INTERIM REPORT

1 Jan 2017-30 Sep 2017

xintela

Xintela brings forward the construction of its GMP facility

During the period, we recruited Liselotte Theorell, one of Sweden's leading authorities in the establishment of clean rooms and quality management systems for cell and tissue-based therapies, and decided to establish our own GMP (Good Manufacturing Practice) facility for the production of stem cells for clinical trials. After the end of the period, new investors also chose to be part of Xintela's exciting journey, which strengthened our finances and enabled a greater focus on achieving our milestones. With a high level of investor confidence in the company and the recruitment of top competence to achieve one of Xintela's most important milestones, the future looks very promising for Xintela.

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 2017-30 Sep 2017)

- Income amounted to TSEK 2 (3).
- Loss before tax totalled TSEK 15,309 (loss: 13,442)
- Loss per share* was SEK 0.57 (loss: 0.54).
- At 30 September 2017, the equity/assets ratio was 88% (95).

Third quarter (1 Jul 2017-30 Sep 2017)

- Income amounted to TSEK 1 (3).
- Loss before tax totalled TSEK 4,884 (loss: 3,024).
- Loss per share* was SEK 0.19 (loss: 0.12).

** Earnings/loss per share: Profit/loss for the period divided by 26,991,275 shares, which was the registered number of shares at 30 Sep 2017. In the year-earlier period, the company had 24,863,450 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 2017

- On 17 July, Xintela announced that the company had been strengthened by the recruitment of Liselotte Theorell to the position of Director Product Development & Quality Management.

- On 11 September, Xintela announced that the company had decided to bring forward the construction date of its facility for manufacturing advanced therapy medicinal products (ATMP) based on stem cells from horses and humans at Medicon Village in Lund, Sweden.

Significant events after the end of the period

- On 17 October, Xintela announced that Keld Søndergaard had resigned from the company's Board for personal reasons. Xintela's major shareholders will form an informal Nomination Committee and consider potential replacements to propose to the next Annual General Meeting.

- On 13 November, Xintela announced that a private placement of MSEK 10 and loans of MSEK 7 had strengthened the company's finances by MSEK 17 prior to pre-clinical development and continued partnership discussions. The subscription price is SEK 3.12 per share, corresponding to an approximate discount of 10% compared with the volume-weighted average price over the 27 October-9 November 2017 period. The loan carries a monthly interest rate of 2%, with a maturity from 1 December 2017 until 31 December 2018.

Statement from the CEO, Evy Lundgren-Åkerlund

At the end of the third quarter, we were happy to announce that the construction date for our own GMP facility for the manufacture of advanced therapy medicinal products based on stem cells had been brought forward. This is a major step for Xintela, and demonstrates that the company's strategy is to be a complete and competitive player in the field of regenerative medicine. The facility will enable us to produce stem cells for the development of therapies in several areas, for both horses and humans. Having our own GMP facility will provide flexibility and full control over stem cell production, which will save time and keep costs down. By building the GMP facility directly adjacent to our other premises at Medicon Village in Lund, we will also be able to use our resources more efficiently.

We are now in the process of planning and preparing to build and equip the GMP facility, and to establish processes and quality control systems for the manufacture of stem cells for clinical use. Because it will take time before the production facility, processes and all necessary permits are in place, we have had to postpone the first clinical trial, which is planned for horses, by earliest in the end of 2018. This is more than compensated by the fact we can begin preparing for clinical trials on humans for osteoarthritis treatment earlier than planned because we can coordinate the development of processes and quality control systems for the manufacture of stem cells from horses and humans.

There is also a high level of activity in our other projects, with a focus on identifying business partners for the XACT quality test and the glioblastoma project. Our participation in a number of partnering meetings over the past six months has led to several exciting contacts with international companies, which we are now following up. In accordance with our previously signed Memorandum of Understanding with CO.DON, we will continue to evaluate opportunities for our joint development of cellular therapy products for the treatment of osteoarthritis.

In order to maintain the rapid pace of the company's development projects, a private placement of MSEK 10 was made to a select number of institutional and private investors after the end of the period. At the same time, a one-year loan of MSEK 7 was raised. This fast and efficient manner of strengthening the company's finances will now enable us to focus all of our resources on achieving Xintela's milestones and creating value for Xintela's shareholders.

Finally, I would like to take this opportunity to thank Keld Søndergaard, who will be stepping down from Xintela's Board after the end of the period for personal reasons, for his contribution to the Board.

