Press release
Xintela AB (publ)
556780-3480
2019-11-29

Xintela publishes interim report for the third quarter

Summary of the interim report

The “company” or “Xintela” refers to Xintela AB (publ), corporate registration number 556780-3480.

First nine months of the year (1 Jan 2019-30 Sep 2019)

• Income amounted to TSEK 3 (1,012).

• Loss before tax totalled TSEK -28,081 (-17,581).

• Loss per share* was SEK -0.71 (-0.58).

• At 30 September 2019, the equity/assets ratio** was 80% (4).

Third quarter (1 Jul 2019-30 Sep 2019)

• Income amounted to TSEK 2 (617).

• Loss before tax totalled TSEK -7,961 (-4,381).

• Loss per share* was TSEK -0.20 (-0.14).

* Loss per share: Profit/loss for the period divided by 39,470,708 shares, which was the registered number of shares at 30 September 2019. In the year-earlier period, the company had 30,367,904 registered shares.

** Equity/assets ratio: Equity divided by total capital.

Amounts in parentheses: Comparative period of the preceding year.

Significant events in the third quarter of 2019

• No significant events occurred in the third quarter.

Significant events after the end of the period

• On 5 November, Xintela announced that it had secured a loan of EUR 750,000 from the Bauerfeind Group. The loan can be paid in two tranches, carries annual interest of 3% and falls due for payment through conversion to shares at a rate of SEK 6 per share not later than 31 December 2019.

Statement from the CEO, Evy Lundgren-Åkerlund

Important milestones achieved

Critical steps in the production process completed

A very thorough and extensive work is underway in the GMP facility to finalise all parts of the process development and quality documentation before applying for a production permit. A central part of the process development is the selection step where we use a specific antibody to purify high quality stem cells from the donated fat tissue. Since the antibody will be used in the production of our stem cell product, there are very high regulatory requirements on how the antibody is made and produced. We therefore contracted BioInvent in Lund, which has extensive experience in antibody development and production for clinical use. We have now developed and produced the antibody

that will be our most important tool in the production of our stem cell product and that meets the requirements for security, quality and documentation.

Another important milestone is that we have now signed a contract with the clinic that delivers donated fat tissue for our stem cell production, which ensures delivery of adipose tissue according to set criteria.

It is very stimulating for the team that we have also worked through all critical steps in the process from isolation of stem cells from adipose tissue to selection, expansion and formulation of the stem cells under strict GMP conditions.

Positive meeting with the Swedish Medicines Agency

In September we had a meeting with the Swedish Medicines Agency to get their opinion on the production of our stem cell product XSTEM-OA and on the design of our First-In-Human study. We received a very positive and constructive response and valuable confirmation that we have a good, clear plan. Our first clinical trial will be on patients with knee osteoarthritis. The protocol for the study is in place and negotiations with a CRO as well as the clinics where the studies will be carried out are ongoing. We have also begun to evaluate the next musculoskeletal indication for our stem cell platform XSTEM.

Success in the cancer project

In the cancer project, we continue to evaluate our antibodies, including those from the Catalent collaboration, in various preclinical cancer models. The antibodies are directed to Xintela's integrin targets and the purpose is to assess the therapeutic potential of the antibodies and identify possible product candidates. After successful studies on cells from various aggressive cancers, we have now begun studies on cancer models in animals using selected antibodies. The animal studies are run by the team at Xintela's wholly owned subsidiary Targinta in collaboration with researchers at Lund University. As previously announced, we are deferring the spin-out of Targinta until funding is secured.

Financing and cooperation

We work actively to identify different forms of funding for our projects, including project funding through collaborations and grants such as EU funding. At the end of October, we obtained a bridge loan of approximately SEK 8 million from our major shareholder in the Bauerfeind Group at the annual interest rate of 3 percent. The loan will be converted into shares before the end of the year at the rate of 6 SEK/share. The loan gives us the opportunity to continue working towards long-term financing solutions and to evaluate new opportunities and areas where our companies can deepen cooperation in the future. We also have ongoing discussions with various veterinary medical companies about possible collaborations on stem cell therapy for osteoarthritis in animals.

Expansion to new premises

As Xintela's stem cell project and GMP production unit take huge steps forward, the need for premises increases. To give further space to the growing stem cell team, Xintela's management and Targinta's personnel have now moved to new offices and labs premises at Medicon Village. This is of course a very positive sign that the business is strongly moving forward.

Best regards,
Evy Lundgren-Åkerlund, CEO Xintela AB (publ)

Xintela AB

Xintela is an innovator in the development of regenerative cell therapies and targeted cell therapies based on the patented marker technology platform XINMARK®. The platform is based on specific cell-surface proteins (integrins) and more than 25 years of research and development. Xintela uses the marker technology to select and assure the quality of stem cells for the treatment of musculoskeletal disorders, including osteoarthritis. Studies on horses with osteoarthritis have demonstrated that the stem cells are safe and have a positive effect on cartilage and bone. Xintela has established a GMP facility for stem cell manufacturing and is preparing a first-in-human trial on patients with osteoarthritis of the knee. In the company's oncology program, Xintela is developing antibody-based therapies for the treatment of aggressive tumours, including glioblastoma.

