xintela



XSTEM approaching clinical study in osteoarthritis patients

In order to prepare and carry out the clinical study on patients with knee osteoarthritis, Xintela initiated collaboration with a CRO during the quarter and formed the subsidiary Xindu in Australia for administrating the study. Recruitment of patients for the study is expected to begin in early 2022.

XSTEM to clinic for treatment of difficult-to-heal leg ulcers

After successful preclinical result, Xintela decided in the quarter to broaden the clinical development of XSTEM to include difficult-to-heal leg ulcers. A clinical study is planned to start in mid-2022.

TARG10 selected as candidate drug for aggressive cancer

After the end of the quarter, the subsidiary Targinta achieved a significant milestone by selecting drug candidate TARG10 for the treatment of triple-negative breast cancer.



Summary of the interim report

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

Third quarter July 1 – September 30, 2021

- Income amounted to TSEK 0 (0).
- Loss before tax totalled TSEK 10,910 (loss: 8,315).
- Loss per share* was SEK 0.13 (loss: 0.14).
- At September 30, 2021, the equity/assets ratio** was 77% (47).

The period January 1 – September 30, 2021

- Income amounted to TSEK 0 (0).
- Loss before tax totalled TSEK 31,752 (loss: 24,922).
- Loss per share* was SEK 0.36 (loss: 0.43).

** Earnings/loss per share: Profit/loss for the period divided by 89,134,021 shares, which was the number of registered shares at September 30, 2021. In the year-earlier period, the Company had 57,542,856 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 2021

- Xintela incorporates subsidiary in Australia. (July 1, 2021)
- The Extraordinary General Meeting of Xintela AB approves the Board's proposal for a new issue of shares. (July 5, 2021)
- Xintela signs with Australian CRO for clinical study. (July 16, 2021)
- Xintela to expand clinical development of stem cell product XSTEM. (September 30, 2021)

Significant events after the end of the period

- Targinta selects lead drug candidate for triple-negative breast cancer. (October 15, 2021)
- Xintela taking EQSTEM, a stem cell product for horses, towards the market. (October 27, 2021)
- New board of directors appointed in Targinta AB. (October 29, 2021)
- Update on status and strategi for Xintela and Targinta. (November 4, 2021)
- Xintela receives a loan of SEK 9 million. (November 18, 2021)

CEO comments

The stem cell product XSTEM is entering clinical development and the TARG10 antibody has been designated as a candidate drug

Xintela has taken major steps towards the goal of developing new therapies for diseases that currently lack effective treatment options. Our stem cell product XSTEM will now be evaluated clinically for the treatment of patients with osteoarthritis and difficult-to-heal leg ulcers, and our subsidiary Targinta's candidate drug TARG10 is entering preclinical development and preparing for clinical studies for the treatment of aggressive cancers, including triple-negative breast cancer.

We have high expectations for XSTEM, which has been developed through several years of intensive and goal-oriented research and development and which we produce in our GMP-approved manufacturing facility. XSTEM, which consists of mesenchymal stem cells selected for optimal effect, is a product platform for the development of stem cell products for a number of different diseases. The reason XSTEM has such broad therapeutic application is that the stem cells have several functional properties. These include their immunomodulatory and anti-inflammatory properties and also their ability to regenerate new tissue and repair tissue damage, either by stimulating other cells to regenerate or by converting to the cell type that can directly contribute to tissue regeneration. These stem cells respond to specific signals from a particular tissue damage and can adapt their action to the type of tissue that needs to be regenerated. However, in order for new tissue to be formed in an efficient way, it is crucial that a stem cell product consists of highly functional stem cells and that other cell types that can counteract the effect are sorted out. This is what our unique stem cell technology does.

To guarantee the high quality and correct properties of XSTEM, Xintela has developed a method for identifying and selecting stem cells that differs from other stem cell technologies. We use a specific cell marker, integrin $\alpha 10\beta 1$, which is found on the surface of stem cells, and an antibody that binds to integrin $\alpha 10\beta 1$ to identify stem cells in heterogeneous cell preparations (a mixture of different cells) and distinguish the stem cells from other cell types. In this way, we ensure the homogeneity and quality of the XSTEM product and also guarantee that XSTEM from different donors is a consistent product that maintains equivalent quality over time.