We can conclude that Xintela will continue its determined and systematic efforts to pave the way for clinical trials and commercialisation, and is looking forward to an exciting and promising future.

Evy Lundgren-Åkerlund
CEO, Xintela AB

Xintela AB

Xintela develops medical products in the fields of regenerative medicine and cancer based on the company's patented marker technology, XINMARK®. Xintela uses the technology to select and quality-assure mesenchymal stem cells for the treatment of cartilage damage and osteoarthritis. In a clinical trial on horses, the company has demonstrated that the stem cells are safe to use, and that they have a positive effect on the articular cartilage and underlying bone following injury. Xintela is now preparing for clinical trials on horses and humans. XINMARK® is also used in the development of an Antibody Drug Conjugate (ADC) against glioblastoma, the most common and aggressive type of brain tumour among adults. Positive preclinical data from cell studies and an animal model have shown that the antibody has a killing effect on the glioblastoma cells, confirming that the concept is effective. Xintela has been listed on Nasdaq First North in Stockholm since 22 March 2016. Xintela's Certified Adviser on Nasdaq First North is Erik Penser Bank AB, +46 (0)8-463 80 00.

Performance in the first nine months of 2017 in figures

Income

For the first nine months of the year, the company's net sales amounted to TSEK 2 (3). Net sales for the third quarter amounted to TSEK 1 (3).

Earnings

The company's operating loss for the first nine months totalled TSEK 15,308 (loss: 12,479). The corresponding figure for the third quarter was a loss of TSEK 4,884 (loss: 3,024).

Research and development expenses, which account for the highest portion of the company's costs, amounted to TSEK 11,073 (10,408) for the January-September period. The third-quarter figure was TSEK 3,767 (3,151).

Marketing and sales costs for the period amounted to TSEK 2,564 (2,591). The corresponding figure for the third quarter was TSEK 681 (1,193).

Administrative expenses for the first nine months amounted to TSEK 1,673 (983). The corresponding figure for the third quarter was TSEK 437 (183).

For the first nine months of the year, the company's loss before tax totalled TSEK 15,309 (loss: 13,442). Loss before tax for the third quarter was TSEK 4,884 (loss: 3,024).

Financial position

On 30 September 2017, Xintela's equity/assets ratio was 88% (95) and equity amounted to TSEK 15,712 (23,448). At 30 September 2017, the company's cash and cash equivalents amounted to TSEK 11,919 (23,027). On the same date, the company's total assets amounted to TSEK 17,946 (24,686). The Board is continuously working to secure the company's financing requirements. The Management Team actively evaluates financing alternatives to secure the company's long-term financing.

Cash flow and investments

For the first nine months of the year, Xintela's cash flow was a negative TSEK 7,060 (pos: 17,504). Investments amounted to TSEK 1,620 (688), of which tangible assets accounted for TSEK 511 (222).

The share

Xintela AB (publ) began trading shares on Nasdaq First North in Stockholm on 22 March 2016 under the ticker symbol of "XINT." First North is an alternative marketplace, operated by an exchange within the NASDAQ OMX Group. Companies on First North 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 may therefore entail a higher investment risk than a company listed on the main market. All companies trading on First North have a Certified Adviser to oversee their compliance with the rules. The exchange assesses applications for admission to trading.

At 30 September 2017, the number of shares traded was 26,991,275. 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-Sep 2017	Jan-Sep 2016	Full-year 2016
No. of shares before full dilution	26,991,275	24,863,450	24,863,450
No. of shares after full dilution	26,991,275	28,363,450	28,363,450
Loss per share before full dilution	-0.57	-0.54	-0.73
Loss per share after full dilution	-0.57	-0.54	-0.73
Average no. of shares before full dilution	25,927,362	21,363,450	21,363,450
Average no. of shares after full dilution	25,927,362	24,863,450	24,863,450

Financial statements in accordance with RFR2 (IFRS)

Xintela's 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 for 2017 22 Feb 2018

Employees

For the January-September period of 2017, the average number of employees at Xintela was 9 (8), of whom 6 (5) were women.

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 allocation. There is a risk that the company's resources could be insufficient, and lead to financial and operational problems.

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 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.

Disputes

Xintela is not involved in any ongoing disputes.

