total outstanding shares	27,506,018	100

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

Why invest in Xbrane?

Xbrane: a world-leading developer of biosimilars

Platform-based developer of biosimilars with low production costs

- A patented development platform that ensures a very low production cost.
- Commercial agreement with three major global pharmaceutical companies: STADA, Bausch + Lomb and Biogen, with >EUR 150 m in payable license fees plus royalties.

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

- Ximluci® (biosimilar to Lucentis®) was launched in Q1 2023 and reaches a market worth EUR 4 bn in Europe.
- The company submitted a biologics license application in April 2023 in the US with an expected launch in 2024 in collaboration with Bausch + Lomb.

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

- BIIB801, where we collaborate with Biogen, is, as far as we know, the only biosimilar candidate in development for the TNF inhibitor Cimizia® with annual sales of EUR 2 bn.
- Portfolio of three biosimilar candidates in oncology addressing a combined annual peak sales of the reference products totaling EUR 48 bn, for which we are in discussions about out-licensing.

Financial overview

The Group's results for January – March 2023

The Group's revenue amounted to SEK 61.8 m (7.3) and consisted mainly of income from product sales of Ximluci® in Europe of SEK 47.7 m (0.0). Also included is income from the out-licensing by the agreement with Biogen Inc. regarding BIIB801, totaling SEK 14.1 m (7.2). The same period last year also included income amounting to 2,5 MSEK from the out-licensing of the American and Canadian rights for Ximluci® to Bausch + Lomb. The agreement with Biogen was signed in Q1 2022. Revenue attributable to the agreements is accrued until June 2023. Similar agreements were previously deemed to constitute other operating income for the group. However, since January 1, 2022, this type of income has been deemed to form part of the Group's main business and is therefore reported as revenue. Previous periods have therefore been reclassified, which means that comparative figures are no longer consistent with previous reports. See also Note 1 for further information regarding the reclassification. The cost of goods sold amounted to SEK 46.6 m (0.0).

Other operating income amounted to SEK 4.0 m (6.0) and mainly consisted of exchange rate gains on operating receivables and liabilities as well as license income from sources other than the core business itself.

Research and development costs amounted to SEK –57.9 m (–35.9), of which SEK -18.5 m is attributable to Ximluci®, where the main cost-drivers are the regulatory work, preparatory commercial activities and development of pre-filled syringes for Ximluci®. Work with BIIB801 has been intensified, as has the development of the oncology portfolio. All development costs for Ximluci® have been recognized as intangible assets in the balance sheet and amounted to SEK 5.8 m (29.9) for the period. During the quarter, the capitalization of Ximluci® began to be written off. Depreciation and impairment for the capitalized costs amounted to SEK -4.1 m (0.0) for the period. The gross effect of research and development costs for the period was SEK –67.9 m (–65.8), as development activities have decreased in scope and mainly include the development of pre-filled syringes. The capitalization of development costs also affects the comparative figures for research and development costs, which decreased compared to previous periods.

Administrative expenses amounted to SEK –12.0 m (–7.9), and are mainly due to the work strengthening the organization ahead of commercialization and continued growth.

Other operating expenses amounted to SEK –6.6 m(–6.3) and consisted of exchange rate losses on operating receivables and liabilities.

The operating loss was SEK -57.3 m(–36.8). The loss before tax was SEK -57.9 m (–37.5). During the quarter, there was no taxable profit and thus no tax expense (0.0). The quarter's loss after tax from remaining operations was SEK -57.9 m (-37.5) and the quarter's loss amounted to SEK -58.4 m (–36.1). Earnings per share for remaining operations amounted to SEK –2.10 (–1.50) and earnings per share amounted to SEK -2.12 (–1.44).

The Group's cash flow for January – March 2023

Cash flow from operating activities amounted to SEK –56.7 m (45.5). The change in the business's inventory was SEK –3.5 m (0.0), and the change in operating receivables and operating liabilities was SEK –20.2 m (47.9) and SEK 15.5 m (26.8) respectively, of which SEK –0.2 m (0.7) was from discontinued operations (Primm Pharma). Changes in working capital can vary greatly between periods, mainly due to the re-invoicing to STADA for the development work for Ximluci®, build-up of inventory for launch volumes and regulatory work. The continuing work with BIIB801 and the oncology portfolio has also been intensified and is part of the change.