We are now looking forward to clinically testing XSTEM in patients and will start two clinical Phase I/IIa studies in the near future where the main goal is to show that XSTEM is safe but also to obtain preliminary efficacy results. The first study, which will be conducted in Australia, is for the treatment of knee osteoarthritis. The manufacturing of the stem cells in XSTEM is complete and we will send the cells to Australia in December. We estimate that the recruitment of patients for the study can be initiated in the beginning of 2022. Patients who receive an injection of XSTEM in the knee joint will be monitored for 18 months with safety and efficacy evaluations every six months. Our previous preclinical results provide strong support that XSTEM has a regenerating effect and has the potential to be a breakthrough in the treatment of osteoarthritis.





> ***"We have high expectations of XSTEM, which has been developed through several years of intensive and goal-oriented research and development, and which we produce in our GMP-approved production facility."***

The second study with XSTEM will be in patients with difficult-to-heal leg ulcers, which is planned to start in mid-2022. XSTEM has shown excellent wound-healing capability in a preclinical wound-healing model where the healed skin resembled normal skin, providing good support for XSTEM therapy. XSTEM will be applied to the wound bed and we will evaluate safety and healing over a 10-week period. We can thus expect study results much earlier than from the osteoarthritis study.

The stem cell product EQSTEM for the treatment of horses has also developed very positively and Xintela is now taking the next step towards the market with EQSTEM. We are preparing a meeting with EMA (European Medicines Agency) to determine what additional studies might be needed for an approval of EQSTEM. A major advantage of a veterinary stem cell product is that it has shorter development times and can thus enter the market and generate revenue much earlier than the equivalent for humans.

We are also looking forward to the preclinical development of TARG10, our function-blocking antibody directed towards integrin $\alpha 10\beta 1$ which our subsidiary Targinta has recently designated as candidate drug for the treatment of triple-negative breast cancer. The company is thus taking the step from preclinical research to preclinical development to prepare TARG10 for clinical studies. Targinta is also working on antibodies that have a cytotoxic drug attached to them, called Antibody-Drug Conjugates (ADCs), and plans to designate the first ADC candidate drug in the first quarter of 2022 for the treatment of aggressive cancers such as triple-negative breast cancer and glioblastoma.

The success of our cancer projects has contributed to the progress we have made in the preparations for the Targinta spin-out. The company has a new CEO, Per Norlén, a new board is in place, the company works independently in its own premises, and also other separations from Xintela have largely been completed. In the spin-out, Xintela's shareholders will receive shares in Targinta in proportion to their shareholding in Xintela. Our ambition is to list the Targinta shares shortly after the dividend.

We also work actively to ensure our future financing needs and continually evaluate various financing options such as partnerships with income from development milestones, project financing, capital raising, grants and loans.

We recently received a loan of SEK 9 million which gives us the opportunity to continue working with the previously communicated spin-out of our subsidiary Targinta and with financing solutions for both Xintela and Targinta.

Evy Lundgren-Åkerlund
CEO, Xintela AB (publ)

Xintela's operations

Xintela develops stem cell-based treatments with a focus on osteoarthritis and difficult-to-heal leg ulcers and, through the wholly owned subsidiary Targinta, targeted antibody-based treatments for aggressive cancer such as triple-negative breast cancer and the brain tumor glioblastoma. The business is focused on diseases where there is a high medical need and effective treatments are lacking today.

STEM CELL-BASED THERAPIES

Stem cell product XSTEM®

Xintela uses its proprietary stem cell marker, integrin α10β1, to select and quality assure stem cell products from donated adipose tissue from healthy individuals. XSTEM is patented both as a product and for therapeutic use in all indications. This gives Xintela the best conditions to develop safe and effective stem cell-based treatments for a variety of diseases.