Condensed statement of comprehensive income for the company

(TSEK)	Note	Q3 1 Jul 2017 30 Sep 2017	Q3 1 Jul 2016 30 Sep 2016	Q1-3 1 Jan 2017 30 Sep 2017	Q1-3 1 Jan 2016 30 Sep 2016	Full-year 1 Jan 2016 31 Dec 2016
Operating income						
Net sales		1	3	2	3	3
Gross profit		**1**	**3**	**2**	**3**	**3**
Operating expenses						
Research and development costs		-3,767	-3,151	-11,073	-10,408	-14,532
Selling expenses		-681	-1,193	-2,564	-2,591	-2,869
Administrative expenses		-437	-183	-1,673	-983	-1,199
Other operating income		-	1,500	-	1,500	1,500
Other operating expenses		-	-	-	-	-
Operating profit/loss		**-4,884**	**-3,024**	**-15,308**	**-12,479**	**-17,097**
Profit/loss from financial items						
Financial income		-	-	-	-	-
Financial expenses		-	-	-1	-963	-963
Profit/loss before tax		**-4,884**	**-3,024**	**-15,309**	**-13,442**	**-18,060**
Tax on profit/loss for the year		-	-	-	-	-
Profit/loss for the period		**-4,884**	**-3,024**	**-15,309**	**-13,442**	**-18,060**
Earnings/loss per share, SEK	**4**	**-0.19**	**-0.12**	**-0.57**	**-0.54**	**-0.73**

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)	Note	30 Sep 2017	31 Dec 2016
ASSETS			
Fixed assets			
Intangible assets		4,540	3,778
Tangible assets		890	482
Total fixed assets		**5,430**	**4,260**
Current assets			
Accounts receivable		-	-
Other receivables		496	550
Prepaid expenses		101	60
Cash and cash equivalents		11,919	18,979
Total current assets		**12,516**	**19,589**
TOTAL ASSETS		**17,946**	**23,849**

(TSEK)	Note	30 Sep 2017	31 Dec 2016
EQUITY AND LIABILITIES			
Equity			
Share capital		810	746
Development expenses fund		862	368
Share premium reserve		71,252	61,278
Retained earnings		-41,903	-23,349
Profit/loss for the period		-15,309	-18,060
Total equity		**15,712**	**20,983**
Current liabilities			
Accounts payable		1,269	1,234
Tax liability		116	105
Other liabilities		431	240
Accrued expenses and deferred income		418	1,287
Total current liabilities		**2,234**	**2,866**
Total liabilities		**2,234**	**2,866**
TOTAL EQUITY AND LIABILITIES		**17,946**	**23,849**

Condensed cash flow statement for the company

(TSEK)	Q3		Q1-3		Full-year
	1 Jul 2017 30 Sep 2017	1 Jul 2016 30 Sep 2016	1 Jan 2017 30 Sep 2017	1 Jan 2016 30 Sep 2016	1 Jan 2016 31 Dec 2016
Operating activities					
Operating profit/loss	-4,884	-3,024	-15,308	-12,479	-17,097
Depreciation/amortisation	174	383	450	1,558	556
Financial income	-	-	-	-	-
Financial expenses	-	-	-1	-945	-963
Cash flow from operating activities before changes in working capital	**-4,710**	**-2,641**	**-14,859**	**-11,866**	**-17,504**
Changes in working capital					
Increase/decrease in receivables	22	320	13	398	398
Increase/decrease in current liabilities	20	-1,023	-632	-1,923	-296
Changes in working capital	**42**	**-703**	**-619**	**-1,525**	**102**
Cash flow from operating activities	**-4,668**	**-3,344**	**-15,478**	**-13,391**	**-17,402**
Investing activities					
Acquisition/disposal of fixed assets	-450	-	-511	-222	-332
Acquisition/disposal of intangible assets	-654	-191	-1,109	-466	-393
Cash flow from investing activities	**-1,104**	**-191**	**-1,620**	**-688**	**-725**
Financing activities					
New share issue	-	-	10,062	31,583	31,583
Returned employee share option	-	-	-24	-	-
Increase/decrease in long-term liabilities	-	-	-	-	-
Cash flow from financing activities	**-**	**-**	**10,038**	**31,583**	**31,583**
Change in cash and cash equivalents	-5,772	-3,535	-7,060	17,504	13,456
Cash and cash equivalents at the beginning of the period	17,691	26,562	18,979	5,523	5,523
Cash and cash equivalents at the end of the period	**11,919**	**23,027**	**11,919**	**23,027**	**18,979**

