Year-end report

1 JAN 2020 - 31 DEC 2020

xintela

Xintela AB (publ) Org. No 556780-3480

Summary of the year-end report

The "Company" or "Xintela" refers to Xintela AB (publ), corporate registration number 556780-3480.

Twelve months (1 Jan 2020-31 Dec 2020)

- Net sales amounted to TSEK 0 (38).
- Loss before tax totalled TSEK 50,257 (loss: 43,530).
- Loss per share* was SEK 0.68 (loss: 1.10).
- At 31 December 2020, the equity/assets ratio** was 57% (55).

Fourth quarter (1 Oct 2020-31 Dec 2020)

- Net sales amounted to TSEK 0 (35).
- Loss before tax totalled TSEK 25,335 (loss: 15,449).
- Loss per share* was TSEK 0.34 (loss: 0.39).

** Earnings/loss per share: Profit/loss for the period divided by 73,966,564 shares, which was the registered number of shares at 31 Dec 2020. In the year-earlier period, the Company had 39,470,708 registered shares.*
*** Equity/assets ratio: Equity divided by total capital.*

Amounts in parentheses: Comparative period of the preceding year.

Significant events in the first quarter of 2020

- On 3 February, Xintela announced that the findings from the company's stem cell study on horses had now been published in the prestigious The American Journal of Sports Medicine. The publication shows that the stem cell treatment is safe and has a significant positive effect on cartilage and bone in a joint with osteoarthritis.

- On 27 March, Xintela announced that the company had been granted MSEK 2 from Vinnova as part of the "Innovationsproject i små och medelstora företag" (Innovation project in small and medium-sized businesses) call for proposals. The grant pertains to one of the company's cancer projects for developing targeting therapies against aggressive forms of cancer with ADCs that bind to integrin α10.

Significant events in the second quarter of 2020

- On 1 May, Xintela announced that its AGM has been postponed until 9 June.

- On 8 May, Xintela announced that the company had been granted MSEK 1 from Vinnova in the call for "Innovations in the wake of the crisis – Restructuring of society, operations and production in the wake of the corona epidemic." The grant concerns the funding of a preclinical study to evaluate Xintela's stem cells for the treatment of COVID-19 patients with the fatal disease condition ARDS (Acute Respiratory Distress Syndrome).

- On 22 May, Xintela announced that it had signed an agreement with Gerhard Dal pertaining to raising bridge loans totalling MSEK 18.9. The loans were paid in two tranches whereby the first portion of MSEK 8 was paid when the loan agreement was signed (Tranche 1) and the second portion of MSEK 10.9 was paid not later than 20 June 2020 (Tranche 2). The Tranche 1 loan carries interest at a monthly interest of 1.50% and Tranche 2 carries monthly interest of 1.40%. The lender has the right to request that the loan is converted into shares in the Company.

- On 26 May, Xintela published its Annual Report for the 2019 financial year

- On 29 May, Xintela published its interim report for Q1 2020.

- On 9 June, the company held its AGM

- On 12 June, Xintela announced that the Board of Directors had resolved to conduct a new issue of shares and warrants (units) with pre-emptive rights for the Company's existing shareholders, backed by the general meeting of shareholders' authorisation on 9 June 2020.

- On 17 June, Xintela announced its decision that the next focus in its oncology programme will be triple-negative breast cancer, which is an aggressive form of breast cancer that often metastasizes and has a poor prognosis. This decision was made based on the accumulated positive preclinical results using the company's proprietary function blocking antibodies in cell experiments and in a validated tumour model.

- On 23 June, the Board of Directors announced that it had received an additional subscription undertaking as part of the

right issue for approximately MSEK 3 from the Company's largest shareholder, Bauerfeind Group.

- On 23 June, Xintela announced that the European Patent Office (EPO) has issued a preliminary approval (Intention to grant) for the company's patent application related to antibody treatment of Glioblastoma and other tumours of the brain using the company's target molecule integrin α10β1.

- On 23 June, Xintela published a prospectus concerning the fully underwritten rights issue of units amounting to approximately MSEK 37.

Significant events in the third quarter of 2020

- On 13 July, Xintela announced that the fully underwritten rights issue of units was heavily oversubscribed and the company was exercising the overallotment option.