Clinical study with XSTEM for the treatment of osteoarthritis

Xintela's first clinical study (Phase I/IIa), will be conducted in Australia in patients with moderate knee osteoarthritis (grade II-III). We estimate that the recruitment of patients for the study can start in the beginning of 2022. The primary goal is to show that XSTEM is safe, but also to obtain preliminary results showing that the product has DMOAD (Disease Modifying Osteoarthritis Drug) properties and can slow down cartilage and joint degradation as well as regenerate damaged cartilage and thus improve joint function. Three different doses will be assessed in up to 54 patients and each patient will be followed for 18 months with continuous safety evaluation and preliminary efficacy evaluation every six months. Xintela's preclinical results provide strong support for the fact that XSTEM has a DMOAD effect.

Clinical study with XSTEM for the treatment of difficult-to-heal leg ulcers

Xintela's second clinical study (Phase I/IIa), in patients with difficult-to-heal leg ulcers, is scheduled to start in mid-2022. The study will be carried out in collaboration with Professor Folke Sjöberg and his team at University Hospital in Linköping. XSTEM will be applied to the wound and patients will then be followed over a period of 10 weeks to evaluate safety and also preliminary effect.

Stem cell product EQSTEM® for osteoarthritis in horses

Xintela has developed the stem cell product EQSTEM for the treatment of horses. Positive results from two preclinical osteoarthritis studies in horses have shown strong support for the continued development of EQSTEM for treatment of osteoarthritis and other degenerative joint diseases in horses. Xintela plans to take EQSTEM to market in collaboration with the University of Copenhagen and commercial players in veterinary medicine.

Osteoarthritis (OA)
OA is a painful and debilitating degenerative joint disease in which the joint cartilage is gradually degraded. It is estimated to affect about 25 percent of all individuals over 60 years of age. Pharmacological treatments offered today provide symtomatic relief but do not treat the cause of the cartilage degradation.

Difficult-to-heal leg ulcers
Difficult-to-heal leg ulcers, including venous leg ulcers, represent a major clinical problem, both in terms of suffering and pain for the affected patient, as well as to healthcare due to the huge financial burden for treatment costs. It is estimated that between 0.18 and 1 percent of the population is affected by venous leg ulcers. The prevalence increases with age and is estimated to 4 percent in individuals above 65 years. Current treatments of difficult-to-heal leg ulcers include compression therapy and surgery, but there are no efficient pharmacological treatments available.



In-house production of stem cells
Xintela's stem cell products are produced in its GMP-approved facility, which significantly reduces both production costs and risks of delays. In addition to producing XSTEM for in-house development, Xintela's strategy is to become an established manufacturer of the Company's stem cell products developed together with partners. In longer term, Xintela's GMP facility and production operations may also be used for contract manufacturing in the development and commercialisation of other ATMP products.

Commercialisation strategy for stem cell products
The company's strategy is to develop the company's stem cell products to a point where they can be attributed to a clear increase in value, then enter into partnerships and licensing deals. For XSTEM, that point is after safety readout and Proof-of-Concept in humans, ie after clinical Phase I/IIa and for EQSTEM after Proof-of-Concept in horse patients. Xintela is active in partnering discussions and has built up a large network of potential licensees in the pharmaceutical industry.

ANTIBODY-BASED CANCER THERAPIES

Therapeutic antibodies directed against the target integrin α10β1
Xintela's subisidiary Targinta, develops therapeutic antibodies specifically binding to the novel cancer target integrin α10β1. The candidate drugs are being developed for the treatment of aggressive cancers such as triple-negative breast cancer and brain tumor glioblastoma. Targinta develops two different types of antibodies: function-blocking antibodies that can inhibit critical cancer cell functions such as proliferation and migration, as well as antibody-drug conjugates (ADCs), that have a cytotoxin linked to the antibody that kills cancer cells. The company has previously reported inhibitory effect of antibodies on the proliferation and migration of cancer cells as well as reduced tumor growth in preclinical models.



Targinta has a patent portfolio that protects both the cancer target integrin α10β1 and the antibodies themselves and thus can prevent competitors from developing integrin α10β1 antibodies for the treatment of aggressive cancers.