Statement of changes in equity for the company

(TSEK)	Share capital	Dev. expenditure	Share prem. reserve	Retained earnings	Profit/loss for the	Total
Opening balance, 1 January 2016	**536**	**-**	**29,905**	**-11,421**	**-11,559**	**7,461**
Reversal of prior year's accruals	-	-		-11,559	11,559	-
New share issue[1]	210	-	31,373	-	-	31,583
Development expenses fund	-	368	-	-368	-	-
Profit/loss for the period	-	-	-	-	-18,060	-18,060
Equity, 31 December 2016	**746**	**368**	**61,278**	**-23,349**	**-18,060**	**20,983**
Opening balance, 1 January 2017	**746**	**368**	**61,278**	**-23,349**	**-18,060**	**20,983**
Reversal of prior year's accruals	-	-	-	-18,060	18,060	-
Redemption of warrants[2]	64	-	9,998	-	-	**10,062**
Returned employee share option			-24			-24
Development expenses fund	-	494	-	-494	-	-
Profit/loss for the period	-	-	-	-	-15,309	-15,309
Equity, 31 March 2017	**810**	**862**	**71,252**	**-41,903**	**-15,309**	**15,712**

[1] Of the total issuance costs of MSEK 4.36, MSEK 3.4 was recognised in equity and MSEK 0.96 in profit or loss, refer to Equity under Accounting policies.

[2] In conjunction with a new issue of units (more than 7,000,000 shares) in February/March 2016, 3,500,000 warrants were issued. One (1) TO 1 warrant carried the right to subscribe to one (1) new share at a price of SEK 5.00. Subscription to shares by exercising warrants took place between 30 January 2017 and 10 February 2017 under the ticker symbol "XINT TO".

NOTES

Note 1 General information

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

Xintela AB's interim report for the January-September 2017 period has been approved for publication according to a Board decision dated 22 November 2017.

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

The financial statements of Xintela for the 2015 financial year were prepared in accordance with RFR 2 (IFRS) Accounting for Legal Entities and the Swedish Annual Accounts Act. The impact of the transition from previously applied accounting policies to RFR 2 on the company's historical financial information is presented in Note 6 of the 2016 Annual Report.
The preparation of financial statements in conformity with IFRS 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, refer to Note 3.

Accounting policies, changes in accounting policies and disclosures

Standards, amendments and interpretations of existing standards that are not yet effective and have not been early adopted by the Group

During the preparation of this report, several standards and interpretations that apply to the company have been issued but are not yet effective. The standards considered relevant to the company are as follows:

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. The company intends to apply the new standard by the financial year beginning on 1 January 2018. However, this standard would not have any impact on the existing financial statements. The standard is not yet endorsed for use in the EU.
IFRS 15 Revenue from Contracts with Customers was issued in May 2014. IFRS 15 replaces all existing revenue recognition standards and interpretations (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Constructions of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue: Barter Transactions Involving Advertising Services). IFRS 15 will become effective on 1 January 2018. The standard is to be applied retroactively. The company intends to apply the new standard by the financial year beginning on 1 January 2018. However, this standard would not have any impact on the existing financial statements.
No amendments to the IFRS or IFRIC interpretations that are not yet effective are expected to have any significant impact on the company.

Translation of foreign currency

Functional and presentation currency

The company's functional currency is its local currency, since the local currency has been defined as the currency of the primary economic environment in which the company operates. The accounts are denominated in Swedish kronor (SEK), which is the company's functional currency and presentation 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 expenses for product development

The company is engaged in researching and developing new medical products. Research costs are expensed when incurred. Development expenses directly attributable to the development of identifiable and unique medical products that are controlled by the company 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 includes 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.
Development expenses for a medical product recognised as an asset are amortised over its estimated useful life, but only from when development is essentially considered complete and commercial production has started.

Patents

Expenses for filed patent applications related to drug development are amortised over the validity period of the patent and charged to profit or loss in accordance with IFRS provisions. The useful life of the company's patents is 20 years from the date of filing the patent application in the first country.

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 Group 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

Intangible assets with an indefinite useful life, or intangible assets that are not ready for use, are not depreciated but tested annually for impairment. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When testing for impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Previously impaired assets should be tested for the reversal of an impairment loss at each balance-sheet date.

Financial Instruments – general

Classification

The company classifies it financial assets and liabilities in the following categories: loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for items with maturities of more than 12 months after the balance-sheet date, which are classified as fixed assets. The Group's "loans and receivables" mainly consist of accounts receivable, and cash and cash equivalents.

Other financial liabilities
Accounts payable and the portion of other current liabilities that relates to financial instruments are classified as part of other current financial liabilities.