The cash flow from investment activities amounted to SEK –15.9 m (–31.6) and consisted, among other things, of investments in tangible assets for the internal laboratory and capitalization of research and development costs. The cash flow from financing activities was SEK –2.4 m (–1.9), which refers to the leasing of machinery and premises.

The Group's financial position and continued operations

The company's business plan for 2023 includes significant investments, mainly in working capital for the commercial production of Ximluci®, upscaling the production processes with contract manufacturers for Ximluci®, BIIB801 and Xdivane™ and accelerated development of other programs. In May 2023, a directed new share issue of SEK 125 million and financing through convertible bonds of SEK 250 million was carried out, both before transaction costs. Through this, the company is estimated to have secured financing until a positive cash flow position. The effects on the balance sheet and cash flow will only become visible in the upcoming interim report for April–June 2023.

Fixed assets

Fixed assets amounted to SEK 188.5 m (155.9), where the change is largely explained by capitalization of research and development costs, which amounted to SEK 107.8 m (79.6). Capitalization of research and development costs began on July 1, 2021. Remaining changes to the item consist of acquisition of laboratory equipment, machines, inventory for office premises and customary monthly depreciation.

Other receivables

Other receivables amounted to SEK 17.7 m (14.1), which last year included the receivable from STADA of SEK 5.4 m. Customer invoices to STADA have been reclassified since January 1, 2022, as "other receivables", instead of "accounts receivable" as this is considered to reflect the business more accurately. Previous periods have therefore been reclassified, which means that comparative figures are no longer in line with previous reports. See also Note 1 for further information regarding the reclassification.

Prepaid expenses and accrued income

Prepaid costs and accrued income amounted to SEK 201.9 m (133.8). The significant items relate to advances for raw materials of SEK 54.8 m and the remaining advance payment to the CRO

(Contract Research Organization) that carried out the clinical study of Ximluci®, amounting to SEK 10.7 m (27.0). An advance payment was made to the CMO (Contract Manufacturing Organization) which amounted to SEK 123.4 m (73.9), of which SEK 116.4 m (61.8) relates to future upscaling activities. The item includes SEK 62.5 m (24.8), as an advance for the collaboration with AGC Biologics Inc. for the continued work with the manufacturing process. The increase is explained by the expected delivery times of the suppliers lengthening and there will therefore be a longer initial process before the work can begin. The remaining part refers to customary and recurring items amounting to SEK 13.0 m (32.9).

Changes in equity

Share capital on the balance sheet date amounted to SEK 6.2 m (5.6). Other contributed capital amounted to SEK 1,294.2 m (1,134.2), the change in which mainly relates to share-related remuneration. Total equity amounted to SEK 367.4 m (396.2) and the equity ratio was 56 percent (59).

Accounts payable

Accounts payable amounted to SEK 40.0 m (23.1). The change refers to activities related to stock build-up of launch volumes and intensified activities regarding the product portfolio.

Accrued expenses and prepaid income

Accrued expenses and prepaid income amounted to SEK 199.5 m (204.0) and relate partly to advance payments from STADA regarding Ximluci® of SEK 68.4 m (63.1). Furthermore, SEK 33.3 m (49.8) relates to work carried out that has not yet been invoiced, regarding the Ximluci® project. Processed production costs amount to SEK 15.4 m (0.0). Other items amounted to SEK 82.4 m (91.1), of which the up-front payment from Biogen, which has been accrued until the end of Q2 2023, amounted to SEK 13.9 m (69.7). The remainder relates to other items, amounting to SEK 68.5 m (21.3).

Significant events during the first quarter

» In January, the company announced that the UK's equivalent to the Medicines Agency (MHRA) had granted marketing authorization in the UK for Ximluci® (ranibizumab), a biosimilar to the reference drug Lucentis®. According to the UK Macular Society, almost 1.5 million people in the UK have a related eye disease. Age-related macular degeneration is the most common condition, generally affecting people over the age of 55.

Significant events after the end of the quarter

» At the beginning of April, it was announced that Ximluci® had been launched in the main European markets. Ximluci® is the first product launched through a strategic collaboration between STADA and Xbrane. With the introduction of ranibizumab, STADA and Xbrane offer a cost-effective alternative to European patients. The advent of competition from biosimilars in the European market for ranibizumab provides increased patient access through cost-effective biosimilars with comparable quality, safety and efficacy to the original biological reference drug. Such competition has already generated significant value for patients, physicians and healthcare systems in therapeutic areas such as immunology and oncology.