Performance figures

Income

The company reported net sales of TSEK 3 (1,012) for the first nine months of the year. For the third quarter, the company reported net sales of TSEK 2 (617).

Earnings

The company's operating loss for the first nine months of the year totalled TSEK -28,079 (-16,100). The corresponding figures for the third quarter were a loss of TSEK -7,961 (-3,961).

Research and development expenses account for the highest portion of the company's costs and amounted to TSEK 21,533 (11,261) for the January-September period. The corresponding figures for the third quarter were TSEK 5,875 (3,254).

Marketing and sales costs for the first nine months of the year amounted to TSEK 3,651 (3,380). The corresponding figures for the third quarter were TSEK 1,147 (793).

Administrative expenses for the first nine months of the year amounted to TSEK 2,898 (2,471). The corresponding expenses for the third quarter amounted to TSEK 941 (532).

For the January-September 2019 period, loss before tax was TSEK -28,081 (-17,581). The corresponding figures for the third quarter were TSEK -7,961 (-4,381).

Financial position

On 30 September 2019, Xintela's equity/assets ratio was 80% (4) and equity amounted to TSEK 16,864 (834). The company's cash and cash equivalents amounted to TSEK 2,685 (2,838). On the same date, the company's total assets amounted to TSEK 21,048 (19,205).

On 5 November, the company announced a loan totaling EUR 750,000 from the Bauerfeind Group.

Cash flow and investments

Xintela's cash flow for the January-September 2019 period was TSEK -28,712 (-19,072). Investments amounted to TSEK 533 (10,487), of which tangible assets accounted for TSEK 394 (9,607). The

investments are linked to the establishment of Xintela's own GMP facility for the manufacture of stem cells for clinical trials.

The share

Xintela AB (publ) was listed on Nasdaq First North Growth Market in Stockholm on 22 March 2016 under the ticker symbol "XINT." First North Growth Market is an alternative marketplace, operated by an exchange within the NASDAQ OMX Group. Companies on First North Growth Market are not subject to the same rules as companies on the regulated main market. They are subject to a less regulated framework, adapted for small growth companies. A company listed on First North Growth Market may therefore entail a higher investment risk than a company listed on the main market. All companies listed on First North Growth Market have a Certified Adviser to oversee their compliance with the rules. The exchange assesses applications for admission to trading. Xintela's Certified Adviser on Nasdaq First North Growth Market is Erik Penser Bank AB, +46 (0)8 463 80 00, certifiedadviser@penser.se.

At 30 September 2019, the number of shares traded was 39,470,708. The company has only one class of shares. Each share carries identical rights to the company's assets and earnings, and one vote at General Meetings.

Financial statements in accordance with RFR2 (IFRS)

Xintela prepares its financial statements in accordance with RFR2 (IFRS). Historical financial information has been restated from 1 January 2014, which was the date of transition to IFRS.

Review by auditors

This interim report has not been reviewed by the company's auditor.

Financial calendar

Year-end report, 2019 28 February 2020

Employees

For the January-September 2019 period, the average number of employees at Xintela was 15 (11), of whom 2 (1) were men.

Risks and uncertainties

Limited resources

Xintela AB is a small company with limited resources in terms of management, administration and capital. The implementation of any major strategies requires optimisation of the company's resource appropriation. There is a risk that the company's resources could be insufficient, and lead to financial and operational problems. The Board works continuously to secure financing for the company's needs based on various scenarios, including revenue from licensing and partnerships, and external funding.

Dependence on key individuals and employees

Xintela AB's success is based on the knowledge, experience and creativity of a few specific individuals. The company's future is dependent on being able to recruit qualified employees. The

company works hard to reduce this dependency by maintaining proper documentation of procedures and working methods.

Earning capacity and capital requirements

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

Sales risk

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

Underwriting commission claim

The Extraordinary General Meeting (EGM) on 21 September 2018 approved a rights issue of approximately MSEK 24. When the rights issue was announced on 5 September, 60% of the issue had been underwritten in an underwriting agreement between the company and the following underwriters: Formue Nord Markedsneutral A/S, Modelio Equity AB, Oliver Molse and Råsunda Förvaltning AB. Shortly after the EGM, however, the Board decided not to go ahead with the rights issue because the company had received a very attractive financing option deemed considerably more advantageous for the company and its shareholders. This was communicated to the market on 24 September 2018 and on 15 October 2018, an EGM approved the Board's decision. Although the rights issue was never implemented, the underwriters consider themselves entitled to a total underwriting commission of MSEK 1.5. Xintela disputes the payment of any underwriting commission and discussions are continuing between the parties.

Lund, November 2019

Gregory Batcheller
Chairman

Sven Kili
Board member

Peter Edman
Board member

Karin Wingstrand
Board member

Evy Lundgren Åkerlund
Chief Executive Officer

Xintela's financial reports are available at www.xintela.se/en/investors#reports.

For more information, contact:

Evy Lundgren-Åkerlund, CEO

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Xintela has been listed on Nasdaq First North Growth Market since 22 March 2016. Xintela's Certified Adviser on Nasdaq First North Growth Market is Erik Penser AB:

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This information is such information that Xintela AB is required to publish under the EU Market Abuse Regulation. The information was issued for publication through the agency of the above contact person on 29 November 2019 at 9:20 a.m. CET.