Recognition and measurement
The company's financial instruments are initially recognised at fair value plus transaction costs. Financial assets are removed from the balance sheet when any rights to further cash flows from the instrument have expired or been transferred, and the company has transferred substantially all risks and benefits associated with ownership of the asset. Financial liabilities are removed from the balance sheet when contractual obligations are either discharged or extinguished.
The company has no instruments measured at fair value. 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. In cash flow, the item includes cash and bank balances.

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.

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 long-term 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 consolidated financial statements. 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 Group 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 pays fixed contributions 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 other 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 excess will lead to a cash refund or a 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.

Presentation formats
The income statement and balance sheet are presented in accordance with the format prescribed in the Swedish Annual Accounts Act. The statement of changes in equity should also follows the company's format, with the addition of those columns specified in the Annual Accounts Act. There are also differences in terms compared with the consolidated financial statements, mainly in relation to financial income and expenses, and equity. In conjunction with the transition to IFRS and RFR 2, the presentation of items in the income statement was changed from nature of expenses to the function method.

Note 3 Significant 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 presented in the tables below. Xintela's research and development is carried out by collaborative research teams and continuously generates new patent opportunities for the company, in both existing projects and 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 five patent families (Table 1) and three brands (Table 2), which in combination protect various aspects of Xintela's technology platform. The five patent families can be simplified as Alpha 10, Alpha 11, Stem Cell Marker, Antibody and Brain Tumour.

- The Alpha 10 patent protects the integrin α10β1 biomarker as a product and its medical uses, including diagnostics and the treatment of cartilage damage, rheumatoid arthritis, inflammation and osteoarthritis.
- The Alpha 11 patent protects the integrin α11β1 biomarker as a product and its medical uses.
- The Stem Cell Marker patent protects the use of integrin α10β1 to identify and select mesenchymal stem cells.
- The Antibody patent comprises technology linked to the unique mAb365 antibody, which binds to integrin α10β1.
- The Brain Tumour patent, recently filed as a priority application, protects the use of Xintela's unique antibodies for the diagnosis and treatment of central nervous system tumours.

The company has a very active 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 brands: the company's name XINTELA® – a registered brand in the EU for Xintela AB; XINMARK® – the name of Xintela's technology platform; XSTEM® – the product name for Xintela's stem cell marker technology, and XACT™ – the product name for Xintela's analytical test for the quality assurance of cartilage cells and stem cells.

Capitalised expenses for product development
The company capitalises expenses related to the development of medical products to the extent they are deemed to meet the criteria specified in IAS 38 p. 57 (refer also to Intangible assets above). Following the approval of Phase III, expenses

related to the company's drug development are capitalised as internally generated intangible assets.

Note 4 Earnings/loss per share:

Warrants outstanding

At 30 September 2017, the company had 26,991,275 registered shares. In the year-earlier period, the company had 24,863,450 issued shares.

At 30 September 2017, loss per share was SEK 0.57 (loss: 0.54).

Note 5 Related-party transactions

Related-party transactions, considered conducted under normal market terms, that have affected the period's earnings are presented below.

(TSEK)	1 Jan 2017 30 Sep 2017	1 Jan 2016 31 Dec 2016
Stanbridge bvba (owned by Gregory Batcheller, Chairman of the Board)	592	128
Winkon Holding AB (owned by Karin Wingstrand, Board member)	73	123
CT Post AB (owned by Claes Post, Board member)	20	8
Sven Kili (Board member)	29	370
Total related-party transactions	**714**	**629**

Note 6 Significant events after the end of the period

- On 17 October, Xintela announced that Keld Søndergaard had resigned from the company's Board for personal reasons. Xintela's major shareholders will form an informal Nomination Committee and consider potential replacements to propose to the next Annual General Meeting.

- On 13 November, Xintela announced that a private placement of MSEK 10 and loans of MSEK 7 had strengthened the company's finances by MSEK 17 prior to pre-clinical development and continued partnership discussions. The subscription price is SEK 3.12 per share, corresponding to an approximate discount of 10% compared with the volume-weighted average price over the 27 October-9 November 2017 period. The loan carries a monthly interest rate of 2%, with a maturity from 1 December 2017 until 31 December 2018.

Lund, 23 November 2017

Greg Batcheller
Chairman of the Board

Sven Kili
Board member

Claes Post
Board member

Karin Wingstrand
Board member

Evy Lundgren-Åkerlund
Chief Executive Officer

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

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 23 November 2017 at 8:30 a.m. CET.