» In April, Xbrane submitted a biologics license application (BLA) for Ximluci® to the US Food & Drug Administration, FDA, (the US counterpart to the Swedish Medicines Agency). Within 60 days, the FDA is expected to validate and decide on a review of the application. After that, Xbrane expects a review process of around 10 months and approval could therefore be obtained in the first half of 2024. Xbrane is committed to advancing its LUCENTIS® biosimilar candidate towards US approval as quickly as possible to provide a much-needed, cost-effective treatment option for patients who suffer from wet age-related macular degeneration (wet AMD), retinal vein occlusion (RVO) and visual impairment in adults due to choroidal neovascularization (CNV).

» At the end of April, the company announced that STADA and Xbrane had won a framework agreement with the National Health Service (the NHS) in the UK regarding the supply of Ximluci®. The agreement covers a significant part of the clinical demand for ranimizumab in the UK. The nominal total value of this framework agreement, which runs from April 1, 2023, to March 31, 2024, is GBP 70 m (about SEK 900 m). Biosimilar competition for ranibizumab has the potential to increase patient access and create significant savings for the NHS in England. STADA's British subsidiary Thornton and Ross is one of two suppliers awarded a framework agreement for the supply of ranibizumab to the NHS in England.

» With the support of the authorization from the annual general meeting on May 4, 2023, the company carried out a directed share issue of approximately SEK 125 m* at a subscription price of SEK 73.1 per share. The subscription price was determined through an accelerated bookbuilding procedure. A number of Swedish and international institutional investors, including healthcare-focused investors, have subscribed for shares in the Directed New Issue. In connection with the Directed New Issue, the Company has entered into a binding agreement with CVI Investments, Inc. regarding the financing through convertible bonds of a nominal amount totaling SEK 250 m* due in 2027, (the "Bonds" and together with the Directed New Issue the "Transaction "). The company engaged Pareto Securities AB as sole manager and bookrunner ("Sole Manager and Bookrunner") in connection with the Transaction. The effects in the balance sheet and cash flow will only become visible in the upcoming interim report for April–June 2023.

* Before transaction costs

Effects of the collaboration agreement with STADA

The collaboration agreement started in July 2018 with STADA AG regarding projects for research and development of Ximluci® meant that STADA AG and Xbrane would equally share (50/50) research and development costs attributable to the project. This meant that until June 1, 2021, Xbrane reported its share of 50 percent of the total costs for the project in the income statement. After June 1, 2021, when clinical trials showed that the primary endpoint for efficacy for Xlucane™ had been reached, the project was judged to meet the criteria for capitalization of research and development costs. It is now reported as an intangible asset in the balance sheet and thus does not continue to be reported in the income statement.

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

On the balance sheet date, Xbrane had accrued expenses and prepaid income from STADA AG amounting to SEK 58.7 m (95.4).

Effects of the planned sale of Primm Pharma

Assets held for sale

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

In the income statement, Primm Pharma's results are reported separately as "Profit/loss from discontinued operations." The reclassification gives the effect that Primm Pharma's previous income and expenses have been reversed and reported net as "Profit/loss from discontinued operations." This also influences previously reported periods, which is why comparative figures no longer correspond to previous reports. In the cash flow, Primm Pharma's share of each activity is reported in the item "Of which from discontinued operations."

Parent company

The core business in Xbrane, which is developing biosimilars, is run by the parent company. The Group has continued working on divesting the subsidiary Primm Pharma. Xbrane has previously written down the shares in the subsidiary by SEK 49.0 m and the impairment assessment is not considered to have changed during Q4 2022.

As the parent company constitutes such a large part of the Group, an account in text format of the parent company's earnings, financial position and cash flow would not provide any further information to that described in the report on the Group. Therefore, this is only presented in report format on pages 15–17

Risks and uncertainties

Due to the continuing conflict in Ukraine, the Board and management follow developments in the region closely. Currently, the company has no supplier or customer contacts in the affected areas but has seen an impact mainly due to the high cost situation.

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

Share information

Xbrane's share capital at the end of the period was SEK 6.2 m (5.6) divided into 27,506,018 shares (25,039,906). The quota value of all shares is SEK 0.224, and all the shares have equal rights to the company's assets and earnings. Since September 23, 2019, Xbrane's shares have been listed on the Nasdaq OMX main list under the XBRANE ticker. Xbrane had around 6,600 shareholders on the balance sheet date. The closing price of the share on the balance sheet date was SEK 85.9 generating a market capitalization of around SEK 2,363 m.