- On 29 July, Xintela announced that the US Patent and Trademark Office (USPTO) had issued a Notice of Allowance for the company's patent application covering quality assurance of chondrocytes (XACT), which is important for the development of chondrocyte-based cell therapy products. This Notice of Allowance means that the USPTO intends to grant the patent after certain formal steps have been completed. Once granted, the patent will be valid until 2038.

- On 19 August, Xintela announced that it is expanding and strengthening its management team with Peter Ekolind as COO (Chief Operating Officer) and Thomas Areschoug as CBO (Chief Business Officer). Sven Kili, who has had a combined role as COO and CMO (Chief Medical Officer), will focus on his role as CMO.

- On 28 August, Xintela published its interim report for Q2 2020.

Significant events in the fourth quarter of 2020

- Xintela announced on 26 October that the company's selected human stem cells XSTEM® show a therapeutic effect in ARDS (Acute Respiratory Distress Syndrome) in an ongoing preclinical study in pigs. ARDS is a life-threatening lung complication that may affect severely ill COVID-19 patients.

- Xintela announced on 28 October that the Company had submitted an application to the Medical Products Agency for a tissue establishment license for handling tissues and cells for manufacturing of medicinal products.

- Xintela announced on 29 October that the European Patent Office (EPO) had issued an "Intention to grant" decision for the patent application covering the company's stem cell product XSTEM®, consisting of integrin α10-selected mesenchymal stem cells.

- On 2 November, Xintela announced that the exercise price for the Company's TO 2 warrant had been set at SEK 2.28, and the subscription period would begin on 4 November. Warrants not sold by 11 November or alternatively exercised by 18 November will expire worthless.

- On 12 November, Xintela announced that Lars Hedbys had accepted an invitation to join the company's Board of Directors. The Xintela Board will recommend that shareholders formally appoint Lars at the next shareholders' meeting. In the meantime, Lars will be co-opted to attend future Board meetings.

- On 23 November, Xintela announced the outcome of the utilisation of TO 2 warrants. A total of 16,423,708 warrants were exercised to subscribe for 16,423,708 new shares in the Company, corresponding to approximately 98% of the total number of warrants.

- On 27 November, Xintela published its interim report for Q3 2020.

- On 3 December, Xintela announced that Maarten de Château had accepted an invitation to join the company's Board of Directors. The Xintela Board will recommend that shareholders formally appoint Maarten at the next shareholders' meeting. In the meantime, Maarten will be co-opted to attend future Board meetings.

- On 4 December, Xintela announced that the arbitral tribunal had rendered an arbitral award in the dispute between Xintela and four former underwriters. The arbitration established that Xintela was not to pay any remuneration to the underwriters.

- On 14 December, it was announced that Jeffrey Abbey had been recruited as Senior Management Advisor to support further development of the wholly owned subsidiary Targinta. Jeffrey Abbey has more than 20 years of experience in the biopharmaceutical industry and has spent much of his career focused on the development of innovative oncology therapies.

- On 21 December, Xintela announced that the company had submitted its application to the Swedish Medical Products Agency for a license to produce cell therapy products, also known as Advanced Therapy Medicinal Products (ATMPs), for clinical studies.

Significant events after the end of the period

- On 7 July, Xintela announced that the US Patent and Trademark Office (USPTO) had issued a Notice of Allowance for the company's patent application covering targeted antibody treatment of tumours of the central nervous system (CNS).

- On 12 January, it was announced that Xintela's Board of Directors had resolved on an offset issue, pursuant to the authorisation granted by the AGM on 9 June 2020.

- On 19 January, Xintela publishes a correction pertaining to the Board decision for an offset issue with a higher number of shares than permitted within the authorisation granted by the AGM on 9 June 2020, due to incorrect advice from external advisors. Accordingly, the Board decision from 12 January was withdrawn and a new Board decision taken. The number of shares issued for subscription amounts to 3,201,645 (3,538,175 in the previous decision), which means the bridge loan of MSEK 8.6 (previously MSEK 9.5) is being set off against new shares in Xintela.