Selecting antibody candidate drug
Targinta has recently selected the first function-blocking drug candidate, TARG10, for the treatment of triple-negative breast cancer. TARG10 has shown inhibitory effects on both tumor growth and tumor migration in models for triple-negative breast cancer and preclinical development of the antibody has now been initiated in preparation for future clinical studies. Targinta plans to select the next candidate drug for the treatment of aggressive cancer during the first quarter of 2022 and where the antibody is an ADC (antibody-drug conjugate).

Targinta's commercialisation strategy
Targinta's strategy is to enter into commercial agreements already after preclinical development. Drug candidates directed to new targets on cancer cells, known as First-in-Class products, are very attractive to drug development companies due to the high need for new and more effective cancer treatments. Licensing deals with First-in-Class assets are frequently entered into at the preclinical stage.

Targinta spin-out
Xintela has come a long way in preparing for the spin-out of its subsidiary Targinta, with a new CEO, board of directors and management in place and where the split of staff, premises and patent portfolio is completed. Market conditions permitting, the Board of Directors of Xintela intends to convene a general meeting before the end of the year, to decide on the dividend of Targinta in accordance with the Lex Asea rules. In the event of a dividend, Xintela's shareholders will receive shares in Targinta in proportion to their shareholding in Xintela. The ambition is to list the Targinta shares shortly after the dividend.

Triple-negative breast cancer (TNBC)
TNBC is an aggressive form of breast cancer with high risk of recurrence and metastasis. It is diagnosed in about 300,000 patients globally per year, and the 5-year survival of TNBC is 12 percent.

Glioblastoma
Glioblastoma is the most common and most aggressive form of brain tumor in adults. About 30,000 individuals are diagnosed with glioblastoma in the US and EU each year, and the 5-year survival is only about 3 percent.

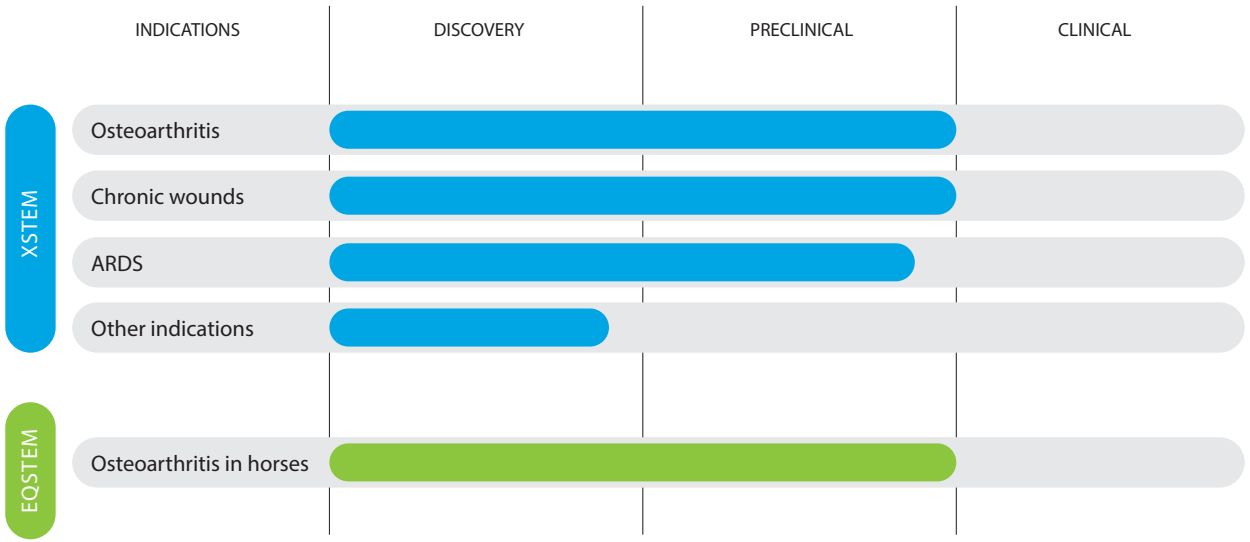
Xintela's development projects

Xintela develops medical products within stem cell therapy and targeted cancer therapy based on the Company's cell surface marker integrin α10β1 found on mesenchymal stem cells and on some aggressive cancer cells.