Organization and employees

Xbrane is headquartered at Campus Solna, outside of Stockholm, Sweden, where the company also has a laboratory for the research and development of biosimilars. The wholly-owned subsidiary, Primm Pharma, is located in Milan, Italy. As mentioned above, the sale of the subsidiary is in progress. On the balance sheet date, the Group had 90 (64) employees, of which 90 (64) in the parent company and 0 (0) in the subsidiary Primm Pharma.

Nomination Committee

According to the principles for the nomination committee adopted at the annual general meeting on May 4, 2023, the nomination committee shall consist of three members, who will be appointed by the Company's three largest shareholders, according to number of votes, as of September 30, 2023.

Annual General Meeting

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

Auditor's review

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

Consolidated income statement

Amounts in SEK thousand	Notes	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Revenues	2	61,829	7,332	57,618
Cost of goods sold		–46,583	–	–
Gross profit		**15,246**	**7,332**	**57,618**
Other operating income	2	4,020	6,034	20,914
Administrative expenses		–11,989	–7,918	–31,538
Research and development expenses		–57,927	–35,949	–199,648
Other operating expenses		–6,624	–6,281	–13,563
Operating profit/loss		**–57,274**	**–36,782**	**–166,217**
Financial income		26	–	296
Financial expenses		–613	–731	–2,591
Net financial costs		**–587**	**–731**	**–2,296**
Profit/loss before tax		**–57,861**	**–37,513**	**–168,513**
Tax		–	–	–
Profit/loss for the period from continuing operations		**–57,861**	**–37,513**	**–168,513**
Profit/loss from discontinued operations		–536	1,391	–4,001
Profit/loss for the period		**–58,397**	**–36,122**	**–172,513**
Profit/loss for the period attributable to:				
– Owners of the Company		–58,397	–36,122	–172,513
– Non-controlling interests		–	–	–
Total comprehensive income for the period		**–58,397**	**–36,122**	**–172,513**

Amounts in SEK thousand	Notes	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Earnings per share from continuing operations				
– Before dilution (SEK)		–2.10	–1.50	–6.59
– After dilution (SEK)		–2.10	–1.50	–6.59
Earnings per share				
– Before dilution (SEK)		–2.12	–1.44	–6.75
– After dilution (SEK)		–2.12	–1.44	–6.75
Number of outstanding shares at the end of the reporting period				
– Before dilution		27,506,018	25,039,906	27,506,018
– After dilution		27,506,018	25,039,906	27,506,018
Average number of outstanding shares				
– Before dilution		27,506,018	25,039,906	25,569,950
– After dilution		27,506,018	25,039,906	25,569,950

Consolidated income statement and other comprehensive income

Amounts in SEK thousand	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Profit/loss for the period	–58,397	–36,122	–172,513
Other comprehensive income			
Items that have been transferred to, or can be transferred to the profit/loss for the year			
Reclassification of foreign currency translation differences	927	749	5,157
Comprehensive income for the period	**927**	**749**	**5,157**
Total comprehensive profit/loss attributable to:			
– Owners of the Company	–57,470	–35,372	–167,356
– Non-controlling interests	–	–	–
Total comprehensive income for the period	**–57,470**	**–35,372**	**–167,356**

Consolidated statement of financial position

Amounts in SEK thousand	03-31-2023	03-31-2022	12-31-2022
ASSETS			
Intangible assets	107,825	79,604	101,995
Property, plant and equipment	38,547	30,544	34,830
Right of use assets	38,232	41,020	36,220
Long-term receivables	3,945	4,725	3,945
Non-current assets	**188,549**	**155,893**	**176,990**
Inventory	53,735	–	50,260
Accounts receivables	–	–	1,335
Other receivables	17,651	14,130	46,121
Prepaid expenses and accrued income	201,901	133,793	151,827
Cash and cash equivalents	118,746	301,459	193,994
Assets held for sale	70,338	70,453	69,987
Current assets	**462,371**	**519,836**	**513,524**
TOTAL ASSETS	**650,920**	**675,729**	**690,515**
EQUITY			
Share capital	6,166	5,614	6,166
Other contributed capital	1,294,214	1,134,156	1,294,227
Reserves	11,248	5,914	10,322
Retained earnings including profit/loss for the year	–944,224	–749,435	–885,827
Equity attributable to parent company's owners	**367,405**	**396,249**	**424,888**
Non-controlling interests	–	**–**	**–**
TOTAL EQUITY	**367,405**	**396,249**	**424,888**