Statement from the CEO, Evy Lundgren-Åkerlund Q4 2020

An eventful quarter

Several important pieces of the puzzle are now falling into place in our stem cell project, ensuring the long-term successful development and commercialisation of stem cell products from our stem cell platform, XSTEM.

On 28 October, we announced we have applied for a license from the Swedish Medical Products Agency to operate a tissue establishment, which concerns the processing of tissues and cells to be used in the manufacture of our stem cell products. We recently had an inspection by the Agency and are awaiting their report.

Then, on 21 December, we announced that we have – according to plan – submitted our application to the Swedish Medical Products Agency for a license to produce cell therapy products, also known as Advanced Therapy Medicinal Products (ATMPs), at our own GMP (Good Manufacturing Practice) facility. The inspection by the Agency, which was planned for March, will now take place in early April so as not to conflict with other activities at our GMP facility. At that time, the Agency will determine whether the facility, the production process and the XSTEM product all meet existing regulatory requirements.

Once we have the permit in place, we can begin producing stem cells for our clinical trials. We plan to start our first trial with the XSTEM-OA product on osteoarthritis patients in 2021 and to test our stem cells for the treatment of other diseases going forward.

On 29 October, we had the privilege of announcing we have obtained preliminary approval from the European Patent Office for our XSTEM stem cell product, which protects the use of XSTEM for various treatments including osteoarthritis and other degenerative joint diseases, through 2038. We expect to obtain final approval shortly. Previously, we patented our method of selecting stem cells using our marker technology.

A new potential indication for XSTEM is Acute Respiratory Distress Syndrome (ARDS), a life-threatening lung complication for which there is no effective treatment today and that can affect, for example, patients who are severely ill with COVID-19. In an ongoing preclinical trial we are conducting in partnership with the cardiothoracic surgery clinic in Lund, Sweden, we are evaluating XSTEM in an animal model of ARDS and can see that animals treated using XSTEM experience a distinct improvement in lung function.

The pieces are falling into place in our oncology project as well. We have successfully evaluated our antibodies directed against our target molecule, integrin α10β1, and demonstrated that they significantly reduce tumour growth of both glioblastoma and triple negative breast cancer (TNBC) in animal models. In the next step, we will produce selected antibody candidates and conduct bioanalyses and toxicological trials to prepare for clinical trials.

The European Patent Office (EPO) has now granted our brain cancer patent through 2036, thereby protecting the treatment of glioblastoma and other brain tumours with antibodies that are directed against our target molecule. Moreover, on 7

January, we announced we have obtained preliminary approval from the US Patent Office for a similar application in the US. The successes in our patentportfolio ensure the development and commercialisation of our targeted therapeutic antibodies for cancer treatments, and pave the way for continued development towards clinical trials and partnership dialogues.

The work to make our subsidiary, Targinta, which is pursuing our oncology project, an independent, self-financing company in 2021 is proceeding as planned. In December, we recruited Jeffrey Abbey as Senior Management Advisor to have a central role in the work of developing and financing Targinta. Jeffrey Abbey has more than 20 years' experience of biologics and has spent much of his career focused on the development of innovative cancer therapies and we are delighted to have recruited Jeffrey to Targinta.

Recently, we also announced two valuable new recruitments to our Board of Directors. Lars Hedbys and Maarten de Château will be proposed as new Board members at the next Annual General Meeting and until that time will be adjoined to upcoming Board meetings. We very much look forward to having Lars and Maarten on our Board. Their knowledge and experience of the life science industry will be of great value ahead of clinical trials, partnerships and commercialisation.