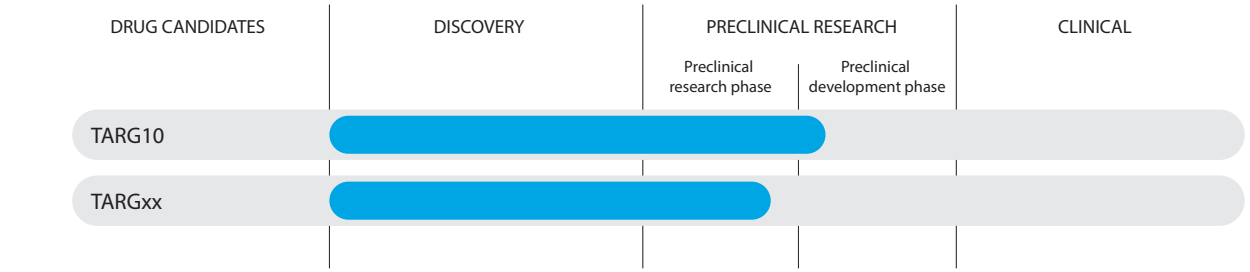
In stem cell therapy, integrin α10β1 is used to select and quality assure stem cells in the proprietary stem cell products XSTEM® for the treatment of humans, and EQSTEM® for the treatment of horses. The company will initiate clinical studies for the treatment of osteoarthritis and difficult-to-heal leg ulcers. The strategy is to further develop ARDS (Acute Respiratory Distress Syndrome) in collaboration with a partner.

In cancer therapy, therapeutic antibodies are developed that specifically bind to the new target on cancer cells, integrin α10β1, for the treatment of aggressive cancers such as triple-negative breast cancer and brain tumor glioblastoma.

Stem cell-based therapies



Antibody-based cancer therapies



Financial reports

Condensed statement of comprehensive income for the Company

Income
The Company reported net sales of TSEK 0 (0) for the third quarter of the year. Other income totalled TSEK 2,354 (4,764) and pertained to costs of TSEK 2,060 (3,724) for the oncology business that were invoiced onward to the subsidiary Targinta and grants of TSEK 293 (1,040) from Vinnova.

Earnings
Loss for the period was TSEK 10,812 (loss: 7,063).

Research and development costs, which account for the highest portion of the Company's costs, amounted to TSEK 10,416 (8,894) for the July - September period.

Marketing and sales costs amounted to TSEK 870 (1,086) for the quarter.

Administrative expenses amounted to TSEK 1,878 (1,847) for the period.

For the July-September 2021 period, loss before tax was TSEK 10,910 (loss: 8,315).

	Quarter 3		Quarter 1 to 3		Full year
(TSEK)	7/1/2021 9/30/2021	7/1/2020 9/30/2020	1/1/2021 9/30/2021	1/1/2020 9/30/2020	1/1/2020 12/31/2020
Operating income					
Net sales	-	-	-	-	-
Cost of goods sold	-	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**	**-**
Operating expenses					
Research and development costs	-10,416	-8,894	-32,591	-25,512	-38,170
Selling costs	-870	-1,086	-2,742	-2,706	-3,757
Administrative expenses	-1,878	-1,847	-4,986	-4,584	-6,917
Other operating income	2,354	4,764	8,882	10,082	14,947
Other operating expenses	-	-	-	-	-
Operating loss	**-10,812**	**-7,063**	**-31,437**	**-22,719**	**-33,897**
Profit/loss from financial items					
Financial income	0	-	-	-	-
Financial expenses	-99	-1,253	-315	-2,203	-2,667
Loss before tax	**-10,910**	**-8,315**	**-31,752**	**-24,922**	**-36,564**
Appropriations	0	-	-	-	-13,693
Tax on loss for the year	0	-	-	-	-
Loss for the period	**-10,910**	**-8,315**	**-31,752**	**-24,922**	**-50,257**
Loss per share, SEK	-0.13	-0.14	-0.36	-0.43	-0.68

Condensed balance sheet for the Company

ASSETS

Financial position
On 30 September 2021, Xintela's equity/assets ratio was 77 per cent (47) and equity amounted to TSEK 30,589 (17,099). The Company's cash and cash equivalents amounted to TSEK 15,894 (13,029). On 30 September 2021, the Company's total assets amounted to TSEK 39,513 (36,171).