Amounts in SEK thousand	03-31-2023	03-31-2022	12-31-2022
LIABILITIES			
Leasing liabilities	30,338	34,426	29,058
Long-term non-interest-bearing liabilities	–	–	–
Total long-term liabilities	**30,338**	**34,426**	**29,058**
Accounts payable	40,008	23,082	23,297
Other liabilities	2,753	8,929	2,933
Leasing liabilities	10,008	8,022	9,162
Accrued expenses and prepaid income	199,496	203,989	200,239
Liabilities attributable to assets held for sale	911	1,032	937
Total short-term liabilities	**253,177**	**245,054**	**236,569**
TOTAL LIABILITIES	**283,515**	**279,480**	**265,626**
TOTAL LIABILITIES AND EQUITY	**650,920**	**675,729**	**690,515**

Consolidated statement of changes in equity

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2023	6,166	1,294,227	10,322	–885,827	424,888
Total comprehensive income for the period					
Profit/loss for the period				–58,397	–58,397
Other comprehensive income for the period			927		927
Total comprehensive income for the period	**–**	**–**	**927**	**–58,397**	**–57,470**
Transactions with group shareholder					
New share issue					–
Issue expenses					–
Share savings program		–13			–13
Total contributions from and distributions to shareholders	**–**	**–13**	**–**	**–**	**–13**
Closing balance March 31, 2023	**6,166**	**1,294,,214**	**11,248**	**–944,224**	**367,405**

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2022	5,614	1,134,276	5,165	–713,313	431,741
Total comprehensive income for the period					
Profit/loss for the period				–36,122	–36,122
Other comprehensive income for the period			749		749
Total comprehensive income for the period	**–**	**–**	**749**	**–36,122**	**–35,372**
Transactions with group shareholder					
New share issue					–
Issue expenses					–
Share savings program		–120			–120
Total contributions from and distributions to shareholders	**–**	**–120**	**–**	**–**	**–120**
Closing balance March 31, 2022	**5,614**	**1,134,156**	**5,914**	**–749,435**	**396,249**

Consolidated statement of changes in equity, cont.

Amounts in SEK thousand	Share Capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for the period	Total
Opening balance January 1, 2022	5,614	1,134,276	5,165	–713,313	431,741
Total comprehensive income for the period					
Profit/loss for the period				–172,513	–172,513
Other comprehensive income for the period			5,157		5,157
Total comprehensive income for the period	**–**	**–**	**5,157**	**–172,513**	**–167,356**
Transactions with group shareholder					
New share issue	551	156,650	–	–	–157,201
New share issue	551	170,000			170,551
Issue expenses		–13,350			–13,350
Share savings program		3,301			3,301
Total contributions from and distributions to shareholders	**551**	**159,951**	**–**	**–**	**160,502**
Closing balance December 31, 2022	**6,166**	**1,294,227**	**10,322**	**–885,827**	**424,888**

Consolidated cash flow statement

Amounts in SEK thousand	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Cash flow from operating activities			
Profit/loss for the period before tax	–58,397	–36,122	–172,513
Adjustments for items not included in cash flow	9,896	6,921	9,327
Paid income taxes	–	–	–
Total	**–48,501**	**–29,200**	**–163,186**
Increase (–)/Decrease (+) of inventory	–3,475	–	–50,260
Increase (–)/Decrease (+) of trade and other receivables	–20,182	47,880	1,699
Increase (+)/Decrease (–) of trade and other payables	15,495	26,792	17,829
Cash flow from current operations	**–56,663**	**45,472**	**–193,918**
Of which discontinued operations	*–235*	*656*	*–9,876*
Cash flow from investing activities			
Acquisition of property, plant and equipment	–5,884	–1,646	–11,616
Acquisition of intangible assets	–9,978	–29,932	–48,509
Cash flow from investing activities	**–15,862**	**–31,578**	**–60,125**
Of which discontinued operations	–	–	–