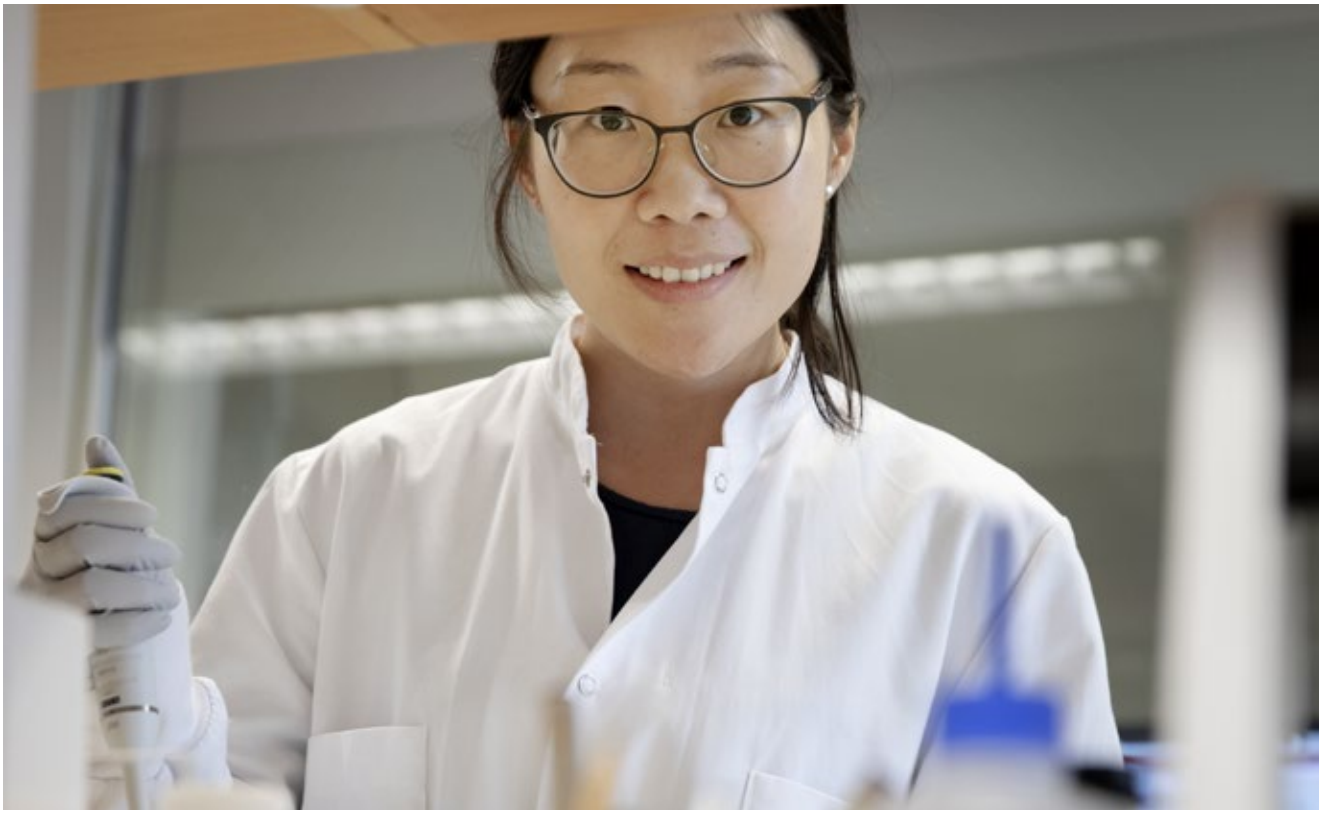
On 23 November, we announced the results of subscriptions for warrants received in conjunction with the company's new share issue in July 2020. Of the total number of warrants outstanding, approximately 98 percent were subscribed, which netted Xintela approximately MSEK 37.4 in proceeds before issuance costs.

In January, we conducted an offset issue directed to Gerhard Dal, which involved a debt of MSEK 8.6 being set off against new shares in Xintela in accordance with his convertible loan agreement.

On 4 December, we also announced that the arbitration between Xintela and four underwriters, pertaining to the dispute that arose in conjunction with a rights issue that was planned for September 2018 but not executed, was resolved in Xintela's favour. The arbitration established that Xintela was not liable to pay any remuneration to the underwriters and that they must pay certain costs of the arbitration process.

Sincerely,

Evy Lundgren-Åkerlund
CEO Xintela AB (publ)



Xintela AB

Xintela develops innovative patented stem cell therapies and targeted cell therapies based on the marker technology platform XINMARK®.