(TSEK)	9/30/2021	12/31/2020
ASSETS		
Fixed assets		
Intangible assets	822	1,050
Tangible assets	7,236	8,877
Financial assets	31	71
Participations in subsidiaries	839	839
Total fixed assets	**8,929**	**10,838**
Current assets		
Receivables from subsidiaries	12,534	3,476
Tax assets	276	-
Other receivables	1,197	-
Prepaid expenses	683	598
Cash and cash equivalents	15,894	33,601
Total current assets	**30,585**	**37,675**
TOTAL ASSETS	**39,513**	**48,513**

Condensed balance sheet for the Company

EQUITY AND LIABILITIES

(TSEK)	9/30/2021	12/31/2020
EQUITY AND LIABILITIES		
Equity		
Share capital	2,674	2,219
Development expenses fund	29	113
Share premium reserve	242,714	208,435
Retained earnings	-183,076	-132,903
Loss for the period	-31,752	-50,257
Total equity	**30,589**	**27,607**
Current liabilities		
Accounts payable	3,793	2,712
Tax liability	-	233
Other liabilities	2,971	13,646
Accrued expenses and deferred income	2,160	4,316
Total current liabilities	**8,924**	**20,907**
TOTAL EQUITY AND LIABILITIES	**39,513**	**48,513**

Condensed cash flow statement for the Company

Cash flow and investments

Xintela's cash flow for the July - September 2021 period was TSEK 9,468 (12,265). Investments amounted to TSEK 0 (365). The Company's investments in tangible assets were linked to the establishment of Xintela's own GMP facility for the manufacture of stem cells for clinical trials.

	Quarter 3		Quarter 1 to 3		Full year
(TSEK)	7/1/2021 9/30/2021	7/1/2020 9/30/2020	1/1/2021 9/30/2021	1/1/2020 9/30/2020	1/1/2020 12/31/2020
Operating activities					
Operating loss	-10,812	-7,063	-31,437	-22,719	-33,897
Depreciation/amortisation	886	856	2,599	2,567	3,569
Financial income	-	-	-	-	-
Financial expenses	-99	-1,253	-315	-2,203	-2,667
Cash flow from operating activities before changes in working capital	**-10,024**	**-7,460**	**-29,153**	**-22,355**	**-32,995**
Changes in working capital					
Increase/decrease in receivables	19,568	-3,892	-10,616	-8,647	-1,471
Increase/decrease in current liabilities	-3,089	-9,252	-11,982	403	13,137
Changes in working capital	**16,479**	**-13,144**	**-22,598**	**-8,244**	**11,666**
Cash flow from operating activities	**6,454**	**-20,604**	**-51,751**	**-30,599**	**-21,330**
Investing activities					
Increase/decrease of tangible assets	-	-365	-729	-408	-383
Increase/decrease of intangible assets	-	-	-	-	-
Increase/decrease of financial assets	13	-	40	27	54
Cash flow from investing activities	**13**	**-365**	**-689**	**-381**	**-329**
Financing activities					
New share issue	3,000	33,234	34,734	32,697	32,697
New share issue, warrants	-	-	-	-	35,844
Group contribution paid	-	-	-	-	-13,693
Increase / decrease of long-term liabilities	-	-	-	10,900	-
Cash flow from financing activities	**3,000**	**33,234**	**34,734**	**43,597**	**54,848**
Change in cash and cash equivalents	9,468	12,265	-17,707	12,617	33,189
Cash and cash equivalents at the beginning of the period	6,426	764	33,601	412	412
Cash and cash equivalents at the end of the period	**15,894**	**13,029**	**15,894**	**13,029**	**33,601**