Amounts in SEK thousand	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Cash flow from financing activities			
Stock options redeemed by staff	–	–	551
New share issue	–	–	170,000
Issue expenses	–	–	–13,350
Amortization of lease liability	–2,430	–1,933	–8,337
Cash flow from financing activities	**–2,430**	**–1,933**	**148,864**
Of which discontinued operations	–	–	–
Cash flow for the period	**–74,955**	**11,960**	**–105,179**
Cash and cash equivalents reported in assets held for sale	–1,597	–2,437	–53
Cash and cash equivalents at beginning of period	193,994	295,180	295,180
Cash and cash equivalents at beginning of period (reported in assets held for sale)	1,811	1,758	–
Exchange rate differences in cash and cash equivalents	–507	–5,003	4,046
Cash and cash equivalents at end of period	**118,746**	**301,459**	**193,994**

Income statement, Parent company

Amounts in SEK thousand	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Revenues	61,829	7,332	57,618
Cost of goods sold	–46,583	–	–
Gross profit	**15,246**	7,332	**57,618**
Other operating income	4,020	6,034	20,914
Administrative expenses	–12,356	–8,249	–32,863
Research and development expenses	–58,058	–36,030	–199,976
Other operating expenses	–6,624	–6,281	–13,563
Operating profit/loss	**–57,771**	**–37,195**	**–167,870**
Financial items			
Financial income	26	–	296
Impairment loss on shares in subsidiary	–	–	–
Financial expenses	0	–90	–139
Net finance costs	**26**	**–90**	**156**
Profit/loss before tax	**–57,745**	**–37,285**	**–167,714**
Tax	–	–	–
Profit/loss for the period	**–57,745**	**–37,285**	**–167,714**

Income statement and other comprehensive income, Parent company

Amounts in SEK thousand	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Profit/loss for the period	–57,745	–37,285	–167,714
Other comprehensive income	–	–	–
Comprehensive income for the period	**–57,745**	**–37,285**	**–167,714**

Balance sheet, Parent company

Amounts in SEK thousand	03-31-2023	03-31-2022	12-31-2022
ASSETS			
Fixed assets			
Intangible assets	107,825	79,604	101,995
Property, plant and equipment	38,547	30,544	34,830
Financial assets			
Shares in group companies	74,066	74,066	74,066
Other non-current receivables	3,945	4,725	3,945
Total financial assets	**78,011**	**78,791**	**78,011**
Total non-current assets	**224,384**	**188,939**	**214,836**
Current assets			
Current receivables			
Inventory	53,735	–	50,260
Accounts receivables	–	–	1,335
Other receivables	17,651	14,130	46,121
Prepaid expenses and accrued income	201,901	133,793	151,827
Total current receivables	**273,287**	**147,924**	**249,543**
Cash and bank	118,746	301,459	193,994
Current assets	**392,033**	**449,383**	**443,537**
TOTAL ASSETS	**616,417**	**638,322**	**658,373**

Amounts in SEK thousand	03-31-2023	03-31-2022	12-31-2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	6,166	5,614	6,166
Reserve for development expenditure	107,825	79,604	101,995
Unrestricted equity			
Share premium	1,294,214	1,134,842	1,294,227
Retained earnings	–977,346	–781,411	–803,802
Profit/loss for the period	–57,745	–37,285	–167,714
Total equity	**373,114**	**401,363**	**430,872**
Long-term liabilities			
Long-term non-interest-bearing liabilities	–	–	–
Total long-term liabilities	**–**	**–**	**–**
Current liabilities			
Liabilities to subsidiaries	1,045	958	1,031
Accounts payables	40,008	23,082	23,297
Other current liabilities	2,753	8,929	2,933
Deferred income and prepaid revenue	199,496	203,989	200,239
Current liabilities	**243,303**	**236,958**	**227,501**
TOTAL LIABILITIES	**243,303**	**236,958**	**227,501**
TOTAL EQUITY AND LIABILITIES	**616,417**	**638,322**	**658,373**

Notes

NOTE 1 Accounting principles

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

Licensing income
To present relevant information that more accurately reflects Xbrane's core business, licensing revenue attributable to activities within biosimilars is reported as operating income in the income statement. Income from the concluded licensing agreement with Bausch + Lomb previous year was reclassified in the fourth quarter 2022 from other operting income to revenue and a part of ordinary activities. The change to this accounting principle has been applied retroactively and the comparison periods for 2022 have been recalculated for the Group. This means that comparative figures no longer align with previously published financial reports.

