



where innovation leads to success

# Semi-Annual Report

Shareholder's letter for the first half of 2021

2021

---

## WORD OF WELCOME FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

♦  
*Oliver R. Baumann, CEO*

---



Dear shareholders,

Xlife Sciences AG can once again reflect on a very successful first half-year in 2021. We achieved great progress not only on the operational side as Xlife Sciences AG, but also at the level of our now 33 life science projects. We are thrilled that we were able to achieve this in a challenging environment due to the covid pandemic and the resulting restrictions.

### **Looking back**

For a fast-growing yet young company like ours, it is essential to gain the confidence of shareholders. Not least in order to secure the capital injection required for the projects. In this context, we received over eight million Swiss francs from existing and new shareholders in the capital increase completed last June. The fact that we were also able to appeal increasingly to institutional investors such as pension funds and that the capital round was oversubscribed at the end speaks both for the attractiveness of the business model and for the potential of our project companies.

The capital increase also significantly increased the free float of the Xlife share to currently around 42%, with corresponding positive effects on the trading volume and visibility.

The additional funds flowed almost exclusively into existing as well as new projects. As a result, Quadira Biosciences AG and Ix Therapeutics GmbH, two promising joint ventures with established industry partners, were founded. In addition, three new projects were added to the Xlife portfolio, further increasing diversification and synergy potential, namely Inventum Genetics GmbH, xarma life sciences GmbH and Panmabs GmbH.

Moreover, important personnel appointments were successfully made. From the German specialty chemicals group Evonik, Dr. Frank Plöger and Dr. Christoph Brücher joined Xlife Sciences AG respectively as Chief Scientific Officer and member of the Scientific Advisory Board. From the German pharmaceutical company Bayer, Dr. Alexander Zink will join the Xlife team as Senior Scientist in Human Genetics from October 01, 2021. We see this as a strong sign that we, as a still young company, are able to attract specialists from established companies such as the two mentioned above to our business. In the near future, further key positions are to be filled with industry experts.

We have also reached milestones and made major progress in the development of our projects at various companies. We are happy to provide you, our shareholders, with an insight into the project highlights of recent months.





## Projects

---

# Veraxa Biotech AG

Proof of Concept and  
IPO

**Successful screenings for the industry and a breakthrough in antibody modification for the treatment of cancer. Veraxa Biotech has once again demonstrated that its platforms have significant potential for drug development.**

Veraxa Biotech AG ([www.veraxa.de](http://www.veraxa.de)) was able to provide proof of concept for both proprietary platforms - the screening of functional therapeutic antibodies as well as the modification of antibodies (ADC's).

Veraxa has already identified more than 20 functional antibodies for companies in the industry, including the Japanese company Chiome Bioscience, the German pharmaceutical company Merck and the South Korean chemical group Yuhan Corporation. This corresponds to a total discounted licensing income potential of around 1.5 billion US dollars.

Veraxa Biotech achieved a breakthrough in the modification of a blockbuster anti-cancer antibody. Initial results from tests in organoid cell cultures of the joint venture partner Quadira Biosciences showed that cancer cells are eliminated significantly better by the modified antibody. Veraxa Biosciences expects to out-license the drug development for a total of 23 antibodies with corresponding prospects for milestone and later royalty payments.

## Projects

---

# Veraxa Biotech AG

The IPO of Veraxa Biotech will take place as scheduled over the course of 2022. Currently, qualified investors have the opportunity to invest at 19 Swiss francs per share in a pre-IPO round (private placement). This corresponds to a pre-IPO valuation of approximately CHF 220 million. The funds will be used entirely for the further expansion of the technology platforms and the scaling of the business model.

## Key Data

**2022**

Planned IPO

**17**

Employees

**>5**Development candidates in  
blockbuster indications**23**

Licensable antibodies





## Projects

---

# inflamed pharma GmbH

Breakthrough in  
covid-19 and influenza  
viruses

**Whether *in-vitro* or in human treatment. Progress in recent months has confirmed that the patented active ingredient ProcCluster can play a very important role in combating viral diseases.**

In recent months, inflamed pharma achieved a breakthrough with its compound ProcCluster. ProcCluster was able to reduce the viral load by at least 90% in various *in-vitro* studies on Covid-19 as well as flu-infected cells.

In a collaborative project planned for next September, the mechanism of action will now be investigated in more detail in biochip models, the precursor to the animal test model, and later a study ready for approval will be conducted. ProcCluster shows promising results not only in the early phase of an infection, but also in post-Covid treatment. In so-called curative trials, more than 50 patients with preexisting conditions were treated with ProcCluster after infection with Covid-19.

In these patients, previously inconspicuous pre-existing conditions such as rheumatoid arthritis, chronic pain or even functional intestinal disorders had flared up to such an extent as a result of infection with the Corona virus that therapy became necessary. In the course of therapy with ProcCluster, significant improvements in the patients' conditions were observed after only 14 days, and in the cases with acute respiratory distress, hospitalization could even be prevented.

## Projects

---

# inflamed pharma GmbH

Currently, inflamed pharma is working on a case review to inform interested physicians about the current status.

Due to the high health- and socio-political urgency, we expect a very high funding approval of 70% for inflamed pharma after consultation with the German federal funding agency. In addition, a faster approval of ProcCluster is currently being discussed at the political level in Europe, Asia and the Middle East. We have already received license inquiries from eight different countries.