Xintela's technology platform XINMARK® is based on specific cell-surface proteins (integrins) and antibodies that bind to these integrins. Xintela uses the marker technology to select and assure the quality of stem cells for the development of stem cell products (XSTEM®) for diseases that currently lack effective treatment alternatives, such as the degenerative joint disease 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 its own GMP facility for stem cell manufacturing and is preparing a first-in-human trial on patients with osteoarthritis of the knee. At the same time, Xintela is preparing for the development of an animal stem cell product and also evaluating other indications including Acute Respiratory Distress Syndrome (ARDS), a lung condition that affects seriously ill COVID-19 patients.

In the company's oncology program, Xintela is developing antibody-based therapies for the treatment of aggressive forms of cancer. Positive preclinical findings have shown that the company's antibodies targeted on integrin α10β1 have a killing effect on cancer cells and inhibit the growth of glioblastoma and triple-negative breast cancer in animal models.

Performance figures

Income

The Company reported net sales of TSEK 0 (38) for the 2020 financial year. For the fourth quarter, the Company reported net sales of TSEK 0 (35). Other income for the year amounted to TSEK 14,947 and pertains to costs invoiced onward to the wholly owned subsidiary Targinta of TSEK 12,868 (5,640) and research grants from Vinnova of TSEK 2,079 (0)

Earnings

The Company's operating loss for the year totalled TSEK 33,897 (loss: 38,047). The corresponding figures for the fourth quarter were a loss of TSEK 11,178 (loss: 9,968)

Research and development costs, which account for the highest portion of the Company's costs, amounted to TSEK 38,170 (34,714) for the January-December period. The corresponding figures for the fourth quarter were TSEK 12,658 (13,181).

Marketing and sales costs for the year amounted to TSEK 3,757 (4,741). The corresponding figures for the fourth

quarter were TSEK 1,052 (1,090). Due to the pandemic, travel costs have fallen dramatically, which led to lower costs this year compared to last.

Administrative expenses for the year amounted to TSEK 6,917 (4,270). The corresponding expenses for the fourth quarter amounted to TSEK 2,333 (1,372).

Loss before appropriations and tax for the January-December period of 2020 was TSEK 36,564 (loss: 38,065) The corresponding figures for the fourth quarter were TSEK 11,642 (9,984).

The year-end report for 2020 includes a Group contribution to the Targinta AB subsidiary of SEK 13,693 (5,465).

Financial position

On 31 December 2020, Xintela's equity/assets ratio was 57% (55) and equity amounted to TSEK 27,607 (9,323). The Company's cash and cash equivalents amounted to TSEK 33,601 (412). On the same date, the Company's total assets amounted to TSEK 48,513 (17,093).

Cash flow and investments

Xintela's cash flow for the January-December period of 2020 was a positive TSEK 33,189 (neg: 30,985). Investments amounted to TSEK 383 (1,744), of which tangible assets accounted for TSEK 383 (1,619). 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 31 December 2020, the number of shares was 73,966,564. 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 K3

Xintela has previously prepared its financial statements in accordance with RFR2 (IFRS). In accordance with the exception rules set out in Chapter 7 of the Swedish Annual Accounts Act, Xintela has chosen not to prepare consolidated accounts. As no consolidated accounts have been prepared in accordance with IFRS, on account of the abovementioned exception rules, Xintela has decided to transition to accounting and financial reporting in accordance with the Swedish Accounting Standards Board BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3) as of the year-end report for 2020. The transition to K3 did not have any impact on Xintela AB's financial statements.

Review by auditors

This year-end report has not been reviewed by the Company's auditor.

Financial calendar

Annual Report for the 2020 financial year ..... 16 April 2021
Interim report Jan-Mar 2021 ..... 21 May 2021
Six-monthly report Jan-Jun 2021 ..... 27 August 2021
Interim report Jan-Sep 2021 ..... 19 November 2021

Employees

For the January-December 2020 period, the average number of employees at Xintela was 17 (15), of whom 2 (2) were men.

Proposed allocation of Xintela's profits

The Board of Directors and CEO recommend that no dividend be paid for the 2020 financial year.

Annual General Meeting and publication of Annual Report

The Annual General Meeting (AGM) will be held in Lund on 7 May 2021. The Annual Report will be available for download on the company's website (www.xintela.se) in accordance with provisions in the Swedish Companies Act.