STADA Arzneimittel AG
To present relevant information that more accurately reflects Xbrane's core business, receivables related to our partner STADA have been reclassified as other receivables in the balance sheet. STADA receivables relate primarily to ongoing research and development costs for Ximluci®. In previous periods, receivables related to STADA were classified as accounts receivable in the balance sheet. The change to this accounting principle has been applied retroactively and the comparison periods for 2021 have been recalculated for the Group. This means that comparative figures no longer align with previously published financial reports.

Revenue from customers
Revenues from product sales is reported at the transaction price for goods sold excluding value added tax, any discounts and returns. At the time of delivery, when control of the goods passes to the specialist drug pharmacy, the revenue is reported in its entirety, as this represents the only performance commitment in the transaction. The final price is related to the discount paid to the end customer, thus the transaction price is not known at the time of delivery. Apart from this, there are no other performance commitments.

Revenue attributable to product sales
During Q4 2022, Xbrane carried out a strategic review, which led to revenue reporting being updated and will continue to include the revenue categories "Product licensing, Product sales, Contract manufacturing and Other". The revenue reporting has been identified based on the internal reporting that is presented to the company's top executive decision maker.

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

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

Xbrane has identified three performance obligations under the agreement with STADA:
1) Out-licensing the product candidate Ximluci as it is at the time of signing,
2) Contractual obligation to perform the regulatory process with EMA to obtain conditional regulatory approval and
3) The obligation to deliver Ximluci. Xbrane has fulfilled all performance obligations within the agreement, with STADA.

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

NOTE 2 Revenue from contracts with customers

Amount in SEKm	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Net sales			
Outlicensed products	14.1	7.2	50.9
Product sales	47.7	–	0.0
Contract manufacturing	–	–	3.2
Other	0.0	0.1	3.6
Total	**61.8**	**7.3**	**57.6**
Of which North America	*14.1*	*7.2*	*50.9*

The Group's revenue for Q1 2023 consisted mainly of income from product sales from Ximluci® which is realized in accordance with two agreements, partly a supply agreement under which Xbrane provides the product for commercialization to STADA and is compensated in accordance with the actual production cost and partly the cooperation agreement under which Xbrane is entitled to 50% of the contribution (net sales less cost of production less cost of sales and marketing) from the product.

NOTE 3 Transactions with related parties

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

NOTE 4 Inventory

Amount in SEKm	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Goods in progress	53,735	–	50,260
Finished goods	–	–	–
Total inventory	**53,735**	**–**	**50,260**

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

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

Reported amounts in the income statement
During the financial year 2023, cost of goods sold has been reported in the income statement at SEK 46,583 thousand (2022 SEK 0 thousand). The inventory includes a reserve for obsolete goods of SEK 0,000 (2022 SEK 0,000), and the inventory has been written down and expensed at a value of SEK 0,000 (2022 SEK 0,000).

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 May 31, 2023

Anders Tullgren
Chairman of the Board

Eva Nilsagård
Board member

Peter Edman
Board member

Mats Thorén
Board member

Karin Wingstrand
Board member

Kirsti Gjellan
Board member

Ivan Cohen-Tanugi
Board member

Martin Åmark
CEO

Alternative performance measures

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

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

Amount in SEKm	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Gross profit	15,246	7,332	57,618
Gross margin	**25%**	**100%**	**100%**

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

Amount in SEKm	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Operating profit / loss	–57,274	–36,782	–166,217
Depreciation and impairment	8,860	3,884	16,756
EBITDA	**–48,414**	**–32,898**	**–149,640**

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

Amount in SEKm	2023 Jan – Mar	2022 Jan – Mar	2022 Full year
Research and development expenses	–57,927	–35,949	–199,648
Operating expenses	–76,540	–50,148	–244,749
Research and development expenses as a percentage of operating expenses	76%	72%	82%

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

Amount in SEKm	03-31-2023	03-31-2022	12-31-2022
Total equity	367,405	396,249	424,888
Divided by total assets	650,920	675,729	690,515
Equity ratio	**56%**	**59%**	**62%**

Our objective - to contribute to health equality for everyone

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

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

FINANCIAL CALENDAR

Interim report January–March 2023	May 31, 2023
Interim report January–June 2023	August 31, 2023
Interim report January–September 2023	November 30, 2023

FOR FURTHER INFORMATION

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Xbrane in brief

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

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

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

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

Xbrane Biopharma AB
Retzius väg 8, 171 65 Solna, Sweden | www.xbrane.com