## Key Data



**90 %**

Reduction of the viral load



**70 %**

Planned Government Grants



**>50**

successful treatments  
(Long-Covid, Dr. Uwe R. M.  
Reuter/Dr. Ralf Oettmeier)



**8**

Countries with license requests



## Projects

# FUSE- AI GmbH

Cooperation with the  
Cantonal Hospital  
Aarau

**A significant improvement  
in the quality of findings  
in prostate diseases. FUSE  
AI is able to confirm the  
efficiency of its proprietary  
AI software with a  
qualitative study.**

FUSE AI ([www.fuse-ai.de](http://www.fuse-ai.de)), together with the Kantonsspital Aarau is conducting a study on their ProstateCarcinoma.ai artificial intelligence diagnostics software.

The software is designed to improve imaging and thus decision-making in the medical evaluation of multiparametric MRIs (magnetic resonance imaging) of the prostate.

Together with Dr.med. Alexander Cornelius, head of the institute and senior physician of the radiology department of the Cantonal Hospital, ProstateCarcinoma.ai is being tested on 105 patient datasets. In particular, the software should confirm that the prostate is segmented more quickly than with the manual method, making the findings more robust overall.





## Projects

# Palleos Healthcare GmbH

### Proof of Concept

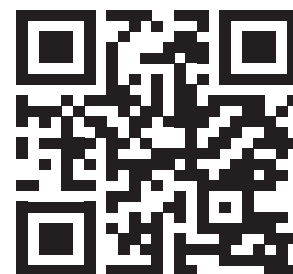
**Working with global corporations in the pharmaceutical industry Palleos Healthcare has already established a very good reputation in the industry as a cooperation partner.**

Palleos Healthcare achieved important milestones in the past six months. For instance, two studies in the field of breast cancer are being conducted with the pharmaceutical companies Roche and Pfizer.

The Roche-funded so-called Neomono study is investigating the optimal administration of the active substance atezolizumab in patients with high-risk triple negative breast cancer. The study includes 460 patients at 40 investigational sites. The PreCycle study with Pfizer is looking at the effect of a so-called ePRO tool on the quality of life of patients with metastatic breast cancer in 960 cases at 80 trial centers.

ePRO tools are electronic platforms where patients (for example, by using a tablet) can independently provide information on side effects and findings without possible influence by a treating physician.

The results of both studies will be further used by Palleos Healthcare following the clinical research.



## Perspectives

---

# Looking to the future

The achievement of break-even at our project companies, upcoming exits, further cooperations with institutions and also countries, our own evaluation as well as sustainability in our projects - all these are the topics that will continue to engage us in the near future.

As always, we are working at full speed on various levels to advance Xlife Sciences. As is well known, central to our business model is not only finding the so-called "life science gems", but also the timely and successful exit after project acquisition, be it through outlicensing, sale or IPO. In this regard, we continue to expect two exit transactions by the end of 2021. We are already in licensing negotiations for three projects and, as already communicated, 35-50% of any net profit from each exit transaction will be distributed as dividends and special dividends.

## 01 Break-Even

---

We expect some project companies to reach break-even in the near future, which is remarkable considering the early phase in which these companies are currently in. A concrete example is inflamed pharma, which is expected to break even before the end of the year.



## 02 Cooperation

---

With regard to our collaborations, we achieved an important success in the field of human genetics last May. Our project company Inventum Genetics signed an exclusive agreement with the Philipps University of Marburg. This gives Inventum Genetics the opportunity to develop new therapeutic agents on an exclusive basis using high-caliber genetic data. The Department of Human Genetics at the University of Marburg has established an excellent reputation in this field in the past. In addition, Inventum Genetics will have the opportunity to either exploit the results itself or to participate in any future revenues via royalties, should the University of Marburg wish to further develop an active ingredient on its own.

## 03 Company

---

On a strategic level, we are, among other things, intensively engaged with our own company valuation, which in our opinion is still far too low. For this reason, we have commissioned an external company to prepare a fair value valuation in order to show the intrinsic value of Xlife Sciences in a conservative scenario. Furthermore, we are also examining the move to a more highly regulated market segment in order to further increase the tradability and awareness of our share.

## 04 Sustainability

---

Sustainability also plays a major role in our business model and our projects. So in our eyes, it's not just important to make a difference in the healthcare market and help people achieve better health through our innovations. It is also about how we achieve this. For example, in our project companies we use 3D printing technologies wherever possible to avoid waste and have been able to reduce animal testing by over 60% through the use of organoids. We are also regularly involved in promising trials (AML leukemia, ALS and MS) and have already been able to improve the quality of life of various patients and their families as a result.

## 05 Innovation Centers

---

Thanks to the great innovation potential of Xlife Sciences, we are currently receiving requests from various countries for the joint establishment of innovation centers to enable more efficient knowledge transfer. We are very pleased about this as it shows that we are on the right track with our strategy of focusing on the early phase of the life sciences cycle and finding synergies.

---

## CLOSING WORD

---

However, what would please us most would be if we could once again welcome you, dear shareholders, in person after this long phase of mainly virtual or telephone contacts.

We are therefore inviting you to Zurich next September 1 and will be present at the Equity Forum fall conference in Frankfurt on September 6/7. Further events will follow.

If you are interested in participating, we look forward to hearing from you at [ir@xlifesciences.ch](mailto:ir@xlifesciences.ch).

In this spirit, we wish you all the best, thank you sincerely for the trust you have placed in us, and look forward to continuing on the path of early-stage life science investments together with you in the future.

With best regards



OLIVER R. BAUMANN  
CEO



DR. BERNHARD SCHOLZ  
*Chairman of the Board  
of Directors*



*Info - Xlife Sciences AG will move into its new premises in Thalhof (Talacker 35, 8001 Zurich, Switzerland) on 01 September 2021.*