Statement of changes in equity for the Company

(TSEK)	Share capital	Development expenses	Share premium	Retained earnings	Loss for the period	Total
Opening balance, January 1, 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, warrants	493	-	35,351	-	-	35,844
Loss for the period	-	-	-	-	-50,257	-50,257
Equity, December 31, 2020	**2,219**	**113**	**208,435**	**-132,903**	**-50,257**	**27,607**
Opening balance, January 1, 2021	**2,219**	**113**	**208,435**	**-132,903**	**-50,257**	**27,607**
Reversal of prior year's accruals	-	-	-	-50,257	50,257	0
Development expenses fund	-	-84	-	84	-	0
New share issue, offset	96	-	8,500	-	-	8,596
New share issue	359		25,779			26,138
Loss for the period	-	-	-	-	-31,752	-31,752
Equity, September 30, 2021	**2,674**	**29**	**242,714**	**-183,076**	**-31,752**	**30,589**

Declaration by the Board of Directors and the CEO



Gregory Batcheller



Maarten de Château



Lars Hedbys



Sven Kili



Karin Wingstrand



Evy Lundgren-Åkerlund

The Board of Directors and the Chief Executive Officer certify that the interim report provides a true and fair view of the company's business, financial position, performance and describes material risks and uncertainties, to which the company is exposed.

The interim report has not been reviewed by the company's auditors.

Lund November 19, 2021

Gregory Batcheller
Chairman

Maarten de Château
Board member

Lars Hedbys
Board member

Sven Kili
Board member

Karin Wingstrand
Board member

Evy Lundgren-Åkerlund
CEO

Other information

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 2021, the number of shares was 89,134,021. 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.

	Jan - sept 2021	Jan - sept 2020	Jan - dec 2020
No. of shares before full dilution	89,134,021	57,542,856	73,966,564
No. of shares after full dilution	89,134,021	74,296,968	73,966,564
Loss per share before full dilution	-0.36	-0.43	-0.68
Average no. of shares before full dilution	81,004,501	44,606,798	48,542,340
Average no. of shares after full dilution	81,004,501	61,360,910	48,542,340

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

Financial calendar
Year end report 2021: February 25, 2022

Risks and uncertainties
Limited resources
Xintela is a small company with limited resources in terms of management, administration, and capital. The implementation of any major strategies requires optimization 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'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 may need to raise new capital. There is no guarantee that such capital can be obtained on terms that are favorable 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.

Xintela in brief

Xintela develops medical products within stem cell therapy and targeted cancer therapy based on the Company's cell surface marker integrin α10β1, which is found on mesenchymal stem cells and on certain aggressive cancer cells.

In stem cell therapy, integrin α10β1 is used to select and quality-assure stem cells in the manufacturing of the patented stem cell product XSTEM®, which is now entering a clinical development phase. The first clinical study with XSTEM (Phase I/IIa), for the treatment of knee osteoarthritis, is scheduled to start in the beginning of 2022. The next clinical study with XSTEM for treatment of difficult-to-heal leg ulcers is planned to start in mid-2022. The primary goal with the clinical studies is safety but also to obtain preliminary results showing regenerative properties of XSTEM. The company produces XSTEM for the clinical studies in its GMP-approved manufacturing facility. In parallel, Xintela is preparing for the development of a veterinary stem cell product for osteoarthritis in horses and is evaluating other future indications for XSTEM, including the lung complication ARDS (Acute Respiratory Distress Syndrome). Xintela has conducted preclinical studies in relevant animal models which provide strong support for XSTEM as a safe and effective stem cell treatment.

In cancer therapy, which is run by the wholly owned subsidiary Targinta AB, targeted antibody-based treatments (first-in-class) are developed for treatment of aggressive cancer such as triple-negative breast cancer and the brain tumor glioblastoma. The company's targeting antibodies are directed against the novel marker integrin α10β1, which is highly expressed in these cancers, and results from preclinical models have shown that the antibodies have an inhibitory effect on both tumor growth and migration. The first drug candidate, TARG10, has entered preclinical development phase with the aim of building a strong regulatory package for future clinical studies in cancer patients.

Xintela operates at Medicon Village in Lund, Sweden, and is listed on Nasdaq First North Growth Market Stockholm.