	JAN-DEC 2020	JAN-DEC 2019
No. of shares before full dilution	73,966,564	39,470,708
No. of shares after full dilution	73,966,564	39,470,708
Loss per share before full dilution	-0.68	-1.10
Average no. of shares before full dilution	48,542,340	39,470,708
Average no. of shares after full dilution	48,542,340	39,470,708

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 to 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.

Statement of comprehensive income for the Company

TSEK	NOTE	Q4 1 OCT 2020 31 DEC 2020	Q4 1 OCT 2019 31 DEC 2019	Full-year 1 JAN 2020 31 DEC 2020	Full-year 1 JAN 2019 31 DEC 2019
Operating income					
Net sales		–	35	–	38
Other income		4,865	5,641	14,947	5,641
Total income		**4,865**	**5,676**	**14,947**	**5,679**
Operating expenses					
Research and development costs		-12,658	-13,181	-38,170	-34,714
Selling costs		-1,052	-1,090	-3,757	-4,741
Administrative expenses		-2,333	-1,372	-6,917	-4,270
Other operating income					
Other operating expenses		–	–	–	–
Operating loss		**-11,178**	**-9,968**	**-33,897**	**-38,047**
Profit/loss from financial items					
Financial income		–	–	–	–
Financial expenses		-464	-16	-2,667	-18
Loss before tax		**-11,642**	**-9,984**	**-36,564**	**-38,065**
Appropriations*		-13,693	-5,465	-13,693	-5,465
Tax on loss for the year		–	–	–	–
Profit/Loss for the period		**-25,335**	**-15,449**	**-50,257**	**-43,530**
Loss per share, SEK		**-0.34**	**-0.39**	**-0.68**	**-1.10**

** Group contribution to Targinta AB subsidiary*

The Company has no items of other comprehensive income, so comprehensive income is consistent with profit/loss for the period.

Condensed balance sheet for the Company

TSEK	31 DEC 2020	31 DEC 2019
ASSETS		
Fixed assets		
Intangible assets	1,050	1,597
Tangible assets	8,877	11,517
Financial assets	71	125
Participations in subsidiaries	839	839
Total fixed assets	**10,838**	**14,077**
Current assets		
Accounts receivable	–	–
Receivables from subsidiaries	3,476	1,997
Other receivables	–	–
Prepaid expenses	598	606
Cash and cash equivalents	33,601	412
Total current assets	**37,675**	**3,015**
TOTAL ASSETS	**48,513**	**17,093**
EQUITY AND LIABILITIES		
Equity		
Share capital	2,219	1,184
Unregistered share capital	–	40
Development expenses fund	113	245
Share premium reserve	208,435	140,889
Retained earnings	-132,903	-89,504
Profit/loss for the period	-50,257	-43,530
Total equity	**27,607**	**9,323**
Current liabilities		
Accounts payable	2,712	3,785
Bridge loans	10,900	–
Tax liability	233	374
Other liabilities	2,746	699
Accrued expenses	4,316	2,911
Total current liabilities	**20,907**	**7,770**
Total liabilities	**20,907**	**7,770**
TOTAL EQUITY AND LIABILITIES	**48,513**	**17,093**

Condensed cash flow statement for the Company

TSEK	Q4 1 OCT 2020 31 DEC 2020	Q4 1 OCT 2019 31 DEC 2019	Full-year 1 JAN 2020 31 DEC 2020	Full-year 1 JAN 2019 31 DEC 2019
Operating activities				
Operating loss	-11,178	-9,968	-33,897	-38,047
Depreciation/amortisation	1,002	3,140	3,569	4,130
Financial income	–	–	–	–
Financial expenses	-464	-16	-2,667	-18
Cash flow from operating activities before changes in working capital	**-10,640**	**-6,844**	**-32,995**	**-33,935**
Changes in working capital				
Increase/decrease in receivables	7,199	542	-1,471	39
Increase/decrease in current liabilities	1,835	3,586	13,137	3,001
Changes in working capital	**9,034**	**4,128**	**11,665**	**3,040**
Cash flow from operating activities	**-1,606**	**-2,716**	**-21,330**	**-30,895**
Investing activities				
Increase/decrease of tangible assets	–	-1,225	-383	-1,619
Increase/decrease of intangible assets	–	–	–	–
Increase/decrease of receivables from subsidiaries	–	-789	–	-789
Increase/decrease of financial assets	27	14	54	-125
Cash flow from investing activities	**27**	**-2,000**	**-329**	**-2,533**
Financing activities				
New share issue, TO	35,844	–	35,844	–
New share issue	–	7,908	32,697	7,908
Group contribution paid	-13,693	-5,465	-13,693	-5,465
Increase/decrease in non-current liabilities	–	–	–	–
Cash flow from financing activities	**22,151**	**2,443**	**54,848**	**2,443**
Change in cash and cash equivalents	20,572	-2,273	33,189	-30,985
Cash and cash equivalents at the beginning of the period	13,029	2,685	412	31,397
Cash and cash equivalents at the end of the period	**33,601**	**412**	**33,601**	**412**

Statement of changes in equity for the Company

TSEK	SHARE CAPITAL	DEVELOPMENT EXPENSES FUND	SHARE PREMIUM RESERVE	RETAINED EARNINGS	PROFIT/ LOSS FOR THE PERIOD	TOTAL
Opening balance, 1 January 2019	1,184	485	133,020	-63,470	-26,274	44,945
Reversal of prior year's accruals	–	–	–	-26,274	26,274	–
Development expenses fund	–	-240	–	240	–	–
Ongoing new issue	40	–	7,869	–	–	7,908
Profit/loss for the period	–	–	–	–	-43,530	-43,530
Equity, 31 December 2019	**1,224**	**245**	**140,889**	**-89,504**	**-43,530**	**9,323**
Opening balance, 1 January 2020	1,224	245	140,889	-89,504	-43,530	9,323
Reversal of prior year's accruals	–	–	–	-43,530	43,530	–
Development expenses fund	–	-132	–	132	–	–
New share issue *	502	–	32,195	–	–	32,697
New share issue, TO1	493		35,351			35,844
Profit/loss for the period	–	–	–	–	-50,257	-50,257
Equity, 31 December 2020	**2,219**	**113**	**208,435**	**-132,903**	**-50,257**	**27,607**

** The issue was registered on 29 July 2020. 16,754,112 new shares were registered and proceeds to the company amounted to MSEK 40.2 before issuance costs. Issuance costs amounted to MSEK 7.5.*

Notes

Note 1 General information

Xintela AB, corp. reg. no. 556780-3480, is based in Lund, Sweden.

Xintela AB's year-end report for the January-December period of 2020 was approved for publication according to a Board decision on 25 February 2021.

All amounts are in thousands of Swedish kronor (TSEK) unless otherwise stated. The figures in parentheses refer to the preceding period.

Note 2 Summary of significant accounting policies

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

Basis of preparation

Xintela has previously prepared its financial statements in accordance with RFR2 (IFRS). In accordance with the exception rules set out in Chapter 7 of the Swedish Annual Accounts Act, Xintela has chosen not to prepare consolidated accounts. As no consolidated accounts have been prepared in accordance with IFRS, on account of the abovementioned exception rules, Xintela has decided to transition to accounting and financial reporting in accordance with the Swedish Accounting Standards Board BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3) as of the year-end report for 2020. The transition to K3 will be made from the financial year beginning on 1 January 2020.

The transition to K3 did not have any impact on Xintela AB's financial statements.

The preparation of financial statements in conformity with K3 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Translation of foreign currency

Transactions and balance-sheet items

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

Intangible assets

Capitalised patent costs

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

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

Directly attributable costs that are capitalised also include employee benefits and a fair share of indirect costs.

Other development expenses that do not satisfy these criteria are expensed when incurred.

Development costs previously expensed are not recognised as an asset in a subsequent period.

Tangible assets

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

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

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

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

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

Impairment of non-financial assets
Whenever there is an indication that the value of an asset has diminished, a test of impairment is conducted. If the recoverable amount of the asset is lower than the carrying amount, it is written down to the recoverable amount. To test for impairment, the assets are grouped to the lowest levels at which there are separate identifiable cash flows (cash-generating units). An impairment test is performed on every closing date on assets, other than goodwill, which have previously been written down, to determine whether or not the impairment should be reversed.

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

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

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

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

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

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

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

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

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

Equity
Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares or options are recognised in equity as a deduction from the proceeds.

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

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

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

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

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

Employee benefits
Pension obligations
The Company has defined-contribution plans only.

A defined-contribution plan is a retirement plan for which the company contributes a fixed amount to a separate legal entity. The Company has no legal or informal obligations to pay additional contributions unless this legal entity has sufficient

assets to pay all employee benefits related to services rendered by employees during current or previous periods.

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

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

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

Note 3 Key judgements and estimates

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

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

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

Xintela's IP portfolio currently consists of seven published patent families that, in combination, protect various aspects of Xintela's technology platform. The titles of the seven patent families are Stem Cell Marker, Antibody, Brain Tumour, Neural Stem Cells, XACT for Chondrocytes, XSTEM/Stem Cell Product and Aggressive Tumour.

- The Stem Cell Marker patent protects the use of integrin α10β1 for the identification and selection of mesenchymal stem cells.
- The Antibody patent protects technologies related to the unique mAb365 antibody, which binds to integrin α10β1.
- The Brain Tumour patent covers the use of Xintela's unique antibodies for the diagnosis and treatment of central nervous system tumours.
- The Neural Stem Cells patent protects integrin α10β1-enriched stem cells as a product, and also includes methods for identifying, selecting and cultivating neural stem cells, as well as the treatment of brain damage.
- The XACT for Chondrocytes patent protects chondrocyte products with high integrin α10β1 expression and low integrin α11β1 expression, and therapeutic applications of these chondrocytes.
- The XSTEM/Stem Cell Product patent protects the application of Xintela's mesenchymal stem cells for the prevention and treatment of degenerative joint diseases, including osteoarthritis. The patent also protects application for inducing fracture healing.
- The Aggressive Tumour patent covers the use of Xintela's unique markers for the diagnosis and treatment of aggressive tumours.

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

In addition to patents, the IP portfolio currently includes four trademarks: XINTELA® – the company name; XINMARK® – the name of Xintela's technology platform; XSTEM® – the name of Xintela's stem cell platform, and XACT – the product name for Xintela's analytical test for the quality assurance of chondrocytes and stem cells.

Note 4 Earnings/loss per share

At 31 December 2020, the Company had 73,966,564 registered shares. In the year-earlier period, the Company had 39,470,708 issued shares. At 31 December 2020, the loss per share was SEK 0.68 (loss: 1.10).

Note 5 Significant events after the end of the period

- On 7 July, Xintela announced that the US Patent and Trademark Office (USPTO) had issued a Notice of Allowance for the company's patent application covering targeted antibody treatment of tumours of the central nervous system (CNS).

- On 12 January, it was announced that Xintela's Board of Directors had resolved on an offset issue, pursuant to the authorisation granted by the AGM on 9 June 2020.

- On 19 January, Xintela publishes a correction pertaining to the Board decision for an offset issue with a higher number of shares than permitted within the authorisation granted by the AGM on 9 June 2020, due to incorrect advice from external advisors. Accordingly, the Board decision from 12 January was withdrawn and a new Board decision taken. The number of shares issued for subscription amounts to 3,201,645 (3,538,175 in the previous decision), which means the bridge loan of MSEK 8.6 (previously MSEK 9.5) is being set off against new shares in Xintela.

Lund February 2021

Gregory Batcheller
Chairman of the board

Sven Kili
Board member

Karin Wingstrand
Board member

Evy Lundgren Åkerlund
CEO

For more information, contact:

Evy Lundgren-Åkerlund, CEO
Telephone: +46 (0)46 275 65 00
E-mail: evy@xintela.se
Website: www.xintela.se
Address: Medicon Village, SE-223 81 Lund, Sweden

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:

Certified Adviser: Erik Penser Bank AB
Tel: +46 (0)8 463 83 00
E-mail: certifiedadviser@penser.se

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 26 February 2021.

Xintela AB (publ) | Medicon Village Scheeletorget 1 | SE-223 81 Lund
+46 46 275 65 00 | evy@xintela.se | www.xintela.se